MANAGEMENT'S DISCUSSION AND ANALYSIS
& CONSOLIDATED FINANCIAL STATEMENTS

MORGUARD
REIT

2024
3RD QUARTER
REPORT

Morguard

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SUMMARY OF OPERATIONS

In thousands of dollars, except per-unit amounts	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	**2024**	2023
Revenue from real estate properties	**$63,293**	$62,512	**$191,737**	$189,219
Net operating income	**32,248**	30,551	**94,985**	92,564
Fair value gains/(losses) on real estate properties	**868**	(52,047)	**(65,597)**	(88,885)
Net income/(loss)	**15,571**	(39,665)	**(23,430)**	(46,650)
Funds from operations [1]	**14,917**	13,957	**42,444**	45,211
Adjusted funds from operations [1,2]	**8,750**	7,889	**24,192**	27,295
Amounts presented on a per unit basis				
Net income/(loss) – basic	**$0.24**	($0.62)	**($0.36)**	($0.73)
Net income/(loss) – diluted	**$0.19**	($0.62)	**($0.36)**	($0.73)
Funds from operations – basic [1]	**$0.23**	$0.22	**$0.66**	$0.70
Funds from operations – diluted [1]	**$0.20**	$0.19	**$0.58**	$0.61
Adjusted funds from operations – basic [1,2]	**$0.14**	$0.12	**$0.38**	$0.42
Adjusted funds from operations – diluted [1,2]	**$0.13**	$0.12	**$0.36**	$0.40
Distributions per unit	**$0.06**	$0.06	**$0.18**	$0.18
Payout ratio – Adjusted funds from operations [1]	**42.9%**	50.0%	**47.4%**	42.9%
Weighted average number of units (in thousands)				
Basic	**64,282**	64,255	**64,276**	64,244
Diluted [3]	**84,666**	84,640	**84,660**	84,629

1. The following represents a non-GAAP financial measure/ratio that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. This measure should be considered as supplemental in nature and not as substitutes for related financial information prepared in accordance with IFRS. Additional information on this non-GAAP financial measure/ratio can be found under the MD&A section Part I, "Specified Financial Measures".
2. The Trust uses normalized productive capacity maintenance expenditures to calculate adjusted funds from operations.
3. Includes the dilutive impact of convertible debentures and presented on a cash settlement basis for consistency with industry practice for calculating FFO and AFFO.

SUMMARY OF FINANCIAL POSITION

As at	**September 30, 2024**	December 31, 2023	September 30, 2023
Total assets (thousands of dollars)	**$2,219,836**	$2,280,242	$2,321,353
Total gross debt (thousands of dollars)	**1,240,471**	1,267,330	1,270,964
Total equity (thousands of dollars)	**922,929**	961,185	992,792
Gross leasable area as at quarter-end (in thousands of square feet) [1]			
Retail	**4,386**	4,479	4,479
Office	**3,249**	3,247	3,246
Industrial	**283**	293	293
Total	**7,918**	**8,019**	**8,018**
Occupancy as at quarter-end (%) [2]			
Retail	**94.0%**	94.6%	94.1%
Office	**86.5%**	85.3%	85.5%
Industrial	**91.0%**	84.4%	85.0%
Total	**90.7%**	90.3%	90.1%

1. Excludes equity-accounted investment.
2. Excludes properties held for sale, area either held for or under development and equity accounted investment.

PART I

BASIS OF PRESENTATION

The following Management's Discussion and Analysis ("MD&A") for Morguard Real Estate Investment Trust (the "Trust"), should be read in conjunction with the Trust's condensed consolidated financial statements and the accompanying notes for the three months and nine months ended September 30, 2024, and 2023.

This MD&A sets out the Trust's strategies and provides an analysis of the financial performance for the three months and nine months ended September 30, 2024, and significant risks facing the business. Historical results, including trends that might appear, should not be taken as indicative of future operations or results.

The Trust's condensed consolidated financial statements and the accompanying notes for the three months and nine months ended September 30, 2024, have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These condensed consolidated financial statements include the accounts of the Trust and other entities that the Trust controls and are reported in thousands of Canadian dollars, except where otherwise noted.

The information in this MD&A is current to October 30, 2024.

FORWARD-LOOKING DISCLAIMER

Statements contained herein that are not based on historical or current fact, including without limitation, statements containing the words "anticipate", "believe", "may", "continue", "estimate", "expects", "will" and words of similar expression, constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, both nationally and in the regions in which the Trust operates; changes in business strategy or development/acquisition plans; environmental exposures; financing risk; existing governmental regulations and changes in, or the failure to comply with, governmental regulations; liability and other claims asserted against the Trust. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Trust does not assume the obligation to update or revise any forward-looking statements.

SPECIFIED FINANCIAL MEASURES

The Trust reports its financial results in accordance with IFRS. However, this MD&A also uses specified financial measures that are not defined by IFRS, which follow the disclosure requirements established by National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure.* Specified financial measures are categorized as non-GAAP financial measures, non-GAAP ratios, and other financial measures, which are capital management measures, supplementary financial measures, and total of segments measures.

NON-GAAP FINANCIAL MEASURES

Non-GAAP financial measures do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. These measures should be considered as supplemental in nature and not as substitutes for related financial information prepared in accordance with IFRS. The Trust's management uses these measures to aid in assessing the Trust's underlying core performance and provides these additional measures so that investors may do the same. Management believes that the non-GAAP financial measures described below, which supplement the IFRS measures, provide readers with a more comprehensive understanding of management's perspective on the Trust's operating results and performance.

The following discussion describes the non-GAAP financial measures the Trust uses in evaluating its operating results:

NET OPERATING INCOME – SAME ASSETS

Net operating income ("NOI") is used as a key indicator of performance as it represents a measure over which management has control, and is a key input in determining the value of the Trust's properties. NOI – same assets is a non-GAAP measure used by the Trust to assess period-over-period performance of those properties that are stabilized and owned by the Trust continuously for the current and comparable reporting period. The Trust believes it is useful to provide an analysis of NOI – same assets, which also eliminates non-recurring and non-cash items. NOI – same assets represents NOI from properties that have been adjusted for: (i) acquisitions; (ii) dispositions; and (iii) area either held for, or under, development/redevelopment/intensification. NOI – same assets also excludes the impact of straight-line rents, lease cancellation fees and other non-recurring items. A reconciliation of NOI – same assets from the IFRS financial statement presentation can be found in Part III.

FUNDS FROM OPERATIONS ("FFO")

FFO is a non-GAAP measure widely used as a real estate industry standard that supplements net income and evaluates operating performance but is not indicative of funds available to meet the Trust's cash requirements. FFO can assist with comparisons of the operating performance of the Trust's real estate between periods and relative to other real estate entities. FFO is computed by the Trust in accordance with the current definition of the Real Property Association of Canada ("REALPAC") and is defined as net income adjusted for fair value changes on real estate properties and gains/(losses) on the sale of real estate properties. The Trust considers FFO to be a useful measure for reviewing its comparative operating and financial performance. A reconciliation of net income to FFO is presented under Part III, "Funds from Operations and Adjusted Funds from Operations".

ADJUSTED FUNDS FROM OPERATIONS ("AFFO")

AFFO is a non-GAAP measure that was developed to be a recurring economic earnings measure for real estate entities. The Trust presents AFFO in accordance with the current definition of the REALPAC. The Trust defines AFFO as FFO adjusted for straight-line rent and productive capacity maintenance expenditures ("PCME"). AFFO should not be interpreted as an indicator of cash generated from operating activities as it does not consider changes in working capital. A reconciliation of FFO to AFFO is presented under Part III, "Funds from Operations and Adjusted Funds from Operations".

ADJUSTED CASH FLOW FROM OPERATIONS ("ACFO")

ACFO is a non-GAAP measure intended as a supplemental measure of sustainable economic cash flow for real estate entities. The Trust presents ACFO in accordance with the current definition of the REALPAC. The Trust defines ACFO as cash flow from operating activities as per the condensed consolidated financial statements adjusted by: (i) adding back the non-recurring change in non-cash operating assets and liabilities; (ii) deducting normalized PCME; (iii) adding back actual additions to tenant incentives and leasing commissions; (iv) deducting amortization of deferred financing costs; and (v) an adjustment for the portion relating to equity-accounted investment in each of the above adjustments. A reconciliation of cash flow from operating activities from the IFRS financial statement presentation to ACFO is presented under Part III, "Adjusted Cash Flow From Operations".

PROPORTIONATE SHARE BASIS

The Trust's balance sheets, statements of income and statements of cash flows, all prepared in accordance with IFRS, have been adjusted (as described below) to derive the Trust's proportionately owned financial results ("Proportionate Basis"). Management believes that the Proportionate Basis non-GAAP measures described below, which supplement the IFRS measures, provide readers with a more comprehensive understanding of management's perspective on the Trust's operating results and performance.

Equity interest adjusts interests in joint arrangements that are accounted for using the equity method of accounting. The financial results of one property under IFRS is presented on a single line within the condensed consolidated balance sheets and statements of (loss)/income and comprehensive (loss)/income and has been adjusted on a proportionately owned basis to each respective financial statement line presented within the balance sheets, statements of income/(loss) and comprehensive income/(loss) and statements of cash flows (see Part IX). The presentation of *pro rata* assets, liabilities, revenue and expenses represents a non-GAAP measure and may not accurately depict the legal and economic implications of the Trust's interest in the joint venture.

NORMALIZED PRODUCTIVE CAPACITY MAINTENANCE EXPENDITURES

Normalized PCME are an estimate made by management of the amount of ongoing capital investment required to maintain the condition of the physical property and current rental revenues. Since actual capital expenditures can vary widely from one period to another, depending on a number of factors, management believes that normalized PCME are a more relevant input than actual PCME in assessing the Trust's distribution payout ratio and for determining an appropriate level of sustainable distributions over time. The factors affecting variations in actual PCME include, but are not limited to, lease expiry profile, tenant vacancies, age and location of the properties, general economic and market conditions, which impact the level of tenant bankruptcies and acquisitions and dispositions.

The Trust defines PCME as expenditures on leasing, replacement or major repair of component parts of properties that are required to preserve the existing earning capacity of the Trust's real estate portfolio. The Trust categorizes these expenditures as leasing commissions, tenant allowances and recoverable and non-recoverable capital expenditures.

NON-GAAP RATIOS

Non-GAAP ratios do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. These measures should be considered as supplemental in nature and not as substitutes for related financial information prepared in accordance with IFRS. The Trust's management uses these measures to aid in assessing the Trust's underlying core performance and provides these additional measures so that investors may do the same. Management believes that the non-GAAP ratios described below provide readers with a more comprehensive understanding of management's perspective on the Trust's operating results and performance.

The following discussion describes the non-GAAP ratios the Trust uses in evaluating its operating results:

FFO/AFFO/ACFO PAYOUT RATIO

The Trust calculates its payout ratios by dividing the distributions per common unit by FFO/AFFO/ACFO per unit over the same period. Management uses these payout ratios to measure the Trust's ability to pay distributions.

INTEREST COVERAGE RATIO

Interest coverage ratio is a non-GAAP measure used by the Trust to assess the Trust's ability to pay interest on its debt from operating revenues and is calculated on a proportionate basis using net operating income, less general and administrative expenses divided by interest expense, net of amortization of deferred financing costs.

DEBT SERVICE COVERAGE RATIO

Debt service coverage ratio is a non-GAAP measure used by the Trust and the real estate industry to assess the ability to pay down its debts. The Trust calculates this measure on a proportionate basis by using net operating income, less general and administrative expenses divided by the cash interest and principal costs of servicing its debt.

DEBT TO ASSETS RATIO

Debt to assets ratio is a non-GAAP measure used by the Trust and the real estate industry to assess the risk profile of its capital allocations and the ability to incur additional debt. The Trust calculates this measure by taking assets adjusted by accumulated amortization divided by net debt. The Trust's debt to assets ratio is limited to 65% as detailed in its Declaration of Trust.

SUPPLEMENTARY FINANCIAL MEASURES

Supplementary financial measures represent a component of a financial statement line item (including ratios that are not non-GAAP ratios) that are presented, in a more granular way outside the financial statements, calculated in accordance with the accounting policies used to prepare the line item presented in the financial statements.

The following discussion describes the supplementary financial measures the Trust uses in evaluating its operating results:

BIFURCATION OF SEGMENTS

Management believes bifurcating the retail and office financial statement segments into community strip centres and enclosed regional centres (retail) along with single-/dual-tenant and multi-tenant buildings (office) provides important information about the risk profile and other characteristics of the above asset classes. This has been analyzed for financial statement line items such as revenue, net operating income and fair value adjustments on real estate properties.

CAPITAL MANAGEMENT MEASURES

The Trust's capital management is designed to maintain a level of capital that allows it to implement its business strategy while complying with investment and debt restrictions pursuant to the Declaration of Trust, as well as existing debt covenants, while continuing to build long-term unitholder value and maintaining sufficient capital contingencies.

The following discussion describes the Trust's capital management measures:

LIQUIDITY

Liquidity is calculated as the sum of cash, amounts available under its bank lines of credit and revolving credit facility with Morguard and is presented in this MD&A because management considers this capital management measure to be an important measure of the REIT's financial position as well as determining the annual level of distributions to unitholders.

ADDITIONAL INFORMATION

Additional information relating to the Trust, including the audited annual consolidated financial statements, Annual Information Form ("AIF"), Material Change Reports and all other continuous disclosure documents required by securities regulators, are filed on the System for Electronic Document Analysis and Retrieval ("SEDAR+") and can be accessed electronically at www.sedarplus.ca and www.morguard.com.

REVIEW AND APPROVAL BY THE BOARD OF TRUSTEES

The Board of Trustees ("the Trustees"), upon the recommendation of its Audit Committee, approved the contents of this MD&A on October 30, 2024.

PART II

BUSINESS OVERVIEW AND STRATEGY

The Trust's primary business goal is to accumulate a Canadian portfolio of high-quality real estate assets and then deliver the benefits of such real estate ownership to unitholders. The primary benefit is a reliable and, over time, increasing cash distribution. The Trust manages distributions to ensure sufficient cash is retained to meet fixed obligations while ensuring a stable cash flow to unitholders.

The Trust is an unincorporated "closed-end" trust, governed by the laws of the Province of Ontario, created and constituted pursuant to an amended and restated Declaration of Trust dated May 5, 2021 ("Declaration of Trust"). The Trust was formed on June 18, 1997, and began operations on October 14, 1997. The Trust units are publicly traded and listed on the Toronto Stock Exchange ("TSX") under the symbol MRT.UN.

Morguard Corporation ("Morguard") is the parent company of the Trust, owning 65.3% of the outstanding units as at September 30, 2024. Morguard is a real estate company that owns a diversified portfolio of multi-unit residential, retail, hotel, office and industrial properties in both Canada and the United States.

The Trust's asset management team is focused on continually improving the returns from the assets currently owned, and making quality acquisitions that are accretive in the long term. As part of its strategy to continually improve the quality of its property portfolio, the Trust undertakes the disposition of properties in cases where both the cash flows and values have been maximized, where the properties no longer fit the Trust's portfolio or where market trends indicate that superior investment return opportunities are available elsewhere.

The Trust's management team is incentivized to maintain occupancy levels and rents that outperform local markets. The Trust has established standards for maintaining the quality of its portfolio and operating its properties at cost levels that are competitive in their respective markets. These efforts are enhanced through a sustainability program that tracks utility usage and savings over time. These savings are returned to our tenants through reduced operating costs, increasing the Trust's reputation as a responsible landlord.

The Trust's management team is supported by contracted property management. The choice to contract for property management provides the Trust with a day-to-day operating platform that is both "best-in-class" and cost effective. Property management services are delivered through a management agreement with Morguard Investments Limited ("MIL"). MIL is a full-service real estate advisory company wholly owned by Morguard. MIL also provides advisory and management services to institutional and other investors not related to Morguard or the Trust. The Trust's agreement with MIL provides property management services at predetermined rates based on a percentage of revenue. This provides predictability to a key component of operating costs. In addition, MIL provides the Trust with leasing services across the full portfolio. With MIL locations across the country, the Trust benefits from local market knowledge and local broker relationships. An annual review of this agreement, combined with MIL's institutional client base, ensures that rates for services reflect current market conditions.

The Trust's long-term debt strategy involves the use of conventional property-specific secured mortgages or bonds, unsecured convertible debentures and secured floating-rate bank financing. The Trust currently targets a capital structure with an overall indebtedness ratio in the range of 50-55% of gross assets. Through its Declaration of Trust, the Trust is allowed to increase its overall indebtedness ratio to 65%.

In this MD&A, the discussion of the Trust's property performance for the purpose of *some* measures is focused on income producing properties ("IPP"), excluding properties held for development, area under development and properties held for sale. The Trust defines these excluded areas as follows:

Properties held for development: These properties, while income producing, operate with future opportunity in mind. As a result, management will enter into lease arrangements with shorter lease terms and options to exit the lease at the landlord's request. As a result, these properties do not deliver the same results (rental rates) as other IPP.

Area under development: When circumstances warrant, the Trust will reposition component parts of its properties. When this occurs, the associated area ("area under development") is not available for occupancy. As a result, this area is not income producing.

Properties held for sale: The Trust may undertake to actively dispose of certain assets. In these circumstances, management has determined that the performance of the ongoing operations is of the greatest importance to stakeholders.

PORTFOLIO OVERVIEW

The risk and reliability characteristics of real estate asset classes are different, and delivering on the primary business goal requires a mix of assets that balance risk and rewards. As at September 30, 2024, the Trust owned a diversified real estate portfolio of 45 retail, office and industrial properties consisting of approximately 8.1 million square feet of gross leasable area ("GLA") located in the provinces of British Columbia ("BC"), Alberta, Saskatchewan, Manitoba, Ontario and Quebec. Included in this portfolio is one retail property that the Trust has deemed as held for development, and one office property, consisting of 0.2 million square feet of GLA, located in the province of Alberta, which is accounted for using the equity method.

Retail: The retail portfolio includes two broad categories of income producing properties: enclosed full-scale, regional shopping centres that are dominant in their respective markets; and community strip centres that are primarily anchored by food retailers, discount department stores and banking institutions. Investing across these two broad categories of retail assets allows the Trust to spread its tenant base, reducing its exposure to a single category retailer.

Office: The office portfolio is focused on well-located, high-quality properties in major Canadian urban centres. The portfolio is balanced between single-tenant properties under long-term lease to government and large national tenants that work to secure the Trust's cash flow, and multi-tenant properties with well-distributed lease expiries that allow the Trust to benefit from increased rental rates on lease renewal.

Industrial: The Trust has an interest in four industrial properties located in Ontario.

PORTFOLIO COMPOSITION BY ASSET TYPE AND LOCATION

	Retail		Office		Industrial		Total		
Location	Number of Properties	GLA (000s)	Number of Properties	GLA (000s)	Number of Properties	GLA (000s)	Number of Properties	GLA (000s)	%
British Columbia	2	417	3	600	—	—	5	1,017	13%
Alberta	4	690	9	1,174	—	—	13	1,864	24%
Saskatchewan	1	499	—	—	—	—	1	499	6%
Manitoba	3	659	—	—	—	—	3	659	8%
Ontario	7	2,054	9	1,023	4	283	20	3,360	43%
Quebec	—	—	1	452	—	—	1	452	6%
	17	**4,319**	**22**	**3,249**	**4**	**283**	**43**	**7,851**	**100%**
IPP held for development	1	67	—	—	—	—	1	67	
Income producing properties	**18**	**4,386**	**22**	**3,249**	**4**	**283**	**44**	**7,918**	
Equity-accounted investment (Alberta)	—	—	1	152	—	—	1	152	
Grand Total	**18**	**4,386**	**23**	**3,401**	**4**	**283**	**45**	**8,070**	
% [1]		**55%**		**41%**		**4%**		**100%**	

1. Excluding IPP held for development, properties held for sale/sold, and equity-accounted investment.

ENCLOSED REGIONAL CENTRES OVERVIEW

At September 30, 2024, the Trust's enclosed regional centres portfolio totalled 3.3 million square feet of GLA, which comprises a 100% interest in six regional centres totalling 3.2 million square feet and a 50% interest in one additional centre totalling 0.1 million square feet. Included in the above 3.3 million square feet of GLA is 0.2 million square feet of area either held for, or under, development.

COMMUNITY STRIP CENTRES OVERVIEW

At September 30, 2024, the Trust's community strip centres portfolio totalled 1.1 million square feet of GLA, comprising a 100% interest in 10 such properties totalling 1.0 million square feet, as well as a 50% interest in one additional property totalling 0.1 million square feet. Included in the above 1.1 million square feet of GLA is 0.1 million square feet of area either held for, or under, development.

SINGLE-/DUAL-TENANT BUILDINGS OVERVIEW

At September 30, 2024, the Trust's single-/dual-tenant buildings portfolio totalled 2.4 million square feet of GLA, which comprises a 100% interest in nine properties totalling 1.3 million square feet and a 50% interest in four properties totalling 0.9 million square feet. Included in the above 2.4 million square feet of GLA is 0.2 million square feet of area relating to the Trust's equity-accounted investment.

MULTI-TENANT BUILDINGS OVERVIEW

At September 30, 2024, the Trust's multi-tenant buildings portfolio totalled 1.0 million square feet of GLA, which comprises a 100% interest in six properties totalling 0.6 million square feet, a 50% interest in three properties totalling 0.3 million square feet and a 20% interest in one property totalling 0.1 million square feet.

INDUSTRIAL OVERVIEW

At September 30, 2024, the Trust's industrial portfolio includes 100% interest in four industrial properties comprising 0.3 million square feet. This portfolio includes some retail storefronts.

PART III

TRUST PERFORMANCE

SELECTED FINANCIAL INFORMATION

The table below sets forth selected financial data relating to the Trust's fiscal three and nine months ended September 30, 2024, and 2023. This financial data is derived from the Trust's condensed consolidated statements which are prepared in accordance with IFRS.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	**% Change**	**2024**	2023	**% Change**
Revenue from real estate properties	**$63,293**	$62,512	1.2%	**$191,737**	$189,219	1.3%
Property operating expenses	**(16,593)**	(17,714)	(6.3%)	**(52,941)**	(53,774)	(1.5%)
Property taxes	**(12,309)**	(12,122)	1.5%	**(37,255)**	(36,400)	2.3%
Property management fees	**(2,143)**	(2,125)	0.8%	**(6,556)**	(6,481)	1.2%
Net operating income	**32,248**	30,551	5.6%	**94,985**	92,564	2.6%
Interest expense	**(16,839)**	(16,072)	4.8%	**(50,958)**	(45,672)	11.6%
General and administrative	**(875)**	(911)	(4.0%)	**(2,821)**	(2,970)	(5.0%)
Other items	**(60)**	(16)	275.0%	**(60)**	(57)	5.3%
Fair value gains/(losses) on real estate properties	**868**	(52,047)	(101.7%)	**(65,597)**	(88,885)	(26.2%)
Net income/(loss) from equity-accounted investment	**229**	(1,170)	(119.6%)	**1,021**	(1,630)	(162.6%)
Net income/(loss)	**$15,571**	($39,665)	(139.3%)	**($23,430)**	($46,650)	(49.8%)
Net income/(loss) per unit – basic	**$0.24**	($0.62)	(138.7%)	**($0.36)**	($0.73)	(50.7%)
Funds from operations per unit – basic	**$0.23**	$0.22	4.5%	**$0.66**	$0.70	(5.7%)
Adjusted funds from operations per unit – basic	**$0.14**	$0.12	16.7%	**$0.38**	$0.42	(9.5%)

CONSOLIDATED OPERATING HIGHLIGHTS FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2024, AND 2023

Revenue from real estate properties includes contracted rent from tenants along with recoveries of property expenses (including property taxes).

The following is an analysis of revenue from real estate properties by segment:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	**%**	**2024**	2023	**%**
Industrial	**$1,304**	$851	53.2%	**$3,412**	$2,616	30.4%
Office – Single-/dual-tenant buildings	**21,518**	21,484	0.2%	**65,528**	64,671	1.3%
Office – Multi-tenant buildings	**6,269**	6,154	1.9%	**18,786**	18,389	2.2%
Retail – Community strip centres	**8,202**	9,312	(11.9%)	**26,738**	27,924	(4.2%)
Retail – Enclosed regional centres	**26,000**	24,711	5.2%	**77,273**	75,619	2.2%
Total	**$63,293**	$62,512	1.2%	**$191,737**	$189,219	1.3%

On May 29, 2024, the Trust sold a retail community strip centre, located at 5-284 Heritage Gate SE, Calgary, Alberta, for gross proceeds of $37,500. The Trust repaid the mortgage payable secured by this property in the amount of $17,030.

The following is an analysis of revenue from real estate properties by revenue type:

For the three months ended September 30,	2024	2023	Variance
Rental revenue	**$39,023**	$38,111	$912
CAM recoveries	**11,947**	12,455	(508)
Property tax and insurance recoveries	**9,815**	9,430	385
Other revenue and lease cancellation fees	**1,133**	1,237	(104)
Parking revenue	**1,375**	1,376	(1)
Amortized rents	**—**	(97)	97
	$63,293	$62,512	$781

For the nine months ended September 30,	2024	2023	Variance
Rental revenue	**$117,590**	$114,522	$3,068
CAM recoveries	**37,250**	37,572	(322)
Property tax and insurance recoveries	**29,556**	30,749	(1,193)
Other revenue and lease cancellation fees	**3,736**	3,494	242
Parking revenue	**4,169**	4,029	140
Amortized rents	**(564)**	(1,147)	583
	$191,737	$189,219	$2,518

The following is an analysis of property operating expenses by expense type:

For the three months ended September 30,	2024	2023	Variance
Repairs and maintenance	**$7,196**	$6,980	$216
Utilities	**3,350**	4,678	(1,328)
Other operating expenses	**6,047**	6,056	(9)
	$16,593	$17,714	($1,121)

For the nine months ended September 30,	2024	2023	Variance
Repairs and maintenance	**$23,043**	$22,519	$524
Utilities	**11,717**	13,907	(2,190)
Other operating expenses	**18,181**	17,348	833
	$52,941	$53,774	($833)

Property operating expenses include costs related to interior and exterior maintenance, insurance and utilities. Property operating expenses for the three months ended September 30, 2024, decreased 6.3% to $16.6 million from $17.7 million for the same period in 2023. This decrease is primarily due to decreases in utility costs across the portfolio.

Net operating income for the three months ended September 30, 2024, increased 5.6% as compared to 2023. This increase stems largely from increases in basic rent in the enclosed mall portfolio, partially offset by the sale of the retail community strip centre.

Interest expense for the three months ended September 30, 2024, increased 4.8% vs the same period in 2023. This increase is primarily due to higher interest rates on renewed fixed-rate debt, partially offset by a $30.5 million decline in overall debt levels.

The Trust records its income producing properties at fair value in accordance with IFRS. These adjustments are a result of the Trust's regular quarterly IFRS fair value process. In accordance with this policy, the following fair value adjustments by segment have been recorded:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	**2024**	2023
Retail – enclosed regional centres	**($807)**	($1,394)	**($17,502)**	$72
Retail – community strip centres	**(1,242)**	(701)	**2,548**	(4,754)
Office	**2,582**	(54,272)	**(50,984)**	(95,940)
Industrial	**335**	4,320	**341**	11,737
	$868	($52,047)	**($65,597)**	($88,885)

Reported net income for three months ended September 30, 2024, was $15.6 million as compared to net loss of $39.7 million in 2023. This change is largely due to fair value losses on real estate properties recorded in 2023.

NET OPERATING INCOME BY ASSET TYPE AND LOCATION

The following is a geographical breakdown of the net operating income for the nine months ended September 30, 2024.

	Retail		Office		Industrial		Total		
Location	Number of Properties	NOI (000s)	Number of Properties	NOI (000s)	Number of Properties	NOI (000s)	Number of Properties	NOI (000s)	%
British Columbia	2	$8,127	3	$11,396	—	$—	5	$19,523	21%
Alberta	4	5,599	9	19,216	—	—	13	24,815	27%
Saskatchewan	1	4,623	—	—	—	—	1	4,623	5%
Manitoba	3	8,920	—	—	—	—	3	8,920	10%
Ontario	7	19,561	9	9,469	4	2,177	20	31,207	33%
Quebec	—	—	1	3,909	—	—	1	3,909	4%
	17	**46,830**	**22**	**43,990**	**4**	**2,177**	**43**	**92,997**	**100%**
IPP held for development	1	934	—	—	—	(66)	1	868	
Income producing properties	**18**	**47,764**	**22**	**43,990**	**4**	**2,111**	**44**	**93,865**	
Properties held for sale/sold	—	1,120	—	—	—	—	—	1,120	
Total real estate properties	**18**	**48,884**	**22**	**43,990**	**4**	**2,111**	**44**	**94,985**	
Equity-accounted investment	—	—	1	2,411	—	—	1	2,411	
Grand Total	**18**	**$48,884**	**23**	**$46,401**	**4**	**$2,111**	**45**	**$97,396**	
% [1]		**51%**		**47%**		**2%**		**100%**	

1. Excluding IPP held for development, properties held for sale/sold, and equity-accounted investment.

NET OPERATING INCOME BY ASSET TYPE

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	%	**2024**	2023	% Change
Enclosed regional centres	**$11,418**	$9,994	14.2%	**$32,467**	$31,386	3.4%
Community strip centres	**5,102**	5,779	(11.7%)	**16,417**	17,180	(4.4%)
Subtotal – retail	**16,520**	15,773	4.7%	**48,884**	48,566	0.7%
Single-/dual-tenant buildings	**12,305**	12,210	0.8%	**37,576**	36,666	2.5%
Multi-tenant buildings	**2,571**	2,082	23.5%	**6,414**	5,974	7.4%
Subtotal – office	**14,876**	14,292	4.1%	**43,990**	42,640	3.2%
Industrial	**852**	486	75.3%	**2,111**	1,358	55.4%
Net operating income	**$32,248**	$30,551	5.6%	**$94,985**	$92,564	2.6%

The increase in enclosed regional centres net operating income for the nine months ended September 30, 2024, is due to increases in basic rent of $2.2 million, increases in percentage rent of $0.7 million, and decreased vacancy costs of $0.6 million. These increases were partially offset by a one-time prior year property tax refund recorded in 2023 on an enclosed regional centre in the amount of $2.8 million, primarily for vacant space and space previously occupied by bankrupt or otherwise failed tenants.

The decrease in community strip centres net operating income for the nine months ended September 30, 2024, is due to the sale of Heritage Towne Centre during the second quarter of 2024.

The increase in industrial net operating income for the nine months ended September 30, 2024, is due to increased basic rent at one of the Trust's industrial properties, as well as increased occupancy.

RETAIL PROPERTIES – NET OPERATING INCOME

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	%	**2024**	2023	% Change
Revenue from real estate properties	**$34,202**	$34,023	0.5%	**$104,011**	$103,543	0.5%
Property operating expenses	**(8,464)**	(9,224)	(8.2%)	**(27,638)**	(28,211)	(2.0%)
Property taxes	**(8,001)**	(7,807)	2.5%	**(23,764)**	(23,035)	3.2%
Property management fees	**(1,217)**	(1,219)	(0.2%)	**(3,725)**	(3,731)	(0.2%)
Net operating income	**$16,520**	$15,773	4.7%	**$48,884**	$48,566	0.7%

The Trust's retail properties NOI for the three months ended September 30, 2024, was $16.5 million versus $15.8 million for the same period ended 2023, an increase of $0.7 million. The increase was mainly the result of increases in basic rent in the enclosed mall portfolio of $0.8 million, decreased vacancy costs of $0.4 million, offset by a decrease of $0.7 from the sale of Heritage Towne Centre in the second quarter of 2024.

The Trust's retail properties' NOI for the nine months ended September 30, 2024, was $48.9 million versus $48.6 million for the same period ended 2023, a increase of $0.3 million. The increase was mainly the result of increases in basic rent of $2.7 million and percentage rent $0.7 million, and decreased vacancy costs of $0.4 million. This increase was partially offset by a one-time prior year property tax refund recorded in 2023 on an enclosed regional centre in the amount of $2.8 million, primarily for vacant space and space previously occupied by bankrupt or otherwise failed tenants, coupled with a decrease of $0.7 from the sale of Heritage Towne Centre in the second quarter of 2024.

RETAIL PROPERTIES TOP TENANTS

The following is a breakdown of the Trust's 20 largest retail tenants by rental revenue as at September 30, 2024:

	Tenant	Percentage of Total Retail Revenue	# of Locations	GLA (000s)	% of Total Retail GLA	Weighted Average Remaining Lease Term
1	Canadian chartered banks – Tier 1	4.6%	15	99	2.3%	1.8
2	Canadian Tire Corporation Ltd.	4.3%	7	285	6.5%	2.5
3	Loblaw Companies Ltd.	3.9%	8	107	2.4%	3.5
4	GoodLife Fitness	3.4%	5	192	4.4%	7.4
5	Sobeys Inc.	2.8%	3	161	3.7%	6.8
6	Dollarama	2.3%	10	96	2.2%	1.9
7	Cineplex Odeon	2.2%	3	110	2.5%	4.5
8	TJX	1.7%	4	101	2.3%	4.7
9	Federated Co-operatives Ltd.	1.5%	2	104	2.4%	3.6
10	Walmart	1.5%	2	241	5.5%	1.7
11	Indigo	1.4%	5	49	1.1%	3.7
12	Bath & Body Works Inc.	1.3%	6	25	0.6%	0.8
13	YM Inc.	1.0%	7	83	1.9%	1.4
14	HBC	1.0%	2	290	6.6%	1.6
15	Sephora	0.9%	4	17	0.4%	8.5
16	The Children's Place	0.9%	6	23	0.5%	0.3
17	Save-on-Foods	0.8%	1	39	0.9%	14.0
18	Ardene	0.8%	6	60	1.4%	3.4
19	Boathouse	0.8%	6	22	0.5%	0.9
20	Soft Moc	0.7%	5	13	0.3%	5.4
		37.8%	**107**	**2,117**	**48.4%**	**3.5**

OFFICE PROPERTIES – NET OPERATING INCOME

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	%	**2024**	2023	% Change
Revenue from real estate properties	**$27,787**	$27,638	0.5%	**$84,314**	$83,060	1.5%
Property operating expenses	**(7,895)**	(8,315)	(5.1%)	**(24,620)**	(24,877)	(1.0%)
Property taxes	**(4,130)**	(4,152)	(0.5%)	**(12,985)**	(12,879)	0.8%
Property management fees	**(886)**	(879)	0.8%	**(2,719)**	(2,664)	2.1%
Net operating income	**$14,876**	$14,292	4.1%	**$43,990**	$42,640	3.2%

The Trust's office properties NOI for the three months ended September 30, 2024, was $14.9 million versus $14.3 million for the same period ended 2023. The favourable variance is mainly the result of increases in basic rent and occupancy at one of the Trust's Alberta properties.

The Trust's office properties' NOI for the nine months ended September 30, 2024, was $44.0 million versus $42.6 million for the same period ended 2023. The favourable variance is mainly the result of increases in basic rent of $0.8 million at the Trust's Alberta and BC properties, coupled with decreased vacancy costs of $0.7 million at the Trust's Ontario properties.

The Trust has a strong government presence in its office tenancy which helps mitigate the risk of non-payment of rent for this asset class. Approximately 31% of the Trust's office contracted gross revenue is attributable to government tenants.

OFFICE PROPERTIES TOP TENANTS

The following is a breakdown of the Trust's 20 largest office tenants by rental revenue as at September 30, 2024:

	Tenant	Percentage of Total Office Revenue	# of Locations	GLA (000s)	% of Total Office GLA	Weighted Average Remaining Lease Term
1	Federal and provincial governments	31.3%	8	806	23.7%	4.3
2	Obsidian Energy Ltd.	8.9%	1	96	2.8%	0.3
3	Canadian chartered banks – Tier 1	6.8%	3	129	3.8%	2.1
4	Athabasca Oil Corporation	6.1%	1	154	4.5%	0.3
5	Wood Canada Limited	5.6%	1	108	3.2%	1.3
6	Bombardier Inc.	5.1%	1	147	4.3%	6.6
7	Stantec Consulting	3.6%	2	82	2.4%	1.2
8	CH2M Hill Canada Limited	3.3%	1	78	2.3%	3.9
9	Genetec Inc.	2.8%	1	136	4.0%	1.6
10	Western Energy Services Corp.	2.4%	1	43	1.3%	0.3
11	Sephora	1.8%	1	4	0.1%	2.3
12	AJW Technique Inc.	1.7%	1	75	2.2%	5.8
13	Tourmaline Oil Corp.	1.0%	1	50	1.5%	0.3
14	Assent Compliance	0.9%	1	43	1.3%	6.3
15	Ciena	0.8%	1	27	0.8%	1.7
16	The Ottawa Hospital	0.7%	1	28	0.8%	0.5
17	Harry Rosen	0.7%	1	14	0.4%	7.8
18	The Ottawa Fertility Centre Inc.	0.7%	1	24	0.7%	1.4
19	Realstar Holdings Partnership	0.7%	1	14	0.4%	0.9
20	Amdocs Canadian Managed Services Inc.	0.6%	1	15	0.4%	0.2
		85.5%	**30**	**2,073**	**60.9%**	**3.1**

INDUSTRIAL PROPERTIES – NET OPERATING INCOME

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	%	**2024**	2023	% Change
Revenue from real estate properties	**$1,304**	$851	53.2%	**$3,412**	$2,616	30.4%
Property operating expenses	**(234)**	(174)	34.5%	**(683)**	(686)	(0.4%)
Property taxes	**(178)**	(163)	9.2%	**(506)**	(486)	4.1%
Property management fees	**(40)**	(28)	42.9%	**(112)**	(86)	30.2%
Net operating income	**$852**	$486	75.3%	**$2,111**	$1,358	55.4%

The Trust's industrial properties NOI for the three months ended September 30, 2024, was $0.9 million versus $0.5 million for the same period ended 2023. This favourable variance is mainly the result of increased basic rent of $0.2 million, coupled with decreased vacancy costs of $0.1 million.

The Trust's industrial properties' NOI for the nine months ended September 30, 2024, was $2.1 million versus $1.4 million for the same period ended 2023. This favourable variance is mainly the result of increased basic rent of $0.5 million, coupled with decreased vacancy costs of $0.3 million.

NET OPERATING INCOME – SAME ASSETS

The components of net operating income – same assets are displayed in the table below. For comparability in this section, the NOI is focused on same assets which is a supplementary financial measure. Assets acquired, disposed of and developed/redeveloped/intensified over the comparable periods are removed, along with the impact of stepped rents, lease cancellation fees and area either held for, or under, development and other non-recurring adjustments, collectively; the adjustments for same assets. Lease cancellation fees relate to payments received from tenants where the Trust and the tenant agreed to terminate a lease prior to the contractual expiry date. Lease cancellation fees are unpredictable and period-over-period changes are not indicative of trends.

For the three months ended September 30,	2024	2023	Variance	% Change
Enclosed regional centres (retail)	**$10,986**	$9,926	$1,060	10.7%
Community strip centres (retail)	**4,802**	4,799	3	0.1%
Single-/dual-tenant buildings (office)	**12,347**	11,938	409	3.4%
Multi-tenant buildings (office)	**2,658**	2,161	497	23.0%
Industrial properties	**842**	508	334	65.7%
Net operating income – same assets	**31,635**	29,332	2,303	7.9%
Area under development	**314**	—	314	—%
Real estate properties held for development/held for sale/sold	**244**	951	(707)	(74.3%)
Lease cancellation fees	**148**	452	(304)	(67.3%)
Stepped rents	**(93)**	(184)	91	(49.5%)
Net operating income per the statement of income	**$32,248**	$30,551	$1,697	5.6%

For the nine months ended September 30,	2024	2023	Variance	% Change
Enclosed regional centres (retail)	**$31,332**	$28,669	$2,663	9.3%
Community strip centres (retail)	**14,324**	14,359	(35)	(0.2%)
Single-/dual-tenant buildings (office)	**37,090**	35,926	1,164	3.2%
Multi-tenant buildings (office)	**6,666**	6,251	415	6.6%
Industrial properties	**2,138**	1,421	717	50.5%
Net operating income – same assets	**91,550**	86,626	4,924	5.7%
Area under development	**839**	—	839	—%
Real estate properties held for development/held for sale/sold	**1,988**	2,751	(763)	(27.7%)
Lease cancellation fees	**1,116**	1,167	(51)	(4.4%)
Stepped rents	**(508)**	(806)	298	(37.0%)
Other (prior year property tax refund)	**—**	2,826	(2,826)	(100.0%)
Net operating income per the statement of income	**$94,985**	$92,564	$2,421	2.6%

LEASING ACTIVITY

The Trust places a high value on tenant retention as the cost of retention is typically lower than the cost of securing new tenants. When retention is neither possible nor desirable, the Trust strives to secure high-quality replacement tenants.

The table below provides a summary of the leasing activity for the nine months ended September 30, 2024:

For the nine months ended September 30, 2024	Enclosed Regional Centres	Community Strip Centres	Single-/ Dual-Tenant Buildings	Multi-Tenant Buildings	Industrial Properties	Total Portfolio
Opening vacancy (SF)	187,654	37,480	114,985	363,777	45,733	749,629
Opening occupancy	93.7%	96.9%	94.9%	63.8%	84.4%	90.3%
EXPIRING LEASES:						
Square feet	461,269	77,696	103,994	52,319	75,865	771,143
Average contract rent per SF	$20.90	$24.72	$34.58	$16.45	$6.45	$21.43
EARLY TERMINATIONS:						
Square feet	21,535	1,751	68,702	4,577	16,554	113,119
Average contract rent per SF	$33.42	$35.00	$13.13	$14.85	$6.58	$16.44
RENEWALS:						
Square feet	(358,253)	(72,366)	(98,848)	(26,977)	(75,900)	(632,344)
Average contract rent per SF	$21.26	$25.98	$34.18	$17.41	$16.56	$23.09
Retention rate	78%	93%	95%	52%	100%	82%
NEW LEASING:						
Square feet	(141,002)	(19,398)	(82,846)	(61,084)	(28,154)	(332,484)
Average contract rent per SF	$20.38	$22.01	$12.08	$15.01	$14.57	$16.44
OTHER ADJUSTMENTS:						
Square feet	51,788	(1,221)	—	—	(8,650)	41,917
Ending vacancy (SF)	222,991	23,942	105,987	332,612	25,448	710,980
Ending occupancy	92.6%	97.8%	95.3%	66.9%	91.0%	90.7%

Other adjustments totalling 41,917 square feet in the above table are broken down as follows:

Tenant	Property	Segment	GLA (SF)
K1 Speed	Cambridge Centre	Enclosed regional centres	36,415
H&M	Pine Centre	Enclosed regional centres	15,373
Other			(9,871)
			41,917

LEASE PROFILE

The table below provides a summary of the lease maturities for the next four years and thereafter, along with the associated contract rents at maturity. Current vacancy excludes area either held for, or under, development/sale.

	Retail		Office		Industrial		Total	
	SF	Weighted Average Contract Rent	SF	Weighted Average Contract Rent	SF	Weighted Average Contract Rent	SF	Weighted Average Contract Rent
Month to month	374,147	$23.72	—	$—	—	$—	374,147	$23.72
(remainder of the year) 2024	26,157	31.81	65,461	20.59	8,223	9.85	99,841	23.83
2025	519,545	31.20	781,034	31.34	44,131	16.47	1,344,710	30.75
2026	840,471	12.98	499,543	20.06	58,868	9.72	1,398,882	15.39
2027	478,661	24.44	376,513	22.10	12,449	11.56	867,623	23.23
2028	435,715	25.26	154,846	21.57	32,725	14.86	623,286	23.78
Thereafter	1,166,701	24.61	932,362	21.54	101,142	14.82	2,200,205	22.88
Current vacancy	246,933	—	438,599	—	25,448	—	710,980	—
Total	**4,088,330**	**$22.82**	**3,248,358**	**$23.97**	**282,986**	**$13.63**	**7,619,674**	**$22.92**

Weighted average remaining lease term (years)		3.64		3.35		3.74		3.52

2025 EXPIRIES BY PROVINCE

	Retail		Office		Industrial		
Province	SF	Weighted Average Contract Rent	SF	Weighted Average Contract Rent	SF	Weighted Average Contract Rent	Total SF
Alberta	52,109	$44.03	558,656	$36.79	—	$—	610,765
British Columbia	65,167	33.32	1,057	50.00	—	—	66,224
Manitoba	79,242	28.75	—	—	—	—	79,242
Ontario	188,706	38.52	221,321	18.54	44,131	16.47	454,158
Quebec	—	—	—	—	—	—	—
Saskatchewan	134,321	20.54	—	—	—	—	134,321
	519,545	**$31.20**	**781,034**	**$31.34**	**44,131**	**$16.47**	**1,344,710**

Not included in the above tables is the expiry at Petroleum Plaza, located in Alberta, which is accounted for using the equity method. This property has 152,146 square feet of GLA (at the Trust's share) and is fully leased to the provincial government, which expired January 1, 2021, and has been in overhold since that date. The contract rent on the expired lease was $27.00. The Trust expects the tenant to renew at market rates. Due to the priority of attending to the COVID-19 pandemic and other priorities by the Alberta government over the last three years, the Trust has been advised that the tenant will attend to the lease renewal when time allows. The building has remained occupied by the tenant since January 1, 2021.

The vast majority of the Alberta office space expiring in 2025 relates to Penn West Plaza in Calgary, Alberta, and expires in Q1 2025. This building will become a multi-tenant office building after the Obsidian Energy lease expires in February 2025. The Trust is working with Obsidian Energy, other tenants and sub-tenants in the building with the goal of securing their tenancy past 2025. The Trust is expecting a decline in net operating income in the range of approximately $13 million to $15 million in 2025 due to the reset to market rent for the majority of leases in this building, coupled with lease up costs of these deals. After the lease up costs have been addressed, it is expected that net operating income would increase by approximately $4 million to $6 million in 2026 (compared to 2025).

2026 EXPIRIES BY PROVINCE

	Retail		Office		Industrial		
Province	SF	Weighted Average Contract Rent	SF	Weighted Average Contract Rent	SF	Weighted Average Contract Rent	Total SF
Alberta	174,393	$11.01	65,173	$12.86	—	$—	239,566
British Columbia	14,140	46.96	182,960	33.52	—	—	197,100
Manitoba	43,448	27.92	—	—	—	—	43,448
Ontario	597,598	11.34	84,233	14.38	58,868	9.72	740,699
Saskatchewan	10,892	35.58	—	—	—	—	10,892
	840,471	**$12.98**	**499,543**	**$20.06**	**58,868**	**$9.72**	**1,398,882**

Approximately 550,000 square feet of retail space expiring in 2026 represents large or anchor tenants that are expected to renew at lease rates consistent with expiring rates.

CHANGES IN GLA

The table below provides a summary of the changes in GLA for the nine months ended September 30, 2024.

In thousands of square feet	Retail	Office	Industrial	Total Portfolio
GLA – opening balance – January 1, 2024	**4,479**	**3,247**	**293**	**8,019**
Changes due to remeasurement	**2**	**2**	**(10)**	**(6)**
Cambridge Centre – K1 Speed	**36**	**—**	**—**	**36**
Heritage Towne Centre disposition	**(131)**	**—**	**—**	**(131)**
GLA – closing balance – September 30, 2024	**4,386**	**3,249**	**283**	**7,918**
Area under/held for development/sale	**(298)**	**—**	**—**	**(298)**
GLA for purposes of occupancy	**4,088**	**3,249**	**283**	**7,620**
Occupied GLA	**3,841**	**2,810**	**258**	**6,909**
Occupied GLA (%)	**94.0%**	**86.5%**	**91.0%**	**90.7%**

OFFICE OCCUPANCY BY PROVINCE

The following table provides an analysis of occupancy for the office portfolio by province:

Province	September 30, 2024	September 30, 2023
Alberta	**90.2%**	89.5%
British Columbia	**93.5%**	93.9%
Ontario	**74.8%**	72.2%
Quebec	**94.1%**	93.8%
	86.5%	85.5%

CORPORATE ITEMS

INTEREST EXPENSE

Interest expense totalled $51.0 million for the nine months ended September 30, 2024, compared to $45.7 million for the same period in 2023. The components of interest expense are as follows:

INTEREST EXPENSE

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	%	**2024**	2023	% Change
Mortgages payable	**$12,006**	$12,342	(2.7%)	**$36,433**	$34,485	5.6%
Amortization of deferred financing costs – mortgages	**440**	234	88.0%	**1,305**	706	84.8%
Convertible debentures	**2,104**	2,104	—%	**6,243**	6,278	(0.6%)
Accretion on convertible debentures, net	**347**	323	7.4%	**1,060**	991	7.0%
Amortization of deferred financing costs – convertible debentures	**197**	184	7.1%	**604**	565	6.9%
Lease liabilities	**275**	255	7.8%	**784**	769	2.0%
Bank indebtedness	**327**	1,045	(68.7%)	**1,602**	2,908	(44.9%)
Morguard loan payable and other	**1,251**	18	6,850.0%	**3,295**	31	10,529.0%
Capitalized interest	**(108)**	(433)	(75.1%)	**(368)**	(1,061)	(65.3%)
	$16,839	$16,072	4.8%	**$50,958**	$45,672	11.6%

Interest expense has increased primarily due to higher interest rates on both variable and new fixed rate debt on a year-over-year basis, offset by a $30.5 million decline in overall debt levels on a year-over-year basis.

FAIR VALUE GAINS/(LOSSES) ON REAL ESTATE PROPERTIES

For the nine months ended September 30, 2024, the Trust recorded fair value losses on real estate properties of $65.6 million, versus $88.9 million of fair value losses on real estate properties for 2023.

Fair value adjustments are determined on a quarterly basis based on the movement of various parameters, including changes in projected cash flows as a result of leasing, timing and changes in discount rates, and terminal capitalization rates.

Fair value gains/(losses) on real estate properties consist of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	**2024**	2023
Retail – enclosed regional centres	**($807)**	($1,394)	**($17,502)**	$72
Retail – community strip centres	**(1,242)**	(701)	**2,548**	(4,754)
Office	**2,582**	(54,272)	**(50,984)**	(95,940)
Industrial	**335**	4,320	**341**	11,737
	$868	($52,047)	**($65,597)**	($88,885)

The fair value losses recorded for the office portfolio during the year of $51.0 million (2023 – $95.9 million) is a result of the expansion in capitalization rates over the last year associated with this asset class, as well as the impact of other changes in valuation assumptions. This asset class has been affected by the work-from-home trend that continues to evolve.

APPRAISAL CAPITALIZATION AND DISCOUNT RATES

Morguard's subsidiary has a valuation team that consists of Appraisal Institute of Canada ("AIC") designated Accredited Appraiser Canadian Institute ("AACI") members who are qualified to offer valuation and consulting services and expertise for all types of real property, all of whom are knowledgeable and have recent experience in the fair value techniques for investment properties. AACI-designated members must adhere to AIC's Canadian Uniform Standards of Professional Appraisal Practice and undertake ongoing professional development. Morguard's appraisal division is responsible for determining the fair value of investment properties every quarter. The team reports to a senior executive, and the internal valuation team's valuation processes and results are reviewed by senior management at least once every quarter, in line with the Trust's quarterly reporting dates.
Generally, the Trust's real estate properties are appraised using a number of approaches, depending on the asset, that would typically include a discounted cash flow analysis, a direct capitalization approach and a direct comparison approach.

The primary method of valuation used by the Trust is discounted cash flow analysis. This approach involves determining the fair value of each income producing property based on, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the applicable balance sheet dates, less future cash outflows pertaining to the respective leases. Fair values are primarily determined by discounting the expected future cash flows, generally over a term of 10 years and including a terminal value based on the application of a capitalization rate to estimated year 11 net operating income.

Discount and capitalization rates are estimated using market surveys, available appraisals and market comparables.

The direct comparison approach compares a subject property's characteristics with those of comparable properties that have recently sold. The Trust has a retail property in British Columbia where the highest and best use is a redevelopment to mixed residential and commercial use. Since the value of the property is in the underlying land with minimal holding income, it has been valued using the direct comparison approach.

Under the direct capitalization approach, capitalization rates are applied to the estimated stabilized NOI of the properties. Estimated stabilized NOI is based on projected rental revenue and property operating costs adjusted for such items as vacancy loss. The direct capitalization approach is typically used to corroborate the discounted cash flow analysis.

The stabilized capitalization rates in the following table exclude the property valued using the comparable sales method, as well as one property with expected variable income and did not have its discounted cash flow analysis corroborated using the direct capitalization approach.

Using the direct capitalization income approach to corroborate the discounted cash flow method, the properties were valued using capitalization rates in the range of 5.0% to 9.0% applied to a stabilized net operating income (December 31, 2023 – 4.8% to 9.0%), resulting in an overall weighted average capitalization rate of 7.38% (December 31, 2023 – 7.14%).

The stabilized capitalization rates by business segments are set out in the following table:

STABILIZED CAPITALIZATION RATES

	September 30, 2024					December 31, 2023				
	Stabilized Occupancy		**Capitalization Rates**			Stabilized Occupancy		Capitalization Rates		
	Max.	**Min.**	**Max.**	**Min.**	**Weighted Average**	Max.	Min.	Max.	Min.	Weighted Average
Retail	**97.0%**	**90.0%**	**8.0%**	**5.0%**	**7.6%**	97.0%	90.0%	8.0%	5.0%	7.5%
Office	**100.0%**	**85.0%**	**9.0%**	**5.3%**	**7.3%**	100.0%	85.0%	9.0%	4.7%	6.8%
Industrial	**100.0%**	**95.0%**	**5.5%**	**5.3%**	**5.4%**	100.0%	95.0%	5.5%	5.3%	5.5%

The table below provides further details of the discount rates and terminal cap rates used in the discounted cash flow method by business segments:

DISCOUNT AND TERMINAL CAPITALIZATION RATES

	September 30, 2024			December 31, 2023		
	Maximum	Minimum	Weighted Average	Maximum	Minimum	Weighted Average
RETAIL						
Discount rate	**9.0%**	**5.8%**	**7.7%**	9.0%	5.8%	7.6%
Terminal cap rate	**8.0%**	**5.3%**	**6.9%**	8.0%	5.0%	6.8%
OFFICE						
Discount rate	**9.5%**	**6.3%**	**7.3%**	9.5%	5.8%	7.0%
Terminal cap rate	**8.8%**	**5.3%**	**6.4%**	8.5%	4.8%	6.2%
INDUSTRIAL						
Discount rate	**6.5%**	**6.0%**	**6.2%**	6.5%	6.0%	6.2%
Terminal cap rate	**5.8%**	**5.5%**	**5.5%**	5.8%	5.5%	5.5%

Fair values are most sensitive to changes in discount rates, capitalization rates and stabilized or forecast net operating income. Generally, an increase in net operating income will result in an increase in the fair value of the income producing properties, and an increase in capitalization rates will result in a decrease in the fair value of the properties. The capitalization rate magnifies the effect of a change in net operating income, with a lower capitalization rate resulting in a greater impact to the fair value of the property than a higher capitalization rate. If the weighted average stabilized capitalization rate were to increase or decrease by 25 basis points, the value of the income producing properties as at September 30, 2024, would decrease by $65,027 or increase by $69,635, respectively.

The sensitivity of the fair values of the Trust's income producing properties is set out in the table below:

SENSITIVITY ANALYSIS

For the nine months ended September 30, 2024		
Change in capitalization rate	**0.25%**	**(0.25%)**
Retail	**($34,503)**	**$36,864**
Office	**(27,380)**	**29,323**
Industrial	**(3,144)**	**3,448**
	($65,027)	**$69,635**

NET INCOME FROM EQUITY-ACCOUNTED INVESTMENT

For the nine months ended September 30, 2024, the Trust generated $1.0 million of income from its equity-accounted investment, compared to $1.6 million in losses for the same nine months ended September 30, 2023. The variance is largely attributable to fair value losses recorded in 2023.

PRODUCTIVE CAPACITY MAINTENANCE EXPENDITURES

PCME are expenditures on leasing, replacement or major repair of component parts of properties that are required to preserve the existing earning capacity of the Trust's real estate portfolio. The Trust categorizes these expenditures as leasing commissions, tenant allowances and recoverable and non-recoverable capital expenditures.

Leasing Commissions and Tenant Allowances: The Trust requires ongoing capital spending on leasing commissions, tenant incentives and tenant improvements pertaining to new and renewed tenant leases. These costs depend on many factors, including, but not limited to, tenant maturity profile, vacancies, asset type, prevailing market conditions and unforeseen tenant bankruptcies.

Recoverable and Non-Recoverable Capital Expenditures: The Trust continually invests in major repair and replacement of component parts of the properties, such as roof, parking lot, elevators and HVAC. These costs depend on many factors including, but not limited to, age and location of the property. Most of these capital expenditure items are recovered from tenants, over time, as property operating costs.

The Trust uses normalized PCME to calculate AFFO. Normalized PCME is an estimate made by management of the amount of ongoing capital investment required to maintain the condition of the physical property and current rental revenues. Management considers a number of factors in estimating normalized PCME relative to the growth in age and size of the Trust's property portfolio. Such factors include, but are not limited to, review and analysis of three years of historical capital spending, comparison of each quarter's annualized actual spending activity to annual budgeted capital expenditures as approved by the Trustees and management's expectations and/or plans for the properties. Normalized PCME has been set at $6,250 per quarter in 2024, or $25,000 on an annualized basis.

Since actual capital expenditures can vary widely from one period to another, depending on a number of factors, management believes that normalized PCME are a more relevant input than actual PCME in assessing the Trust's distribution payout ratio and for determining an appropriate level of sustainable distributions over time. The factors affecting variations in actual PCME include, but are not limited to, lease expiry profile, tenant vacancies, age and location of the properties, general economic and market conditions, which impact the level of tenant bankruptcies and acquisitions and dispositions.

The following table provides a breakdown of actual PCME for the three and nine months ended September 30, 2024, and 2023.

ACTUAL PRODUCTIVE CAPACITY MAINTENANCE EXPENDITURES

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	**2024**	2023
Leasing commissions	**$675**	$2,826	**$3,421**	$6,063
Tenant allowances	**651**	5,225	**6,365**	9,611
Total leasing costs	**1,326**	8,051	**9,786**	15,674
Capital expenditures recoverable from tenants	**8,290**	3,765	**14,116**	10,410
Capital expenditures non-recoverable from tenants	**360**	49	**1,362**	46
Total capital expenditures	**8,650**	3,814	**15,478**	10,456
Total PCME	**9,976**	11,865	**25,264**	26,130
Normalized PCME	**6,250**	6,250	**18,750**	18,750
Excess between total PCME and normalized PCME	**($3,726)**	($5,615)	**($6,514)**	($7,380)

CASH FLOWS

Cash flow generated from real estate operations represents the primary source of liquidity to service debt and to fund planned maintenance expenditures, tenant improvements and distributions to unitholders. Cash flow from operations is dependent upon occupancy levels, rental rates achieved, collection of rents, efficiencies in operations and the cost to lease, as well as other factors.

The following table details the changes in cash for the following periods:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	%	**2024**	2023	% Change
Cash provided by operating activities	**$21,021**	$21,289	(1.3%)	**$34,209**	$45,450	(24.7%)
Cash used in financing activities	**(10,487)**	(17,829)	(41.2%)	**(40,961)**	(19,873)	106.1%
Cash (used in)/provided by investing activities	**(10,200)**	(8,745)	16.6%	**7,006**	(29,223)	(124.0%)
Net change in cash	**334**	(5,285)	(106.3%)	**254**	(3,646)	(107.0%)
Cash, beginning of period	**7,198**	11,351	(36.6%)	**7,278**	9,712	(25.1%)
Cash, end of period	**$7,532**	$6,066	24.2%	**$7,532**	$6,066	24.2%

Cash provided by operating activities for the nine months ended September 30, 2024, decreased to $34.2 million in 2024 from $45.5 million in 2023 mainly due to the timing of property tax payments, coupled with increased interest expense in 2024.

Cash used in financing activities increased to $41.0 million in 2024 from $19.9 million in 2023 mainly due to higher repayments of mortgage debt in 2024.

Cash provided by investing activities for the nine months ended September 30, 2024, increased to $7.0 million in 2024 compared to cash used in investing activities of $29.2 million in 2023 mainly due to the sale of Heritage Towne Centre in the second quarter of 2024.

FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS

The Trust presents FFO and AFFO in accordance with the current definition of the REALPAC.

FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS

In thousands of dollars, except per unit amounts	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	%	**2024**	2023	% Change
Net income/(loss)	**$15,571**	($39,665)	(139.3%)	**($23,430)**	($46,650)	(49.8%)
Adjustments:						
Fair value (gains)/losses on real estate properties [1]	**(641)**	53,646	(101.2%)	**65,930**	91,933	(28.3%)
Amortization of right-of-use assets	**60**	21	185.7%	**60**	62	(3.2%)
Payment of lease liabilities, net	**(73)**	(45)	62.2%	**(116)**	(134)	(13.4%)
Funds from operations – basic	**14,917**	13,957	6.9%	**42,444**	45,211	(6.1%)
Interest expense on convertible debentures	**2,104**	2,104	—%	**6,243**	6,278	(0.6%)
Funds from operations – diluted	**$17,021**	$16,061	6.0%	**$48,687**	$51,489	(5.4%)
Funds from operations – basic	**$14,917**	$13,957	6.9%	**$42,444**	$45,211	(6.1%)
Adjustments:						
Amortized stepped rents [1]	**83**	182	(54.4%)	**498**	834	(40.3%)
Normalized PCME	**(6,250)**	(6,250)	—%	**(18,750)**	(18,750)	—%
Adjusted funds from operations – basic	**8,750**	7,889	10.9%	**24,192**	27,295	(11.4%)
Interest expense on convertible debentures	**2,104**	2,104	—%	**6,243**	6,278	(0.6%)
Adjusted funds from operations – diluted	**$10,854**	$9,993	8.6%	**$30,435**	$33,573	(9.3%)

FUNDS FROM OPERATIONS PER UNIT						
Basic	**$0.23**	$0.22	4.5%	**$0.66**	$0.70	(5.7%)
Diluted [2]	**$0.20**	$0.19	5.3%	**$0.58**	$0.61	(4.9%)
ADJUSTED FUNDS FROM OPERATIONS PER UNIT						
Basic	**$0.14**	$0.12	16.7%	**$0.38**	$0.42	(9.5%)
Diluted [2]	**$0.13**	$0.12	8.3%	**$0.36**	$0.40	(10.0%)
WEIGHTED AVERAGE UNITS OUTSTANDING (IN THOUSANDS)						
Basic	**64,282**	64,255	—%	**64,276**	64,244	—%
Diluted [2]	**84,666**	84,640	—%	**84,660**	84,629	—%

1. Includes respective adjustments included in net income from equity-accounted investment.
2. Includes the dilutive impact of convertible debentures and presented on a cash settlement basis for consistency with industry practice for calculating FFO and AFFO.

ADJUSTED CASH FLOW FROM OPERATIONS

The Trust presents ACFO in accordance with the current definition of the REALPAC.

ADJUSTED CASH FLOW FROM OPERATIONS

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	%	**2024**	2023	% Change
Cash provided by operating activities	**$21,021**	$21,289	(1.3%)	**$34,209**	$45,450	(24.7%)
Adjustments:						
Adjustment to working capital changes for ACFO [1]	**(7,179)**	(8,433)	(14.9%)	**7,637**	2,514	203.8%
Normalized PCME	**(6,250)**	(6,250)	—%	**(18,750)**	(18,750)	—%
Actual additions to tenant incentives and leasing commissions	**852**	5,562	(84.7%)	**3,714**	8,856	(58.1%)
Amortization of deferred financing costs	**(637)**	(418)	52.4%	**(1,909)**	(1,271)	50.2%
Payment of lease liabilities, net	**(73)**	(45)	62.2%	**(116)**	(134)	(13.4%)
ACFO from equity-accounted investment	**1,312**	(909)	(244.3%)	**1,869**	(456)	(509.9%)
Adjusted cash flow from operations – basic	**9,046**	10,796	(16.2%)	**26,654**	36,209	(26.4%)
Interest expense on convertible debentures	**2,104**	2,104	—%	**6,243**	6,278	(0.6%)
Adjusted cash flow from operations – diluted	**$11,150**	$12,900	(13.6%)	**$32,897**	$42,487	(22.6%)
Adjusted cash flow from operations – basic	**$9,046**	$10,796	(16.2%)	**$26,654**	$36,209	(26.4%)
Distributions declared	**3,857**	3,855	0.1%	**11,574**	11,559	0.1%
Excess ACFO over distributions declared	**$5,189**	$6,941	(25.2%)	**$15,080**	$24,650	(38.8%)

1. See Adjustment to Working Capital Changes for ACFO below.

The following table provides a breakdown of the working capital changes, not indicative of sustainable cash flows available for distribution, which have been excluded in the calculation of ACFO:

ADJUSTMENT TO WORKING CAPITAL CHANGES FOR ACFO

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	%	**2024**	2023	% Change
Development accruals	**$37**	($114)	(132.5%)	**$2,052**	($1,632)	(225.7%)
Prepaid realty taxes and insurance	**(5,033)**	(4,884)	3.1%	**8,046**	7,682	4.7%
Interest payable and receivable	**(1,863)**	(2,571)	(27.5%)	**(1,459)**	(2,675)	(45.5%)
Insurance claims	**(320)**	(864)	(63.0%)	**(1,002)**	(861)	16.4%
Adjustment to working capital changes for ACFO	**(7,179)**	(8,433)	(14.9%)	**7,637**	2,514	203.8%
Net change in non-cash operating assets and liabilities as per the financial statements	**6,252**	12,125	(48.4%)	**(7,339)**	6,088	(220.5%)
Net working capital changes included in ACFO	**($927)**	$3,692	(125.1%)	**$298**	$8,602	(96.5%)

In the calculation of ACFO, the Trust makes an adjustment for certain working capital items that are not considered indicative of sustainable economic cash flow available for distribution. Examples include working capital changes related to development, prepaid realty taxes and insurance, interest payable and receivable, payments and proceeds from insurance claims, rent received in advance, and transaction cost accruals relating to acquisitions and dispositions of investment properties.

ACFO continues to include the impact of fluctuations from normal operating working capital, such as changes to net rent receivable from tenants, trade accounts payable and accrued liabilities.

Management analyzes working capital quarterly through a detailed review of all the working capital balances at the transactional level contained within each general ledger account. Significant individual transactions are reviewed based on management's experience and knowledge of the business, to identify those having seasonal fluctuations if related to sustainable operating cash flows or those transactions that are not related to sustaining operating cash flows.

DISTRIBUTIONS TO UNITHOLDERS

The Trust's primary business goal is to accumulate a Canadian portfolio of high-quality real estate assets and then deliver the benefits of such real estate ownership to unitholders.

The Trust expects to distribute to its unitholders in each year an amount not less than the Trust's taxable income for the year, as calculated in accordance with the *Income Tax Act* (Canada) ("the Act"). The Trust's monthly distribution to unitholders in 2024 was $0.02 representing $0.24 per unit on an annualized basis.

In determining the annual level of distributions to unitholders, the Trust looks at forward-looking cash flow information, including forecasts and budgets, and the future prospects of the Trust. The Trust does not consider periodic cash flow fluctuations resulting from items such as the timing of property operating costs, property tax instalments or semi-annual debenture interest payments in determining the level of distributions to unitholders in any particular quarter. Additionally, in establishing the level of cash distributions to the unitholders, the Trust considers the impact of, among other items, the future growth in IPP, the impact of future acquisitions and capital expenditures, and leasing costs. As a result, the Trust compares distributions to AFFO to ensure sufficient funds are retained for reinvestment.

The following is an analysis of 2024 monthly distributions:

Payment Date	Distribution Per Unit	Cash Distribution	Unit Distribution	Total Distribution
February 15, 2024	$0.02	$1,274	$12	$1,286
March 15, 2024	0.02	1,275	12	1,287
April 15, 2024	0.02	1,275	13	1,288
May 15, 2024	0.02	1,275	11	1,286
June 14, 2024	0.02	1,275	10	1,285
July 15, 2024	0.02	1,275	11	1,286
August 15, 2024	0.02	1,275	11	1,286
September 16, 2024	0.02	1,274	11	1,285
October 15, 2024	0.02	1,274	11	1,285
2024 total		**$11,472**	**$102**	**$11,574**
2023 total for same period		$11,373	$186	$11,559

PAYOUT RATIOS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	**2024**	2023
FFO payout ratio	**26.1%**	27.3%	**27.3%**	25.7%
AFFO payout ratio	**42.9%**	50.0%	**47.4%**	42.9%
ACFO payout ratio	**42.9%**	35.3%	**43.9%**	32.1%

PART IV

BALANCE SHEET AND REAL ESTATE OVERVIEW

The carrying value of the Trust's real estate properties decreased to $2.2 billion at September 30, 2024 (December 31, 2023 – $2.3 billion). Income producing properties were affected by additions from the Trust's capital investment programs (including PCME and completed development), which were offset by property dispositions and fair value changes.

The following table presents the Trust's summarized balance sheets as at September 30, 2024, December 31, 2023, and September 30, 2023.

As at	September 30, 2024	December 31, 2023	September 30, 2023
ASSETS			
Real estate properties	**$2,185,189**	$2,254,642	$2,285,852
Other assets	**8,551**	7,755	9,160
Working capital	**18,564**	10,567	20,275
Cash	**7,532**	7,278	6,066
Total assets	**$2,219,836**	$2,280,242	$2,321,353
LIABILITIES AND UNITHOLDERS' EQUITY			
Mortgages payable	**$972,986**	$1,014,986	$1,061,197
Convertible debentures	**153,562**	151,898	151,391
Bank indebtedness and Morguard loan payable	**91,390**	78,737	37,000
Lease liabilities	**16,625**	16,383	16,417
Total Debt	**1,234,563**	1,262,004	1,266,005
Working capital and other liabilities	**62,344**	57,053	62,556
Unitholders' equity	**922,929**	961,185	992,792
Total liabilities and unitholders' equity	**$2,219,836**	$2,280,242	$2,321,353

PROPERTIES UNDER DEVELOPMENT

The Trust's development program consists of projects identified by management to create additional long-term value for the Trust's real estate portfolio and align with the long-term strategic objectives. These may include development projects to expand leasable area, redevelopment of an existing area and retrofit opportunities. The following is a list of development projects:

DEVELOPMENT PROJECTS

	Portfolio	Estimated GLA	Estimated Project Cost	Spend to Date	Estimated Completion Date	Comments
RETAIL						
St. Laurent Centre	Enclosed regional centres	—	$6,400	$328	Q3 2026	Mall remerchandising
St. Laurent Centre	Enclosed regional centres	76,000	TBD	$—	TBD	Anchor tenant remerchandising of portion of former Sears space
Cambridge Centre	Enclosed regional centres	69,000	TBD	—	TBD	Anchor tenant remerchandising of former Sears space
OFFICE						
Rice Howard Place	Multi-tenant buildings	—	5,532	3,902	Q4 2024	Exterior podium enhancement and interior common area/food hall improvements
Development projects		**145,000**	**$11,932**	**$4,230**		

The Trust has commenced a remerchandising development project at St. Laurent in Ottawa, Ontario intended to strengthen the retailer mix, and promote longer term growth through targeted investment in discriminatory retailers. The remerchandising plan has a budget of approximately $6.4 million and is expected to take 24 to 36 months to complete.

The Trust has commenced a development project at its 20% interest in Rice Howard Place in Edmonton, Alberta to replace the existing podium level granite facade, signage bands and storefronts with more modern finishes, refresh the interior common areas, relocate the existing concourse food court to the main floor retail areas, and construct a new tenant fitness centre, staff lounge and conference centre.

The Trust is also advancing an application for site plan approval on the vacant land adjacent to St. Laurent, seeking approval for a 28-storey residential tower with approximately 309 units. This site plan represents phase 1 of the Trust's residential development of the land. The site plan approval process is expected to take approximately 18 months at an estimated cost of $1.15 million.

The Trust has submitted a development application to redevelop Burquitlam Plaza in Coquitlam, BC. The proposal calls for six residential towers and as many as 2,175 units, along with approximately 85,000 square feet of commercial space.

DEVELOPMENT PROJECTS – COMPLETED IN 2024 AND 2023

		GLA						
	Portfolio	Re-developed	Adjustment [1]	Income Producing	Completion Date	Total Project Cost	Occupancy % [2]	Comments
RETAIL								
Heritage Towne Centre	Community strip centres	34,284	24	34,308	Q1 2023	$2,714	100.0%	Anchor tenant remerchandising of former Home Outfitters space for Team Town Sports
Pine Centre Mall	Enclosed regional centres	1,600	—	1,600	Q2 2023	370	100.0%	Anchor tenant remerchandising of former Sears space phase 5
Pine Centre Mall	Enclosed regional centres	38,850	546	39,396	Q3 2023	22,555	100.0%	Anchor tenant remerchandising of former Lowe's space for Save-On-Foods
Pine Centre Mall	Enclosed regional centres	13,593	1,780	15,373	Q2 2024	4,394	100.0%	Anchor tenant remerchandising of former Sears space phase 6
		88,327	**2,350**	**90,677**		**$30,033**		

1. GLA adjustment due to reconfiguration caused by change in use.
2. Represents occupied GLA for development projects as a percentage of total GLA for development projects.

PART V

LIQUIDITY AND CAPITAL RESOURCES

DEBT AND LEVERAGE METRICS

	For the nine months ended September 30, 2024	For the twelve months ended December 31, 2023	For the nine months ended September 30, 2023
Interest coverage ratio [1]	**1.89**	2.00	2.03
Debt service coverage ratio [1]	**1.28**	1.29	1.28
Debt to assets ratio [1]	**55.6%**	55.3%	54.5%
Weighted average rate on fixed rate mortgages	**4.6%**	4.3%	4.0%
Weighted average rate on all mortgages	**4.8%**	4.9%	5.0%
Average term to maturity on mortgages (years)	**3.1**	3.1	2.8
Unencumbered assets to unsecured debt	**148.5%**	145.5%	170.4%
Unencumbered assets	**$236,150**	$231,370	$271,000
Unsecured debt	**$159,000**	$159,000	$159,000
Line of credit availability	**$84,383**	$93,796	$119,976

1. See calculations below and on following page.

COVERAGE RATIOS [1]

	For the nine months ended September 30, 2024	For the twelve months ended December 31, 2023	For the nine months ended September 30, 2023
Net operating income	**$97,396**	$129,096	$94,920
General and administrative expenses	**(2,821)**	(3,856)	(2,970)
Other income	**—**	11	5
Net operating income adjusted for items noted above (A)	**$94,575**	$125,251	$91,955
Interest expense	**$52,015**	$64,187	$46,610
Less amortization of deferred financing costs – mortgages	**(1,313)**	(956)	(700)
Less amortization of deferred financing costs – convertible debentures	**(604)**	(749)	(565)
Interest expense net of deferred financing costs (B)	**$50,098**	$62,482	$45,345
Interest coverage ratio (A)/(B)	**1.89**	2.00	2.03
Principal instalment repayments	**$23,559**	$34,372	$26,465
Interest expense net of deferred financing costs	**50,098**	62,482	45,345
Debt service (C)	**$73,657**	$96,854	$71,810
Debt service coverage ratio (A)/(C)	**1.28**	1.29	1.28

1. Calculated on a proportionate share basis.

DEBT TO ASSETS RATIO

As at	September 30, 2024	December 31, 2023	September 30, 2023
Total assets as per financial statements	**$2,219,836**	$2,280,242	$2,321,353
Plus accumulated amortization of furniture, fixtures and equipment	**1,256**	1,256	1,256
Plus accumulated amortization of right of use asset	**468**	408	393
Gross book value of total assets (A)	**2,221,560**	2,281,906	2,323,002
Mortgages payable	**972,986**	1,014,986	1,061,197
Convertible debentures	**153,562**	151,898	151,391
Lease liabilities	**16,625**	16,383	16,417
Bank indebtedness	**21,390**	78,737	37,000
Morguard loan payable	**70,000**	—	—
Total net debt (B)	**1,234,563**	1,262,004	1,266,005
Debt to assets ratio (B)/(A)	**55.6%**	55.3%	54.5%

DEBT STRATEGY

The Trust's long-term debt strategy involves the use of three forms of debt: conventional property-specific secured mortgages or bonds, unsecured convertible debentures and secured floating-rate bank financing. The Trust's objective is to ensure that capital resources are readily available to meet obligations as they become due, to complete its approved capital expenditure program and to take advantage of attractive acquisitions as they arise.

The Trust is limited by its Declaration of Trust to an overall indebtedness ratio of 65% of the gross book value of the Trust's total assets determined in accordance with IFRS. The debt limitations are in relation to the assets of the Trust in aggregate. There are no individual property debt limitations or constraints imposed by the Declaration of Trust.

The Trust's current operating strategy involves maintaining debt levels in the range of 50-55% of the gross book value of total assets. Accordingly, the Trust does not generally repay maturing debt from cash flow, but rather with proceeds from refinancing such debt or financing unencumbered properties, and raising new equity or recycling equity through property dispositions to finance investment activities.

The Trust has a revolving loan agreement with Morguard that provides for borrowings or advances of up to $75.0 million, which is interest-bearing at the lender's borrowing rate and due on demand subject to available funds. This loan agreement is meant to provide short-term financing and investing options.

DEBT STRUCTURE

As at	September 30, 2024	% Change	December 31, 2023	% Change	September 30, 2023	% Change
Conventional secured mortgages payable	**$881,357**	**71.2%**	$852,573	67.3%	$773,196	60.9%
Unsecured convertible debentures	**155,536**	**12.5%**	154,476	12.2%	154,153	12.1%
Lease liabilities	**16,625**	**1.3%**	16,383	1.3%	16,417	1.3%
Gross fixed rate debt	**1,053,518**	**85.0%**	1,023,432	80.8%	943,766	74.3%
Conventional secured mortgages payable	**95,563**	**7.7%**	165,161	13.0%	290,198	22.8%
Secured floating rate bank financing	**21,390**	**1.7%**	78,737	6.2%	37,000	2.9%
Unsecured floating rate loan payable	**70,000**	**5.6%**	—	—%	—	—%
Gross variable rate debt	**186,953**	**15.0%**	243,898	19.2%	327,198	25.7%
Gross debt	**1,240,471**	**100.0%**	1,267,330	100.0%	1,270,964	100.0%
Less deferred financing costs:						
Mortgages	**(3,934)**		(2,748)		(2,197)	
Convertible debentures	**(1,974)**		(2,578)		(2,762)	
Net debt	**$1,234,563**		$1,262,004		$1,266,005	

MORTGAGES PAYABLE

The following table details the refinancing activities completed during the year ended September 30, 2024:

Maturity Date	Asset Type	Location	New Interest Rate	Maturing Interest Rate	Term (Years)	Expiring Mortgage	Mortgage Proceeds	Notes
January 21, 2024	Retail	Red Deer, AB	—%	5.97%	—	$2,393	$—	(a)
April 1, 2024	Office	Ottawa, ON	7.75%	3.50%	3.0	12,000	8,500	
June 25, 2024	Retail	Prince George, BC	5.82%	7.47%	5.0	65,098	75,000	
August 1, 2024	Office	Ottawa, ON	7.05%	7.89%	1.0	25,647	25,647	
September 1, 2024	Retail	Cambridge, ON	5.16%	4.06%	5.0	46,001	41,000	
September 1, 2024	Retail	Cambridge, ON	6.27%	4.27%	0.5	17,500	17,500	
Weighted averages and total			**5.99%**	**5.96%**	**4.0**	**$168,639**	**$167,647**	

(a) Represents a subsequent payment from a mortgage renewed in 2023.

DEBT MATURITY PROFILE

Management attempts to stagger the maturities of the Trust's fixed-rate debt with the general objective of achieving even annual maturities over a long-term horizon. The intention of this strategy is to reduce the Trust's exposure to interest rate fluctuations in any one period.

The Trust maintains mortgages with banks (48.8%), insurance companies (24.0%) and pension funds (27.2%) to reduce its exposure to any one lending group.

The following tables outline the debt payments as at September 30, 2024, together with the weighted average contractual rate on debt maturing in the years indicated. Also highlighted is the Trust's up-financing opportunity in relation to the fair value of encumbered properties relative to their respective maturing debt.

AGGREGATE MATURITIES

Year	Mortgage Maturity Payments	Scheduled Principal Repayments	Total Mortgages Payable	Debentures Payable	Bank Indebtedness	Revolving Loan	Lease Liabilities	Total Debt
2024	$138,408	$6,767	$145,175	$—	$21,390	$70,000	$39	$236,604
2025	141,725	29,807	171,532	—	—	—	160	171,692
2026	103,582	18,222	121,804	159,000	—	—	172	280,976
2027	194,170	12,959	207,129	—	—	—	184	207,313
2028	39,570	11,156	50,726	—	—	—	189	50,915
Thereafter	252,723	27,831	280,554	—	—	—	15,881	296,435
	$870,178	**$106,742**	**$976,920**	**$159,000**	**$21,390**	**$70,000**	**$16,625**	**$1,243,935**

INTEREST RATES

Year	Mortgages Payable	Debentures Payable	Bank Indebtedness	Revolving Loan	Lease Liabilities	Total Debt
2024	5.75%	—%	6.98%	6.35%	—%	6.04%
2025	4.23%	—%	—%	—%	—%	4.23%
2026	4.00%	5.25%	—%	—%	—%	4.73%
2027	5.73%	—%	—%	—%	—%	5.73%
2028	5.31%	—%	—%	—%	7.50%	5.32%
Thereafter	4.25%	—%	—%	—%	6.22%	4.94%
	4.80%	**5.25%**	**6.98%**	**6.35%**	**6.24%**	**5.00%**

FAIR VALUE OF ENCUMBERED PROPERTIES RELATIVE TO MATURING DEBT

Year	Mortgage Maturity Payments	Scheduled Principal Repayments	Total	Fair Value of Encumbered Assets	Leverage
2024	$138,408	$913	$139,321	$202,500	68.8%
2025	141,725	5,571	147,296	327,059	45.0%
2026	103,582	7,718	111,300	265,150	42.0%
2027	194,170	18,599	212,769	425,700	50.0%
2028	39,570	5,719	45,289	74,100	61.1%
Thereafter	252,723	68,222	320,945	547,666	58.6%
	$870,178	**$106,742**	**$976,920**	**$1,842,175**	**53.0%**

The scheduled principal repayments above represent the payments assigned to each particular year which are tied to the maturities for that year. Given current real estate values, the Trust has an opportunity to increase financing as certain debt matures and still maintain the targeted loan-to-value ratio in the range of 50-55%.

CREDIT FACILITIES

As at September 30, 2024, the Trust has secured floating rate bank financing availability totalling $101.4 million, which renews annually and is secured by fixed charges on specific properties owned by the Trust. The bank credit agreements include certain restrictive covenants and undertakings by the Trust. As at September 30, 2024, the Trust was in compliance with all covenants and undertakings.

The Trust's liquidity is defined and presented as follows:

LIQUIDITY

As at	**September 30, 2024**	December 31, 2023
Availability of bank lines of credit	**$101,350**	$102,500
Availability of Morguard loan payable	**75,000**	75,000
Availability	**176,350**	177,500
Other deductions and adjustments	**(577)**	(4,967)
Bank indebtedness outstanding	**(21,390)**	(78,737)
Morguard loan payable outstanding	**(70,000)**	—
Subtotal	**84,383**	93,796
Cash	**7,532**	7,278
Liquidity	**$91,915**	$101,074

COVENANTS

The Trust has various financial covenants in relation to various outstanding debt instruments and facilities including debt to asset and debt service coverage ratios. As at September 30, 2024, and December 31, 2023, the Trust was in compliance with those covenants.

CONVERTIBLE DEBENTURES

On December 7, 2021, the Trust issued $159.0 million principal amount of 5.25% convertible unsecured subordinated debentures ("Convertible Debentures"), maturing on December 31, 2026 ("the Maturity Date"). Interest is payable semi-annually, not in advance, on June 30 and December 31 of each year.

The Convertible Debentures, with the exception of the value assigned to the holders' conversion option, have been recorded as debt on the consolidated balance sheets.

Conversion Rights: Each Convertible Debenture is convertible into freely tradable units of the Trust, at the option of the holder, exercisable at any time prior to the close of business on the last business day preceding the Maturity Date at a conversion price of $7.80 per unit, being a rate of approximately 128.2051 units per thousand principal amount of Convertible Debentures, subject to adjustment.

Redemption Rights: Each Convertible Debenture is redeemable any time from January 1, 2025, to the close of business on December 31, 2025, in whole or in part, on at least 30 days' prior notice at a redemption price equal to par plus accrued and unpaid interest, at the Trust's sole option, provided that the weighted average trading price of the units on the TSX for the 20 consecutive trading days ending five trading days prior to the date on which the notice of redemption is given is not less than 125% of the Conversion Price.

From January 1, 2026, to the close of business on December 31, 2026, the Convertible Debentures are redeemable, in whole or in part, at par plus accrued and unpaid interest, at the Trust's sole option.

Repayment Options Payment on Redemption or Maturity: The Trust may satisfy the obligation to repay the principal amount of the Convertible Debentures, in whole or in part, by delivering units of the Trust. In the event that the Trust elects to satisfy its obligation to repay principal with units of the Trust, the number of units issued is obtained by dividing the principal amount of the Convertible Debentures by 95% of the weighted average trading price of the units on the TSX for the 20 consecutive trading days ending five trading days prior to the date fixed for redemption or the Maturity Date, as applicable.

Interest Payment Election: The Trust may elect, subject to applicable regulatory approval, to issue and deliver units of the Trust to the Debenture Trustee in order to raise funds to pay interest on the Convertible Debentures, in which event the holders of the Convertible Debentures will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such units.

PART VI

ACCOUNTING POLICIES AND OTHER ITEMS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The Trust's condensed consolidated financial statements for the three and nine months ended September 30, 2024, and 2023, have been prepared in accordance with IAS 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"). The condensed consolidated financial statements use the same accounting policies and methods of their application as the most recent annual consolidated financial statements, except for the adoption of current accounting policies as described below, and should be read in conjunction with the most recent annual audited consolidated financial statements.

The MD&A for the year ended December 31, 2023, contains a discussion of the significant accounting policies most affected by estimates and judgments used in the preparation of the consolidated financial statements, being primarily the accounting policies relating to estimates of fair value of real estate properties. Management determined that as at September 30, 2024, there is no change to the assessment of the significant accounting policies most affected by estimates and judgments as detailed in the MD&A for the year ended December 31, 2023.

RISKS AND UNCERTAINTIES

The Trust is exposed to risks as further analyzed and described in the annual MD&A for December 31, 2023.

RELATED PARTY TRANSACTIONS

Related party transactions are summarized as follows:

(a) Agreement with Morguard Investments Limited

Under the property management agreement, the Trust pays MIL fees for property management services, capital expenditure administration, information system support activities and risk management administration. Property management fees average approximately 3.3% of gross revenue from the income producing properties owned by the Trust. The management agreement is renewed annually to ensure fees paid reflect fair value for the services provided. Under a leasing services arrangement, the Trust may, at its option, use MIL for leasing services. Leasing fees range from 2% to 6% of the total minimum rent of new leases. Fees for the renewal of a lease are half of the fees for a new lease. Leasing services include lease documentation.

The Trust has employed the services of MIL for both the acquisition and disposition of properties on a case-by-case basis. Fees are generally based on the sale price of the properties and are capitalized in the case of an asset acquisition. MIL is a tenant at three of the Trust's properties. The Trust has employed the services of MIL for the appraisal of its real estate properties as required for IFRS reporting purposes. Fees are generally based on the size and complexity of each property and are expensed as part of the Trust's professional and compliance fees.

During the year, the Trust incurred/(earned) the following:

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	**September 30, 2024**	September 30, 2023
Property management fees [1]	**$2,164**	$2,145	**$6,622**	$6,548
Appraisal/valuation fees	**76**	85	**251**	255
Information services	**55**	55	**165**	165
Leasing fees	**683**	1,171	**2,074**	2,724
Project administration fees	**442**	242	**885**	657
Project management fees	**28**	8	**106**	20
Risk management fees	**88**	82	**264**	244
Internal audit fees	**25**	30	**75**	90
Off-site administrative charges	**489**	471	**1,485**	1,447
Rental revenue	**(51)**	(48)	**(155)**	(144)
	$3,999	$4,241	**$11,772**	$12,006

1. Includes property management fees on equity-accounted investment.

The following amounts relating to MIL are included in the balance sheets:

As at	**September 30, 2024**	December 31, 2023
Amounts payable to MIL, net	**$1,321**	$1,468

(b) Revolving Loan with Morguard

The Trust has a revolving loan agreement with Morguard that provides for borrowings or advances of up to $75,000. The promissory notes are interest-bearing at the entities borrowing costs and are due on demand subject to available funds.

Morguard Loan Payable

During the nine months ended September 30, 2024, a gross amount of $70,000 was advanced from Morguard, and as at September 30, 2024, $70,000 remains payable to Morguard (December 31, 2023 – $nil). For the three months ended September 30, 2024, the Trust incurred interest expense in the amount of $1,159 (2023 – $nil) at an average interest rate of 6.59% (2023 – n/a). For the nine months ended September 30, 2024, the Trust incurred interest expense in the amount of $3,070 (2023 – $nil) at an average interest rate of 6.89% (2023 – n/a). As at September 30, 2024, the Trust has interest payable on the revolving loan with Morguard of $366 (2023 – $nil) included in its balance sheets.

Morguard Loan Receivable

During the nine months ended September 30, 2024, there were no advances or repayments. As at September 30, 2024, and December 31, 2023, there was no loan receivable from Morguard. For the three months and nine months ended September 30, 2024, and 2023, the Trust did not earn interest income on loans receivable from Morguard. The interest income earned from Morguard is included with other income on the statements of income/(loss) and comprehensive income/(loss).

(c) Other Items with Morguard (Excluding MIL)

The Trust subleases office space from Morguard. For the three months ended September 30, 2024, the Trust incurred rent expense in the amount of $56 (2023 – $56). For the nine months ended September 30, 2024, the Trust incurred rent expense in the amount of $174 (2023 – $163).

Other than the revolving loan, the following additional amounts relating to Morguard are included in the balance sheets:

As at	September 30, 2024	December 31, 2023
Amounts receivable	**$63**	$—
Accounts payable and accrued liabilities	**$—**	$—

Morguard is a tenant in one of the Trust's properties. For the three months ended September 30, 2024, the Trust earned rental revenue in the amount of $29 (2023 – $29). For the nine months ended September 30, 2024, the Trust earned rental revenue in the amount of $86 (2023 – $86).

Morguard provided a guarantee in association with the renewal of one of the Trust's mortgages in December 2023. For the three months ended September 30, 2024, the Trust incurred interest expense in the amount of $124 (2023 – $nil). For the nine months ended September 30, 2024, the Trust incurred interest expense in the amount of $370 (2023 – $nil).

FINANCIAL INSTRUMENTS

The following describes the Trust's financial instruments. The Trust's financial assets and financial liabilities comprise cash, amounts receivable, loan receivable, accounts payable and accrued liabilities, bank indebtedness, mortgages payable, Morguard loan payable, and convertible debentures (excluding any conversion option).

Financial assets must be classified and measured based on three categories: Amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). Financial liabilities are classified and measured based on two categories: amortized cost and FVTPL. Fair values of financial assets and financial liabilities are presented as follows:

The fair values of cash, amounts receivable, accounts payable and accrued liabilities, bank indebtedness and Morguard loan payable approximate their carrying values due to the short-term maturities of these instruments.

(a) Mortgages Payable

Mortgages payable are carried at amortized cost using the effective interest rate method of amortization. The estimated fair values of long-term borrowings are based on market information, where available, or by discounting future payments of interest and principal at estimated interest rates expected to be available to the Trust as at September 30, 2024.

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial obligations using September 30, 2024, market rates for debts of similar terms (Level 2). Based on these assumptions, the fair value as at September 30, 2024, of the mortgages payable has been estimated at $963,425 (December 31, 2023 – $980,293) compared with the carrying value before deferred financing costs of $976,920 (December 31, 2023 – $1,017,734). The fair value of the mortgages payable varies from the carrying value due to fluctuations in interest rates since their issue.

(b) Convertible Debentures

The fair value of the Convertible Debentures is based on their market trading price (TSX: MRT.DB.A) (Level 1). The fair value as at September 30, 2024, of the Convertible Debentures has been estimated at $156,854 (December 31, 2023 – $146,678) compared with the carrying value before deferred financing costs of $155,536 (December 31, 2023 – $154,476).

PART VII

CONTROLS AND PROCEDURES CONCERNING FINANCIAL INFORMATION

The financial certification process project team has documented the design of the internal controls in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. This undertaking has enabled the Chief Executive Officer and Chief Financial Officer to attest that the design of the internal controls with regard to financial information are effective using the Committee of Sponsoring Organizations of the Treadway Commission Internal Control – Integrated Framework (2013). In order to ensure that the condensed consolidated financial statements and MD&A present fairly, in all material aspects, the financial position of the Trust and the results of its operations, management is responsible for establishing and maintaining disclosure controls and procedures, as well as internal control over financial reporting.

The Trust's management has evaluated the effectiveness of the Trust's disclosure controls and procedures and, based on such evaluation, has concluded that their design is adequate and effective for the three and nine months ended September 30, 2024. The Trust's management has also evaluated the effectiveness of the internal controls over financial reporting and has concluded that the design is effective for the three and nine months ended September 30, 2024.

An information disclosure policy constitutes the framework for the information disclosure process with regard to the annual and interim filings, as well as to the other reports filed or submitted under securities legislation. This policy aims, in particular, at identifying material information and validating the related reporting. Morguard's Disclosure Committee is responsible for ensuring compliance with this policy for both Morguard and the Trust. Morguard's and the Trust's senior management act as the Disclosure Committee, ensuring compliance with this policy and reviewing main documents to be filed with regulatory authorities to ensure that all significant information regarding operations is communicated in a timely manner.

Notwithstanding the foregoing, due to its inherent limitations, a control system can provide only reasonable assurance that the objectives of the control system are met and may not prevent or detect misstatements. Management's estimates or assumptions about future events may be incorrect, resulting in varying results. In addition, management has attempted to minimize the likelihood of fraud. However, any control system can be circumvented through collusion and illegal acts.

PART VIII

OUTLOOK

EIFEL RULES

On May 28, 2024, amended Canadian Bill C-59, *Fall Economic Statement Implementation Act, 2023,* received third reading in the House of Commons and became substantively enacted for financial reporting purposes. Bill C-59 implements the majority of the remaining income tax measures from the 2023 federal budget, as well as certain measures from the 2023 fall economic statement and other previously announced measures. Most notably, Bill C-59 contains the excessive interest and financing expenses limitation rules ("EIFEL Rules").

The EIFEL Rules, which became effective for the 2024 fiscal year, limit the amount of net interest and financing expenses that a trust may deduct in computing taxable income to a fixed ratio (currently set at 30% of the EBITDA as calculated for tax purposes) or, where certain conditions are met and a consolidated group elects, a higher group ratio.

Based on an assessment of forecasted EBITDA for the year ended December 31, 2024, it is expected that the EIFEL Rules will limit the deductibility of certain interest expenses of the Trust and and will increase the taxable income allocated by the Trust to unitholders in current and subsequent fiscal years. The Trust will continue to review the relevant legislation and available guidance to assess the full implications of the EIFEL Rules.

Unitholders and prospective unitholders should consult their own tax advisors on this matter.

CAPITAL

The Trust is expected to have elevated levels of operating capital (PCME) in future years, beyond the current $25 million normalized reserve. Increased costs of both construction and tenant inducements are key factors in this area.

PART IX

FINANCIAL STATEMENTS AT THE TRUST'S OWNERSHIP SHARE

Part IX provides the reader with analysis of the Trust's financial statements and additional detail of the Trusts' equity-accounted investment to arrive at a presentation of the Trust's ownership share.

BALANCE SHEETS – AT THE TRUST'S OWNERSHIP SHARE

As at September 30, 2024	Per Financial Statements	Equity-Accounted Investment	At the Trust's Ownership Share
ASSETS			
Non-current assets			
Real estate properties	**$2,185,189**	**$33,000**	**$2,218,189**
Equity-accounted investment	**8,253**	**(8,253)**	**—**
	2,193,740	**24,747**	**2,218,487**
Current assets			
Amounts receivable	**9,089**	**23**	**9,112**
Prepaid expenses and other	**9,475**	**57**	**9,532**
Cash	**7,532**	**1,776**	**9,308**
	26,096	**1,856**	**27,952**
Total assets	**$2,219,836**	**$26,603**	**$2,246,439**
LIABILITIES AND UNITHOLDERS' EQUITY			
Non-current liabilities			
Mortgages payable	**$762,888**	**$—**	**$762,888**
Convertible debentures	**153,562**	**—**	**153,562**
Lease liabilities	**16,467**	**—**	**16,467**
Derivative liabilities	**3,343**	**—**	**3,343**
Accounts payable and accrued liabilities	**5,817**	**3**	**5,820**
	942,077	**3**	**942,080**
Current liabilities			
Mortgages payable	**210,098**	**20,187**	**230,285**
Lease liabilities	**158**	**—**	**158**
Accounts payable and accrued liabilities	**53,184**	**6,413**	**59,597**
Morguard Loan payable	**70,000**	**—**	**70,000**
Bank indebtedness	**21,390**	**—**	**21,390**
	354,830	**26,600**	**381,430**
Total liabilities	**1,296,907**	**26,603**	**1,323,510**
Unitholders' equity	**922,929**	**—**	**922,929**
	$2,219,836	**$26,603**	**$2,246,439**

STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS – AT THE TRUST'S OWNERSHIP SHARE

For the nine months ended September 30, 2024	Per Financial Statements	Equity-Accounted Investment	At the Trust's Ownership Share
Revenue from real estate properties	**$191,737**	**$4,026**	**$195,763**
Property operating costs			
Property operating expenses	**(52,941)**	**(1,104)**	**(54,045)**
Property taxes	**(37,255)**	**(371)**	**(37,626)**
Property management fees	**(6,556)**	**(140)**	**(6,696)**
Net operating income	**94,985**	**2,411**	**97,396**
Interest expense	**(50,958)**	**(1,057)**	**(52,015)**
General and administrative	**(2,821)**	**—**	**(2,821)**
Fair value losses on real estate properties	**(65,597)**	**(333)**	**(65,930)**
Net income from equity-accounted investment	**1,021**	**(1,021)**	**—**
Net loss	**($23,430)**	**$—**	**($23,430)**
OTHER COMPREHENSIVE INCOME			
Item that may be reclassified to profit or loss in subsequent periods:			
Unrealized fair value (loss on cash flow hedge	(3,343)	—	(3,343)
Comprehensive loss	**($26,773)**	**$—**	**($26,773)**

For the nine months ended September 30, 2023	Per Financial Statements	Equity-Accounted Investment	At the Trust's Ownership Share
Revenue from real estate properties	$189,219	$4,058	$193,277
Property operating costs			
Property operating expenses	(53,774)	(1,163)	(54,937)
Property taxes	(36,400)	(398)	(36,798)
Property management fees	(6,481)	(141)	(6,622)
Net operating income	**92,564**	**2,356**	**94,920**
Interest expense	(45,672)	(938)	(46,610)
General and administrative	(2,970)	—	(2,970)
Amortization expense	(62)	—	(62)
Other income	5	—	5
Fair value losses on real estate properties	(88,885)	(3,048)	(91,933)
Net loss from equity-accounted investment	(1,630)	1,630	—
Net loss and comprehensive loss	**($46,650)**	**$—**	**($46,650)**

STATEMENTS OF CASH FLOWS – AT THE TRUST'S OWNERSHIP SHARE

For the nine months ended September 30, 2024	Per Financial Statements	Equity-Accounted Investment	At the Trust's Ownership Share
OPERATING ACTIVITIES			
Net loss	**($23,430)**	**$—**	**($23,430)**
Add items not affecting cash	**68,169**	**1,360**	**69,529**
Distributions from equity-accounted investment, net	**523**	**(523)**	**—**
Additions to tenant incentives and leasing commissions	**(3,714)**	**(5)**	**(3,719)**
Net change in non-cash operating assets and liabilities	**(7,339)**	**1,010**	**(6,329)**
Cash provided by operating activities	**34,209**	**1,842**	**36,051**
FINANCING ACTIVITIES			
Proceeds from new mortgages	**167,647**	**—**	**167,647**
Financing costs on new mortgages	**(2,491)**	**(11)**	**(2,502)**
Repayment of mortgages			
Repayments on maturity	**(168,639)**	**—**	**(168,639)**
Repayment due to early extinguishments	**(17,030)**	**—**	**(17,030)**
Principal instalment repayments	**(22,792)**	**(767)**	**(23,559)**
Payment of lease liabilities, net	**(116)**	**—**	**(116)**
Repayment of bank indebtedness, net	**(57,347)**	**—**	**(57,347)**
Morguard loan payable, net	**70,000**	**—**	**70,000**
Distributions to unitholders	**(10,193)**	**—**	**(10,193)**
Cash used in financing activities	**(40,961)**	**(778)**	**(41,739)**
INVESTING ACTIVITIES			
Capital expenditures on real estate properties	**(21,219)**	**(326)**	**(21,545)**
Expenditures on properties under development	**(8,825)**	**—**	**(8,825)**
Proceeds from sale of real estate properties, net	**37,050**	**—**	**37,050**
Cash provided by/(used in) investing activities	**7,006**	**(326)**	**6,680**
Net change in cash	**254**	**738**	**992**
Cash, beginning of period	**7,278**	**1,038**	**8,316**
Cash, end of period	**$7,532**	**$1,776**	**$9,308**

STATEMENTS OF CASH FLOWS – AT THE TRUST'S OWNERSHIP SHARE (CONTINUED)

For the nine months ended September 30, 2023	Per Financial Statements	Equity-Accounted Investment	At the Trust's Ownership Share
OPERATING ACTIVITIES			
Net loss	($46,650)	$—	($46,650)
Add items not affecting cash	93,986	1,423	95,409
Distributions from equity-accounted investment, net	882	(882)	—
Additions to tenant incentives and leasing commissions	(8,856)	(1)	(8,857)
Net change in non-cash operating assets and liabilities	6,088	628	6,716
Cash provided by operating activities	**45,450**	**1,168**	**46,618**
FINANCING ACTIVITIES			
Proceeds from new mortgages	127,967	—	127,967
Financing costs on new mortgages	(704)	(10)	(714)
Repayment of mortgages			
Repayments on maturity	(92,589)	—	(92,589)
Principal instalment repayments	(25,685)	(780)	(26,465)
Payment of lease liabilities, net	(134)	—	(134)
Repayment of bank indebtedness, net	(18,622)	—	(18,622)
Distributions to unitholders	(10,106)	—	(10,106)
Cash used in financing activities	**(19,873)**	**(790)**	**(20,663)**
INVESTING ACTIVITIES			
Capital expenditures on real estate properties	(17,227)	(46)	(17,273)
Expenditures on properties under development	(11,996)	—	(11,996)
Cash used in financing activities	**(29,223)**	**(46)**	**(29,269)**
Net change in cash	**(3,646)**	**332**	**(3,314)**
Cash, beginning of period	9,712	774	10,486
Cash, end of period	**$6,066**	**$1,106**	**$7,172**

PART X

SUMMARY OF QUARTERLY RESULTS

The selected quarterly information highlights certain key metrics for the Trust over the most recently completed eight quarters. These measures from time to time may reflect fluctuations caused by the underlying impact of seasonal or non-recurring items, including acquisitions, divestitures, developments, leasing and maintenance expenditures, along with any associated financing requirements.

SUMMARY OF SELECTED QUARTERLY INFORMATION

In thousands of dollars, except per unit amounts	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Revenue from real estate properties	**$63,293**	$64,046	$64,398	$65,857	$62,512	$61,891	$64,816	$59,664
Net operating income	**32,248**	31,832	30,905	33,409	30,551	30,467	31,546	33,539
Fair value gains/(losses) on real estate properties	**868**	(16,242)	(50,223)	(42,880)	(52,047)	(15,297)	(21,541)	(113,004)
Net income/(loss)	**15,571**	(2,226)	(36,775)	(27,795)	(39,665)	(1,828)	(5,157)	(95,376)
Funds from operations [1]	**14,917**	14,108	13,419	15,685	13,957	14,976	16,278	19,002
Adjusted funds from operations [1,4]	**8,750**	8,033	7,409	9,670	7,889	9,106	10,300	12,745
Net income/(loss) – basic	**$0.24**	($0.03)	($0.57)	($0.43)	($0.62)	($0.03)	($0.08)	($1.48)
Net income/(loss) – diluted	**$0.19**	($0.03)	($0.57)	($0.43)	($0.62)	($0.03)	($0.08)	($1.48)
Funds from operations – basic [1]	**$0.23**	$0.22	$0.21	$0.24	$0.22	$0.23	$0.25	$0.30
Funds from operations – diluted [1]	**$0.20**	$0.19	$0.18	$0.21	$0.19	$0.20	$0.22	$0.25
Adjusted funds from operations – basic [1,4]	**$0.14**	$0.12	$0.12	$0.15	$0.12	$0.14	$0.16	$0.20
Adjusted funds from operations – diluted [1,4]	**$0.13**	$0.12	$0.11	$0.14	$0.12	$0.13	$0.15	$0.18
Distributions per unit	**$0.06**	$0.06	$0.06	$0.06	$0.06	$0.06	$0.06	$0.06
Payout ratio – Adjusted funds from operations [1]	**42.9%**	50.0%	50.0%	40.0%	50.0%	42.9%	37.5%	30.0%
Weighted average number of units as at quarter-end (in thousands)								
Basic	**64,282**	64,276	64,269	64,262	64,255	64,246	64,231	64,213
Balance sheets								
Total assets	**$2,219,836**	$2,212,798	$2,246,742	$2,280,242	$2,321,353	$2,373,620	$2,372,021	$2,376,187
Total gross debt	**$1,240,471**	$1,245,915	$1,273,177	$1,267,330	$1,270,964	$1,284,245	$1,274,949	$1,279,036
Total equity	**$922,929**	$914,525	$920,573	$961,185	$992,792	$1,036,272	$1,041,882	$1,050,828
Gross leasable area as at quarter-end (in thousands of square feet) [2]								
Retail	**4,386**	4,386	4,515	4,479	4,479	4,478	4,478	4,478
Office	**3,249**	3,248	3,245	3,247	3,246	3,245	3,245	3,253
Industrial	**283**	283	293	293	293	293	293	293
Total	**7,918**	7,917	8,053	8,019	8,018	8,016	8,016	8,024
Occupancy as at quarter-end (%) [3]								
Retail	**94.0%**	94.3%	94.4%	94.6%	94.1%	93.7%	93.6%	94.5%
Office	**86.5%**	86.3%	85.5%	85.3%	85.5%	85.2%	85.0%	86.1%
Industrial	**91.0%**	91.0%	85.4%	84.4%	85.0%	84.1%	86.1%	86.1%
Total	**90.7%**	90.8%	90.3%	90.3%	90.1%	89.7%	89.7%	90.6%

1. The following represents a non-GAAP financial measure/ratio that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. This measure should be considered as supplemental in nature and not as substitutes for related financial information prepared in accordance with IFRS. Additional information on this non-GAAP financial measure/ratio can be found under the MD&A section Part I, "Specified Financial Measures".
2. Excludes equity-accounted investment.
3. Excludes properties held for sale, area either held for, or under, development and equity-accounted investment.
4. The Trust uses normalized productive capacity maintenance expenditures to calculate adjusted funds from operations.

PART XI

PROPERTY LISTING

RETAIL PROPERTIES

Property	City	Province	Ownership Interest (%)	Gross Area (SF)	Ownership Area (SF)
Burquitlam Plaza	Coquitlam	BC	100	68,500	68,500
Pine Centre Mall	Prince George	BC	100	361,000	361,000
Shelbourne Plaza	Victoria	BC	100	57,000	57,000
Airdrie Co-op Centre	Airdrie	AB	100	70,000	70,000
2649 Main Street South	Airdrie	AB	100	44,000	44,000
Prairie Mall	Grande Prairie	AB	50	263,000	131,500
Parkland Mall	Red Deer	AB	100	444,500	444,500
The Centre	Saskatoon	SK	100	499,000	499,000
Shoppers Mall	Brandon	MB	100	361,000	361,000
Charleswood Centre	Winnipeg	MB	100	123,000	123,000
Southdale Centre	Winnipeg	MB	100	175,500	175,500
Aurora Centre	Aurora	ON	100	304,000	304,000
Cambridge Centre	Cambridge	ON	100	656,000	656,000
Market Square	Kanata	ON	100	68,000	68,000
Kingsbury Centre	Mississauga	ON	100	70,000	70,000
Hampton Park Plaza	Ottawa	ON	100	102,000	102,000
St. Laurent	Ottawa	ON	100	797,000	797,000
Woodbridge Square	Vaughan	ON	50	112,000	56,000
Total Retail (18)				**4,575,500**	**4,388,000**

OFFICE PROPERTIES

Property	City	Province	Ownership Interest (%)	Gross Area (SF)	Ownership Area (SF)
111 Dunsmuir	Vancouver	BC	100	222,000	222,000
Chancery Place	Vancouver	BC	100	142,500	142,500
Seymour Place	Victoria	BC	100	235,500	235,500
505 3rd Street SW	Calgary	AB	50	142,000	71,000
7315 8th Street NE	Calgary	AB	100	19,500	19,500
Centre 810	Calgary	AB	100	77,500	77,500
Citadel West	Calgary	AB	100	78,500	78,500
Deerport Centre	Calgary	AB	100	49,000	49,000
Duncan Building	Calgary	AB	100	76,500	76,500
National Bank Building	Calgary	AB	100	43,500	43,500
207 and 215 9th Avenue SW	Calgary	AB	100	637,000	637,000
Petroleum Plaza	Edmonton	AB	50	304,000	152,000
Rice Howard Place	Edmonton	AB	20	607,500	121,500
301 Laurier Avenue	Ottawa	ON	50	26,000	13,000
525 Coventry	Ottawa	ON	100	42,500	42,500
Green Valley Office Park	Ottawa	ON	100	123,000	123,000
Heritage Place	Ottawa	ON	50	217,000	108,500
St. Laurent Business Centre	Ottawa	ON	100	89,000	89,000
Standard Life	Ottawa	ON	50	371,000	185,500
Time Square	Ottawa	ON	100	112,000	112,000
200 Yorkland	Toronto	ON	100	151,000	151,000
77 Bloor Street West	Toronto	ON	50	396,000	198,000
Place Innovation	Saint-Laurent	QC	50	903,000	451,500
Total Office (23)				**5,065,500**	**3,400,000**

INDUSTRIAL PROPERTIES

Property	City	Province	Ownership Interest (%)	Gross Area (SF)	Ownership Area (SF)
1875 Leslie	Toronto	ON	100	52,000	52,000
2041-2151 McCowan	Toronto	ON	100	189,000	189,000
279 Yorkland	Toronto	ON	100	18,000	18,000
285 Yorkland	Toronto	ON	100	24,000	24,000
Total Industrial (4)				**283,000**	**283,000**

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BALANCE SHEETS

In thousands of Canadian dollars

As at	Note	September 30, 2024	December 31, 2023
ASSETS			
Non-current assets			
Real estate properties	3	**$2,185,189**	$2,254,642
Right-of-use asset		**298**	—
Equity-accounted investment	4	**8,253**	7,755
		2,193,740	2,262,397
Current assets			
Amounts receivable	5	**9,089**	9,341
Prepaid expenses and other		**9,475**	1,226
Cash		**7,532**	7,278
		26,096	17,845
Total assets		**$2,219,836**	$2,280,242
LIABILITIES AND UNITHOLDERS' EQUITY			
Non-current liabilities			
Mortgages payable	7	**$762,888**	$680,787
Convertible debentures	8	**153,562**	151,898
Lease liabilities	9	**16,467**	16,295
Derivative liabilities	7	**3,343**	—
Accounts payable and accrued liabilities		**5,817**	5,981
		942,077	854,961
Current liabilities			
Mortgages payable	7	**210,098**	334,199
Lease liabilities	9	**158**	88
Accounts payable and accrued liabilities		**53,184**	51,072
Morguard loan payable	14(b)	**70,000**	—
Bank indebtedness	10	**21,390**	78,737
		354,830	464,096
Total liabilities		**1,296,907**	1,319,057
Unitholders' equity		**922,929**	961,185
		$2,219,836	$2,280,242
Commitments and contingencies	17		

See accompanying notes to the condensed consolidated financial statements.

On behalf of the Trustees:

(Signed) "K. Rai Sahi"

K. Rai Sahi,
Chairman of the Board of Trustees

(Signed) "Bart S. Munn"

Bart S. Munn,
Lead Trustee

STATEMENTS OF INCOME/(LOSS) AND COMPREHENSIVE INCOME/(LOSS)

In thousands of Canadian dollars, except per unit amounts

	Note	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Revenue from real estate properties	11	**$63,293**	$62,512	**$191,737**	$189,219
Property operating costs					
Property operating expenses	12(a)	**(16,593)**	(17,714)	**(52,941)**	(53,774)
Property taxes		**(12,309)**	(12,122)	**(37,255)**	(36,400)
Property management fees		**(2,143)**	(2,125)	**(6,556)**	(6,481)
Net operating income		**32,248**	30,551	**94,985**	92,564
Interest expense	13	**(16,839)**	(16,072)	**(50,958)**	(45,672)
General and administrative	12(b)	**(875)**	(911)	**(2,821)**	(2,970)
Amortization expense		**(60)**	(21)	**(60)**	(62)
Other income		**—**	5	**—**	5
Fair value gains/(losses) on real estate properties	3	**868**	(52,047)	**(65,597)**	(88,885)
Net income/(loss) from equity-accounted investment	4	**229**	(1,170)	**1,021**	(1,630)
Net income/(loss)		**$15,571**	($39,665)	**($23,430)**	($46,650)
OTHER COMPREHENSIVE INCOME					
Item that may be reclassified to profit or loss in subsequent periods:					
Unrealized fair value loss on cash flow hedge		**(3,343)**	—	**(3,343)**	—
Comprehensive income(/loss)		**$12,228**	($39,665)	**($26,773)**	($46,650)
NET INCOME/(LOSS) PER UNIT	15(d)				
Basic		**$0.24**	($0.62)	**($0.36)**	($0.73)
Diluted		**$0.19**	($0.62)	**($0.36)**	($0.73)

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF UNITHOLDERS' EQUITY

In thousands of Canadian dollars, except number of units

	Note	Number of Units	Issue of Units	Retained Earnings	Equity Component of Convertible Debentures	Contributed Surplus	Accumulated Other Comprehensive Income	Total Unitholders' Equity
Unitholders' equity, January 1, 2023		64,226,854	$635,874	$401,617	$6,879	$6,458	$—	$1,050,828
Net loss		—	—	(46,650)	—	—	—	(46,650)
Distributions to unitholders	15(a)	—	—	(11,386)	—	—	—	(11,386)
Issue of units – DRIP [1]	15(c)	31,844	173	(173)	—	—	—	—
Unitholders' equity, September 30, 2023		64,258,698	636,047	343,408	6,879	6,458	—	992,792
Net loss		—	—	(27,795)	—	—	—	(27,795)
Distributions to unitholders	15(a)	—	—	(3,812)	—	—	—	(3,812)
Issue of units – DRIP [1]	15(c)	9,203	49	(49)	—	—	—	—
Unitholders' equity, December 31, 2023		64,267,901	636,096	311,752	6,879	6,458	—	961,185
Net loss		**—**	**—**	**(23,430)**	**—**	**—**	**—**	**(23,430)**
Distributions to unitholders	15(a)	**—**	**—**	**(11,483)**	**—**	**—**	**—**	**(11,483)**
Issue of units – DRIP [1]	15(c)	**16,954**	**91**	**(91)**	**—**	**—**	**—**	**—**
Other comprehensive income		**—**	**—**	**—**	**—**	**—**	**(3,343)**	**(3,343)**
Unitholders' equity, September 30, 2024		**64,284,855**	**$636,187**	**$276,748**	**$6,879**	**$6,458**	**($3,343)**	**$922,929**

1. Distribution Reinvestment Plan ("DRIP").

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars

		Three months ended		Nine months ended	
		September 30,	September 30,	**September 30,**	September 30,
	Note	**2024**	2023	**2024**	2023
OPERATING ACTIVITIES					
Net income/(loss)		**$15,571**	($39,665)	**($23,430)**	($46,650)
(Subtract)/add items not affecting cash	16(a)	**(53)**	54,076	**68,169**	93,986
Distributions from equity-accounted investment, net	4	**103**	315	**523**	882
Additions to tenant incentives and leasing commissions		**(852)**	(5,562)	**(3,714)**	(8,856)
Net change in non-cash operating assets and liabilities	16(b)	**6,252**	12,125	**(7,339)**	6,088
Cash provided by operating activities		**21,021**	21,289	**34,209**	45,450
FINANCING ACTIVITIES					
Proceeds from new mortgages		**84,147**	70,781	**167,647**	127,967
Financing costs on new mortgages		**(514)**	(440)	**(2,491)**	(704)
Repayment of mortgages					
Repayments on maturity		**(89,148)**	(41,005)	**(168,639)**	(92,589)
Repayment due to early extinguishments		**—**	—	**(17,030)**	—
Principal instalment repayments		**(7,823)**	(8,331)	**(22,792)**	(25,685)
Payment of lease liabilities, net		**(73)**	(45)	**(116)**	(134)
Proceeds from/(repayment of) bank indebtedness, net	10	**6,748**	(34,974)	**(57,347)**	(18,622)
Morguard loan payable, net	14(b)	**—**	—	**70,000**	—
Distributions to unitholders		**(3,824)**	(3,815)	**(10,193)**	(10,106)
Cash used in financing activities		**(10,487)**	(17,829)	**(40,961)**	(19,873)
INVESTING ACTIVITIES					
Capital expenditures on real estate properties		**(8,898)**	(6,204)	**(21,219)**	(17,227)
Expenditures on properties under development		**(1,302)**	(2,541)	**(8,825)**	(11,996)
Proceeds from sale of real estate properties, net	3	**—**	—	**37,050**	—
Cash (used in)/provided by investing activities		**(10,200)**	(8,745)	**7,006**	(29,223)
Net change in cash		**334**	(5,285)	**254**	(3,646)
Cash, beginning of period		**7,198**	11,351	**7,278**	9,712
Cash, end of period		**$7,532**	$6,066	**$7,532**	$6,066

See accompanying notes to the condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended September 30, 2024, and 2023

In thousands of Canadian dollars, except units, per unit amounts and where otherwise noted

NOTE 1

NATURE AND FORMATION OF THE TRUST

Morguard Real Estate Investment Trust (the "Trust") is a "closed-end" real estate investment trust governed pursuant to an amended and restated declaration of trust dated May 5, 2021 (the "Declaration of Trust"), under, and governed by, the laws of the Province of Ontario. The Trust commenced active operations on October 14, 1997. The Trust units trade on the Toronto Stock Exchange ("TSX") under the symbol "MRT.UN". The Trust owns a diverse portfolio of retail, office and industrial properties located in six Canadian provinces. The Trust's head office is located at 55 City Centre Drive, Suite 1000, Mississauga, Ontario, L5B 1M3.

The Trust has a property management agreement with Morguard Investments Limited ("MIL"), a subsidiary of Morguard Corporation ("Morguard"). Morguard is the parent company of the Trust, owning 65.3% of the outstanding units as at September 30, 2024. Morguard is a real estate company that owns a diversified portfolio of multi-suite residential, retail, hotel, office and industrial properties. Morguard also provides advisory and management services to institutional and other investors.

NOTE 2

STATEMENT OF COMPLIANCE AND MATERIAL ACCOUNTING POLICIES

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board, and thus do not contain all of the disclosures applicable to the annual audited consolidated financial statements.

These condensed consolidated financial statements use the same accounting policies and methods of their application as the most recent annual audited consolidated financial statements and should be read in conjunction with the most recent annual audited consolidated financial statements.

The condensed consolidated financial statements were approved and authorized for issue by the Trustees on October 30, 2024.

Significant assumptions are used in the assessment of fair value, including estimates of future operating cash flows, the time period over which they will occur, appropriate discount and capitalization rates and stabilized net operating income (which is primarily influenced by revenue growth, vacancy rates, inflation rates and operating costs). These assumptions could change periodically and ultimately impact the underlying valuation of the Trust's real estate properties and equity-accounted investment.

Financial Instruments

All derivative instruments, including embedded derivatives, are recorded in the consolidated balance sheets at fair value unless exempted from derivative treatment as a normal purchase and sale.

The Trust may enter into interest rate swaps to hedge its risk associated with interest rates. Derivatives are carried as assets when the fair value is positive, and as liabilities when the fair value is negative. Hedge accounting is discontinued prospectively when the hedging relationship is terminated, when the instrument no longer qualifies as a hedge, or when the hedged item is sold or terminated. In Cash flow hedging relationships, the portion of the change in the fair value of the hedging derivative that is considered to be effective is recognized in Other Comprehensive Income ("OCI"), while the portion considered to be ineffective is recognized in net income/(loss). Unrealized hedging gains and losses in accumulated other comprehensive income/(loss) are reclassified to net income/(loss) in the periods when the hedged item affects net income/(loss). Gains and losses on derivatives are immediately reclassified to net income/(loss) when the hedged item is sold or terminated.

For those derivative instruments to which the Trust has applied hedge accounting, the change in fair value for the effective portion of the derivative is recorded in other comprehensive income from the date of designation.

The fair value of derivative instruments is determined using present value forward pricing and swap calculations at interest rates that reflect current market conditions, and considers the credit quality of counterparties, interest rate curves and forward rate curves.

Refer to Note 7 for information on the Trust's derivative instrument.

Future Accounting Policy Changes

IFRS 18 — Presentation and Disclosure in Financial Statements ("IFRS 18")

On April 9, 2024, the IASB issued IFRS 18 that will replace IAS 1 — Presentation of Financial Statements. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

IFRS 18 introduces the following:

- Defined subtotals and categories in the statement of profit or loss.
- Requirements to improve aggregation and disaggregation.
- Disclosures about management-defined performance measures in the notes to the financial statements.
- Targeted improvements to the statement of cash flows by amending IAS 7 — Statement of Cash Flows.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. The standard is applied retrospectively, with specific transition provisions, and early adoption is permitted.

The Trust is currently assessing the impact this new standard will have on its consolidated financial statements.

EIFEL Rules

On May 28, 2024, amended Canadian Bill C-59, *Fall Economic Statement Implementation Act, 2023,* received third reading in the House of Commons and became substantively enacted for financial reporting purposes. Bill C-59 implements the majority of the remaining income tax measures from the 2023 federal budget, as well as certain measures from the 2023 fall economic statement and other previously announced measures. Most notably, Bill C-59 contains the excessive interest and financing expenses limitation rules ("EIFEL Rules").

The EIFEL Rules, which became effective for the 2024 fiscal year, limit the amount of net interest and financing expenses that a trust may deduct in computing taxable income to a fixed ratio (currently set at 30% of the EBITDA as calculated for tax purposes) or, where certain conditions are met and a consolidated group elects, a higher group ratio.

Based on an assessment of forecasted EBITDA for the year ended December 31, 2024, it is expected that the EIFEL Rules will limit the deductibility of certain interest expenses of the Trust and and will increase the taxable income allocated by the Trust to unitholders in current and subsequent fiscal years. The Trust will continue to review the relevant legislation and available guidance to assess the full implications of the EIFEL Rules.

NOTE 3

REAL ESTATE PROPERTIES

Real estate properties consist of the following:

As at	September 30, 2024	December 31, 2023
Income producing properties	**$2,098,420**	$2,169,663
Properties under development	**18,601**	16,460
Held for development	**68,168**	68,519
	$2,185,189	$2,254,642

Reconciliations of the carrying amounts for real estate properties at the beginning and end of the current financial period are set out below:

	Income Producing Properties	Properties Under Development	Held for Development	Total Real Estate Properties
Balance as at December 31, 2022	$2,260,657	$25,948	$51,200	$2,337,805
Additions:				
Capital expenditures/capitalized costs	16,822	13,862	—	30,684
Tenant improvements, tenant incentives and commissions	19,291	—	—	19,291
Transfers	23,350	(23,350)	—	—
Fair value (losses)/gains	(149,084)	—	17,319	(131,765)
Other changes	(1,373)	—	—	(1,373)
Balance as at December 31, 2023	**2,169,663**	**16,460**	**68,519**	**2,254,642**
Additions:				
Capital expenditures/capitalized costs	15,147	8,825	—	23,972
Tenant improvements, tenant incentives and commissions	9,786	—	—	9,786
Transfers	6,684	(6,684)	—	—
Disposition	(37,050)	—	—	(37,050)
Fair value losses	(65,246)	—	(351)	(65,597)
Other changes	(564)	—	—	(564)
Balance as at September 30, 2024	**$2,098,420**	**$18,601**	**$68,168**	**$2,185,189**

APPRAISAL CAPITALIZATION AND DISCOUNT RATES

Morguard's subsidiary has a valuation team that consists of Appraisal Institute of Canada ("AIC") designated Accredited Appraiser Canadian Institute ("AACI") members who are qualified to offer valuation and consulting services and expertise for all types of real property, all of whom are knowledgeable and have recent experience in the fair value techniques for investment properties. AACI-designated members must adhere to AIC's Canadian Uniform Standards of Professional Appraisal Practice and undertake ongoing professional development. Morguard's appraisal division is responsible for determining the fair value of investment properties every quarter. The team reports to a senior executive, and the internal valuation team's valuation processes and results are reviewed by senior management at least once every quarter, in line with the Trust's quarterly reporting dates.

Generally, the Trust's real estate properties are appraised using a number of approaches, depending on the asset, that would typically include a discounted cash flow analysis, a direct capitalization approach and a direct comparison approach.

The primary method of valuation used by the Trust is discounted cash flow analysis. This approach involves determining the fair value of each income producing property based on, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the applicable balance sheet dates, less future cash outflows pertaining to the respective leases. Fair values are primarily determined by discounting the expected future cash flows, generally over a term of 10 years and including a terminal value based on the application of a capitalization rate to estimated year 11 net operating income.

Discount and capitalization rates are estimated using market surveys, available appraisals and market comparables. The direct comparison approach compares a subject property's characteristics with those of comparable properties that have recently sold. The Trust has a retail property in British Columbia where the highest and best use is a redevelopment to mixed residential and commercial use. Since the value of the property is in the underlying land with minimal holding income, it has been valued using the direct comparison approach.

Under the direct capitalization approach, capitalization rates are applied to the estimated stabilized net operating income of the properties. Estimated stabilized net operating income is based on projected rental revenue and property operating costs adjusted for such items as vacancy loss. The direct capitalization approach is typically used to corroborate the discounted cash flow analysis.

The stabilized capitalization rates in the following table exclude the property valued using the comparable sales method, as well as one property with expected variable income which did not have its discounted cash flow analysis corroborated using the direct capitalization approach.

Using the direct capitalization income approach to corroborate the discounted cash flow method, the properties were valued using capitalization rates in the range of 5.0% to 9.0% applied to a stabilized net operating income (December 31, 2023 – 4.8% to 9.0%), resulting in an overall weighted average capitalization rate of 7.38% (December 31, 2023 – 7.14%).

The stabilized capitalization rates by business segments are set out in the following table:

	September 30, 2024					December 31, 2023				
	Stabilized Occupancy		**Capitalization Rates**			Stabilized Occupancy		Capitalization Rates		
	Max.	**Min.**	**Max.**	**Min.**	**Weighted Average**	Max.	Min.	Max.	Min.	Weighted Average
Retail	**97.0%**	**90.0%**	**8.0%**	**5.0%**	**7.6%**	97.0%	90.0%	8.0%	5.0%	7.5%
Office	**100.0%**	**85.0%**	**9.0%**	**5.3%**	**7.3%**	100.0%	85.0%	9.0%	4.7%	6.8%
Industrial	**100.0%**	**95.0%**	**5.5%**	**5.3%**	**5.4%**	100.0%	95.0%	5.5%	5.3%	5.5%

The table below provides further details of the discount rates and terminal cap rates used in the discounted cash flow method by business segments:

	September 30, 2024			December 31, 2023		
	Maximum	**Minimum**	**Weighted Average**	Maximum	Minimum	Weighted Average
RETAIL						
Discount rate	**9.0%**	**5.8%**	**7.7%**	9.0%	5.8%	7.6%
Terminal cap rate	**8.0%**	**5.3%**	**6.9%**	8.0%	5.0%	6.8%
OFFICE						
Discount rate	**9.5%**	**6.3%**	**7.3%**	9.5%	5.8%	7.0%
Terminal cap rate	**8.8%**	**5.3%**	**6.4%**	8.5%	4.8%	6.2%
INDUSTRIAL						
Discount rate	**6.5%**	**6.0%**	**6.2%**	6.5%	6.0%	6.2%
Terminal cap rate	**5.8%**	**5.5%**	**5.5%**	5.8%	5.5%	5.5%

Fair values are most sensitive to changes in discount rates, capitalization rates and stabilized or forecast net operating income. Generally, an increase in net operating income will result in an increase in the fair value of the income producing properties, and an increase in capitalization rates will result in a decrease in the fair value of the properties. The capitalization rate magnifies the effect of a change in net operating income, with a lower capitalization rate resulting in a greater impact to the fair value of the property than a higher capitalization rate. If the weighted average stabilized capitalization rate were to increase or decrease by 25 basis points, the value of the income producing properties as at September 30, 2024, would decrease by $65,027 or increase by $69,635, respectively.

The sensitivity of the fair values of the Trust's income producing properties is set out in the table below:

For the nine months ended September 30, 2024		
Change in capitalization rate	**0.25%**	**(0.25%)**
Retail	**($34,503)**	**$36,864**
Office	**(27,380)**	**29,323**
Industrial	**(3,144)**	**3,448**
	($65,027)	**$69,635**

Disposition

On May 29, 2024, the Trust sold a retail strip centre, located at 5-284 Heritage Gate SE, Calgary, Alberta, for $37,050 net of costs. The Trust repaid the mortgage payable secured by this property in the amount of $17,030.

NOTE 4

EQUITY-ACCOUNTED INVESTMENT

On December 22, 2011, the Trust and a major Canadian pension fund each acquired a 50% interest in a limited partnership that owns and operates a 304,000 square foot Class A office complex located in downtown Edmonton, Alberta, in which the Trust has a total original net investment of $28,008. The Trust has joint control over the limited partnership and accounts for its investment using the equity method.

As at	**September 30, 2024**	December 31, 2023
Balance, beginning of period	**$7,755**	$11,658
Equity income/(loss)	**1,021**	(1,900)
Distributions to partners, net	**(523)**	(2,003)
Balance, end of period	**$8,253**	$7,755

The following details the Trust's share of the limited partnership's aggregated assets, liabilities and results of operations accounted for under the equity method:

As at	**September 30, 2024**	December 31, 2023
Real estate property	**$33,000**	$33,000
Current assets	**1,856**	1,107
Total assets	**34,856**	34,107
Non-current liabilities	**(3)**	(3)
Current liabilities	**(26,600)**	(26,349)
Net equity	**$8,253**	$7,755

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	**September 30, 2024**	September 30, 2023
Revenue from real estate property	**$1,318**	$1,322	**$4,026**	$4,058
Property operating expenses	**(512)**	(531)	**(1,615)**	(1,702)
Net operating income	**806**	791	**2,411**	2,356
Interest and other expenses	**(350)**	(362)	**(1,057)**	(938)
Fair value losses on real estate property	**(227)**	(1,599)	**(333)**	(3,048)
Net income/(loss)	**$229**	($1,170)	**$1,021**	($1,630)

The real estate property included above in the Trust's equity-accounted investment is appraised using a number of approaches that typically include a discounted cash flow analysis, a direct capitalization approach and a direct comparison approach. As at September 30, 2024, the property was valued using a discount rate of 8.3% (December 31, 2023 – 8.3%), a terminal cap rate of 7.3% (December 31, 2023 – 7.3%) and a stabilized cap rate of 7.3% (December 31, 2023 – 7.3%). The stabilized annual net operating income as at September 30, 2024, was $2,636 (December 31, 2023 – $3,329).

NOTE 5
AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

As at	**September 30, 2024**	December 31, 2023
Tenant receivables	**$5,267**	$4,208
Unbilled other tenant receivables	**1,933**	3,593
Receivables from related parties	**286**	373
Other	**2,933**	2,892
Allowance for expected credit loss	**(1,330)**	(1,725)
	$9,089	$9,341

NOTE 6
CO-OWNERSHIP INTERESTS

The Trust is a co-owner in several properties, listed below, which are subject to joint control based on the Trust's decision-making authority with regard to the relevant activities of the properties. These co-ownerships have been classified as joint operations and, accordingly, the Trust recognizes its rights to and obligations for the assets, liabilities, revenue and expenses of these co-ownerships in the respective lines in the condensed consolidated financial statements.

			Trust's Ownership Share	
Jointly Controlled Operations	**Location**	**Property Type**	**2024**	2023
505 Third Street	Calgary, AB	Office	**50%**	50%
Rice Howard Place	Edmonton, AB	Office	**20%**	20%
Prairie Mall	Grande Prairie, AB	Retail	**50%**	50%
Heritage Place	Ottawa, ON	Office	**50%**	50%
Standard Life Centre	Ottawa, ON	Office	**50%**	50%
77 Bloor	Toronto, ON	Office	**50%**	50%
Woodbridge Square	Woodbridge, ON	Retail	**50%**	50%
Place Innovation	Saint-Laurent, QC	Office	**50%**	50%

The following amounts, included in these condensed consolidated financial statements, represent the Trust's proportionate share of the assets and liabilities of its co-ownerships as at September 30, 2024, and December 31, 2023, and the results of operations for the three and nine months ended September 30, 2024, and 2023:

As at	September 30, 2024	December 31, 2023
Assets	**$378,271**	$379,898
Liabilities	**$211,140**	$216,785

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	**September 30, 2024**	September 30, 2023
Revenue	**$11,419**	$11,573	**$34,876**	$34,907
Expenses	**(8,211)**	(8,189)	**(24,874)**	(24,461)
Income before fair value adjustments	**3,208**	3,384	**10,002**	10,446
Fair value gains/(losses) on real estate properties	**3,609**	(16,831)	**(6,510)**	(35,681)
Net loss	**$6,817**	($13,447)	**$3,492**	($25,235)

NOTE 7
MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at	September 30, 2024	December 31, 2023
Mortgages payable before deferred financing costs	**$976,920**	$1,017,734
Deferred financing costs	**(3,934)**	(2,748)
Mortgages payable	**$972,986**	$1,014,986

Mortgages payable – non-current	**$762,888**	$680,787
Mortgages payable – current	**210,098**	334,199
Mortgages payable	**$972,986**	$1,014,986
Range of interest rates	**2.7% to 7.8%**	2.7% to 7.9%
Weighted average fixed interest rate	**4.6%**	4.3%
Weighted average interest rate on all mortgages	**4.8%**	4.9%
Weighted average term to maturity (years)	**3.1**	3.1

The mortgages payable above include floating-rate mortgages. As at September 30, 2024, these mortgages total $95,563 (December 31, 2023 – $165,161).

The aggregate principal repayments and balances maturing on the mortgages payable as at September 30, 2024, together with the weighted average contractual rate on debt maturing in the year indicated, are as follows:

	Principal Instalment Repayments	Balances Maturing	Total	Weighted Average Contractual Rate on Balance Maturing
2024 (remainder of year)	$6,767	$138,408	$145,175	5.7%
2025	29,807	141,725	171,532	4.2%
2026	18,222	103,582	121,804	4.0%
2027	12,959	194,170	207,129	5.7%
2028	11,156	39,570	50,726	5.3%
Thereafter	27,831	252,723	280,554	4.2%
	$106,742	**$870,178**	**$976,920**	**4.8%**

Substantially all of the Trust's rental properties and related rental revenue have been pledged as collateral for the mortgages payable.

The Trust has various financial covenants in relation to various outstanding debt instruments and facilities, including debt to asset and debt service coverage ratios. As at September 30, 2024, and December 31, 2023, the Trust was in compliance with those covenants.

On June 25, 2024, the Trust completed a $75,000 variable-rate first mortgage loan agreement secured by a property in Prince George, British Columbia. On July 2, 2024, the Trust completed a $75,000 fixed-for-variable interest rate swap agreement, designated this interest rate swap as a cash flow hedge and applied hedge accounting. The objective of the interest rate swap is to eliminate the variability of cash flows on the variable-rate mortgage stemming from fluctuations in market interest rates. As at September 30, 2024, the derivative liability was $3,343 (December 31, 2023 – $nil). The maturity date of the interest rate swap coincides with the mortgage payable maturity on June 3, 2029.

NOTE 8

CONVERTIBLE DEBENTURES

Debentures

On December 7, 2021, the Trust issued $159,000 principal amount of 5.25% convertible unsecured subordinated debentures ("Convertible Debentures") maturing on December 31, 2026 (the "Maturity Date"). As at September 30, 2024, Morguard held a total of $60,000 principal amount of the Convertible Debentures (December 31, 2023 – $60,000).

Interest is payable semi-annually, not in advance, on June 30 and December 31 of each year.

The Convertible Debentures, with the exception of the value assigned to the holders' conversion option, have been recorded as debt on the balance sheets. The following table summarizes the allocation of the principal amount and related issue costs of the Convertible Debentures at the date of original issue. The portion of issue costs attributable to the liability of $4,026 was capitalized and will be amortized over the term to maturity, while the remaining amount of $187 was charged to equity.

	Liability	Equity	Principal Amount Issued
Transaction date – December 7, 2021	$151,934	$7,066	$159,000
Issue costs	(4,026)	(187)	(4,213)
	$147,908	**$6,879**	**$154,787**

Each Convertible Debenture is convertible into freely tradable units of the Trust at the option of the holder, exercisable at any time prior to the close of business on the last business day preceding the Maturity Date at a conversion price of $7.80 per unit, being a rate of approximately 128.2 units per thousand principal amount of Convertible Debentures, subject to adjustment.

The Convertible Debentures payable consist of the following:

As at	September 30, 2024	December 31, 2023
Convertible debentures – liability	**$151,934**	$151,934
Convertible debentures – accretion	**3,602**	2,542
Convertible debentures before issue costs	**155,536**	154,476
Issue costs	**(1,974)**	(2,578)
Convertible debentures	**$153,562**	$151,898

Remaining interest and principal payments on the Convertible Debentures are as follows:

	Interest	Principal	Total
2024	$4,174	$—	$4,174
2025	8,348	—	8,348
2026	8,348	159,000	167,348
	$20,870	**$159,000**	**$179,870**

Redemption Rights

Each Convertible Debenture is redeemable any time from January 1, 2025, to the close of business on December 31, 2025, in whole or in part, on at least 30 days' prior notice at a redemption price equal to par plus accrued and unpaid interest at the Trust's sole option, provided that the weighted average trading price of the units on the TSX for the 20 consecutive trading days ending five trading days prior to the date on which the notice of redemption is given is not less than 125% of the conversion price.

From January 1, 2026, to the close of business on December 31, 2026, the Convertible Debentures are redeemable, in whole or in part, at par plus accrued and unpaid interest at the Trust's sole option.

Payment Upon Redemption or Maturity

As part of the above redemption options, or at maturity, the Trust may satisfy its obligation to repay the principal amounts of the Convertible Debentures, in whole or in part, by delivering units of the Trust. In the event that the Trust elects to satisfy its obligation to repay principal with units of the Trust, the number of units issued is obtained by dividing the principal amount of the Convertible Debentures by 95% of the weighted average trading price of the units on the TSX for the 20 consecutive trading days ending five trading days prior to the date fixed for redemption or the Maturity Date, as applicable.

Interest Payment Election

The Trust may elect, subject to applicable regulatory approval, to issue and deliver units of the Trust to the Debenture Trustee in order to raise funds to pay interest on the Convertible Debentures, in which event the holders of the Convertible Debentures will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such units.

NOTE 9
LEASE LIABILITIES

The following table presents the change in the balance of the Trust's lease liabilities:

As at	September 30, 2024	December 31, 2023
Balance, beginning of period	**$16,383**	$16,551
Additions	**358**	—
Lease payments	**(900)**	(1,192)
Interest	**784**	1,024
Balance, end of period	**$16,625**	$16,383
Current	**$158**	$88
Non-current	**16,467**	16,295
	$16,625	$16,383
Weighted average borrowing rate	**6.2%**	6.2%

NOTE 10
BANK INDEBTEDNESS

The Trust has operating lines of credit totalling $101,350 (December 31, 2023 – $102,500), which renew annually and are secured by fixed charges on specific properties owned by the Trust. One of these lines is subject to cash flow tests based on the operating results of the secured properties along with prevailing bond yields. As at September 30, 2024, there is a maximum of $101,350 available (December 31, 2023 – $98,500).

As at September 30, 2024, the Trust had borrowed $21,390 (December 31, 2023 – $78,737) on its credit facilities and issued letters of credit in the amount of $577 (December 31, 2023 – $967) related to these facilities. The net availability remaining on the Trust's credit facilities is $79,383 (December 31, 2023 – $18,796).

The bank credit agreements include certain restrictive covenants and undertakings by the Trust. As at September 30, 2024, and December 31, 2023, the Trust was in compliance with all covenants and undertakings. As the bank indebtedness is current and at prevailing market rates, the carrying value of the debt as at September 30, 2024, approximates fair value.

NOTE 11
REVENUE FROM REAL ESTATE PROPERTIES

Revenue from real estate properties consists of the following:

For the three months ended September 30, 2024	**Retail**	**Office**	**Industrial**	**Total**
Rental revenue	**$22,727**	**$15,580**	**$716**	**$39,023**
CAM recoveries	**4,689**	**6,988**	**270**	**11,947**
Property tax and insurance recoveries	**5,733**	**3,904**	**178**	**9,815**
Other revenue and lease cancellation fees	**874**	**256**	**3**	**1,133**
Parking revenue	**—**	**1,375**	**—**	**1,375**
Amortized rents	**179**	**(316)**	**137**	**—**
	$34,202	**$27,787**	**$1,304**	**$63,293**

For the three months ended September 30, 2023	Retail	Office	Industrial	Total
Rental revenue	$22,264	$15,312	$535	$38,111
CAM recoveries	5,328	6,969	158	12,455
Property tax and insurance recoveries	5,797	3,493	140	9,430
Other revenue and lease cancellation fees	652	585	—	1,237
Parking revenue	2	1,374	—	1,376
Amortized rents	(20)	(95)	18	(97)
	$34,023	$27,638	$851	$62,512

For the nine months ended September 30, 2024	**Retail**	**Office**	**Industrial**	**Total**
Rental revenue	**$68,726**	**$46,836**	**$2,028**	**$117,590**
CAM recoveries	**15,213**	**21,276**	**761**	**37,250**
Property tax and insurance recoveries	**17,324**	**11,768**	**464**	**29,556**
Other revenue and lease cancellation fees	**2,204**	**1,529**	**3**	**3,736**
Parking revenue	**—**	**4,169**	**—**	**4,169**
Amortized rents	**544**	**(1,264)**	**156**	**(564)**
	$104,011	**$84,314**	**$3,412**	**$191,737**

For the nine months ended September 30, 2023	Retail	Office	Industrial	Total
Rental revenue	$66,547	$46,453	$1,522	$114,522
CAM recoveries	16,060	20,920	592	37,572
Property tax and insurance recoveries	19,234	11,097	418	30,749
Other revenue and lease cancellation fees	1,863	1,631	—	3,494
Parking revenue	(1)	4,030	—	4,029
Amortized rents	(160)	(1,071)	84	(1,147)
	$103,543	$83,060	$2,616	$189,219

Common area maintenance ("CAM") recoveries and other revenue and lease cancellation fees noted in the above table are considered to be a component of revenue from contracts with customers.

NOTE 12
EXPENSES
(a) Property Operating Expenses
Property operating expenses consist of the following:

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	**September 30, 2024**	September 30, 2023
Repairs and maintenance	**$7,196**	$6,980	**$23,043**	$22,519
Utilities	**3,350**	4,678	**11,717**	13,907
Other operating expenses	**6,047**	6,056	**18,181**	17,348
	$16,593	$17,714	**$52,941**	$53,774

(b) General and Administrative
General and administrative expenses consist of the following:

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	**September 30, 2024**	September 30, 2023
Trustees' fees and expenses	**$62**	$42	**$190**	$170
Professional and compliance fees	**315**	327	**978**	997
Payroll and other administrative expenses	**498**	542	**1,653**	1,803
	$875	$911	**$2,821**	$2,970

NOTE 13
INTEREST EXPENSE
The components of interest expense are as follows:

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	**September 30, 2024**	September 30, 2023
Mortgages payable	**$12,006**	$12,342	**$36,433**	$34,485
Amortization of deferred financing costs – mortgages	**440**	234	**1,305**	706
Convertible debentures	**2,104**	2,104	**6,243**	6,278
Accretion on convertible debentures, net	**347**	323	**1,060**	991
Amortization of deferred financing costs – convertible debentures	**197**	184	**604**	565
Lease liabilities	**275**	255	**784**	769
Bank indebtedness	**327**	1,045	**1,602**	2,908
Morguard loan payable and other	**1,251**	18	**3,295**	31
Capitalized interest	**(108)**	(433)	**(368)**	(1,061)
	$16,839	$16,072	**$50,958**	$45,672

NOTE 14
RELATED PARTY TRANSACTIONS
Related party transactions are summarized as follows:

(a) Agreement with Morguard Investments Limited
Under the property management agreement, the Trust pays MIL fees for property management services, capital expenditure administration, information system support activities and risk management administration. Property management fees average approximately 3.3% of gross revenue from the income producing properties owned by the Trust. The management agreement is renewed annually to ensure fees paid reflect fair value for the services provided. Under the leasing services arrangement, the Trust may, at its option, use MIL for leasing services. Leasing fees range from 2% to 6% of the total minimum rent of new leases. Fees for the renewal of a lease are half of the fees for a new lease. Leasing services include lease documentation.

The Trust has employed the services of MIL for both the acquisition and disposition of properties on a case-by-case basis. Fees are generally based on the sale price of the properties and are capitalized in the case of an asset acquisition. MIL is a tenant at three of the Trust's properties. The Trust has employed the services of MIL for the appraisal of its real estate properties as required for IFRS reporting purposes. Fees are generally based on the size and complexity of each property and are expensed as part of the Trust's professional and compliance fees.

During the period, the Trust incurred/(earned) the following:

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	**September 30, 2024**	September 30, 2023
Property management fees [1]	**$2,164**	$2,145	**$6,622**	$6,548
Appraisal/valuation fees	**76**	85	**251**	255
Information services	**55**	55	**165**	165
Leasing fees	**683**	1,171	**2,074**	2,724
Project administration fees	**442**	242	**885**	657
Project management fees	**28**	8	**106**	20
Risk management fees	**88**	82	**264**	244
Internal audit fees	**25**	30	**75**	90
Off-site administrative charges	**489**	471	**1,485**	1,447
Rental revenue	**(51)**	(48)	**(155)**	(144)
	$3,999	$4,241	**$11,772**	$12,006

1. Includes property management fees on equity-accounted investment.

The following amounts relating to MIL are included in the balance sheets:

As at	**September 30, 2024**	December 31, 2023
Amounts payable to MIL, net	**$1,321**	$1,468

(b) Revolving Loan with Morguard
The Trust has a revolving loan agreement with Morguard that provides for borrowings or advances of up to $75,000 (December 31, 2023 – $75,000), which is interest-bearing at the entities borrowing costs and due on demand subject to available funds.

Morguard Loan Payable
During the nine months ended September 30, 2024, a gross amount of $70,000 was advanced from Morguard, and as at September 30, 2024, $70,000 remains payable to Morguard (December 31, 2023 – $nil). For the three months ended September 30, 2024, the Trust incurred interest expense in the amount of $1,159 (2023 – $nil) at an average interest rate of 6.59% (2023 – n/a). For the nine months ended September 30, 2024, the Trust incurred interest expense in the amount of $3,070 (2023 – $nil) at an average interest rate of 6.89% (2023 – n/a). As at September 30, 2024, the Trust has interest payable on the revolving loan with Morguard of $366 (2023 – $nil) included in its balance sheets.

Morguard Loan Receivable
During the nine months ended September 30, 2024, there were no advances or repayments. As at September 30, 2024, and December 31, 2023, there was no loan receivable from Morguard. For the three months and nine months ended September 30, 2024, and 2023, the Trust did not earn interest income on loans receivable from Morguard. The interest income earned from Morguard is included with other income on the statements of income/(loss) and comprehensive income/(loss).

(c) Other Items with Morguard (Excluding MIL)

The Trust subleases office space from Morguard. For the three months ended September 30, 2024, the Trust incurred rent expense in the amount of $56 (2023 – $56). For the nine months ended September 30, 2024, the Trust incurred rent expense in the amount of $174 (2023 – $163).

Other than the revolving loan, the following additional amounts relating to Morguard are included in the balance sheets:

As at	**September 30, 2024**	December 31, 2023
Amounts receivable	**$63**	$—
Accounts payable and accrued liabilities	**$—**	$—

Morguard is a tenant in one of the Trust's properties. For the three months ended September 30, 2024, the Trust earned rental revenue in the amount of $29 (2023 – $29). For the nine months ended September 30, 2024, the Trust earned rental revenue in the amount of $86 (2023 – $86).

Morguard provided a guarantee in association with the renewal of one of the Trust's mortgages in December 2023. For the three months ended September 30, 2024, the Trust incurred interest expense in the amount of $124 (2023 – $nil). For the nine months ended September 30, 2024, the Trust incurred interest expense in the amount of $370 (2023 – $nil).

NOTE 15
UNITHOLDERS' EQUITY
(a) Units Outstanding

The Trust is authorized to issue an unlimited number of units. These units have no par value. The following table summarizes the changes in units from January 1, 2023 to September 30, 2024:

	Nine months ended September 30, 2024	Year ended December 31, 2023
Balance, beginning of period	**64,267,901**	64,226,854
Distribution Reinvestment Plan	**16,954**	41,047
Balance, end of period	**64,284,855**	64,267,901

Total distributions recorded during the nine months ended September 30, 2024, amounted to $11,574 or $0.18 per unit (2023 – $11,559 or $0.18 per unit). On September 16, 2024, the Trust declared a distribution in the amount of $0.02 per unit for the month of September 2024, payable on October 15, 2024.

(b) Normal Course Issuer Bid

On February 7, 2024, the Trust announced that the TSX had accepted notice filed by the Trust of its intention to make a normal course issuer bid. The notice provided that during the 12-month period commencing February 9, 2024, and ending February 8, 2025, the Trust may purchase for cancellation on the TSX up to 3,213,395 units in total, being approximately 5% of the outstanding units. Additionally, the Trust may purchase for cancellation up to $9,308 principal amount of the Convertible Debentures due on the Maturity Date, 10% of the public float of outstanding Convertible Debentures. The price that the Trust would pay for any such units or debentures would be the market price at the time of acquisition.

During the nine months ended September 30, 2024, and 2023, the Trust did not purchase any units or debentures for cancellation.

(c) Distribution Reinvestment Plan

Under the Trust's DRIP, unitholders can elect to reinvest cash distributions into additional units at a weighted average trading price of the units on the TSX for the 20 trading days immediately preceding the applicable date of distribution. During the nine months ended September 30, 2024, the Trust issued 16,954 units under the DRIP (2023 – 31,844 units).

(d) Net Income(/Loss) Per Unit

The following table sets forth the computation of basic and diluted net income/(loss) per unit:

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	**September 30, 2024**	September 30, 2023
Net income/(loss) – basic	**$15,571**	($39,665)	**($23,430)**	($46,650)
Net income/(loss) – diluted	**$18,219**	($39,665)	**($23,430)**	($46,650)
Weighted average number of units outstanding – basic	**64,282**	64,255	**64,276**	64,244
Weighted average number of units outstanding – diluted	**96,106**	64,255	**64,276**	64,244
Net income/(loss) per unit – basic	**$0.24**	($0.62)	**($0.36)**	($0.73)
Net income/(loss) per unit – diluted	**$0.19**	($0.62)	**($0.36)**	($0.73)

To calculate net income/(loss) – diluted, interest, accretion and the amortization of financing costs on Convertible Debentures outstanding that were expensed during the period are added back to net income/(loss) – basic. The weighted average number of units outstanding – diluted is calculated as if all Convertible Debentures outstanding as at September 30, 2024, and 2023, had been converted into units of the Trust at the beginning of the year. The calculation of net income/(loss) per unit – diluted excludes the impact of the Convertible Debentures for the nine months ended September 30, 2024, and 2023, and for the three months ended September 30, 2023, as their inclusion would be anti-dilutive.

NOTE 16

STATEMENTS OF CASH FLOWS

(a) Items Not Affecting Cash

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	**September 30, 2024**	September 30, 2023
Fair value (gains)/losses on real estate properties	**($868)**	$52,047	**$65,597**	$88,885
Net (income)/loss from equity-accounted investment	**(229)**	1,170	**(1,021)**	1,630
Amortized stepped rent	**83**	182	**497**	835
Amortized free rent	**(151)**	(164)	**(147)**	(63)
Amortization of deferred financing costs – mortgages	**440**	234	**1,305**	706
Amortization of tenant incentives	**68**	79	**214**	375
Amortization of right-of-use asset	**60**	21	**60**	62
Amortization of deferred financing costs – convertible debentures	**197**	184	**604**	565
Accretion on convertible debentures	**347**	323	**1,060**	991
	($53)	$54,076	**$68,169**	$93,986

(b) Net Change in Non-Cash Operating Assets and Liabilities

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	**September 30, 2024**	September 30, 2023
Amounts receivable	**$275**	$2,545	**$252**	$5,575
Prepaid expenses and other	**5,365**	5,094	**(8,249)**	(8,914)
Accounts payable and accrued liabilities	**612**	4,486	**658**	9,427
	$6,252	$12,125	**($7,339)**	$6,088

(c) Supplemental Cash Flow Information

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	**September 30, 2024**	September 30, 2023
Interest paid	**$14,129**	$13,189	**$46,532**	$41,796
Issue of units – DRIP	**$33**	$40	**$91**	$173

NOTE 17

COMMITMENTS AND CONTINGENCIES

(a) Commitments

The Trust has entered into various agreements relating to capital expenditures for its properties. These expenditures include development of new space, redevelopment or retrofit of existing space, and other capital expenditures. Should all conditions be met, as at September 30, 2024, committed capital expenditures in the next 12 months are estimated at $2,354.

The Trust has various other contractual obligations in the normal course of operations. These contracts can generally be cancelled with 30 days' notice.

(b) Contingencies

The Trust is liable contingently with respect to litigation, claims and environmental matters that arise from time to time, including those that could result in mandatory damages or other relief, which could result in significant expenditures. While the outcome of these matters cannot be predicted with certainty, in the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on the financial position or results of operations of the Trust. Any expected settlement of claims in excess of amounts recorded will be charged to operations as and when such determination is made.

NOTE 18

MANAGEMENT OF CAPITAL

The Trust defines capital that it manages as the aggregate of its unitholders' equity and interest-bearing debt less interest-bearing receivables. The Trust's objective when managing capital is to ensure that the Trust will continue as a going concern so that it can sustain daily operations and provide adequate returns to its unitholders.

The Trust is subject to risks associated with debt financing, including the possibility that existing mortgages may not be refinanced or may not be refinanced on as favourable terms or with interest rates as favourable as those of the existing debt. The Trust mitigates these risks by its continued efforts to stagger the maturity profile of its long-term debt, to enhance the value of its real estate properties and to maintain high occupancy levels. The Trust manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The total managed capital for the Trust is summarized below:

As at	Note	**September 30, 2024**	December 31, 2023
Mortgages payable	7	**$972,986**	$1,014,986
Convertible debentures	8	**153,562**	151,898
Bank indebtedness	10	**21,390**	78,737
Morguard loan payable	14(b)	**70,000**	—
Lease liabilities	9	**16,625**	16,383
Unitholders' equity		**922,929**	961,185
		$2,157,492	$2,223,189

The Declaration of Trust permits the Trust to incur indebtedness, provided that after giving effect to incurring or assuming any indebtedness (as defined in the Declaration of Trust), the amount of all indebtedness of the Trust is not more than 65% of the gross book value of the Trust's total assets as defined in the Declaration of Trust. The Declaration of Trust also permits the Trust to incur floating-rate debt, provided that the total amount of all floating-rate debt of the Trust is not more than 15% of the gross book value of the Trust's total assets.

The Trust's debt ratios compared to its borrowing limits established in the Declaration of Trust are outlined in the table below:

As at	Borrowing Limits	**September 30, 2024**	December 31, 2023
Fixed-rate debt to gross book value of total assets	N/A	**47.2%**	44.6%
Floating-rate debt to gross book value of total assets	15.0%	**8.4%**	10.7%
	65.0%	**55.6%**	55.3%

As at September 30, 2024, the Trust met all externally imposed ratios and minimum equity requirements.

Mortgages Payable

The Trust has mortgages payable that include financial covenants such as coverage and leverage ratios, on a property and consolidated basis, as defined in the respective agreements. These ratios are evaluated by the Trust on an ongoing basis to ensure compliance. The Trust was in compliance with each of the financial covenants as at September 30, 2024, and December 31, 2023.

Convertible Debentures

The Trust's unsecured subordinated convertible debentures have no restrictive covenants.

Bank Indebtedness

The Trust's loan agreements permit the Trust to incur indebtedness. The loan agreements are fixed amounts that renew annually and are secured by fixed charges on specific properties owned by the Trust.

NOTE 19

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Trust's financial assets and liabilities comprise cash, amounts receivable, accounts payable and accrued liabilities, bank indebtedness, Morguard loan payable, mortgages payable and convertible debentures. Fair values of financial assets and liabilities and discussion of risks associated with financial assets and liabilities are presented as follows.

Fair Value of Financial Assets and Liabilities

The fair values of cash, amounts receivable, accounts payable and accrued liabilities, bank indebtedness and Morguard loan payable approximate their carrying values due to the short-term maturities of these instruments.

(a) Mortgages Payable

Mortgages payable are carried at amortized cost using the effective interest rate method of amortization. The estimated fair values of long-term borrowings are based on market information, where available, or by discounting future payments of interest and principal at estimated interest rates expected to be available to the Trust as at September 30, 2024.

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial obligations using September 30, 2024, market rates for debts of similar terms (Level 2). Based on these assumptions, the fair value as at September 30, 2024, of the mortgages payable has been estimated at $963,425 (December 31, 2023 – $980,293) compared with the carrying value before deferred financing costs of $976,920 (December 31, 2023 – $1,017,734). The fair value of the mortgages payable varies from the carrying value due to fluctuations in interest rates since their issue.

(b) Convertible Debentures

The fair value of the Convertible Debentures is based on their market trading price (TSX: MRT.DB.A) (Level 1). The fair value as at September 30, 2024, of the Convertible Debentures has been estimated at $156,854 (December 31, 2023 – $146,678) compared with the carrying value before deferred financing costs of $155,536 (December 31, 2023 – $154,476).

(c) Fair Value Hierarchy of Financial Instruments and Real Estate Properties

The fair value hierarchy of income producing properties, properties under development, held for development and financial instruments measured at fair value in the balance sheets is as follows:

	September 30, 2024			December 31, 2023		
As at	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
ASSETS						
Income producing properties	**$—**	**$—**	**$2,098,420**	$—	$—	$2,169,663
Properties under development	**$—**	**$—**	**$18,601**	$—	$—	$16,460
Held for development	**$—**	**$—**	**$68,168**	$—	$—	$68,519
LIABILITIES						
Derivative liabilities	**$—**	**$3,343**	**$—**	$—	$—	$—

Risks Associated with Financial Assets and Liabilities

The Trust is exposed to financial risks arising from its financial assets and liabilities. The financial risks include interest rate risk, credit risk and liquidity risk. The Trust's overall risk management program focuses on establishing policies to identify and analyze the risks faced by the Trust, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Trust's activities. The Trust aims to develop a disciplined control environment in which all employees understand their roles and obligations.

NOTE 20

SEGMENTED INFORMATION

IFRS 8, "Operating Segments", requires operating segments to be determined based on internal reports that are regularly reviewed by the chief operating decision-maker for the purpose of allocating resources to the segment and assessing its performance. The Trust has applied judgment by aggregating its operating segments according to the nature of the property operations. Such judgment considers the nature of operations, types of customers and an expectation that operating segments within a reportable segment have similar long-term economic characteristics. As at September 30, 2024, and December 31, 2023, the Trust has the following three reportable segments: retail, office and industrial.

Business Segments

For the three months ended September 30, 2024	Retail	Office	Industrial	Total
Revenue from real estate properties	**$34,202**	**$27,787**	**$1,304**	**$63,293**
Property operating expenses	**(8,464)**	**(7,895)**	**(234)**	**(16,593)**
Property taxes	**(8,001)**	**(4,130)**	**(178)**	**(12,309)**
Property management fees	**(1,217)**	**(886)**	**(40)**	**(2,143)**
Net operating income	**$16,520**	**$14,876**	**$852**	**$32,248**

For the three months ended September 30, 2023	Retail	Office	Industrial	Total
Revenue from real estate properties	$34,023	$27,638	$851	$62,512
Property operating expenses	(9,225)	(8,315)	(174)	(17,714)
Property taxes	(7,807)	(4,152)	(163)	(12,122)
Property management fees	(1,218)	(879)	(28)	(2,125)
Net operating income	$15,773	$14,292	$486	$30,551

For the three months ended September 30, 2024	Retail	Office	Industrial	Total
Additions to real estate properties	**$7,759**	**$3,206**	**$87**	**$11,052**
Fair value (losses)/gains on real estate properties	**($2,049)**	**$2,582**	**$335**	**$868**

For the three months ended September 30, 2023	Retail	Office	Industrial	Total
Additions to real estate properties	$5,135	$8,709	$463	$14,307
Fair value (losses)/gains on real estate properties	($2,095)	($54,272)	$4,320	($52,047)

For the nine months ended September 30, 2024	**Retail**	**Office**	**Industrial**	**Total**
Revenue from real estate properties	**$104,011**	**$84,314**	**$3,412**	**$191,737**
Property operating expenses	**(27,638)**	**(24,620)**	**(683)**	**(52,941)**
Property taxes	**(23,764)**	**(12,985)**	**(506)**	**(37,255)**
Property management fees	**(3,725)**	**(2,719)**	**(112)**	**(6,556)**
Net operating income	**$48,884**	**$43,990**	**$2,111**	**$94,985**

For the nine months ended September 30, 2023	**Retail**	**Office**	**Industrial**	**Total**
Revenue from real estate properties	$103,543	$83,060	$2,616	$189,219
Property operating expenses	(28,211)	(24,877)	(686)	(53,774)
Property taxes	(23,035)	(12,879)	(486)	(36,400)
Property management fees	(3,731)	(2,664)	(86)	(6,481)
Net operating income	$48,566	$42,640	$1,358	$92,564

	Retail	**Office**	**Industrial**	**Total**
As at September 30, 2024				
Real estate properties	**$1,267,800**	**$835,533**	**$81,856**	**$2,185,189**
Mortgages payable (based on collateral)	**$534,864**	**$438,122**	**$—**	**$972,986**
For the nine months ended September 30, 2024				
Additions to real estate properties	**$18,852**	**$13,395**	**$1,511**	**$33,758**
Fair value (losses)/gains on real estate properties	**($14,954)**	**($50,984)**	**$341**	**($65,597)**

	Retail	**Office**	**Industrial**	**Total**
As at December 31, 2023				
Real estate properties	$1,300,415	$874,377	$79,850	$2,254,642
Mortgages payable (based on collateral)	$562,131	$452,855	$—	$1,014,986
For the nine months ended September 30, 2023				
Additions to real estate properties	$22,437	$13,913	$1,729	$38,079
Fair value (losses)/gains on real estate properties	($4,682)	($95,940)	$11,737	($88,885)