



# Equiton Real Estate Income and Development Fund Trust

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# 2025

Annual Report





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# **Forward-Looking** Information

Certain information in this communication contains “forward-looking information” within the meaning of applicable securities legislation. Forward-looking information may relate to future events or the Trust’s performance. Forward-looking information includes, but is not limited to, information regarding the Trust’s distributions, growth potential and volatility, investor returns, ability to achieve operational efficiencies, objectives, strategies to achieve those objectives, beliefs, plans, estimates, projections and intentions; and similar statements concerning anticipated future events, results, circumstances, performance or expectations and other statements that are not historical facts. These statements are based upon assumptions that the management of the Trust believes are reasonable, but there can be no assurance

that actual results will be consistent with these forward-looking statements. Forward looking information involves numerous assumptions, known and unknown risks, and uncertainties that contribute to the possibility that the forward-looking statements will not occur and may cause actual results to differ materially from those anticipated in such forward-looking statements. Some of these risks are discussed in the section “Risk Factors” in the Offering Memorandum. These forward-looking statements are made as of the date of this communication and the Trust is not under any duty to update any of the forward-looking statements after the date of this communication other than as otherwise required by applicable legislation.



# Letter From Leadership

In 2025, the Equiton Real Estate Income and Development Trust (the Trust) demonstrated the resilience of its strategy, supported by a well-constructed, diversified portfolio designed to perform across various market conditions. Building on the foundation of its mix of consumer- and service-oriented commercial holdings, highlighted by full occupancy, the Trust continued the expansion of its development portfolio and lending strategy through an investment in Equiton's new real estate lending fund.

Underlying market conditions showed early signs of stabilization in transaction activity and sentiment driven in part by a cumulative, 100-basis-point reduction of the Bank of Canada's benchmark interest rate. Easing financing conditions and a more resilient than expected Canadian consumer helped support sentiment in key segments of the real estate sector and began setting the stage for improvements in transaction activity.

Against this backdrop, the Trust's assets under management increased 11.1% Y/Y to \$51.9M (as at December 31, 2025), driven in part by incremental development investments. Class A and Class F DRIP units generated trailing 12-month returns of 6.30% and 7.38%, respectively, reflecting the Trust's focus on delivering durable income, supported by its stabilized commercial portfolio. The Trust is designed to provide special distributions upon completion of development projects, which can meaningfully enhance total returns over the life of the investment.

**Jason Roque,**  
CEO AND FOUNDER

The Trust's commercial portfolio ended the year with 100% occupancy, up from 90.5% in 2024, reflecting successful leasing execution and renewal activity supported by sustained demand for well-located retail space. As at year-end, the portfolio's weighted average lease term was 6.63 years, consistent with the Trust's focus on dependable tenancy.

Annual operating revenues increased to \$1,236,277 (+4.4% Y/Y), supported by a weighted average net rental rate of \$32.99 per occupied square foot of retail space. Net operating income (NOI) increased 16.5% Y/Y to \$772,420, representing an NOI margin of 62.5%, which demonstrates disciplined asset management, and effective cost controls. Contractual rent escalations embedded in the majority of leases are expected to support organic NOI in the future.

The Trust improved its debt service capacity with a debt service coverage ratio of 1.34x (from 1.17x in 2024) and an interest coverage ratio of 1.96x (from 1.68x in 2024), supported by higher occupancy and improved NOI, enhancing cash flow resilience. From a capital structure perspective, the portfolio maintains a mortgage debt to gross book value ratio of 54.3%, indicating prudent leverage and a solid financial position. With a weighted average remaining term of 1.67 years, the Trust maintains meaningful flexibility to align refinancing activity with broader capital allocation priorities. Looking ahead, this profile provides the ability to capture improved borrowing conditions, optimize pricing and term selection, and enhance cash flow efficiency for Investors.

In the current development environment, the Trust's portfolio is distinguished by disciplined capital stewardship and active project-level oversight. Management has reassessed development timelines, refined construction and design plans, maintained conservative leverage, and prioritized cash flow management to mitigate risk and preserve long-term value. Continued progress across the development portfolio was supported by disciplined governance, prudent cost management, and effective execution. In 2025, the Trust achieved a key milestone with the occupancy of its Marquis Modern Towns project in Guelph, Ontario, while continuing to advance sales of the remaining units.



**Helen Hurlbut,**  
PRESIDENT AND CFO/CO-FOUNDER

As this project nears completion, the Trust continued to expand its development portfolio with the addition of Wilson Station Condos Trust, a planned ~14-storey mid-rise condo project located near the Wilson Station commuter hub in Toronto. Project planning moved forward, with active collaboration between the City of Toronto, the community, and the Equiton Developments team. Elsewhere in Toronto, TEN99 Broadview Trust advanced to the next stages of design and Site Plan Approval submission, following the approval of its Zoning By-Law Amendment.

Condo markets continued to recalibrate in major metros such as Toronto and Vancouver, with repricing centred primarily on smaller units, contributing to a decline in new project starts. Over time, this slowdown is expected to result in meaningful supply constraints, positioning the majority of the development portfolio's sales windows within a favourable competitive environment.

Meanwhile, interest rate cuts, stabilization in construction costs, and greater clarity around financing conditions have begun to restore confidence in the sector. In this environment, Equiton Developments' vertically integrated development model remains a crucial source of value, providing operational and cost controls over a project's full lifecycle.

The Trust's lending portfolio of \$5.2M was transferred in kind into a newly launched debt vehicle, the Equiton Monthly Income Fund Trust. This transaction represents a strategic reallocation of the Trust's assets, enabling Investor participation in a new income-generating platform while preserving the performance of the underlying loans and enhancing liquidity, diversification, and potential yield.

The progress achieved in 2025 reflects disciplined execution across both the commercial and development portfolio, underscoring the Trust's ability to generate durable cash flow today while maintaining momentum into 2026 and beyond. Management remains focused on advancing the full sale and completion of Marquis Modern Towns, positioning the project for its final milestone while continuing disciplined execution across the development pipeline and navigating evolving market conditions with a long-term perspective.

**Jason Roque, CEO and Founder**  
**Helen Hurlbut, President and CFO/Co-Founder**



## Corporate Profile

Established in 2015, Equiton has become a leader in private equity investments. Our remarkable growth is a result of our leadership team’s expertise in the industry and their ability to generate long-term wealth through real estate investments. We know that finding the right opportunities involves time, experience, and discipline. Our strategy is always forward looking, anticipating trends and adapting our approach to strengthen our market position. We focus on capitalizing on value creation opportunities and building the most robust portfolio possible for our Investors. We create value by investing in real estate and leveraging opportunities for improvement, optimization, and redevelopment. At Equiton, we are focused on making private equity real estate investments more accessible to Canadians to support them in their wealth building journey.

*“We focus on capitalizing on value creation opportunities and building the most robust portfolio possible for our Investors.”*

# Operating Highlights

## Summary of Key Performance Indicators (KPIs)

| As at December 31,  | 2025          | 2024          |
|---|---------------|---------------|
| <b>Portfolio Performance</b>                                      |               |               |
| Total Fund AUM (\$ Million)                                       | <b>\$51.9</b> | <b>\$46.7</b> |
| <b>Commercial Operations</b>                                      |               |               |
| <b>Hyde Park Commons and 710 Woolwich</b>                         |               |               |
| Weighted Average Occupancy Rate <sup>1</sup>                      | 100.00%       | 90.54%        |
| Weighted Average Net Retail Rental Rate (\$ per occupied sq. ft.) | \$32.99       | \$32.86       |
| Operating Revenues  | \$1,236,277   | \$1,184,284   |
| NOI   | \$772,420     | \$663,009     |
| NOI Margin  | 62.5%         | 56.0%         |
| Mortgage Debt to Gross Book Value                                 | 54.3%         | 53.9%         |
| Weighted Average Time Remaining on the Mortgage (years)           | 1.67          | 2.66          |
| Debt Service Coverage (times) <sup>2</sup>                        | 1.34          | 1.17          |
| Interest Coverage (times) <sup>2</sup>                            | 1.96          | 1.68          |
| Weighted Average Lease Term to Maturity (years)                   | 6.63          | 6.20          |
| Gross Leasable Area (sq. ft.)                                     | 26,159        | 26,159        |
| Occupied Area (sq. ft.)   | 26,159        | 24,659        |
| Vacant Area (sq. ft.)   | -             | 1,500         |
| <b>Financial Lending Operations<sup>3</sup></b>                   |               |               |
| Loan(s) Receivable  | \$-           | \$4,200,000   |
| Weighted Average Interest Rate                                    | -%            | 6.95%         |
| Weighted Average Time Remaining to Maturity (months)              | -             | 16            |
| Number of Loans   | -             | 2             |
| <b>Development Operations</b>                                     |               |               |
| Active Development Projects                                       | 1             | 1             |
| Equity Investment in Development                                  | \$9,081,123   | \$9,081,123   |
| Total Development Cost Incurred to Date <sup>4</sup>              | \$14,798,913  | \$40,922,128  |

<sup>1</sup> Occupancy is presented using a quarterly weighted average for the year and includes contractual leases.

<sup>2</sup> Debt Service Coverage includes executed new tenancies at Hyde Park Commons.

<sup>3</sup> During the year ended December 31, 2025, the Trust's Financial Lending portfolio previously totaling \$5.2M was fully transferred in-kind as a seed investment in Equiton Monthly Income Fund Trust in return for Class E units.

<sup>4</sup> Total Development costs incurred to date decreased due to unit closings at Marquis Modern Towns. As of December 31, 2025, 60 of 96 units have closed, and the development costs attributable to these sold units have transferred from the balance sheet and recognized in cost of goods sold upon closing.

# Operating Highlights

## Assets Under Management (AUM)

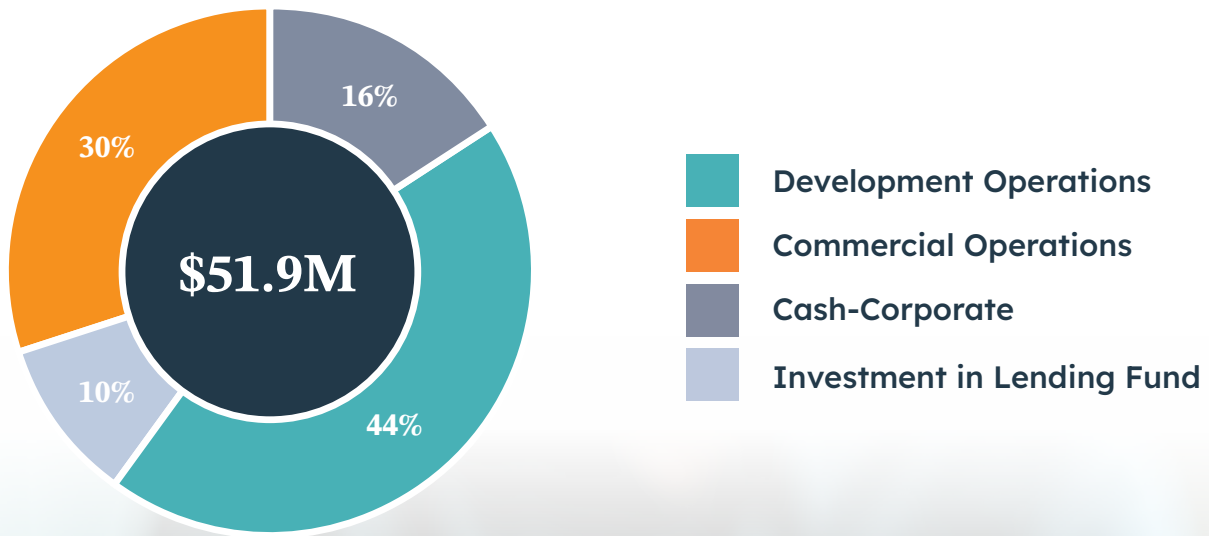
|  | 2025                | 2024                |
|--|---------------------|---------------------|
| <b>Commercial Operations</b>                                 |                     |                     |
| Investment in Hyde Park Commons                              | 11,100,000          | 11,372,467          |
| Investment in 710 Woolwich                                   | 4,300,000           | 4,500,000           |
| Cash   | 109,537             | 284,105             |
| <b>Commercial Operations</b>                                 | <b>\$15,509,537</b> | <b>\$16,156,572</b> |
| <b>Financial Lending Operations</b>                          |                     |                     |
| Loan(s) Receivable <sup>1</sup>                              | -                   | 4,200,000           |
| Cash   | 365,803             | 95,655              |
| <b>Financial Lending Operations</b>                          | <b>\$365,803</b>    | <b>\$4,295,655</b>  |
| <b>Investment in Lending Fund</b>                            |                     |                     |
| Investment in Equiton Monthly Income Fund Trust <sup>1</sup> | 5,200,000           | -                   |
| <b>Investment in Lending Fund</b>                            | <b>\$5,200,000</b>  | <b>\$-</b>          |
| <b>Development Operations</b>                                |                     |                     |
| Cash Investment in Woolwich Development Project              | 10,748,051          | 10,211,537          |
| Investment in Sandstones Condo Trust                         | 4,300,000           | 4,300,000           |
| Investment in Vicinity Condos Trust                          | 2,400,000           | 2,400,000           |
| Investment in TEN99 Broadview Trust                          | 3,200,000           | 3,200,000           |
| Investment in Wilson Station Condos Trust                    | 1,800,000           | -                   |
| Cash   | 853                 | 346,931             |
| <b>Development Operations</b>                                | <b>\$22,448,904</b> | <b>\$20,458,468</b> |
| <b>Cash - Corporate</b>                                      | <b>\$8,392,069</b>  | <b>\$5,832,357</b>  |
| <b>AUM (\$)<sup>2</sup></b>                                  | <b>\$51,916,313</b> | <b>\$46,743,052</b> |

<sup>1</sup> During the year ended December 31, 2025, the Trust's Financial Lending portfolio previously totaling \$5.2M was transferred in-kind for units in the Equiton Monthly Income Fund Trust.

<sup>2</sup> AUM is before the elimination of inter-entity transactions. Inter-entity transactions between the respective operations have been eliminated in the Trust's consolidated statements.

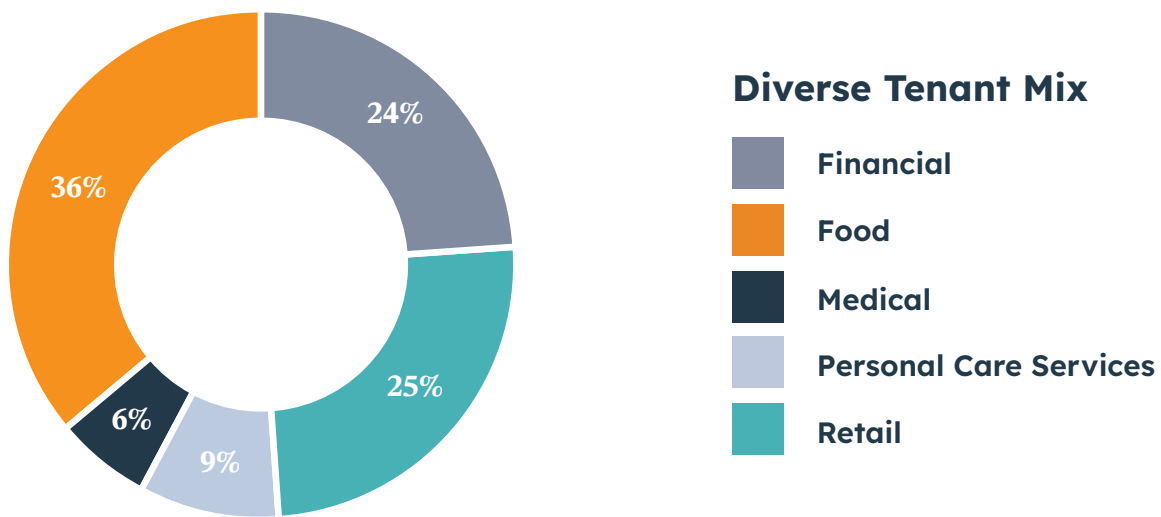
# Operating Highlights

## Assets Under Management (AUM)



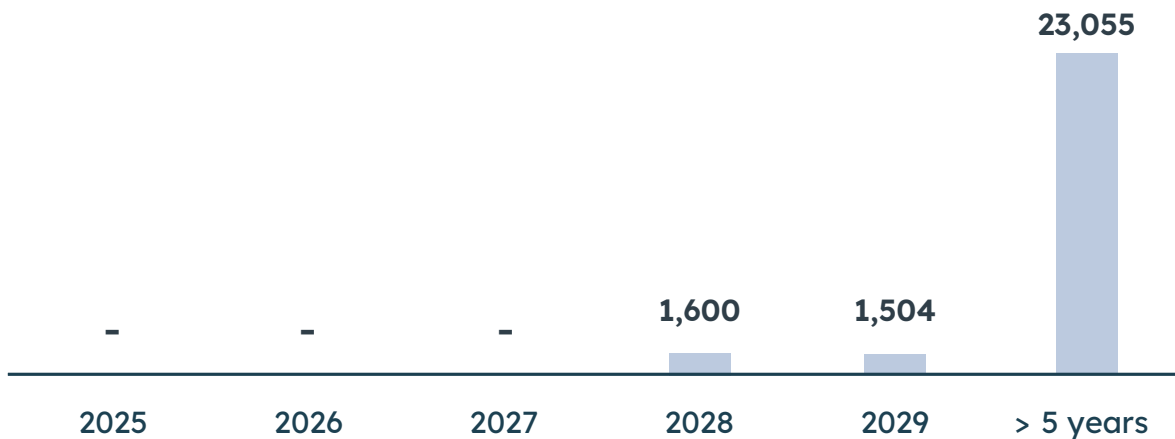
# Income-Producing Commercial Tenant Portfolio

## Commercial Tenant Occupancy - By Area



## Commercial Tenant Maturity Profile - By Area (Sq. Ft.)

Weighted Average Lease Term to Maturity: 6.63 Years





# Mission

Equiton believes in creating lasting value by investing in people and communities. We strive to deliver superior real estate investment solutions so our customers can build their wealth and financial security.

# Vision

To be a leading force in making high-quality private real estate investing accessible while building lasting relationships with our Stakeholders.

# Core Values



## Integrity

Rigorous adherence to a set of moral and ethical standards focused on respect, honesty, and fairness.



## Accountability

Individual responsibility for delivering on our commitments and being accountable for our decisions, actions, and results.



## Expertise

Offering the highest level of professional expertise, quality service and knowledgeable insights.



## Customer Focused

We recognize our customers are the reason for our success and know by putting their needs first, we foster trusting, long-term relationships.



## Entrepreneurial Spirit

Focusing on a growth mindset, continuous improvement, embracing change, and recognizing goals are achieved through dedication and hard work.

An aerial photograph of a winding asphalt road cutting through a dense, lush green forest. The road curves from the bottom left towards the top right. A single white car is visible on the road. The background is a dark, textured gradient.

# Approach to Environmental Sustainability

Management's commitment to Environmental, Social and Governance (ESG) helps attract and retain the best people in the industry while better serving Residents, Investors, and other key Stakeholders within the communities in which the Trust operates. By investing in technology, innovation, and our people, Management will continue to strengthen and enhance operations to ensure achievement of the highest possible returns for Investors. Management's approach to ESG comprehensively and holistically considers the environmental, social and governance factors that are associated with the industry. Management uses this information to create an investment strategy that is tailored to the individual Investor's needs. This approach is beneficial as it allows for a more informed and effective decision-making process, leading to greater returns.



## **Our ESG Objective**

With a focus on sustainability, Equiton’s ESG objective is integral to our investment strategies, from how we select and manage our properties to the results we deliver. Through this approach, we aim to design investment solutions that lead to lasting positive impacts that benefit our company and significantly improve the environment and society’s well-being.


Equiton has seamlessly integrated environmentally responsible strategies and practices into our business operations and investment strategies. These operations entail optimizing energy usage in our buildings, offering water conservation and waste diversion resources to our Residents, developing community programs for them, and ensuring compliance with environmental reporting standards throughout our portfolio. Through these efforts, we aim to deliver strong results for Investors and contribute meaningfully to a more sustainable and equitable future.



# ESG Commitments

Equiton has outlined a set of commitments aimed at fortifying our corporate values and advancing our sustainability efforts. These encompass a range of initiatives, including sustainable development practices, systems for long-term energy conservation, Employee Engagement Surveys and the consideration of key environmental factors.

| COMMITMENTS  | 2025 PROGRESS  | 2024 PROGRESS  |
|--|--|--|
| Conduct annual Employee surveys                            | Completed<br>Achieved >85%<br>Employee Engagement  | Completed<br>Achieved >80%<br>Employee Engagement  |
| Utilize sustainable construction methods                   | Sourced Recycled Materials Where Possible  | Sourced Recycled Materials Where Possible  |
| Leverage designs that help end users conserve utilities    | Prioritized Building Electrification in Lieu of Natural Gas, In-Suite Hot Water Tanks, and Geothermal-Based HVAC Systems | Energy-Efficient Window Designs, Energy Star Rated Appliances, Sensored LED Lighting, and Comprehensive Utility Sub-Metering |
| Roll out and enhance sustainability training company-wide  | Ongoing  | Ongoing  |
| Achieve net-zero carbon emissions by 2050 across portfolio | Continued Capital Expenditure Program within ESG Framework   | Progress Made on Portfolio-Wide Assessments<br>ESG Framework Applied to the Capital Expenditure Program                      |



# Our ESG Overview

The Trust was formed on April 30, 2018, pursuant to the Declaration of Trust and has not carried on any activities since its inception other than the sale of Trust Units and purchasing LP Units of the Partnership. The Trust was formed under the laws of the province of Ontario on April 30, 2018, pursuant to the filing of a limited Trust declaration, and has not carried on any active business since its inception other than entering into the material agreements set out under the heading “Material Agreements” and the purchase of limited Trust units of the Commercial Partnership, the Development Partnership and the Financial Partnership.

# Objectives

## Long-Term Objectives

The long-term objective of the Trust is to maximize Trust Unitholders' value with regular and growing cash distributions, payable monthly from investments in LP Units. The Trust seeks to invest in (a) existing residential, commercial, industrial, mixed-use, hybrid and other income-producing properties; (b) real estate development and construction; and (c) real estate financing and lending.

## Short-Term Objectives

The primary objective of the Trust in the ensuing 12 months is to seek out Subscribers, close the offering and complete additional offerings. The Trust will invest funds raised by such offerings in the Trust by way of purchase of LP Units which will in turn initially invest in income-producing investments in Canada.

Artist Concept  
Vicinity Condos Trust





# Investment Objectives and Strategy

The objectives of the Trust are (i) to provide LP Unitholders, including the Trust, with regular and growing cash distributions, payable monthly from investments in (a) existing residential, commercial, industrial, mixed-use, hybrid and other income-producing properties; (b) real estate development and construction; and (c) real estate financing and lending; and (ii) to maximize LP Unit value through the ongoing management of the Trust's investments and through future investments in North American real estate assets.

## **Income-Producing Property**

The Trust, through the Commercial Partnership, may indirectly invest in income-producing properties, including multi-residential apartments, student housing, retirement residences, retail and commercial

space, offices, industrial space and mixed-use properties, as well as hybrid-type properties like flex-space and specialty properties like self-storage.

In addition to different categories of income-producing properties, investments can be further subdivided into those that currently generate positive cash flow and value-add opportunities. The Trust may, through its investment in the Commercial Partnership, invest in cash flow and value-add investments. Value-add investments typically require significant capital and may also require operational improvements. They are acquired at a discount to replacement value and can generate greater returns than most regular cash-flowing properties but may not make distributions for a period of three or more years.

## Development and Construction

The Trust, through the Development Partnership, may invest in residential, commercial, industrial or other real estate development projects. Initially, the focus of the Trust is on residential development projects, like low-rise subdivisions, townhomes and condos.

Such projects may include ancillary commercial or mixed-use components to the developments, such as high-rise residential condo projects where the zoning requires retail commercial space on the ground floor. The Trust may invest by entering joint ventures with reputable developers – providing equity in exchange for a share of a development’s profits. Development partners (which could be Related Parties) would provide project oversight and management.

## Lending and Financing

The Trust, through its investment in the Financial Partnership, invests in real estate lending. The primary focus is investing in pre-development, construction, and term financing mortgages. Types of lending could include: first and second mortgages, mezzanine financing, land loans and construction financing. The average term-to-maturity for mortgage investments is expected to be 12 to 24 months depending on the specifics of the loan.





## Market Information

At the outset of 2026, the broader macroeconomic backdrop is moving toward greater clarity after a year shaped by trade tensions, shifting immigration policy, and moderating housing activity. While housing affordability challenges persist, structural supply constraints, a supportive interest policy environment, and modest economic growth continue to underpin demand across the Trust's income-producing commercial assets, selective development opportunities, and private real estate lending strategies.

- Canada's economy grew 1.7% in 2025, in line with the Bank of Canada's projections earlier in the year. Annualized quarterly GDP growth is expected to reach 1.5%-2.2% in 2026, supported by improved policy clarity, resilient consumer spending, and the impact of targeted fiscal measures introduced the year prior.<sup>1</sup>
- The Bank of Canada is expected to maintain its policy rate near its current 2.25%<sup>2</sup>, the lower end of its estimated neutral range, helping sustain more favourable conditions for real estate lending, development, and refinancing activity.
- Unemployment is expected to decline incrementally in 2026, contributing to stable consumer demand — a supportive backdrop for consumer- and service-oriented tenants such as financial institutions, service providers, and food operators.<sup>3</sup>
- Available neighbourhood retail inventory remains constrained nationally, supporting healthy occupancy rates and leasing activity amid broader real estate headwinds. In secondary and tertiary cities — and most notably metros in Southwestern Ontario — retail plazas have emerged as a sought-after asset. These markets are characterized by growing retail sales growth, creating structural demand for previously untapped markets.<sup>4</sup>

- National home sales remain below long-term historical averages. Transaction activity is likely to recover unevenly, and ongoing homeownership affordability challenges are expected to persist. These challenges reinforce the demand for a broader range of buying options, including condominiums, which can offer a more accessible entry point into the housing market for first-time buyers.<sup>5</sup>
- Housing starts began to lose momentum in the second half of 2025 and are projected to decline further into 2026. This slowdown in new housing starts is expected to widen the long-term supply gap, supporting demand for well-located development projects with the approvals, capital structure, and execution plan to advance despite near-term market conditions.<sup>5</sup>
- Fewer than 260k new homes were completed across Canada’s urban population centres (10,000+ residents) in 2025, still below the approximately 290k units per year that the Parliamentary Budget Officer estimates are required to close Canada’s housing gap by 2035. The same projection suggests annual completions could decline further to approximately 190k by that time.<sup>6</sup>
- In major condo markets such as Toronto and Vancouver, slower absorption of recently completed smaller units has weighed on new project launches. This pullback is expected to translate into structural supply shortages in the coming years. Against this backdrop, development priorities have been reshaped by a shift toward end-user demand, favouring larger layouts, established locations, and livability-focused amenities.
- Population growth slowed in late 2025 due to a reduction in non-permanent residents. However, long-term government projections suggest Canada’s population could still grow by approximately 2.5M by 2035, meaningfully sustaining real estate demand over time.<sup>7</sup>
- Government housing policy remains a central theme. Moves to streamline zoning approvals and reduce development fees, as well as federal initiatives aimed at stimulating housing construction, signal continued policy momentum around measures that could provide more certainty for project timelines.
- Real estate markets across sectors — including office, retail, and housing — continue to undergo repricing, underscoring the importance of the Trust’s disciplined underwriting practices, diversified exposure, and active asset management in navigating evolving conditions.<sup>8</sup>

<sup>1</sup>RBC Capital Markets - 2026 Outlook: Macro, monetary policy & rates

<sup>2</sup>Bank of Canada - Monetary Policy Report - January 2026

<sup>3</sup>RBC Wealth Management - Canada’s 2026 economic and market outlook: A ‘Double-Double’ half full - January 2026

<sup>4</sup>CBRE - 2026 Canada Real Estate Market Outlook

<sup>5</sup>CMHC - Housing Market Outlook 2026

<sup>6</sup>Office of the Parliamentary Budget Officer - Household Formation and the Housing Stock: Estimating the Housing Gap in 2035

<sup>7</sup>Statistics Canada - Projected population, by projection scenario, age and gender, as of July 1

<sup>8</sup>PWC - Emerging Trends in Canadian Real Estate 2026, Beyond boundaries: Real estate’s new growth frontiers - November 2025



## **Income-Producing Properties**

An income-producing property is typically either actively generating regular income or newly constructed and substantially leased. There are various types of income-producing properties: multi-residential; retail; offices; and industrial making up the bulk of the properties, with hotels, mini-storage, parking lots, seniors care housing and other specialty properties rounding out the asset class.

## **Multi-Family Residential Properties**

As an asset class, multi-family residential properties span a wide spectrum that technically includes all buildings containing at least two housing units, which are adjacent vertically or horizontally. Multi-family residential property types include townhouses, condominiums and apartments, which share physical systems such as walls, roofs, heating and cooling, utilities or amenities. The real estate industry “grades” multi-family properties as Class A, B or C based on criteria such as age, quality, amenities, rent and location, among other factors.

Multi-family residential properties generally deliver regular returns because people always need a place to live irrespective of the stage of the economic cycle. Therefore, in normal markets, residential occupancy tends to stay reasonably high. Another factor contributing to the stability of residential property is that the loss of a single tenant has a minimal impact on a multi-residential portfolio’s bottom line, whereas losing a tenant in other types of property can have detrimental effects. The diminishing supply of developable land in several major North American cities continues to put pressure on affordable home ownership, thereby increasing demand for rental housing. In many cities across Canada, demographic trends suggest a long-term increase in renting versus ownership. In addition, in many North American markets, there are significant barriers to building brand-new developments.

## Retail Properties

Retail properties consist of many property types, which include large regional malls, outlet centres, grocery-anchored shopping centres, power centres that feature big box retailers, strip centres and single tenant free-standing retail boxes. Retail properties can be in metropolitan city centres and suburban neighbourhoods and are often part of an integrated project consisting of not only retail outlets but other amenities such as bowling alleys, cinemas and skating rinks.

Retail properties located in high traffic flow areas are highly regarded investments and enjoy several advantages over other property types. Firstly, larger retail properties often enjoy a high barrier of entry. This is especially true in urban centres where the supply of land is limited and the release of land for retail purposes is highly regulated by the government. Furthermore, the cost of building a mall is prohibitively expensive, and banks typically only fund the construction of a mall or shopping centre project if the developer has a well-established track record in this sector. For this reason, retail properties are unlikely to face oversupply or any serious competition from new market entrants.

Another advantage of retail properties is that established properties are an essential consumer service and despite the emergence of online shopping, many consumer staples – fresh groceries, haircuts, dining out, shopping and entertainment are purchased in person. As such, retailers still need brick and mortar structures to deliver these services. Also, regardless of how poorly the economy may be doing, spending on these weekly staples is unlikely to deteriorate as much, compared to subsectors with non-essential services such as hotel occupancy levels.

Retail properties often have more favourable lease agreements (triple net leases, rent bumps and agreement to retain portions of profits from the tenants when sales reach target levels) with their tenants as compared to other property types. When retail properties enter into favourable lease agreements with their tenants, the owner of the property has effectively absolved itself of the major expenditures of running the property while ensuring sustained income growth. Costs of insurance, building repairs and property taxes are all passed onto the tenants, allowing the property owners to retain as much of the property yield as possible. Lease agreements like these are rarely the case for other property types.

## Office Properties

Office properties can range from skyscrapers in central business districts to office parks and stand-alone buildings, which are typically found in adjacent suburban areas. The various types of office properties cater to a diverse tenant group ranging from multinational corporations to entrepreneurial start-ups.

One of the key advantages of office properties is that their tenants, especially anchor tenants, usually take on relatively long leases as compared to tenants occupying industrial or retail properties. Therefore, office properties have relatively longer weighted average lease expiry (WALE) compared to other commercial property types. These leases provide a more secure income stream which makes up a large part of the investment return for commercial property, so the length of those leases help underpin the value. For example, a long WALE of five years or more indicates that future income streams from the asset are relatively secure.

## Industrial Properties

Industrial properties come in all shapes and sizes and provide for a wide range of business types. Industrial properties can generally be broken down into specialty properties and flex space properties. Specialty properties typically meet the needs of a specific tenant or type of tenant. There is a limited ability, however, to be able to significantly repurpose specialty properties if the need arises. Examples of specialty properties include large warehouse/distribution buildings, manufacturing buildings, refrigeration/cold storage buildings, and telecom/data housing centres.

Flex-space properties may be more easily repurposed, often capable of housing a wide range of users and typically consist of more than a single facility. Light manufacturing buildings with office space, research and development buildings, showroom buildings, which combine retail display space with extensive onsite storage and distribution, and small warehouse and distribution centres are typical flex-space properties.

Unlike many other forms of commercial real estate such as hotels or shopping malls, industrial properties take a shorter time to build and will rarely exceed a year of construction time. As such, developments of industrial buildings are considered more responsive to current economic conditions and are not as susceptible to excessive overbuilding. Another advantage of industrial properties is that they are relatively more configurable and can be adapted to meet specific space demands throughout the economic cycle. As the economy slows down and floor inventory piles up, space that was previously used for manufacturing activity can be quickly converted into a warehousing facility or even office space.

Lastly, but perhaps most importantly, industrial properties often require relatively more modest capital expenditures, or CAPEX, in comparison to other property types. Again, unlike hotels and shopping malls, industrial properties have little need for periodic aesthetic makeovers or asset enhancement initiatives. Modest CAPEX would usually translate into higher per property income.

## Real Estate Construction and Development

Real estate construction and development can encompass a wide variety of activities for the purpose of adding value in some way to an existing property. Project processes and activities can be numerous and oftentimes complicated. It can involve property acquisition, various types of financing, municipal planning and approvals, engineering, environmental work, sales and marketing, land development and construction. It can also involve the coordination of numerous consultants, suppliers, and contractors.

Development and construction projects vary and can be for the purpose of renovating or repurposing an existing building for re-lease or sale. They can also include the purchase of raw land (or existing structures for demolition) for the purposes of building a new structure such as a residential subdivision, commercial centre or high-rise building.

Opportunities in real estate development are numerous and can be in metropolitan centres and suburban markets. They can encompass multiple types of development project types including retail, office, industrial, mixed-use, mid- and high-rise condominiums, subdivided lots and residential subdivisions.



## Real Estate Lending and Financing

In North America's most populated cities, major institutions, banks, and trust companies compete for the tier-one, high volume, secured or insurable loan opportunities with an oversupply of capital to opportunities. In all other markets, there exists a near constant imbalance of capital to demand for commercial mortgage funds for mid-tier real estate properties, development, and construction projects. In these markets, private lenders compete for lower volume, development, and construction loan opportunities with a usual oversupply of opportunities to appropriately priced capital.

## Land and Pre-Development Mortgages

Land acquisition, pre-development and infrastructure mortgages occur at an early stage in a project's development and are often characterized as pre-development mortgages because of the use of funds to finance the acquisition of land, and the funding of pre-development costs during the approval process.

## Development and Construction Mortgages

Development and construction mortgages follow pre-development mortgages as projects move through the development cycle. Development and construction mortgages finance the installation and construction of roads, drainage, sewage, utilities, and similar improvements on a property and the construction of residential or commercial structures. Mortgage terms in all segments average 12 to 24 months in duration.



## Term Financing Mortgages

Term financing mortgages enable an owner of a completed or substantially completed income-producing property to defer arranging longer-term financing until conditions warrant more favourable financing terms. Mortgage rates vary depending on the borrower, property location, property type and loan-to-value ratio. These mortgages are usually short- to mid-term as the borrower's need for funding is driven by a specific opportunity for use of the funds on an interim basis or as a method of bridging financing until the property qualifies for long-term, low-cost institutional lender programs.

Loans in this segment typically average six to 24 months, however, changes in market conditions or institutional lender criteria will create the opportunity for longer-term mortgages. In real estate capital structures, just like corporate capital structures, debt investments maintain a higher priority, meaning commercial real estate debt investors maintain a lower-risk position than their equity counterparts, which offer better protection against changes in market valuations. Debt holders have a priority claim and are normally directly secured by the underlying property and the improvements put in place. The Trust may invest in sectors that are not described herein but are considered appropriate subject to the Investment Guidelines. See "Material Agreements – Declaration of Trust – Investment Guidelines".

# Investment Guidelines and Operating Policies

## Investment Guidelines

The Declaration of Trust provides for certain guidelines on investments which may be made by the Trust. Additionally, the guidelines below are intended to set out generally the parameters under which any Subsidiary of the Trust or the Partnership will be permitted to invest. References to the Trust below shall include each such Subsidiary or Partnership. The guidelines are as follows:

- a) the Trust shall focus its investment activities primarily on the following:
  - i. the acquisition, holding, maintaining, improving, leasing or managing of income-producing properties, including multi-residential apartments, student housing, retirement residences, commercial, retail, office and industrial space, mixed-use properties, hybrid properties and specialty properties (in each case, as determined by the Trustees) (collectively, “Income-Producing Properties”);
  - ii. residential, commercial, industrial or other real estate development projects or re-development and value-add projects (collectively, “Construction and Development or Re-Development and Value-Add Activities”); and
  - iii. general real estate financing and lending (“Financing and Lending Activities”);(collectively, the “Trust Investment Activities” and each a “Trust Investment Activity”);
- b) notwithstanding anything contained in the Declaration of Trust to the contrary, the Trust shall not, or permit a Subsidiary to, make or hold any investment, take any action or omit to take any action which would, at any time, result in:
  - i. the Trust failing or ceasing to qualify as a “unit trust” and “mutual fund trust” for purposes of the Income Tax Act (Tax Act); or
  - ii. the Trust or any Subsidiary being liable to the tax payable by a SIFT Trust pursuant to section 122 of the Tax Act or by a SIFT partnership pursuant to section 197 of the Tax Act;

- c) from and after the date on which the Trust has a Gross Book Value of at least one hundred and fifty million dollars (\$150,000,000), the Trust shall seek to target the following portfolio allocations:
- i. Income-Producing Properties – 25% to 80% of the Trust’s portfolio;
  - ii. Construction and Development or Re-Development and Value-Add Activities – up to 50% of the Trust’s portfolio;
  - iii. Financing and Lending Activities – up to 50% of the Trust’s portfolio; and
  - iv. Cash and cash equivalents – up to 100%;
- d) the Trust may make its investments and conduct its activities, directly or indirectly, through an investment in one or more Persons on such terms as the Trustees may from time to time determine, including by way of joint ventures, partnerships (general or limited), unlimited liability companies and limited liability companies, or through any other means the Trust deems appropriate;
- e) except for temporary investments held in cash, deposits with a Canadian or U.S. chartered bank or Trust company registered under the laws of a province of Canada, short-term government debt securities or money market instruments of, or guaranteed by, a Schedule I Canadian chartered bank maturing prior to one year from the date of issue and except as permitted pursuant to the investment guidelines and operating policies of the Trust, the Trust directly or indirectly, may not hold securities of a Person other than to the extent such securities would constitute a Trust Investment Activity (as determined by the Trustees) and provided further that, notwithstanding anything contained in the Declaration of Trust to the contrary, but in all events subject to (a) and (b) above, the Trust may hold securities of a Person acquired in connection with the carrying on, directly or indirectly, of the Trust Investment Activities;
- f) no investment will be made, directly or indirectly, in operating businesses unless such investment is incidental to a transaction:
- i. where revenue will be derived, directly or indirectly, principally from a Trust Investment Activity;
  - ii. which principally involves the ownership, maintenance, improvement, leasing or management, directly or indirectly, of real property held for investment purposes;
  - iii. which may invest in real estate lending, such as first and second mortgages, mezzanine financing, land loans and construction financing; or
  - iv. which may invest in construction and development relating to residential, commercial, industrial or other real estate development projects;

- g) notwithstanding any other provisions of this section, the securities of a reporting issuer in Canada may be acquired provided that:
  - i. the activities of the issuer are focused on a Trust Investment Activity; and
  - ii. in the case of any proposed investment or acquisition which would result in the beneficial ownership of more than 10% of the outstanding equity securities of the securities issuer, the investment or acquisition is of strategic interest to the Trust as determined by the Trustees in their discretion;
- h) no investments will be made in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
- i) notwithstanding any other provisions hereof, investments may be made which do not comply with the provisions of this section (other than paragraph (b)) provided:
  - i. the aggregate cost thereof (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred in connection with the acquisition and secured by a mortgage on such property) does not exceed 15% of the Gross Book Value; and
  - ii. the making of such an investment would not contravene the Declaration of Trust. The Trust has complied with the guidelines set out above since its formation.

## Operating Policies

The operations and affairs of the Trust shall be conducted in accordance with the following operating policies:

- a) title to each real property shall be held by and registered in the name of a corporation or other entity wholly-owned or jointly-owned, directly or indirectly, by the Trust or on its behalf, the General Partner, or a corporation or other entity wholly-owned indirectly by the Trust or jointly owned indirectly by the Trust with joint venturers or partners or on its behalf;
- b) no indebtedness shall be incurred or assumed if,
  - i. for real property income, after giving effect to the incurring or assumption thereof of the indebtedness, the total indebtedness including amounts drawn under an acquisition and operating facility but not including Mortgage Insurance Fees incurred in connection with the incurrence or assumption of such indebtedness as a percentage of Gross Book Value, would be more than 75%; or
  - ii. for Construction and Development or Re-Development and Value-Add Activities, the total indebtedness incurred in connection with the incurrence or assumption of such indebtedness shall not exceed typical industry standards relating to loans for similar business purposes;

- c) the Trust will not directly or indirectly guarantee any indebtedness or liabilities of any Person unless such guarantee is given in connection with or incidental to an investment that is otherwise permitted under the Declaration of Trust, and the guarantee would not result in the Trust ceasing to qualify as a mutual fund trust for purposes of the Tax Act;
- d) the Trust will not engage in any Financing and Lending Activities unless,
  - i. acceptable security for the loan (as determined by the Trustees) is provided; and
  - ii. the total indebtedness incurred in connection with the incurrence or assumption of such indebtedness is within typical industry standards relating to loans for similar business purposes;
- e) the Trust will not engage in any Construction and Development or Redevelopment and Value-Add Activities unless it is an acceptable project (as determined by the Trustees);
- f) at all times insurance coverage will be obtained and maintained in respect of potential liabilities of the Trust and the accidental loss of value of any of the Trust Property from risks, in amounts and with such insurers, in each case as the Trustees consider appropriate, taking into account all relevant factors including the practices of holders of comparable assets and, for clarity, the Trust is not required to title insure;
- g) a Phase I environmental audit shall be conducted or obtained in circumstances in which the Trustees deem it appropriate or necessary; and
- h) the Trust will not invest in any Trust Investment Activity until and unless it has conducted the appropriate due diligence (as determined by the Trustees) for such Trust Investment Activity.

For the purpose of the foregoing operating policies, the assets, indebtedness, liabilities and transactions of a corporation, trust, partnership or other entity in which the Trust has an interest, directly or indirectly, will be deemed to be those of the Trust on a proportionate consolidated basis, except to the extent that such treatment would be inconsistent with the applicable requirements under the Tax Act or the Trustees consider such treatment to be inappropriate under the circumstances. In addition, any references in the foregoing to investment in real property will be deemed to include an investment in a joint venture arrangement.

The term “**indebtedness**” means (without duplication):

- a) any obligation, directly or indirectly, of the Trust for borrowed money;
- b) any obligation, directly or indirectly, of the Trust incurred in connection with the acquisition of property, assets or business other than the amount of future income tax liability arising out of indirect acquisitions;
- c) any obligation, directly or indirectly, of the Trust issued or assumed as the deferred purchase price of property;

- d) any capital lease obligation, directly or indirectly, of the Trust;
- e) any obligation, directly or indirectly, of the type referred to in clauses (a) through (d) of another Person, the payment of which the Trust has, directly or indirectly, guaranteed or for which the Trust is responsible for or liable; and
- f) any amounts secured by any of the assets of the Trust;

provided that (i) for the purposes of (a) through (d), an obligation (other than convertible debentures) will constitute indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of the Trust in accordance with IFRS in Canada, (ii) obligations referred to in clauses (a) through (d) exclude trade accounts payable, distributions payable and accrued liabilities arising in the ordinary course of business; (iii) convertible debentures will constitute indebtedness to the extent of the principal amount outstanding; and (iv) the issuance of redeemable units will not constitute indebtedness; and (v) obligations referenced in clauses (a) through (d) may be excluded by the Trustees if the Trustees consider such treatment to be inappropriate under the circumstances.

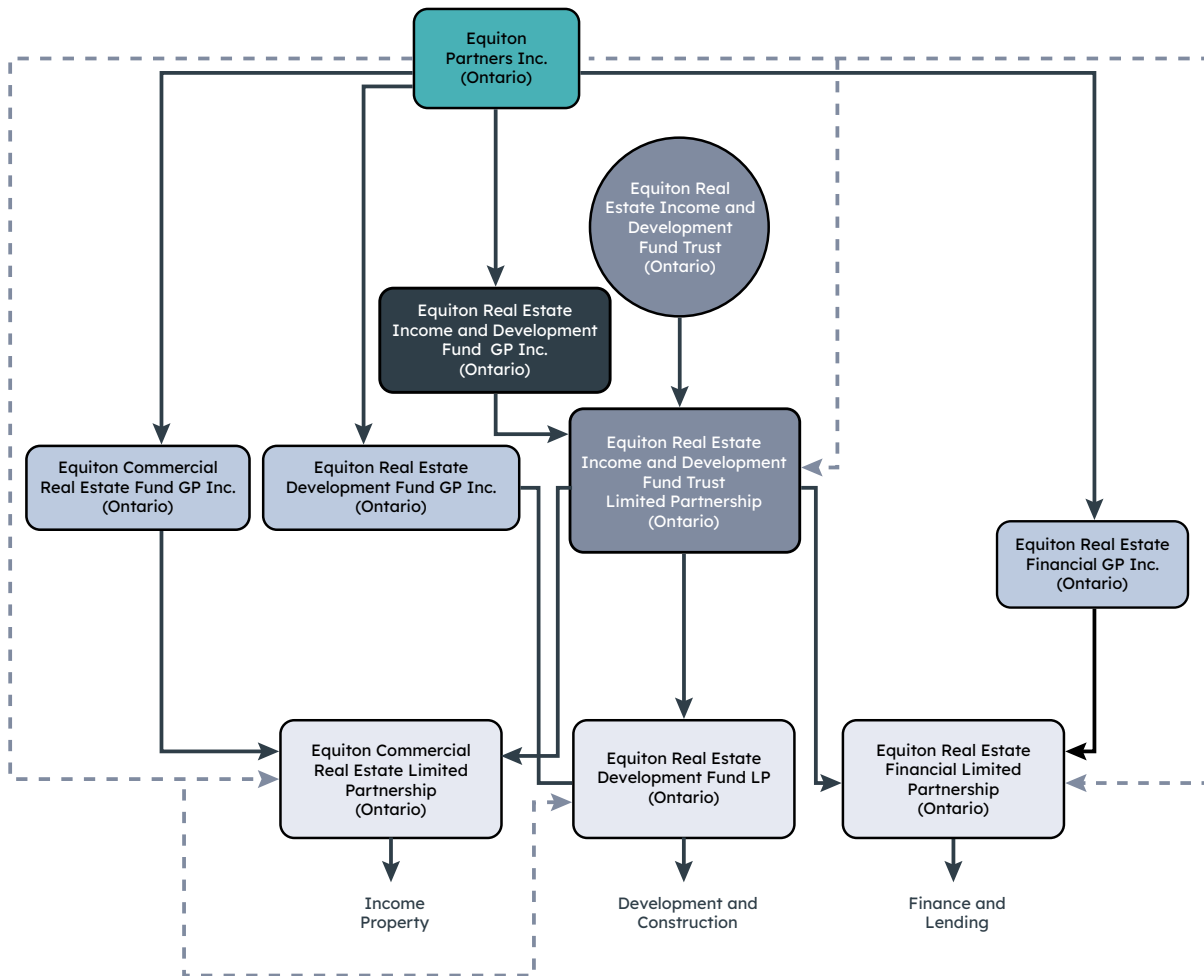
The Trust has complied with the operating policies set out above since its formation.

## **Amendments to Investment Guidelines and Operating Policies**

Subject to the Declaration of Trust, any of the investment guidelines and operating policies of the Trust set forth in this section may be amended by an Ordinary Resolution at a meeting of the Voting Unitholders called for the purpose of amending the investment guidelines or by written resolution unless such change is necessary to ensure compliance with applicable laws, regulations or other requirements by applicable regulatory authorities from time to time or to maintain the status of the Trust as a “unit trust” and “mutual fund trust” for the purposes of the Tax Act or to respond to amendments to the Tax Act or to the interpretation thereof.

# The Trust Structure

The Trust is an unincorporated open-ended real estate investment trust formed pursuant to a declaration of trust dated April 30, 2018, and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. See “Declaration of Trust” and “Terms of Trust Units”. The Trust was established with the objective of investing indirectly in the business of the Trust through its acquisition of LP Units. All or substantially all of the net proceeds of the Offering will be invested in the Trust through the purchase of LP Units. The following diagram sets out the principal operating structure of the Trust:



The Trustees are responsible for the general control and direction of the Trust. The only business of the Trust will be to own LP Units of the Trust, which in turn will indirectly invest in limited partnerships which are intended to own the Trust Properties.

# 2025 Acquisitions and Dispositions

## Acquisitions



### **Equiton Monthly Income Fund Trust** **Acquired: September 2025**

During the year ended December 31, 2025, The Trust completed an in-kind transfer of loans with an aggregate value of \$5.2M in September 2025. These loans were previously held through the Trust's underlying financial lending operations. The transfer was executed as a seed investment into the newly launched Equiton Monthly Income Fund Trust, a private debt vehicle designed to provide Investors with regular monthly distributions from a diversified portfolio of short-term, real estate-backed loans. This in-kind transaction represents a strategic reallocation of the Trust's assets, enabling participation in a new income-generating platform while preserving the performance of the underlying loans and enhancing liquidity, diversification, and potential yield.



### **Wilson Station Condos Trust** **Acquired: September 2025**

During the year ended December 31, 2025, The Trust acquired Trust Units in Wilson Station Condos Trust, a vehicle established to develop an approximately 14-storey, mid-rise condominium project comprising approximately 300 residential units. The development is strategically located near Wilson Station, offering excellent access to public transit, major highways, and key amenities. Occupancy is anticipated in Q4'29, with the project expected to deliver strong long-term value through a combination of strategic location, quality design, and robust demand for transit-oriented housing in the Greater Toronto Area.

## Dispositions: None



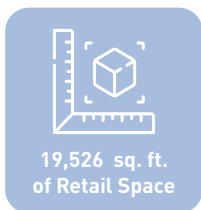
## Included in the Portfolio

### Income-Producing Commercial Property

#### **Hyde Park Commons**

1960 - 1980 Hyde Park Road, London, Ontario

Hyde Park Commons is a multi-tenant retail plaza that has a gross leasable area of 19,526 sq. ft., including six units in an open-air retail building and two free-standing pad sites with drive through features, on 2.63 acres. The leasing profile includes a diverse tenant mix of retail, financial, recreational and restaurant occupancies that are anchored by Wendy's and CIBC. This property is ideally located in Northwest London, a retail hotspot, and one of the city's fastest growing residential development areas. It is situated in a high-traffic and high visibility location along Hyde Park Road, just south of Fanshawe Park Road West and just west of Wonderland Road North. It is accessible by public transit and offers 104 parking spaces.

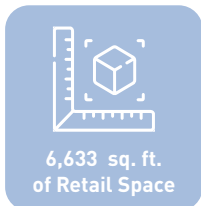




## Income-Producing Commercial Property

### **Retail Store** 710 Woolwich Street, Guelph, Ontario

The Trust acquired a standalone retail building in September 2023 which was constructed as part of Equiton's Woolwich Development Project. This commercial unit was built-to-suit The Beer Store, who signed a 10+ year net lease during the development phase. Located in northern Guelph, the property is highly visible and accessible due to its proximity to Highway 6 and public transit. This drives substantial consumer traffic to the area.



# Income-Producing Commercial Property Summary

The income-producing portfolio delivered strong performance in 2025, ending the year at 100% occupancy and continuing to provide stable cash flow. During the year, the Trust successfully renewed the CIBC lease at Hyde Park Commons, reinforcing the stability and predictability of income from the commercial portfolio. In addition, a medical services tenant was added at the property earlier in the year, further diversifying the tenant base and supporting leasing stability.

For the year ended December 31, 2025, operating revenues totalled \$1,236,277 supported by a weighted average net retail rental rate of \$32.99 per occupied square foot. Net operating income was \$772,420, representing an NOI margin of 62.5%, reflecting disciplined asset management, effective cost control and consistent income generation.

From a capital structure perspective, the portfolio maintains a mortgage debt to gross book value ratio of 54.3%, indicating prudent leverage and a stable financial position. With a weighted average remaining mortgage term of approximately 1.67 years, the Trust maintains flexibility in timing future refinancing decisions in line with overall capital allocation objectives. This positioning supports the ability to respond to evolving lending conditions, evaluate pricing and term alternatives, and manage cash flow prudently for Investors. Debt service coverage and interest coverage ratios of 1.34x and 1.96x, respectively, continue to demonstrate strong debt servicing capacity. The weighted average lease term of 6.63 years reinforces portfolio's long-term income stability, providing sustained cash flow visibility and supporting overall performance.



# Investment in Lending Fund

In September 2025, the Trust completed an in-kind transfer of \$5.2M in loans, previously held through its financial lending operations, for a seed investment in the newly established Equiton Monthly Income Fund Trust (Monthly Income Fund). The Fund is designed to deliver stable and recurring monthly income stream generated from interest on short-term, secured real estate-backed investments. Its objective is to maximize investor value through consistent monthly cash distributions. The Monthly Income Fund will invest in a diversified portfolio of short-term loans to qualified individuals and businesses active in the real estate sector, including residential and commercial mortgages, land financing, development, construction loans, as well as other forms of secured real estate debt.

## Monthly Income Fund Highlights

As at December 31, 2025

**Fund AUM:**

**\$10.5M**

**Targeted Annual Net Return:**

**7-9%\***

\*Targets/illustrative scenarios are not guarantees; actual results may differ. See Equiton Monthly Income Fund Trust Offering Memorandum for more details and risks. Please read full disclaimers at [equiton.com/disclaimers](http://equiton.com/disclaimers)



## Active Development Project

### **Marquis Modern Towns** 708 Woolwich Street, Guelph, Ontario

Marquis Modern Towns is a beautiful development situated in the heart of North Guelph. This project comprises 96 spacious 2-bedroom, 2-bathroom stacked condominium townhomes spread across four community buildings. Nestled amidst natural surroundings, Marquis Modern Towns is tucked behind Woodlawn Memorial Park and opposite Riverside Park, offering residents a serene and picturesque environment near the Speed River. Upon completion, this development is expected to yield a special distribution to Investors in the Trust.

### **2025 Highlights**

- Purchaser closings and move-ins continued steadily throughout the year.
- Condominium registration was completed in Q3, marking a major project milestone.
- Ongoing broker, buyer, and community events kept interest strong.
- Targeted incentives and open houses supported continued sales momentum.

### **Year in Review**

Throughout 2025, Marquis Modern Towns made meaningful progress toward full completion.

Sustained marketing efforts kept the project visible and engaged with the market through buyer and broker events, financing information sessions, and an active on-site sales office. Activity remained consistent through the summer and fall, supported by targeted broker outreach, participation in the Toronto New Home & Condo Expo, and select limited-time incentive programs to encourage absorption in a competitive environment. Despite broader market headwinds, sales progressed at a steady pace throughout the year.

A major milestone was achieved in Q3 with the completion of all Draft Plan of Condominium conditions and formal Condominium Registration. Final purchaser closings commenced in September, as residents continued to move into the community. By mid-year, 60 townhomes were sold and nearly 50 units were occupied, reflecting both market demand and growing community vibrancy. Continued open houses, broker engagement, and community-based activations supported sustained traffic through Q4.

By year-end, a significant portion of purchaser closings were completed with the remaining balance scheduled into early 2026. Looking ahead, marketing and sales efforts remain focused on completing final closings, advancing sales of the remaining suites, and supporting an orderly completion of the project lifecycle.

# Active Development Projects

The Trust is also invested in the following development projects:



**Vicinity Condos Trust**  
875 The Queensway, Toronto, ON



**Sandstones Condo Trust**  
2257 Kingston Road, Toronto, ON



**TEN99 Broadview Trust**  
1099 Broadview Avenue, Toronto, ON



**Wilson Station Condos Trust**  
1-11 Vinci Crescent, Toronto, ON

# Risks and Uncertainties

There are certain risk factors inherent in an investment in the Trust Units and in the activities of the Trust, including, but not limited to, risks related to availability of distributable income, liquidity and potential price fluctuations of the Trust Units, redemption risk, tax-related risks, litigation risks, risks of real estate investment and ownership, mortgage refinancing, availability of cash flow, risk of changes in government regulation, environmental matters, Trust Unitholder liability, dependence on key personnel, potential conflicts of interest, changes in legislation, investment eligibility and dilution arising from the issue of additional Trust Units. See “OFFERING MEMORANDUM” for full list of Risks.



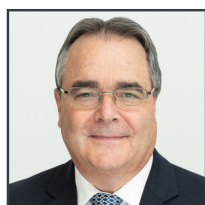
# Senior Management Team



**Jason Roque**  
Chief Executive Officer



**Helen Hurlbut**  
President and Chief  
Financial Officer



**Greg Placidi**  
Chief Investment Officer  
& Portfolio Manager



**Jonathan Fleischer**  
Chief Operating Officer,  
Equiton Living



**Bill Flinders**  
Chief Technology  
Officer



**Vivian Salonga**  
Chief Compliance Officer



**Kelly Margaritis**  
General Counsel



**Kathy Gjamovska**  
VP, Marketing &  
Communications



**Ryan Donkers**  
VP, Investments



**Michael Kowalczyk**  
VP, Investment  
Finance & Asset  
Management



**Sheetal Chetan**  
VP, Corporate Finance  
& Treasury



**Tania Angemi**  
VP, People and Culture



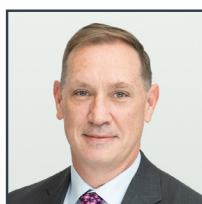
**Jonathan Brimmell**  
VP, Operations,  
Income-Producing  
Properties



**Sakshi Bonomo**  
VP, Finance, Income-  
Producing Properties



**Braiden Goodchild**  
VP, Capital Formation  
and Strategic  
Transactions



**Alan Dillabough**  
VP, Development



**Matthew Spironello**  
VP, Construction



**Kimberley Crescin**  
VP, Sales and  
Marketing, Equiton  
Developments

## Independent Board Members



**Bill Zigomanis**



**William Woods**



**Robert Mongeau**



## Consolidated Financial Statements

### Equiton Real Estate Income and Development Fund Trust

For the years ended December 31, 2025 and  
2024

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# Independent Auditor's Report

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**Doane Grant Thornton LLP**  
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200 King Street West,  
Toronto, ON  
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To the Trustees of  
**Equiton Real Estate Income and Development Fund Trust**

## Opinion

We have audited the consolidated financial statements of **Equiton Real Estate Income and Development Fund Trust** (the "Trust"), which comprise the consolidated statements of financial position as at December 31, 2025 and December 31, 2024, and the consolidated statements of income (loss) and comprehensive income (loss), consolidated statements of changes in net assets attributable to unitholders and consolidated statements of cash flows for the years ended December 31, 2025 and December 31, 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **Equiton Real Estate Income and Development Fund Trust** as at December 31, 2025 and December 31, 2024, and its financial performance and its cash flows for the years ended December 31, 2025 and December 31, 2024, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

## Basis for Opinion

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

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

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

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

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

*Doane Grant Thornton LLP*

Toronto, Canada  
February 28, 2026

Chartered Professional Accountants  
Licensed Public Accountants

# Equiton Real Estate Income and Development Fund Trust

## Consolidated Statements of Financial Position

As at December 31

2025

2024

### Assets

|  |                             |                             |
|--|-----------------------------|-----------------------------|
| Cash   | \$ 9,456,701                | \$ 6,920,435                |
| Restricted cash                                  | 54,975                      | 34,975                      |
| Account receivables                              | 139,329                     | 58,829                      |
| Prepaid expenses                                 | 347,844                     | 657,074                     |
| Investment properties (Note 4)                   | 15,400,000                  | 15,872,467                  |
| Real estate inventory under development (Note 5) | 14,798,913                  | 40,922,128                  |
| Due from related parties (Note 6)                | 15,020                      | 15,020                      |
| Promissory note receivable (Note 9)              | 2,393,638                   | 2,243,990                   |
| Investments (Note 7)                             | 16,900,000                  | 9,900,000                   |
| Property and equipment                           | -                           | 41,968                      |
| Mortgage receivable (Note 8)                     | -                           | 4,148,000                   |
| Other assets                                     | <u>97,950</u>               | <u>264,513</u>              |
| <b>Total assets</b>                              | <b><u>\$ 59,604,370</u></b> | <b><u>\$ 81,079,399</u></b> |

### Liabilities

|                                  |              |                   |
|----------------------------------|--------------|-------------------|
| Payables and accruals            | \$ 2,760,761 | \$ 4,346,051      |
| Customer deposits                | 28,685       | 2,892,980         |
| Unit subscriptions held in trust | 54,975       | 34,975            |
| Security deposits                | 84,233       | 70,108            |
| Due to related parties (Note 6)  | 223,800      | 73,149            |
| Mortgages payable (Note 10)      | 8,297,056    | 8,449,703         |
| Construction loan                | <u>-</u>     | <u>27,932,928</u> |

### Liabilities excluding net assets attributable to unitholders

11,449,510      43,799,894

### Net assets attributable to unitholders


48,154,860      37,279,505

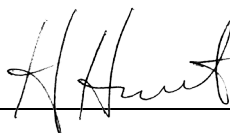
### Total liabilities and net assets attributable to unitholders

**\$ 59,604,370**      **\$ 81,079,399**

Commitments (Note 14)

Approved on behalf of the Trust

 \_\_\_\_\_ Trustee

 \_\_\_\_\_ Trustee

See accompanying notes to the consolidated financial statements.

## Equiton Real Estate Income and Development Fund Trust

### Consolidated Statements of Income and Comprehensive Income

For the years ended December 31 2025 2024

|  | 2025                | 2024              |
|--|---------------------|-------------------|
| <b>Revenue</b>   |                     |                   |
| Sale of real estate inventory                              | \$ 34,013,508       | \$ -              |
| Occupancy revenue  | 1,683,032           | 145,229           |
| Rental income  | 1,236,277           | 1,184,284         |
| Interest income  | 493,857             | 433,473           |
| Investment income  | 119,244             | -                 |
| Other income   | <u>127,206</u>      | <u>333,435</u>    |
|  | <u>37,673,124</u>   | <u>2,096,421</u>  |
| <b>Expenses</b>  |                     |                   |
| Cost of real estate inventory                              | 29,538,771          | -                 |
| Property operating expenses                                | 1,020,263           | 602,006           |
| Asset managements fees (Note 12)                           | 949,340             | 750,676           |
| Interest and finance costs                                 | 483,058             | 492,645           |
| Professional fees  | 341,499             | 340,254           |
| Selling and marketing                                      | 321,973             | 128,803           |
| General and administrative                                 | 218,896             | 107,598           |
| Participation fees (Note 12)                               | 49,643              | 39,392            |
| Amortization of property and equipment                     | 44,496              | 41,967            |
| Dues and subscriptions                                     | 31,276              | 28,417            |
| Bank fees  | 10,037              | 8,814             |
| Origination fees (Note 12)                                 | -                   | 1,042             |
| Decrease (increase) in fair value of investment properties | <u>472,467</u>      | <u>(940,618)</u>  |
|  | <u>33,481,719</u>   | <u>1,600,996</u>  |
| <b>Net income and comprehensive income</b>                 | <u>\$ 4,191,405</u> | <u>\$ 495,425</u> |

See accompanying notes to the consolidated financial statements.

## Equiton Real Estate Income and Development Fund Trust

### Consolidated Statements of Changes in Net Assets

#### Attributable to Unitholders

For the years ended December 31, 2025 and 2024

|  | <u>Net Assets<br/>Attributable to<br/>Unitholders</u> |
|--|---|
| <b>Net assets attributable to unitholders, January 1, 2024</b>   | <b>\$ 25,516,052</b>                                  |
| Issuance of Class A Trust units (Note 11)                        | 15,683,813  |
| Redemptions of Class A Trust units (Note 11)                     | (1,713,419)   |
| Issuance of Class F Trust units (Note 11)                        | 198,937   |
| Redemptions of Class F Trust units (Note 11)                     | (618,536)   |
| Issuance of Class B Trust units (Note 11)                        | 494,304   |
| Redemptions of Class B Trust units (Note 11)                     | (77,625)  |
| Issuance of Class C Trust units (Note 11)                        | 1,554,180   |
| Redemptions of Class C Trust units (Note 11)                     | (15,000)  |
| Issuance costs (Note 11)   | (1,492,538)   |
| Distributions to unitholders                                     | (2,746,088)   |
| Net income and comprehensive income                              | <u>495,425</u>  |
| <b>Net assets attributable to unitholders, December 31, 2024</b> | <b><u>\$ 37,279,505</u></b>                           |
| <hr/>  |   |
| <b>Net assets attributable to unitholders, January 1, 2025</b>   | <b>\$ 37,279,505</b>                                  |
| Issuance of Class A Trust units (Note 11)                        | 10,713,420  |
| Redemptions of Class A Trust units (Note 11)                     | (1,733,316)   |
| Issuance of Class F Trust units (Note 11)                        | 125,014   |
| Redemptions of Class F (Note 11)                                 | (214,368)   |
| Issuance of Class B Trust units (Note 11)                        | 214,712   |
| Redemptions of Class B (Note 11)                                 | (14,450)  |
| Issuance of Class C Trust units (Note 11)                        | 2,354,405   |
| Redemptions of Class C (Note 11)                                 | (29,998)  |
| Issuance costs (Note 11)   | (1,072,957)   |
| Distributions to unitholders                                     | (3,658,512)   |
| Net income and comprehensive income                              | <u>4,191,405</u>                                      |
| <b>Net assets attributable to unitholders, December 31, 2025</b> | <b><u>\$ 48,154,860</u></b>                           |

See accompanying notes to the consolidated financial statements.

## Equiton Real Estate Income and Development Fund Trust

### Consolidated Statements of Cash Flows

For the years ended December 31

2025

2024

Increase (decrease) in cash

#### Operating activities

|  |                    |                |
|--|--------------------|----------------|
| Net income   | \$ 4,191,405       | \$ 495,425     |
| Items not affecting cash:                                  |                    |                |
| Amortization of deferred financing charges                 | 43,111             | 43,229         |
| Amortization of property and equipment                     | 44,496             | 41,967         |
| Decrease/(increase) in fair value of investment properties | 472,467            | (940,618)      |
| Changes in non-cash operating items (Note 13)              | <u>(4,019,164)</u> | <u>432,843</u> |
| Cash provided by operating activities                      | <u>732,315</u>     | <u>72,846</u>  |

#### Financing activities

|   |                     |                   |
|---|---------------------|-------------------|
| Proceeds from issuance of units                 | 10,247,625          | 15,578,709        |
| Redemption of units                             | (1,992,132)         | (2,424,580)       |
| Distributions                                   | (498,586)           | (393,563)         |
| Issuance costs                                  | (1,072,957)         | (1,492,538)       |
| Deferred financing charges                      | -                   | (107,961)         |
| (Repayment of) proceeds from mortgage payable   | <u>(28,128,686)</u> | <u>21,780,692</u> |
| Cash (used in) provided by financing activities | <u>(21,444,736)</u> | <u>32,940,759</u> |

#### Investing activities

|  |                   |                     |
|--|-------------------|---------------------|
| Issuance of mortgage receivable, net                         | (1,052,000)       | (4,148,000)         |
| Addition to investment property and capital expenditures     | -                 | (373,642)           |
| Purchase of investments                                      | (1,800,000)       | (3,200,000)         |
| Acquisition of interest in development property, net of cash | -                 | (1,551,953)         |
| Purchase of property and equipment                           | (2,528)           | (83,935)            |
| Sale of (additions to) property under development            | <u>26,123,215</u> | <u>(23,040,325)</u> |
| Cash provided by (used in) investing activities              | <u>23,268,687</u> | <u>(32,397,855)</u> |

|                                      |           |         |
|--------------------------------------|-----------|---------|
| Net increase in cash during the year | 2,556,266 | 615,750 |
|--------------------------------------|-----------|---------|

|                         |                  |                  |
|-------------------------|------------------|------------------|
| Cash, beginning of year | <u>6,955,410</u> | <u>6,339,660</u> |
|-------------------------|------------------|------------------|

|                   |                     |                     |
|-------------------|---------------------|---------------------|
| Cash, end of year | <u>\$ 9,511,676</u> | <u>\$ 6,955,410</u> |
|-------------------|---------------------|---------------------|

#### Cash presented as:

|                 |              |              |
|-----------------|--------------|--------------|
| Cash            | \$ 9,456,701 | \$ 6,920,435 |
| Restricted cash | 54,975       | 34,975       |

#### Supplemental non-cash information

|   |              |   |
|---|--------------|---|
| Purchase of investment in exchange for mortgages receivable | \$ 5,200,000 | - |
|---|--------------|---|

See accompanying notes to the consolidated financial statements.

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# Equiton Real Estate Income and Development Fund Trust

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

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### 1. Nature of operations

Equiton Real Estate Income and Development Fund Trust (the “Trust”) is an open-ended real estate investment trust (“REIT”) established on April 30, 2018 under the laws of the Province of Ontario.

As at December 31, 2025 and 2024 the Trust qualified as a “mutual fund trust” (pursuant to subsection 132(6) of the Income Tax Act) and it was formed primarily to indirectly invest in a diversified pool of North American based real estate assets which include income producing property, real estate development and construction, and real estate financing and lending.

As of December 31, 2025 and 2024 the Trust has a 99.999% interest in Equiton Real Estate Income and Development Fund LP (the “Limited Partnership”) and the Limited Partnership has a 99.999% interest in three different limited partnerships: Equiton Real Estate Development Fund LP (“Development LP”), Equiton Commercial Real Estate Fund LP and Equiton Real Estate Financial LP. Until September 5, 2024, Development LP had an 85% interest in an investment property under development through a joint operation.

The Trust is not subject to income taxes. The net income or loss of the Trust is allocated to the unitholders for tax purposes. No provision for income taxes has been made.

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### 2. General information and statement of compliance

The consolidated financial statements of the Trust have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements are presented in Canadian dollars, which is the Trust’s functional currency. The Trust’s head office is located at 1111 International Boulevard, Suite 500, Burlington, Ontario L7L 6W1.

The consolidated financial statements were approved and authorized for issue by the Trust on February 28, 2026.

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### 3. Summary of material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

#### Principles of consolidation

The consolidated financial statements comprise the financial statements of the Trust and its controlled investment in other entities. Control exists when the Trust is exposed or has rights to variable returns from its involvement with the investee entities and has the ability to affect those returns through its power over its investments in those entities. The investments are consolidated from the date on which control is transferred to the Trust and will cease to be consolidated from the date on which control is transferred out of the Trust.

# Equiton Real Estate Income and Development Fund Trust

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

### 3. Summary of material accounting policies (continued)

#### Principles of consolidation (continued)

The Trust has an investment in the Limited Partnership which is controlled via contractual arrangements that provide the Trust with control over this Limited Partnership. The results of investments acquired or disposed of during the year are included in the consolidated statements of income and comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Intra-group balances and transactions, and any unrealized gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with the investments are eliminated to the extent of the Trust's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The consolidated financial statements of the Trust set out the assets, liabilities, revenues, expenses, and cash flows of the Trust and its direct and indirect investments in the following limited partnerships:

| Entity   | Direct ownership interest at<br>December 31, |         |
|--|--|---------|
|  | 2025   | 2024    |
| Equiton Real Estate Income and Development Fund LP | 99.999%                                      | 99.999% |
| Equiton Real Estate Financial LP                   | 99.999%                                      | 99.999% |
| Equiton Commercial Real Estate Fund LP             | 99.999%                                      | 99.999% |
| Equiton Real Estate Development Fund LP            | 99.999%                                      | 99.999% |

These consolidated financial statements have been prepared on the historical cost basis except for the investments in Sandstones Condo Trust, Vicinity Condos Trust, Ten99 Broadview Trust, Wilson Station Condos Trust and Equiton Monthly Income Fund Trust which are measured at fair value through profit and loss ("FVTPL").

#### Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, are classified as investment properties. Investment properties also include properties that are being constructed or will be developed for future use as investment properties.

Investment properties are measured initially at their cost, including related transaction costs, initial leasing commissions, and where applicable, borrowing costs. Investment properties also include tenant improvements, leasing costs (commissions and straight-line rent adjustments) in order to avoid double counting when establishing the fair value of the investment properties.

Subsequent expenditures are capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Trust and the cost of the item can be measured reliably. Such costs include suite preparation costs, which are incurred to improve the condition of a space to enhance its lease ability, and capital expenditures. All other repairs and maintenance costs are expensed when incurred.

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# Equiton Real Estate Income and Development Fund Trust

## Notes to the Consolidated Financial Statements

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December 31, 2025 and 2024

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### 3. Summary of material accounting policies (continued)

#### Investment properties (continued)

After initial recognition, investment properties are carried at fair value. Fair value is based upon valuations performed by an appraiser accredited through the Appraisal Institute of Canada, using valuation techniques including the direct capitalization and discounted cash flow methods. Recent real estate transactions with similar characteristics and location to the Trust's assets are also considered.

Changes in fair value are recognized in the consolidated statement of income and comprehensive income. Investment properties are derecognized when they have been disposed.

See below for details of the treatment of leasing costs capitalized within the carrying amount of the related investment property.

#### Real estate inventory under development

Real estate inventory under development is acquired or constructed for sale in the ordinary course of business and is held as inventory and measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, based on prevailing market prices at each reporting date and discounted for the time value of money, if material, less estimated costs of completion and estimated selling costs.

Cost includes all expenditures incurred in connection with the acquisition of the property and other costs incurred in bringing the inventories to their present location and condition. This includes pre-development expenditures, direct development and construction costs and borrowing costs directly attributable to the construction of the inventory. Direct costs of real estate inventory are based on actual costs incurred or to be incurred.

#### Leasing costs

Leasing costs are costs incurred by the Trust to induce a tenant to enter into a lease for space in the properties. Leasing costs consist of five categories of costs, with accounting treatments as follows:

i) Leasing commissions

Leasing commissions are incurred by the lessor in the negotiation and execution of leasing transactions. These costs are capitalized to investment properties and are considered in the fair value adjustment of the investment properties if material, otherwise they are expensed.

ii) Tenant improvements

Tenant improvements are costs incurred to make leasehold improvements to the tenants' space. These costs are capitalized to investment properties and are considered in the determination of the fair value of the investment properties.

iii) Tenant incentives

Tenant incentives include cash payments, the buy-out of previous lease obligations, and payment of moving expenses. Tenant incentives are recognized as a receivable and amortized as a reduction of rental revenue over the initial term of the related leases. These receivables are included in investment properties and are considered in the determination of the fair value of the investment properties.

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# Equiton Real Estate Income and Development Fund Trust

## Notes to the Consolidated Financial Statements

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December 31, 2025 and 2024

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### 3. Summary of material accounting policies (continued)

#### Leasing costs (continued)

iv) Rent free or lower than market rate rents

Incentives in the form of free rent or lower than market rate rent form part of the straight-line rent adjustments. The accounting of straight-line rents is described in the revenue recognition note.

v) Marketing costs

Marketing costs include advertising, space plans, credit checks and promotion costs. These costs are expensed as incurred.

The Trust may incur certain significant costs for repair or replacement items that are recoverable from tenants. If such costs incurred meet the criteria for betterment, they are capitalized to investment properties in the period incurred. Otherwise, they are recognized as an operating expense in the consolidated statement of income and comprehensive income in the period incurred.

Long term repairs and replacement items are recovered from tenants at cost plus interest over a number of periods. The amount recovered in the current period is included in operating expense recoveries. No receivable is set up for potential future recoveries of the long-term items due to the lack of certainty of collection.

#### Joint arrangements

A joint arrangement is a contractual arrangement pursuant to which the Trust or a controlled entity and other parties undertake an economic activity that is subject to joint control, whereby the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control. Joint arrangements are of two types - joint ventures and joint operations. A joint operation is a joint arrangement in which the Trust has rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement in which the Trust has rights to only the net assets of the arrangement.

Joint operations are accounted for by recognizing the Trust's proportionate share of the assets, liabilities, revenue, expenses and cash flows of the joint operation. When Development LP transacts with either the Trust or other limited partnerships on behalf of the co-ownership, unrealized profits and losses and balances outstanding are eliminated to the extent of the Trust's interest in the joint operations.

#### Revenue recognition

The Trust has retained substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases in accordance with IFRS 16.

As such, the Trust continues to use the straight-line method of base rental revenue recognition whereby the total of cash rents due over the term of a lease is recognized evenly over that term. Accordingly, an accrued rent receivable is recorded for the difference between the straight-line rent adjustments recorded as revenue and the rent that is contractually due from the tenants. This accrued rent receivable is included in investment properties.

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# Equiton Real Estate Income and Development Fund Trust

## Notes to the Consolidated Financial Statements

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December 31, 2025 and 2024

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### 3. Summary of material accounting policies (continued)

#### Revenue recognition (continued)

Service components within the Trust lease arrangements fall within the scope of IFRS 15, 'Revenue from contracts with customers', specifically the recoveries of operating costs and property taxes. The Trust recognizes recoveries revenues in the period in which the corresponding services are performed, and collectability is reasonably assured.

Revenue from the sale of real estate inventory is recognised when the Trust satisfies its performance obligations of transferring control of the property to the purchaser. The Trust typically satisfies its performance obligations at a point in time when legal title to the land is transferred to the purchaser.

Investment income includes distributions from underlying investments which is recognised when declared.

Other rental revenues included in the leases such as parking revenues, storage revenues, signage revenues and lease termination fees are recognized as revenue during the period in which the services are performed, and collectability is reasonably assured.

#### Interest income

Mortgage interest income is recognized at the effective interest rate and recorded over the term of the mortgage when reasonable assurance exists regarding the measurement and collectability. Lender fees are earned over the term of the mortgage as performance obligations are met. Lender fees received in advance of being recognized as revenue are deferred and recognized over the term of the mortgage.

#### Tenant deposits

Tenant deposits are recognized initially at the fair value of the cash received and subsequently measured at amortized cost. The Trust obtains deposits from tenants as a guarantee for returning the leased premises at the end of the lease term in a specified good condition or for specified lease payments according to the terms of the lease.

#### Financial instruments

##### (i) Financial assets

In accordance with IFRS 9, 'Financial Instruments', financial assets are required to be measured at fair value on initial recognition. Subsequent to initial recognition, financial assets are categorized and measured based on how the Trust manages its financial instruments and the characteristics of their contractual cash flows. IFRS 9 contains three principal classification categories for financial assets:

- i) Measured at amortized cost,
- ii) Fair value through other comprehensive income,
- iii) Fair value through profit or loss

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# Equiton Real Estate Income and Development Fund Trust

## Notes to the Consolidated Financial Statements

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December 31, 2025 and 2024

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### 3. Summary of significant accounting policies (continued)

#### Financial instruments (continued)

##### (i) Financial assets (continued)

A financial asset is measured at amortized cost if it meets both of the following conditions

- i) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Trust's financial assets are recognized initially at fair value and subsequently at amortized cost using the effective interest method. Financial assets subsequently measured at amortized cost consist of cash, restricted cash, accounts receivable, mortgages receivable, and due from related parties. The investments in Sandstones Condo Trust, Vicinity Condos Trust, Ten99 Broadview Trust, Wilson Station Condos Trust and Equiton Monthly Income Fund Trust do not meet the criteria for amortized cost measurement and are subsequently measured at fair value through profit and loss.

#### Impairment – Expected Credit Loss Model:

For the impairment of financial assets, IFRS 9 uses a forward-looking 'expected credit loss' ('ECL') model. The measurement options for the ECL are lifetime expected credit losses and 12-month expected credit losses.

The Trust uses the practical expedient to determine ECL on receivables using a provision matrix based on historical credit loss experiences adjusted for forward-looking factors specific to the debtors and to the economic environment to estimate lifetime ECL.

##### (ii) Financial liabilities

In accordance with IFRS 9, 'Financial Instruments', financial liabilities are required to be measured at fair value on initial recognition. Subsequent to initial recognition, financial liabilities are measured based on two categories:

- i) Amortized cost, and
- ii) Fair value through profit or loss

Under IFRS 9, all financial liabilities are classified and subsequently measured at amortized cost except in certain cases. The Trust has no financial liabilities that meet the definitions of these specific cases. Financial liabilities consist of payables, customer deposits, unit subscriptions held in trust, security deposits, due to related parties, mortgages payable, and construction loan.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

# Equiton Real Estate Income and Development Fund Trust

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

### 3. Summary of material accounting policies (continued)

#### Financial instruments (continued)

##### (iii) Fair value

Fair value measurements recognized in the statement of financial position are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values. Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The fair value hierarchy for measurement of assets and liabilities is as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data.

The fair value of cash, restricted cash, accounts receivable, due from and to related parties, promissory note receivable, payables, customer deposits, unit subscriptions held in trust and security deposit approximate their fair values due to the short-term to maturity of the financial instruments.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. The investments in Sandstones Condo Trust, Vicinity Condo Trust, Ten99 Broadview Trust, Wilson Station Condos Trust and Equiton Monthly Income Fund Trust are all financial assets measured at fair value in the consolidated statements of financial position classified as Level 2 (2024 – Level 2). These instruments are measured based on recent trade transactions. There were no transfers between any of the levels during fiscal 2025 or 2024.

The fair values as at December 31, 2025 and December 31, 2024 of the investment in Sandstones Condo Trust, Vicinity Condos Trust, Ten99 Broadview Trust, Wilson Station Condos Trust, Equiton Monthly Income Fund Trust, investment properties, and mortgages payable before deferred financing costs are estimated at:

|   | <u>2025</u>      | <u>2024</u>  |
|---|------------------|--------------|
| Mortgage receivable                             | \$ -             | \$ 4,200,000 |
| Investment in Sandstones Condo Trust            | <b>4,300,000</b> | 4,300,000    |
| Investment in Vicinity Condos Trust             | <b>2,400,000</b> | 2,400,000    |
| Investment in Ten99 Broadview Trust             | <b>3,200,000</b> | 3,200,000    |
| Investment in Wilson Station Condos Trust       | <b>1,800,000</b> | -            |
| Investment in Equiton Monthly Income Fund Trust | <b>5,200,000</b> | -            |
| Mortgages payable and construction loan         | <b>8,316,991</b> | 36,436,311   |

# Equiton Real Estate Income and Development Fund Trust

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

### 3. Summary of material accounting policies (continued)

#### Financial instruments (continued)

#### (iii) Fair value (continued)

These are compared with the carrying value of:

|   | <u>2025</u> | <u>2024</u>  |
|---|-------------|--------------|
| Mortgage receivable                             | \$ -        | \$ 4,200,000 |
| Investment in Sandstones Condo Trust            | 4,300,000   | 4,300,000    |
| Investment in Vicinity Condos Trust             | 2,400,000   | 2,400,000    |
| Investment in Ten99 Broadview Trust             | 3,200,000   | 3,200,000    |
| Investment in Wilson Station Condos Trust       | 1,800,000   | -            |
| Investment in Equiton Monthly Income Fund Trust | 5,200,000   | -            |
| Mortgages payable and construction loan         | 8,297,056   | 36,382,631   |

The fair value of the mortgages payable in fiscal 2025 and 2024 varied from the carrying value due to fluctuations in interest rates since its issue.

#### Critical accounting estimates, assumptions, and judgements

Estimates and judgments are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors. Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

##### a) Estimates

The Trust has made the following critical accounting estimates:

##### *Investment properties*

In determining estimates of fair values for its investment properties, the assumptions underlying estimated values are limited by the availability of comparable data and the uncertainty of predictions concerning future events. Should the underlying assumptions change, actual results could differ from the estimated amounts.

- i. Property tenancies
- ii. Market rents
- iii. Market terminal capitalization rates
- iv. Discount rates
- v. Direct capitalization rates
- vi. Economic environment and market conditions
- vii. Market activity

In determining the net recoverable estimate for the purpose of impairment testing, the assumptions of underlying estimated values are limited by the availability of comparable data and the uncertainty of prediction concerning future events. Should the underlying assumptions change, actual results could differ from the estimated amounts.

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# Equiton Real Estate Income and Development Fund Trust

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

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### 3. Summary of material accounting policies (continued)

#### Critical accounting estimates, assumptions, and judgements (continued)

##### *Investment properties (continued)*

In addition, the computation of cost reimbursements from tenants for realty taxes, insurance and common area maintenance charges is complex and involves a number of estimates, including the interpretation of terms and other tenant lease provisions. Tenant leases are not consistent in dealing with such cost reimbursements, and variations in computations can exist. Adjustments are made throughout the year to these costs recovery revenues based upon the Trust's best estimate of the final amounts to be billed and collected.

##### *Net realizable value of real estate inventory under development*

Real estate inventory under development is stated at the lower of cost and net realizable value. In calculating net realizable value, management must estimate the selling price of these assets based on prevailing market prices at the dates of the statement of financial position, discounted for the time value of money, if material, less estimated costs of completion and estimated selling costs. If estimates are significantly different from actual results, the carrying amounts of these assets may be overstated or understated on the consolidated statements of financial position and, accordingly, earnings in a particular period may be overstated or understated.

#### b) Judgements

##### *Leases*

The Trust makes judgements in determining whether improvements provided to tenants as part of the tenant's lease agreement represent a capital expenditure or an incentive.

##### *Assessment of control*

In determining whether the Trust controls the entities in which it invests, management is required to consider and assess the definition of control in accordance with IFRS 10. The Trust has assessed that the Sandstones Condo Trust, Vicinity Condos Trust, Ten99 Broadview Trust, Wilson Station Condos Trust and Equiton Monthly Income Fund Trust has the ability to direct all relevant activities of the Sandstones Condo Limited Partnership, Vicinity Condos Limited Partnership, Ten99 Broadview Limited Partnership, Wilson Station Condos Limited Partnership and Equiton Monthly Income Fund Limited Partnership respectively and that the General Partner does not control the Sandstones Condo Limited Partnership, Vicinity Condos Limited Partnership, Ten99 Broadview Limited Partnership, Wilson Station Condos Limited Partnership and Equiton Monthly Income Fund Limited Partnership respectively. Judgment is required to determine whether the rights of the Trust result in control of respective trusts.

##### *Net assets attributable to unitholders*

Trust units are redeemable at the holder's option and therefore are considered a puttable instrument in accordance with International Accounting Standard 32 - Financial Instruments: Presentation ("IAS 32"), subject to certain limitations and restrictions. Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met, in which case, the puttable instruments may be presented as net assets attributable to unitholders. The Trust units do not meet the necessary conditions and have therefore been classified as liabilities and presented as net assets attributable to unitholders under IAS 32.

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# Equiton Real Estate Income and Development Fund Trust

## Notes to the Consolidated Financial Statements

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December 31, 2025 and 2024

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### 3. Summary of material accounting policies (continued)

#### Critical accounting estimates, assumptions, and judgements (continued)

##### *Joint arrangements*

When determining the appropriate basis of accounting for the Trust's investment in co-ownership, the Trust makes judgments about the degree of control that the Trust exerts directly or through an arrangement over the co-ownership's relevant activities. Prior to September 1, 2024, the Trust has determined that its interest in the co-ownership is a joint operation.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

#### Future accounting policy changes

##### *IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments*

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include, among other things, clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date.

The Amendments are effective for annual periods starting on or after January 1, 2026, with early adoption permitted for classification of financial assets and related disclosures only. The Company is assessing the impact this amendment will have on its financial statements.

##### *IFRS 18, Presentation and Disclosure in Financial Statements*

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 profits 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 flow 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 Company is assessing the impact this standard will have on its financial statements.

# Equiton Real Estate Income and Development Fund Trust

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

### 4. Investment properties

|   | <u>2025</u>          | <u>2024</u>          |
|---|----------------------|----------------------|
| Balance, beginning of year  | \$ 15,872,467        | \$ 14,558,207        |
| Capital expenditures and transaction costs                        | -                    | 373,642              |
| (Decrease) increase in fair market value of investment properties | <u>(472,467)</u>     | <u>940,618</u>       |
| Balance, end of year  | <u>\$ 15,400,000</u> | <u>\$ 15,872,467</u> |

The Partnership held two Investment Properties as at December 31, 2025, as follows:

- 1960-1980 Hyde Park Road, London, Ontario
- 710 Woolwich Street, Guelph, Ontario

The fair value of Investment property located at 1960-1980 Hyde Park Road, London, Ontario was adjusted to its fair market value of \$11,100,000. The property was valued by independent professionally qualified appraisers who hold a recognized relevant professional qualification and have recent experience in the locations of the income-producing properties valued.

The fair value of Investment property located at 710 Woolwich Street, Guelph, Ontario was adjusted to its fair market value of \$4,300,000. The property was valued by independent professionally qualified appraisers who hold a recognized relevant professional qualification and have recent experience in the locations of the income-producing properties valued.

The significant assumption made relating to valuations of investment properties using direct capitalization income method is the capitalization rate.

Values are most sensitive to changes in capitalization rates, and the variability of cash flows. If the capitalization rate were to increase by 25 basis points ("bps"), the value of investment properties would decrease by \$673,000. If the capitalization rate were to decrease by 25 bps, the value of investment properties would increase by \$737,000. The weighted average capitalization rate used was 5.57% (2024 – 5.19%).

### 5. Real estate inventory under development

|   | <u>2025</u>          | <u>2024</u>          |
|---|----------------------|----------------------|
| Balance, beginning of year  | \$ 40,922,128        | \$ 12,493,106        |
| Development costs   | 3,415,556            | 21,166,358           |
| Sale of real estate inventory                                     | <u>(29,538,771)</u>  | -                    |
| Purchase of real estate inventory from RHH Rental Properties Ltd. | <u>-</u>             | <u>7,262,664</u>     |
| Balance, end of year  | <u>\$ 14,798,913</u> | <u>\$ 40,922,128</u> |

The above represents real estate inventory under development that was formerly owned through a co-ownership. Effective September 5, 2024, Equiton Real Estate Development Fund LP acquired the remaining 15% ownership interest resulting in the entire development project being owned by the Trust as at December 31, 2025 and December 31, 2024.

# Equiton Real Estate Income and Development Fund Trust

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

### 6. Related party transactions

#### Agreement with Equiton Capital Inc.

The Trust has entered into an Agency Agreement with Equiton Capital Inc. (the “Agent”), a related party through (a) sharing key management personnel with the Trust and (b) one of the Trustees of the Trust indirectly controls Equiton Capital Inc. The Trust has retained the Agent to act as a selling agent of the Trust Units.

Pursuant to the Agency Agreement, the Trust incurred agency fees with the Agent related to the issuance of Trust Units in the amount of \$1,036,559 (December 31, 2024 - \$1,492,538), which are included in issuance costs in the consolidated statements of changes of net assets attributable to unitholders.

#### Due from related parties

|   | <u>2025</u>      | <u>2024</u>      |
|---|------------------|------------------|
| Due from Equiton Balanced Real Estate Fund GP Inc.<br>(a related party as the general partner of Equiton<br>Balanced Real Estate Fund LP) | \$ 4,820         | \$ 4,820         |
| Due from Equiton Real Estate Commercial GP Inc.<br>(a related party as the general partner of Equiton<br>Real Estate Commercial LP)       | 2,500            | 2,500            |
| Due from Equiton Real Estate Development GP Inc.<br>(a related party as the general partner of Equiton<br>Real Estate Development LP)     | 2,500            | 2,500            |
| Due from Equiton Real Estate Financial GP Inc.<br>(a related party as the general partner of Equiton<br>Real Estate Financial LP)         | <u>5,200</u>     | <u>5,200</u>     |
|   | <u>\$ 15,020</u> | <u>\$ 15,020</u> |

#### Due to related parties

|   | <u>2025</u>       | <u>2024</u>      |
|---|-------------------|------------------|
| Due to Equiton Partners Inc. (a related party being the asset<br>manager of the “Limited Partnerships”) | \$ 215,465        | \$ 58,880        |
| Due to Equiton Capital Inc. (a related party<br>through shared management)                              | <u>8,335</u>      | <u>14,269</u>    |
|   | <u>\$ 223,800</u> | <u>\$ 73,149</u> |

Balances due to/from related parties are unsecured, non-interest bearing and due on demand.

# Equiton Real Estate Income and Development Fund Trust

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

### 7. Investments

|   | <u>2025</u>          | <u>2024</u>         |
|---|----------------------|---------------------|
| Investment in Sandstones Condo Trust            | \$ 4,300,000         | \$ 4,300,000        |
| Investment in Vicinity Condo Trust              | 2,400,000            | 2,400,000           |
| Investment in Ten99 Broadview Trust             | 3,200,000            | 3,200,000           |
| Investment in Wilson Station Condos Trust       | 1,800,000            | -                   |
| Investment in Equiton Monthly Income Fund Trust | <u>5,200,000</u>     | <u>-</u>            |
|   | <u>\$ 16,900,000</u> | <u>\$ 9,900,000</u> |

On August 31, 2022, the Trust purchased 43,000 Class B units of Sandstones Condo Trust for \$4,300,000. Sandstones Condo Trust is a related party through common management. Sandstones Condo Trust controls a limited partnership that is developing a multi-residential property located at 2257 Kingston Road, Toronto, Ontario. The investment in Sandstones Condo Trust is recorded at its fair market value which approximates the carrying value as at December 31, 2025

On August 24, 2023, the Partnership purchased 24,000 Class B units of Vicinity Condos Trust for \$2,400,000. Vicinity Condos Trust is a related party through common management. Vicinity Condos Trust controls a limited partnership that is developing a multi-residential property located at 875 Queensway, Toronto, Ontario. The investment in Vicinity Condos Trust is recorded at its fair market value which approximates the carrying value as at December 31, 2025

On April 16, 2024, the Partnership purchased 32,000 Class B units of Ten99 Broadview Trust for \$3,200,000. Ten99 Broadview Trust is a related party through common management, controls a limited partnership that is developing a multi-residential property located at 1099 Broadview Ave., Toronto, Ontario. The investment in Ten99 Broadview Trust is recorded at its fair market value which approximates the carrying value as at December 31, 2025

On September 4, 2025, the Partnership purchased 18,000 Class B units of Wilson Station Condos Trust for \$1,800,000. Wilson Station Condos Trust is a related party through common management, controls a limited partnership that is developing a multi-residential property located at 11 Vinci Crescent, Toronto, Ontario. The investment in Wilson Station Condos Trust is recorded at its fair market value which approximates the carrying value as at December 31, 2025.

On September 30, 2025, the Partnership acquired 520,000 Class E units of Equiton Monthly Income Fund Trust (“EMIFT”) in exchange for \$5,200,000 mortgage receivables previously held by the Trust (Note 8). EMIFT is a related party through common management which controls a limited partnership that helps the investors in generating consistent returns over the long-term loan assets. This transaction was recorded as the amount of consideration exchanged by the related parties which approximated the fair value of the mortgage receivable.

# Equiton Real Estate Income and Development Fund Trust

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

### 8. Mortgages receivable

|                                  | <u>2025</u> | <u>2024</u>         |
|----------------------------------|-------------|---------------------|
| Mortgages receivable             | \$ -        | \$ 4,200,000        |
| Less: Deferred financing charges | <u>-</u>    | <u>(52,000)</u>     |
|                                  | <u>\$ -</u> | <u>\$ 4,148,000</u> |

Total deferred financing charges received in 2025 amounted to \$15,000 (2024 - \$71,000).

On December 31, 2025, the mortgage receivables previously held by the Trust, with individual values ranging from \$1,000,000 to \$3,000,000, were transferred to EMIFT (Note 7). The total value of the mortgage receivable assets amounted to \$5,200,000 and the Trust received 520,000 units of EMIFT as consideration.

Mortgages receivable are assessed at each reporting date to determine whether there is objective evidence of impairment. A mortgage or loan investment is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of an asset, and that the loss event had a negative effect on these estimated future cash flows of that asset that can be estimated reliably. For the years ended December 31, 2025, and 2024 there were no provisions for mortgage investment losses. The fair value of the mortgages receivable are estimated to approximate its carrying value due to their short nature (Note 3).

### 9. Promissory note receivable

The promissory note receivable which bears interest at a rate of prime plus 10% (14.45% as at December 31, 2025 and 15.45% as at December 31, 2024) and is due on demand and management is actively pursuing payment. The promissory note is secured by a general security agreement. The amount was assessed at December 31, 2025 and 2024, to determine whether there is objective evidence of impairment. A promissory note receivable is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on these estimated future cash flows of that asset that can be estimated reliably. Due to the secured nature of the promissory note, no loss has been recognized as of December 31, 2025 and 2024.

### 10. Mortgages payable

|                                  | Payment<br>Type | Interest<br>Rate | Maturity<br>date | <u>2025</u>         | <u>2024</u>         |
|----------------------------------|-----------------|------------------|------------------|---------------------|---------------------|
| a)                               | Blended         | 4.43%            | April 1, 2027    | \$ 6,022,077        | \$ 6,189,009        |
| b)                               | Blended         | 6.61%            | Oct 1, 2028      | <u>2,339,829</u>    | <u>2,368,655</u>    |
|                                  |                 |                  |                  | <u>8,361,906</u>    | 8,557,664           |
| Less: Deferred financing charges |                 |                  |                  | <u>(64,850)</u>     | <u>(107,961)</u>    |
|                                  |                 |                  |                  | <u>\$ 8,297,056</u> | <u>\$ 8,449,703</u> |

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# Equiton Real Estate Income and Development Fund Trust

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

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### 10. Mortgages payable (continued)

Expected future principal repayments are as follows:

|      |                     |
|------|---------------------|
| 2026 | \$ 205,172          |
| 2027 | 5,880,498           |
| 2028 | <u>2,276,236</u>    |
|      | <u>\$ 8,361,906</u> |

- a) The mortgage is payable to First National Financial LP. The loan bears interest at 4.43% and matures on April 1, 2027. The Trust must comply with its mortgage agreement. The Trust met the requirements of the mortgage as at December 31, 2025 and December 31, 2024.
- b) The mortgage payable is also with First National Financial LP. The loan bears interest at 6.61% and matures on October 1, 2028. The Trust must comply with its mortgage agreement. The Trust met the requirements of the mortgage as at December 31, 2025 and December 31, 2024.

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### 11. Unitholders' equity

In 2025, the Trust issued 813,694 Class A units (2024 – 1,378,957 Class Units) at a price of \$10 per unit (2024 - \$10 per unit), nil Class B units (2024 – 30,270) at a price of \$10 per unit (2024 - \$10 per unit), 211,067 Class C units (2024 – 141,956) at a price of \$10 per unit (2024 - \$10 per unit) and nil Class F units (2024 – 6,692 Class F units) at a price of \$10 per unit (2024 - \$10 per unit), resulting in net proceeds of \$10,247,625 (2024 - \$15,578,709). Furthermore, a cumulative total of 322,442 units (2024 – 240,059 units) were issued through the Trust's Dividend Reinvestment Plan ("DRIP") and 199,214 units (2024 – 242,459 units) were redeemed.

#### (i) Class A Trust Units

The Trust is authorized to issue an unlimited number of Class A Trust units.

#### (ii) Class B Trust Units

The Trust is authorized to issue an unlimited number of Class B Trust units.

#### (iii) Class C Trust Units

The Trust is authorized to issue an unlimited number of Class C Trust units.

#### (iv) Class F Trust Units

The Trust is authorized to issue an unlimited number of Class F Trust units.

#### (v) Class I Trust Units

The Trust is authorized to issue an unlimited number of Class I Trust units. As of December 31, 2025 and 2024 no Class I Trust units have been issued.

# Equiton Real Estate Income and Development Fund Trust

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

### 11. Unitholders' equity (continued)

#### (a) Units outstanding

| Class A Trust Units                                      | Number                  |
|--|-------------------------|
| <b>Balance, January 1, 2024</b>                          | <b>2,931,344</b>        |
| Issuance of units  | 1,378,957               |
| Issuance of units through distribution reinvestment plan | 193,293                 |
| Redemption of units                                      | <u>(171,342)</u>        |
| <b>Balance, December 31, 2024</b>                        | <b>4,332,252</b>        |
| Issuance of units  | 813,694                 |
| Issuance of units through distribution reinvestment plan | 262,905                 |
| Redemption of units                                      | <u>(173,332)</u>        |
| <b>Balance, December 31, 2025</b>                        | <b><u>5,235,519</u></b> |
| Class B Trust Units                                      | Number                  |
| <b>Balance, January 1, 2024</b>                          | <b>353,655</b>          |
| Issuance of units  | 30,270                  |
| Issuance of units through distribution reinvestment plan | 19,552                  |
| Redemption of units                                      | <u>(7,763)</u>          |
| <b>Balance, December 31, 2024</b>                        | <b>395,714</b>          |
| Issuance of units  | -                       |
| Issuance of units through distribution reinvestment plan | 21,910                  |
| Redemption of units                                      | <u>(1,445)</u>          |
| <b>Balance, December 31, 2025</b>                        | <b><u>416,179</u></b>   |
| Class C Trust Units                                      | Number                  |
| <b>Balance, January 1, 2024</b>                          | <b>174,608</b>          |
| Issuance of units  | 141,956                 |
| Issuance of units through distribution reinvestment plan | 13,737                  |
| Redemption of units                                      | <u>(1,500)</u>          |
| <b>Balance, December 31, 2024</b>                        | <b>328,801</b>          |
| Issuance of units  | 211,067                 |
| Issuance of units through distribution reinvestment plan | 24,871                  |
| Redemption of units                                      | <u>(3,000)</u>          |
| <b>Balance, December 31, 2025</b>                        | <b><u>561,739</u></b>   |

# Equiton Real Estate Income and Development Fund Trust

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

### 11. Unitholders' equity (continued)

#### (a) Units outstanding (continued)

| Class F Trust Units                                      | Number                  |
|--|-------------------------|
| <b>Balance, January 1, 2024</b>                          | <b>370,775</b>          |
| Issuance of units  | 6,692                   |
| Issuance of units through distribution reinvestment plan | 13,477                  |
| Redemption of units                                      | <u>(61,854)</u>         |
| <b>Balance, December 31, 2024</b>                        | <b>329,090</b>          |
| Issuance of units  | -                       |
| Issuance of units through distribution reinvestment plan | 12,756                  |
| Redemption of units                                      | <u>(21,437)</u>         |
| <b>Balance, December 31, 2025</b>                        | <b><u>320,409</u></b>   |
| <b>Total units outstanding, December 31, 2025</b>        | <b><u>6,533,846</u></b> |
| Total units outstanding, December 31, 2024               | <u>5,385,857</u>        |

### 12. Asset management agreement

Equiton Partners Inc. (the "Manager") is entitled to the following fees pursuant to the Asset Management Agreement:

#### (i) Asset management fee

The asset management fee is charged at 1.0% annually with respect to the net asset value of Equiton Real Estate Income and Development Fund Trust and Equiton Real Estate Income and Development Fund LP, as determined by its Board of Trustees, 1.0% annually with respect to the gross asset value of the assets in the Equiton Real Estate Financial LP, and 3.0% annually with respect to the gross asset value of Equiton Real Estate Development Fund LP. The asset management fee is calculated and charged monthly. During the year, the asset management fee charged and recorded in the consolidated statements of income and comprehensive income is \$949,340 (2024 - \$750,676).

#### (ii) Participation fees

During the term of the Asset Management Agreement, the Manager shall be entitled to a 20% fee based on the net income earned by the Equiton Real Estate Financial LP in connection with its mortgages receivable. During the year, the participation recorded in the consolidated statement of income and comprehensive income is \$49,643 (2024 - \$39,392). There will be no further participation fee given the loan assets have now been transferred to Equiton Monthly Income Fund Trust.

# Equiton Real Estate Income and Development Fund Trust

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

### 12. Asset management agreement (continued)

#### (iii) Origination fees

In addition, during the term, the Manager shall be entitled to a fee equal to 3.0% of the total expenditures made in respect of each development project by Equiton Real Estate Development Fund LP, which shall be calculated and payable monthly. During the year, the origination fee recorded in the consolidated statement of income and comprehensive income is \$nil (2024 - \$1,042).

#### (iv) Transaction fees

During the term, the Manager shall be entitled to a transaction fee equal to 1.0% of the purchase price with respect to each property acquired or sold by Equiton Commercial Real Estate Fund Limited Partnership. During the year, the transaction fee recorded in the consolidated statement of financial position as Investments is \$nil (2024 – \$nil).

#### (v) Financing fee

Lastly, during the term, the Manager shall be entitled to a financing fee is charged at 1.00% of the loan amount with respect to each senior or first ranking financing transaction, at 0.50% of the loan amount with respect to each refinancing transaction and at 1.5% of the loan amount with respect to each mezzanine or non-first ranking financing transaction in connection with any mortgage payable secured by Equiton Commercial Real Estate Fund Limited Partnership. During the year, the financing fee recorded in the consolidated statement of financial position as deferred financing fee is \$nil (2024 – \$nil).

### 13. Changes in non-cash operating items

The total non-cash operating items for the Trust is summarized below:

|                                    | <u>2025</u>           | <u>2024</u>       |
|------------------------------------|-----------------------|-------------------|
| Account receivables                | \$ (80,500)           | \$ 130,856        |
| Due from/to related parties        | 150,651               | (771,858)         |
| Promissory note receivable         | (149,648)             | (1,781,763)       |
| Other assets and HST receivable    | 166,563               | (57,337)          |
| Security deposits                  | 14,125                | 115,558           |
| Unit subscriptions held in trust   | 20,000                | 19,671            |
| Payables and accruals              | (1,585,290)           | 1,580,263         |
| Customer deposits                  | (2,864,295)           | 1,201,482         |
| Prepaid expenses                   | 309,230               | (4,029)           |
| Change in non-cash operating items | <u>\$ (4,019,164)</u> | <u>\$ 432,843</u> |

### 14. Commitments

The Trust has entered into contracts to complete the real estate inventory under development of \$nil (2024 - \$2,066,449).

# Equiton Real Estate Income and Development Fund Trust

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

### 15. Management of capital

The Trust defines capital that it manages as the aggregate of net assets attributable to unitholders and interest-bearing debt less cash. 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. The Trust's primary objective is to ensure that it has sufficient cash resources to indirectly invest in real estate assets in order to provide adequate returns in the form of dividends to its unitholders. To secure the additional capital necessary to pursue these plans, the Trust may attempt to raise additional funds through the issuance of additional trust units.

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 favourable terms or with interest rates as favourable as those of the existing debt. 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:

|  | <u>2025</u>          | <u>2024</u>          |
|--|----------------------|----------------------|
| Mortgages payable                      | \$ 8,297,056         | \$ 8,449,703         |
| Construction loan                      | -                    | 27,932,928           |
| Cash and restricted cash               | <u>(9,511,676)</u>   | <u>(6,955,410)</u>   |
| Net debt                               | <u>(1,214,620)</u>   | 29,427,221           |
| Net assets attributable to unitholders | <u>48,154,860</u>    | <u>37,279,505</u>    |
|  | <u>\$ 46,940,240</u> | <u>\$ 66,706,726</u> |

### 16. Financial instruments and risk management

#### Risks associated with financial assets and liabilities

Financial risks arise from financial instruments to which the Trust is exposed during or at the end of the reporting period. Financial risks comprise market risk, credit risk and liquidity risk. Management identifies, evaluates and monitors these risks throughout the year.

#### (i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices due to currency risk, price risk and interest rate risk. Due to the nature of the Trust's financial instruments, it has no exposure to currency or price risk.

#### *Interest rate risk*

The Trust is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. In respect of the Trust's interest-bearing financial instruments, the agreements for all mortgages held by the Trust stipulate a fixed rate of interest. Accordingly, the Trust would be subject to limited exposure to cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates.

# Equiton Real Estate Income and Development Fund Trust

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

### 16. Financial instruments and risk management (continued)

#### Risks associated with financial assets and liabilities (continued)

##### (ii) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered with the Trust, resulting in a financial loss to the Trust. This risk arises principally from the cash and accounts receivable. For risk management reporting purposes, the Trust considers and consolidates all elements of credit risk exposure (such as loan-to-value, sector risk, location risk, and individual obligor default risk).

The Trust's policy over credit risk is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting the credit standards set out by the Trust's investment committee.

Credit risk is monitored on an on-going basis by the Trust in accordance with policies and procedures in place. The Trust's credit risk is monitored on a quarterly basis by the board of Trustee's.

The Trust's maximum credit risk exposure (without taking into account collateral and other credit enhancements) at December 31, 2025 and 2024 is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

##### (iii) Liquidity risk

Liquidity risk is the risk the Trust will encounter difficulties in meeting its financial liability obligations. The Trust's objective in minimizing liquidity risk is to maintain appropriate levels of leverage on its real estate assets. At December 31, 2025, the Trust was holding cash of \$9,511,676 (2024 - \$6,955,410). The Trust's payables are payable on demand.

| December 31, 2025                   | <u>On Demand</u>  | <u>1 Year</u>       | <u>2-5 Years</u>    | <u>&gt;5 Years</u> |
|-------------------------------------|-------------------|---------------------|---------------------|--------------------|
| Payables and accruals               | \$ -              | \$ 2,760,761        | \$ -                | \$ -               |
| Customer deposits                   | -                 | 28,685              | -                   | -                  |
| Security deposit                    | -                 | 84,233              | -                   | -                  |
| Mortgages payable                   | -                 | 205,172             | 8,156,734           | -                  |
| Due to related parties              | 223,800           | -                   | -                   | -                  |
| Unit subscriptions held<br>in trust | 54,975            | -                   | -                   | -                  |
|                                     | <u>\$ 278,775</u> | <u>\$ 3,078,851</u> | <u>\$ 8,156,734</u> | <u>\$ -</u>        |

# Equiton Real Estate Income and Development Fund Trust

## Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

### 16. Financial instruments and risk management (continued)

#### Risks associated with financial assets and liabilities (continued)

##### (iii) Liquidity risk (continued)

| December 31, 2024                   | On Demand            | 1 Year              | 2-5 Years           | >5 Years    |
|-------------------------------------|----------------------|---------------------|---------------------|-------------|
| Payables and accruals               | \$ -                 | \$ 4,346,051        | \$ -                | \$ -        |
| Customer deposits                   | -                    | 2,892,980           | -                   | -           |
| Security deposit                    | -                    | 70,108              | -                   | -           |
| Construction loan                   | 27,932,928           | -                   | -                   | -           |
| Mortgages payable                   | -                    | 195,759             | 8,361,905           | -           |
| Due to related parties              | 73,149               | -                   | -                   | -           |
| Unit subscriptions held<br>in trust | 34,975               | -                   | -                   | -           |
|                                     | <u>\$ 28,041,052</u> | <u>\$ 7,504,898</u> | <u>\$ 8,361,905</u> | <u>\$ -</u> |

### 17. Comparative figures

Comparative figures have been reclassified to conform to changes in the current year presentation.