EQUITON®

EQUITON
REAL ESTATE INCOME AND DEVELOPMENT FUND TRUST

Annual Report
2024


Artist Concept

CONTENTS

On the cover:
875 The Queensway, Toronto, ON
1960-1980 Hyde Park Rd, London, ON

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 THE CEO AND CFO

The Equiton Real Estate Income and Development Fund Trust (the Trust)'s growing and diversified portfolio was a key driver of the solid progress recorded at the conclusion of 2024. We are proud to note that the Trust increased its assets under management (AUM) by 32.1% Y/Y to $46.7M through a new investment in a development project and additions to the loan portfolio. The Trust's income-producing commercial property portfolio played a key role in strengthening its strategic allocation, which maintains a balanced mix of yielding assets that generate regular operating income, while ongoing development projects drive special distributions upon completion.

As at the end of Q4'24, Class A and F DRIP generated trailing 12-month total returns of 6.30% and 7.38%, respectively. A special distribution is expected in 2025 upon the completion of Marquis Modern Towns. The portfolio generated revenues of nearly $1.2M, a 20.0% increase Y/Y.

The Trust expects to continue posting strong growth as interest rates decline. Lower rates have meaningfully reduced operational and construction cost pressures while bolstering homebuyer confidence. Looking ahead, lending costs are expected to fall further, as the Bank of Canada continues its rate-cutting cycle.

Jason Roque
CEO AND FOUNDER

Helen Hurlbut
PRESIDENT AND
CFO/CO-FOUNDER

In the context of Canada's housing affordability crisis, condos remain an accessible entry point into the housing market for new buyers, downsizers, and those drawn to the convenience of urban living. With new home sales supported by rates trending downward, the introduction of 30-year mortgages, and a new higher limit for insured mortgages (up to $1.5M), condominium market conditions should continue to strengthen through year-end.

Recognizing this shift, Management was pleased to highlight that Equiton is among the first firms adapting its approach to meet end-user demand, prioritizing highly marketable designs that emphasize generous layouts, premium amenities, and overall livability. These end users are playing a more influential role in cities like Toronto, as short-term investors and speculators — who previously dominated the condo market — have pulled back. This evolution in strategy positions development firms to capitalize on renewed momentum in the condo market. The Trust currently includes four development projects, one of which, Marquis, exists wholly within the Trust.

Lower rates also enhance the outlook for the Trust's retail portfolio, which encompasses commercial tenants such as banks and eateries. Such necessity-based tenants have historically provided stability in rental occupancy and rents; with rates falling, this stability will be bolstered further by increases in consumer spending and tenant business growth. Retail tenants that meet people's primary needs tend to be resilient in the face of changing economic conditions and usually have longer lease terms, which helps reduce risk.

The Trust added a second loan to its mortgage and loan portfolio, growing it to $4.2M. The portfolio carried a weighted average interest rate of 6.95%.

Strong operational performance continued to support the Trust's growth. Occupancy within its income-producing commercial portfolio rose to 94.3% from 85.5% in the previous quarter. Future growth is secured through leases averaging 6.20 years (weighted) and contractual clauses providing for regular rent increases.

Meanwhile, net operating income (NOI) increased 15.0% Y/Y to $663,009. The portfolio's 1.17 times debt service coverage and 1.68 times interest coverage further demonstrate the Trust's ability to meet its debt obligations, underscoring the strength of its NOI.

2025 is shaping up to be a transitional year, with further rate cuts expected to add momentum to Canada's real estate market through new sales and price growth as buyers re-enter the market. A possible correction in land costs in the latter half of the year could ease some residential construction risk, with the greatest reductions likely in primary markets such as Toronto, Montreal, and Vancouver. Additionally, Canada's evolving political landscape has brought greater certainty that further progress on housing policy could unlock additional momentum in the development sector.

Management appreciates the continued trust and support of Investors, Unitholders, and Stakeholders. Confidence in the Trust's strategy and ability to navigate evolving market conditions reinforces Management's commitment to delivering strong results and maximizing value in the years ahead.

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

Equiton Head Office,
1111 International Boulevard,
Burlington, ON

CORPORATE PROFILE

Established in 2015, Equiton is 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 while creating spaces our Residents are proud to call home. 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 so they can build their wealth through these solutions.

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 to Canadians 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.

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 integration is one that is comprehensive and holistic in its approach, considering 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, water conservation and waste diversion in our buildings. Efforts also include governance and corporate-wide initiatives, Employee programs, and charitable contributions as well as compliance with environmental reporting standards throughout the 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	2024 PROGRESS
Conduct annual Employee surveys	Completed Achieved 80%+ Employee Engagement
Launched due diligence checklist for commercial and development properties	Checklist Completed for All 2024 Acquisitions
Utilize sustainable construction methods	Sourced Recycled Materials Where Possible
Leverage designs that help end users conserve utilities	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
Achieve net-zero carbon emissions by 2050 across portfolio	Progress Made on Portfolio-Wide Assessments ESG Framework Applied to the Capital Expenditure Program

BUSINESS 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
(MAXIUM 875 The Queensway)

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

As 2025 begins, Canada's real estate market is entering a period of increased clarity following two years of volatility. Interest rates are expected to decline further, stabilizing at levels that support both development activity and income-producing commercial properties. Inflation has moderated, and policymakers remain focused on housing supply and affordability, driving regulatory shifts that could impact project feasibility and investment strategies. While economic uncertainties persist, the normalization of borrowing costs and continued population growth reinforce the fundamentals of Canada's real estate sector, sustaining demand for well-located assets and supporting the continued performance of the Trust's portfolio.

- It is widely expected that the Bank of Canada's policy rate will continue to see further reductions after the agency brought its policy rate to a neutral 3.25% in December 2024. A slower economy and geopolitical factors, like proposed tariffs by the U.S., will weigh on the Bank's future decisions, which should see interest rates stabilize at a more stimulating level in the second half of 2025.
- As rate reductions stabilize, possibly by mid-year, homebuyers returning to the market amid pent-up demand are likely to see home prices increase.
- Lower rates also enhance the outlook for retail assets, which encompasses commercial tenants such as banks and eateries. Such necessity-based tenants have historically provided stability over time in rental occupancy and rents. CBRE sees retail sentiment remaining strong in 2025 with conservative growth along with low vacancy rates and rising rents in well-located spaces.

- Despite the introduction of a cap on foreign student visas and a reduction in planned immigration, the availability of housing will remain strained. Revised 2025-2027 immigration targets could still see Canada welcoming up to 1.14M new permanent residents and 1.7M new temporary residents.
- Momentum in housing policy remains strong in the face of Canadian elections. Governments at all levels have demonstrated a willingness to work toward faster development approval timelines and lowering development costs. Key examples include Toronto's approved initiative to allow mid-rise development as-of-right in key transit corridors and the substantial reduction of development fees in Vaughan and Mississauga, Ontario.
- Several potential policy changes are being closely monitored, including further tax relief for rental developments, the potential removal of Canada's foreign ownership ban, and federal initiatives to freeze or reduce municipal development fees — all of which could impact project feasibility and overall market sentiment.
- With the exit of short-term investors and speculators from core markets such as the Greater Toronto Area, end-user condominium buyers will continue to amass influence. Forward-thinking developers will launch projects with this demographic in mind, prioritizing both livability and long-term investment potential.
- New condominium starts are expected to remain constrained in 2025. This trend is expected to drive a significant shortage of new product coming online in early 2026 and over the next several years. As pent-up buyer demand driven by improved borrowing rates meets low supply, condos coming to market will enjoy greater pricing power.
- Market adjustments are expected to bring further shifts in construction costs, particularly as the industry's labour capacity exceeds current demand, creating downward pressure on pricing. Design efficiencies, such as reducing the number of smaller units within developments in favour of larger ones, are being explored to optimize costs.
- Slow land sales over the past year were driven by economic uncertainties and landowners maintaining high price expectations. However, as 2025 unfolds, it is anticipated that these price expectations will begin to adjust downward, potentially reopening the door to more transactions. This shift could help ease construction costs, particularly carrying costs for land loans.

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.

Multifamily Residential Properties

As an asset class, multifamily residential properties span a wide spectrum that technically includes all buildings containing at least two housing units, which are adjacent vertically or horizontally. Multifamily 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" multifamily properties as Class A, B or C based on criteria such as age, quality, amenities, rent and location, among other factors.

Multifamily 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: where revenue will be derived, directly or indirectly, principally from a Trust Investment Activity;

    i. which principally involves the ownership, maintenance, improvement, leasing or management, directly or indirectly, of real property held for investment purposes;

    ii. which may invest in real estate lending, such as first and second mortgages, mezzanine financing, land loans and construction financing; or

    iii. 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.

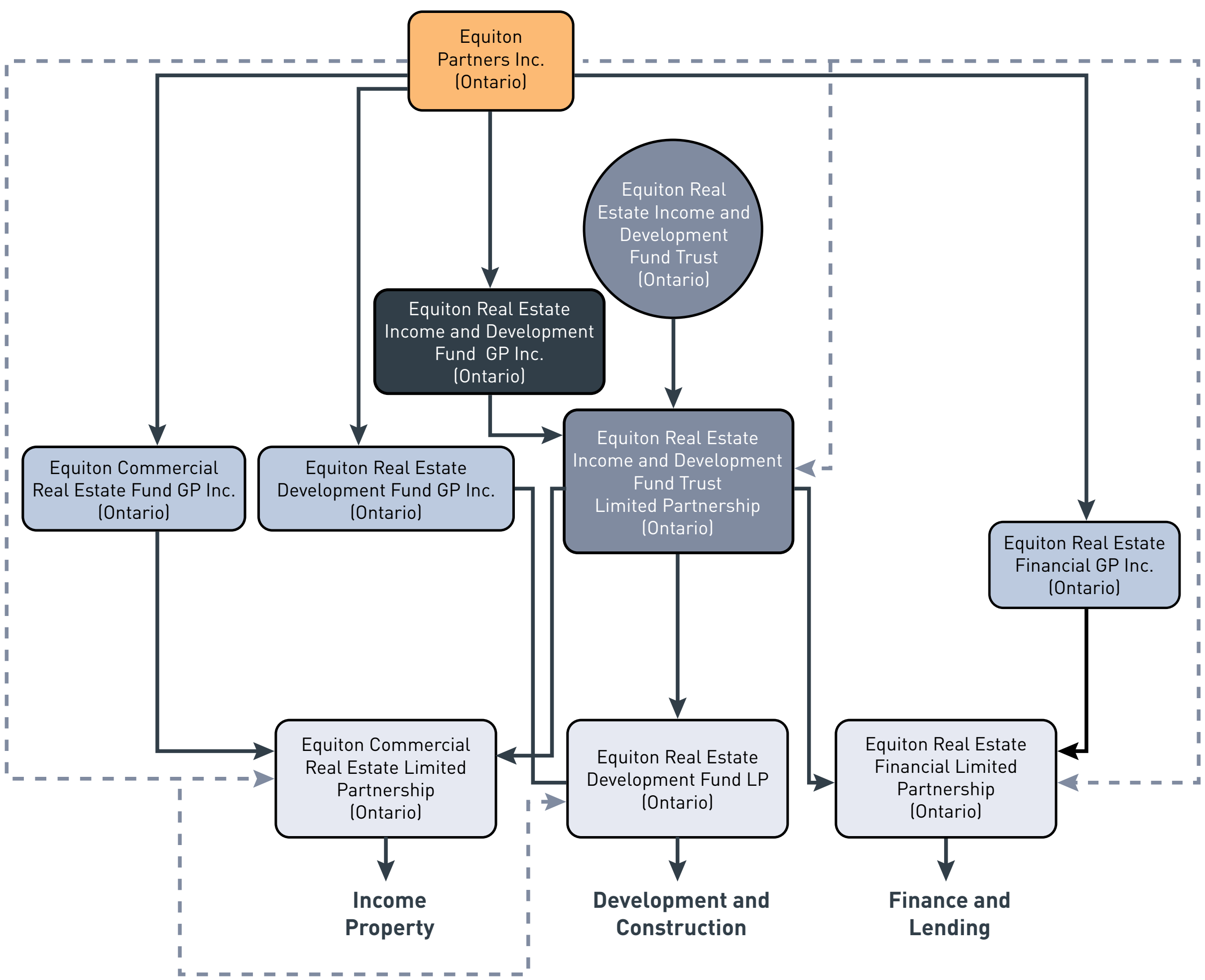
The Trust has complied with the operating policies set out above since its formation.

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.

OPERATING HIGHLIGHTS

Summary of Key Performance Indicators (KPIs)

As at December 31,	2024	2023
Portfolio Performance		
Total Fund AUM ($ Million)	**$46.7**	**$35.4**
Commercial Operations		
Hyde Park Commons and 710 Woolwich		
Weighted Average Occupancy Rate[1]	90.54%	95.60%
Weighted Average Net Retail Rental Rate ($ per occupied sq. ft.)	$32.86	$29.65
Operating Revenues	$1,184,284	$986,248
NOI	$663,009	$577,709
NOI Margin	56.0%	58.6%
Mortgage Debt to Gross Book Value	53.9%	60.1%
Weighted Average Time Remaining on the Mortgage (years)	2.66	3.66
Debt Service Coverage (times)[2]	1.17	1.24
Interest Coverage (times)[2]	1.68	1.87
Weighted Average Lease Term to Maturity (years)	6.20	6.54
Gross Leasable Area (sq. ft.)	26,159	26,159
Occupied Area (sq. ft.)	24,659	23,859
Vacant Area (sq. ft.)	1,500	2,300
Financial Lending Operations		
Loan(s) Receivable	$4,200,000	-
Weighted Average Interest Rate[3]	6.95%	-
Weighted Average Time Remaining to Maturity (months)	16	-
Number of Loans	2	-
Development Operations		
Active Development Projects	1	1
Equity Investment in Development[4]	$9,081,123	$7,683,756
Total Development Cost Incurred to Date[5]	$40,922,128	$12,665,734

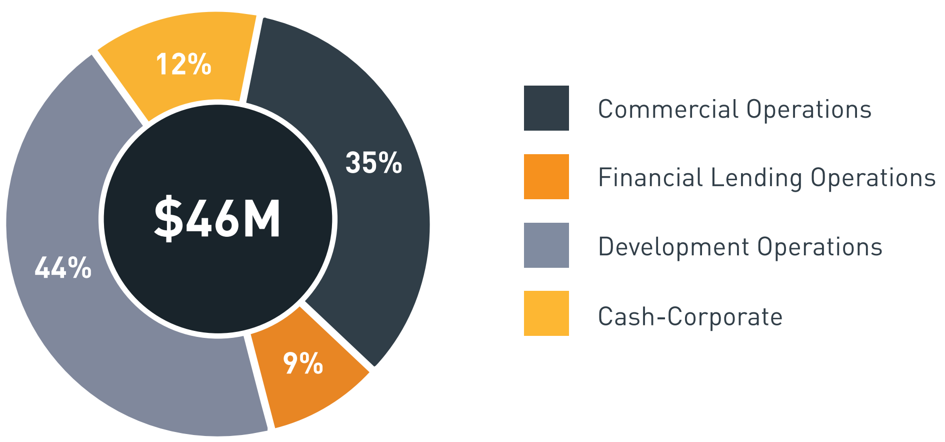
[1] The occupancy rate reflects the weighted average for the entire year. The occupancy rate for Q4'24 stands at 94.27%.
[2] Debt Service Coverage includes executed new tenancy at Hyde Park Commons.
[3] Interest rate at period end is variable in nature and subject to change.
[4] Represents the Trust's 100% equity ownership in the Woolwich Development Project as at December 31, 2024 and 85% ownership as at December 31, 2023.
[5] Total expenditures incurred for the Woolwich Development Project representing the Trust's 100% ownership interest as at December 31, 2024 and 85% ownership as at December 31, 2023.

OPERATING HIGHLIGHTS

Assets Under Management (AUM)

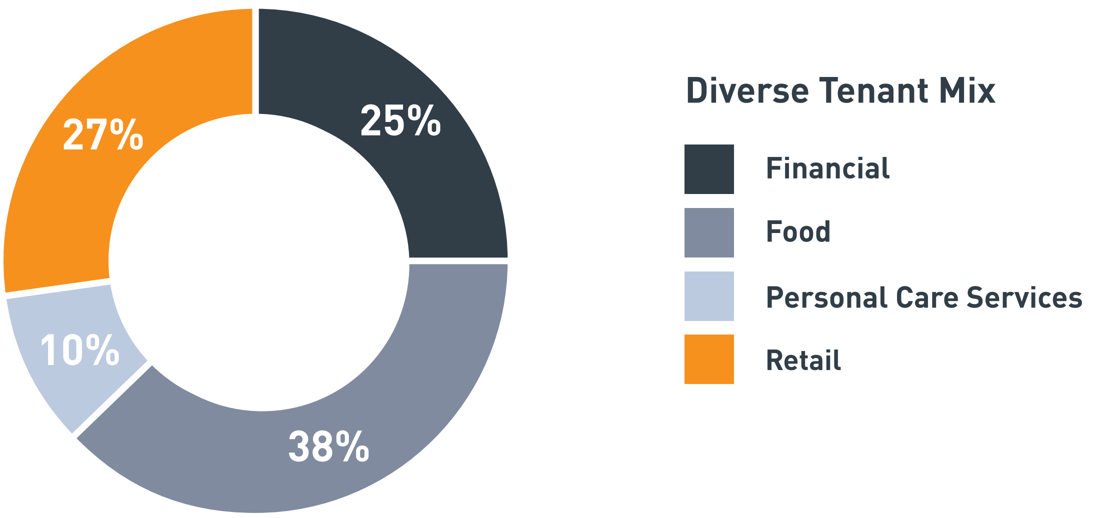
	2024	2023
Commercial Operations		
Investment in Hyde Park Commons[1]	11,372,467	10,200,000
Investment in 710 Woolwich	4,500,000	4,358,207
Cash	284,105	215,226
Commercial Operations	**$16,156,572**	**$14,773,433**
Financial Lending Operations		
Loan(s) Receivable	4,200,000	-
Cash	95,655	1,256,116
Financial Lending Operations	**$4,295,655**	**$1,256,116**
Development Operations		
Investment in Woolwich Development Project[2]	10,211,537	7,745,597
Investment in Sandstones Condo	4,300,000	4,300,000
Investment in Vicinity Condos	2,400,000	2,400,000
Investment in TEN99 Broadview	3,200,000	-
Cash	346,931	263,995
Development Operations	**$20,458,468**	**$14,709,592**
Cash - Corporate	**$5,832,357**	**$4,646,664**
AUM ($)[3]	**$46,743,052**	**$35,385,805**

[1] The fair value of Hyde Park Commons includes a capital expense of $372,467.
[2] Represents the Trust's 100% equity ownership in the Woolwich Development Project plus receivables as at December 31, 2024 and 85% ownership as at December 31, 2023.
[3] 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.



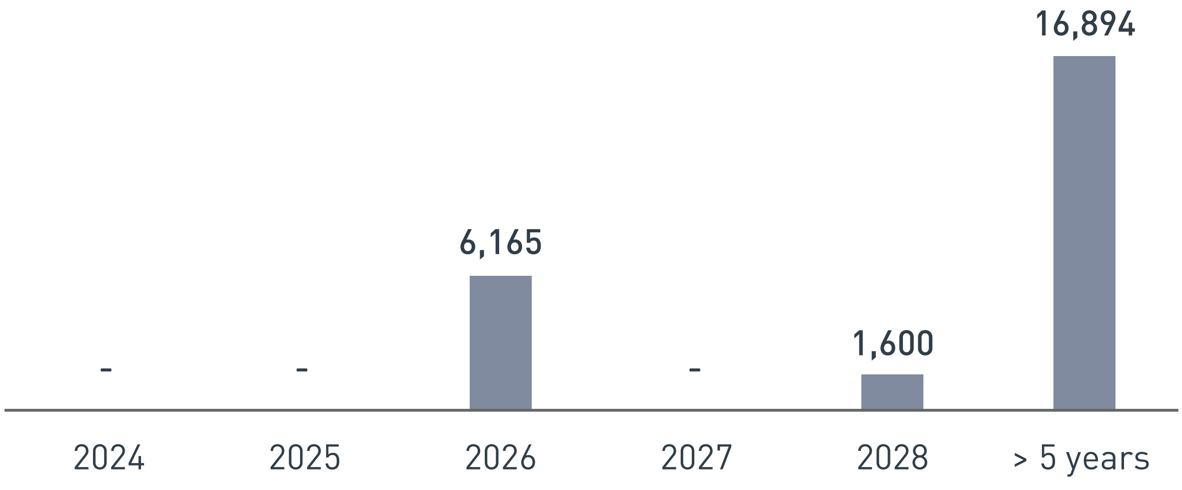
INCOME-PRODUCING COMMERCIAL TENANT PORTFOLIO

Commercial Tenant Occupancy - By Area



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

Weighted Average Lease Term to Maturity: 6.20 years



ACQUISITIONS AND DISPOSITIONS

ACQUISITIONS:


Artist Concept

TEN99 Broadview, Toronto, ON
Acquired: April 2024

The Trust acquired an ~10% interest in TEN99 Broadview Trust in April 2024. It is a planned mid-rise condo located near Rosedale and Greektown. Designed to elevate the condo living experience, it will feature approximately 350 residential units, ground-floor commercial space, and a host of both indoor and outdoor amenities. Residents will enjoy expansive balconies with stunning city skyline views and convenient access to downtown, major highways, and transit.

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 retail complex in northwest London, one of the city's fastest-growing residential areas. Located just south of Fanshawe Park Road West and west of Wonderland Road North, the property benefits from significant pedestrian traffic and high visibility along Hyde Park Road. It includes six units within an open-air retail structure and two standalone pad sites equipped with drive-thru facilities. Its prime location offers easy access via public transit and ample parking with 104 spaces. Anchored by Wendy's and CIBC, the plaza boasts a healthy mix of tenants, including retail, financial services, and dining options.

19,565 sq. ft. of Retail Space

2.63 Acres

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 a build-to-suit for 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

Hyde Park Commons and 710 Woolwich remain key income-producing commercial properties within the Trust, demonstrating strong occupancy and revenue-generating potential. The properties maintained a weighted average occupancy rate of 90.54%, with a weighted average net rental rate of $32.86 per occupied square foot. These assets collectively generated $1,184,284 in operating revenues, with an NOI of $663,009, reflecting a healthy NOI margin of 56.0%, due in part to the long-term lease by Mary Brown's Chicken that commenced in Q4'24. Renovations to the property prior to occupancy included electrical upgrades that enhanced the retail plaza's functionality and marketability. The properties' ability to sustain high occupancy and competitive rental rates highlights their resilience in the current commercial real estate market.

From a financial perspective, the mortgage debt to gross book value stands at 53.9%, aligning with a prudent leverage strategy. The properties have an average remaining mortgage term of 2.66 years, with debt service coverage of 1.17 times and interest coverage of 1.68 times, indicating manageable debt obligations. Additionally, the assets benefit from a weighted average lease term to maturity of 6.20 years, ensuring stable cash flow over the medium term. With a gross leasable area of 26,159 sq. ft., the minimal 1,500 sq. ft. of vacant space presents an opportunity for further revenue optimization. These metrics reinforce the Trust's commitment to maintaining strong, income-generating assets with sustainable long-term growth.

MORTGAGES AND LOANS

As at December 31, 2024, the Trust's mortgage and loan portfolio held $4.2M across two loans. A weighted average interest rate of 6.95% highlights the portfolio's ability to generate solid returns, with a relatively short-term lending horizon of 16 months. This structure provides flexibility in capital deployment and risk management, allowing the Trust to adapt to evolving market conditions. With interest rates remaining elevated, the portfolio continues to generate solid yields, supporting the Trust's overall performance and income stability.

Model Suites Now Open

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 luxurious stacked condominium townhomes spread across four community buildings. This development project offers a contemporary living experience featuring spacious 2-bedroom, 2-bathroom urban townhomes available for purchase. Nestled amidst natural surroundings, Marquis Modern Towns is tucked behind Woodlawn Memorial Park and opposite Riverside Park, offering residents a serene and picturesque environment spanning 80 acres of land near the Speed River.

Significant progress was made on this project in 2024 with Equiton Developments welcoming the first homeowners in Q4'24. With all units complete and ready for occupancy, sales continue for the remaining move-in ready townhomes. Residents are embracing the open-concept layouts, premium kitchen appliances, in-suite laundry, and generous outdoor spaces — perfect for those seeking a balance of nature and modern living. Marketing efforts continue with successful broker events held in Guelph to showcase the project. As a result, interest in the community continues to grow, with enthusiastic engagement from prospective buyers.

Artist Concepts

ACTIVE DEVELOPMENT PROJECT

Sandstones Condo

2257 Kingston Road, Toronto, Ontario

In August 2022, the Trust acquired trust units representing an ~11% interest in Sandstones Condo Trust. Located at 2257 Kingston Road, this planned mid-rise will offer stunning lake and skyline views near the Scarborough Bluffs. Originally planned for 12 storeys, this project was approved for an additional floor and a larger building in Q3'24, bringing it to 13 storeys which includes 29% more residential space and 57% more commercial space than the original underwriting. This modern development is designed for how people want to live and will feature ~300 residential units, 11,500 sq. ft. of commercial space, and rooftop amenities with panoramic sights of Lake Ontario.

The planning process for this project is progressing well. The Zoning By-law Amendment (ZBA) was granted, and the Site Plan Approval (SPA) application was submitted in December, incorporating strategic refinements to enhance both the livability and marketability offered by Equiton Developments' MAXIUM brand. The unit count was adjusted to allow for more spacious layouts, while additional bathrooms were introduced to improve functionality. Residents will enjoy high-end Bosch appliances and meticulously designed closets, kitchens, and bathrooms by Scavolini, ensuring a sophisticated and comfortable living experience. These upgrades not only elevate the quality of life for future homeowners but also enhance the project's overall investment appeal. Once SPA is issued, the next milestone will be securing the full building permit, paving the way for construction to begin. This project is expected to be completed and available for occupancy in Q3'27, with an estimated completion value of $285M.

Model Kitchen

Artist Concepts

ACTIVE DEVELOPMENT PROJECT

Vicinity Condos

875 The Queensway, Toronto, Ontario

In August 2023, the Trust acquired trust units representing an ~9% interest in Vicinity Condos Trust. Located at 875 The Queensway, this project will be the first development completed under Equiton Development's MAXIUM banner. This 11-storey mid-rise in Toronto's west end offers a prime location just minutes from downtown and will embody MAXIUM's signature design standard. Featuring 152 residential units, 2,500 sq. ft. of commercial space, and 13,000 sq. ft. of amenities, this boutique development boasts thoughtfully designed suites ranging from studios to three-bedrooms, with high-end finishes and a focus on livability.

This year saw advances in the planning stages for the project as well as a strategic reconfiguration of the building and floor plans to better align with market trends and the needs of future condo buyers. 875 The Queensway has been designed to attract professionals, downsizers, and renters seeking high-quality living. With 152 units, the average unit size has increased by 10% to 725 sq. ft., and many 1–3-bedroom units now feature a powder room for added convenience and privacy when entertaining. Every 2-bedroom unit will have at least two bathrooms, and all units will include high-end Bosch appliances and Scavolini-designed closets, kitchens, and bathrooms. Following a successful MAXIUM series launch, marketing efforts are ongoing. The new and improved sales presentation centre for 875 The Queensway is now open, offering home buyers a firsthand look at the MAXIUM living experience. With Site Plan Approval (SPA) expected in Q1'25, contractor agreements are being finalized and preparation for geothermal drilling has begun, which will precede broader construction. The Full Building Permit submission is also in progress, ensuring compliance with all local standards. This project is expected to be completed and available for occupancy in Q1'27, with an estimated completion value of $155M.

Artist Concepts

ACTIVE DEVELOPMENT PROJECT

TEN99 Broadview

1099 Broadview Avenue, Toronto, Ontario

In April 2024, the Trust acquired trust units representing an ~10% interest in TEN99 Broadview Trust. TEN99 Broadview is a planned 12-storey mid-rise condo located near Rosedale and Greektown in Toronto. This development project located at 1099 Broadview Avenue, is designed to elevate the condo living experience and will feature ~350 residential units, ground-floor commercial space, and a host of both indoor and outdoor amenities. Residents will enjoy expansive balconies with stunning city skyline views and convenient access to downtown, major highways, and transit.

Having completed the Zoning By-law Amendment (ZBA) submission in Q3, the City of Toronto began its review process and has started returning their comments. Initial feedback received was largely positive. To ensure the project continues through the approval process as smoothly as possible, the Equiton Developments team will meet with city staff to proactively discuss their comments and our resubmission. Once the ZBA has been obtained, the SPA application will be submitted. The Equiton Developments team is working closely with consultants to bring everything in-line with the MAXIUM brand; beautiful spaces designed for the way people live. This includes larger floor plans, bigger closets, and more bathrooms. The planning and programming of the amenity areas as well as the building envelope (façade) is also being redesigned. This development project is planned to be completed and ready for occupancy in Q1'29, with an estimated completion value of $386M.

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
CEO & Founder

Helen Hurlbut
President and CFO/Co-Founder

Greg Placidi
Chief Investment Officer & Portfolio Manager

Don Cant
General Counsel & Chief Compliance Officer

Bill Flinders
Chief Technology Officer

Aaron Pittman
SVP, Head of Canadian Institutional Investments

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 & Culture

EQUITON DEVELOPMENTS

Christopher Wein
Chief Operating Officer

Alan Dillabough
VP, Development

Matthew Spironello
VP, Construction

Kimberley Crescini
VP, Sales and Marketing

INCOME AND DEVELOPMENT INDEPENDENT BOARD MEMBERS

Bill Zigomanis

William Woods

Robert Mongeau

Doane
Grant Thornton

Consolidated Financial Statements

Equiton Real Estate Income and Development Fund Trust

For the years ended December 31, 2024 and 2023

Contents

Independent Auditor's Report

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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, 2024 and December 31, 2023, 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, 2024 and December 31, 2023, 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, 2024 and December 31, 2023, and its financial performance and its cash flows for the years ended December 31, 2024 and December 31, 2023, 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
March 10, 2025

Chartered Professional Accountants
Licensed Public Accountants

Equiton Real Estate Income and Development Fund Trust

Consolidated Statements of Financial Position

As at December 31	2024	2023
Assets		
Cash	**$ 6,920,435**	$ 6,324,356
Restricted cash	**34,975**	15,304
Accounts receivable	**58,829**	186,946
Prepaid expenses	**657,074**	651,907
Investment property (Note 4)	**15,872,467**	14,558,207
Real estate inventory under development (Note 5)	**40,922,128**	12,493,106
Due from related parties (Note 6)	**15,020**	3,300
Promissory note receivable (Note 10)	**2,243,990**	-
Investment in Vicinity Condos Trust (Note 7)	**2,400,000**	2,400,000
Investment in Sandstones Condo Trust (Note 7)	**4,300,000**	4,300,000
Investment in Ten99 Broadview Trust (Note 7)	**3,200,000**	-
Property and equipment	**41,968**	-
Mortgage receivable (Note 9)	**4,148,000**	-
Other assets	**264,513**	-
Total assets	**$ 81,079,399**	$ 40,933,126
Liabilities		
Payables and accruals	**$ 4,346,051**	$ 2,114,838
Customer deposits	**2,892,980**	1,250,000
Unit subscriptions held in trust	**34,975**	15,304
Security deposit	**70,108**	51,932
Due to related parties (Note 6)	**73,149**	416,740
Mortgages payable (Note 11)	**8,449,703**	8,593,260
Construction loan (Note 12)	**27,932,928**	2,975,000
Liabilities excluding net assets attributable to unitholders	**43,799,894**	15,417,074
Net assets attributable to unitholders	**37,279,505**	25,516,052
Total liabilities and net assets attributable to unitholders	**$ 81,079,399**	$ 40,933,126

Commitments (Note 16)

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 (Loss) and Comprehensive Income (Loss)

For the years ended December 31	2024	2023
Revenue		
Rental income	**$ 1,184,284**	$ 1,143,636
Interest income	**433,473**	367,346
Other income	**478,664**	140,821
	$ 2,096,421	1,651,803
Expenses		
Asset managements fees (Note 14)	**$ 750,676**	588,494
Bank fees	**8,814**	8,869
Dues and subscriptions	**28,417**	36,116
Interest and financing costs	**492,645**	372,545
General and administrative	**107,598**	113,691
Origination fees (Note 14)	**1,042**	70,134
Participation fees (Note 14)	**39,392**	47,201
Professional fees	**340,254**	298,500
Property operating expenses	**602,006**	430,663
Selling and marketing	**128,803**	299,181
Amortization of property and equipment	**41,967**	-
(Increase) decrease in fair value of investment properties	**(940,618)**	1,515,494
	$ 1,600,996	3,780,888
Net income (loss) and comprehensive income (loss)	**$ 495,425**	$ (2,129,085)

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, 2024 and 2023

	Units	Deficit	Net Assets Attributable to Unitholders
Net assets attributable to Unitholders, January 1, 2023	22,429,883	$ (3,784,301)	$ 18,645,582
Issuance of Class A Trust units (Note 13)	9,471,042	-	9,471,042
Redemptions of Class A Trust units (Note 13)	(497,691)	-	(497,691)
Issuance of Class F Trust units (Note 13)	298,851	-	298,851
Redemption of Class F Trust units (Note 13)	(1,547,169)	-	(1,547,169)
Issuance of Class B Trust units (Note 13)	3,125,178	-	3,125,178
Issuance of Class C Trust units (Note 13)	1,581,113	-	1,581,113
Issuance costs (Note 13)	(1,202,200)	-	(1,202,200)
Distributions to Unitholders	-	(2,229,569)	(2,229,569)
Net loss and comprehensive loss	-	(2,129,085)	(2,129,085)
Net assets attributable to Unitholders, December 31, 2023	**33,659,007**	**$ (8,142,955)**	**$ 25,516,052**
Net assets attributable to Unitholders, January 1, 2024	33,659,007	$ (8,142,955)	$ 25,516,052
Issuance of Class A Trust units (Note 13)	15,683,813	-	15,683,813
Redemptions of Class A Trust units (Note 13)	(1,713,419)	-	(1,713,419)
Issuance of Class F Trust units (Note 13)	198,937	-	198,937
Redemptions of Class F Trust units (Note 13)	(618,536)	-	(618,536)
Issuance of Class B Trust units (Note 13)	494,304	-	494,304
Redemptions of Class B Trust units (Note 13)	(77,625)	-	(77,625)
Issuance of Class C Trust units (Note 13)	1,554,180	-	1,554,180
Redemptions of Class C Trust units (Note 13)	(15,000)	-	(15,000)
Issuance costs (Note 13)	(1,492,538)	-	(1,492,538)
Distributions to Unitholders	-	(2,746,088)	(2,746,088)
Net income and comprehensive income	-	495,425	495,425
Net assets attributable to Unitholders, December 31, 2024	**47,673,123**	**$ (10,393,618)**	**$ 37,279,505**

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		2024		2023
Increase (decrease) in cash				
Operating activities				
Net income (loss) and comprehensive income (loss)	**$**	**495,425**	$	(2,129,085)
Items not affecting cash:				
Amortization of deferred financing charges		**43,229**		34,587
Amortization of property and equipment		**41,967**		-
(Increase) decrease in fair value of investment properties		**(940,618)**		1,515,494
Changes in non-cash operating items (Note 15)		**432,843**		1,828,013
Cash provided by operating activities		**72,846**		1,249,009
Financing activities				
Proceeds from issuance of Class A units		**13,789,538**		7,994,946
Proceeds from issuance of Class B units		**302,696**		3,012,269
Proceeds from issuance of Class C units		**1,419,561**		1,511,251
Proceeds from issuance of Class F units		**66,914**		130,342
Redemption of Class A units		**(1,713,419)**		(497,691)
Redemption of Class F units		**(618,536)**		(1,547,169)
Redemption of Class B units		**(77,625)**		-
Redemption of Class C units		**(15,000)**		-
Distributions		**(393,563)**		(402,191)
Issuance costs		**(1,492,538)**		(1,202,200)
Deferred financing charges		**(107,961)**		(62,225)
Proceeds from (repayment of) mortgage payable		**21,780,692**		967,740
Cash provided by financing activities		**32,940,759**		9,905,072
Investing activities				
(Issuance of) proceeds from mortgage receivable, net		**(4,148,000)**		2,424,744
Addition to investment property and capital expenditures		**(373,642)**		(837,507)
Purchase of investments		**(3,200,000)**		(2,400,000)
Acquisition of interest in development property, net of cash		**(1,551,935)**		-
Purchase of property and equipment		**(83,935)**		-
Additions to property under development		**(23,040,343)**		(5,454,293)
Cash used in investing activities		**(32,397,855)**		(6,267,056)
Net increase in cash during the year		**615,750**		4,887,025
Cash, beginning of year		**6,339,660**		1,452,635
Cash, end of year	**$**	**6,955,410**	$	6,339,660
Cash presented as:				
Cash	**$**	**6,920,435**	$	6,324,356
Restricted cash		**34,975**		15,304

Supplemental disclosure relating to non-cash financing				
Issuance of units under distribution reinvestment plan	**$**	**2,352,525**	$	1,827,376
Distributions under distribution reinvestment plan		**(2,352,525)**		(1,827,376)

See accompanying notes to the consolidated financial statements.

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, 2024 and 2023, 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 properties, real estate development and construction, and real estate financing and lending.

As of December 31, 2024 and 2023, 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.

2. General information and statement of compliance with IFRS

The consolidated financial statements of the Trust have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 issuance by the Trustees on March 10, 2025.

3. Summary of material accounting policies

The principal 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.

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 (loss) and comprehensive income (loss) 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 December 31,	
	2024	2023
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 Limited Partnership	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 investment property and the investment in Sandstones Condo Trust, Vicinity Condo Trust and Ten99 Broadview Trust which are measured at fair value through profit and loss ("FVTPL").

Investment property

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

Investment property is measured initially at their cost, including related transaction costs, initial leasing commissions, and where applicable, borrowing costs. Investment property 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 property.

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.

3. Summary of material accounting policies (continued)

Investment property (continued)

Changes in fair value are recognized in the statement of income (loss) and comprehensive income (loss). Investment property 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 predevelopment 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.

3. Summary of material accounting policies (continued)

Leasing costs (continued)

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.

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 statement of income (loss) and comprehensive income (loss) 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. The Trust was a party to a single joint arrangement, which was a joint operation, through Development LP's 85% co-ownership interest in 710 Woolwich Street, Guelph, Ontario (Note 8). On September 5, 2024, the Trust acquired the remaining ownership from the co-owner to make it a wholly owned operation.

3. Summary of material accounting policies (continued)

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.

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.

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.

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.

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

3. Summary of material 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, due from related parties, promissory note receivable and mortgage receivable. The investment in Sandstones Condo Trust, Vicinity Condo Trust and Ten99 Broadview 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, promissory note receivable and construction loan.

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

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, mortgages receivable, due from and to related parties, promissory note receivable, payables, customer deposits, unit subscriptions held in trust, security deposit and construction loan 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 investment in Sandstone Condo Trust, Investment in Vicinity Condo Trust and Ten99 Broadview Trust are all financial assets measured at fair value in the statement of financial position are all classified as Level 2 (2023 – Level 2). These instruments are measured based on recent trade transactions. There were no transfers between any of the levels during fiscal 2024 or 2023.

The fair values as at December 31, 2024 and December 31, 2023 of the investment in Sandstones Condo Trust, Vicinity Condo Trust, Ten99 Broadview Trust and mortgages receivable and mortgages payable and construction loan before deferred financing costs are estimated at:

	2024	2023
Mortgages receivable	**$ 4,200,000**	$ -
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**	-
Mortgages payable and construction loan	**36,436,311**	11,568,260

These are compared with the carrying value of:

	2024	2023
Mortgages receivable	**$ 4,200,000**	$ -
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**	-
Mortgages payable and construction loan	**36,382,631**	11,568,260

3. Summary of material accounting policies (continued)

Financial instruments (continued)

(iii) Fair value (continued)

The fair value of the mortgages payable in fiscal 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 property

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.

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.

3. Summary of material accounting policies (continued)

Critical accounting estimates, assumptions and judgements (continued)

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 and Ten99 Broadview Trust have the ability to direct all relevant activities of the Sandstones Condo Limited Partnership, Vicinity Condos Limited Partnership, Ten99 Broadview Limited Partnership. It has been determined that the General Partner does not control the Sandstones Condo Limited Partnership, Vicinity Condos Trust or Ten99 Broadview Trust. 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 equity. The Trust units do not meet the necessary conditions and have therefore been presented as net assets attributable to unitholders under IAS 32.

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.

3. Summary of material accounting policies (continued)

Critical accounting estimates, assumptions and judgements (continued)

b) Judgements (continued)

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 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 Trust is assessing the impact this standard will have on its financial statements.

4. Investment property

	2024	2023
Balance, beginning of year	**$ 14,558,207**	$ 11,715,494
Transfer from real estate inventory under development	-	3,520,700
Purchase of real estate inventory from RHH Rental Properties Ltd.	-	621,300
Capital expenses and transaction costs	**373,642**	216,207
Increase in fair market value of investment properties	**940,618**	(1,515,494)
Balance, end of year	**$ 15,872,467**	$ 14,558,207

There are two Investment Properties held by the Partnership as at December 31, 2024, as follows:

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

4. Investment property (continued)

The fair value of Investment property located at 1960-1980 Hyde Park Road, London, Ontario was adjusted to it's fair market value of $11,372,467. 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 it's fair market value of $4,500,000. 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 $745,467 (2023 - $590,700). If the capitalization rate were to decrease by 25 bps, the value of investment properties would increase by $822,533 (2023 – $700,000). The capitalization rate used was 5.19% (2023 - 5.75%).

5. Real estate inventory under development

	2024	2023
Balance, beginning of year	**$ 12,493,106**	$ 10,559,513
Development costs	**21,166,358**	5,454,293
Purchase of real estate inventory from RHH Rental Properties Ltd.	**7,262,664**	-
Transfer to investment property	**-**	(3,520,700)
Balance, end of year	**$ 40,922,128**	$ 12,493,106

The above represents real estate inventory under development that was formerly owned through a co-ownership (Note 8). 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, 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 $1,492,538 (2023 - $1,081,298), which are included in issuance costs in the consolidated statements of changes of net assets attributable to unitholders.

6. Related party transactions (continued)

Due from related parties

	2024	2023
Due from Equiton Balanced Real Estate Fund GP Inc. (a related party as the general partner of Equiton Balanced Real Estate Fund LP)	**$ 4,820**	$ 1,100
Due from Equiton Real Estate Commercial GP Inc. (a related party as the general partner of Equiton Real Estate Commercial LP)	**2,500**	500
Due from Equiton Real Estate Development GP Inc. (a related party as the general partner of Equiton Real Estate Development LP)	**2,500**	500
Due from Equiton Real Estate Financial GP Inc. (a related party as the general partner of Equiton Real Estate Financial LP)	**5,200**	1,200
	$ 15,020	$ 3,300

Due to related parties

	2024	2023
Due to Equiton Partners Inc. (a related party being the asset manager of the limited partnerships)	**$ 58,880**	$ 416,740
Due to Equiton Capital Inc. (a related party through shared management)	**14,269**	-
	$ 73,149	$ 416,740

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

7. Investment in Sandstones Condo Trust, Vicinity Condos Trust and Ten99 Broadview Trust

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, 2024.

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, 2024.

7. Investment in Sandstones Condo Trust, Vicinity Condos Trust and Ten99 Broadview Trust (continued)

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, 2024.

8. Joint arrangements

Interests in joint operations

The Trust's indirect interests in the real estate inventory under development located at 710 Woolwich Street, Guelph, Ontario was formerly subject to joint control and accounted for as a joint operation. Equiton Real Estate Development Fund LP previously entered into a co-ownership agreement with RHH Rental Properties Ltd. to develop a multi-residential property with townhouses in Guelph, Ontario. The co-ownership was formed on August 28, 2021 and was governed by co-owner's agreement effective as of that date. During the period in which the co-owners agreement was effective, the co-ownership agreement stipulated that a co-owners Committee be formed consisting of two members, of whom one member shall be appointed by each of the co-owners. All major decisions, as defined in the agreements, require the unanimous vote of the members of the co-owners Committee.

On September 5, 2024, Equiton Real Estate Development Fund LP acquired the remaining ownership from the existing co-owner making the ownership interest in the property 100% (2023 - 85%). The acquisition of the remaining interest was accounted for as an asset acquisition and the purchase consideration of $1,600,000 was allocated to the relative fair value of the net assets acquired. On September 5, 2024, the financial information in respect of the Trust's 100% share of the joint operation is as follows:

	September 5, 2024	December 31, 2023
Assets	**100%**	85%
Cash	**$ 320,314**	$ 218,479
Accounts receivable	**18,260**	27,797
Prepaid expenses and security deposits	**656,800**	558,279
Due from RHH Rental Properties Ltd.	**3,081,515**	-
HST receivable	**1,381,172**	-
Real estate inventory under development	**34,067,537**	12,665,735
Total assets	**$ 39,525,598**	$ 13,470,290

8. Joint arrangements (continued)

Liabilities

	2024	2023
Payables and accruals	**$ 4,339,669**	$ 1,594,747
Customer deposits	**2,943,320**	1,275,000
Due to Development LP	**2,776,983**	-
Mortgage payable	**20,656,074**	2,975,000
Total liabilities	**30,716,046**	5,844,747
Co-owner equity	**8,809,552**	7,625,543
Total liabilities and co-owner equity	**$ 39,525,598**	$ 13,470,290

9. Mortgages receivable

	Payment Type	Interest Rate	Maturity date	2024	2023
a)	Interest only	Prime + 1.50%	Mar 31, 2026	**$ 3,000,000**	$ -
b)	Interest only	Prime + 1.50%	Jun 30, 2026	**1,200,000**	-
				4,200,000	-
Less: Deferred financing charges				**(52,000)**	-
				$ 4,148,000	$ -

Total deferred financing charges received in 2024 amounted to $71,000 (2023 - $51,553).

a) The mortgage receivable issued during September 2024 to Vinci LP (a limited partnership under common management) at an interest rate of prime plus 1.50%. The loan is disbursed for a period of 18 months. for The prime rate at December 31, 2024 was 5.45%.

b) The mortgage receivable issued during December 2024 to Vinci LP (a limited partnership under common management) at an interest rate of prime plus 1.50%. The loan is disbursed for a period of 18 months. The prime rate at December 31, 2024 was 5.45%.

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, 2024, and 2023 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).

10. Promissory note receivable

The promissory note receivable which bears interest at a rate of prime plus 10% (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, 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, 2024.

11. Mortgages payable

	Payment Type	Interest Rate	Maturity date	**2024**	2023
a)	Blended	4.43%	April 1, 2027	**6,189,009**	6,348,784
b)	Blended	6.61%	Oct 1, 2028	**2,368,655**	2,395,666
				8,557,664	8,744,450
Less: Deferred financing charges				**(107,961)**	(151,190)
				$ 8,449,703	$ 8,593,260

Expected future principal repayments are as follows:

2025	$ 195,759
2026	205,171
2027	5,880,499
2028	2,276,235
	$ 8,557,664

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 mortgagor as at December 31, 2024 and December 31, 2023.

b) The mortgage is payable to 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 mortgagor as at December 31, 2024 and December 31, 2023.

12. Construction loan

The construction loan is with VersaBank and bears interest at a rate of prime plus 1.50% (5.45% as at December 31, 2024) and is due on demand. The mortgage provides for advances of up to $35,250,000 to be advanced in three separate tranches. The Trust must comply with its mortgage agreement. The Trust met the requirements of the mortgagor as at December 31, 2024 and 2023.

The construction loan is secured by a first collateral mortgage in the amount of $40,000,000 providing the lender a first charge on the property. The Trust has also provided a general security agreement, a general assignment of all other agreements, a general assignment of rents and leases, a priorities agreement with respect to deposit insurer and an assignment of insurance proceeds.

13. Unitholders' equity

In 2024, the Trust issued 1,378,957 Class A units (2023 - 799,494 Class Units) at a price of $10 per unit (2023 - $10 per unit), 6,692 Class F units (2023 - 316,029 Class F units) at a price of $10 per unit (2023 - $10 per unit), 30,270 Class B units (2023 – 301,227) at a price of $10 per unit (2023 - $10 per unit) and 141,956 Class C units (2023 – 151,125) at a price of $10 per unit (2023 - $10 per unit), resulting in net proceeds of $15,578,709 (2023 - $12,648,808). Furthermore, a cumulative total of 240,059 units (2023 - 186,462 units) were issued through the Trust's Dividend Reinvestment Plan ("DRIP") and 242,459 units (2023 - 204,486 units) were redeemed.

(a) Authorized

(i) Class A Trust Units

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

(ii) Class F Trust Units

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

(iii) Class B Trust Units

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

(iv) Class C Trust Units

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

(v) Class I Trust Units

The Trust is authorized to issue an unlimited number of redeemable Class I Trust units. As of December 31, 2024 and 2023, no Class I Trust units have been issued.

13. Unitholders' equity (continued)

(b) Units outstanding

Class A Trust Units	Number	Amount
Balance, January 1, 2023	**2,030,997**	**$ 17,493,363**
Issuance of units	799,494	7,994,946
Issuance of units through distribution reinvestment plan	150,622	1,476,096
Redemption of units	(49,769)	(497,691)
Issuance costs	-	(759,876)
Balance, December 31, 2023	**2,931,344**	**$ 25,706,838**
Issuance of units	1,378,957	13,789,538
Issuance of units through distribution reinvestment plan	193,293	1,894,275
Redemption of units	(171,342)	(1,713,419)
Issuance costs	-	(1,321,124)
Balance, December 31, 2024	**4,332,252**	**$ 38,356,108**

Class B Trust Units	Number	Amount
Balance, January 1, 2023	**40,907**	**$ 372,115**
Issuance for units	301,227	3,012,269
Issuance of units through distribution reinvestment plan	11,521	112,909
Issuance costs	-	(286,300)
Balance, December 31, 2023	**353,655**	**$ 3,210,993**
Issuance of units	30,270	302,696
Issuance of units through distribution reinvestment plan	19,552	191,608
Redemption of units	(7,763)	(77,625)
Issuance costs	-	(29,000)
Balance, December 31, 2024	**395,714**	**$ 3,598,672**

13. Unitholders' equity (continued)

Class C Trust Units	Number	Amount
Balance, January 1, 2023	**16,354**	**$ 148,713**
Issuance of units	151,125	1,511,251
Issuance of units through distribution reinvestment plan	7,129	69,862
Issuance costs	-	(143,636)
Balance, December 31, 2023	**174,608**	**$ 1,586,190**
Issuance of units	141,956	1,419,561
Issuance of units through distribution reinvestment plan	13,737	134,619
Redemption of units	(1,500)	(15,000)
Issuance costs	-	(136,003)
Balance, December 31, 2024	**328,801**	**$ 2,989,367**

Class F Trust Units	Number	Amount
Balance, January 1, 2023	**495,268**	**$ 4,415,692**
Issuance of units	13,034	130,342
Issuance of units through distribution reinvestment plan	17,190	168,509
Redemption of units	(154,717)	(1,547,169)
Issuance costs	-	(12,388)
Balance, December 31, 2023	**370,775**	**$ 3,154,986**
Issuance of units	6,692	66,914
Issuance of units through distribution reinvestment plan	13,477	132,023
Redemption of units	(61,854)	(618,536)
Issuance costs	-	(6,411)
Balance, December 31, 2024	**329,090**	**$ 2,728,976**
Total units outstanding, December 31, 2024	**5,385,857**	**$ 47,673,123**
Total units outstanding, December 31, 2023	3,830,382	$ 33,659,007

14. 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 statement of income (loss) and comprehensive income (loss) is $750,676 (2023 - $588,494).

(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 $39,392 (2023 - $47,201).

(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 $1,042 (2023- $70,134).

(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 ($2023 – $41,420).

(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 ($2023 – $24,000).

15. Changes in non-cash operating items

	2024	2023
Accounts receivable	**$ 130,856**	$ 200,171
Due from/to related parties	**(771,858)**	(352,997)
Promissory note receivable	**(1,781,763)**	-
Other asset & HST receivable	**(57,337)**	-
Security deposit	**115,558**	(10,026)
Units held in trust	**19,671**	(24,562)
Payables and accruals	**1,580,263**	1,114,970
Customer deposits	**1,201,482**	1,250,000
Prepaids	**(4,029)**	(349,543)
Change in non-cash operating items	**$ 432,843**	$ 1,828,013

16. Commitments

The Trust has entered into contracts to complete the real estate inventory under development of $2,066,449 (2023 - $15,495,115). These amounts will be financed through the construction loan outlined in Note 11.

17. 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:

	2024	2023
Mortgage payable	**$ 8,449,703**	$ 8,593,260
Construction loan	**27,932,928**	2,975,000
Cash and restricted cash	**(6,955,410)**	(6,339,660)
Net debt	**29,427,221**	5,228,600
Net assets attributable to unitholders	**37,279,505**	25,516,052
	$ 66,706,726	$ 30,744,652

18. 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.

However, as of December 31, 2024, the Trust holds a variable interest-bearing mortgage receivable of $4,200,000. The interest on this mortgage is calculated at Prime plus 1.5%,. Given the variable nature of this financial asset, the Trust is subject to a cash flow interest rate risk. A 100-basis point (1.00%) increase or decrease in the Prime rate would impact annual interest income increase or decrease by $42,000. The Trust actively monitors market interest rate movements and may implement risk mitigation strategies where necessary to manage exposure to interest rate fluctuations. The fair values of the mortgages are disclosed in Note 3.

(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 mortgage receivable held, and from 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, 2024 and 2023, is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

18. Financial instruments and risk management (continued)

Risks associated with financial assets and liabilities (continued)

(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, 2024, the Trust was holding cash of $6,955,410 (2023 - $6,339,660). The Trust's payables are payable on demand and one of the mortgages payable's maturity is due on demand as described in Note 11.

December 31, 2024	**On Demand**	**1 Year**	**2-5 Years**	**>5Years**
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 in trust	34,975	-	-	-
	$ 28,041,052	$ 7,504,898	$ 8,361,905	$ -

December 31, 2023	**On Demand**	**1 Year**	**2-5 Years**	**>5Years**
Payables and accruals	$ -	$ 2,114,838	$ -	$ -
Customer deposits	-	1,250,000	-	-
Security deposit	-	51,932	-	-
Construction loan	2,975,000	-	-	-
Mortgages payable	-	186,786	8,557,664	-
Due to related parties	416,740	-	-	-
Unit subscriptions held in trust	15,304	-	-	-
	$ 3,407,044	$ 3,603,556	$ 8,557,664	$ -

19. Comparative figures

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