

Consolidated Financial Statements

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

And Independent Auditor's Report thereon

Period from September 6, 2024 (date of formation)
to December 31, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Trustees of Anthem Citizen Real Estate Development Trust

Opinion

We have audited the consolidated financial statements of Anthem Citizen Real Estate Development Trust (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of loss and comprehensive loss for the period from September 6, 2024 (date of formation) to December 31, 2024
- the consolidated statement of changes in equity for the period from September 6, 2024 (date of formation) to December 31, 2024
- the consolidated statement of cash flows for the period from September 6, 2024 (date of formation) to December 31, 2024
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024 and its consolidated financial performance and its consolidated cash flows for the period from September 6, 2024 (date of formation) to December 31, 2024 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the period from September 6, 2024 (date of formation) to December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditors' report.

Evaluation of the net realizable value of property under development

Description of the matter

We draw attention to Notes 1(c)(iv), 2(c), and 3 of the financial statements. The property under development is held as inventory and recorded at the lower of cost and net realizable value. Net realizable value is based on the estimated selling price of the property under development as if complete based on prevailing market prices at the reporting date, less estimated costs of completion and estimated selling costs. The most significant assumption in this calculation is the estimated selling price of the property under development as if complete. The carrying amount of the property under development as at December 31, 2024 is \$168,121,708.

Why the matter is a key audit matter

We identified the evaluation of the net realizable value of property under development as a key audit matter. This matter represented an area of significant auditor attention given the magnitude of the property under development and the estimation uncertainty in determining the estimated selling price of the property under development as if complete.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

For the estimated selling price of the property under development as if complete, for the significant components of the Project we:

- Compared the estimated selling price for the remaining unsold condominium units of the residential condominium component on a dollar per square foot basis to the actual selling price on a dollar per square foot basis for presold condominium units based on recent sales.
- Compared the estimated selling price for the residential rental component on a dollar per square foot basis to comparable transactions noted for similar properties while taking into consideration adjustments or lack of adjustments based on the features of the Project.
- Compared the estimated selling price for the hotel component to the amount prescribed in the Third Amended and Restated Limited Partnership Agreement for Anthem Metro King Developments Limited Partnership which indicates the fixed price at which a related party of the Entity has agreed to acquire the hotel component.



Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 the financial statements.



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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 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.



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- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Larry Toste

Toronto, Canada

April 29, 2025

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Consolidated Statement of Financial Position

December 31, 2024

Assets

Current assets:

Cash	\$ 14,507,931
Deposits held in trust	1,703,281
Other assets	206,445
	<hr/>
	16,417,657

Non-current assets:

Property under development (note 3)	168,121,708
Intangible assets (note 8(a))	13,546,360
	<hr/>
	181,668,068

\$ 198,085,725

Liabilities and Equity

Current liabilities:

Debt on property (note 4)	\$ 45,267,000
Accounts payable and accrued liabilities	5,439,253
Due to related parties (note 8(b))	188,203
	<hr/>
	50,894,456

Non-current liabilities:

Due to related parties (note 8(a) and 8(b))	2,783,259
Accounts payable and accrued liabilities	4,612,911
Deposits on real estate sales (note 5)	27,553,281
	<hr/>
	34,949,451

Equity:

Equity attributable to unitholders (note 6)	75,559,309
Non-controlling interests	36,682,509
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	112,241,818

\$ 198,085,725

Commitments and contingencies (note 11)

Subsequent event (note 4)

See accompanying notes to consolidated financial statements.

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Consolidated Statement of Loss and Comprehensive Loss

Period from September 6, 2024 (date of formation) to December 31, 2024

Expenses:	
General and administrative	\$ 168,135
Asset management fee (note 8(a))	136,667
Sales and marketing	6,628

Loss for the period and comprehensive loss	\$ (311,430)
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Loss for the period and comprehensive loss attributable to:	
Non-controlling interests	\$ (311,430)

See accompanying notes to consolidated financial statements.

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Consolidated Statement of Changes in Equity

Period from September 6, 2024 (date of formation) to December 31, 2024

	Equity attributable to unitholders	Non-controlling interests	Total
Balance, September 6, 2024	\$ –	\$ –	\$ –
Public offering of units, net of issuance costs (note 6)	75,559,309	–	75,559,309
Non-controlling interests	–	36,993,939	36,993,939
Loss for the period and comprehensive loss	–	(311,430)	(311,430)
Balance, December 31, 2024	\$ 75,559,309	\$ 36,682,509	\$ 112,241,818

See accompanying notes to consolidated financial statements.

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Consolidated Statement of Cash Flows

Period from September 6, 2024 (date of formation) to December 31, 2024

Cash provided by (used in):

Operations:

Loss for the period	\$ (311,430)
Items not involving cash:	
Asset management fees (note 8(a))	136,667
Additions to property under development	(18,256,115)
Deposits on real estate sales	731,220
Deposits held in trust	(731,220)
Change in operating working capital:	
Advances from related parties	(5,002,084)
Other assets	(103,911)
Accounts payable and accrued liabilities	(23,429,616)
	<hr/> (46,966,489)

Financing:

Contributions from unitholders	82,000,000
Issuance costs paid	(6,440,691)
Borrowing costs paid	(527,348)
Repayment of related party loans payable (note 8(b))	(230,000)
Repayment of loans payable	(13,492,657)
Financing costs paid	(12,578)
	<hr/> 61,296,726

Investing:

<u>Cash acquired in connection with investment in the Project</u>	<u>177,694</u>
	177,694

Increase in cash, being cash, end of period	\$ 14,507,931
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Supplemental cash flow information (note 12)

See accompanying notes to consolidated financial statements.

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Notes to Consolidated Financial Statements

Period from September 6, 2024 (date of formation) to December 31, 2024

Anthem Citizen Real Estate Development Trust (the "REDT") is a newly created trust pursuant to a Declaration of Trust dated September 6, 2024, and subsequently amended on October 16, 2024, and is governed by the laws of the Province of British Columbia. The REDT was formed for the purpose of indirectly owning an interest in a real estate development project known as Citizen (the "Project"). The Project consists of the development and construction of a mixed-use tower located in Burnaby, British Columbia.

On October 29, 2024, the REDT completed an initial public offering of 8,200,000 REDT units for gross proceeds of \$82,000,000. The REDT invested the net proceeds in Class A units of Anthem Metro King Developments Limited Partnership (the "Partnership") to acquire a 72% limited partnership interest in the Project. The previous owners of the Partnership hold Class B units and retained an indirect 28% interest in the Project. The REDT will use the proceeds to fund a portion of the costs of development of the Project.

The REDT is managed by Anthem Properties Group Ltd. (the "Manager"), a related party of the REDT by virtue of common ownership with one of the Class B unitholders of the Partnership. In accordance with the Declaration of Trust, the REDT was established with a target five-year time horizon, subject to two one-year extensions. If, based on prevailing market conditions, it is in the best interest of the REDT to defer the date of the sale of substantially all of the REDT's assets (the "Liquidity Event"), it is within the Manager's discretion to use the two one-year extensions. The Declaration of Trust further provides that timing and the amount of distributions are within the discretion of the board of trustees (the "Trustees").

The general partner of the Partnership, Anthem Metro King Developments GP Ltd. (the "General Partner"), is a related party of the REDT by virtue of common ownership with one of the Class B unitholders of the Partnership.

The registered and head office of the REDT is Suite 1100 Bentall IV Box 49200, 1055 Dunsmuir Street, Vancouver, BC, V7X 1K8, Canada.

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Notes to Consolidated Financial Statements (continued)

Period from September 6, 2024 (date of formation) to December 31, 2024

1. Basis of presentation:

(a) Statement of compliance:

These consolidated financial statements have been prepared in compliance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and using accounting policies described herein.

The consolidated financial statements were approved by the Trustees on April 29, 2025.

(b) Basis of preparation and measurement:

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the REDT.

These consolidated financial statements are prepared on a going concern basis using the historical cost method.

(c) Critical accounting estimates and judgments:

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets and liabilities. These judgments, estimates and assumptions are based on historical experience and management's best knowledge of current events and actions that the REDT may undertake in the future. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In the process of applying the REDT's accounting policies, management has made the following critical judgments and estimates:

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Notes to Consolidated Financial Statements (continued)

Period from September 6, 2024 (date of formation) to December 31, 2024

1. Basis of presentation (continued):

Judgments:

(i) Classification of property under development:

Management applied judgment in the classification of the property under development as inventory held for sale in the ordinary course of business in accordance with IAS 2 "Inventories" as opposed to investment property in accordance with IAS 40 "Investment Property". In determining the classification, management assessed the Project against relevant criteria and considered key factors related to execution of the business plan including status of necessary approvals to complete the property under development, financing availability, stage of construction and proportion of total property under development to be classified as income producing upon completion.

(ii) Accounting for acquisitions:

Management assessed whether an acquisition transaction should be accounted for as an asset acquisition or a business combination under IFRS 3, Business Combinations ("IFRS 3"). This assessment requires management to make judgments on whether the assets acquired, and liabilities assumed constitute a business as defined in IFRS 3 and if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The acquisition of the Project has been accounted for as an asset acquisition as substantially all of the fair value of gross assets acquired was concentrated into a single identifiable asset.

(iii) Consolidation of subsidiaries:

Judgment is required to determine when the REDT has control of subsidiaries. This requires an assessment of the relevant activities of the investee, being those activities that significantly affect the investee's returns, including operating and capital expenditure decision-making; and if the decisions in relation to those activities are under control of the REDT or require unanimous consent from the unitholders. Management has determined that it controls the Partnership which holds the REDT operations of the business.

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Notes to Consolidated Financial Statements (continued)

Period from September 6, 2024 (date of formation) to December 31, 2024

1. Basis of presentation (continued):

Estimates:

(iv) Net realizable value of property under development:

The property under development is stated at the lower of cost and net realizable value. In calculating net realizable value, estimates must be made of the selling price of the property under development as if complete based on prevailing market prices at the dates of the consolidated statement of financial position, less estimated costs of completion and estimated selling costs. The most significant assumption in this calculation is the estimated selling price of the property under development as if complete. If estimates are significantly different from actual results, the carrying amount of the property under development may be overstated or understated on the consolidated statement of financial position and, accordingly, earnings in a particular period may be overstated or understated.

2. Material accounting policies:

(a) Cash:

Cash consists of cash held at banks.

(b) Deposits held in trust and deposits on real estate sales:

Deposits held in trust represents the initial cash down-payment made by purchasers toward the acquisition of condominium units from the Project. Such cash is held by a designated trustee and may be used towards the Project's construction costs if authorized by the lenders on the Project through an insured program.

Deposits on real estate sales will be recognized as revenue in accordance with the REDT's revenue recognition policy.

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Notes to Consolidated Financial Statements (continued)

Period from September 6, 2024 (date of formation) to December 31, 2024

2. Material accounting policies (continued):

(c) Property under development:

The property under development is held as inventory and recorded at the lower of cost and net realizable value. Net realizable value is the estimated selling price as if complete in the ordinary course of business, based on prevailing market prices at each reporting date, less estimated costs of completion and estimated selling costs. Costs to complete include all direct development costs and capitalized carrying costs related to holding the property under development, including borrowing costs.

Borrowing costs directly attributable to the acquisition, development and construction of the property under development are capitalized to the carrying value of the property under development until such time as the construction of the property under development is substantially completed or has ceased. All other borrowing costs are recognized in the consolidated statement of loss and comprehensive loss in the period in which they are incurred.

The REDT considers the date of completion to have occurred when the property is capable of operating in the manner intended by management. Generally, this occurs upon completion of construction and receipt of all necessary occupancy and other material permits. At this point, management will apply judgment in the classification of its property under development as inventory in accordance with IAS 2 "Inventories" or investment property held for capital appreciation in accordance with IAS 40 "Investment Property". When the relevant criteria are met, specific components will be reclassified from property under development to investment property.

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Notes to Consolidated Financial Statements (continued)

Period from September 6, 2024 (date of formation) to December 31, 2024

2. Material accounting policies (continued):

(d) Intangible assets:

The intangible assets of the REDT comprise sales commission contracts acquired as part of the acquisition transaction. The intangible assets have finite useful lives, and as such will be recognized into cost of goods sold pursuant to the term of the contract. The expected useful life of the intangible assets is the period from the acquisition transaction until closing of the respective strata residential unit. The intangible assets are reviewed for impairment at each reporting period to determine whether events or changes in circumstances indicate that the carrying amount may not be recoverable.

(e) Principles of consolidation:

The consolidated financial statements comprise the financial statements of the REDT and a subsidiary controlled by the REDT. Control exists when the REDT is exposed to, or has the rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are consolidated from the date that control commences and continue to be consolidated until the date that control ceases.

The consolidated financial statements reflect the financial position, results of operations and cash flows of the REDT and its subsidiary. All intercompany transactions and balances are eliminated in preparing the consolidated financial statements.

Non-controlling interests are measured initially at fair value determined in accordance with IFRS 13, Fair Value Measurement, at the date of acquisition. Changes in the interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The REDT consolidates the following material subsidiary:

	Province of registration	% of ownership
Anthem Metro King Developments Limited Partnership	British Columbia	72.3%

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Notes to Consolidated Financial Statements (continued)

Period from September 6, 2024 (date of formation) to December 31, 2024

2. Material accounting policies (continued):

(f) REDT units:

The REDT classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Series A and F units are redeemable at the unitholder's option and therefore are considered to be a puttable instrument in accordance with IAS 32, Financial Instruments: Presentation ("IAS 32"). Puttable instruments are required to be accounted for as financial liabilities, except where certain exemption conditions are met in accordance with IAS 32, in which case the puttable instruments may be presented as equity. The REDT units meet the exemption conditions of IAS 32 and are, therefore, classified as equity. Incremental costs directly attributable to the issue of the units are recognized as a deduction from equity.

(g) Financial instruments:

(i) Classification and measurement:

Financial assets are classified and measured to reflect the business model in which assets are managed and the contractual terms of the cash flows. Financial assets are classified and measured in the following three categories: amortized cost, fair value through other comprehensive income, and fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition, unless the REDT identifies changes in its business model in managing financial assets and would reassess the classification of financial assets.

Financial liabilities are classified and measured at amortized cost unless they are designated at FVTPL. For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

All financial liabilities are measured subsequently at amortized cost using the effective interest method.

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Notes to Consolidated Financial Statements (continued)

Period from September 6, 2024 (date of formation) to December 31, 2024

2. Material accounting policies (continued):

(g) Financial instruments (continued):

(i) Classification and measurement (continued):

The following table summarizes the classifications of the REDT's financial assets and liabilities:

Cash	Amortized cost
Deposits held in trust	Amortized cost
Due to related parties	Amortized cost
Debt on property	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

(ii) Impairment:

An allowance for expected credit losses ("ECL") is recognized at each consolidated statement of financial position date for all financial assets measured at amortized cost or those measured at fair value through other comprehensive income. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. ECL is measured under the simplified approach based on the 12-month ECLs.

Impairment losses, if incurred, would be recorded as expenses in the consolidated statement of loss and comprehensive loss with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts. In periods subsequent to the impairment where the impairment loss has decreased, and such decrease can be related objectively to conditions and changes in factors occurring after the impairment was initially recognized, the previously recognized impairment loss would be reversed through the consolidated statement of loss and comprehensive loss. The impairment reversal would be limited to the lesser of the decrease in impairment or the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Notes to Consolidated Financial Statements (continued)

Period from September 6, 2024 (date of formation) to December 31, 2024

2. Material accounting policies (continued):

(h) Income taxes:

The REDT is a trust as defined in the Income Tax Act (Canada) (the “Tax Act”). Pursuant to its Declaration of Trust, the REDT will allocate to its unitholders taxable income including taxable capital gains that would otherwise attract Canadian tax in the REDT. Accordingly, no provision for Canadian income taxes has been reflected in the REDT’s consolidated financial statements. Income tax obligations relating to distributions of the REDT are the obligations of the unitholders.

Specified investment flow-through trust (“SIFT”) rules apply to a trust or partnership that is a “SIFT trust” or “SIFT partnership” (each as defined in the Tax Act) and its investors. A SIFT trust (or partnership) is generally defined as a Canadian resident trust (or a “Canadian resident partnership”, as defined in the Tax Act) if “investments” (as defined in the Tax Act for purposes of the SIFT Rules) in the trust (or partnership) are listed or traded on a stock exchange or other “public market” (as defined in the Tax Act for purposes of the SIFT Rules), and the trust (or partnership) holds one or more “non-portfolio properties” (as defined in the Tax Act).

The SIFT Rules should not apply to the REDT and the Partnership, as at all relevant times neither have “investments” (as defined in the Tax Act for purposes of the SIFT Rules) listed or traded on a stock exchange or other “public market” (as defined in the Tax Act for purposes of the SIFT Rules).

(i) Provisions:

A provision is recognized if, as a result of a past event, the REDT has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Notes to Consolidated Financial Statements (continued)

Period from September 6, 2024 (date of formation) to December 31, 2024

2. Material accounting policies (continued):

(j) Accounting standards issued but not yet effective in the year:

The IASB issued IFRS 18, Presentation and Disclosure in the Financial Statements, in April 2024 which will replace IAS 1, Presentation of Financial Statements, and is effective for annual reporting periods beginning on or after January 1, 2027. This standard aims to improve the consistency and clarity of financial statement presentation and disclosure by providing updated guidance on the structure and content of financial statements. Key changes include enhanced requirements for the presentation of financial performance, financial position and cash flows, as well as additional disclosures to improve transparency and comparability. The REDT is currently assessing the impact of the new standard, particularly with respect to the structure of the REDT's consolidated statement of loss and comprehensive loss and the consolidated statement of cash flows.

The IASB has issued amendments to IFRS 9, Financial Instruments ("IFRS 9"), and IFRS 7, Financial Instruments: Disclosures, in May 2024 and December 2024, respectively. These amendments relate to classification of financial assets and account for settlement by electronic payments in the context of the classification and measurement requirements in IFRS 9. The potential impact may include, but is not limited to, a change in timing of recognition and derecognition of financial instruments in certain situations in which settlement of a financial instruments with another takes more than a day. Similarly, a change may be required for entities that derecognize both trade payable and cash on the payment initiation date even if the creditor has not yet received the cash. However, an accounting policy choice is available for derecognizing certain financial liabilities that are settled using an electronic payment system subject to certain criteria being met. The amendments will be effective from January 1, 2026. The REDT is currently assessing the impact of the new standard, but it is not expected to have a material impact on the REDT's consolidated financial statements.

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Notes to Consolidated Financial Statements (continued)

Period from September 6, 2024 (date of formation) to December 31, 2024

3. Property under development:

On October 29, 2024, the REDT issued 8,200,000 units for gross proceeds of \$82,000,000. Agent fees and other offering related costs amounted to \$6,440,691. Concurrent with the issuance of the units, the REDT indirectly acquired a 72% controlling interest in the Project, a property under development, and contributed the net proceeds received into the Partnership. The following table represents the net assets acquired in connection with the transaction:

Date of acquisition	October 29, 2024
Property under development	\$ 148,826,654
Intangible assets	13,546,360
Deposits held in trust	972,061
Cash	177,694
Debt on property	(45,267,000)
Working capital, net	(32,880,232)
Deposits on real estate sales	(26,822,061)
Loans payable	(13,492,657)
Due to related parties (note 8(a))	(7,836,880)
Related party loans payable (note 8(b))	(230,000)
Non-controlling interests	(36,993,939)

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Notes to Consolidated Financial Statements (continued)

Period from September 6, 2024 (date of formation) to December 31, 2024

3. Property under development (continued):

The following table is a reconciliation of the property under development from the date of acquisition to December 31, 2024.

Balance, beginning of period	\$	–
Acquisition of property under development		148,826,654
Acquisition of Neighbouring Property		12,392,826
Development costs		6,362,302
Capitalized borrowing costs		539,926
Balance, end of period	\$	168,121,708

The Project comprises two adjacent land parcels. The first parcel was included in the property under development indirectly acquired by the REDT on October 29, 2024. This parcel is the location of the Project. The second parcel of land was acquired by the REDT on October 31, 2024 ("Neighbouring Property"), which does not form part of the lands required for construction of the Project. This land was acquired to obtain necessary crane swing and underpinning rights for the Project.

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Notes to Consolidated Financial Statements (continued)

Period from September 6, 2024 (date of formation) to December 31, 2024

4. Debt on property:

Acquisition loan, maturity date of December 31, 2024, with interest only payments at an interest rate of prime rate + 1.25% or CORRA + 2.75% per annum	\$ 45,267,000
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The acquisition loan is secured by a first charge over the property under development, a general security agreement executed by the Partnership and a guarantee by a related party by virtue of common ownership with one of the Class B unitholders. The maximum available funding under the facility is \$45,267,000. The loan includes a \$7,000,000 letter of credit facility and a \$3,875,000 cash secured letter of credit facility, both bearing fees at 1.20% per annum.

During the period ended December 31, 2024, the REDT entered into a \$458,560,000 construction financing facility to fund the construction of the Project. The construction financing facility bears interest only payments at an interest rate of prime + 1.00% or CORRA + 2.80% per annum. Included in the construction financing facility is a letter of credit facility of \$8,000,000 bearing a fee of 1.20% per annum, based on the face amount of each letter of credit issues. The construction financing facility is due on demand with a maturity date of February 28, 2030. Subsequent to December 31, 2024, the acquisition loan was fully repaid from proceeds of the initial draw on the construction financing facility.

5. Deposits on real estate sales:

As at December 31, 2024, deposits on real estate sales were \$27,553,281 of which \$25,850,000 was used by the Partnership to fund development activities. The funds were made available to the Partnership upon receipt of a clearance certificate from an insurer through a third-party insurance policy which is secured by a charge on the Project.

6. REDT units:

The REDT is authorized to issue various classes of trust interests. Initially, an unlimited number of Class A units and Class F units have been authorized for issuance. The Class A units and Class F units are denominated in Canadian dollars.

REDT units are redeemable at any time, in whole or in part, on demand by unitholders. Detailed redemption terms of each class of units are defined in the Declaration of Trust. In summary, the redemption price is based on an amount equal to 95% of the aggregate net asset value of issued and outstanding units for that class of unit less the redemption costs.

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Notes to Consolidated Financial Statements (continued)

Period from September 6, 2024 (date of formation) to December 31, 2024

Unless the Trustees otherwise determine, the total amount payable by the REDT by cash payment in respect of the redemption of units for the calendar quarter shall not exceed \$150,000 in aggregate.

On October 29, 2024, the REDT completed an initial public offering of 8,200,000 units at \$10.00 per REDT unit for gross proceeds of \$82,000,000. Agent fees and other offering related costs amounted to \$6,440,691. In connection with the initial public offering, the REDT issued the following units and incurred the following agents' fees pertaining to the issuance of those units:

Unit classes	Number of units	Cost of units	Issuance costs	Initial public offering of units, net of issuance costs
Class A units	5,658,870	\$ 56,588,700	\$ 4,444,760	\$ 52,143,940
Class F units	2,541,130	25,411,300	1,995,931	23,415,369
	8,200,000	\$ 82,000,000	\$ 6,440,691	\$ 75,559,309

7. Income taxes:

There is no current or deferred tax expense or payable as at and for the period ended December 31, 2024.

8. Related party balances and transactions:

The REDT's related parties include entities related by virtue of common ownership with one of the Class B unitholders of the Partnership. Transactions with related parties are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

(a) Management agreements:

The REDT engaged the Manager, APG Construction Ltd. and Anthem Realty Ltd. ("Anthem Realty") for services pursuant to the development management, construction management, and sales and marketing agreements, respectively.

The Partnership is charged 3% of applicable project costs pursuant to both the development management and construction management agreements, which are capitalized to property

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Notes to Consolidated Financial Statements (continued)

Period from September 6, 2024 (date of formation) to December 31, 2024

under development. Included in accounts payable and accrued liabilities as at December 31, 2024 is \$187,565 due to unpaid fees.

The fees charged pursuant to the sales and marketing agreement with Anthem Realty, in the amount of 2% of the net selling price on each unit sold prior to the date of acquisition, are capitalized to intangible assets. As at December 31, 2024, \$5,293,184 are recorded as intangible assets, all of which were charged by Anthem Realty prior to October 29, 2024. Included in due to related parties as at December 31, 2024, is \$2,646,592 of unpaid sales commissions to be settled upon closing of the respective strata residential unit.

The Partnership also entered into property management agreements for the rental residential and commercial components with the Manager and Anthem Realty. During the period ended December 31, 2024 no amounts were charged to the Partnership pursuant to these agreements.

Additionally, on October 29, 2024, the REDT entered into a management agreement with the Manager. Pursuant to this agreement, the Manager is entitled to receive an annual fee in the amount of 1% of the gross subscription proceeds per annum. A total fee of \$136,667 has been accrued as at December 31, 2024 and will be paid upon an applicable liquidity event, provided that minimum returns are achieved.

The REDT does not employ key management personnel. Management services, strategic oversight, accounting, and administrative duties of managing the property are managed through the management agreements.

During the period, the amounts charged to the Project were as follows:

Development management fees ⁽¹⁾	\$ 5,509,221
Construction management fees	96,199
Asset management fees	136,667
	<hr/>
	\$ 5,742,087

⁽¹⁾The development management fees paid by the Project during the period ended December 31, 2024, included \$5,224,261 that was accrued in due to related parties and capitalized in property under development, as at the date of acquisition. The remaining fee of \$284,960, was charged to the Project following the date of acquisition to December 31, 2024.

(b) Due to related parties:

During the period ended December 31, 2024, the REDT repaid a loan, provided to the Partnership by an entity related by virtue of common ownership of the Class B unitholders, of \$230,000. The amounts were due on demand, non-interest bearing and were used to fund ongoing development costs of the Project.

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Notes to Consolidated Financial Statements (continued)

Period from September 6, 2024 (date of formation) to December 31, 2024

As at December 31, 2024, amounts due to related parties includes \$324,870 owed to the Manager related to unpaid fees of \$279,147 (note 8(a)) and development costs paid on behalf of the REDT. The amounts are due on demand and are non-interest bearing.

9. Distribution allocation:

The Partnership has a Limited Partnership Agreement that defines how distributions will be allocated to the REDT based on the REDT's holdings of Class A units. The partnership units held by the General Partner, Class A investors and Class B investors have rights and benefits set forth in the Limited Partnership Agreement.

The General Partner may distribute cash in respect of any fiscal year as follows: 0.1% thereof to a maximum of \$1,000 to the General Partner and the remaining 99.9% to the limited partners in order of priority set out below (assuming no cost overrun units have been issued, which none have been issued as at December 31, 2024):

- First, to the Class A investors until such unitholder has received, in the aggregate, an amount equal to a compounded per annum return of 15.0%; and
- Second, to the Class B investors until such unitholder has received, in the aggregate, an amount equal to a compounded per annum return of 15.0%.
- Thereafter to:
 - 30% to the Class A investors on a pro rata basis in accordance with the respective proportion of outstanding shares; and
 - 70% to the Class B investors on a pro rata basis in accordance with their respective proportion of outstanding shares.

10. Financial instruments and risk management:

(a) Fair values:

The carrying values of the REDT's cash, deposits held in trust, due to related parties, debt on property, and accounts payable and accrued liabilities approximate their fair values due to the short-term or contractual nature of these financial assets and liabilities.

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Notes to Consolidated Financial Statements (continued)

Period from September 6, 2024 (date of formation) to December 31, 2024

(b) Financial risk management:

The REDT does not enter into financial instrument arrangements for speculative purposes. The REDT may be exposed to financial risks from its normal operating activities, as follows:

(i) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

As described in note 4, the REDT's debt on property bears interest at floating rates. As such, fluctuations in interest rates will impact the cost of financing in the future. The REDT would be negatively impacted if interest rates were to increase beyond currently forecasted future interest rates. The REDT includes forecasted future interest rates in its budgeting and forecasting process and monitors its interest rate exposure on an ongoing basis.

(ii) Credit risk:

Credit risk is the risk of financial loss to the REDT if a customer or counterparty to a financial asset fails to meet its contractual obligation. The REDT is exposed to credit risk relating to non-performance of purchasers on presales. The REDT mitigates its credit risk by requiring graduated deposits from buyers and withholding real estate title until final payments are received.

(iii) Liquidity risk:

Liquidity risk is the risk that the REDT will not be able to meet its financial obligations as they fall due in the normal course of business. The financial liabilities of the REDT consist of debt on property, due to related parties and accounts payable and accrued liabilities. The REDT manages this risk through detailed monitoring of budgeted and projected Project costs and cash requirements. The REDT's management has formal monthly meetings addressing the expected cash inflows and outflows to reduce any potential liquidity risk and is also in constant discussions with lenders regarding renewal terms in the normal course of business. The acquisition loan matured on December 31, 2024, and was fully repaid through the initial draw on the construction financing facility, subsequent to December 31, 2024 (note 4). The construction financing facility is due on demand and does not include any financial covenants. Based on the nature of the financing, the borrowers long history and relationship with the lenders, and the fact that the Project is on schedule and on budget, management's view is that the liquidity risk arising from a potential demand repayment is remote.

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Notes to Consolidated Financial Statements (continued)

Period from September 6, 2024 (date of formation) to December 31, 2024

10. Financial instruments and risk management (continued):

The following were the contractual maturities of financial liabilities and other commitments as at December 31, 2024:

	< 1 year	> 1 year	Total
Debt on property	\$ 45,267,000	\$ –	\$ 45,267,000
Due to related parties	188,203	2,783,259	2,971,462
Accounts payable and accrued liabilities	5,439,253	4,612,911	10,052,164
	\$ 50,894,456	\$ 7,396,170	\$ 58,290,626

Due to related parties and accounts payable and accrued liabilities that have contractual maturities beyond one year pertain to construction holdback payables, environmental provision for soil remediation and sales commissions payable at closing of the respective strata residential unit.

As at December 31, 2024, the REDT continues to meet its contractual obligation with normal payment terms.

(iv) Capital management:

The REDT defines capital that it manages as the aggregate of its equity attributable to unitholders and debt. The REDT's primary objective when managing capital is to provide financial capacity and flexibility to meet its strategic objectives.

The REDT's liquidity needs are for development costs and scheduled debt maturities. The REDT's strategy is to meet these needs with one or more of the following: cash flow from operations, loan facilities, and refinancing opportunities. The REDT is subject to risks associated with debt financing, including the possibility that existing debt may not be refinanced or may not be refinanced on as favourable terms or with interest rates as favourable as those of the existing debt. The REDT 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 REDT monitors its capital using various financial ratios and non-financial performance indicators.

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Notes to Consolidated Financial Statements (continued)

Period from September 6, 2024 (date of formation) to December 31, 2024

10. Financial instruments and risk management (continued):

The following schedule details the components of the REDT's capital:

Liabilities:	
Debt on property	\$ 45,267,000
Capital contributions, net of issuance costs	75,559,309
	<u>\$ 120,826,309</u>

11. Commitments and contingencies:

The REDT is committed to construction expenditures which have estimated costs to complete of approximately \$11,800,000 and are to be funded by proceeds received from the initial public offering and construction debt financing arrangements.

The REDT is contingently liable for letters of credits of \$6,295,563 issued in the ordinary course of business. The letter of credits guarantee payment for certain work, primarily works and services associated with engineering servicing and public art, if it is not performed to the standard required by the municipality.

12. Supplemental cash flow information:

Changes in liabilities arising from financing activities:

Balance, beginning of period	\$	—
Liabilities assumed on obtaining control of the Project:		
Assumption of debt on property		45,267,000
Assumption of loans payable		13,492,657
Assumption of related party loans payable		230,000
Cash flows, comprised of:		
Repayment of loans payable		(13,492,657)
Repayment of related party loans payable		(230,000)
Liability related items:		
Finance fees		(12,578)
Non-cash related items:		
Amortization of finance fees		12,578
Balance, end of period	\$	<u>45,267,000</u>

ANTHEM CITIZEN REAL ESTATE DEVELOPMENT TRUST

Notes to Consolidated Financial Statements (continued)

Period from September 6, 2024 (date of formation) to December 31, 2024

13. Segment reporting:

The REDT indirectly owns one Project located in the Burnaby, British Columbia market. Management, when measuring the REDT performance, does not distinguish or group its operations on a geographical or any other basis. Accordingly, the REDT has a single reportable segment for disclosure purposes in accordance with IFRS.