1. Significant accounting policies (continued):

The REIT, in certain cases, enters into bond forward contracts to lock in interest rates on specific anticipated mortgages. For contracts qualifying as hedges, the gain or loss on settlement of the contract is reported in other comprehensive loss and recognized as an adjustment to interest expense over the term of the related mortgage.

(l) *Financial instruments:*

The Trusts have designated their cash and cash equivalents, restricted cash and swap derivatives as held-for-trading, which are measured at fair value. Accounts receivable and mortgages and amount receivable are classified as loans and receivables, which are measured at amortized cost. Mortgages payable, debentures payable, accounts payable and accrued liabilities and bank indebtedness are classified as other financial liabilities, which are also measured at amortized cost. The Trusts had neither available-for-sale, nor held-to-maturity instruments as at or during the years ended December 31, 2010 and 2009.

(m) *Properties under development:*

Properties under development are stated at cost. If it is determined that the carrying amount exceeds the undiscounted estimated future net cash flows expected to be received from the ongoing use and residual value of the property, after taking into account estimated costs to complete the development, it is reduced to its estimated fair value.

Cost includes initial acquisition costs, other direct costs, realty taxes, capitalized interest and operating revenues and expenses during the period of development. The amount of interest cost capitalized for a qualifying asset project is that portion of the interest cost incurred during the assets' development periods that theoretically could have been avoided if expenditures for the development had not been made in addition to interest costs specific to the qualifying asset.

(n) *Use of estimates:*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the years. Estimates are used when accounting for items such as embedded prepayment and extension options, notes payable and acquisitions. A significant estimate made by management relates to the budgeted cost to complete the Bow development. This estimate is based on various assumptions relating to the components of the construction process. These assumptions are based on information available to management currently and given the possibility of change, the outcome of these estimates could differ from actual results.

2. Future changes in accounting policies:

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board ("AcSB") confirmed that the adoption of IFRS would be effective for the interim and annual periods beginning on or after January 1, 2011 for Canadian publicly accountable profit-oriented enterprises. IFRS will replace current Canadian GAAP for these enterprises. Comparative IFRS information for the previous fiscal year will also have to be reported. These new standards will be effective for the Trusts in the first quarter of 2011.