25. Commitments and contingencies (continued):

(b) In the normal course of operations, the REIT has issued letters of credit in connection with developments, financings, operations and acquisitions. As at December 31, 2010, the REIT has outstanding letters of credit totalling $44,524 (2009 - $34,349), including $17,939 (2009 - $18,164) which has been pledged as security for certain mortgages payable. These letters of credit are secured in the same manner as the bank indebtedness (note 9(a)).

(c) The REIT provides guarantees on behalf of third parties, including co-owners. As at December 31, 2010, the REIT issued guarantees amounting to $41,307 (2009 - $43,278), expiring between 2011 and 2016 (2009 - expiring between 2011 and 2016), relating to the co-owner's share of mortgage liability. In addition, the REIT continues to guarantee certain debt assumed by purchasers in connection with past dispositions of properties, and will remain liable until such debts are extinguished or the lenders agree to release the REIT's covenants. At December 31, 2010 the estimated amount of debt subject to such guarantees, and therefore the maximum exposure to credit risk, is $116,357 (2009 - $119,150) which expires between 2013 and 2018 (2009 - expires between 2013 and 2018). There have been no defaults by the primary obligor for debts on which the REIT has provided its guarantees, and as a result, no contingent loss on these guarantees has been recognized in these financial statements.

Credit risks arise in the event that these parties default on repayment of their debt since they are guaranteed by the REIT. These credit risks are mitigated as the REIT has recourse under these guarantees in the event of a default by the borrowers, in which case the REIT's claim would be against the underlying real estate investments.

(d) The REIT is involved in litigation and claims in relation to the income properties that arise from time to time in the normal course of business. In the opinion of management, any liability that may arise from such contingencies would not have a significant adverse effect on the combined financial statements.

26. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.