Management's Discussion and Analysis

For the three months ended March 31, 2021 and 2020

minto
Apartment REIT

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Section I - Overview

Business Overview

Minto Apartment Real Estate Investment Trust (the "REIT") is an unincorporated, open-ended real estate investment trust established pursuant to a Declaration of Trust dated April 24, 2018, which was amended and restated on June 27, 2018 and has been further amended from time to time. The REIT owns and operates a portfolio of income-producing multi-residential rental properties located in Canada.

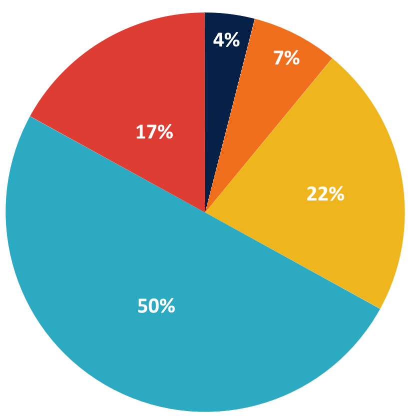
The REIT's portfolio, referred to herein as the "Total Portfolio", consists of 29 (March 31, 2020 - 29) multi-residential rental properties located in Ontario, Quebec and Alberta, comprising an aggregate of 5,114 (March 31, 2020 - 5,080) suites that are wholly-owned by the REIT, 1,413 (March 31, 2020 - 1,413) suites that are 50% co-owned with institutional partners and 750 (March 31, 2020 - 750) suites that are 40% co-owned with an institutional partner. The aggregate of 5,114 wholly-owned suites include two additional suites created in December 2020 at the Carlisle in Ottawa, and the 32 suites at the Skyline property that were destroyed by fire in March 2017 and rebuilt by Minto Properties Inc. ("MPI"). A discussion on the Same Property Portfolio has not been provided within this Management's Discussion and Analysis as the impact of the two new suites at Carlisle and the 32 new suites at Skyline are not considered material.

The REIT was established under the laws of the Province of Ontario. The principal and registered office of the REIT is 200-180 Kent Street, Ottawa, Ontario.

The geographic distribution of the suites within the REIT's portfolio and geographic breakdown of the investment properties valuation are depicted below:

Suites by Region (%)

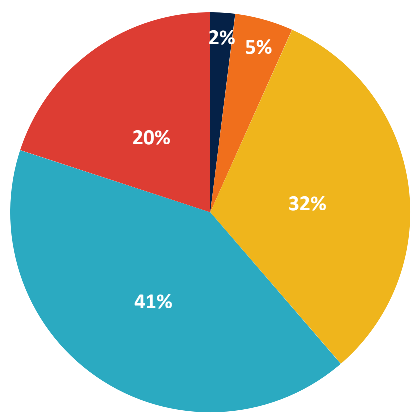
As at March 31, 2021



Total Suite Count: 6,121[1]

Valuation of Investment Properties by Region

As at March 31, 2021



Total Fair Market Value: $2,145,174

Ottawa Toronto Calgary Edmonton Montreal

[1] For co-owned properties, reflects the REIT's co-ownership interest only.

Business Strategy and Objectives

The REIT's objectives are to:

- provide Unitholders an opportunity to invest in high-quality income-producing multi-residential rental properties strategically located across urban centres in Canada;
- enhance the value of the REIT's assets and maximize long-term Unitholder value through value-enhancing capital investment programs and active asset and property management of the REIT properties;
- provide Unitholders with predictable and sustainable distributions; and
- expand the REIT's asset base across Canadian urban centres through intensification programs, acquisitions and developments.

Management believes it can accomplish these objectives given that it operates a high quality portfolio in an attractive asset class with compelling supply and demand characteristics. Furthermore, the REIT has several strategic avenues for growth and benefits from its strategic alliance with MPI.

Commitment to Environmental, Social and Governance Issues ("ESG")

On December 14, 2020, the Board of Trustees approved an updated Environmental, Social and Governance ("ESG") strategy, which formalizes the REIT's commitment to material ESG objectives as it continues to grow its business. The ESG strategy builds on a strong history of ESG initiatives, programs, and policies within Minto.

Working with an external consultant throughout 2020, the REIT completed a materiality assessment and gap analysis. The materiality assessment was undertaken to identify stakeholder environmental, social, and governance priorities. Internal and external stakeholders, including employees, tenants, procurement partners, investors, investment analysts, municipal authorities and Trustees, were engaged through surveys and interviews to rate the importance of ESG topics. The gap analysis was completed to assess the REIT's existing ESG-related areas of strength and areas in which to improve as prioritized by the stakeholders in the materiality assessment.

Based on the findings of the materiality assessment and gap analysis, workshops involving subject-experts, including the management team, were held to analyze, debate and refine the ESG strategic pillars, initiatives and targets that would form the updated ESG strategy. The governance framework, including reporting practices and disclosure standards, was also refined during this final phase of the strategy development.

As approved by the Board of Trustees for implementation beginning in 2021, the ESG strategy is comprised of three strategic pillars (environmental impact, community impact and business resilience), including eighteen initiatives with milestones and/or measurable targets to be achieved within a five-year horizon; enhanced governance measures for on-going Board oversight of the ESG strategy; and, reporting and disclosure commitments. All REIT employees incentive pay is linked, in part, to the successful implementation of the ESG strategy.

Environmental Impact Initiatives

- Reducing portfolio energy use by 10% and water use by 5% by 2025 (2019 baseline);
- Setting energy efficiency and emission targets for new developments;
- Increasing real-time energy and water monitoring;
- Measuring embodied carbon in new developments and incorporating lower carbon materials;
- Deploying a renewable energy strategy for operated properties and new developments; and
- Creating partnerships to reduce waste and increase diversion for operated properties and new developments.

Community Impact Initiatives

- Expanding employee ESG competency through employee onboarding training, professional development, recruitment, and on-going communication;
- Implementing a diversity and inclusion program to reduce systemic inequalities and promote workforce diversity;
- Identifying best practices for the collection and disclosure of workforce diversity data;
- Establishing a health and well-being framework with core features and procedures for all operated properties and new developments to promote resident well-being;

- Developing a resident engagement program to build connections and cultivate partnerships, including fostering sustainable behaviours; and
- Increasing community impact by focusing community engagement, giving, and volunteering programs around defined themes.

Business Resilience Initiatives

- Assessing physical and transition risks associated with climate change and developing mitigation measures for operated properties;
- Incorporating measures to enhance resilience to extreme weather events in the design of new rental properties;
- Updating emergency response and business continuity plans to address a broader set of catastrophic and disruptive events;
- Expanding ESG requirements in procurement processes;
- Implementing an ESG innovation program and committee; and
- Strengthening cybersecurity.

Governance Framework

To support successful implementation of the ESG strategy, the governance framework includes:

- ESG oversight through quarterly updates to the Board;
- ESG training provided to Board members and the management team;
- A management ESG steering committee;
- Embedding ESG initiatives in annual business plans;
- Incorporating ESG performance and objectives in the annual employee bonus program;
- Appointing dedicated ESG specialists to act as central knowledge resource on ESG best practices, measurement, and reporting; and
- Including ESG measures in investment analysis and recommendations.

Reporting and Disclosure Commitments

To deliver enhanced reporting and disclosure of material ESG topics, the ESG strategy includes commitments to expand public disclosures beginning in 2021:

- Aligning disclosures with established standards, including the Global Reporting Initiative ("GRI") and Sustainability Accounting Standards Board ("SASB");
- Publishing a stand-alone annual ESG report, with reporting on material ESG topics, ESG initiatives, and commentary related to governance practices; and
- Participating in the GRESB Real Estate Assessment.

Declaration of Trust

The investment policies of the REIT are outlined in the REIT's Amended and Restated Declaration of Trust dated June 27, 2018, as amended from time to time (collectively, the "DOT"). A copy of the DOT is available on SEDAR (www.sedar.com). Some of the principal investment guidelines and operating policies set out in the DOT are set out below:

Investment Guidelines

(i) The focus of the REIT is to invest in income-producing real estate located in Canada whose revenue stems primarily from multi-residential rental assets and assets ancillary thereto;

(ii) No investment will be made that would result in the REIT not qualifying as a "mutual fund trust" as defined in the Income Tax Act (Canada);

(iii) No single asset shall be acquired if the cost of such acquisition (net of the amount of debt assumed or incurred for the acquisition) exceeds 20% of the REIT's "Gross Book Value" (defined as the greater of (1) total assets and (2) the sum of the historical cost of investment properties, cash and cash equivalents, mortgages receivable and the historical cost of other assets);

(iv) Investments in joint ventures are permitted for the purpose of making another otherwise qualifying investment;

(v) The REIT is permitted to invest in raw land (which does not include land under development) up to 10% of Gross Book Value;

(vi) The REIT is permitted to invest in and originate mortgages, mortgage bonds, mezzanine loans and similar instruments that are secured by properties that otherwise would be qualifying REIT investments up to 20% of Gross Book Value; and

(vii) The REIT may invest an amount up to 15% of Gross Book Value in investments which do not comply with certain investment guidelines including paragraphs (i), (v) and (vi), above.

Operating Policies

(i) Overall indebtedness of the REIT (including Class C LP Units) shall not exceed 65% of Gross Book Value (or 70% of Gross Book Value including convertible debentures);

(ii) The REIT cannot guarantee third party debt, except for entities in which the REIT has an interest or joint ventures in which the REIT has an interest, subject to certain stipulated permitted exceptions;

(iii) The REIT can engage in new construction or development of real property provided that the aggregate investment in construction or development does not exceed 20% of Gross Book Value;

(iv) The REIT will maintain property insurance coverage; and

(v) Unless the requirement is waived by the REIT's independent Trustees, the REIT will obtain an appraisal of each real property that it intends to acquire and an engineering survey with respect to the physical condition of the property. The REIT must obtain a Phase I environmental site assessment of the property (or be entitled to rely on a Phase I environmental site assessment that is not more than six months old).

As of May 6, 2021, the REIT was in compliance with its investment guidelines and operating policies.

Basis of Presentation

The following Management's Discussion and Analysis of the REIT's results of operations and financial condition should be read in conjunction with the REIT's unaudited condensed consolidated interim financial statements and accompanying notes for the three months ended March 31, 2021 and 2020, prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB") and the REIT's audited consolidated financial statements and the accompanying notes for the years ended December 31, 2020 and 2019 prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. All amounts are stated in thousands of Canadian dollars, unless otherwise noted.

The REIT's Board of Trustees approved the content of this Management's Discussion and Analysis on May 6, 2021. Disclosure in this document is current to that date unless otherwise stated. Additional information relating to the REIT can be found on SEDAR at www.sedar.com and also on the REIT's website at www.mintoapartments.com.

Forward-Looking Statements

This Management's Discussion and Analysis may contain forward-looking statements (within the meaning of applicable Canadian securities laws) relating to the business of the REIT. Forward-looking statements are identified by words such as "believe", "anticipate", "project", "expect", "intend", "plan", "will", "may", "estimate" and other similar expressions. These statements are based on the REIT's expectations, estimates, forecasts and projections. They are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under the heading "Risks and Uncertainties". There can be no assurance that forward-looking statements will prove to be accurate as actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, these forward-looking statements are made as of the date of this Management's Discussion and Analysis and, except as expressly required by applicable law, the REIT assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Use of Estimates

The preparation of the unaudited condensed consolidated interim financial statements in conformity with IAS 34 requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements and accompanying note disclosures. Although these estimates are based on Management's knowledge of current events and actions the REIT may undertake in the future, actual results may differ from the 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.

Non-IFRS Measures

The REIT's financial statements are prepared in accordance with IFRS. Management's Discussion and Analysis also contains certain non-IFRS financial measures including funds from operations ("FFO"), FFO per unit, adjusted funds from operations ("AFFO"), AFFO per unit, AFFO payout ratio, net operating income ("NOI"), debt-to-Gross Book Value ratio, debt-to-earnings before interest, taxes, depreciation and amortization ("EBITDA") ratio and debt service coverage ratio, which are measures commonly used by publicly traded entities in the real estate industry. Management believes that these metrics are useful for measuring different aspects of performance and assessing the underlying operating performance on a consistent basis. However, these measures do not have a standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other publicly traded entities. These measures should strictly be considered supplemental in nature and not a substitute for financial information prepared in accordance with IFRS.

In February 2019, the Real Property Association of Canada (''REALPAC'') published a white paper titled ''White Paper on Funds from Operations & Adjusted Funds from Operations for IFRS''. The purpose of the white paper is to provide reporting issuers and investors with greater guidance on the definition of FFO and AFFO and to help promote more consistent disclosure from reporting issuers. The REIT has reviewed the white paper and has implemented its recommended disclosures in this Management's Discussion and Analysis, except as noted below.

FFO is defined as IFRS consolidated net income adjusted for items such as unrealized changes in the fair value of investment properties, effects of puttable instruments classified as financial liabilities and changes in fair value of financial instruments and derivatives. FFO should not be construed as an alternative to net income or cash flows provided by or used in operating activities determined in accordance with IFRS. The REIT's method of calculating FFO is in accordance with REALPAC's recommendations, but may differ from other issuers' methods and, accordingly, may not be comparable to FFO reported by other issuers. The REIT regards FFO as a key measure of operating performance.

AFFO is defined as FFO adjusted for items such as maintenance capital expenditures and straight-line rental revenue differences. AFFO should not be construed as an alternative to net income or cash flows provided by or used in operating activities determined in accordance with IFRS. The REIT's method of calculating AFFO is in accordance with REALPAC's recommendations, except that it adjusts for certain non-cash items (such as adjustments for the amortization of mark-to-market adjustments related to debt), but may differ from other issuers' methods and, accordingly, may not be comparable to AFFO reported by other issuers. The REIT regards AFFO as a key measure of operating performance. The REIT also uses AFFO in assessing its capacity to make distributions.

NOI is defined as revenue from investment properties less property operating costs, property taxes and utilities (collectively referred to as "property operating expenses") prepared in accordance with IFRS. NOI should not be construed as an alternative to net income determined in accordance with IFRS. The REIT's method of calculating NOI may differ from other issuers' methods and, accordingly, may not be comparable to NOI reported by other issuers. The REIT regards NOI as an important measure of the income generated from income-producing properties and is used by Management in evaluating the performance of the REIT's properties. It is also a key input in determining the value of the REIT's properties. NOI margin is defined as NOI divided by revenue.

The following other non-IFRS measures are defined as follows:

- "FFO per unit" is calculated as FFO divided by the weighted average number of Units of the REIT and Class B LP Units ("Class B LP Units") of Minto Apartment Limited Partnership (the "Partnership") outstanding over the period.
- "AFFO per unit" is calculated as AFFO divided by the weighted average number of Units and Class B LP Units outstanding over the period.
- "AFFO Payout Ratio" is the proportion of the total distributions on Units and Class B LP Units to AFFO.
- "Debt-to-Gross Book Value ratio" is calculated by dividing total interest-bearing debt consisting of mortgages, credit facility and Class C LP Units of the Partnership ("Class C LP Units") by total assets and is used as the REIT's primary measure of its leverage.
- "Debt-to-EBITDA ratio" is calculated by dividing interest-bearing debt (net of cash) by EBITDA. EBITDA is calculated as the trailing twelve-month NOI adjusted for a full year of stabilized earnings, fees and other income and general and administrative expenses from recently completed acquisitions, but excluding fair value adjustments.
- "Debt Service Coverage ratio" is the ratio of NOI to total debt service consisting of interest expense recorded as finance costs and principal payments on mortgages, credit facility and distributions on Class C LP Units.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Operating and Financial Measures

The REIT continually evaluates its key performance indicators used to measure the success of its operating and financial performance. As part of the evaluation, consideration is made toward improving the understandability of key performance indicators, better streamline information disclosed in the Management's Discussion and Analysis, and provide additional insight or clarity of results to the REIT's various stakeholders. As a result of its evaluation, Management has made certain enhancements to the occupancy reporting effective for Q1 2021, and described in detail below.

Occupancy for unfurnished suites - end of the period

Occupancy for unfurnished suites was previously defined as "The ratio of occupied unfurnished suites to the total unfurnished suites in the portfolio that are eligible for rental at the end of the period. The suites eligible for rental exclude suites that are not available due to renovation". This definition of occupancy for unfurnished suites presented a comparability issue when the denominator used in calculating the ratio fluctuated period to period depending on the number of suites offline for renovations. Additional footnote disclosures were provided for offline suites under going repositioning or enhanced turns, permitting readers to calculate occupancy for unfurnished suites using a constant denominator. Effective for Q1 2021, Management determined that although relevant information was made available in previous Management's Discussion and Analysis to calculate occupancy for unfurnished suites using a constant denominator, it would be beneficial to revise its definition of occupancy for unfurnished suites and include the number of suites not available due to renovation in the denominator when calculating the ratio of occupied unfurnished suites to the total unfurnished suites in the portfolio. The numerator and denominator used in the revised definition continues to exclude furnished suites. See below for revised calculations of occupancy at the end of the period and historical comparatives by fiscal quarter determined using a consistent denominator.

Occupancy - end of the period	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Occupancy - based on revised definition	**92.22 %**	93.52 %	94.74 %	96.37 %	96.84 %
Occupancy - as previously reported	**— %**	95.57 %	97.01 %	97.17 %	97.29 %

Occupancy for unfurnished suites - average for the period

In addition to revising the denominator used to calculate occupancy for unfurnished suites, Management also reviewed the time period to which the metric relates. The occupancy metric, being based on the end of period occupancy, is a useful metric to provide insight into the future rental performance of the REIT. Effective for Q1 2021, Management decided that, in addition to the occupancy for unfurnished suites at the end of the period, it would also disclose the average occupancy for the period using the same numerator and denominator definitions as occupancy for unfurnished suites as of the end of the period. Occupancy as an average for the period is a useful indicator to evaluate the unfurnished rental revenue results. See below for average occupancy for the period and historical comparatives by fiscal quarter determined using a consistent denominator.

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Occupancy - average for the period	**91.12 %**	92.29 %	93.97 %	96.16 %	96.59 %

The definitions for occupancy for unfurnished suites - end of period, occupancy for unfurnished suites - average for the period, and other key performance indicators to measure the success of the REIT's operating and financial performance are noted below:

Operating

(i) Average monthly rent per suite for unfurnished suites - Represents the average monthly rent for occupied unfurnished suites at the end of the period.

(ii) Occupancy for unfurnished suites, end of the period - The ratio of occupied unfurnished suites to the total unfurnished suites in the portfolio at the end of the period.

(iii) Occupancy for unfurnished suites, average for the period - The ratio of occupied unfurnished suites to the total unfurnished suites in the portfolio for the period.

(iv) Average monthly rent per suite for furnished suites - Represents the average daily rent for furnished suites for the period multiplied by 30.

(v) Occupancy for furnished suites - The ratio of occupied furnished suites to the total furnished suites in the portfolio for the period.

Financial

(i) FFO, FFO per unit, AFFO, AFFO per unit, AFFO Payout Ratio, NOI, NOI margin, Debt-to-Gross Book Value ratio, Debt Service Coverage ratio, and Debt-to-EBITDA ratio - See Section I, "Non-IFRS Measures".

(ii) Weighted average term to maturity on fixed rate debt - Calculated as the weighted average of the term to maturity on the outstanding fixed rate mortgages, a variable rate mortgage fixed through an interest rate swap and Class C LP Units. The REIT monitors the average term to maturity of its mortgages and Class C LP Units.

(iii) Weighted average interest rate on fixed rate debt - Calculated as the weighted average of the stated interest rates on the outstanding balances of fixed rate mortgages, a variable rate mortgage fixed through an interest rate swap and Class C LP Units. The REIT monitors the average cost of its mortgages and Class C LP Units.

COVID-19 Impact on the REIT

Since the onset of the pandemic, the REIT's first and foremost priority has been the health and safety of its residents, employees, partners and communities. The REIT continues to take the necessary steps and precautions in order to lessen the spread of COVID-19 and to prioritize good health.

In Q1 2021, the number of COVID-19 cases surged across Canada, surpassing levels of daily new cases seen during the onset of the pandemic. Although the rollout of vaccines across the country continues to progress, ongoing challenges with vaccine supply and the pace at which Canadians are being vaccinated has not reduced case counts, resulting in provincial governments reimposing stricter restrictions in an attempt to limit the spread of the virus. The impacts of COVID-19 are continually evolving and the REIT continues to learn and adapt to the new realities brought on by the global pandemic. Measures implemented to slow the spread of COVID-19, including border and business closures, have negatively impacted the REIT's operating results for both furnished and unfurnished suites. Notwithstanding these near-term challenges relating to COVID-19, Management maintains strong conviction in its business model, long-term strategy and outlook for the REIT.

Canadian immigration had a positive rebound in January and February 2021 with 25,000 and 23,000 new permanent residents admitted to Canada. The pace of immigration were at levels just trailing below the first two months of 2020, but well above the 13,000 monthly average for the period of March through December 2020. While the signs of an early rebound are encouraging, the monthly pace of immigration will need to increase substantially to achieve the Canadian government's target of 401,000 new permanent residents this year.

Overall, rental collections have largely been consistent with pre-pandemic collection patterns. The REIT has a strong record of working with its residents on collections. Its bad debt expense averaged only 0.25% of revenues prior to the pandemic. The REIT's bad debt expense has increased since the onset of the pandemic but remains relatively insignificant. Bad debt expense as percentage of revenue improved from 1.01% in Q4 2020 to 0.46% in Q1 2021.

The pandemic has altered the typical annual turnover pattern for the REIT's suites. In a typical year, the REIT experiences higher turnover in Q2 and Q3 and lower turnover in Q1 and Q4. The REIT entered into a record high of 470 new leases in Q1 2021, which was a 33% increase in leasing activity compared to 353 new leases in Q1 2020. Turnover in Q1 2021 was 7.2% compared to 5.2% in Q1 2020. Despite the high level of leasing activity, occupancy has trended downward compared to Q1 2020 and Q4 2020 as a result of an unseasonably high number of move-outs similar to Q4 2020.

Demand for the furnished suites continues to be impacted as a result of reductions in business travel and corporate relocations, general restrictions on non-essential travel and the closing of the Canadian border. The REIT reduced its furnished suite inventory by another 16 suites to 216 suites as at March 31, 2021 compared to 232 suites at December 31, 2020 and 247 suites at March 31, 2020. Furnished suite occupancy was 62.49% in Q1 2021, down from 77.29% in Q4 2020 and 64.21% in Q1 2020. In response to a drop in demand from corporate users due to COVID-19 restrictions, the REIT adjusted the furnished rental rates and customer mix to include more of government and transient users. Average monthly rent for furnished suites was $3,540 in Q1 2021 compared to $3,571 in Q4 2020 and $4,356 in Q1 2020. Management will continue to adjust its furnished suite inventory over time depending on demand and changing market conditions.

The REIT has sufficient liquidity and is well positioned to weather the ongoing crisis. As at March 31, 2021, the REIT had total cash and availability on its credit facility of $158,910. The REIT's liquidity ratio (total liquidity as a percentage of total debt) was 18.56% at March 31, 2021 compared to 20.08% at December 31, 2020.

Fair value of investment properties was adjusted for potential COVID-19 impacts and a reserve was taken at the portfolio level. This reserve conservatively accounts for potential near-term income impacts from the pandemic, including changes in vacancy and furnished suite operations. The fair value of investment properties as at March 31, 2021 includes a reserve of $2,041 for the potential COVID-19 impacts, compared to $2,681 at December 31, 2020 and $6,061 at March 31, 2020.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Financial and Operating Highlights

Financial Performance

With the economy still in the midst of a pandemic, the REIT's financial performance in Q1 2021 was affected by lower occupancy for both its furnished and unfurnished suite portfolio. Targeted marketing efforts and initiatives, including incentives and focused leasing promotions, were used to help raise occupancy in the face of higher move-out rates during the quarter. Notwithstanding the occupancy challenges, the REIT continued to generate rental revenue gains on suite turnovers with $576 of annualized gain on turn in Q1 2021 compared to $188 in Q4 2020 and average monthly rents increased to $1,630 in Q1 2021 compared to $1,623 for Q4 2020 . Collections continued to be strong for the quarter.

Revenue, NOI, FFO and AFFO for the Total Portfolio were lower for the three months ended March 31, 2021 compared to the same period in 2020. Revenue and NOI were lower by 4.8% and 8.2% where as FFO and AFFO were lower by 10.1% and 11.7%. These reductions are primarily a result of the declining contributions from the REIT's furnished suite operations and lower occupancy in the unfurnished suite portfolio. Furnished suites have historically enhanced yield and property returns, but continue to be negatively impacted by reduced corporate demand and travel caused by COVID-19 restrictions.

The REIT continued to execute its strategy to create organic growth by realizing on gain-to-lease potential in the portfolio and by repositioning suites in properties where there is demand for renovated units. The REIT was able to realize, on average, an increase of 7.6% on the 470 new leases it signed for the quarter, which represents annualized revenue growth of approximately $576. The REIT also repositioned 46 suites during the quarter, generating an average annual un-levered return of 8.7%.

On January 28, 2021, the REIT renewed a mortgage of $22,077 secured by Leslie York Mills. The renewed mortgage bears interest at 1.63% and matures on April 1, 2025.

On May 5, 2021, the REIT renewed the revolving credit facility for a period of three years and maturing on July 3, 2024.

Organic Growth — Gain-to-Lease

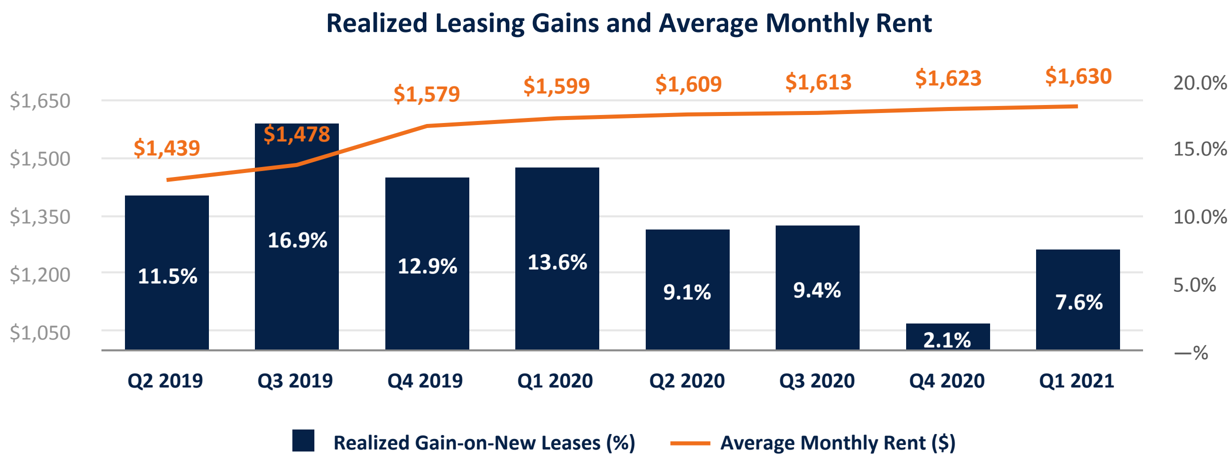
Despite the impacts of COVID-19, the REIT realized on organic growth for the three months ended March 31, 2021 through effective leasing activities and revenue management strategies. As new tenants take occupancy, the REIT is able to move rental rates to current market rates. During the period, new leases resulted in annualized revenue growth of approximately $576. The following table summarizes the leasing activities and the gains to be realized from new leases signed for the three months ended March 31, 2021:

Geographic Node	New Leases Signed[1]	Average Monthly Expiring Rent	Average Monthly New Rent	Percentage Gain-on-Turn	Annualized Gain-on-Turn[2]
Toronto	114	$2,074	$2,115	2.0%	$31
Ottawa	215	1,509	1,661	10.1%	392
Alberta	64	1,277	1,321	3.5%	34
Montreal	77	1,958	2,157	10.1%	119
Total/Average	**470**	**$1,618**	**$1,741**	**7.6%**	**$576**

The REIT was able to realize an average gain-on-turn of 7.6% on the 470 new leases it signed in the first quarter of the year. The REIT realized gains in all markets.

[1] New leases signed includes 100% of new leases from co-ownerships and excludes new leases of furnished suites.
[2] For co-owned properties, reflects the REIT's co-ownership interest only.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)



The annualized gains realized from new leases signed in the last four quarters are as follows:

Fiscal Quarter	New Leases Signed[1]	Average Monthly Expiring Rent	Average Monthly New Rent	Percentage Gain-on-Turn	Annualized Gain-on-Turn[2]
Q2 2020	339	1,469	1,602	9.1%	467
Q3 2020	403	1,489	1,630	9.4%	477
Q4 2020	406	1,551	1,584	2.1%	188
Q1 2021	470	1,618	1,741	7.6%	576
Total/Average	**1,618**	**$1,538**	**$1,645**	**7.0%**	**$1,708**

The REIT typically experiences its peak leasing season during Q2 and Q3 and leasing activity generally slows during the late fall and winter months. However, typical suite turnover patterns were impacted by COVID-19 and leasing activity in Q2 and Q3 2020 was lower than normal, while leasing activity in Q4 2020 and Q1 2021 was much higher than normal to address a sharp increase in tenants moving out during these quarters. In Q1 2021, there were 427 move-outs (Q1 2020 - 295) and 362 move-ins (Q1 2020 - 290).

Management continually reviews market conditions and updates its estimates of market rent for the properties in its portfolio. In response to an unseasonably high level of move-outs and leasing challenges brought on by COVID-19, Management reduced its estimates of average market rent in all markets in Q4 2020. Management revised its assessment of market rents at March 31, 2021 as market demand improved over Q4, with fewer discounts, incentives and promotions. The near-term challenges brought on by COVID-19 include government-imposed lockdowns of businesses, border restrictions (which affect the flow of immigration and foreign students) and the physical challenges of showing suites and executing transactions while maintaining health measures established to limit the spread of the virus. Management believes that these disruptions and challenges are temporary and that there will be a recovery in market rents in the second half of 2021 (see Section I, "Outlook"). As the rollout of vaccines picks up pace, Management anticipates a gradual reduction in the economic and physical disruptions caused by COVID-19.

Management also monitors market conditions for competing product types, including new condominium suites being offered as rentals in the City of Toronto and considers this information when setting its estimate of monthly market rent. The Toronto condo rental market continues to experience softness, although Q1 2021 showed improvements in leasing activity with a higher ratio of leases-to-listings compared to prior quarters, average rents per square foot continued to decrease sequentially. Notwithstanding the improving affordability of condo rentals, the REIT's suites continue to compare favourably on a size and rental rate basis. The average size and rental rate of the REIT's Toronto suites is 802 square feet and $2.32 per square foot respectively, compared to 682 square feet and $2.98 per square foot for the average condo rental.[3]

[1] New leases signed includes 100% of new leases from co-ownerships and excludes new leases of furnished suites.
[2] For co-owned properties, reflects the REIT's co-ownership interest only.
[3] Data for condo rentals is from Urbanation's Q1 2021 UrbanRental Greater Toronto Area Rental Market Report.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Factoring in the new estimates of market rent, the estimated gain-to-lease potential on existing tenancies for the REIT's portfolio as at March 31, 2021 is as follows:

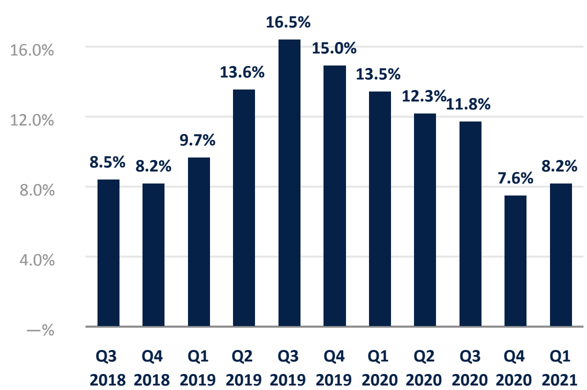
Geographic Node	Total Suites[1]	Average Monthly In-Place Rent/Suite	Management's Estimate of Monthly Market Rent	Percentage Gain-to-Lease	Annualized Estimated Gain-to-Lease[2]
Toronto	1,725	$1,861	$2,007	7.8%	$1,961
Ottawa	2,774	1,524	1,627	6.8%	3,453
Alberta	609	1,212	1,291	6.6%	580
Montreal	1,403	1,938	2,177	12.4%	2,700
Total/Average	**6,511**	**$1,630**	**$1,763**	**8.2%**	**$8,694**

Management currently estimates that the portfolio has annualized estimated gain-to-lease potential of approximately $8,694, compared to $8,049 at Q4 2020 and $14,674 in Q1 2020. The REIT continues to realize on gain-to-lease opportunities as suites turnover and expects to continue doing so going forward. As noted above (and more fully in Section I, "Outlook"), Management expects market rents to gradually increase in the second half of 2021 and with that the total estimated gain-to-lease potential of the REIT's portfolio.

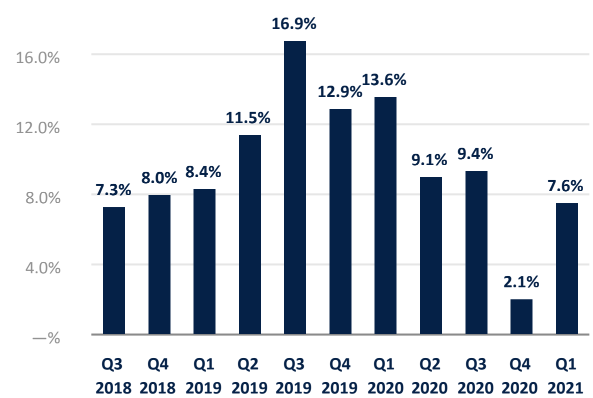
The ability of the REIT to realize the gain-to-lease potential is dependent on the number of residents that move-out in its portfolio and overall market conditions. Management expects that the REIT will be able to realize a significant portion of the gain-to-lease potential over a period of three to five years.

The REIT has a good track record realizing on the gain-to-lease potential in its portfolio. The following charts summarize the Management's estimate of the gain-to-lease potential remaining in the portfolio., as well as gains the REIT has realized each quarter since its initial public offering ("IPO").

Gain-to-Lease Potential



Gains Realized on New Leases



Value Creation

Repositionings

In order to take advantage of market demand for repositioned properties, the REIT’s asset management strategy targets improvements to suites, building common areas and amenities. As part of an asset management plan for each building, Management will renovate test suites in order to gauge market demand for different improvements or combinations of improvements. Test suites also assist Management in mitigating capital risk by confirming and refining cost estimates, value engineering and uncovering potential issues prior to a broader roll out of the program. Once an optimal combination of suite improvements is determined, a repositioning plan is executed for all of the suites in the building as suites turn over. The rate at which Management can complete the repositioning plan depends on the rate of suite turnover. Additionally, the government restrictions in effect from time to time due to the pandemic are also impacting the pace at which the REIT's repositionings can be performed.

[1] Excludes 216 furnished suites, 411 vacant suites, 119 suites offline for repositioning and 20 suites offline for enhanced turns.
[2] For co-owned properties, reflects the REIT's co-ownership interest only.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

The REIT has active repositioning programs at: Minto Yorkville, Leslie York Mills, High Park Village and Roehampton in Toronto; Castle Hill and Carlisle in Ottawa; and Rockhill, Le 4300 and Haddon Hall in Montreal. The repositioning of suites at its Edmonton properties remains on hold as lower rental rates are negatively impacting returns on repositioning activities.

A summary of the repositioning activities for the three months ended March 31, 2021 is set out below[1].

Property	Ownership Interest	Suites Repositioned and Leased	Remaining Suites to Reposition	Total Suites in the Program	Proportion Complete
Minto Yorkville	100%	—	45	99	55%
Leslie York Mills	50%	1	297	409	27%
High Park Village	40%	13	345	407	15%
Edmonton properties[2]	100%	—	74	171	57%
Carlisle	100%	9	120	191	37%
Castle Hill	100%	2	105	176	40%
Rockhill	50%	8	854	934	9%
Le 4300	100%	6	253	261	3%
Haddon Hall	100%	7	184	191	4%
Roehampton	100%	—	148	148	—%
Total		**46**	**2,425**	**2,987**	**19%**

The REIT completed feasibility studies on the Roehampton suites in Q1 2021. The REIT plans to reposition the entire property as suites become available including converting furnished suites to unfurnished suites. As of March 31, 2021, 39 suites were under renovation. The REIT plans to deliver repositioned suites to the market in the typically stronger Q2/Q3 2021 leasing market. Supply shortages and provincial restrictions imposed to curb the spread of COVID-19 might impact the timing of the delivery of these suites.

The REIT is exploring repositioning opportunities at three other wholly-owned properties in the portfolio, with a combined count of nearly 450 suites with repositioning potential.

The following table includes a summary of the costs and returns from the repositioning activities for the periods presented:

		Three months ended March 31, 2021
Suites renovated		46
Suites renovated at REIT's proportionate share		34
Average cost per suite	$	52,277
Average annual rental increase per suite	$	4,531
Average annual un-levered return		8.7 %

The REIT repositioned six suites at Le 4300 and seven suites at Haddon Hall during Q1 2021. The average cost per suite renovated at these properties is roughly twice the average costs per suite at the remaining properties as the scope of work is much more extensive.

Management targets a return in the range of 8% to 15% on suites renovated and leased.

The following table summarizes costs and average annualized returns from repositioning activities for the past four quarters:

Fiscal Quarter	Suites Renovated[1]	Average Cost per Suite	Average Annual Rental Increase per Suite	Average Annual Un-Levered Return
Q1 2020	71	$34,591	$3,492	10.1%
Q2 2020	50	39,767	3,142	8.0%
Q3 2020	62	36,636	3,650	10.0%
Q4 2020	56	$38,988	$3,512	9.0%

[1] All suite counts, including co-owned properties, are presented at 100% rather than the REIT's ownership share.
[2] Edmonton repositioning program is currently on hold due to market conditions.

The REIT's repositioning program presents the best risk-to-return profile of all investment opportunities, generating NAV growth at the expense of modest, near-term earnings dilution. Repositioning programs are flexible, with relatively small, discrete capital commitments and short project durations that are easily accelerated or slowed as market conditions dictate. The REIT's high volume of repositioning programs generates a number of efficiencies through volume purchasing, repeatable design concepts and material selection, and transferable lessons learned from other projects.

Enhanced Turns

In addition to its repositioning program, the REIT continues to take advantage of vacancies at certain properties to make improvements to suites on turnover in excess of the typical work completed on a regular turnover (defined as an enhanced turn). An enhanced turn involves replacing carpets with modern flooring, as well as improvements to trim and fixtures and new appliances in some instances. The scope of work is narrower than in the repositioning program but early results reflect unlevered returns consistent with the REIT's broader repositioning program. The timing to complete the enhanced turn depends on the condition of the suite and the specific work being performed, but typically ranges from two to four weeks. In Q1 2021, 24 suites were leased after completing enhanced turns and the annualized rental rate increases generated returns in excess of 8% on cost. Another 20 suites in buildings located in the Parkwood Hills area of Ottawa (Huron and Seneca) were undergoing enhanced turns at March 31, 2021.

Before (upper) and after (lower) enhanced turns - Parkwood Hills, Ottawa

Outlook

In the current operating environment, Management is focused on the health and safety of its residents, employees and business partners and on limiting the spread of COVID-19. Notwithstanding the challenges resulting from COVID-19, Management has been able to operate safely while continuing to realize on growth from:

- Organic growth opportunities including realization of gain-to-lease potential;
- Value creation from the repositioning of existing assets by investing in in-suite and common area improvements to drive higher revenue; and
- Capitalizing on our strategic alliance with MPI and its affiliates by accessing its pipeline of assets and deal flow.

At the same time, Management is actively looking for opportunities:

- to make strategic acquisitions in major urban centres across Canada; and
- to develop purpose-built rental properties and engage in intensification of existing properties which have the capacity for added density.

With a significant surge in COVID-19 cases across Canada, provincial governments have imposed stricter restrictions which might affect the business in the short term. Management believes the operating environment and tenant demand will improve over the course of 2021 with the roll-out of effective COVID-19 vaccines, along with various anti-viral medications and new rapid testing tools accelerating the transition back to normalcy in day-to-day living and business operations. The transition will progress in phases as the vaccine rollout proceeds however, the setbacks with some vaccines and supply issues relating to others might affect the timing of the transition. The Federal Government expects that all Canadians that wish to be vaccinated will have the opportunity by September 2021.

Management expects that government-imposed restrictions will begin to ease and with that will come employment improving, immigration volumes picking up and on-campus or hybrid instruction resuming at post-secondary institutions for the fall term. Economists are forecasting economic growth to recover as service industries, which were the hardest hit by restrictions, can come back quickly as restrictions are eased.

The roll out of vaccines will reignite demand for housing from students and new immigrants, which are two important groups driving demand for rental housing. Students have shown a preference for in-person learning and strong demand from students in post-secondary programs is expected to return over the course of the year. The Federal Government has reiterated its commitment to immigration and has increased its targets for new permanent residents over the next three years in order to catch up on the immigration that was delayed in 2020 due to border closures. The Federal Government's new targets, along with natural growth, should push net population growth to more than 500,000 people per year for the next three years, returning to historically high population growth last reached in 2019 before the onset of the pandemic. The first two months of 2021 marked an improvement in immigration with an average of 24,000 new immigrants per month compared to the 13,000 monthly average over the period of March through December 2020. However, the current immigration numbers are below the levels achieved prior to the pandemic and a substantial monthly increase is required if the federal government is to meet its targets for 2021.

Management remains confident that the rental markets will start to rebound in the second half of 2021 as vaccination levels increase, monthly immigration rises, post-secondary students return to on campus learning and government restrictions are lifted. However, the anticipated recovery in the rental markets will not translate into immediate improvements to financial performance as it will require several quarters for the REIT to absorb its current excess inventory of available unfurnished and furnished suites.

The favourable supply and demand fundamentals that existed prior to the pandemic have not gone away. The affordability gap between rental housing and home ownership has in fact gotten wider in most Canadian cities. The supply of new housing remains constrained and inelastic to housing demand and population growth. As population growth increases in 2021, rental housing demand is expected to strengthen and occupancy rates will gradually improve, however Management still expects it to be below the normal occupancy rate for the remainder of 2021.

Organic Growth Opportunities

The REIT expects to continue to see organic growth on turnover of suites in the near term in all markets. Management expects to realize on the gap between market rent and average sitting rent on new leases as suites turnover and rent is adjusted to current market rates. The average gain-to-lease opportunity for the portfolio is 8.2% (as set out in the detailed gain-to-lease table in the previous section).

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Value Creation from Repositioning Existing Assets

The REIT has been able to drive higher revenue by investing in in-suite and common area improvements. Management continuously evaluates the existing properties and the need for repositioning. The REIT has an extensive repositioning program with more than 2,400 suites eligible for repositioning. The REIT's ability to execute its repositioning program is highly dependent on the turnover of our tenants and market conditions at the time suite renovations are completed. Government restrictions with regard to the pandemic also impacted the pace of the REIT's renovation program. Subject to the availability of unrenovated suites becoming available and potential provincial restrictions, the REIT expects to reposition approximately 200 to 250 suites for the remainder of 2021.

Development of Purpose-Built Rental Properties and Intensification on Existing Sites

Management evaluates and prioritizes potential development projects that can generate NAV and long-term earnings growth for its Unitholders. Development and construction entails some risk, however Management believes the REIT can effectively mitigate this risk through its strategic alliance with MPI and the Minto Group's extensive experience and track record of successful developments and construction.

Certain REIT properties have the potential to develop additional rental suites on available excess land. Currently, the REIT is exploring development opportunities at its Richgrove, Leslie York Mills and High Park Village properties in Toronto.

Location and Property Name	Ownership	Est. Suites	Est. Project Costs	Status	Construction Start Date	Estimated Completion	Anticipated Yield
Toronto, ON							
Richgrove	100%	225	$ 114,000	In design and approvals process	Q3 2021	Q3 2025	4.25% - 4.75%
Leslie York Mills	50%	192	171,000		Q3 2021	Q2 2024	3.75% - 4.25%
High Park Village	40%	650	454,000		Q2 2023	Q2 2028	4.25% - 4.75%

The Richgrove community includes Richgrove, comprising two high-rise residential apartment buildings with a total of 258 suites, and Martin Grove, a high-rise residential apartment building with a total of 237 suites. There is excess land on the site which is fully-zoned and entitled to add a new tower consisting of approximately 225 suites, including 100 affordable housing suites and 213 parking stalls. At the end of 2020, the REIT executed a contribution agreement with the City of Toronto to build affordable housing on the surplus land at the property and is in the process of obtaining rental construction financing from CMHC. The construction is expected to commence in Q3 2021, with completion expected in Q3 2025 and stabilization expected in Q4 2025.

Leslie York Mills comprises three 18-storey towers with a total of 409 suites. The site presents an intensification opportunity to develop 192 rental terrace homes on four blocks, create an indoor pool, gym and recreational area and replace the existing parking structure with a new two-level underground parking garage. The construction is expected to commence in Q3 2021, with completion by Q2 2024 and stabilization expected by Q1 2025.

High Park Village consists of three buildings and an aggregate of 750 suites. The REIT is in discussions with the City of Toronto to develop two towers comprising an estimated 650 suites and 335 underground parking stalls. The construction is expected to commence in Q2 2023, with completion expected to be in Q2 2028 and stabilization expected by Q4 2028. An agreement has been reached with the City of Toronto whereby 72 affordable suites will be provided for a period of 10 years.

All three development opportunities remain subject to municipal and investment partner approvals (as applicable). The REIT continues to pursue these opportunities but may experience additional delays as it deals with local municipalities and faces limitations with the facilitation of public meetings during the COVID-19 crisis.

The construction of the three development projects will add approximately 1,100 suites to the REIT's portfolio at an estimated total cost of $739,000, with an expected average yield between 3.75% - 4.75%.

Exploring Strategic Acquisitions in Major Canadian Urban Centres and Capitalizing on our Relationship with MPI and Affiliates

The REIT is continuously exploring opportunities to acquire additional properties or to dispose of existing properties if the proceeds can be deployed more productively in other investments. Acquisition efforts are focused on major urban markets in Canada, with an emphasis on properties that present opportunities with embedded gain-to-lease potential, repositioning, intensification or a combination of all these opportunities. Although the REIT will pursue any opportunity that fits its strategic mandate, it is devoting time and resources in key markets such as Montreal, Toronto, Ottawa and Vancouver.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

In addition to third party acquisitions, the REIT is also focused on capitalizing on its strategic partnership with MPI and its affiliates. MPI holds interests in a variety of investment vehicles with institutional investors and some of these interests may be candidates for transfer to the REIT over time.

The REIT has entered into agreements to extend investment financing for the following developments:

Location and Project Name	Est. Suites	Est. Project Costs	Status	Construction Start Date	Estimated Completion	Maximum Investment Financing
Ottawa, ON						
Fifth + Bank	163	$ 87,000	Under construction	Q3 2020	Q2 2022	$ 30,000
Beechwood	229	123,000	Rezoning	Q1 2022	Q3 2024	51,433
North Vancouver, BC						
Lonsdale Square	113	78,000	Rezoning	Q2 2021	Q3 2022	14,000

Fifth + Bank involves the redevelopment of a commercial property located at 99 Fifth Avenue in Ottawa, Ontario into a mixed-used multi-residential rental and retail property. Construction of 163 rental suites commenced in Q3 2020 and is expected to be completed in Q2 2022. The property is expected to be stabilized in Q2 2022.

MPI intends to develop a nine-storey structure comprising of 229 suites and 6,039 square feet of retail space to replace the 11 existing buildings located at 78-88 Beechwood Avenue and 69-93 Barette Street, subject to receiving necessary zoning and development approvals. Construction on the project is expected to commence in Q1 2022 with completion in Q3 2024 and stabilization expected by Q4 2024.

Lonsdale Square is part of a large master planned community on a 99-year land lease with the City of North Vancouver. The building will comprise 113 rental suites and 7,800 square feet of retail space. Construction is expected to commence in Q2 2021 and completion is expected by Q3 2022. The property is expected to be stabilized in Q1 2023.

The agreements provide the REIT with an option to purchase each of the properties at 95% of its then fair market value as determined by independent and qualified third-party appraisers upon stabilization. If all of the purchase options are exercised, these projects will add approximately 500 suites to the REIT's portfolio.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Section II - Financial Highlights and Performance

Key Performance Indicators

The REIT's operating results are affected by seasonal variations and other factors, including the impacts of COVID-19. As a result, the operating performance and metrics in one quarter may not be indicative of future quarters.

The following tables highlight certain information about the REIT for the periods presented for the Total Portfolio and the Total Portfolio - excluding furnished suites. The information in the table below and throughout this Management's Discussion and Analysis is on a Total Portfolio basis, except where specifically stated otherwise:

Three months ended	March 31, 2021	March 31, 2020	Change
Operating			
Number of properties	**29**	29	—
Total suites[1]	**7,277**	7,243	34
Average monthly rent per suite	**$ 1,630**	$ 1,599	1.9 %
Occupancy - end of the period	**92.22 %**	96.70 %	(448) bps
Occupancy - average for the period	**91.12 %**	96.59 %	(547) bps
Financial			
Revenue	**$ 29,999**	$ 31,525	(4.8)%
NOI[2]	**$ 17,884**	$ 19,489	(8.2)%
NOI margin[2]	**59.6 %**	61.8 %	(220) bps
Net (loss) income and comprehensive (loss) income	**$ (20,427)**	$ 87,944	(123.2)%
Revenue - Total Portfolio - excluding furnished suites	**$ 28,468**	$ 29,448	(3.3)%
NOI[2] - Total Portfolio - excluding furnished suites	**$ 17,314**	$ 18,438	(6.1)%
NOI margin[2] - Total Portfolio - excluding furnished suites	**60.8 %**	62.6 %	(180) bps
FFO[2]	**$ 10,891**	$ 12,117	(10.1)%
FFO per unit[2]	**$ 0.1845**	$ 0.2052	(10.1)%
AFFO[2]	**$ 9,322**	$ 10,558	(11.7)%
AFFO per unit[2]	**$ 0.1579**	$ 0.1788	(11.7)%
AFFO Payout Ratio[2]	**72.04 %**	61.52 %	1052 bps
Distribution per unit	**$ 0.1138**	$ 0.1100	3.5 %
Distribution yield based on Unit closing price	**2.10 %**	2.26 %	(16) bps

As at	March 31, 2021	December 31, 2020	Change
Leverage			
Debt-to-Gross Book Value ratio[2]	**38.73 %**	38.57 %	(16) bps
Debt Service Coverage ratio[2]	**1.67 x**	1.91 x	(0.24)x
Debt-to-EBITDA ratio[1]	**11.90 x**	11.51 x	(0.39)x
Weighted average term to maturity on fixed rate debt	**5.67**	5.81	(0.14) years
Weighted average interest rate on fixed rate debt	**2.90 %**	2.94 %	4 bps

[1] At March 31, 2021, includes 2,163 (March 31, 2020 - 2,163) suites co-owned with institutional partners.
[2] Refer to Section IV, "Reconciliation of Non-IFRS Measures" for a reconciliation of performance indicators not defined by IFRS.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Review of Financial Performance

The following tables highlight selected financial information for the REIT's Total Portfolio and Total Portfolio - excluding furnished suites for the three months ended March 31, 2021 and 2020:

Total Portfolio - excluding furnished suites

Three months ended		March 31, 2021		March 31, 2020	% Change
Revenue from investment properties[1]	**$**	**28,468**	$	29,448	(3.3)%
Property operating costs		**5,106**		5,063	(0.8)%
Property taxes		**3,329**		3,244	(2.6)%
Utilities		**2,719**		2,703	(0.6)%
NOI[2]	**$**	**17,314**	$	18,438	(6.1)%
NOI margin[2]		**60.8 %**		62.6 %	(180) bps

Total Portfolio

Three months ended		March 31, 2021		March 31, 2020	% Change
Revenue from investment properties	**$**	**29,999**	$	31,525	(4.8)%
Property operating costs		**5,771**		5,783	0.2 %
Property taxes		**3,508**		3,420	(2.6)%
Utilities		**2,836**		2,833	(0.1)%
NOI[2]		**17,884**		19,489	(8.2)%
NOI margin[2]		**59.6 %**		61.8 %	(220) bps
General and administrative expenses		**1,902**		1,692	(12.4)%
Finance costs - operations		**8,077**		8,582	5.9 %
Fair value loss (gain) on:					
Investment properties		**(914)**		2,763	133.1 %
Class B LP Units		**30,511**		(83,107)	136.7 %
Interest rate swap		**(1,062)**		2,299	146.2 %
Unit-based compensation		**193**		(287)	167.2 %
Fees and other income		**(396)**		(397)	(0.3)%
Net (loss) income and comprehensive (loss) income	**$**	**(20,427)**	$	87,944	(123.2)%

Net Operating Income

For the three months ended March 31, 2021, Total Portfolio NOI and Total Portfolio excluding furnished suites NOI decreased by 8.2% and 6.1% respectively, compared to the same period in 2020, with lower revenue being the main driver for the decline. Three core urban properties, Minto Yorkville, Minto one80five and Roehampton, contributed the majority of the unfavorable NOI variance experienced in Q1 2021. The vast majority of the REIT's furnished suites are located in these properties, which continue to be hit hardest by COVID-19 related border closures, business lockdowns and work-from-home requirements. This has led to a decline in furnished suite revenues with lower average monthly rent as Management adjusted the rates and customer mix in order to capture the available demand in the market. In addition, the on-going challenges with COVID-19 on the urban core rental market has also resulted in a decline in unfurnished suite revenues with lower occupancy at these three core urban properties. Partially offsetting the unfurnished suites revenue and occupancy decline was an increase in average monthly rents which Management continues to preserve rents by leveraging promotions.

[1] Includes rental revenue from the lease of unfurnished suites, commercial space, parking revenue and other property income.
[2] Refer to Section IV, "Reconciliation of Non-IFRS Measures" for a reconciliation of performance indicators not defined by IFRS.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Revenue from Investment Properties

Three months ended	March 31, 2021	March 31, 2020	% Change
Rental revenue			
Unfurnished suites	**26,001**	26,733	(2.7)%
Furnished suites	**1,531**	2,077	(26.3)%
Commercial leases	**517**	534	(3.2)%
Parking revenue	**1,071**	1,077	(0.6)%
Other property income	**879**	1,104	(20.4)%
	$ 29,999	$ 31,525	(4.8)%

Revenue from investment properties consists of rental revenue from residential lease agreements relating to unfurnished suites and furnished suites, commercial lease agreements, parking revenue and other property income. Other property income consists of ancillary revenue from laundry facilities, telecommunication commission revenue, membership fee revenue, other fee income from tenants and recoveries of utility charges, operating costs and property taxes.

Rental Revenue from Unfurnished Suites

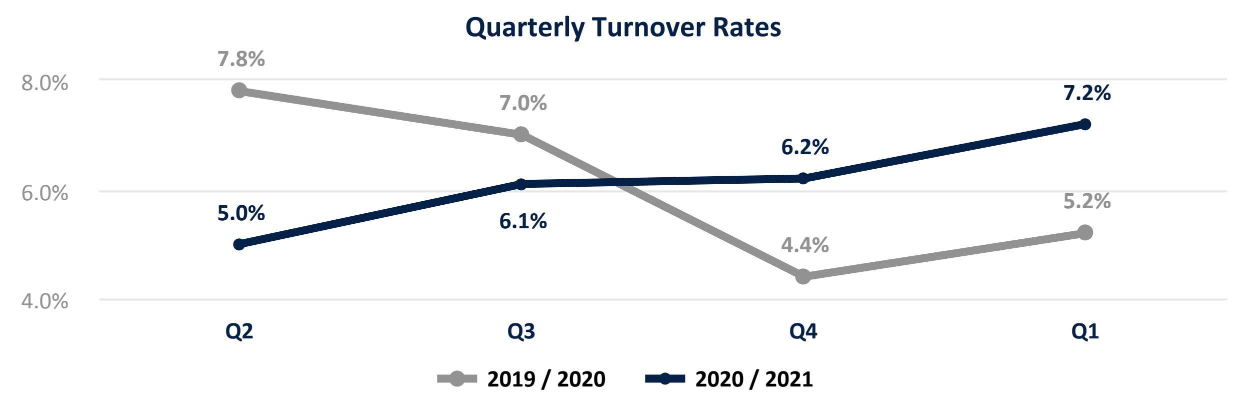
Total Portfolio rental revenue from unfurnished suites for the three months ended March 31, 2021 was 2.7% lower than the same period in 2020, mainly as the occupancy was down by 547 bps, partially offset by an increase in average rents. The majority of the decline is attributed to lower occupancy at three properties (Minto One80five, Minto Yorkville, and Roehampton). These three properties are located in urban centres where the impacts of COVID-19 have been the most prominent.

Rental performance metrics for March 31, 2021 and 2020 are as follows:

	March 31, 2021	March 31, 2020
Number of suites[1]	**7,277**	7,243
Average monthly rent per suite	**$ 1,630**	$ 1,599
Occupancy - average for the period	**91.12 %**	96.59 %

Total Portfolio average monthly rent per suite of $1,630 as at March 31, 2021 was $31 per month higher than the same period in 2020, primarily due to increases in Ottawa rental rates.

The onset of the pandemic has altered the typical annual turnover pattern for the REIT's suites. In a typical year, the REIT experiences higher turnover in Q2 and Q3 and lower turnover in Q1 and Q4. The REIT experienced lower than expected levels of turnover in Q2 2020 and Q3 2020 and higher than expected level of turnover in Q4 2020 and Q1 2021. The graph below sets out the REIT's quarterly turnover rate for the past four quarters with prior year comparative amounts.



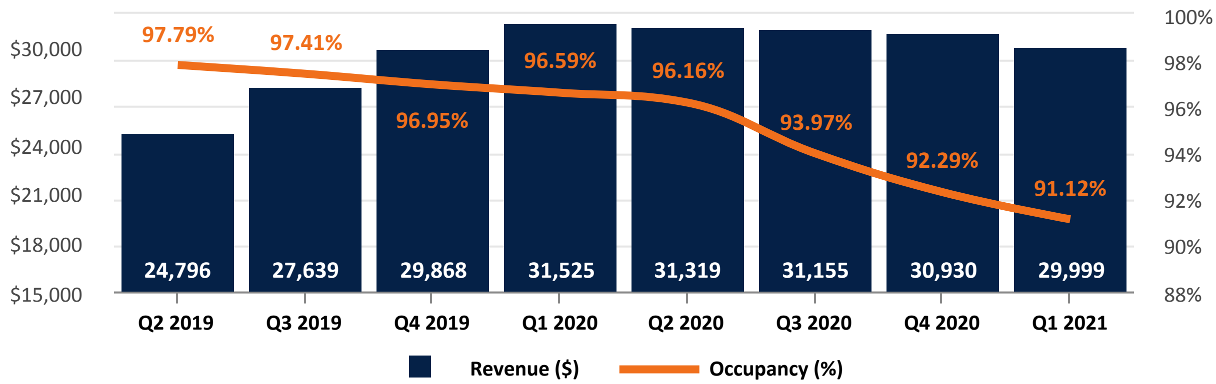
[1] Total Portfolio suites includes 2,163 (March 31, 2020 - 2,163) suites co-owned with institutional partners.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

There are a number of factors contributing to the change in turnover pattern. First, at the onset of the pandemic tenants were naturally reluctant to make a move. Lockdowns and COVID-19 protocols also made leasing and move-in/move-out activities more challenging. Over time, tenants became both more accustomed to and comfortable living under pandemic rules and tenants who had deferred their moves in Q2 and Q3 2020 undertook their moves in Q4 2020 and Q1 2021. Second, many businesses extended work-from-home policies indefinitely late in the summer, prompting some tenants to consider making a change in their living accommodations. Third, as the duration of the pandemic lengthens, so does the financial hardship for certain tenants. Despite government income supports, some tenants are forced to move for financial reasons. Finally, tenants are responding to incentives offered in the market and are moving to take advantage of deals being offered by other landlords for new leases.

The REIT entered into 470 new leases in Q1 2021, which was a 33% increase in leasing activity compared to 353 new leases in Q1 2020. This level of new leasing activity was a significant accomplishment given that tenants generally prefer not to move during winter months. Despite the increased leasing activity, there was an unseasonably high level of move-outs in Q1 2021 compared to the same period last year, resulting in an overall reduction in occupancy for the REIT. In Q1 2021, there were 427 move-outs (Q1 2020: 295) and 362 move-ins (Q1 2020: 290).

Revenue and Occupancy (average for the period) by Quarter
(Total Portfolio)



Occupancy has trended down mainly due to the economic uncertainties and lower rental demand caused by the pandemic. With Canada being an economy that depends heavily on immigration for productivity and growth, the restrictions on immigration have impacted the demand and supply for rental suites in all markets. To add to that, work from home conditions and affordability have caused tenants to move. The Alberta market, already suffering from weaker leasing markets as a result of the decline in oil and gas commodity prices, was further impacted by the pandemic-related market conditions. Management opted to preserve value by holding rents and leveraging promotions and spot pricing to manage conversion and occupancy during the quarter.

Rental Revenue from Furnished Suites

For the three months ended March 31, 2021, Total Portfolio rental revenue from furnished suites was 26.3% lower than the same period in 2020 due to lower occupancy and average rent as a result of the pandemic. Occupancy was lower year-over-year mainly due to the continued impact on demand for furnished suites due to reductions in business travel and corporate relocations and general restrictions on non-essential travel as a result of the COVID-19 crisis. In response to these challenges, Management has adjusted furnished rental rates and customer mix in order to capture the demand in the market.

The table below outlines select performance metrics for the furnished suites:

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Suites	**216**	232	233	239	247
Average monthly rent	**$ 3,540**	$ 3,571	$ 3,460	$ 3,956	$ 4,356
Occupancy	**62.49 %**	77.29 %	75.08 %	64.50 %	64.21 %

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Rental Revenue from Commercial Leases

For the three months ended March 31, 2021, Total Portfolio rental revenue from commercial leases was 3.2% lower than the same period in 2020, mainly due to a reduction in monthly rent for a commercial tenant.

Parking Revenue

For the three months ended March 31, 2021, Total Portfolio parking revenue decreased by 0.6% compared to the same period in 2020, mainly as a result of lower occupancy.

Other Property Income

For the three months ended March 31, 2021, the Total Portfolio other property income decreased by 20.4% primarily as a result of lower revenue from fitness centers, laundry, guest suites and party room rentals, as well as a one-time rebate from Hydro Ottawa received in the prior year for the implementation of a building automation system. This was partially offset by an increase in telecommunication revenue and resident chargebacks.

Property Operating Costs

Three months ended	March 31, 2021	March 31, 2020	% Change
Property operating costs	**$ 5,771**	$ 5,783	0.2 %

Property operating costs relate to direct costs associated with operating the properties and providing services to tenants, including repairs and maintenance, insurance, site staff salaries, cleaning costs, leasing costs, supplies, waste removal and bad debt expense. The REIT maintains cost discipline and tight controls on property operating costs.

For the three months ended March 31, 2021, property operating costs for the Total Portfolio were 0.2% lower than the same period in 2020. Lower repairs and maintenance and lower furnished suites expenses as a result of reduced occupancy were partly offset by an increase in salaries and wages, insurance premiums and advertising expense. For the three months ended March 31, 2021, Total Portfolio property operating costs were 19.2% of revenue, compared to 18.3% for the same period in 2020.

Property Taxes

Three months ended	March 31, 2021	March 31, 2020	% Change
Property taxes	**$ 3,508**	$ 3,420	(2.6)%

For the three months ended March 31, 2021, Total Portfolio property taxes were higher as compared to the same period in 2020, mainly as a result of changes in assessed values and changes in tax rates across the portfolio and additional property taxes resulting from the completion of the reconstruction of 32 suites at the Skyline property in Ottawa that had been destroyed by fire in 2017. Total Portfolio property taxes were 11.7% of revenue for the three months ended March 31, 2021, compared to 10.8% for the same period in 2020.

Utilities

Three months ended	March 31, 2021	March 31, 2020	% Change
Electricity	**$ 922**	$ 1,006	8.3 %
Natural gas	**1,249**	1,168	(6.9)%
Water	**665**	659	(0.9)%
	$ 2,836	$ 2,833	(0.1)%

Utilities consist of electricity, natural gas and water for the rental properties. Utility costs are seasonal and can be highly variable from one period to the next. Utility costs are dependent upon seasonality-driven usage, as well as utility rates and commodity prices.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Total Portfolio utilities for the three months ended March 31, 2021 were consistent with the same period in 2020. Decrease in electricity was mainly due to lower rates from rate-capping in Ontario and lower consumption as a result of sustainability projects, including LED lighting and building automation systems. The increase in natural gas was mainly as a result of higher gas rates due to an increase in federal carbon taxes. Total Portfolio utilities for the three months ended March 31, 2021 represent 9.5% of revenue, compared to 9.0% for the same period in 2020.

General and Administrative Expenses

General and administrative expenses relate to the administration of the REIT, including: audit fees, legal fees, salaries and benefits for certain dual REIT employees, Trustee fees and costs associated with support services provided under the Administrative Support Agreement ("ASA") between the REIT and MPI.

The general and administrative expenses of $1,902 for the three months ended March 31, 2021 were 12.4% higher compared to the same period in 2020, primarily due to an increase in the amount charged under the ASA by $141, an increase in Unit-based compensation for executives of $89, additional deferred units granted to Trustees and an increase in professional fees. This was partially offset by lower travel expenses and lower back-office expenses resulting from the expiration of Rockhill's temporary third party management contract.

Finance Costs - Operations

Three months ended	March 31, 2021	March 31, 2020	% Change
Interest expense on mortgages	**4,153**	3,762	(10.4)%
Interest expense and standby fees on credit facility	**332**	1,006	67.0 %
Amortization of financing charges	**160**	111	(44.1)%
Amortization of mark-to-market adjustments	**(193)**	(189)	(2.1)%
Interest income	**(655)**	(343)	91.0 %
Interest expense and other financing charges	**3,797**	4,347	12.7 %
Distributions on Class B LP Units	**2,590**	2,505	(3.4)%
Distributions on Class C LP Units	**1,690**	1,730	2.3 %
	$ 8,077	$ 8,582	5.9 %

Finance costs comprise interest expense on secured debt; interest expense and standby fees on the revolving credit facility; amortization of financing charges and mark-to-market adjustments on the debt; and distributions on Class B LP Units and Class C LP Units; offset by interest income.

Finance costs for the three months ended March 31, 2021 were lower by $505 compared to the same period in 2020, primarily due to lower interest expense on the credit facility and interest income earned on loans advanced to related parties, partially offset by additional interest expense and amortization of financing charges from new mortgage financings secured after March 31, 2020.

Fair Value Gain (Loss) on Investment Properties

Fair value of residential investment properties is determined using the direct capitalization approach, by applying an appropriate capitalization rate which reflects the characteristics, location and market conditions to the estimated 12 month stabilized forecasted NOI for each property, reduced by an estimate of future capital expenditures.

Management has been monitoring the impact of the pandemic on operations since Q1 2020 and refining the assumptions used in the quantification of the COVID-19 reserve. It is not possible to forecast with certainty the duration or full scope of the economic impact of COVID-19 on the REIT's business and operations, both in the short and long term. Any long-term effects on market rents, occupancy, turnover and future demand would ultimately impact the underlying valuation of investment properties. With optimism around vaccination roll-out and immigration returning, Management expects the rental markets to start to rebound in the second half of 2021, resulting in a reduced reserve in Q1 2021. As at March 31, 2021, a COVID-19 valuation reserve was taken for potential near-term income impacts from the pandemic including changes in occupancy and furnished suite operations.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

The fair value gain (loss) on investment properties was a result of movement in the following:

Three months ended	March 31, 2021	March 31, 2020
Forecast NOI	**$ 8,296**	$ 8,610
Capitalization rates	**—**	(3,329)
Capital expenditure reserve	**(8,022)**	(1,983)
COVID-19 reserve	**640**	(6,061)
	$ 914	$ (2,763)

The increase in forecast NOI for the three months ended March 31, 2021 was primarily driven by properties located in Toronto and Montreal, which have generated higher rental rates on turnover and on newly leased repositioned suites. The increased capital expenditures reserve is primarily due to ongoing capital expenditure requirements and the advancement of various repositioning programs, including the commencement of the repositioning program at Roehampton in Toronto.

Fair Value Loss (Gain) on Class B LP Units

The Class B LP Units are owned by a limited partnership wholly-owned by MPI. The Class B LP Units are economically equivalent to Units, in that they receive distributions equal to the distributions paid on Units and are exchangeable into Units at the holder's option. The Class B LP Units are classified as financial liabilities and measured at fair value with any changes in fair value recorded in net income. The fair value gain or loss on Class B LP Units is measured every period by reference to the closing trading price of the Units. An increase in the Unit closing price over the period results in a fair value loss, whereas a decrease in the Unit closing price over the period results in a fair value gain.

For the three months ended March 31, 2021, the Unit price increased from $20.37 to $21.71, resulting in a fair value loss of $30,511. For the same period in 2020, the Unit price decreased from $23.15 to $19.50, resulting in a fair value gain of $83,107.

Fair Value Loss (Gain) on Interest Rate Swap

The REIT has an interest rate swap to receive variable interest based on one month bankers' acceptance plus 185 bps and pay fixed interest at 3.38%. The swap is remeasured at each reporting date using discounted cash flow analysis.

For the three months ended March 31, 2021, the REIT recognized a fair value gain of $1,062 compared to a fair value loss of $2,299 for the same period in 2020. The fair value gain or loss is primarily a result of changes in the variable interest rate from period to period. The fair value gain for the three months ended March 31, 2021 was due to an increase in the variable interest rate compared to a decrease in the variable interest rate for same period in 2020, resulting in a fair value loss.

Fair Value Loss (Gain) on Unit-Based Compensation

The REIT has issued Deferred Units to its Trustees and executives. The liability is remeasured at each reporting date based on the closing Unit price with changes in the value recorded in net income.

During the quarter, the REIT experienced a fair value loss of $193 from changes in the Unit price for Deferred Units outstanding at December 31, 2020 and Deferred Units issued during the quarter. For the three months ended March 31, 2021, the Unit price increased from $20.37 to $21.71. For the same period in 2020, the Unit price decreased from $23.15 to $19.50, resulting in a fair value gain of $287.

Fees and Other Income

Fees and other income represent revenue from asset, project and property management services provided by the REIT in connection with three properties co-owned with institutional partners. For the three months ended March 31, 2021, these fees were consistent with those earned for the same period in 2020.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Summary of Quarterly Results

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Total assets	$ 2,211,191	$ 2,203,284	$ 2,123,708	$ 2,085,271	$ 2,166,295	$ 2,050,300	$ 1,714,194	$ 1,526,199
Investment properties	$ 2,145,174	$ 2,138,101	$ 2,063,520	$ 2,036,213	$ 2,020,748	$ 2,016,328	$ 1,698,218	$ 1,508,469
Total liabilities	$ 1,385,520	$ 1,353,060	$ 1,292,367	$ 1,306,479	$ 1,396,196	$ 1,363,525	$ 1,277,351	$ 1,076,782
Total non-current liabilities	$ 1,273,525	$ 1,243,761	$ 1,202,911	$ 1,141,192	$ 1,219,829	$ 1,306,124	$ 1,229,491	$ 1,028,543
Revenue from investment properties	$ 29,999	$ 30,930	$ 31,155	$ 31,319	$ 31,525	$ 29,868	$ 27,639	$ 24,796
NOI[1]	$ 17,884	$ 18,946	$ 20,161	$ 20,024	$ 19,489	$ 18,613	$ 17,588	$ 15,786
NOI margin[1]	59.6%	61.3%	64.7%	63.9%	61.8%	62.3%	63.6%	63.7%
Net (loss) income and comprehensive (loss) income	$ (20,427)	$ 23,010	$ 56,630	$ 12,054	$ 87,944	$ 19,708	$ (29,889)	$ 48,816
FFO[1]	$ 10,891	$ 12,022	$ 13,183	$ 12,659	$ 12,117	$ 11,737	$ 10,808	$ 9,769
FFO per unit[1]	$ 0.1845	$ 0.2036	$ 0.2233	$ 0.2144	$ 0.2052	$ 0.1997	$ 0.2280	$ 0.2146
AFFO[1]	$ 9,322	$ 10,459	$ 11,619	$ 11,097	$ 10,558	$ 10,212	$ 9,385	$ 8,445
AFFO per unit[1]	$ 0.1579	$ 0.1771	$ 0.1968	$ 0.1879	$ 0.1788	$ 0.1738	$ 0.1980	$ 0.1855
Distributions declared	$ 6,716	$ 6,718	$ 6,642	$ 6,496	$ 6,495	$ 6,464	$ 5,101	$ 4,665
AFFO Payout Ratio[1]	72.04%	64.23%	57.16%	58.54%	61.52%	63.30%	54.35%	55.24%
Distribution per unit	$ 0.1138	$ 0.1138	$ 0.1125	$ 0.1100	$ 0.1100	$ 0.1100	$ 0.1075	$ 0.1025

The REIT's operating results are affected by seasonal variations and other factors, including the impacts of the COVID-19 pandemic. As a result, the operating performance and metrics in one quarter may not be indicative of future quarters. The winter months typically tend to generate weaker performance due to increased energy consumption and snow clearing costs. The best performing quarters in any given year are typically the second and third quarters, where stronger leasing demand and higher turnovers provide an opportunity to realize the gain-to-lease potential.

The improvement in quarterly performance for 2019 was primarily the result of acquisitions, as well as increases in Same Property Portfolio revenue due to higher average monthly rent and repositionings. Since the end of Q1 2020, the REIT's operating performance was impacted by the government restrictions and uncertain market and economic conditions arising from the COVID-19 outbreak. In addition to the reduced occupancy for the Total Portfolio, furnished suites which have historically enhanced yield and property returns were negatively impacted by business and travel restrictions and contributed to the decrease in revenue and NOI.

[1] Refer to Section IV, "Reconciliation of Non-IFRS Measures" for a reconciliation of performance indicators not defined by IFRS.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Section III - Assessment of Financial Position

Investment Properties

The following table summarizes the changes in investment properties:

		$
Balance, December 31, 2020	$	**2,138,101**
Additions		
Capital expenditures		**6,159**
Fair value gain		**914**
Balance, March 31, 2021	$	**2,145,174**

Capital Expenditures

The REIT has a capital improvement program in place that is designed to extend the useful life of its investment properties, improve operating efficiency, increase curb appeal, enhance and maintain earnings capacity and meet the expectations of its tenants. The REIT’s capital expenditures are classified into three main categories: development expenditures, value-enhancing capital expenditures and maintenance capital expenditures.

Three months ended		March 31, 2021		March 31, 2020
Total expenditures	$	**6,159**	$	5,578
Development expenditures		**486**		400
Value-enhancing capital expenditures				
Building improvements		**2,266**		2,586
Suite upgrades		**2,590**		1,842
		5,342		4,828
Maintenance capital expenditures		**817**		750
Maintenance capital expenditures per suite	$	**133**	$	123

Development and value-enhancing renovations are intended to generate NAV accretion, long term AFFO accretion and increase tenant satisfaction, however value-enhancing capital expenditures tend to be AFFO dilutive in the short term owing to vacancy during renovation.

Development expenditures are a component of the REIT's growth and value-creation strategy. These include projects which add to the existing suite count of the REIT through intensification or redevelopment of existing assets in order to deliver NAV growth to Unitholders.

Value-enhancing capital expenditures consist of either building improvements or suite upgrades. Building improvements include common area and amenity space upgrades, energy conservation projects, building envelope enhancements and suite enhancements performed, when necessary, as suites turn over. Suite upgrades represent capital expenditures incurred on larger repositioning programs that are designed to generate incremental returns. The repositioning programs include full-scale suite renovations that strategically target certain properties or certain geographic locations, as discussed previously in this Management's Discussion and Analysis under Section I, "Financial and Operating Highlights - Value Creation - Repositioning" and Section I, "Outlook". The REIT’s active repositioning programs for the three months ended March 31, 2021 included Minto Yorkville, Roehampton, Leslie York Mills and High Park Village in Toronto, Castle Hill and Carlisle in Ottawa, and Rockhill, Le 4300 and Haddon Hall in Montreal. The repositioning of suites at its Edmonton properties remain on hold as lower rental rates are negatively impacting returns on repositioning activities.

Maintenance capital expenditures include expenditures that are incurred in order to maintain the existing earning capacity of the REIT’s investment properties. Any exterior work is highly dependent on favourable weather conditions and as a result, a significant portion of the exterior work is performed between the months of May and September and therefore actual maintenance capital expenditures in a given quarter may not be indicative of future quarters.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

The actual maintenance capital expenditures for the three months ended March 31, 2021 were $817, or $133 per suite, and primarily related to maintenance of fire-life safety systems, parking garages, and mechanical and plumbing work at various buildings, including common areas.

Management expects to spend $900 per suite on average for maintenance capital expenditures for the year 2021. Maintenance projects continue to be impacted by government restrictions imposed to curb the spread of COVID-19, in addition to the availability of trades, which effect the REIT's ability to meet its targets. The REIT will continue to monitor changes in government regulations and adapt its plans accordingly.

Valuation

Fair value for residential properties is determined using the direct capitalization approach. Estimated 12 month stabilized forecasted net operating income is based on the respective property's forecasted results, less estimated aggregate future capital expenditures. Capitalization rates reflect the characteristics, location and market of each property. Fair value is determined based on internal valuation models incorporating market data and valuations performed by external appraisers.

As at March 31, 2021, the REIT adjusted its internal valuation model to incorporate the uncertainties associated with COVID-19, which includes the addition of a portfolio-level reserve meant to account for the near-term income losses resulting from the global pandemic.

Capitalization rates fluctuate depending on market conditions. The capitalization rates of the portfolio for each of the REIT's residential rental markets were as follows:

As at	March 31, 2021		December 31, 2020	
	Low	High	Low	High
Ottawa, Ontario	4.00%	4.25%	4.00%	4.25%
Toronto, Ontario	3.25%	3.75%	3.25%	3.75%
Edmonton, Alberta	4.25%	4.25%	4.25%	4.25%
Calgary, Alberta	4.15%	4.25%	4.15%	4.25%
Montreal, Quebec	3.50%	3.75%	3.50%	3.75%
Weighted-average capitalization rate		3.81%		3.81%

Class B LP Units

The Class B LP Units receive distributions equivalent to the distributions paid on Units and are exchangeable at the holder's option into Units. One Special Voting Unit in the REIT is issued to the holder of Class B LP Units for each Class B LP Unit held. The limited IAS 32 exception for presentation as equity does not extend to Class B LP Units. As a result, the Class B LP Units are classified as financial liabilities.

As at March 31, 2021, there were 22,769,073 (December 31, 2020 - 22,769,073) Class B LP Units outstanding.

Class C LP Units

The Class C LP Units provide for monthly distributions to the holder of such Class C LP Units to be paid in priority to distributions to holders of the Units and Class B LP Units. Due to the nature of such distributions, the Class C LP Units are classified as financial liabilities.

As at March 31, 2021, there were 22,978,700 (December 31, 2020 - 22,978,700) Class C LP Units outstanding.

The mortgages of investment properties to which the distributions on the Class C LP Units relate bear a weighted average contractual interest rate of 3.16% (December 31, 2020 - 3.16%) and mature at various dates between 2023 and 2030.

Secured Debt

Secured debt includes mortgages and the REIT's revolving credit facility. The REIT maintains mortgages with both fixed and variable interest rates that are secured by investment properties. The fixed rate mortgages bear interest at a weighted average contractual interest rate of 2.81% (December 31, 2020 - 2.85%) and mature at various dates between 2022 to 2030. Included within the fixed rate mortgages is a variable rate mortgage that is fixed at 3.38% through an interest rate swap.

On January 28, 2021, the REIT renewed a mortgage of $22,077 secured by Leslie York Mills. The renewed mortgage bears interest at 1.63% and matures on April 1, 2025.

The REIT has a committed revolving credit facility of $200,000 (December 31, 2020 - $200,000) that is secured by several investment properties, and is used to fund working capital requirements, acquisitions and for general corporate purposes. On May 5, 2021, the REIT renewed the revolving credit facility, which was previously scheduled to mature on July 3, 2021, for a period of three years maturing on July 3, 2024. As at March 31, 2021, $43,000 was utilized (December 31, 2020 - $31,948) and the remaining amount of $157,000 (December 31, 2020 - $168,052) was available in accordance with its terms and conditions. The credit facility bears interest at bankers' acceptance rate plus 175 bps or prime plus 75 bps and as at March 31, 2021, the weighted average variable interest rate was 2.17% (December 31, 2020 - 2.25%).

Units

The REIT's DOT authorizes the issue of an unlimited number of Units. As at March 31, 2021 and 2020, there were 36,274,839 Units outstanding with a carrying value of $631,434.

Distributions

Distributions are paid monthly to Unitholders of record at the close of business on the last day of a month on or about the 15th day of the following month. Distributions must be approved by the Board of Trustees and are subject to change depending on the general economic outlook and financial performance of the REIT.

For the three months ended March 31, 2021, distributions to Unitholders of $4,126 (March 31, 2020 - $3,990) were declared based on approved monthly distributions of $0.03792 (March 31, 2020 - $0.03667) per Unit for the months of January to March.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Section IV - Liquidity, Capital Resources and Contractual Commitments

Liquidity and Capital Resources

The REIT's capital structure, shown in the table below, is comprised of mortgages, a credit facility, Class B LP Units, Class C LP Units and Unitholders' equity.

As at		March 31, 2021		December 31, 2020
Liabilities (principal amounts outstanding):				
Class B LP Units	$	494,317	$	463,806
Class C LP Units		216,193		217,524
Mortgages[1]		596,202		599,413
Credit facility		43,000		31,948
		1,349,712		1,312,691
Unitholders' equity		825,671		850,224
	$	**2,175,383**	**$**	**2,162,915**

Class B LP Units are economically equivalent to Units and are exchangeable for Units at the Class B LP unitholder's option. Due to their exchangeable nature, IAS 32 requires Class B LP Units to be accounted for as a financial liability. Class B LP Units are not indebtedness for borrowed money and are not included in the determination of Debt-to-Gross Book Value ratio.

The objective of the REIT's capital strategy is to arrange capital at the lowest possible cost while maintaining diversity in its lending base, balance in its maturity schedule and sufficient liquidity to fund the ongoing operations of the REIT and pay distributions. At March 31, 2021, 76% (December 31, 2020 - 77%) of the REIT's total debt is CMHC insured and approximately 95% (December 31, 2020 - 96%) is fixed rate including variable rate debt fixed through an interest rate swap.

The REIT uses a prudent amount of debt financing in its capital structure. Pursuant to the REIT's DOT, overall indebtedness, as measured by the Debt-to-Gross Book Value ratio, is not to exceed 65% (or 70% of Gross Book Value including convertible debentures). Notwithstanding this limit, it is Management's current intention to maintain a more conservative Debt-to-Gross Book Value ratio and Management is currently targeting a range of 45%-55%. The REIT's Debt-to-Gross Book Value ratio and liquidity as a percentage of total debt are calculated as follows:

As at		March 31, 2021		December 31, 2020
Class C LP Units	$	218,435	$	219,885
Mortgages[1]		594,860		598,079
Credit facility		43,000		31,948
Total debt		856,295		849,912
Total assets		2,211,191		2,203,284
Debt-to-Gross Book Value ratio		**38.73 %**		**38.57 %**
Total liquidity		158,910		170,659
Liquidity as a percentage of total debt		**18.56 %**		**20.08 %**

The REIT continues to maintain a conservative overall leverage position with a Debt-to-Gross Book Value ratio of 38.73% at March 31, 2021.

[1] Includes funds held in escrow of $8,558 (December 31, 2020 - $8,558) subject to certain conditions.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Management measures the Debt-to-EBITDA ratio as a measure of the REIT's financial health and liquidity. Generally, the lower the ratio, the lower the credit risk. The REIT's Debt-to-EBITDA ratio is calculated as follows:

As at	March 31, 2021	December 31, 2020
Trailing 12 month NOI	$ 77,015	$ 78,620
Trailing 12 month general and administrative expenses	(6,844)	(6,634)
Trailing 12 month fees and other income	1,599	1,600
EBITDA	**71,770**	**73,586**
Total debt, net of cash	854,385	847,305
Debt-to-EBITDA ratio	**11.90x**	**11.51x**

The REIT has staggered the maturities of its debt financings, including distributions payable on the Class C LP Units, to reduce interest rate risk and its risk related to refinancing. As at March 31, 2021, the weighted average term to maturity on the REIT's fixed rate debt was 5.67 (December 31, 2020 - 5.81) years and the weighted average interest rate on fixed rate debt was 2.90% (December 31, 2020 - 2.94%). The contractual payments under the REIT's debt financing is summarized in the table below.

	Principal Repayments		Principal at Maturity					
Year	Mortgages	Class C LP Units	Mortgages	Credit facility	Class C LP Units	Total	% of Total	Interest Rate[2]
2021	$ 9,668	$ 4,010	$ —	$ 43,000	$ —	$ 56,678	6.6 %	2.17 %
2022	12,484	5,510	87,163	—	—	105,157	12.3 %	3.22 %
2023	11,262	5,298	47,620	—	44,936	109,116	12.8 %	3.05 %
2024	9,689	4,321	48,182	—	46,178	108,370	12.7 %	3.04 %
2025	8,668	3,067	41,016	—	60,474	113,225	13.2 %	2.91 %
2026	7,536	1,283	32,651	—	—	41,470	4.8 %	3.38 %
Thereafter	25,914	2,923	254,349	—	38,193	321,379	37.6 %	2.96 %
	$ 85,221	**$ 26,412**	**$ 510,981**	**$ 43,000**	**$ 189,781**	**$ 855,395**	**100 %**	

As of March 31, 2021, current liabilities of $111,995 (December 31, 2020 - $109,299) exceeded current assets of $16,482 (December 31, 2020 - $15,854), resulting in a net working capital deficit of $95,513 (December 31, 2020 - $93,445). Current liabilities as of March 31, 2021 include $43,000 (December 31, 2020 - $31,948) payable for the credit facility, which was previously scheduled to mature on July 3, 2021. On May 5, 2021, the REIT renewed the revolving credit facility for a period of three years maturing on July 3, 2024. The REIT's immediate liquidity needs are met through cash-on-hand, cash flow from operations, property-level debt and availability on its credit facility. As of March 31, 2021, liquidity was $158,910 (December 31, 2020 - $170,659) consisting of cash of $1,910 (December 31, 2020 - $2,607) and $157,000 (December 31, 2020 - $168,052) of available borrowing capacity under the credit facility. Management believes that there is sufficient liquidity to meet the REIT's financial obligations for the foreseeable future.

The REIT has a short form base shelf prospectus, allowing for the issuance, from time to time, of Units, debt securities and subscription receipts, or any combination thereof, for an aggregate amount of up to $800,000, of which none has been used as at March 31, 2021. This prospectus is effective for a 25-month period from the date of issuance. The net proceeds from the sale of securities for cash may be used for potential future acquisitions, capital expenditures, to repay indebtedness and general working capital purposes.

[2] Weighted average interest rates for maturing mortgages, credit facility and Class C LP Units.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Cash Flows

The REIT held a cash balance of $1,910 as at March 31, 2021 (March 31, 2020 - $111,076). The sources and use of cash flow for the three months ended March 31, 2021 and 2020 are as follows:

Three months ended		March 31, 2021	March 31, 2020
Operating activities	$	**15,573** $	11,157
Financing activities		**(6,458)**	105,209
Investing activities		**(9,812)**	(7,218)

Cash provided by operating activities and cash distributions

The following table outlines the differences between cash from operating activities, net income and cash distributions in accordance with National Policy 41-201, *Income Trusts and Other Indirect Offerings*:

Three months ended		March 31, 2021	March 31, 2020
Net (loss) income and comprehensive (loss) income	$	**(20,427)** $	87,944
Add: distributions on Class B LP Units		**2,590**	2,505
		(17,837)	90,449
Less: distributions paid		**(6,716)**	(6,495)
(Shortfall) excess of net (loss) income and comprehensive (loss) income over total distributions paid	$	**(24,553)** $	83,954
Cash provided by operating activities	$	**15,573** $	11,157
Add: interest received		**447**	—
Less: interest paid		**(6,229)**	(5,984)
		9,791	5,173
Less: distributions paid		**(6,716)**	(6,495)
Excess (shortfall) of cash provided by operating activities over total distributions and interest paid		**3,075**	(1,322)
Distributions declared	$	**6,716** $	6,495

The REIT has net loss and comprehensive loss in excess of distributions paid for the three months ended March 31, 2021. Distributions are better evaluated in the context of operating cash flows rather than net income (loss) as it is impacted by several non-cash items, including fair value gains or losses on investment properties, Class B LP Units, Unit-based compensation and an interest rate swap.

While cash flows provided by operating activities are generally sufficient to cover distribution requirements, the timing of expenses and fluctuations in non-cash working capital may result in temporary shortfall. In these cases, some portion of distributions may come from the REIT's capital or financing sources other than cash flows provided by operating activities. For the three months ended March 31, 2021, cash provided by operating activities was in excess of the distributions and interest paid.

Cash (used in) provided by financing activities

Three months ended		March 31, 2021	March 31, 2020
Proceeds from mortgage financing	$	**—** $	100,000
Net proceeds from credit facility		**11,052**	21,491
Financing costs paid		**(23)**	(185)
Principal repayments on mortgages		**(3,211)**	(2,326)
Distributions paid on various classes of Units		**(8,047)**	(7,787)
Interest paid		**(6,229)**	(5,984)
	$	**(6,458)** $	105,209

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

For the three months ended March 31, 2021, cash flow from financing activities included payments of principal and interest on mortgages, withdrawals from the revolving credit facility and payments of interest thereon and payment of distributions on various classes of Units.

Cash used in investing activities

Three months ended		March 31, 2021		March 31, 2020
Capital additions to investment properties	$	**(10,259)**	$	(3,262)
Loan advances to related parties		**—**		(3,956)
Interest received		**447**		—
	$	**(9,812)**	$	(7,218)

Included in cash flows from investing activities for the three months ended March 31, 2021 are capital expenditures on investment properties, partially offset by interest received mainly on the loan advances made to related parties.

Reconciliation of Non-IFRS Measures

FFO and AFFO

FFO and AFFO are used for evaluating operating performance and are computed as follows[1]:

Three months ended		March 31, 2021		March 31, 2020
Net (loss) income and comprehensive (loss) income	$	**(20,427)**	$	**87,944**
Distributions on Class B LP Units		2,590		2,505
Fair value loss (gain) on:				
Investment properties		(914)		2,763
Class B LP Units		30,511		(83,107)
Interest rate swap		(1,062)		2,299
Unit-based compensation		193		(287)
Funds from operations (FFO)	$	**10,891**	$	**12,117**
Maintenance capital expenditure reserve		(1,376)		(1,370)
Amortization of mark-to-market adjustments		(193)		(189)
Adjusted funds from operations (AFFO)	$	**9,322**	$	**10,558**
Distributions on Class B LP Units		2,590		2,505
Distributions on Units		4,126		3,990
		6,716		6,495
AFFO Payout Ratio		**72.04 %**		**61.52 %**
Weighted average number of Units and Class B LP Units issued and outstanding		59,043,912		59,043,912
FFO per unit	$	**0.1845**	$	**0.2052**
AFFO per unit	$	**0.1579**	$	**0.1788**

FFO was lower for the three months ended March 31, 2021 as compared to the same period in 2020, reflecting a 8.2% decrease in NOI variance driven by lower occupancy and higher property taxes. AFFO was lower for the three months ended March 31, 2021 as compared to the same period in 2020, primarily as a result of lower FFO and an increase in the maintenance capital expenditure reserve due to the addition of 32 rebuilt Skyline suites to the portfolio suite count based on an estimated expenditure of $900 per suite.

[1] See Section I, "Non-IFRS Measures"

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

The historical average of the actual maintenance capital expenditure since IPO equals $880 per suite which is largely in line with the reserve of $900 per suite included in the AFFO calculation.

NOI and NOI Margin

Total Portfolio - excluding furnished suites

		March 31, 2021		March 31, 2020
Revenue from investment properties	$	28,468	$	29,448
Property operating costs		11,154		11,010
NOI	**$**	**17,314**	$	18,438
NOI margin		**60.8 %**		62.6 %

Total Portfolio

Three months ended		March 31, 2021		March 31, 2020
Revenue from investment properties	$	29,999	$	31,525
Property operating costs		12,115		12,036
NOI	**$**	**17,884**	$	19,489
NOI margin		**59.6 %**		61.8 %

Debt-to-Gross Book Value Ratio

Refer to Section IV, "Liquidity and Capital Resources" for a reconciliation of Debt-to-Gross Book Value ratio.

Debt Service Coverage Ratio

The Debt Service Coverage ratio is calculated as follows:

		Three months ended March 31, 2021		Year ended December 31, 2020
NOI	**$**	**17,884**	$	78,620
Interest expense and standby fees on credit facility		**332**		1,838
Distributions on Class C LP Units:				
Principal repayments		**1,331**		5,177
Finance costs		**1,690**		6,907
Mortgages:				
Principal repayments		**3,211**		10,503
Finance costs		**4,153**		16,735
Total debt service	**$**	**10,717**	$	41,160
Debt Service Coverage ratio		**1.67x**		1.91x

Debt-to-EBITDA Ratio

Refer to Section IV, "Liquidity and Capital Resources" for a reconciliation of Debt-to-EBITDA ratio.

Section V - Accounting Estimates and Policies, Controls and Procedures and Risk Analysis

Critical Judgments in Applying Accounting Policies and Critical Accounting Estimates and Assumptions

Significant areas of judgment, estimates and assumptions are set out in Note 2 to the annual audited consolidated financial statements for years ended December 31, 2020 and 2019.

The REIT has used the best information available as at March 31, 2021, in determining the potential impact of the COVID-19 outbreak on the carrying amounts of assets and liabilities, earnings for the period and risks disclosed in the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2021 and 2020. The estimates that could be most significantly impacted by COVID-19 include those underlying the valuation of investment properties and the estimated credit losses on accounts receivable. Actual results may differ from those estimates.

Risks and Uncertainties

The REIT faces a variety of diverse risks, many of which are inherent in the business conducted by the REIT. These are described in detail under the heading "Risks and Uncertainties" in the REIT's Management's Discussion and Analysis for the years ended December 31, 2020 and 2019, filed on SEDAR (www.sedar.com). These factors still exist at the end of this quarter and remain relatively unchanged.

Financial Risk Management

The REIT's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk.

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. Market risk consists of interest rate risk, currency risk and other price risk.

Interest rate risk

As the REIT’s interest-bearing assets mainly comprise fixed rate instruments, changes in market interest rates do not have any significant direct effect on the REIT’s income.

The REIT's financial liabilities comprise both fixed rate and variable rate instruments.

The REIT faces interest rate risk on its fixed rate debt due to the expected requirement to refinance such debt in the year of maturity or shortly thereafter. The REIT manages interest rate risk by structuring its financings to stagger the maturities of its debt, thereby mitigating its exposure to interest rate and other credit market fluctuations.

For the portion of the REIT’s financial liabilities that comprise variable rate instruments, from time to time the REIT may enter into interest rate swap contracts or other financial instruments to modify the interest rate profile of its outstanding debt without an exchange of the underlying principal amount.

As at March 31, 2021, the REIT has a committed variable rate credit facility of $200,000 (December 31, 2020 - $200,000) with an outstanding balance of $43,000 (December 31, 2020 - $31,948). A 1% change in prevailing interest rates would change annualized interest charges incurred by $430 (December 31, 2020 - $319).

Currency risk

The REIT’s financial statement presentation currency is Canadian dollars. Operations are located in Canada and the REIT has limited operational transactions in foreign-denominated currencies. As such, the REIT has no significant exposure to currency risk.

Other price risk

Other price risk is the risk of variability in fair value due to movements in equity prices or other market prices such as commodity prices and credit spreads.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

The REIT is exposed to other price risk on its Class B LP Units. A 1% change in the prevailing market price of the Units as at March 31, 2021 would have a $4,943 (December 31, 2020 - $4,638) change in the fair value of the Class B LP Units.

Credit Risk

Credit risk is the risk that tenants and/or debtors may experience financial difficulty and be unable to fulfill their lease commitments or loan repayments. An allowance for impairment is taken for all expected credit losses.

The REIT's risk of credit loss from tenants experiencing financial difficulties is mitigated through diversification. The REIT's residential rental business is carried on in the Toronto, Montreal, Ottawa, Calgary and Edmonton regions. The nature of this business involves a high volume of tenants with individually small monthly rent amounts. The REIT monitors the collection of residential rent receivables on a regular basis with strictly followed procedures designed to minimize credit loss in cases of non-payment.

The REIT is also exposed to credit risk in relation to the loans advanced to related parties, in the event that the borrowers default on the repayment of amounts owing to the REIT. Management mitigates this risk by ensuring adequate security has been provided.

Liquidity Risk

Liquidity risk is the risk that the REIT will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The REIT's liquidity is subject to macroeconomic, financial, competitive and other factors that are beyond the REIT's control including the ongoing COVID-19 disruption.

Liquidity risk is managed through cash flow forecasting. Management monitors forecasts of the REIT's liquidity requirements to ensure it has sufficient cash to meet operational needs through maintaining sufficient cash and/or availability on the undrawn credit facility and ensuring that it meets its financial covenants related to debt agreements. Such forecasting takes into consideration the current and projected macroeconomic conditions, the REIT's cash collection efforts, debt financing plans and covenant compliance required under the terms of debt agreements. There is a risk that such liquidity forecasts may not be achieved and that currently available debt financing may no longer be available to the REIT at terms and conditions that are favorable to the REIT, or at all.

The REIT mitigates liquidity risk by staggering the maturity dates of its borrowing, maintaining borrowing relationships with various lenders, proactively renegotiating expiring credit agreements well in advance of the maturity date and by maintaining sufficient availability on its credit facility.

As at	March 31, 2021	December 31, 2020
Committed	$ 200,000	$ 200,000
Available	157,000	168,052
Utilized	43,000	31,948

An analysis of the contractual cash flows associated with the REIT's material financial liabilities is set out below:

	2021	2022	2023	2024	2025	2026 and thereafter	Total
Mortgages	$ 9,668	$ 99,647	$ 58,882	$ 57,871	$ 49,684	$ 320,450	$ 596,202
Credit facility	43,000	—	—	—	—	—	43,000
	52,668	99,647	58,882	57,871	49,684	320,450	639,202
Class C LP Units	4,010	5,510	50,234	50,499	63,541	42,399	216,193
Interest obligation	17,749	22,004	18,503	14,230	11,745	35,305	119,536
Tenant rental deposits	9,038	—	—	26	—	10	9,074
Due to related parties	9,694	—	—	—	—	—	9,694
Accounts payable and accrued liabilities	15,022	551	230	75	6	256	16,140
	$ 108,181	$ 127,712	$ 127,849	$ 122,701	$ 124,976	$ 398,420	$ 1,009,839

The contractual cash flows do not include any unamortized mark-to-market adjustments or unamortized deferred financing costs.

Related Party Transactions

In the normal course of operations, the REIT enters into various transactions with related parties. In addition to the related party transactions disclosed elsewhere in this Management's Discussion and Analysis, related party transactions include:

Administrative Support Agreement

On July 3, 2018, the REIT and MPI entered into a five year renewable agreement that provides the REIT with certain advisory, transaction and support services, including clerical and administrative support, operational support for the administration of day-to-day activities of the REIT and office space. These services are provided on a cost recovery basis, subject to a maximum during the initial five year term, for all general and administrative expenses, excluding public company costs, of 32 bps of Gross Book Value of the REIT's assets.

For the three months ended March 31, 2021, the REIT incurred $565 (March 31, 2020 - $424) for services rendered under the ASA.

The REIT monitors the administrative support fee, ensuring adherence with the requirements established under the ASA. For the three months ended March 31, 2021, annualized general and administrative expenses, excluding public company costs, represent 24 bps of Gross Book Value (March 31, 2020 - 23 bps).

Loans Receivable from Related Parties

The REIT committed to advance up to $30,000 to an affiliate of MPI to support its redevelopment of Fifth + Bank from a commercial property to a multi-residential property. The loan bears interest at 6% per annum and matures on March 31, 2022. The loan is secured by a second priority charge in favor of the lender and a guarantee by MPI. At the option of the borrower, the interest is payable monthly or deemed an advance subject to the limit of $30,000 on advances. In connection with this financing, the REIT will have the exclusive option to purchase the property upon stabilization at 95% of its then fair market value as determined by independent and qualified third-party appraisers. For the three months ended March 31, 2021, the REIT advanced $nil (March 31, 2020 - 3,956), earned interest income of $444 (March 31, 2020 - 328) and received interest of $444 (March 31, 2020 - $nil). As at March 31, 2021, amount receivable under the loan was $30,000 (December 31, 2020 - $30,000).

On November 30, 2020, the REIT committed to advance up to $11,915 to a limited partnership jointly owned by MPI and a subsidiary of Darwin Properties Limited ("DPL") to develop Lonsdale Square in North Vancouver, British Columbia and an additional $2,085 for interest costs. The loan bears interest at 7% and matures on May 30, 2024. The loan is secured by a second priority charge in favor of the lender and guaranteed by MPI and DPL. At the option of the borrower, the interest is payable monthly or deemed an advance. In connection with this financing, the REIT will have the exclusive option to purchase the property upon stabilization at 95% of its then fair market value as determined by independent and qualified third-party appraisers. For the three months ended March 31, 2021, the REIT earned interest income of $208 (March 31, 2020 - nil). As at March 31, 2021, the amount receivable under the loan was $12,196 (December 31, 2020 - $11,988).

Due to Related Parties

Amounts due to related parties at March 31, 2021 include $863 and $571 (December 31, 2020 - $863 and $575) relating to distributions payable to limited partnerships wholly owned by MPI on Class B LP Units and Class C LP Units, respectively. Additionally, amounts due to MPI include a payable of $34 (December 31, 2020 - $34) for distributions on Units and a receivable of $130 (December 31, 2020 - payable of $211) for working capital.

At March 31, 2021, amounts due to related parties include $8,356 (December 31, 2020 - $8,356) payable to MPI for the reconstructed Skyline Maisonettes. The investment property has stabilized and the payable was settled on April 22, 2021.

Revenue and Expense

- Included in rental revenue for the three months ended March 31, 2021 is $87 (March 31, 2020 - $181) of revenue from MPI and its affiliates as rent for office space, furnished suites, parking and other revenue at certain REIT properties.
- Included in property operating expenses for the three months ended March 31, 2021 is $197 (March 31, 2020 - $160) paid to MPI and its affiliates for repairs and maintenance and other expenses at certain REIT properties.

- For the three months ended March 31, 2021, compensation to key management personnel includes $289 (March 31, 2020 - $225) paid to executives, Unit-based compensation expense of $338 (March 31, 2020 - $249) for executives and Unit-based compensation expense for the grant of Deferred Units to Trustees in lieu of annual retainer and meeting fees of $144 (March 31, 2020 - $125). Additional compensation to key management personnel for services provided to the REIT was paid by MPI and its affiliate.
- Included in finance costs for the three months ended March 31, 2021 are distributions on Class B LP Units of $2,590 (March 31, 2020 - $2,505), paid or payable to MPI and a limited partnership wholly-owned by MPI.
- Included in finance costs for the three months ended March 31, 2021 are distributions on Class C LP Units of $1,690 (March 31, 2020 - $1,730), paid or payable to a limited partnership wholly-owned by MPI.
- Included in finance costs for the three months ended March 31, 2021 is interest income of $652 (March 31, 2020 - $328) earned from the loans advanced to related parties.

Distributions

- For the three months ended March 31, 2021, distributions of $1,331 (March 31, 2020 - $1,292) were made to a limited partnership wholly-owned by MPI in order to repay principal on Class C LP Units.
- For the three months ended March 31, 2021, distributions on Units to MPI of $102 (March 31, 2020 - $99) were declared and recorded as a reduction to Unitholders' equity.

Contingencies and Commitments

The REIT is subject to claims and legal actions that arise in the ordinary course of business. It is the opinion of Management that any ultimate liability that may arise from such matters would not have a significant adverse effect on the unaudited condensed consolidated interim financial statements of the REIT. The contingencies and commitments of the REIT are set out in Note 16 of the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2021 and 2020.

Future Changes in Accounting Standards

The following accounting standards under IFRS have been issued or revised, however are not yet effective and as such have not been applied by the REIT:

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1, Presentation of Financial Statements)

On January 23, 2020, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, providing a more general approach to the classification of liabilities based on the contractual agreements in place at the reporting date. The amendments apply to annual reporting periods beginning on or after January 1, 2023. Earlier adoption is permitted.

The amendments to IAS 1 affect only the presentation of liabilities in the balance sheet and seek to clarify that the classification of liabilities as current or non-current should be based on the rights that are in existence at the end of the reporting period. Further, the amendments make clear that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and that the settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The REIT intends to adopt the amendments in its consolidated financial statements beginning on January 1, 2023, when the amendments become effective. The REIT is assessing the potential impact of the amendments, however does not expect them to have a material impact on the REIT's consolidated financial statements.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

On February 12, 2021, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, to assist entities in determining which accounting policies to disclose in the financial statements. The amendments apply to annual reporting periods beginning on or after January 1, 2023. Earlier adoption is permitted.

The amendments to IAS 1 require that an entity disclose its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

The REIT intends to adopt the amendments in its consolidated financial statements beginning on January 1, 2023, when the amendments become effective. The REIT is assessing the potential impact of the amendments, however does not expect them to have a material impact on the REIT's consolidated financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, to assist entities to distinguish between accounting policies and accounting estimates. The amendments apply to annual periods beginning on or after January 1, 2023. Earlier adoption is permitted.

The amendments to IAS 8 replace the definition of a "change in accounting estimates" with a definition of "accounting estimates". Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in an accounting estimate that results from new information or new developments is not the correction of an error.

The REIT intends to adopt the amendments in its consolidated financial statements beginning on January 1, 2023, when the amendments become effective. The REIT is assessing the potential impact of the amendments, however does not expect them to have a material impact on the REIT's consolidated financial statements.

Disclosure Controls and Internal Controls Over Financial Reporting

Management is responsible for establishing and maintaining a system of disclosure controls and procedures ("DC&P") to provide reasonable assurance that all material information relating to the REIT that is required to be publicly disclosed is recorded, processed, summarized and reported on a timely basis and within the time period specified in securities legislation.

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with IFRS.

In designing such controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives and may not prevent or detect misstatements. Additionally, Management is required to use judgment in evaluating controls and procedures.

The Chief Executive Officer and the Chief Financial Officer have evaluated, or caused an evaluation under their direct supervision of, the design of disclosure controls and procedures and internal controls over financial reporting (as defined in National Instrument 52-109, *Certification of Disclosure in Issuers’ Annual and Interim Filings*) as at March 31, 2021. Based on this evaluation, the CEO and CFO have concluded that they have:

(a) designed disclosure controls and procedures to provide reasonable assurance that:

  (i) material information relating to the REIT is made known to the Chief Executive Officer and the Chief Financial Officer by others, particularly during the period in which the interim filings are being prepared; and,

  (ii) information required to be disclosed by the REIT in its various reports filed or submitted under securities legislation is recorded, processed, summarized and reported within time periods specified in securities legislation.

(b) designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There were no significant changes for the three months ended March 31, 2021 to the design of the REIT’s ICFR that have materially affected, or are reasonably likely to materially affect, the REIT’s ICFR.

Subsequent Events

On April 29, 2021, the REIT committed to advance up to $43,700 to an affiliate of MPI for the development of a multi-residential rental property at Beechwood in Ottawa, Ontario and an additional $7,700 to fund interest costs. An initial advance of $9,080 was made on the same date. The loan bears interest at 6% per annum and matures in December 2025. The loan is secured by a second priority charge in favour of the lender and a guarantee by MPI. In connection with this financing, the REIT will have the exclusive option to purchase the property upon stabilization at 95% of its then fair market value as determined by independent and qualified third-party appraisers.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Section VI - Supplemental Information

Property Portfolio

	Property	Total Suites	REIT Ownership Interest	Effective Ownership Interest (Suites)
Toronto				
1	High Park Village	750	40%	300
2	Leslie York Mills	409	50%	205
3	Richgrove	258	100%	258
4	Martin Grove	237	100%	237
5	Minto Yorkville[1]	181	100%	181
6	Roehampton[1]	148	100%	148
		1,983		1,329
Ottawa				
7	Minto one80five[1]	417	100%	417
8	Parkwood Hills Garden Homes & Townhomes	393	100%	393
9	Aventura	354	100%	354
10	Huron	251	100%	251
11	Seneca	251	100%	251
12	Castleview	241	100%	241
13	Skyline Garden Homes, Maisonettes & Walkups	259	100%	259
14	The Carlisle	193	100%	193
15	Castle Hill	176	100%	176
16	Grenadier	158	100%	158
17	Tanglewood	122	100%	122
18	Eleanor	117	100%	117
19	Frontenac	104	100%	104
20	Stratford	59	100%	59
		3,095		3,095
Montreal				
21	Rockhill	1,004	50%	502
22	Le 4300	318	100%	318
23	Haddon Hall	210	100%	210
		1,532		1,030
Edmonton				
24	The Lancaster House	98	100%	98
25	York House	92	100%	92
26	Hi-Level Place	64	100%	64
		254		254
Calgary				
27	The Quarters	199	100%	199
28	The Laurier[1]	144	100%	144
29	Kaleidoscope	70	100%	70
		413		413
Portfolio Total		**7,277**		**6,121**

[1] Suite counts for Minto Yorkville, Roehampton, Minto one80five and The Laurier include furnished suites, representing approximately 24% of the total suites at these properties.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Average Rent Per Square Foot

Geographic Node	Average monthly rent	Average sq. ft. per suite	Average rent per sq. ft
Toronto	$ 1,861	802	$ 2.32
Ottawa	1,524	840	1.81
Alberta	1,212	716	1.69
Montreal	1,938	1,010	1.92
Average	$ 1,630	848	$ 1.92