Management's Discussion and Analysis

For the three and six months ended June 30, 2023 and 2022

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, develops and operates a portfolio of income-producing multi-residential rental properties located in Canada. 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 REIT's portfolio, referred to herein as the "Total Portfolio", consists of 31 (June 30, 2022 - 32) multi-residential rental properties located in urban locations: Ottawa, Toronto, Montreal, Calgary, and Edmonton. The "Same Property Portfolio" consists of 29 multi-residential properties representing 91% (June 30, 2022 - 90%) of the Total Portfolio suite count. The ownership distribution of suites is shown in the table below and unless otherwise noted, all references to suite count, including co-owned properties, are at 100% ownership rather than the REIT's proportionate effective ownership:

	Same Property Portfolio Suites		Total Portfolio Suites	
As at June 30,	**2023**	**2022**	**2023**	**2022**
Wholly-owned	**5,311**	5,311	**5,563**	5,627
50% co-owned	**1,413**	1,413	**1,413**	1,413
40% co-owned	**750**	750	**750**	750
28.35% co-owned	**—**	—	**501**	501
Total suites	**7,474**	7,474	**8,227**	8,291
Total suites at effective ownership	**6,318**	6,318	**6,712**	6,776

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's 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.

The REIT has a thoughtful and prudent approach to managing its capital by balancing the allocation among available alternatives. These alternatives include its pay-down of variable rate debt, convertible development loan ("CDL") programs, increasing suite count through its current developments, maintenance capital expenditures, distributions, repositioning programs, deleveraging. Key criteria impacting our capital allocation decisions include project returns, liquidity, leverage levels, net asset value ("NAV") per unit and cash flow growth per unit over time. The REIT also evaluates dispositions that meet its divestiture criteria as part of its capital management.

Declaration of Trust

The investment guidelines and operating 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+ at www.sedarplus.ca.

As of August 8, 2023, 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 and six months ended June 30, 2023 ("Q2 2023" and "YTD 2023") and 2022 ("Q2 2022" and "YTD 2022"), 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, 2022 and 2021 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.

This Management's Discussion and Analysis also contains certain non-IFRS and other 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-adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") ratio, Debt Service Coverage ratio, net asset value ("NAV"), and NAV per unit, 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. See "Non-IFRS and Other Financial Measures" under Section VI - "Supplemental Information" for definitions of these measures.

The REIT's Board of Trustees approved the content of this Management's Discussion and Analysis on August 8, 2023. 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.sedarplus.ca and also on the REIT's website at www.mintoapartmentreit.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 unaudited condensed consolidated interim 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.

Financial and Operating Highlights

Financial Performance

Revenue and NOI growth driven by strong rental demand and increased average occupancy

The REIT's operating performance in Q2 2023 continued to build on the growth of previous quarters, supported by the strong rental fundamentals seen in the REIT's markets. In Q2 2023, average monthly rent for the Same Property Portfolio increased by 6.3%, supplemented by growth in average occupancy of 230 bps which led to Same Property Portfolio revenue growth of 9.3% over Q2 2022. With inflationary pressure beginning to ease from its 2022 highs, revenue growth outpaced a 5.4% increase in property operating expenses for the same period, leading to strong Same Property Portfolio NOI growth of 11.8% over Q2 2022.

In Q2 2023, Total Portfolio average monthly rent reached $1,801 and average occupancy climbed 230 bps to 97.2%, which along with the downtown properties acquired in Q2 2022, Niagara West in Toronto and The International in Calgary, drove revenue growth of 11.0% from Q2 2022. Total Portfolio NOI for Q2 2023 grew by 12.5% over Q2 2022. While market rents continued to rise and occupancy improved, suite turnover moderated to 422 in Q2 2023 from 492 in Q2 2022. Annualized turnover for the Same Property Portfolio was 20.2%, representing a 480 bps decline from Q2 2022 and indicative of the slowing turnover trends in the REIT's markets.

Refinancing Initiatives Reduce Variable Rate Exposure

During Q2 2023, the REIT successfully executed its strategy of reducing variable rate debt exposure by refinancing with fixed rate debt. This reduced the amount of variable rate debt to 11% of Total Debt from 26% in Q1 2023, a reduction of $165,921, and limited its variable interest rate exposure to the credit facility. As at March 31, 2023, the credit facility had an outstanding balance of $181,374 and as at June 30, 2023, it was $123,831.

In April and June 2023, the REIT refinanced two variable rate mortgages totalling $108,378 with in-place rates of 7.44% and 7.70% and secured $113,361 of CMHC-insured mortgages with interest rates between 3.85% and 3.87%[1] that mature in 2033.

In May 2023, the REIT refinanced five maturing mortgages totalling $137,446 with in-place rates between 2.98% and 5.34% with $218,533 of new CMHC-insured mortgages with interest rates between 3.90% and 4.00%[1] that mature in 2028 and 2033.

	Funding Month	Previous Interest Rates	New CMHC-Insured Financing	New Interest Rates[1]	Incremental Proceeds Used on Credit Facility[2]
Variable Rate Mortgages (2)	Late April & June	7.44% and 7.70%	$113,361	3.85% and 3.87%	$73,807
Maturing Mortgages (5)	Late May	2.98% to 5.34%	218,553	3.90% and 4.00%	
			$331,914		

As a result of this strategic reallocation of debt occurring throughout Q2 2023, the REIT began to see moderation of interest costs at the tail end of the quarter, and expects to see the full effect of these savings through the second half of 2023.

Subsequent to quarter end, the REIT upward refinanced Term Debt of $44,936 secured by an Ottawa property to $70,709 and the proceeds of $24,150 were used to further pay down the credit facility. In addition, Management is exploring upward refinancing for three properties with mortgages maturing in early 2024 that have the potential to generate between $55,000 and $65,000 of incremental proceeds which would be used to pay down the credit facility.

Normalized FFO and AFFO per unit Demonstrating Growth

The REIT's FFO per unit and AFFO per unit for Q2 2023 decreased by 13.5% and 15.7%, respectively, compared to Q2 2022. The REIT's strong operating results continued to be offset by elevated interest costs, however the REIT executed seven refinancings in Q2 2023, reducing the REIT's variable rate debt exposure. FFO and AFFO decreased in large part due to debt retirement costs of $1,779 related to the refinancing transactions and several other nonrecurring items not indicative of the REIT's typical operating results, as detailed in Section IV - "Liquidity, Capital Resources and Contractual Commitments" - "Reconciliation of Non-IFRS Financial Measures and Ratios". Adjusting for these nonrecurring items, which aggregate to $2,021, FFO per unit and AFFO per unit for Q2 2023 increased by 1.2% and 1.1%, respectively over Q2 2022. The net impact of the nonrecurring items had an immaterial impact on NOI.

[1] Interest rates are stated rates that do not include $1,848 of interest rate prepayments for several of the refinancings.
[2] Prior to any additional draws on the credit facility.

Disciplined Capital Management

On June 7, 2023, the REIT agreed to terminate its purchase option for the Fifth + Bank development in Ottawa. The REIT continues to be disciplined with its capital management and the cost of capital was too high relative to the anticipated purchase capitalization rate of the asset. The Fifth + Bank CDL matures on January 31, 2024, providing the REIT with $30,000 in capital that can be allocated to pay down the credit facility.

Similarly in August 2023, the REIT waived its right of first offer for three purpose-built rental development opportunities, presented by Minto Properties Inc. ("MPI"), that would have been attractive assets for the REIT. The developments are located in the Oakridge neighbourhood of Vancouver in close proximity to the Cambie Corridor Planning Program, Mississauga in Toronto, and Danforth Village in Toronto. Additionally, the REIT waived on four other opportunities in Vancouver and Toronto during the previous three quarters.

High Park Village Construction Deferral

The REIT and its partner have decided to temporarily postpone the construction start of the intensification project at the High Park Village property. The intensification would add two towers and five townhomes comprising a total of 688 new suites and 344 new parking stalls to the existing site. The construction start was originally scheduled for Q2 2024. The rationale for this decision includes:

(i) Management is exercising prudence and discipline with its capital allocation decisions considering the future capital requirements of its existing development projects and existing CDL commitments;

(ii) Defers approximately $75,000 of future equity requirements related to the REIT's portion of the intensification project, which likely would be funded on its credit facility, which currently has a high cost of interest; and,

(iii) Retains optionality to restart the intensification project when capital market conditions, access to capital and cost of capital are more favourable.

The intensification project remains an attractive investment opportunity and the REIT and its partner will continue to work through the pre-development phase to ensure that construction can commence expediently, if and when it is strategically appropriate.

NAV per Unit Impacted by Expansion of Capitalization Rates

NAV per unit as at June 30, 2023 decreased to $23.21 from $24.00 as at December 31, 2022, primarily due to a fair value loss on investment properties of $59,203 driven by the slight expansion of capitalization rates across the portfolio and an increase to the capital expenditure reserve, partially offset by growth in forecast NOI for the portfolio overall.

Execution of Organic Growth Strategy

The REIT continued to deliver on its strategy to create organic growth by realizing on the gain-to-lease potential in the portfolio and by executing on its suite repositioning programs. For Q2 2023, the REIT was able to realize gains of 16.2% on the 495 new leases it signed during the period. These gains represent annualized revenue growth of approximately $1,375. In addition, the strong market conditions have fuelled the gain-to-lease potential of the portfolio, which increased to 16.1% at June 30, 2023, up from 15.3% in Q1 2023 and 10.9% in Q2 2022. The ability of the REIT to realize the embedded gain-to-lease potential in the portfolio in the short term will be impacted by the market trend of slower turnover. The REIT successfully repositioned 33 suites in Q2 2023, compared to 83 in Q2 2022, generating an average annual unlevered return of 9.4%.

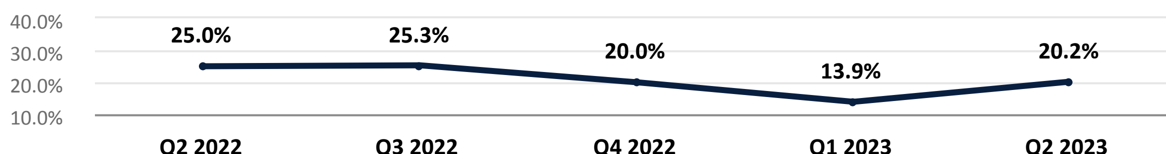
Organic Growth — Gain-on-Lease[1]

The REIT realized on organic growth for Q2 2023 through effective leasing activities and revenue management strategies aided by a strong rental market. As new tenants take occupancy, the REIT is able to move rental rates from older in-place rents to current market rates. During the period, new leases resulted in annualized revenue growth of approximately $1,375. A summary of leasing activities and the gains to be realized from new leases signed for Q2 2023 is set out in the table below:

Geographic Node	New Leases Signed[2]	Expiring AMR	New AMR	Realized Gain-on-Lease[1]	Annualized Gain-on-Lease[1,3]
Toronto	102	$2,406	$2,806	16.6%	$219
Ottawa	205	1,737	2,015	16.0%	677
Alberta	83	1,481	1,737	17.3%	257
Montreal	105	1,828	2,102	15.0%	222
Total/Average	**495**	**$1,778**	**$2,066**	**16.2%**	**$1,375**

The REIT realized gain-on-lease in all of its markets, with an average gain-on-lease of 16.2% on the 495 new leases it signed in Q2 2023. The Canadian rental market continued its strong performance, bolstered by increased immigration, a large affordability gap with home ownership, increasing general acceptance of renting versus owning and, for the REIT, a return to downtown living. This has led to an escalation in demand for rentals, resulting in higher rental rates in addition to a significant reduction of discounts and promotions.

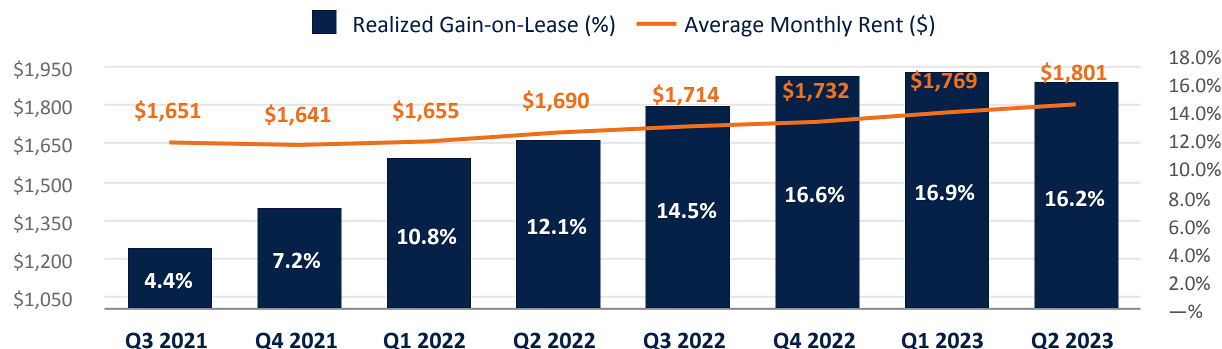
Same Property Portfolio Annualized Turnover Rate[1,4]



Turnover often picks up during the summer months which is typically the strongest leasing season for the REIT. The trend of high average monthly rents and high occupancy is expected to increase the average length of stay for tenants, resulting in lower than historical turnover and Management expects this will continue through 2023.

For more details on revenue growth, see Section II - "Financial Highlights and Performance - Review of Financial Performance - Revenue from Investment Properties".

Realized Gain-on-Lease and Average Monthly Rent[1]



The REIT continues to achieve growth in average monthly rent. Total Portfolio average monthly rent of $1,801 for Q2 2023 is the highest achieved since the REIT's inception and an increase of 6.6% over Q2 2022. Same Property Portfolio average monthly rent also continued to grow, reaching $1,785 in Q2 2023, which represents an increase of 6.3% over Q2 2022.

[1] Refer to Section VI - "Supplemental Information - Non-IFRS and Other Financial Measures"
[2] New leases signed includes 100% of new leases from co-ownerships and excludes new leases of furnished suites.
[3] For co-owned properties, reflects the REIT's co-ownership interest only.
[4] Annualized turnover extrapolates the quarterly turnover rate to determine an annual rate and as such is not necessarily representative of a full year's turnover.

For YTD 2023, the REIT realized an average gain-on-lease of 16.3% on the 838 new leases it signed and realized gains in all markets. The following table summarizes the leasing activities and the gains to be realized from new leases signed in YTD 2023:

Geographic Node	New Leases Signed[1]	Expiring AMR	New AMR	Realized Gain-on-Lease[1]	Annualized Gain-on-Lease[2,3]
Toronto	184	$2,427	$2,858	17.8%	$463
Ottawa	319	1,740	2,020	16.1%	1,075
Alberta	158	1,501	1,758	17.1%	487
Montreal	177	1,840	2,107	14.5%	373
Total/Average	**838**	**$1,791**	**$2,084**	**16.3%**	**$2,398**

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

Fiscal Quarter	New Leases Signed[1]	Expiring AMR	New AMR	Realized Gain-on-Lease[1]	Annualized Gain-on-Lease[2,3]
Q3 2022	574	$1,675	$1,918	14.5%	$1,402
Q4 2022	423	1,699	1,981	16.6%	1,205
Q1 2023	343	1,812	2,118	16.9%	1,023
Q2 2023	495	1,778	2,066	16.2%	1,375
Total/Average	**1,835**	**$1,734**	**$2,010**	**15.9%**	**$5,005**

The REIT has achieved mid double-digit growth in realized gain-on-lease for the last four quarters. Management believes the demand from immigration-driven population growth, in addition to the effects of high interest rates affecting the cost of home ownership, will continue driving rental demand and higher rental rates.

Management continually reviews market conditions and updates its estimates of market rent for the properties in its portfolio. Factoring in the new estimates of market rent, the estimated gain-to-lease potential on existing tenancies for the REIT's portfolio as at June 30, 2023 is as follows:

Geographic Node	Total Suites[4]	Current AMR	Management's Estimate of Market AMR	Percentage Gain-to-Lease Potential[2]	Annualized Estimated Gain-to-Lease Potential[2,3]
Toronto	2,353	$2,129	$2,500	17.4%	$6,061
Ottawa	2,924	1,678	1,980	18.0%	10,578
Alberta	837	1,556	1,756	12.9%	2,010
Montreal	1,710	1,895	2,130	12.4%	3,455
Total/Average	**7,824**	**$1,801**	**$2,091**	**16.1%**	**$22,104**

Management currently estimates that the portfolio has annualized gain-to-lease potential of approximately $22,104, compared to $20,675 at March 31, 2023, and $13,989 at June 30, 2022. As market rents continue to increase and turnover remains lower than seasonal norms, embedded gain-to-lease potential will also increase.

The REIT continues to realize on gain-to-lease opportunities as suites turnover and expects to continue doing so going forward. The REIT's ability to realize the gain-to-lease potential is dependent on suite turnover and overall market conditions. Management expects that portfolio turnover will remain lower than historical average due to the anticipated continued strength of the rental market. Notwithstanding a potential slow down in turnover, Management expects that the REIT will be able to realize a significant portion of the gain-to-lease potential over a period of four to six years.

[1] New leases signed includes 100% of new leases from co-ownerships and excludes new leases of furnished suites.
[2] Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"
[3] For co-owned properties, reflects the REIT's co-ownership interest only.
[4] Excludes 183 furnished suites, 91 vacant suites, 104 suites leased for future occupancy and 25 suites offline for post move-out repairs and maintenance or repositioning,

Value Creation

Repositionings

A summary of the repositioning activities is set out below:

Property	Ownership Interest	Suites Repositioned and Leased		Remaining Suites to Reposition	Total Suites in the Program	Proportion Complete
		Q2 2023	YTD 2023			
Toronto						
Minto Yorkville	100%	—	2	29	99	71%
Leslie York Mills	50%	2	4	194	409	53%
High Park Village	40%	5	9	255	407	37%
Roehampton	100%		5	45	148	70%
Martin Grove	100%	1	3	19	32	41%
Ottawa						
Carlisle	100%	4	6	69	191	64%
Castle Hill	100%	1	3	65	176	63%
Montreal						
Rockhill	50%	7	16	739	934	21%
Le 4300	100%	5	7	209	261	20%
Haddon Hall	100%	1	1	135	191	29%
Le Hill-Park	100%	7	9	159	261	39%
Total		**33**	**65**	**1,918**	**3,109**	**38%**

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

Fiscal Quarter	Suites Renovated	Average Cost per Suite	Average Annual Rental Increase per Suite	Average Unlevered Return[1]
Q3 2022	75	$54,628	$5,150	9.4%
Q4 2022	41	60,863	6,050	11.3%
Q1 2023	32	67,789	6,970	10.3%
Q2 2023	33	69,853	6,565	9.4%
Total/Average	**181**	**$61,275**	**$5,950**	**9.7%**

Management targets an average unlevered return on investment in the range of 8% to 15% on suites renovated and leased.

The REIT's repositioning program presents an attractive organic growth opportunity. Utilizing the REIT's asset management strategy, these programs target maximizing return on investment, while managing cash flow. Capital is thoughtfully allocated to the 11 active repositioning projects on a suite-by-suite basis to ensure that the optimal investment decision is made. Many of the existing repositioning projects have been active for five years or more. Suites that become available at these properties are from residents with lengths of stay averaging approximately 11 years. These suites require investment and provide an opportunity to make upgrades that generate a positive return on investment. Capital spend on repositioning suites has declined in line with lower turnover rates. The rate at which Management can complete the repositioning plan depends on the rate of turnover of unrenovated suites, which is solely based on residents voluntarily vacating their suite for alternative housing arrangements. The REIT does not engage in renovation-related evictions. Due to the continued strength in the rental market combined with decreasing vacancy and turnover, Management expects its repositioning program to slow in 2023 relative to 2022.

[1] Refer to Section VI - "Supplemental Information - Non-IFRS and Other Financial Measures"

Environmental, Social and Governance Initiatives

The REIT continues to implement measures to improve environmental, social, and governance ("ESG") performance under the three strategic pillars of environmental impact, community impact, and business resilience. Highlights since previous ESG update include:

Environmental Impact

- The REIT's target to reduce energy use by 10% by 2025, compared to a 2019 baseline, was achieved and surpassed early, with the REIT achieving a 10.2% reduction at the end of 2022.
- Continued installation of shower heads with thermostatic shut-off valves to minimize energy and water consumption during shower start-up.
- Real-time water monitoring device installation was completed at Kaleidoscope and The Quarters in Calgary. Installations at buildings higher than two-storeys with more than 20 suites and an indoor meter are now complete.
- For Q1 2023, construction at the Richgrove intensification project achieved a waste diversion rate of 77%, slightly below the 80% target. Planned measures to improve performance include conducting pre-construction workshops and construction waste audits to be initiated later in 2023 to support and optimize diversion for the project.

Community Impact

- Implementation of the Diversity, Equity and Inclusion ("DEI") program continued with:
  - Completion of the 2023 DEI survey to capture insight into the make-up of the team and gather employee commentary;
  - Continued roll-out of mandatory diversity and inclusion training for all employees.
- Expansion of the resident engagement program continued with employee onboarding sessions for the new customer experience management platform, which will support evaluation and monitoring of resident satisfaction.

Business Resilience

- Business Continuity Plans have been completed for all critical services and assets.
- The property operations request for proposal template was revised and information about potential procurement partner policies or programs addressing material ESG topics is being gathered.
- Strengthening the cybersecurity program continued, including:
  - Completion of a phishing simulation;
  - Completion of a security breaches training campaign;
  - Implementation of multi-factor authentication for new applications as they are added; and
  - Continued implementation of a Privileged Access Management solution for administrator accounts, which manages administrator passwords and tokens for all servers and applications.

Governance Framework

The Board of Trustees receives quarterly updates on ESG. An ESG Steering Committee with senior executive representation guides implementation of the ESG strategy. REIT employee incentive pay continues to be linked, in part, to ESG performance targets. ESG-related needs and considerations are incorporated into capital and operating budgets and ESG expectations are included in the business plan.

Outlook

Looking ahead, there are strong fundamental tailwinds supporting Management's positive outlook for revenue growth. The primary tailwinds include the growing affordability gap between home ownership and renting due to high interest rates which continue to climb with 25bps point hikes in both June and July 2023 by the Bank of Canada, insufficient supply of new housing and strong population growth driven by immigration. The Federal Government has set robust immigration targets with approximately 500,000 new immigrants annually by 2025, in addition to population growth from non-permanent residents and work permit holders. In Q1 2023, Canada's population growth was 292,232.[1] With the vast majority of newcomers settling in urban locations with over 100,000 residents, Management believes the REIT's urban focus makes it well-positioned to offer housing in markets with strong growth potential.[2] The REIT currently operates in five of Canada's major markets and has the ability to expand into the Greater Vancouver and Victoria markets through its CDL options. In addition, Management believes there are other positive indications that support revenue growth, including an increase of international students coming to Canada, and the increasing general acceptance of renting versus owning a home for all age groups.[3] Management believes these fundamentals will persist and support revenue growth for the foreseeable future.

Supported by these tailwinds, Management will continue to maximize organic growth including realizing on the embedded rent growth potential in the REIT's high quality urban portfolio, value creation from the repositioning program and driving occupancy in all markets, but with particular focus on the REIT's Montreal portfolio which continues to steadily improve. Given the continued strength anticipated in the rental market, Management believes that suite turnover will continue to be slower than seasonal norms going forward, as existing tenants are more likely to stay in place since affordable housing alternatives are less available. In 2022, the REIT repositioned 259 suites under the repositioning program. Due to the anticipated lower turnover and lower portfolio vacancy, Management anticipates completing fewer repositionings under the program in 2023 than last year, and forecasts repositioning 80 to 120 suites in 2023.

Management is keenly focused on maximizing FFO per unit and AFFO per unit by managing operating expenses, employing strategies to reduce interest costs and making prudent capital allocation decisions, while balancing long-term value creation and growth objectives.

Management believes that solid NOI growth will continue and that revenue growth will outpace overall operating expense growth in 2023. Management continues to evaluate opportunities for operating efficiencies and cost reductions, which include property technology, managing service contracts and supplier relationships, and labour efficiencies. Property technology is a burgeoning opportunity to run properties more efficiently and conserve on utilities consumption and cost. With high utility costs, the value proposition on certain technologies has become more attractive and has resulted in some being adopted, while others remain under consideration. Currently, 95% of managed suites in the Total Portfolio are either submetered or directly metered for electricity and approximately 86% of tenants pay the cost of electricity consumed in their suites. Through the first half of 2023 inflationary cost pressures have eased with inflation reaching 2.8% in June 2023[4], but the Bank of Canada remains hawkish as inflation remains resilient in certain areas. Should cost inflation persist, Management believes the REIT is well positioned as historically the multi-family sector has performed well relative to other real estate sub-sectors during times of high inflation given the short-term nature of residential leases.

In Q2 2023, the REIT significantly reduced its variable rate debt exposure by $165,921, thus reducing the REIT's overall interest costs going forward. As of June 30, 2023, variable rate debt represents only 11% of Total Debt, a drop from 26% at March 31, 2023. As a result of the seven refinancings completed in the quarter, the REIT reduced its weighted average interest rate of Total Debt from the high in Q1 2023 by 36 bps to 3.61% and extended the weighted average term to maturity of Term Debt to 5.87 yrs. Subsequent to Q2 2023, the REIT refinanced an additional Term Debt for net proceeds of $24,150 which were applied against the credit facility. Looking ahead, Management will continue to stagger its debt ladder and believes the reduction of the REIT's variable rate debt exposure represents upside to FFO and AFFO per unit in a high interest rate environment.

Capital allocation continues to be a key area of focus for the REIT. Management will evaluate capital allocation decisions strategically, with consideration given to leverage, liquidity, cash flow growth per unit and value creation, among other things. Management remained disciplined and agreed to terminate the REIT's purchase option for Fifth + Bank and opted to defer construction on the High Park Village intensification project in August 2023. Management remains committed to funding existing growth opportunities, including developments already in progress and CDL programs, with internal sources including operating cash flow, credit facility draws and capital recycling by disposing of certain non-core assets. At this time, Management does not anticipate increasing leverage materially, nor does it anticipate raising equity at a large discount to NAV. Management will also consider reducing variable rate debt and continue to invest excess capital in its properties.

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[1] *Canada's population estimates, first quarter 2023*, Statistics Canada
[2] Immigration, Refugees and Citizenship Canada
[3] Ontario's Need for 1.5 million more homes, Smart Prosperity Institute at the University of Ottawa, August 2022.
[4] *Consumer Price Index, June 2023*, Statistics Canada

Canada is facing the worst housing and affordability crisis in a generation. A CMHC report indicated Canada needs over 22 million housing units by 2030 to help achieve housing affordability for all Canadians and if currently low rates of new construction continue, there will be a 3.5 million housing unit shortfall.[1] Management believes that REITs and the private sector can be part of the solution, and the REIT is part of a group called Canadian Rental Housing Providers for Affordable Housing (www.foraffordable.ca), established in coalition with other large multi-family publicly-traded real estate investment trusts. The group is committed to work collaboratively with all levels of government and civil society to build new housing, create new jobs and help alleviate the housing supply and affordability pressures facing our country.

In summary, Management is confident that industry fundamentals will support revenue growth through the remainder of 2023. It also believes that the in-place strategies to contain controllable operating expenses will deliver solid NOI growth. Finally, FFO and AFFO per unit will benefit from the reduction of the REIT's exposure to variable rate debt and other accretive capital allocation decisions.

Organic Growth Opportunities

The REIT 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 potential for the portfolio is 16.1% (as set out in the detailed embedded gain-to-lease potential table in the previous section). The REIT aims to further enhance occupancy, which as of June 30, 2023 was 97.2%, which provides another viable source of organic revenue growth.

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 over 1,900 suites eligible for repositioning. The REIT's ability to execute its repositioning program is highly dependent on turnover of unrenovated suites and market conditions at the time suite renovations are completed. Management anticipates turnover to be slower than seasonal norms in 2023 due to overall rental market strength. Subject to unrenovated suites becoming available, the REIT expects to reposition approximately 80 to 120 suites in 2023, and as of June 30, 2023 had repositioned 65 suites.

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

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

The REIT is in the process of developing additional rental suites on available excess land at the following properties:

Location and Property Name	Ownership	Estimated Suites	Estimated Project Costs[2]	Construction Start Date	Estimated Stabilization	Anticipated Yield
Toronto, ON						
Richgrove	100%	225	$ 122,000	Q4 2021	Q2 2026	4.25% - 4.75%
Leslie York Mills	50%	192	193,000	Q4 2021	Q3 2026	4.00% - 4.50%
		417	**$ 315,000**			

The existing Richgrove community comprises two mid-rise residential apartment buildings with a total of 258 suites and a high-rise residential apartment building with 237 suites. The intensification involves the addition of a new tower with 225 suites, including 100 affordable housing suites, and 213 parking stalls. The REIT has negotiated an agreement with the City of Toronto under which the City has already exempted or waived development charges and other fees amounting to $4,309, has committed to advance funding of $4,500, of which $1,350 has been received, and has agreed to provide exemption from property tax and municipal and school taxes for a period of 25 years after first occupancy. A construction financing agreement is in place with CMHC for a maximum financing of $93,745 and a fixed interest rate of 2.39% for a 10-year term. Phase 2 below-grade shoring and excavation is currently underway.

[1] *Housing Shortages in Canada: Solving the Affordability Crisis,* CMHC, June 23, 2022.
[2] Estimated project costs are presented at 100% rather than the REIT's proportionate share, and represent costs prior to allocation of parking garage costs as a shared amenity with existing assets and cash received from government sources.

Leslie York Mills comprises three existing 18-storey towers with a total of 409 suites. The intensification entails the development of 192 new rental terrace homes in four blocks, creating an indoor pool, gym and recreational area and replacing the existing parking structure with a new two-level underground parking garage. The temporary parking structure is complete and occupied, demolition of existing parking structures are complete and shoring and excavation is underway.

Current economic conditions including high inflation, high interest rates and municipal development policy changes have created additional volatility in construction cost estimates. While these risks are largely offset by strong rental market conditions, Management’s strategy for mitigating these risks includes significant budget contingency, managing key vendor relationships, and exploration of value-engineering opportunities through each stage of the project, coupled with extensive use of sensitivity analysis for construction costs, interests rates, capitalization rates and project duration to ensure project returns remain viable under various changing economic conditions.

The construction of the two development projects will add approximately 417 suites to the REIT's portfolio at an estimated total cost of $315,000, generating an expected average yield between 4.00% and 4.75%. Increases in rental rates are expected to offset any cost inflation to preserve expected yields.

The REIT is in the process of pre-development activities on excess land at the following property:

Property Name	Location	Ownership	Estimated Suites	Estimated Pre-Development Costs[1]	Site Plan Approval
High Park Village	Toronto	40%	688	$14,400	Q2 2024

High Park Village consists of three buildings comprising 750 rental suites. The REIT and its partner successfully rezoned the site in Q3 2022 and are completing the remaining pre-development work to finalize planning approvals with the City of Toronto to develop two new towers comprising an estimated 688 suites and 344 underground parking stalls. The REIT and its partner have strategically postponed the construction phase of the project, as described in Section I - Overview - "Financial and Operating Highlights - High Park Village Construction Deferral".

Access to Urban Pipeline in Target Markets Through MPI and Affiliates

The REIT has entered into agreements to extend CDLs to MPI and partnerships in which MPI is a partner. CDL projects provide a host of benefits to the REIT including insulation from development risk, the option to purchase newly constructed rental housing at a discounted price ("CDL Options"), the potential to provide a more economic entry into core, urban markets compared to acquisitions of existing properties, and the preservation of development capacity under the DOT for intensification projects. When the REIT's Unit price is trading at a significant discount to NAV, as is currently the case, the REIT will be selective in the exercise of existing CDL Options and the pursuit of any new CDL opportunities as it remains disciplined with capital allocation.

The REIT currently has the following CDL projects, all of which are under construction or stabilized:

Project Name	Location	Estimated Suites	Potential Ownership	Estimated Project Costs[2]	Construction Start	Estimated Stabilization	Maximum Loan Amount[3]	Advanced as of June 30, 2023[3]
Fifth + Bank	Ottawa, ON	*N/A - Purchase Option Terminated*					$30,000	$30,000
Lonsdale Square	North Vancouver, BC	113	100%	92,000	Q2 2021	Q3 2024	14,000	14,000
810 Kingsway	Vancouver, BC	108	85%[4]	86,000	Q1 2022	Q4 2024	19,650	17,415
Beechwood	Ottawa, ON	227	100%	137,000	Q4 2021	Q1 2025	51,400	32,926
University Heights	Victoria, BC	594	45%[4]	401,000	Q4 2022	Q4 2026	51,700	14,323
		1,042		**$716,000**			**$166,750**	**$108,664**

Fifth + Bank involves the redevelopment of a commercial property located at 99 Fifth Avenue in the Glebe neighbourhood of Ottawa into a mixed-used multi-residential rental and retail property. Construction of 163 rental suites was completed in Q3 2021 and the property stabilized in Q2 2022. On June 7, 2023, the REIT agreed to terminate its purchase option for the property (see Section I - "Overview" - "Financial and Operating Highlights" - "Disciplined Capital Management").

[1] Pre-development costs are presented at 100% rather than the REIT's proportionate share.
[2] Estimated project costs are presented at 100% rather than the REIT's proportionate share, and represent costs prior to cash received from government sources.
[3] Maximum loan amounts and amounts advanced include amounts to fund interest costs.
[4] For 810 Kingsway and University Heights, if the REIT exercises its CDL Option, it will acquire an indirect ownership interest in the property.

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 approximately 8,000 square feet of retail space. Interior rough work and finishings are in progress and exterior insulation and flashing installation is underway. Retail leasing is ongoing and first residential occupancy is expected by Q2 2024. The property is expected to be stabilized in Q3 2024. On August 8, 2023, the REIT agreed to extend the maturity date of both the CDL option and CDL associated with Lonsdale Square to November 30, 2024 and December 31, 2024, respectively.

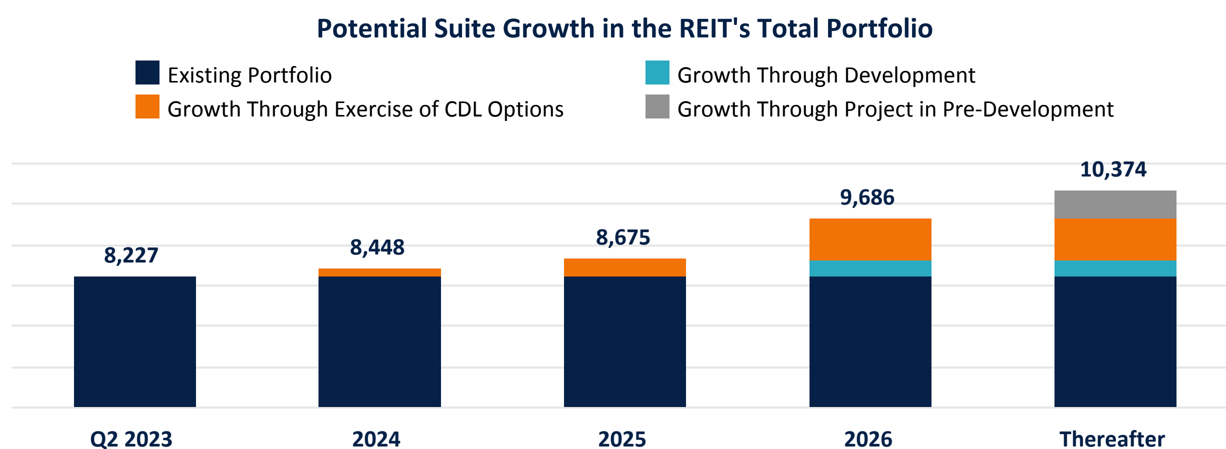
810 Kingsway involves the development of a six-storey mixed-used building in Vancouver comprising 108 rental suites and approximately 11,500 square feet of at-grade retail space. Construction is advancing to the fourth floor and window installation commenced in July 2023. Pre-leasing of the retail component has commenced. The property is expected to be stabilized in Q4 2024.

Beechwood involves the development of a nine-storey property comprising 227 suites and 6,039 square feet of retail space on a land assembly located at the intersection of Beechwood Avenue and Barrette Street in Ottawa. Foundation work is complete and formwork has advanced to the fourth floor and fifth floor sky deck. Stabilization is expected by Q1 2025.

University Heights involves the development of five buildings containing 594 rental suites and approximately 116 square feet of retail on an 11.5 acre parcel in Victoria currently containing the University Heights Shopping Centre. Additionally, the site contains a Home Depot which will continue to operate throughout the development. The first phase of parkade restoration is nearing completion, demolition is complete, and construction will be executed in a phased approach. Construction of the first building is underway with the pouring of two slabs and the installation of footings and construction of the second building commenced with shoring underway. Pre-leasing of the retail component is also underway with a Canadian-based grocer anchor lease executed for approximately 45,000 square feet. The project is expected to be fully stabilized in Q4 2026.

In connection with these financings, the REIT has the exclusive option, upon project stabilization, to purchase the property at Lonsdale Square and Beechwood, MPI's 85% indirect ownership interest in 810 Kingsway and MPI's 45% indirect ownership interest in University Heights, each at 95% of its then-appraised fair market value as determined by independent and qualified third-party appraisers. If all of the CDL Options are exercised, these projects will add approximately 1,042 suites to the REIT's portfolio. The exercise of each of the CDL Options would require approval by the independent members of the Board of Trustees.

The aggregate of the REIT's three development projects and four under construction CDL growth opportunities would increase the portfolio suite count by approximately 26%, as depicted below:



Capital Recycling Program

The REIT's capital recycling program is an important element of the REIT's strategic plan as it represents an internal source of equity capital. Management continuously evaluates the portfolio for relative NOI growth potential, NOI margin, repositioning programs, geographic exposure and average age of the portfolio. This program will allow the REIT to reinvest any equity proceeds into opportunities with enhanced returns that are aligned with the REIT's strategy, which may include repayment of high cost debt, investing in high growth acquisitions, investments in repositioning and suite renovations, and enhancements to building technology. The capital recycling program is an attractive alternative to raising equity from the capital markets which is currently dilutive to existing unitholders. On March 7, 2023, the REIT sold a non-strategic asset in Edmonton, Alberta for a sale price of $9,920 and net cash proceeds of $2,885.

Section II - Financial Highlights and Performance

Key Performance Indicators

The REIT's operating results are affected by seasonal variations and other factors, including rising interest rates and inflation. As a result, the operating performance and metrics in one quarter may not be indicative of future quarters. The following tables highlight certain key IFRS and non-IFRS financial and operating measures used by the REIT.

	Three months ended June 30,			Six months ended June 30,		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
Operating						
Number of properties	**31**	32	(1)	**31**	32	(1)
Total suites[1]	**8,227**	8,291	(64)	**8,227**	8,291	(64)
Average monthly rent[2]	**$ 1,801**	$ 1,690	6.6 %	**$ 1,801**	$ 1,690	6.6 %
Closing occupancy[2]	**97.2 %**	95.8 %	140 bps	**97.2 %**	95.8 %	140 bps
Average occupancy[2]	**97.0 %**	94.7 %	230 bps	**97.1 %**	94.4 %	270 bps
Average monthly rent[2] - Same Property Portfolio	**$ 1,785**	$ 1,680	6.3 %	**$ 1,785**	$ 1,680	6.3 %
Average occupancy[2] - Same Property Portfolio	**97.0 %**	94.7 %	230 bps	**97.1 %**	94.5 %	260 bps
Financial						
Revenue	**$ 39,401**	$ 35,510	11.0 %	**$ 77,804**	$ 68,036	14.4 %
NOI[2]	**$ 24,572**	$ 21,839	12.5 %	**$ 47,308**	$ 40,625	16.5 %
NOI margin[2]	**62.4 %**	61.5 %	90 bps	**60.8 %**	59.7 %	110 bps
Interest costs[2]	**$ 10,710**	$ 7,512	(42.6)%	**$ 21,378**	$ 13,721	(55.8)%
Net (loss) income and comprehensive (loss) income	**$ (43,009)**	$ 183,537		**$ (67,236)**	$ 218,177	
Revenue - Same Property Portfolio	**$ 36,726**	$ 33,589	9.3 %	**$ 72,450**	$ 65,920	9.9 %
NOI[2] - Same Property Portfolio	**$ 23,068**	$ 20,628	11.8 %	**$ 44,204**	$ 39,287	12.5 %
NOI margin[2] - Same Property Portfolio	**62.8 %**	61.4 %	140 bps	**61.0 %**	59.6 %	140 bps
FFO[2]	**$ 11,925**	$ 13,680	(12.8)%	**$ 23,554**	$ 25,659	(8.2)%
FFO per unit[2]	**$ 0.1817**	$ 0.2100	(13.5)%	**$ 0.3588**	$ 0.4008	(10.5)%
AFFO[2]	**$ 10,188**	$ 11,983	(15.0)%	**$ 20,121**	$ 22,331	(9.9)%
AFFO per unit[2]	**$ 0.1552**	$ 0.1840	(15.7)%	**$ 0.3065**	$ 0.3489	(12.2)%
AFFO Payout Ratio[2]	**78.9 %**	65.2 %	(1370) bps	**79.9 %**	68.4 %	(1150) bps
Distribution per unit	**$ 0.1225**	$ 0.1187	3.2 %	**$ 0.2450**	$ 0.2375	3.2 %
Distribution yield[2] based on Unit closing price	**3.26 %**	3.24 %	2 bps	**3.26 %**	3.24 %	2 bps
Normalized						
Normalized FFO[2,3]	**$ 13,946**	$ 13,680	1.9 %	**$ 25,661**	$ 25,659	— %
Normalized FFO per unit[2,3]	**$ 0.2125**	$ 0.2100	1.2 %	**$ 0.3909**	$ 0.4008	(2.5)%
Normalized AFFO[2,3]	**$ 12,209**	$ 11,983	1.9 %	**$ 22,228**	$ 22,331	(0.5)%
Normalized AFFO per unit[2,3]	**$ 0.1860**	$ 0.1840	1.1 %	**$ 0.3386**	$ 0.3489	(3.0)%
Normalized AFFO payout ratio[2,3]	**65.9 %**	65.2 %	(70) bps	**72.3 %**	68.4 %	(390) bps

[1] At June 30, 2023, includes 2,664 (June 30, 2022 - 2,664) suites co-owned with institutional partners.
[2] Refer to Section VI - "Supplemental Information - Non-IFRS and Other Financial Measures"
[3] Refer to Section IV - "Liquidity, Capital Resources and Contractual Commitments - Reconciliation of Non-IFRS Financial Measures and Ratios"

As at		June 30, 2023		December 31, 2022	Change
Leverage					
Debt-to-Gross Book Value ratio[1]		**42.2 %**		40.6 %	(160) bps
Debt Service Coverage ratio[1]		**1.48 x**		1.66 x	(0.18)x
Debt-to-Adjusted EBITDA ratio[1]		**12.19 x**		12.43 x	0.24x
Weighted average term to maturity on Term Debt[1]		**5.87**		4.27	1.60 years
Weighted average interest rate on Term Debt[1]		**3.21 %**		3.06 %	(20) bps
Weighted average interest rate on variable rate debt[1]		**7.02 %**		6.87 %	(20) bps
Valuation					
NAV[1]	**$**	**1,523,369**	$	1,575,395	(3.3)%
NAV per unit[1]	**$**	**23.21**	$	24.00	(3.3)%

Review of Financial Performance

The following tables highlight selected financial information for the REIT's Same Property Portfolio and Total Portfolio for the three and six months ended June 30, 2023 and 2022.

Same Property Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2023	2022	Change	2023	2022	Change
Revenue from investment properties	**$ 36,726**	$ 33,589	9.3 %	**$ 72,450**	$ 65,920	9.9 %
Property operating costs	**7,491**	6,876	(8.9)%	**14,386**	13,332	(7.9)%
Property taxes	**3,615**	3,503	(3.2)%	**7,332**	7,146	(2.6)%
Utilities	**2,552**	2,582	1.2 %	**6,528**	6,155	(6.1)%
Operating expenses	**13,658**	12,961	(5.4)%	**28,246**	26,633	(6.1)%
NOI[1]	**$ 23,068**	$ 20,628	11.8 %	**$ 44,204**	$ 39,287	12.5 %
NOI margin[1]	**62.8 %**	61.4 %	140 bps	**61.0 %**	59.6 %	140 bps

[1] Refer to Section VI - "Supplemental Information - Non-IFRS and Other Financial Measures"

Total Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
Revenue from investment properties	**$ 39,401**	$ 35,510	11.0 %	**$ 77,804**	$ 68,036	14.4 %
Property operating costs	**8,051**	7,260	(10.9)%	**15,494**	13,740	(12.8)%
Property taxes	**3,917**	3,709	(5.6)%	**7,925**	7,374	(7.5)%
Utilities	**2,861**	2,702	(5.9)%	**7,077**	6,297	(12.4)%
Operating expenses	**14,829**	13,671	(8.5)%	**30,496**	27,411	(11.3)%
NOI[1]	**24,572**	21,839	12.5 %	**47,308**	40,625	16.5 %
NOI margin[1]	**62.4 %**	61.5 %	90 bps	**60.8 %**	59.7 %	110 bps
General and administrative expenses	**2,857**	2,514	(13.6)%	**5,613**	4,495	(24.9)%
Finance costs - operations	**15,643**	10,570	(48.0)%	**29,466**	19,483	(51.2)%
Finance income	**(1,796)**	(1,107)	62.2 %	**(3,425)**	(2,095)	63.5 %
Fair value loss (gain) on:						
Investment properties	**45,700**	2,325	(1,865.6)%	**59,203**	(12,070)	
Class B LP Units	**6,696**	(172,772)		**24,982**	(182,335)	
Interest rate swap	**(656)**	(776)	15.5 %	**(246)**	(2,083)	88.2 %
Unit-based compensation	**40**	(1,867)		**194**	(1,967)	
Loss on disposition	**—**	—		**348**	—	
Fees and other income	**(903)**	(585)	54.4 %	**(1,591)**	(980)	62.3 %
Net (loss) income and comprehensive (loss) income	**$ (43,009)**	$ 183,537		**$ (67,236)**	$ 218,177	

Net Operating Income

Same Property Portfolio NOI for Q2 2023 increased by 11.8% over Q2 2022. This was driven by rental revenue growth of 9.3% stemming from growth in unfurnished suite revenue of 9.3% and furnished suite revenue of 10.9%. This was partially offset by a 5.4% increase in operating expenses driven by growth in salaries, repair and maintenance costs, and property taxes.

For YTD 2023, Same Property Portfolio NOI increased by 12.5%. This was largely due to rental revenue growth of 9.9% driven by an increase in unfurnished suite revenue of 10.3% and furnished suite revenue of 12.8%. This was partially offset by an increase in operating expenses of 6.1% largely due to elevated gas rates in Q1 2023, salaries, and repairs and maintenance costs.

The NOI variance between the Same Property Portfolio results and the Total Portfolio results is due to the acquisitions of Niagara West and The International in Q2 2022 and the disposition of Hi-Level Place in Q1 2023. All three of these properties are excluded from the Same Property Portfolio results for all periods presented in this Management's Discussion and Analysis.

For Q2 2023 and YTD 2023, Total Portfolio NOI increased by 12.5% and 16.5%, respectively over the same periods in 2022, and NOI margin expanded by 90 bps and 110 bps, respectively for the same periods.

[1] Refer to Section VI - "Supplemental Information - Non-IFRS and Other Financial Measures"

Revenue from Investment Properties

Same Property Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
Rental revenue						
Unfurnished suites	**31,539**	28,858	9.3 %	**62,689**	56,858	10.3 %
Furnished suites	**2,425**	2,186	10.9 %	**4,312**	3,823	12.8 %
Commercial leases	**314**	277	13.4 %	**637**	756	(15.7)%
Parking revenue	**1,300**	1,252	3.8 %	**2,564**	2,487	3.1 %
Other property income	**1,148**	1,016	13.0 %	**2,248**	1,996	12.6 %
	$ 36,726	$ 33,589	9.3 %	**$ 72,450**	$ 65,920	9.9 %

Total Portfolio

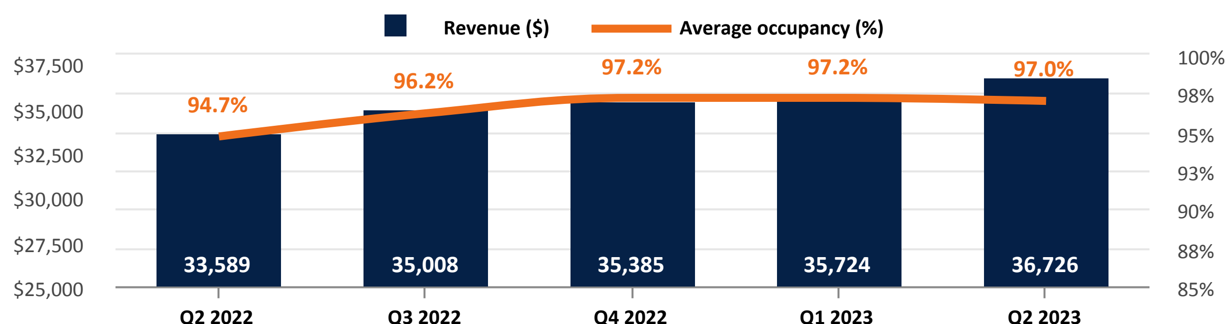
	Three months ended June 30,			Six months ended June 30,		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
Rental revenue						
Unfurnished suites	**$ 33,751**	$ 30,507	10.6 %	**$ 67,196**	$ 58,690	14.5 %
Furnished suites	**2,425**	2,186	10.9 %	**4,312**	3,823	12.8 %
Commercial leases	**511**	416	22.8 %	**957**	895	6.9 %
Parking revenue	**1,476**	1,333	10.7 %	**2,908**	2,573	13.0 %
Other property income	**1,238**	1,068	15.9 %	**2,431**	2,055	18.3 %
	$ 39,401	$ 35,510	11.0 %	**$ 77,804**	$ 68,036	14.4 %

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

For Q2 2023, rental revenue from unfurnished suites for the Same Property Portfolio increased 9.3% from Q2 2022. This was primarily due to a 6.3% increase in Same Property Portfolio average monthly rent to $1,785 at June 30, 2023 and a 230 bps increase in Same Property Portfolio average occupancy to 97.0% for Q2 2023.

For YTD 2023, Same Property Portfolio rental revenue from unfurnished suites increased by 10.3% from YTD 2022. This was primarily due to a 6.3% increase in Same Property Portfolio average monthly rent to $1,785 at June 30, 2023 and a 260 bps increase in Same Property Portfolio average occupancy to 97.1% and reduced impact of promotion amortization for YTD 2023.



	Three months ended June 30,			Six months ended June 30,		
Same Property Portfolio	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Average Occupancy[1]						
Toronto	**98.0 %**	96.3 %	170 bps	**98.2 %**	95.5 %	270 bps
Ottawa	**97.7 %**	95.1 %	260 bps	**97.9 %**	95.3 %	260 bps
Alberta	**97.2 %**	95.5 %	170 bps	**97.7 %**	93.7 %	400 bps
Montreal	**94.4 %**	91.8 %	260 bps	**94.1 %**	92.0 %	210 bps
	97.0 %	94.7 %	230 bps	**97.1 %**	94.5 %	260 bps

For Q2 2023, revenue from unfurnished suites for the Total Portfolio increased by 10.6% from Q2 2022. This was driven by an increase of 6.6% in average monthly rent to $1,801 at June 30, 2023, a 230 bps increase in average occupancy to 97.0%, and the additional revenues from the properties acquired in Q2 2022. There was a slight decrease in average occupancy from Q1 2023 and this was driven by turnover towards the end of Q2 2023 with move-ins for those units occurring early in Q3

For YTD 2023, revenue from unfurnished suites for the Total Portfolio increased by 14.5% over YTD 2022. This was driven by an increase of 6.6% in average monthly rent to $1,801 at June 30, 2023, a 270 bps increase in average occupancy to 97.1%, revenue from the properties acquired in Q2 2022, and the reduced amortization of promotions.

	Three months ended June 30,			Six months ended June 30,		
Total Portfolio	**2023**	**2022**	**Change**	**2023**	**2022**	**Change**
Average Occupancy[1]						
Toronto	**97.7 %**	96.1 %	160 bps	**97.9 %**	95.4 %	250 bps
Ottawa	**97.7 %**	95.1 %	260 bps	**97.9 %**	95.3 %	260 bps
Alberta	**97.2 %**	95.3 %	190 bps	**97.6 %**	93.8 %	380 bps
Montreal	**94.4 %**	91.8 %	260 bps	**94.1 %**	92.0 %	210 bps
	97.0 %	94.7 %	230 bps	**97.1 %**	94.4 %	270 bps

Rental Revenue from Furnished Suites

For Q2 2023, rental revenue from furnished suites for the Same Property Portfolio and Total Portfolio increased by 10.9% from Q2 2022. This was driven by a significant 23.1% increase in average monthly rent for furnished suites to $5,512, partially offset by an 860 bps decrease in furnished suites occupancy and reduction in average number of suites to 185 from 192.

For YTD 2023, rental revenue from furnished suites for the Same Property Portfolio and Total Portfolio increased by 12.8% over YTD 2022. This was driven by a 19.4% increase in average monthly rent for furnished suites to $5,189, partially offset by an 120 bps decrease in furnished suites average occupancy to 73.1% and a lower average number of furnished suites from 195 to 186 for YTD 2023.

Rental Revenue from Commercial Leases

For Q2 2023, revenue from commercial leases for the Same Property Portfolio increased 13.4% from Q2 2022 led by a reduction in the amortization of promotion in Ottawa, offset by decreased rents in Calgary.

[1] Refer to Section VI - "Supplemental Information - Non-IFRS and Other Financial Measures"

For YTD 2023, revenue from commercial leases for the Same Property Portfolio decreased by 15.7% from YTD 2022, mainly driven by the increased amortization of promotions in Ottawa in Q1 2023 and decreased rents in Calgary.

For Q2 2023 and YTD 2023, revenue from commercial leases for Total Portfolio increased 22.8% and 6.9%, respectively, from same periods in 2022, driven by the acquisition of Niagara West in Q2 2022 and the results of the Same Property Portfolio.

Parking Revenue

For Q2 2023 and YTD 2023, parking revenue for the Same Property Portfolio increased by 3.8% and 3.1%, respectively, over the same periods in 2022, mainly due to increases in monthly parking rates.

For Q2 2023 and YTD 2023, parking revenue for the Total Portfolio was 10.7% and 13.0% higher as compared to the same periods in 2022 driven by the acquired properties, in addition to increased monthly parking rates.

Other Property Income

For Q2 2023 and YTD 2023, other property income for the Same Property Portfolio increased by 13.0% and 12.6%, respectively, as compared to the same periods in 2022. This was primarily as a result of increased revenue from laundry, membership fees from fitness centres, and storage rentals.

For Q2 2023 and YTD 2023, other property income for the Total Portfolio was 15.9% and 18.3% higher as compared to the same periods in 2022. This was driven by the acquired properties, as well as increased revenue from laundry, membership fees from fitness centres, and storage rentals.

Property Operating Costs

Same Property Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
Property operating costs	**$ 7,491**	$ 6,876	(8.9)%	**$ 14,386**	$ 13,332	(7.9)%

Total Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
Property operating costs	**$ 8,051**	$ 7,260	(10.9)%	**$ 15,494**	$ 13,740	(12.8)%

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, and waste removal.

For Q2 2023, Same Property Portfolio property operating costs increased 8.9% from Q2 2022, primarily from increases in salaries and wages as well as repairs and maintenance. The increase in salaries and wages was mainly a result of severance costs as the REIT reorganized certain positions, along with annual salary increases. The increase in repairs and maintenance is primarily driven by the timing, cost, and need for work as compared to the Q2 2022.

For YTD 2023, Same Property Portfolio property operating costs increased 7.9% from YTD 2022, mainly due to increases in salaries and wages as well as repairs and maintenance. The increase in salaries and wages was mainly a result of annual salary increases, along with severance costs as the REIT reorganized certain positions. The increase in repairs and maintenance is primarily driven by the timing, cost, and need for work as compared to YTD 2022.

For Q2 2023 and YTD 2023, property operating costs for the Total Portfolio were 10.9% and 12.8% higher as compared to the same periods in 2022 due to the factors driving the Same Property Portfolio cost increases and the property operating costs associated with the acquired properties.

For Q2 2023 and YTD 2023, Same Property Portfolio property operating costs were 20.4% and 19.9% of revenue, compared to 20.5% and 20.2% for the same periods in 2022. For Q2 2023 and YTD 2023, Total Portfolio property operating costs were 20.4% and 19.9% of revenue, compared to 20.4% and 20.2% for the same periods in 2022.

Property Taxes

Same Property Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
Property taxes	**$ 3,615**	$ 3,503	(3.2)%	**$ 7,332**	$ 7,146	(2.6)%

Total Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
Property taxes	**$ 3,917**	$ 3,709	(5.6)%	**$ 7,925**	$ 7,374	(7.5)%

For Q2 2023 and YTD 2023, Same Property Portfolio property taxes increased 3.2% and 2.6% from the same periods in 2022. The increases were primarily due to changes in assessed values in Montreal and tax rates in Montreal and Toronto, partially offset by favourable rate adjustments in Ottawa and Calgary. In Q2 2023, a reassessment of a property in Ottawa resulted in a property tax refund of $126.

For Q2 2023 and YTD 2023, Total Portfolio property taxes increased 7.5% and 7.5% from the same periods in 2022. The increases were due to the factors driving the Same Property Portfolio cost increases, as well as the property tax associated with the acquired properties.

For Q2 2023 and YTD 2023, Same Property Portfolio property taxes were 9.8% and 10.1% of revenue, compared to 10.4% and 10.8% for same periods in 2022. For Q2 2023 and YTD 2023, Total Portfolio property taxes were 9.9% and 10.2% of revenue, compared to 10.4% and 10.8% for same periods in 2022.

Utilities

Same Property Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
Electricity	$ 1,040	$ 977	(6.4)%	$ 2,071	$ 1,973	(5.0)%
Natural gas	706	843	16.3 %	2,888	2,756	(4.8)%
Water	806	762	(5.8)%	1,569	1,426	(10.0)%
	$ 2,552	$ 2,582	1.2 %	$ 6,528	$ 6,155	(6.1)%

Total Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
Electricity	$ 1,290	$ 1,045	(23.4)%	$ 2,424	$ 2,048	(18.4)%
Natural gas	731	869	15.9 %	3,013	2,793	(7.9)%
Water	840	788	(6.6)%	1,640	1,456	(12.6)%
	$ 2,861	$ 2,702	(5.9)%	$ 7,077	$ 6,297	(12.4)%

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. In addition to seasonality-driven usage, utility rates and commodity prices impact costs.

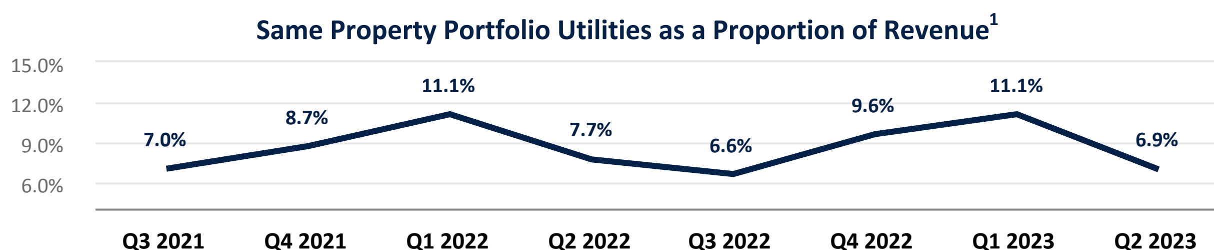
Same Property Portfolio utilities for Q2 2023 were 1.2% lower compared to Q2 2022, due to favourable natural gas expenses, offset by increased electricity and water expenses. Natural gas expense was lower by 16.3% as compared to Q2 2022, driven by a 10% drop in average gas rates as well as a 2% drop in consumption from a warm spring. Natural gas supply rates have fallen 17.1% through Q2 2023 from their peak in Q3 2022. Usage of natural gas is highly seasonal and weather dependent, with peaks occurring in Q4 and Q1 of any given year. Electricity and water increases of 6.4% and 5.8%, respectively were driven by rate increases and consumption from higher occupancy.

Same Property Portfolio utilities for YTD 2023 were 6.1% higher compared to YTD 2022. The increase in Same Property Portfolio water and electricity expenses of 10.0% and 5.0%, respectively, was due to additional consumption from higher average occupancy and rate increases. The increase in natural gas expense of 4.8% is a combination of higher Q1 2023 rates and federal carbon levies, offset by rate and consumption decreases in Q2 2023.

For Q2 2023 and YTD 2023, utilities for the Total Portfolio increased 5.9% and 12.4% as compared to the same periods in 2022 The increases were due to the factors driving the Same Property Portfolio variances as well as the utility costs associated with the acquired properties.

For Q2 2023 and YTD 2023, Same Property Portfolio utilities were 6.9% and 9.0% of revenue, compared to 7.7% and 9.3% for same periods in 2022. For Q2 2023 and YTD 2023, Total Portfolio utilities were 7.3% and 9.1% of revenue, compared to 7.6% and 9.3% for same periods in 2022.

Same Property Portfolio Utilities as a Proportion of Revenue[1]



General and Administrative Expenses

General and administrative expenses relate to the administration of the REIT, including: audit fees, legal fees, salaries and benefits for 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 for Q2 2023 and YTD 2023 increased 13.6% and 24.9%, respectively, primarily due to a write-off of property investigation costs incurred in a previous year and an increase in executive compensation costs from an internalized C-suite as compared to the same periods in 2022.

Finance Costs - Operations

	Three months ended June 30,			Six months ended June 30,		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
Interest on mortgages and loans	**$ 6,879**	$ 5,300	(29.8)%	**$ 13,574**	$ 9,568	(41.9)%
Interest and standby fees on credit facility	**2,853**	773	(269.1)%	**5,699**	1,211	(370.6)%
Amortization of financing charges	**273**	170	(60.6)%	**533**	317	(68.1)%
Amortization of mark-to-market adjustments	**(227)**	(191)	18.8 %	**(403)**	(386)	4.4 %
Capitalized interest	**(671)**	(187)	258.8 %	**(1,234)**	(284)	334.5 %
Distributions on Class C LP Units	**1,603**	1,647	2.7 %	**3,209**	3,295	2.6 %
Interest costs	**10,710**	7,512	(42.6)%	**21,378**	13,721	(55.8)%
Debt retirement costs	**1,779**	—	(100.0)%	**1,779**	—	(100.0)%
Distributions on Class B LP Units	**3,154**	3,058	(3.1)%	**6,309**	5,762	(9.5)%
	$ 15,643	$ 10,570	(48.0)%	**$ 29,466**	$ 19,483	(51.2)%

Finance costs comprise interest expense on fixed and variable rate mortgages and a construction loan, interest expense and standby fees on the revolving credit facility, amortization of financing charges and mark-to-market adjustments on debt, distributions on Class B limited partnership units of the Partnership ("Class B LP Units") and Class C LP Units and debt retirement costs, offset by capitalized interest expense.

[1] Same Property Portfolio utilities as a percentage of revenue is representative of Total Portfolio utilities as a percentage of revenue.

Interest costs for Q2 2023 and YTD 2023 increased by 42.6% and 55.8%, respectively, over same periods in 2022. This was primarily as a result of higher interest expense on debt, partially offset by increased capitalized interest due to the continued development of purpose-built rental properties. Higher interest expense on the credit facility was a result of increased usage and higher interest rates. Rising interest rates also caused an increase to variable rate mortgage interest costs, secured by the acquired properties, however both mortgages were repaid in Q2 2023, see Section I - "Financial and Operating Highlights - Refinancing Initiatives Reduce Variable Rate Exposure". Increased interest on fixed rate mortgages was driven by the refinancings of five fixed rate mortgages and the new mortgages secured by the acquired properties. In connection with the refinancings completed in Q2 2023, the REIT incurred debt retirement costs of $1,779.

For Q2 2023 and YTD 2023, distributions on Class B LP Units increased by 3.1% and 9.5%, respectively, due to a monthly distribution increase of 3.2% to $0.04083 in Q4 2022 and the issuance of Class B LP Units in Q2 2022.

Finance Income

Finance income comprises interest income on CDLs, a Unit purchase loan made to a member of Management, and interest on bank deposits.

For Q2 2023 and YTD 2023, finance income was 62.2% and 63.5% higher, respectively, when compared to the same periods in 2022, primarily as a result of higher interest income earned on CDLs. As at June 30, 2023, the REIT had advanced an additional $33,757 on its existing commitments, thus driving higher interest income for both periods.

Fair Value Gain (Loss) on Investment Properties

Fair value of residential investment properties is predominantly determined using the direct capitalization approach, by applying an appropriate capitalization rate to the estimated 12-month stabilized forecasted NOI for each property, reduced by an estimate of five-year future capital expenditures. 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.

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

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Forecast NOI	**$ 61,046**	$ 38,023	**$ 74,644**	$ 58,235
Capitalization rates	**(91,276)**	(24,141)	**(114,226)**	(24,141)
Capital expenditure reserve	**(15,470)**	(16,207)	**(19,621)**	(22,024)
	$ (45,700)	$ (2,325)	**$ (59,203)**	$ 12,070

Increases in capitalization rates of 12.5 to 25 bps across the residential portfolio were partially offset by forecast NOI growth in Q2 2023 due to strong realized and forecasted leasing results continuing to outpace expense inflation. The weighted average capitalization rate used for the Q2 2023 valuation of residential properties was 3.98%, compared to 3.84% in Q1 2023 and 3.64% in Q2 2022. The adjustment is derived from market data indicating continued upward pressure on capitalization rates on multi-family assets due to the sustained increases in the interest rate environment. In addition, the capital expenditure reserve increased based on timing changes of planned capital projects and sustainability initiatives. Collectively, adjustments to capitalization rates, forecast NOI, and the capital expenditure reserve resulted in a $45,700 fair value loss.

The fair value loss for YTD 2023 was due to increases in capitalization rates by 12.5 to 37.5 bps across the residential portfolio, which were partially offset by growth in forecast NOI. Collectively, adjustments to capitalization rates, forecast NOI and the capital expenditure reserve resulted in a fair value loss of $59,203.

The capitalization rates of the portfolio for each of the REIT's residential rental markets were as follows:

As at	June 30, 2023		December 31, 2022	
	Low	High	Low	High
Ottawa, Ontario	4.00%	4.63%	3.88%	4.25%
Toronto, Ontario	3.38%	3.63%	3.25%	3.50%
Edmonton, Alberta	4.50%	4.50%	4.38%	4.38%
Calgary, Alberta	4.40%	4.75%	4.28%	4.63%
Montreal, Quebec	3.88%	4.13%	3.75%	4.00%
Weighted-average capitalization rate		3.98%		3.80%

Fair Value Loss (Gain) on Class B LP Units

The Class B LP Units are economically equivalent to Units, in that they receive distributions equivalent 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.

The change in Unit price for the periods presented was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Unit price - opening	**$ 14.76**	$ 21.47	**$ 14.05**	$ 21.89
Unit price - closing	**15.02**	14.64	**15.02**	14.64

The increase in the Unit price for Q2 2023 and YTD 2023 resulted in fair value losses on Class B LP Units of $6,696 and $24,982, respectively, whereas for same periods in 2022, a decrease in the Unit price resulted in fair value gains of $172,772 and $182,335, respectively.

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 Q2 2023 and YTD 2023, the REIT recognized fair value gains of $656 and $246, respectively. For the same periods in 2022, the REIT also recognized fair value gains of $776 and $2,083, respectively. The fair value gains were primarily a result of an increase in variable interest rates.

Fair Value Loss (Gain) on Unit-Based Compensation

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

For Q2 2023 and YTD 2023, the REIT recognized fair value losses of $40 and $194, respectively, due to increases in the Unit price, whereas for same periods in 2022, a decrease in the Unit price resulted in gains of $1,867 and $1,967, respectively.

Loss on Disposition

In connection with the sale of Hi-Level Place in Edmonton on March 7, 2023, disposal costs of $348 were incurred.

Fees and Other Income

Fees and other income represent revenue from asset, project and property management services provided by the REIT in connection with four properties co-owned with institutional partners and other income as well as insurance recoveries.

For Q2 2023 and YTD 2023, the REIT recognized $903 and $1,591, respectively, in fees and other income, with the increase over the same periods in 2022 primarily driven by the addition of Niagara West to the portfolio in Q2 2022 and insurance recoveries received in Q2 2023.

Summary of Quarterly Results

	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Total assets	**$ 2,720,278**	$ 2,738,165	$ 2,734,812	$ 2,714,856	$ 2,706,092	$ 2,474,897	$ 2,440,714	$ 2,326,515
Investment properties	**$ 2,574,302**	$ 2,603,182	$ 2,611,094	$ 2,600,273	$ 2,599,891	$ 2,384,753	$ 2,360,565	$ 2,252,643
Total liabilities	**$ 1,583,749**	$ 1,553,741	$ 1,521,275	$ 1,464,049	$ 1,487,430	$ 1,435,014	$ 1,430,713	$ 1,419,443
Total non-current liabilities	**$ 1,438,635**	$ 1,165,077	$ 1,189,744	$ 1,145,584	$ 1,244,872	$ 1,273,661	$ 1,248,071	$ 1,331,990
Revenue from investment properties	**$ 39,401**	$ 38,403	$ 37,916	$ 37,838	$ 35,510	$ 32,526	$ 32,429	$ 31,234
NOI[1]	**$ 24,572**	$ 22,736	$ 22,947	$ 24,224	$ 21,839	$ 18,786	$ 19,940	$ 19,405
NOI margin[1]	**62.4%**	59.2%	60.5%	64.0%	61.5%	57.8%	61.5%	62.1%
Net income (loss) and comprehensive income (loss)	**$ (43,009)**	$ (24,227)	$ (32,432)	$ 39,655	$ 183,537	$ 34,640	$ 24,933	$ 80,928
FFO[1]	**$ 11,925**	$ 11,629	$ 12,864	$ 15,654	$ 13,680	$ 11,979	$ 13,245	$ 12,453
FFO per unit[1]	**$ 0.1817**	$ 0.1772	$ 0.1960	$ 0.2380	$ 0.2100	$ 0.1906	$ 0.2147	$ 0.2109
AFFO[1]	**$ 10,188**	$ 9,933	$ 11,160	$ 13,952	$ 11,983	$ 10,348	$ 11,656	$ 10,883
AFFO per unit[1]	**$ 0.1552**	$ 0.1513	$ 0.1700	$ 0.2121	$ 0.1840	$ 0.1647	$ 0.1890	$ 0.1842
Distributions declared[2]	**$ 8,040**	$ 8,041	$ 7,960	$ 7,804	$ 7,816	$ 7,462	$ 7,356	$ 6,718
AFFO Payout Ratio[1]	**78.9%**	81.0%	71.3%	55.9%	65.2%	72.1%	63.1%	61.7%
Distribution per unit	**$ 0.1225**	$ 0.1225	$ 0.1212	$ 0.1187	$ 0.1187	$ 0.1187	$ 0.1171	$ 0.1138

The REIT's operating results are affected by seasonal variations and other factors, including changing interest rates and inflation. 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 higher energy consumption and snow clearing costs, as well as lower suite turnover. The best performing quarters in any given year are typically the second and third quarters, where stronger leasing demand and higher turnover provide an opportunity to realize more of the gain-to-lease potential.

The REIT continued to show strong operating results through Q2 2023, driven by favourable long-term market demand conditions for unfurnished suites, which support revenue and NOI growth. Average monthly rents continued their upward trajectory and average occupancy remained stable entering the warmer months. Inflation pressures continued to ease from their 2022 highs, stabilizing some operating costs. Rising interest rates persisted, however, impacting the cost of the REIT's variable rate debt, which offset the positive net operating performance and moderated FFO and AFFO for the period. The upside of the refinancing initiatives completed in Q2 2023 began to yield results late in the quarter.

[1] Refer to Section VI - "Supplemental Information - Non-IFRS and Other Financial Measures"
[2] Includes distributions on Units and Class B LP Units.

Section III - Assessment of Financial Position

Investment Properties

The following table summarizes the changes in investment properties:

	Residential properties	Commercial properties	Land under development	Total
Balance, December 31, 2022	$ 2,525,455	$ 27,828	$ 57,811	**$ 2,611,094**
Additions				
Capital expenditures	19,234	313	—	**19,547**
Development expenditures	—	—	12,911	**12,911**
Other	(127)	—	—	**(127)**
Disposition	(9,920)	—	—	**(9,920)**
Fair value (loss) gain	(58,602)	(601)	—	**(59,203)**
Balance, June 30, 2023	$ 2,476,040	$ 27,540	$ 70,722	**$ 2,574,302**

Disposition of Investment Property

On March 7, 2023, the REIT closed on the disposition of Hi-Level Place in Edmonton for a sale price of $9,920 and net cash proceeds of $2,885. In connection with the disposition, the purchaser assumed the mortgage secured by the property which had a carrying amount of $6,770.

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 two main categories: value-enhancing capital expenditures and maintenance capital expenditures.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
Total capital expenditures	**$ 12,808**	$ 13,870	**$ 19,547**	$ 21,463
Value-enhancing capital expenditures				
Building improvements	**9,836**	7,689	**13,569**	11,533
Suite upgrades	**1,357**	4,168	**2,854**	6,852
	11,193	11,857	**16,423**	18,385
Maintenance capital expenditures	**1,615**	2,013	**3,124**	3,078
Maintenance capital expenditures per suite	**$ 238**	$ 301	**$ 462**	$ 471

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 Section I - "Overview - Financial and Operating Highlights - Value Creation - Repositioning" and Section I - "Overview - Outlook".

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

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.

The actual maintenance capital expenditures for Q2 2023 and YTD 2023 were $1,615 and $3,124 or $238 and $462 per suite, respectively, and primarily related to maintenance of plumbing, electrical and mechanical systems, parking garages, fire-life safety systems and common areas at various buildings.

Management targets approximately $900 per suite on average for maintenance capital expenditures on an annual basis, subject to costing pressures from inflation, availability of trades and supply chain constraints.

Development Expenditures

Development expenditures are a component of the REIT's growth and value-creation strategy. These include projects which add to the REIT's existing suite count through intensification or redevelopment of existing assets. Development expenditures are intended to generate NAV accretion and long term AFFO accretion. The REIT is currently developing two projects on excess land available at Richgrove and Leslie York Mills and is pursuing site plan approval for a third project at High Park Village, as discussed under Section I - "Outlook - Development of Purpose-Built Rental Properties and Intensification on Existing Sites". The breakdown of development expenditures incurred in connection with these projects is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
Richgrove	**$ 2,446**	$ 2,674	**$ 9,295**	$ 4,022
Leslie York Mills	**1,263**	1,600	**2,822**	1,982
High Park Village	**256**	38	**794**	508
	$ 3,965	$ 4,312	**$ 12,911**	$ 6,512

The construction of the Richgrove project continues as planned, with development expenditures primarily related to completion of Phase I below-grade work and commencement of Phase II below-grade work. As of June 30, 2023, the REIT had incurred costs of $31,026, and forecasts $90,974 in remaining expenditures, an IRR of 16% to 19% and stabilization in Q2 2026.[1]

Construction at Leslie York Mills also continues to progress, with expenditures in the quarter primarily related to the first phase of below grade work. As of June 30, 2023, the total project costs incurred were $24,458. Management forecasts $168,542 in remaining expenditures and an IRR of 14% to 17%, with stabilization in Q3 2026.[1]

In Q2 2023, the REIT made the strategic decision to postpone the advancement of construction on the High Park Village development, as described in Section I - "Overview - Financial and Operating Highlights - High Park Village Construction Deferral". As of June 30, 2023, the total pre-development project costs incurred were $8,659.

Valuation

Refer to Section II - "Review of Financial Performance - Fair Value Loss (Gain) on Investment Properties" for details on the valuation method used for the REIT's investment properties.

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 June 30, 2023 and December 31, 2022, there were 25,755,029 Class B LP Units outstanding.

Class C LP Units

The Class C LP Units provide for 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 June 30, 2023 and December 31, 2022, there were 22,978,700 Class C LP Units outstanding.

[1] Incurred costs and forecast expenditures as presented at 100% rather than the REIT's proportionate share. Incurred costs comprise amounts prior to allocation of parking garage costs as a shared amenity with existing assets and cash received from government sources.

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, 2022 - 3.16%) and mature at various dates between 2023 and 2030.

Subsequent to quarter end, the REIT refinanced a mortgage in connection with Class C LP Units, as discussed in Section I - "Overview - Financial and Operating Highlights - Refinancing Initiatives Reduce Variable Rate Exposure".

Secured Debt

Secured debt includes mortgages, a construction loan 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 3.23% (December 31, 2022 - 3.03%) and mature at various dates between 2023 and 2033. The REIT's fixed rate mortgages include a variable rate mortgage that is fixed at 3.38% through an interest rate swap.

In Q2 2023, the REIT secured upward refinancing on five maturing mortgages, and repaid both its variable rate mortgages and secured CMHC-insured fixed rate mortgages in their place, all as discussed in Section I - "Overview - Financial and Operating Highlights - Refinancing Initiatives Reduce Variable Rate Exposure".

The REIT has a fixed rate non-revolving construction loan to finance its Richgrove development. The $93,745 construction loan bears interest at 2.39% and matures on March 1, 2032. As at June 30, 2023, $14,118 (December 31, 2022 - $8,006) was drawn. Payments are made monthly on an interest-only basis.

As at June 30, 2023, the REIT had available credit of $281,510 (December 31, 2022 - $267,115) which is the lesser of the total commitment and the lending value. The increase in availability enables the REIT to maintain financial flexibility and continue to capitalize on opportunities to drive long term NAV growth. The credit facility is secured by several investment properties and is used to fund working capital requirements, acquisitions, letters of credit and for general corporate purposes. The credit facility bears interest at bankers' acceptance rate plus 175 bps or prime plus 75 bps and as at June 30, 2023, the weighted average variable interest rate was 7.02% (December 31, 2022 - 6.47%).

	June 30, 2023	December 31, 2022
Committed	$ 300,000	$ 300,000
Available	281,510	267,115
Utilized		
Amounts drawn	123,831	157,158
Letter of credit	442	442
	124,273	157,600
Undrawn amount available	**$ 157,237**	$ 109,515

Units

The DOT authorizes the issue of an unlimited number of Units. As of June 30, 2023 and December 31, 2022 there were 39,887,612 Units issued and outstanding, with a carrying value of $710,873.

Normal Course Issuer Bid

In Q3 2022, the REIT initiated a normal course issuer bid ("NCIB"). The NCIB period is from July 21, 2022 to July 20, 2023. For Q2 2023 and YTD 2023, the REIT did not purchase and cancel any Units under the NCIB.

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 Q2 2023 and YTD 2023, distributions to Unitholders of $4,886 and $9,772 (June 30, 2022 - $4,758 and $9,516) were declared based on approved monthly distributions of $0.04083 (2022 - $0.03958) per Unit for the months of January to June.

Section IV - Liquidity, Capital Resources and Contractual Commitments

Liquidity and Capital Resources

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

As at	June 30, 2023	December 31, 2022
Liabilities (principal amounts outstanding):		
Class B LP Units	$ 386,840	$ 361,858
Class C LP Units	203,848	206,673
Mortgages	812,841	740,334
Construction loan	14,118	8,006
Credit facility	123,831	157,158
	1,541,478	1,474,029
Unitholders' equity	1,136,529	1,213,537
	$ 2,678,007	**$ 2,687,566**

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 exchange feature, 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 June 30, 2023, 76% (December 31, 2022 - 63%) of the REIT's Total Debt is CMHC insured and approximately 89% (December 31, 2022 - 76%) 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. The REIT's Debt-to-Gross Book Value ratio and liquidity as a percentage of Total Debt are calculated as follows:

As at	June 30, 2023	December 31, 2022
Class C LP Units	$ 204,962	$ 208,086
Mortgages	806,187	738,314
Construction loan	14,118	8,006
Credit facility	123,831	157,158
Total Debt	1,149,098	1,111,564
Total assets	2,720,278	2,734,812
Debt-to-Gross Book Value ratio[1]	**42.2%**	**40.6%**
Total liquidity	163,283	114,838
Liquidity as a percentage of Total Debt	**14.2%**	**10.3%**

The REIT continues to maintain a conservative overall leverage position with a Debt-to-Gross Book Value ratio of 42.2% at June 30, 2023.

While the REIT has sufficient liquidity, Management manages its liquidity prudently given the current capital market conditions. The REIT's liquidity ratio (total liquidity as a percentage of Total Debt) was 14.2% at June 30, 2023, compared to 10.3% at December 31, 2022.

[1] Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

Management measures the Debt-to-Adjusted 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-Adjusted EBITDA ratio is calculated as follows:

Twelve months ended	June 30, 2023	December 31, 2022
Trailing 12-month NOI[1]	$ 94,479	$ 87,796
Trailing 12-month general and administrative expenses	(10,422)	(9,303)
Trailing 12-month finance income	6,149	4,818
Trailing 12-month fees and other income	3,950	3,339
	94,156	86,650
Impact on NOI of stabilized earnings from acquisitions and dispositions	(378)	2,351
Adjusted EBITDA[1]	**93,778**	**89,001**
Total Debt	1,149,098	1,111,564
Cash	6,046	5,323
Total Debt, net of cash	1,143,052	1,106,241
Debt-to-Adjusted EBITDA ratio[1]	**12.19x**	**12.43x**

The REIT's Debt-to-Adjusted EBITDA ratio decreased by 0.24x compared to December 31, 2022. The REIT uses a combination of equity and debt to finance the intensification of existing sites (refer to Section I - "Overview - Outlook"). Any increased debt arising from these transactions is not immediately matched by increased NOI until the development projects stabilize, resulting in a temporary increase to the Debt-to-Adjusted EBITDA ratio.

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 June 30, 2023, the weighted average term to maturity on Term Debt was 5.87 years (December 31, 2022 - 4.27 years) and the weighted average interest rate on Term Debt was 3.21% (December 31, 2022 - 3.06%). The contractual payments under the REIT's debt financing are summarized in the table below.

	Principal Repayments		Principal at Maturity						
Year	Mortgages	Class C LP Units	Mortgages	Credit facility	Construction loan	Class C LP Units	Total	% of Total	Interest Rate[2]
2023	$ 7,244	$ 2,446	$ 9,732	$ —	$ —	$ 44,963	$ 64,385	5.6 %	3.47 %
2024	14,339	4,321	19,481	—	—	46,178	84,319	7.3 %	3.06 %
2025	13,558	3,067	41,016	123,831	—	60,474	241,946	21.0 %	5.17 %
2026	12,218	1,283	72,524	—	—	—	86,025	7.5 %	3.00 %
2027	11,920	1,327	—	—	—	21,425	34,672	3.0 %	3.31 %
2028	11,788	598	71,781	—	—	—	84,167	7.3 %	3.90 %
Thereafter	29,347	998	497,893	—	14,118	16,768	559,124	48.4 %	3.20 %
	$ 100,414	**$ 14,040**	**$ 712,427**	**$ 123,831**	**$ 14,118**	**$ 189,808**	**$ 1,154,638**	**100 %**	

As of June 30, 2023, current liabilities of $145,114 (December 31, 2022 - $331,531) exceeded current assets of $61,594 (December 31, 2022 - $42,422), resulting in a net working capital deficit of $83,520 (December 31, 2022 - $289,109). Current liabilities as of June 30, 2023 include $85,551 (December 31, 2022 - $271,225) of debt financing which the REIT is actively in the process of refinancing. Subsequent to quarter end, the REIT refinanced one of these maturities, as discussed in Section I - "Overview - Financial and Operating Highlights - Refinancing Initiatives Reduce Variable Rate Exposure". The REIT's immediate liquidity needs are met through cash-on-hand, cash flow from operations, refinancing of maturing mortgages and availability on its credit facility. As of June 30, 2023, liquidity was $163,283 (December 31, 2022 - $114,838), consisting of cash of $6,046 (December 31, 2022 - $5,323) and $157,237 (December 31, 2022 - $109,515) of available borrowing capacity under the credit facility. Management believes that there is sufficient liquidity to meet the REIT's financial obligations.

[1] Refer to Section VI - "Supplemental Information - Non-IFRS and Other Financial Measures"
[2] Weighted average interest rates for maturing mortgages, construction loan, credit facility and Class C LP Units.

Cash Flows

As at June 30, 2023, the REIT held a cash balance of $6,046 (June 30, 2022 - $4,433). The sources and use of cash flow for the three and six months ended June 30, 2023 and 2022 are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Operating activities	**$ 22,803**	$ 16,624	**$ 40,594**	$ 32,102
Financing activities	**(2,332)**	35,160	**(1,534)**	39,758
Investing activities	**(19,287)**	(51,727)	**(38,337)**	(70,278)

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 June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Net (loss) income and comprehensive (loss) income	**$ (43,009)**	$ 183,537	**$ (67,236)**	$ 218,177
Add: distributions on Class B LP Units	**3,154**	3,058	**6,309**	5,762
	(39,855)	186,595	**(60,927)**	223,939
Less: distributions paid[1]	**(8,040)**	(7,816)	**(16,081)**	(15,278)
(Shortfall) excess of net (loss) income and comprehensive (loss) income over total distributions paid	**$ (47,895)**	$ 178,779	**$ (77,008)**	$ 208,661
Cash provided by operating activities	**$ 22,803**	$ 16,624	**$ 40,594**	$ 32,102
Add: interest received	**844**	448	**1,288**	893
Less: interest paid	**(11,098)**	(7,441)	**(22,438)**	(13,721)
	12,549	9,631	**19,444**	19,274
Less: distributions paid[1]	**(8,040)**	(7,816)	**(16,081)**	(15,278)
Excess of cash provided by operating activities over total distributions and interest paid	**4,509**	1,815	**3,363**	3,996
Distributions declared[2]	**$ 8,040**	$ 7,816	**$ 16,081**	$ 15,278

For Q2 2023 and YTD 2023, net loss and comprehensive loss was in shortfall of total distributions paid. Distributions are better evaluated in the context of operating cash flows rather than net income (loss), as net income (loss) 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 may result in a 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 Q2 2023 and YTD 2023, cash generated by operating activities exceed total distributions and interest paid.

[1] Distributions paid on REIT Units and Class B LP Units.
[2] Refer to Section VI - "Supplemental Information - Non-IFRS and Other Financial Measures"

Cash (used in) provided by financing activities

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Proceeds from mortgage financing	**317,122**	1,648	**$ 317,122**	$ 34,623
Net (repayments) proceeds on credit facility	**(57,543)**	52,249	**(33,327)**	59,062
Proceeds from construction loan	**2,668**	1,571	**6,112**	2,320
CMHC premiums and financing costs	**(9,346)**	(237)	**(11,910)**	(1,298)
Mortgage payments on refinancing	**(231,435)**	—	**(231,435)**	(16,300)
Principal repayments on mortgages	**(3,250)**	(3,449)	**(6,752)**	(6,912)
Distributions paid on various classes of units	**(9,450)**	(9,181)	**(18,906)**	(18,016)
Interest paid	**(11,098)**	(7,441)	**(22,438)**	(13,721)
	$ (2,332)	$ 35,160	**$ (1,534)**	$ 39,758

For Q2 2023 and YTD 2023, cash flows used in financing activities comprised mortgage payments on refinancing, net repayments on the credit facility, interest on mortgages, distributions on various classes of units, payments of financing costs, interest on the credit facility and principal repayments on mortgages. This was offset by proceeds from mortgage financing and draws on the construction loan in connection with the Richgrove development.

Cash used in investing activities

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Acquisition of investment property	**$ —**	$ (28,761)	**$ —**	$ (28,761)
Capital additions to investment properties	**(14,112)**	(13,183)	**(24,972)**	(24,843)
Development expenditures	**(3,281)**	(4,513)	**(8,579)**	(6,467)
Net loans advanced to related parties	**(2,738)**	(5,718)	**(8,959)**	(11,100)
Net proceeds on disposition of investment property	**—**	—	**2,885**	$ —
Interest received	**844**	448	**1,288**	893
	$ (19,287)	$ (51,727)	**$ (38,337)**	$ (70,278)

Cash flows used in investing activities for Q2 2023 included capital expenditures on investment properties, development expenditures on the active Richgrove and Leslie York Mills projects and the pursuit of the High Park Village development, and loan advances on the Beechwood CDL, offset by interest received from related parties on CDLs.

Cash flows used in investing activities for YTD 2023 included capital expenditures on investment properties, loan advances on the Beechwood, 810 Kingsway and University Heights CDLs, and development expenditures on the three projects in the portfolio, offset by net proceeds on the disposition of Hi-Level Place and interest received from related parties on CDLs.

Reconciliation of Non-IFRS Financial Measures and Ratios

The following section includes reconciliations of Non-IFRS Financial Measures and Ratios used by the REIT. Refer to Section VI - "Supplemental Information - Non-IFRS and Other Financial Measures" for definitions of each of these measures.

FFO and AFFO

FFO and AFFO are Non-IFRS Financial Measures. The REIT's method of calculating FFO and AFFO is substantially in accordance with REALPAC's recommendations, but may differ from other issuers' methods and, accordingly, may not be comparable to FFO and AFFO reported by other issuers. FFO and AFFO are used for evaluating operating performance and are calculated as follows:

	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Net income and comprehensive income	$ (43,009)	$ (24,227)	$ (32,432)	$ 39,655	$ 183,537	$ 34,640	$ 24,933	$ 80,928
Distributions on Class B LP Units	3,154	3,155	3,122	3,058	3,058	2,704	2,665	2,591
Issuance costs on Class B LP Units	—	—	—	—	175	—	—	—
Disposition costs on investment property	—	348	—	—	—	—	—	—
Fair value loss (gain) on:								
Investment properties	45,700	13,503	12,209	18,689	2,325	(14,395)	(3,133)	(34,663)
Class B LP Units	6,696	18,286	29,617	(44,813)	(172,772)	(9,563)	(10,701)	(35,976)
Interest rate swap	(656)	410	(6)	(302)	(776)	(1,307)	(421)	(145)
Unit-based compensation	40	154	354	(633)	(1,867)	(100)	(98)	(282)
Funds from operations (FFO)	**$ 11,925**	**$ 11,629**	**$ 12,864**	**$ 15,654**	**$ 13,680**	**$ 11,979**	**$ 13,245**	**$ 12,453**
Maintenance capital expenditure reserve	(1,510)	(1,520)	(1,525)	(1,524)	(1,506)	(1,436)	(1,397)	(1,377)
Amortization of mark-to-market adjustments	(227)	(176)	(179)	(178)	(191)	(195)	(192)	(193)
Adjusted funds from operations (AFFO)	**$ 10,188**	**$ 9,933**	**$ 11,160**	**$ 13,952**	**$ 11,983**	**$ 10,348**	**$ 11,656**	**$ 10,883**
Distributions on Class B LP Units	3,154	3,155	3,122	3,058	3,058	2,704	2,665	2,591
Distributions on Units	4,886	4,886	4,838	4,746	4,758	4,758	4,691	4,127
	8,040	8,041	7,960	7,804	7,816	7,462	7,356	6,718
AFFO Payout Ratio	**78.9%**	**81.0%**	**71.3%**	**55.9%**	**65.2%**	**72.1%**	**63.1%**	**61.7%**
Weighted average number of Units and Class B LP Units issued and outstanding	65,642,641	65,642,641	65,642,641	65,769,904	65,135,801	62,838,912	61,683,912	59,043,912
FFO per unit	**$ 0.1817**	**$ 0.1772**	**$ 0.1960**	**$ 0.2380**	**$ 0.2100**	**$ 0.1906**	**$ 0.2147**	**$ 0.2109**
AFFO per unit	**$ 0.1552**	**$ 0.1513**	**$ 0.1700**	**$ 0.2121**	**$ 0.1840**	**$ 0.1647**	**$ 0.1890**	**$ 0.1843**

For Q2 2023, FFO and AFFO were lower as compared to Q2 2022 primarily due to a 42.6% increase in interest costs spurred by rising interest rates on the credit facility and variable rate mortgages, in addition to increased draws on the credit facility. This was partially offset by a 12.5% increase in NOI from strong average occupancy and average monthly rent and the additional operating income from the acquisitions.

Six months ended		June 30, 2023		June 30, 2022
Net (loss) income and comprehensive (loss) income	**$**	**(67,236)**	$	218,177
Distributions on Class B LP Units		**6,309**		5,762
Issuance costs on Class B LP Units		**—**		175
Disposition costs on investment property		**348**		—
Fair value loss (gain) on:				
Investment properties		**59,203**		(12,070)
Class B LP Units		**24,982**		(182,335)
Interest rate swap		**(246)**		(2,083)
Unit-based compensation		**194**		(1,967)
Funds from operations (FFO)	**$**	**23,554**	$	25,659
Maintenance capital expenditure reserve		**(3,030)**		(2,942)
Amortization of mark-to-market adjustments		**(403)**		(386)
Adjusted funds from operations (AFFO)	**$**	**20,121**	$	22,331
Distributions on Class B LP Units		**6,309**		5,762
Distributions on Units		**9,772**		9,516
		16,081		15,278
AFFO Payout Ratio		**79.9%**		**68.4%**
Weighted average number of Units and Class B LP Units issued and outstanding		**65,642,641**		64,013,164
FFO per unit	**$**	**0.3588**	$	0.4008
AFFO per unit	**$**	**0.3065**	$	0.3489

For YTD 2023, FFO was lower as compared to YTD 2022, reflecting the downward pressure of interest costs on the strong operating results achieved in the period. AFFO for YTD 2023 was lower than YTD 2022, primarily due to decreased FFO and an increase to the maintenance capital expenditure reserve as result of the acquired properties.

Maintenance capital expenditures include expenditures that are incurred in order to maintain the existing earning capacity of the REIT’s investment properties. The maintenance capital expenditure reserve amount included in the AFFO calculation is based on the REIT's expectation of spending approximately $900 per suite on an annual basis, which is slightly lower than the three-year historical average of actual maintenance capital expenditures of $935. The pandemic restrictions caused a temporary slow down in activity and the subsequent recovery led to an increase in costs as deferred maintenance was completed. Management believes as these deferred expenditures are completed and maintenance activity normalizes, annual maintenance capital expenditure per suite will be approximately $900 per suite, subject to costing pressures from inflation, disruptions due to availability of trades and supply chain constraints. Refer to Section III - "Assessment of Financial Position - Investment Properties - Capital Expenditures" for a more detailed discussion of maintenance capital expenditures.

Certain nonrecurring items from QTD 2023 and YTD 2023 are not indicative of the REIT's overall operating performance. Excluding the impact of these items, Q2 2023 FFO per unit and AFFO per unit growth was 1.2% and 1.1%, respectively over Q2 2022, and for YTD 2023 FFO per unit and AFFO per unit decreases would have been 2.5% and 3.0%, respectively. These nonrecurring adjustments had an immaterial impact on NOI and are detailed below:

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Debt retirement costs	$ 1,779	$ —	$ 1,779	$ —
Property investigation cost write-offs	417	—	417	—
Severance	170	—	256	—
Insurance recoveries	(219)	—	(219)	—
Property tax recovery	(126)	—	(126)	—
	2,021	—	2,107	—
Normalized FFO	**$ 13,946**	$ 13,680	**$ 25,661**	$ 25,659
Normalized FFO per unit	**$ 0.2125**	$ 0.2100	**$ 0.3909**	$ 0.4008
Normalized AFFO	**$ 12,209**	$ 11,983	**$ 22,228**	$ 22,331
Normalized AFFO per unit	**$ 0.1860**	$ 0.1840	**$ 0.3386**	$ 0.3489
Normalized AFFO payout ratio	**65.9 %**	65.2 %	**72.3 %**	68.4 %

NOI and NOI Margin

Same Property Portfolio

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Revenue from investment properties	$ 36,726	$ 33,589	$ 72,450	$ 65,920
Property operating expenses	13,658	12,961	28,246	26,633
NOI	**23,068**	20,628	**$ 44,204**	$ 39,287
NOI margin	**62.8%**	61.4%	**61.0%**	59.6%

Total Portfolio

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Revenue from investment properties	$ 39,401	$ 35,510	$ 77,804	$ 68,036
Property operating costs	14,829	13,671	30,496	27,411
NOI	**24,572**	21,839	**$ 47,308**	$ 40,625
NOI margin	**62.4%**	61.5%	**60.8%**	59.7%

Debt-to-Gross Book Value Ratio

Refer to Section IV - "Liquidity, Capital Resources and Contractual Commitments - 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:

	Six months ended June 30, 2023	Year ended December 31, 2022
NOI	**$ 47,308**	$ 87,796
Interest expense and standby fees on credit facility	**5,699**	5,128
Distributions on Class C LP Units:		
Principal repayments	**2,825**	5,510
Finance costs	**3,209**	6,574
Mortgages and construction loan:		
Principal repayments	**6,752**	13,901
Finance costs	**13,574**	21,802
Total debt service	**$ 32,059**	$ 52,915
Debt Service Coverage ratio	**1.48x**	1.66x

The decline in Debt Service Coverage ratio for YTD 2023 from FY 2022 was primarily a result of higher interest on variable rate debt due to climbing interest rates impacting the credit facility and variable rate mortgages, increased interest and principal payments on fixed rate debt as well as additional draws on the credit facility. This was partially offset by an increase in NOI driven by higher average monthly rent and average occupancy. During Q2 2023, the REIT refinanced its variable rate mortgages and upward refinanced five maturing mortgages, reducing its variable interest rate exposure for future periods, as described in Section I - "Overview - Financial and Operating Highlights - Refinancing Initiatives Reduce Variable Rate Exposure".

Debt-to-Adjusted EBITDA Ratio

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

NAV and NAV per unit

As at	**June 30, 2023**	**December 31, 2022**
Net assets (Unitholders' equity)	$ 1,136,529	$ 1,213,537
Add: Class B LP Units	386,840	361,858
NAV	$ 1,523,369	$ 1,575,395
Number of Units and Class B LP Units	65,642,641	65,642,641
NAV per unit	**$ 23.21**	**$ 24.00**

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, 2022 and 2021.

The REIT has used the best information available as at June 30, 2023, in determining the potential impact of economic factors, such as rising interest rates and inflation 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 and six months ended June 30, 2023 and 2022. The estimates that could be most significantly impacted by economic factors, such as rising interest rates 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, 2022 and 2021, filed on SEDAR+ (www.sedarplus.ca). 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. A summary of these risks and how the REIT manages them are set out in Note 19 of the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2023 and 2022.

Related Party Transactions

In the normal course of operations, the REIT enters into various transactions with related parties. A summary of the related party transactions of the REIT are set out in Note 12 of the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2023 and 2022.

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 18 of the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2023 and 2022.

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 June 30, 2023**.** 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; and

(b) designed internal controls over financial reporting in accordance with the 2013 COSO framework as published by the Committee of Sponsoring Organizations of the Treadway Commission 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 six months ended June 30, 2023 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

The REIT had no subsequent events to report in the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2023 and 2022.

Section VI - Supplemental Information

Property Portfolio

As at March 31, 2023

	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	148	100%	148
7	Niagara West	501	28.35%	142
		2,484		1,471
Ottawa				
8	Minto one80five[1]	417	100%	417
9	Parkwood Hills Garden Homes & Townhomes	393	100%	393
10	Aventura	354	100%	354
11	Huron	251	100%	251
12	Seneca	251	100%	251
13	Castleview	241	100%	241
14	Skyline Garden Homes, Maisonettes & Walkups	259	100%	259
15	The Carlisle	193	100%	193
16	Castle Hill	176	100%	176
17	Grenadier	158	100%	158
18	Tanglewood	122	100%	122
19	Eleanor	117	100%	117
20	Frontenac	104	100%	104
21	Stratford	59	100%	59
		3,095		3,095
Montreal				
22	Rockhill	1,004	50%	502
23	Le 4300	318	100%	318
24	Haddon Hall	210	100%	210
25	Le Hill-Park	261	100%	261
		1,793		1,291
Edmonton				
26	The Lancaster House	98	100%	98
27	York House	92	100%	92
		190		190
Calgary				
28	The Quarters	199	100%	199
29	The Laurier	144	100%	144
30	Kaleidoscope	70	100%	70
31	The International	252	100%	252
		665		665
Portfolio Total		**8,227**		**6,712**

[1] Suite counts for Minto Yorkville and Minto one80five include furnished suites, representing approximately 31% of the total suites at these properties.

Average Rent Per Square Foot

As at June 30, 2023

Geographic Node	Average monthly rent per occupied suite	Average sq. ft. per occupied suite	Average rent per sq. ft per suite
Toronto	$2,129	777	$2.74
Ottawa	1,678	837	2.00
Alberta	1,556	678	2.29
Montreal	1,895	976	1.94
Average	**$1,801**	**827**	**$2.18**

Non-IFRS and Other Financial Measures

The REIT's financial statements are prepared in accordance with IFRS. This Management's Discussion and Analysis also contains certain non-IFRS and other financial measures 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 and financial 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. The REIT has adopted the guidance under NI 52-112 Non-GAAP and Other Financial Measures Disclosure for the purpose of this Management's Discussion and Analysis. These non-IFRS and other financial measures and ratios are defined below:

Non-IFRS Financial Measures and Ratios

- "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 substantially in accordance with REALPAC's recommendations under the revised publication titled ''REALPAC Funds from Operations (FFO) & Adjusted Funds from Operations (AFFO) for IFRS'' published in January 2022, 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. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios".
- "FFO per unit" is calculated as FFO divided by the weighted average number of Units of the REIT and Class B LP Units of the Partnership outstanding over the period. The REIT regards FFO per unit as a key measure of operating performance. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios".
- "Normalized FFO" is calculated as FFO net of nonrecurring items that occurred during the period which are not indicative of the REIT's typical operating results. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios".
- "Normalized FFO per unit" is calculated as Normalized FFO divided by the weighted average number of Units of the REIT and Class B LP Units of the Partnership outstanding over the period.
- "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 substantially in accordance with REALPAC's recommendations under the revised publication titled ''REALPAC Funds from Operations (FFO) & Adjusted Funds from Operations (AFFO) for IFRS'' published in January 2022, 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. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios".

- "AFFO per unit" is calculated as AFFO divided by the weighted average number of Units of the REIT and Class B LP Units of the Partnership outstanding over the period. The REIT regards AFFO per unit as a key measure of operating performance. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios".
- "Normalized AFFO" is calculated as AFFO net of nonrecurring items that occurred during the period which are not indicative of the REIT's typical operating results. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios".
- "Normalized AFFO per unit" is calculated as Normalized AFFO divided by the weighted average number of Units of the REIT and Class B LP Units of the Partnership outstanding over the period.
- "AFFO Payout Ratio" is the proportion of the total distributions on Units and Class B LP Units to AFFO. The REIT uses AFFO Payout Ratio in assessing its capacity to make distributions. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios".
- "Normalized AFFO Payout Ratio" is the proportion of the total distributions on Units and Class B LP Units to Normalized AFFO. The REIT uses AFFO Payout Ratio in assessing its capacity to make distributions. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios".
- "Debt-to-Adjusted EBITDA ratio" is calculated by dividing interest-bearing debt (net of cash) by Adjusted EBITDA. Adjusted EBITDA is a non-IFRS Financial Measure and used for evaluation of the REIT's financial health and liquidity. Adjusted EBITDA is calculated as the trailing twelve-month NOI adjusted for a full year of stabilized earnings including finance income, fees and other income and general and administrative expenses from recently completed acquisitions or dispositions, but excluding fair value adjustments. The REIT regards Debt-to-Adjusted EBITDA ratio as a measure of financial health and liquidity. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Liquidity and Capital Resources".

Capital Management Measures

- "Weighted average contractual interest rate" is calculated as the weighted average contractual interest rate on mortgages.
- "Weighted average interest rate on Term Debt" is 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.
- "Weighted average interest rate on Total Debt" is calculated as the weighted average interest rate on the mortgages, construction loan, revolving credit facility and Class C LP Units for the period.
- "Weighted average interest rate on variable rate debt" is calculated as the weighted average interest rate on the revolving credit facility and the variable rate mortgages for the period, excluding the variable rate mortgage fixed through an interest rate swap.
- "Weighted average term to maturity on Term Debt" is 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.

Supplementary Financial Measures

- "Average annual unlevered return" refers to the return on repositioning activities, and is calculated by dividing the average annual rental increase per suite after repositioning by the average repositioning cost per suite, excluding the impact of financing costs.
- "Debt Service Coverage ratio" is the ratio of NOI to total debt service.
- "Debt-to-Gross Book Value ratio" is calculated by dividing total interest-bearing debt consisting of fixed and variable rate mortgages, credit facilities, construction loans and Class C LP Units of the Partnership by Gross Book Value and is used as the REIT's primary measure of its leverage.
- "Distribution yield per unit" is calculated as the annualized distribution per Unit and Class B LP Unit, divided by the Unit closing price as of the balance sheet date.
- "Gain-on-lease" refers to the gap between rents achieved on new leases as compared to expiring leases.
- "Gain-to-lease potential" refers to the gap between Management's estimate of monthly market rent and average monthly in-place rent per suite.
- "Gross Book Value" is defined as the total assets of the REIT as at the balance sheet date.

- "Interest costs" is calculated as the sum of costs incurred on fixed and variable rate mortgages, credit facility, and Class C LP Units and excludes debt retirement costs.
- "Internal rate of return" or "IRR" is the discount rate which brings the net present value of all cash flows associated with a project to zero.
- "NAV" is calculated as the sum of the value of Unitholders' equity and Class B LP Units as at the balance sheet date.
- "NAV per unit" is calculated by dividing NAV by the number of Units and Class B LP Units outstanding as at the balance sheet date.
- "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 from investment properties.
- "Term Debt" is calculated as the sum of value of fixed rate mortgages, a variable rate mortgage fixed through an interest rate swap and Class C LP Units.
- "Total Debt" is calculated as the sum of value of interest-bearing debt consisting of fixed and variable rate mortgages, credit facilities, construction loans and Class C LP Units of the Partnership.
- "Total Debt, net of cash" is calculated as Total Debt, reduced by cash balance.
- "Total debt service" is calculated as the sum of interest expense recorded as finance costs and principal payments on mortgages, construction loan, credit facility and distributions on Class C LP Units.
- "Total liquidity" is calculated as the sum of the undrawn balance under the revolving credit facility and cash.
- "Property operating costs as a percentage of revenue" is calculated as property operating costs for the period, divided by revenue from investment properties for the period.
- "Property taxes as a percentage of revenue" is calculated as property taxes for the period, divided by revenue from investment properties for the period.
- "Utilities as a percentage of revenue" is calculated as Utilities expense for the period, divided by revenue from investment properties for the period.

Operating Performance Measures

- "Annualized turnover rate" is calculated as the number of move-outs for the period divided by total number of unfurnished suites in the portfolio. This percentage is extrapolated to determine an annual rate.
- "Average monthly rent" or "AMR" represents the average monthly rent per suite for occupied unfurnished suites at the end of the period.
- "Average monthly rent for furnished suites" represents the average daily rent per suite for furnished suites for the period multiplied by 30.
- "Average occupancy" is defined as the ratio of occupied unfurnished suites to the total unfurnished suites in the portfolio for the period.
- "Closing occupancy" is defined as the ratio of occupied unfurnished suites to the total unfurnished suites in the portfolio at the end of the period.
- "Average occupancy for furnished suites" is the ratio of occupied furnished suites to the total furnished suites in the portfolio for the period.