



Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

Unaudited



minto
Apartment REIT

Minto Apartment Real Estate Investment Trust

Condensed Consolidated Interim Balance Sheets

Unaudited

(in thousands of Canadian dollars, except Unit and per Unit amounts)

	Note	September 30, 2023	December 31, 2022
Assets			
Investment properties	3	\$ 2,572,645	\$ 2,611,094
Loans receivable from related parties	12	115,639	98,302
Prepaid expenses and other assets	6	27,636	16,806
Resident and other receivables	7	4,054	3,287
Cash		3,634	5,323
		\$ 2,723,608	\$ 2,734,812
Liabilities and Unitholders' Equity			
Liabilities			
Class B LP Units	8	\$ 351,041	\$ 361,858
Class C LP Units	9	228,842	208,086
Mortgages and loan	10	817,967	746,320
Credit facility	11	117,652	157,158
Tenant rental deposits		11,971	10,474
Due to related parties	12	3,080	2,936
Accounts payable and accrued liabilities	13	33,450	34,443
		\$ 1,564,003	\$ 1,521,275
Unitholders' equity			
		1,159,605	1,213,537
Contingencies and commitments	18		
Subsequent events	23		
		\$ 2,723,608	\$ 2,734,812

See accompanying notes to the unaudited condensed consolidated interim financial statements.

Minto Apartment Real Estate Investment Trust

Condensed Consolidated Interim Statements of Net Income (Loss) and Comprehensive Income (Loss)

For the three and nine months ended September 30, 2023 and 2022

Unaudited

(in thousands of Canadian dollars, except Unit and per Unit amounts)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Revenue from investment properties	16	\$ 39,835	\$ 37,838	\$ 117,639	\$ 105,874
Property operating expenses					
Property operating costs		7,438	7,233	22,932	20,973
Property taxes		4,090	3,870	12,015	11,244
Utilities		2,479	2,511	9,556	8,808
		14,007	13,614	44,503	41,025
Property operating income		25,828	24,224	73,136	64,849
Other expenses (income)					
General and administrative		2,373	2,254	7,986	6,749
Finance costs - operations	17	13,575	11,923	43,041	31,406
Finance income		(1,891)	(1,231)	(5,316)	(3,326)
Fair value loss (gain) on:					
Investment properties	3	21,216	18,689	80,419	6,619
Class B LP Units	8, 17	(35,799)	(44,813)	(10,817)	(227,148)
Interest rate swap	6, 17	(73)	(302)	(319)	(2,385)
Unit-based compensation	22	(622)	(633)	(428)	(2,600)
Loss on disposition		—	—	348	—
Fees and other income		(766)	(1,318)	(2,357)	(2,298)
		(1,987)	(15,431)	112,557	(192,983)
Net income (loss) and comprehensive income (loss)		\$ 27,815	\$ 39,655	\$ (39,421)	\$ 257,832

See accompanying notes to the unaudited condensed consolidated interim financial statements.

Minto Apartment Real Estate Investment Trust

Condensed Consolidated Interim Statements of Changes in Unitholders' Equity

For the nine months ended September 30, 2023 and 2022

Unaudited

(in thousands of Canadian dollars, except Unit and per Unit amounts)

	Note	Units	Distributions	Retained earnings	Total
Balance, December 31, 2021		\$ 714,121	\$ (47,275)	\$ 343,155	\$ 1,010,001
Net income and comprehensive income		—	—	257,832	257,832
Distributions	14	—	(14,262)	—	(14,262)
Cancellation of Units under normal course issuer bid	14	(3,248)	—	484	(2,764)
Balance, September 30, 2022		\$ 710,873	\$ (61,537)	\$ 601,471	\$ 1,250,807
Balance, December 31, 2022		\$ 710,873	\$ (66,375)	\$ 569,039	\$ 1,213,537
Net loss and comprehensive loss		—	—	(39,421)	(39,421)
Distributions	14	—	(14,659)	—	(14,659)
Units issued, net of issue costs	14	148	—	—	148
Balance, September 30, 2023		\$ 711,021	\$ (81,034)	\$ 529,618	\$ 1,159,605

See accompanying notes to the unaudited condensed consolidated interim financial statements.

Minto Apartment Real Estate Investment Trust

Condensed Consolidated Interim Statements of Cash Flows

For the nine months ended September 30, 2023 and 2022

Unaudited

(in thousands of Canadian dollars, except Unit and per Unit amounts)

	Note	September 30, 2023	September 30, 2022
Cash provided by (used in):			
Operating activities			
Net (loss) income		\$ (39,421)	\$ 257,832
Adjustments for:			
Finance costs - operations	17	43,041	31,406
Finance income		(5,316)	(3,326)
Loss on disposition		348	—
Fair value loss (gain) on:			
Investment properties	3	80,419	6,619
Class B LP Units	8, 17	(10,817)	(227,148)
Interest rate swap	6, 17	(319)	(2,385)
Unit-based compensation	22	(428)	(2,600)
Change in non-cash working capital	21	(1,498)	3,712
Cash provided by operating activities		66,009	64,110
Financing activities			
Proceeds from mortgage financing	10	317,122	34,623
Proceeds from issuance of Class C LP Units	9	25,774	—
CMHC premiums paid		(10,812)	(882)
Financing costs		(3,169)	(453)
Mortgage payments on refinancing	10	(230,999)	(16,300)
Principal repayments on mortgages	10	(10,348)	(10,379)
Net (repayments) proceeds from credit facility	11	(39,506)	76,837
Proceeds from construction loan	10	7,149	2,823
Forgivable loan transferred from restricted cash		—	1,350
Distributions on Class B LP Units		(9,464)	(8,702)
Distributions on Class C LP Units, used to repay principal	9	(4,146)	(4,115)
Distribution on Units		(14,659)	(14,272)
Interest paid		(35,107)	(22,894)
Purchase and cancellation of Units	14	—	(2,764)
Cash (used in) provided by financing activities		(8,165)	34,872
Investing activities			
Acquisition of investment properties		—	(28,761)
Capital additions to investment properties		(35,772)	(38,942)
Net loan advances to related parties	12	(14,220)	(16,463)
Development of investment properties		(14,547)	(13,442)
Net proceeds on disposition of investment property	4	2,885	—
Interest received		2,121	1,346
Cash used in investing activities		(59,533)	(96,262)
Change in cash during the period		(1,689)	2,720
Cash, beginning of the period		5,323	2,851
Cash, end of the period		\$ 3,634	\$ 5,571

See accompanying notes to the unaudited condensed consolidated interim financial statements.

Minto Apartment Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022
Unaudited

(in thousands of Canadian dollars, except Unit and per Unit amounts)

1. Description of the entity

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 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.

At September 30, 2023, the REIT's portfolio consists of interests in 31 (December 31, 2022 - 32) multi-residential rental properties, including four mixed-use residential apartment and commercial buildings, all of which are held by Minto Apartment Limited Partnership (the "Partnership"), which is consolidated by the REIT.

2. Significant accounting policies

(a) Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB").

The unaudited condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the REIT's audited consolidated financial statements for the years ended December 31, 2022 and 2021 (the "Annual 2022 Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB.

These unaudited condensed consolidated interim financial statements were approved by the Board of Trustees of the REIT and authorized for issuance on November 7, 2023.

(b) Basis of presentation and measurement

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis, except for investment properties, Class B LP Units, Unit-based compensation and interest rate swaps, which have been measured at fair value. The unaudited condensed consolidated interim financial statements have been presented in Canadian dollars, which is the REIT's functional currency.

The REIT's business faces risk from economic factors that have grown in prominence, specifically, rising interest rates and inflation. The REIT has used all information available as at September 30, 2023 that it considers relevant in determining the potential impact of these economic factors 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 nine months ended September 30, 2023 and 2022. The estimates and judgements that could be most significantly impacted by economic factors include those underlying the valuation of investment properties. Actual results could differ from those estimates. Investment properties (Note 3) and risk management (Note 19) include disclosures of the potential impacts of economic factors on the fair value of investment properties and liquidity risk. The REIT continues to monitor and assess the impact that economic factors will have on its business activities and financial results.

The operating results for the nine months ended September 30, 2023 are not necessarily indicative of results that may be expected for the year ending December 31, 2023 due to seasonal variations in property expenses and other factors.

The REIT's significant accounting policies were presented in Note 2 of the Annual 2022 Financial Statements and have been consistently applied in the preparation of these unaudited condensed consolidated interim financial statements.

Minto Apartment Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022
Unaudited

(in thousands of Canadian dollars, except Unit and per Unit amounts)

3. Investment properties

The following table presents the change in investment properties by type:

		Residential properties	Commercial properties	Land under development	Total
Balance, December 31, 2021	\$	2,306,493	\$ 18,850	\$ 35,222	\$ 2,360,565
Additions					
Acquisition		186,579	12,702	—	199,281
Capital expenditures		33,933	30	—	33,963
Development expenditures		—	—	13,083	13,083
Fair value loss		(4,647)	(1,972)	—	(6,619)
Balance, September 30, 2022	\$	2,522,358	\$ 29,610	\$ 48,305	\$ 2,600,273
Balance, December 31, 2022		2,525,455	27,828	57,811	2,611,094
Additions					
Capital expenditures		32,262	380	—	32,642
Development expenditures		—	—	19,351	19,351
Disposition (Note 4)		(9,920)	—	—	(9,920)
Other		(103)	—	—	(103)
Fair value loss		(79,174)	(1,245)	—	(80,419)
Balance, September 30, 2023	\$	2,468,520	\$ 26,963	\$ 77,162	\$ 2,572,645

For the nine months ended September 30, 2023, the REIT capitalized \$2,000 (September 30, 2022 - \$567) in interest costs associated with the REIT's general borrowings and the construction loan to the respective developments. The REIT's weighted average borrowing rate on general borrowings was 6.90% (September 30, 2022 - 3.99%). Interest costs associated with the construction loan were capitalized to the related development using the actual borrowing rate associated with the loan.

The fair value methodology for the REIT's investment properties is considered level 3, as significant unobservable inputs are required to determine fair value. The fair value of investment properties is based on internal valuations and as at September 30, 2023, the entire portfolio was internally valued. The REIT's internal valuation team consists of qualified individuals who hold recognized relevant professional qualifications and have experience in the location and category of the respective properties.

The REIT conducts external appraisals of a third of its portfolio annually to ensure that every property is externally appraised at least once every three years. These external appraisals are used by Management to assist in the validation of the market assumptions and data used as part of the internal valuation model.

The REIT continues to review market capitalization, discount and terminal capitalization rates, as well as its future cash flow projections and their impact on the valuation of its properties in light of economic factors (Note 2). The carrying value of the REIT's investment properties reflects Management's best estimate of fair value in terms of the assessed highest and best use as at September 30, 2023. It is not possible to forecast with certainty the duration or full scope of the financial impact that economic factors will have on the REIT's business and operations, both in the short and long term. Any long-term effects on market rents, occupancy, turnover, and future demand and of a sustained increase in interest rates could impact the underlying valuation of investment properties and such impact may be material.

Fair value for residential properties is predominantly determined using the direct capitalization approach and includes a deduction for estimated aggregate future capital expenditures. For the nine months ended September 30, 2023, the aggregate five-year estimated future capital expenditures deducted was \$90,694 (December 31, 2022 - \$89,329) in determining the fair value of residential properties.

Minto Apartment Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022
Unaudited

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The following table summarizes the significant unobservable inputs in determining fair value of residential properties:

Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Capitalization rates	There is an inverse relationship between the capitalization rates and the fair value; in other words, the higher the capitalization rates, the lower the estimated fair value.
Estimated 12 month stabilized forecasted net operating income ("NOI")	There is a direct relationship between the estimated 12-month stabilized forecasted NOI and the fair value; in other words, the higher the estimated 12-month stabilized forecasted NOI, the higher the estimated fair value.

The following table summarizes the capitalization rates used in determining the fair value of the REIT's residential properties:

	September 30, 2023			December 31, 2022		
	Min	Max	Weighted average	Min	Max	Weighted average
Capitalization rate	3.50%	4.88%	4.06%	3.25%	4.63%	3.80%

The following table summarizes the sensitivity of the fair value of residential properties to changes in capitalization rates and estimated 12 month stabilized forecasted NOI as at September 30, 2023:

September 30, 2023	-3%	-1%	NOI	+1%	+3%
Capitalization rate					
-50 basis points	\$ 2,740,635	\$ 2,799,013	\$ 2,828,202	\$ 2,857,391	\$ 2,915,769
-25 basis points	2,554,735	2,609,280	2,636,552	2,663,825	2,718,370
Base rate	2,391,742	2,442,927	2,468,520	2,494,111	2,545,295
+25 basis points	2,247,669	2,295,883	2,319,990	2,344,096	2,392,310
+50 basis points	2,119,402	2,164,971	2,187,755	2,210,539	2,256,108

The following table summarizes the sensitivity of the fair value of residential properties to changes in capitalization rates and estimated 12 month stabilized forecasted NOI as at December 31, 2022:

December 31, 2022	-3%	-1%	NOI	+1%	+3%
Capitalization rate					
-50 basis points	\$ 2,831,592	\$ 2,891,817	\$ 2,921,929	\$ 2,952,042	\$ 3,012,267
-25 basis points	2,625,751	2,681,732	2,709,722	2,737,713	2,793,694
Base rate	2,447,012	2,499,308	2,525,455	2,551,603	2,603,899
+25 basis points	2,290,353	2,339,419	2,363,951	2,388,484	2,437,550
+50 basis points	2,151,920	2,198,132	2,221,237	2,244,343	2,290,554

4. Disposition of investment property

The REIT completed the disposition of one investment property during the nine months ended September 30, 2023:

Date	Region	Suites	Sale price	Amortized cost of assigned debt	Net cash proceeds ¹
March 7, 2023	Edmonton, AB	64	\$ 9,920	\$ 6,770	\$ 2,885

¹ Net cash proceeds after transaction costs and working capital adjustments.

Minto Apartment Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022
Unaudited

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5. Joint operations

The REIT jointly owns and operates four investment properties. The REIT has determined them to be joint operations. Accordingly, the unaudited condensed consolidated interim financial statements of the REIT include its share of revenues, expenses, assets and liabilities from the joint operations. The REIT's ownership interests in the joint operations are as follows:

Property	Date of acquisition	Location	Ownership interest
Leslie York Mills	May 1, 2019	Toronto, ON	50%
Rockhill	May 7, 2019	Montreal, QC	50%
High Park Village	August 1, 2019	Toronto, ON	40%
Niagara West	April 22, 2022	Toronto, ON	28.35%

6. Prepaid expenses and other assets

	September 30, 2023	December 31, 2022
Prepaid expenses	\$ 7,417	\$ 2,729
Prepaid CMHC premiums	15,458	8,825
Restricted cash	1,434	1,434
Deposits and other prepayments	310	1,120
Interest rate swap	3,017	2,698
	\$ 27,636	\$ 16,806
Current	7,376	3,812
Non-current	20,260	12,994
	\$ 27,636	\$ 16,806

The following table is a summary of the REIT's interest rate swap and the respective fair value of the asset:

Instrument	Maturity	Fixed rate	Original notional amount	Notional amount	September 30, 2023	December 31, 2022
Interest rate swap ¹	April 2026	3.38%	\$42,360	\$35,481	\$ 3,017	\$ 2,698

¹ The REIT has a 40% ownership interest in this contract through the ownership of a joint operation.

The fair value of the interest rate swap is determined using widely accepted valuation techniques, including discounted cash flow analysis on expected cash flows of the derivatives, using observable market-based inputs including interest rate curves and implied volatilities, and is considered level 2 in the fair value hierarchy.

The following table summarizes the beginning and ending fair value of the swap:

Nine months ended	September 30, 2023	September 30, 2022
Opening balance	\$ 2,698	\$ 307
<i>Non-cash movement</i>		
Fair value gain	319	2,385
Closing balance	\$ 3,017	\$ 2,692

Minto Apartment Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022
Unaudited

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7. Resident and other receivables

	September 30, 2023	December 31, 2022
Current		
Resident receivables	\$ 2,378	\$ 1,844
Other receivables	2,855	2,375
Less: Allowance for credit losses	(1,179)	(932)
	\$ 4,054	\$ 3,287

There is no significant concentration of credit risk with respect to resident receivables as the REIT has a high volume of tenants with individually small monthly rent amounts.

8. Class B LP Units

The following table reconciles the changes in cash flows and outstanding units for the Class B LP Units of the Partnership:

	Class B LP Units	\$
Balance, December 31, 2021	22,769,073	\$ 498,415
<i>Non-cash movement</i>		
Issued, April 22, 2022	2,985,956	60,974
Fair value gain	—	(227,148)
	2,985,956	(166,174)
Balance, September 30, 2022	25,755,029	\$ 332,241
Balance, December 31, 2022	25,755,029	\$ 361,858
<i>Non-cash movement</i>		
Fair value gain	—	(10,817)
Balance, September 30, 2023	25,755,029	\$ 351,041

For the three and nine months ended September 30, 2023, distributions of \$3,155 and \$9,464 (September 30, 2022 - \$3,058 and \$8,820) to Class B LP Unitholders were declared and accounted for as finance costs.

The fair value methodology for the Class B LP Units is considered level 2 within the fair value hierarchy.

Minto Apartment Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022
Unaudited

(in thousands of Canadian dollars, except Unit and per Unit amounts)

9. Class C LP Units

	September 30, 2023		December 31, 2022	
Class C LP Units	\$	228,301	\$	206,673
Unamortized mark-to-market adjustments		1,043		1,413
Unamortized deferred borrowing costs	\$	(502)	\$	—
	\$	228,842	\$	208,086
Current		51,645		50,642
Non-current		177,197		157,444
	\$	228,842	\$	208,086

The following table reconciles the changes in cash flows and outstanding units for the Class C LP Units of the Partnership:

	Class C LP Units		\$	
Balance, December 31, 2021	22,978,700	\$		214,069
<i>Cash flows</i>				
Distributions used to repay principal	—			(4,115)
<i>Non-cash movement</i>				
Amortization of mark-to-market adjustments	—			(354)
				(4,469)
Balance, September 30, 2022	22,978,700	\$		209,600
Balance, December 31, 2022	22,978,700	\$		208,086
<i>Cash flows</i>				
Issued	2,577,382			25,774
Distributions used to repay principal	—			(4,146)
Deferred financing costs incurred				(154)
Deferred financing CMHC premiums	—			(354)
	2,577,382			21,120
<i>Non-cash movement</i>				
Amortization of mark-to-market adjustments	—			(370)
Deferred financing amortization	—			6
				(364)
Balance, September 30, 2023	25,556,082			228,842

During the three and nine months ended September 30, 2023, the REIT issued 2,577,382 Class C LP Units to MPI in connection with the refinancing of a mortgage of an investment property to which the Class C LP Units relate. Total gross proceeds were \$25,774 and CMHC premiums and financing costs were \$1,635 for net proceeds of \$24,139.

For the three and nine months ended September 30, 2023, the REIT also made distributions of \$2,075 and \$5,284, respectively (September 30, 2022 - \$1,645 and \$4,940) to the Class C LP Unitholder that were accounted for as finance costs.

Minto Apartment Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022
Unaudited

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The mortgages of investment properties to which the distributions on the Class C LP Units relate bear a weighted average contractual interest rate of 3.57% (December 31, 2022 - 3.16%) and mature at various dates between 2024 and 2033 (December 31, 2022 - 2023 and 2030). The Class C LP Units have a weighted average effective interest rate of 3.45% (December 31, 2022 - 2.95%)

Distributions on Class C LP Units as at September 30, 2023, excluding unamortized mark-to-market adjustments and deferred financing costs, are due as follows:

2023	\$	1,373
2024		51,174
2025		64,249
2026		2,023
2027		23,525
2028 and thereafter		85,957
	\$	228,301

Fair value for the Class C LP Units is calculated based on current market rates plus risk-adjusted spreads on discounted cash flows. As at September 30, 2023, the current market rates plus risk-adjusted spreads ranged from 5.10% to 7.07% (December 31, 2022 - 4.29% to 5.91%) and the fair value of the Class C LP Units was \$216,482 (December 31, 2022 - \$199,200) and is considered level 2 within the fair value hierarchy.

10. Mortgages and loan

	September 30, 2023		December 31, 2022	
	Weighted Average Interest Rate	Balance Outstanding	Weighted Average Interest Rate	Balance Outstanding
Mortgages - fixed rate	3.23%	\$ 809,245	3.03%	\$ 631,956
Mortgages - variable rate	—%	—	7.45%	108,378
Construction loan	2.39%	15,155	2.39%	8,006
		824,400		748,340
Unamortized mark-to-market adjustments		708		882
Unamortized deferred financing costs		(7,141)		(2,902)
		\$ 817,967		\$ 746,320
Current		42,742		238,800
Non-current		775,225		507,520
		\$ 817,967		\$ 746,320

Mortgages

The mortgages are secured by investment properties and mature at various dates between 2024 and 2033 (December 31, 2022 - 2023 and 2032). The fixed rate mortgages include a \$35,481 (December 31, 2022 - \$36,257) variable interest mortgage fixed through an interest rate swap. The mortgages secured by investment properties have a weighted average effective interest rate of 3.36% (December 31, 2022 - 3.07%)

Minto Apartment Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022
Unaudited

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Construction loan

The REIT has a fixed rate non-revolving construction loan commitment of \$93,745 and as at September 30, 2023, \$15,155 (December 31, 2022 - \$8,006) was drawn. The construction loan is used to finance the construction of a new 225-suite residential rental property on surplus land at the REIT's Richgrove property in Toronto, Ontario and is secured by a first priority mortgage on the project. The loan bears fixed interest at 2.39% and matures on March 1, 2032. Payments are made monthly on an interest-only basis.

The mortgages and loan, excluding unamortized mark-to-market adjustments and deferred financing costs, are due as follows:

2023	3,692
2024	43,508
2025	54,574
2026	84,742
2027	11,920
2028 and thereafter	625,964
	\$ 824,400

The following reconciles the changes in cash flows for the mortgages and loan payable:

	Fixed and variable rate mortgages	Construction loan	Total
Balance, December 31, 2021	\$ 626,120	\$ —	\$ 626,120
<i>Cash flows</i>			
Issued	34,623	2,823	37,446
Deferred financing costs incurred	(504)	—	(504)
Deferred financing CMHC premiums	(309)	—	(309)
Principal payments on refinancing	(16,300)	—	(16,300)
Principal repayments	(10,379)	—	(10,379)
	7,131	2,823	9,954
<i>Non-cash movement</i>			
Assumed on acquisition	108,378	—	108,378
Amortization of mark-to-market adjustment	(210)	—	(210)
Deferred financing amortization	398	—	398
	108,566	—	108,566
Balance, September 30, 2022	\$ 741,817	\$ 2,823	\$ 744,640

Minto Apartment Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022
Unaudited

(in thousands of Canadian dollars, except Unit and per Unit amounts)

	Fixed and variable rate mortgages	Construction loan	Total
Balance, December 31, 2022	738,314	8,006	746,320
<i>Cash flows</i>			
Issued	317,122	7,149	324,271
Deferred financing costs incurred	(2,579)	—	(2,579)
Deferred financing CMHC premiums	(2,332)	—	(2,332)
Principal payments on refinancing	(230,999)	—	(230,999)
Principal repayments	(10,348)	—	(10,348)
	70,864	7,149	78,013
<i>Non-cash movement</i>			
Assigned on disposition	(6,770)	—	(6,770)
Amortization of mark-to-market adjustment	(174)	—	(174)
Deferred financing amortization	578	—	578
	(6,366)	—	(6,366)
Balance, September 30, 2023	\$ 802,812	\$ 15,155	\$ 817,967

As at September 30, 2023 and December 31, 2022, the REIT was in compliance with all financial covenants relating to its debt obligations.

Fair value of fixed rate mortgages and the construction loan is calculated based on current market rates plus risk-adjusted spreads on discounted cash flows. As at September 30, 2023, the current market rates plus risk-adjusted spreads ranged from 5.08% to 7.01% (December 31, 2022 - 4.25% to 5.87%) and the fair value of fixed rate mortgages and construction loan was \$745,951 (December 31, 2022 - \$595,760) and is considered level 2 within the fair value hierarchy.

11. Credit facility

	September 30, 2023	December 31, 2022
Committed	\$ 300,000	\$ 300,000
Available	254,317	267,115
Utilized		
Amounts drawn	117,652	157,158
Letter of credit	2,022	442
	119,674	157,600
Undrawn amount available	\$ 134,643	\$ 109,515

The REIT has a revolving credit facility that is secured by several investment properties, matures on July 3, 2025 and is used to fund working capital requirements, acquisitions, letters of credit and for general corporate purposes. The credit facility bears interest at one month bankers' acceptance plus 175 bps or prime plus 75 bps. At September 30, 2023, the weighted average variable interest rate was 7.13% (December 31, 2022 - 6.47%). Given the variable nature of the credit facility, its carrying value approximates its fair value.

Minto Apartment Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022
Unaudited

(in thousands of Canadian dollars, except Unit and per Unit amounts)

The following table reconciles the changes in cash flows for the credit facility:

Nine months ended	September 30, 2023		September 30, 2022	
Opening balance	\$	157,158	\$	51,754
<i>Cash flows</i>				
Issued		62,494		86,837
Repayments		(102,000)		(10,000)
		(39,506)		76,837
Closing balance	\$	117,652	\$	128,591

As at September 30, 2023 and December 31, 2022, the REIT was in compliance with all financial covenants relating to its credit facility.

12. Related-party transactions

In the normal course of operations, the REIT enters into various transactions with related parties which are recorded at exchange value. In addition to the related party transactions disclosed elsewhere in these unaudited condensed consolidated interim financial statements, related party transactions include:

(a) Administrative Support Agreement

For the three and nine months ended September 30, 2023, the REIT incurred \$565 and \$1,695 (September 30, 2022 - \$565 and \$1,695) for services rendered by Minto Properties Inc. ("MPI") and its affiliates under the Administrative Support Agreement.

Minto Apartment Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022
Unaudited

(in thousands of Canadian dollars, except Unit and per Unit amounts)

(b) Loans receivable from related parties

Project	Related Parties	Commitment	Interest Rate and Maturity	September 30, 2023	December 31, 2022
99 Fifth Avenue, Ottawa, ON ("Fifth and Bank")	Affiliate of MPI	\$ 30,000	Variable per annum ¹ January 31, 2024	\$ 30,000	\$ 30,000
Lonsdale Avenue, North Vancouver, BC ("Lonsdale Square")	Limited partnership jointly owned by MPI and a subsidiary of Darwin Properties	14,000	7% per annum December 31, 2024	14,000	13,784
Beechwood Avenue, Ottawa, ON ("88 Beechwood")	Affiliate of MPI	51,400	6% per annum December 31, 2025	36,643	25,550
810 Kingsway, Vancouver, BC ("The Hyland")	MPI	19,650	6% per annum August 1, 2024	17,679	15,357
3958 Shelbourne Street, Victoria, BC ("University Heights")	MPI	51,700	7% per annum December 31, 2026	16,646	12,893
		166,750		114,968	97,584
Loan receivable	Management	700	Variable per annum ² April 27, 2032	671	718
		\$ 167,450		\$ 115,639	\$ 98,302
Current				61,760	30,000
Non-current				53,879	68,302
				\$ 115,639	\$ 98,302

¹ Effective July 1, 2023, the interest rate is equal to the all-in interest rate the REIT pays on the credit facility on a monthly basis, subject to a maximum interest rate of 7% per annum and minimum interest rate of 5% per annum. Prior to the effective date of this amendment, the interest rate on the loan was 6% per annum.

² The interest rate per annum is set quarterly at the greater of prime and the prescribed interest rate as determined by the Regulations of the Income Tax Act (Canada) to a maximum of 5%. Interest is payable annually in arrears.

All commitments pertaining to projects include a reserve to fund interest costs. If the interest reserve is fully utilized, the interest is paid to the REIT on a monthly basis. In connection with these financings, the REIT will have the exclusive option to purchase the property at Lonsdale Square and 88 Beechwood, MPI's 85% indirect ownership interest in The Hyland and MPI's 45% indirect ownership interest in University Heights, upon project stabilization at 95% of then-appraised fair market value as determined by independent and qualified third-party appraisers. As at September 30, 2023, the expected credit loss ("ECL") based on 12 month expected losses for the loans receivable is \$nil (December 31, 2022 - \$nil).

On June 7, 2023, the Fifth and Bank loan agreement was amended to terminate the REIT's purchase option for the property.

On August 8, 2023, the REIT agreed to amend the loan agreement associated with Lonsdale Square to extend the REIT's purchase option to November 30, 2024 and maturity date of the loan to December 31, 2024.

Minto Apartment Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022
Unaudited

(in thousands of Canadian dollars, except Unit and per Unit amounts)

The following table shows the movement of loans receivable from related parties:

Nine months ended	September 30, 2023		September 30, 2022	
Opening balance	\$	98,302	\$	63,312
<i>Cash flows</i>				
Net advances		14,220		16,463
Interest received		(1,963)		(1,346)
		12,257		15,117
<i>Non-cash movement</i>				
Interest earned		5,080		3,297
		17,337		18,414
Closing balance	\$	115,639	\$	81,726

Fair value of loans receivable relating to projects is calculated based on current market rates plus risk-adjusted spreads on discounted cash flows. As at September 30, 2023, the current market rates plus risk-adjusted spreads ranged from 9.00% to 10.00% (December 31, 2022 - 8.50% to 9.50%) and the fair value of the loans receivable relating to projects was \$110,673 (December 31, 2022 - \$93,441) and is considered level 2 within the fair value hierarchy.

(c) Due to related parties

Item	Related Parties	September 30, 2023		December 31, 2022	
Current					
Class B LP Units distributions	MPI affiliates and a limited partnership wholly-owned by MPI	\$	1,052	\$	1,052
Class C LP Units distributions	Limited partnership wholly-owned by MPI		671		546
Property operating costs payable	MPI and its affiliates		115		493
Development costs and fees	Affiliate of MPI		1,683		1,357
Unit distribution	MPI		37		37
			3,558		3,485
Rental and service revenue receivable	MPI and its affiliates		(478)		(549)
		\$	3,080	\$	2,936

Minto Apartment Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022
Unaudited

(in thousands of Canadian dollars, except Unit and per Unit amounts)

(d) Revenue, expenses, capital expenditures and distributions

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenue from MPI, its affiliates and jointly-owned limited partnerships				
Rental and service revenue	\$ 102	\$ 259	\$ 405	\$ 516
Interest income on loans advanced	1,827	1,209	5,080	3,297
Expenses and distributions to MPI, its affiliates, its wholly-owned and jointly-owned limited partnerships				
Property operating expenses	274	299	860	690
Development costs and fees	1,730	1,150	6,179	3,125
Distributions on Class B LP Units (finance costs)	3,155	3,058	9,464	8,820
Distributions on Class C LP Units (finance costs)	2,075	1,645	5,284	4,940
Distributions on Class C LP Units (principal)	1,321	1,377	4,146	4,115
Distributions on Units	110	106	330	318
Compensation of key management personnel				
Paid to executives	260	230	1,416	583
Unit-based compensation				
Executives	353	364	1,092	1,240
Trustees in lieu of annual retainer and meeting fees	170	132	457	450

Additional compensation to key management personnel for services provided to the REIT was paid by MPI and its affiliate.

(e) Class C LP Units

During the three and nine months ended September 30, 2023, the REIT issued 2,577,382 Class C LP Units (Note 9) to MPI in connection with the refinancing of a mortgage of an investment property to which the Class C LP Units relate.

13. Accounts payable and accrued liabilities

	September 30, 2023	December 31, 2022
Accounts payable	\$ 6,257	\$ 4,711
Accrued liabilities	14,447	18,457
Distributions payable	1,592	1,592
Unit-based compensation	5,495	4,539
Forgivable loan	5,659	5,144
	\$ 33,450	\$ 34,443
Current	27,184	28,689
Non-current	6,266	5,754
	\$ 33,450	\$ 34,443

Minto Apartment Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022
Unaudited

(in thousands of Canadian dollars, except Unit and per Unit amounts)

14. Units

	Units	\$
Authorized	Unlimited	
Units issued and outstanding:		
Balance, December 31, 2021	40,069,839	\$ 714,121
Cancellation of Units under Normal Course Issuer Bid	(182,227)	(3,248)
Balance, September 30, 2022	39,887,612	710,873
Balance, December 31, 2022	39,887,612	\$ 710,873
Units issued for vested Deferred Units	11,000	148
Balance, September 30, 2023	39,898,612	\$ 711,021

For the three and nine months ended September 30, 2023, distributions to Unitholders of \$4,887 and \$14,659 (September 30, 2022 - \$4,746 and \$14,262) were declared, representing monthly distributions of \$0.04083 (2022 - \$0.03958) per Unit for the months of January to September.

Normal Course Issuer Bid ("NCIB")

On September 18, 2023, the Toronto Stock Exchange accepted the REIT's notice to initiate a NCIB for a portion of its Units. The NCIB is authorized from September 20, 2023 through to September 19, 2024 and permits the REIT to acquire up to 3,282,682 Units including up to 25,003 Units on any given trading day. For the nine months ended September 30, 2023, the REIT did not purchase and cancel any Units under the NCIB.

For the nine months ended September 30, 2022, the REIT purchased and cancelled 182,227 Units under a previously authorized NCIB, at a weighted average purchase price of \$15.15 per Unit, for a total cost including commissions of \$2,764. The difference between the purchase price and the weighted average historical unit issuance price was recorded as an increase to retained earnings.

15. Segment reporting

The REIT owns, manages and operates 31 (December 31, 2022 - 32) multi-residential rental properties located in Canada, including four mixed-use residential apartment and commercial buildings. Management, when measuring the REIT's performance, does not distinguish or group its operations on a geographical or any other basis. Accordingly, the REIT has a single reportable segment for disclosure purposes in accordance with IFRS.

16. Revenue from investment properties

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Rental revenue	\$ 33,433	\$ 33,842	\$ 96,173	\$ 88,767
Revenue from services	6,402	3,996	21,466	17,107
	\$ 39,835	\$ 37,838	\$ 117,639	\$ 105,874

Minto Apartment Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022
Unaudited

(in thousands of Canadian dollars, except Unit and per Unit amounts)

17. Finance costs

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Interest expense on mortgages & loan	\$ 6,611	\$ 5,815	\$ 20,185	\$ 15,383
Interest expense & standby fees on credit facility	2,292	1,573	7,991	2,784
Financing amortization & other charges	349	293	882	610
Amortization of mark-to-market adjustments	(141)	(178)	(544)	(564)
Capitalized interest	(766)	(283)	(2,000)	(567)
Debt retirement costs	—	—	1,779	—
Interest expense & other financing charges	8,345	7,220	28,293	17,646
Distributions on Class B LP Units (Note 8)	3,155	3,058	9,464	8,820
Distributions on Class C LP Units (Note 9)	2,075	1,645	5,284	4,940
Finance costs - operations	\$ 13,575	\$ 11,923	\$ 43,041	\$ 31,406
Fair value loss (gain) on:				
Class B LP Units (Note 8)	(35,799)	(44,813)	(10,817)	(227,148)
Interest rate swap (Note 6)	(73)	(302)	(319)	(2,385)
Finance costs	\$ (22,297)	\$ (33,192)	\$ 31,905	\$ (198,127)

18. 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 REIT has an off-balance sheet arrangement at one of its properties in the Toronto area which was acquired in 2018 pursuant to which the City of Toronto provided a forgivable loan to support affordable housing at this property. Provided that certain conditions are met, the REIT will not need to make repayments under this arrangement. As of September 30, 2023, the remaining unforgiven balance of the loan is \$12,240 (December 31, 2022 - \$13,464). To date, the REIT has met all conditions related to this forgivable loan and Management has assessed that throughout the remaining term of the loan the REIT is likely to continue to meet the conditions for forgiveness and that the outflow of economic resources to settle the loan is not probable. As such, no liability has been recorded by the REIT.

The REIT has an off-balance sheet arrangement at one of its properties in the Calgary area which was acquired in 2018 pursuant to which the Province of Alberta provided a forgivable loan to support affordable housing at this property. Provided that certain conditions are met, the REIT will not need to make repayments under the arrangement. As of September 30, 2023, the remaining unforgiven balance of the loan is \$3,024 (December 31, 2022 - \$3,360). To date, the REIT has met all conditions related to this forgivable loan and Management has assessed that throughout the remaining term of the loan the REIT is likely to continue to meet the conditions for forgiveness and that the outflow of economic resources to settle the loan is not probable. As such, no liability has been recorded by the REIT.

As at September 30, 2023, the REIT has committed to advance an additional \$35,822 (December 31, 2022 - \$50,087) to related parties in order to support the development of several projects and an additional \$15,960 (December 31, 2022 - \$19,079) to fund interest costs.

The REIT is a guarantor on a joint and several basis for mortgage debt held through one of its joint operations. As at September 30, 2023, the maximum potential obligation resulting from this guarantee is \$12,418 (December 31, 2022 - \$12,690).

Minto Apartment Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022
Unaudited

(in thousands of Canadian dollars, except Unit and per Unit amounts)

19. Risk management

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

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of interest rate risk, currency risk and other price risk.

(a) Interest rate risk

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

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

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

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

As at September 30, 2023, the REIT has a committed variable rate credit facility of \$300,000 (December 31, 2022 - \$300,000) with an availability of \$254,317 (December 31, 2022 - \$267,115) and outstanding balance of \$117,652 (December 31, 2022 - \$157,158). A 1% change in prevailing interest rates would change annualized interest charges incurred by \$1,177 (December 31, 2022 - \$1,572).

(b) Currency risk

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

(c) Other price risk

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

The REIT is exposed to other price risk on its Class B LP Units. A 1% change in the prevailing market price of the Units as at September 30, 2023 would have a \$3,510 (December 31, 2022 - \$3,619) change in the fair value of the Class B LP Units.

Credit Risk

Credit risk is the risk that tenants and/or debtors may experience financial difficulty and be unable to fulfill their lease commitments or loan repayments. An allowance is recorded for the ECL.

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

The REIT is also exposed to the concentration of credit risk in relation to the loans advanced, in the event that the borrowers default on the contractual terms of repayment of amounts owing to the REIT. The REIT provides financing to MPI and affiliates of MPI for strategic developments and, in turn, receives an option to acquire an ownership interest in those developments. Management mitigates this risk by ensuring there is sufficient security provided by the development assets in addition to guarantees provided by MPI for loans advanced to affiliates of MPI.

Minto Apartment Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022
Unaudited

(in thousands of Canadian dollars, except Unit and per Unit amounts)

Liquidity risk

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

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

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

As of September 30, 2023, current liabilities of \$136,612 (December 31, 2022 - \$331,531) exceeded current assets of \$76,824 (December 31, 2022 - \$42,422), resulting in a net working capital deficit of \$59,788 (December 31, 2022 - \$289,109). Current liabilities as of September 30, 2023 include \$75,301 (December 31, 2022 - \$271,225) of debt financing which the REIT is actively in the process of refinancing. 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 September 30, 2023, liquidity was \$138,277 (December 31, 2022 - \$114,838) consisting of cash of \$3,634 (December 31, 2022 - \$5,323) and \$134,643 (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.

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

	2023	2024	2025	2026	2027	2028 and thereafter	Total
Mortgages	\$ 3,692	\$ 43,508	\$ 54,574	\$ 84,742	\$ 11,920	\$ 610,809	\$ 809,245
Construction loan	—	—	—	—	—	15,155	15,155
	3,692	43,508	54,574	84,742	11,920	625,964	824,400
Credit facility	—	—	117,652	—	—	—	117,652
Class C LP Units	1,373	51,174	64,249	2,023	23,525	85,957	228,301
Interest obligation ¹	17,182	40,695	33,746	26,087	24,841	89,108	231,659
Tenant rental deposits	11,961	—	—	—	10	—	11,971
Due to related parties	3,080	—	—	—	—	—	3,080
Accounts payable and accrued liabilities	26,533	682	445	131	—	5,659	33,450
	\$ 63,821	\$ 136,059	\$ 270,666	\$ 112,983	\$ 60,296	\$ 806,688	\$ 1,450,513

¹ Interest obligation on mortgages, construction loan, credit facility and Class C LP Units.

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

20. Capital risk management

The REIT's capital consists of Class B LP Units, Class C LP Units, mortgages, a construction loan, a credit facility and Unitholders' equity. The REIT invests its capital to achieve its business objectives and to generate an acceptable long-term return to the REIT's Unitholders. Primary uses of capital include property acquisitions, development activities, capital improvements, debt principal repayments and construction development loans.

Minto Apartment Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022
Unaudited

(in thousands of Canadian dollars, except Unit and per Unit amounts)

The REIT's principal objective with respect to debt financing is to minimize its overall borrowing costs while maintaining balance in its maturity schedule, diversity in its lender base and having sufficient liquidity and flexibility to meet current obligations and to pursue new projects.

The actual level and type of future financings to fund the REIT's capital obligations will be determined based on prevailing interest rates, various costs of debt and/or equity capital, capital market conditions and Management's general view of the appropriate leverage in the business.

The REIT closely monitors its capital position. The REIT is also subject to certain financial covenants and is in compliance with these covenants. Management has performed stress testing on the REIT's covenants to ensure that the REIT continues to meet its covenant obligations in the long term.

The components of the REIT's capital are set out in the table below:

	September 30, 2023	December 31, 2022
Liabilities (principal amounts outstanding):		
Class B LP Units	\$ 351,041	\$ 361,858
Class C LP Units	228,301	206,673
Mortgages	809,245	740,334
Construction loan	15,155	8,006
Credit facility	117,652	157,158
	1,521,394	1,474,029
Unitholders' equity	1,159,605	1,213,537
	\$ 2,680,999	\$ 2,687,566

21. Supplemental cash flow disclosures

Change in non-cash working capital comprises the following:

Nine months ended	September 30, 2023	September 30, 2022
Prepaid expenses and other assets	\$ (4,582)	\$ (8,087)
Resident and other receivables	(688)	(3,745)
Tenant rental deposits	1,514	(37)
Due to related parties	18	5,482
Accounts payable and accrued liabilities	2,240	10,099
	\$ (1,498)	\$ 3,712

Minto Apartment Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022
Unaudited

(in thousands of Canadian dollars, except Unit and per Unit amounts)

22. Unit-based compensation

Executives

Deferred Units

The details of movement in Deferred Units for the executives are as follows:

Nine months ended	September 30, 2023	September 30, 2022
Opening balance	271,176	210,152
Granted	27,000	80,910
Distribution equivalents	7,231	5,293
Closing balance	305,407	296,355

The Deferred Unit plan activity and the value of Unit-based compensation expense for the executives are as follows:

Nine months ended	September 30, 2023	September 30, 2022
Opening balance	\$ 2,720	\$ 2,890
Unit-based compensation expense	978	1,240
Fair value gain	(401)	(1,674)
Closing balance	\$ 3,297	\$ 2,456

Performance Units

The details of movement in Performance Units for the executives are as follows:

Nine months ended	September 30, 2023	September 30, 2022
Opening balance	31,750	—
Distribution equivalents	707	—
Closing balance	32,457	—

The Performance Unit plan activity and the value of Unit-based compensation expense for the executives are as follows:

Nine months ended	September 30, 2023	September 30, 2022
Opening balance	\$ —	\$ —
Unit-based compensation expense	114	—
Fair value loss	34	—
Closing balance	\$ 148	\$ —

Minto Apartment Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022
Unaudited

(in thousands of Canadian dollars, except Unit and per Unit amounts)

Trustees

The Deferred Units granted and the value of Unit-based compensation expense recorded for the Trustees are as follows:

	Deferred Units	\$
Balance, December 31, 2021	92,538	\$ 2,025
Granted and vested	25,547	414
Distribution equivalents	2,054	36
Fair value gain	—	(926)
Balance, September 30, 2022	120,139	\$ 1,549
Balance, December 31, 2022	129,495	\$ 1,819
Granted and vested	28,538	407
Distribution equivalents	3,393	50
Redeemed	(11,000)	(165)
Fair value gain	—	(61)
Balance, September 30, 2023	150,426	\$ 2,050

23. Subsequent events

On November 7, 2023, the Board of Trustees approved a 3.1% increase to the REIT's annual distribution from \$0.4900 per unit to \$0.5050 per unit. The monthly distribution will be \$0.04208 per unit, an increase from \$0.04083 per unit. The increase will be effective for the REIT's November 2023 cash distribution, to be paid on December 15, 2023.