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Montreal, Quebec



minto
Apartment REIT

2023 Annual Report

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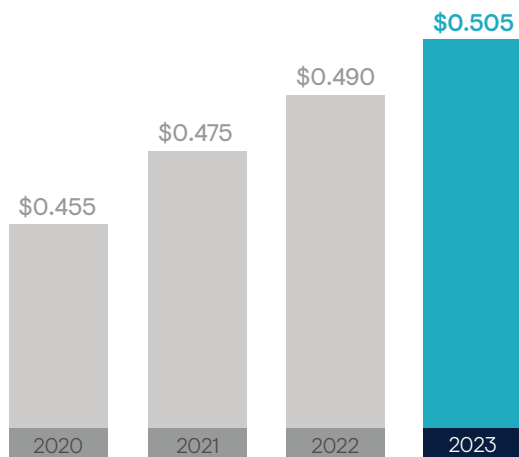
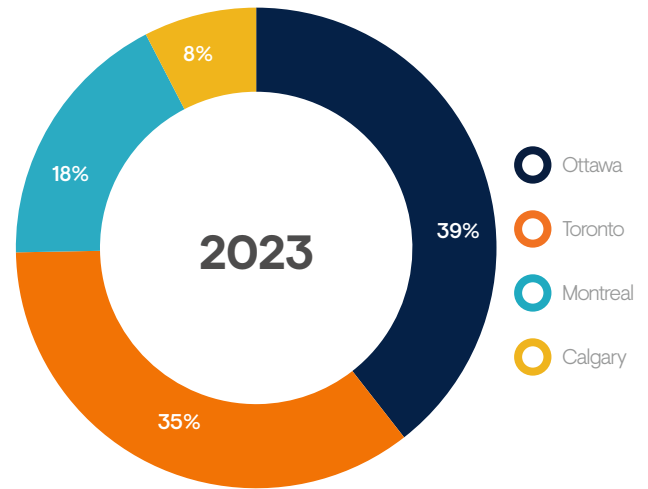
Apartment REIT

A real estate investment trust that owns and operates high quality multi-residential rental properties located in primary urban markets in Canada.

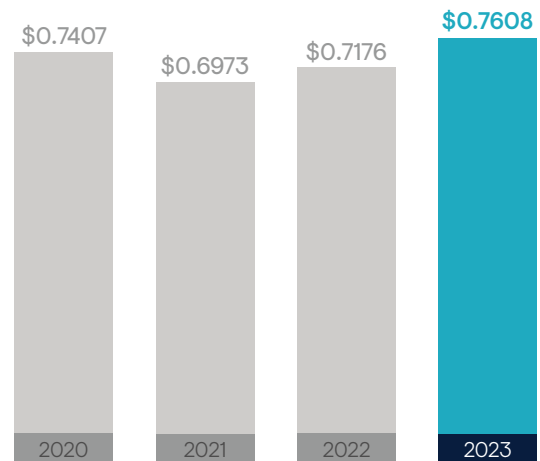
Summary Information⁽¹⁾

	2023	2022
Suites ⁽²⁾	8,037	8,291
Average Monthly Rent ⁽³⁾	\$1,877	\$1,732
Closing Occupancy ⁽³⁾	97.3%	97.6%
Total Assets	\$2.7 Billion	\$2.7 Billion
Debt-to-Gross Book Value ⁽³⁾	42.8%	40.6%
Weighted Average Effective Interest Rate - Term Debt ⁽³⁾	3.39%	3.04%
Weighted Average Term to Maturity - Term Debt ⁽³⁾	5.84 years	4.27 years
Suites Under Development ^(2,4)	1,459	2,302

Portfolio Geographic Distribution⁽⁵⁾



Annualized distributions per unit⁽⁶⁾



Normalized AFFO per unit⁽³⁾

(1) All amounts are as at December 31, 2023 and December 31, 2022, respectively.

(2) Suite counts are presented at 100% ownership share rather than the REIT's proportionate share.

(3) Non-IFRS financial measure. See "Non-IFRS and Other Financial Measures" in the Management's Discussion and Analysis included in this annual report.

(4) Suites under development includes suites available to the REIT through execution of purchase options and suites being directly developed by the REIT.

(5) Geographic breakdown is based on the proportionate share of the fair value of the REIT's investment properties as at December 31, 2023.

(6) Distribution rates in effect as at December 31.

Letter from the President and Chief Executive Officer



Dear fellow Unitholders,

2023 was a strong year for Minto Apartment REIT and as I reflect upon my first year as President and Chief Executive Officer, there are a few thoughts I would like to share. Firstly, I'm extremely grateful for the opportunity to represent our fellow unitholders as CEO. Secondly, I'm very proud of our many accomplishments in 2023 which have supported and contributed to our strong unit price performance and sets us on the right path for 2024. Finally, I'm brimming with confidence and excitement about the future of our REIT for all stakeholders and of course, our residents.

To start, I would like to thank everyone who helped shepherd us to this point. Thank you to our Board of Trustees, and our Chair Roger Greenberg, for providing me with this opportunity. Thank you to our former CEO Michael Waters and his incredible team for their hard work, creativity and dedication to take the REIT public in 2018 and elevate it to the strong company we have today. The REIT has doubled in size, expanded into new markets, balanced its geographic diversification and is more conservatively levered relative to the IPO, thanks to Michael and his team. Most importantly, thank you to the many dedicated and talented team members who welcomed me with open arms and made the integration seamless.

I'm very proud of the strategic and operational accomplishments we made as a team in 2023. These accomplishments include continued strong operational performance, strengthening our balance sheet by significantly reducing our variable-rate debt,

"A+" execution on our capital recycling program and making prudent (and sometimes difficult) capital allocation decisions. When taken together, these accomplishments helped us deliver total unit price performance, including distributions, of over 19% in 2023 despite an elevated interest rate environment, volatile capital markets, regulatory uncertainty and stubbornly high inflationary pressures. Our total return performance was amongst the best of all publicly-traded real estate investment trusts in Canada during 2023.

I'm also proud that we delivered on what we previously said, which is to focus on converting net operating income into cash flow per unit. Strong fundamentals in Canada's major cities, our urban, high-quality portfolio and operational excellence led to double-digit same property net operating income ("NOI") growth for the year. Combining this with prudent strategic capital allocation decisions allowed us to convert NOI into normalized FFO per unit and normalized AFFO per unit growth of 4.9% and 6.0% for the year, respectively. This strong cash flow per unit performance exceeded our expectations considering the large amount of expensive variable-rate debt we carried early in the year, an elevated interest rate environment and inflationary pressures. This performance, combined with a constructive outlook for 2024, led our Board of Trustees to approve a 3.1% increase to the REIT's monthly distribution in November 2023, marking the fifth consecutive year that we have increased our distribution.

Our team was very successful executing our capital recycling program in a difficult transaction market. Since the beginning of the program, we sold five properties for a total of \$128 million which was in line with our International Financial Reporting Standards ("IFRS") fair values and represents approximately 5% of our total asset value. We exited a non-core market through the sale of three properties in Edmonton, Alberta in 2023, and in February 2024 we closed on the sale of two properties in Ottawa, Ontario to the Ottawa Community Housing Corporation ("OCH"). I'm especially proud of the Ottawa asset sales because by conveying the properties to OCH, we played a role in maintaining affordability in these units going forward, which is an acute issue across Canada.

The results outlined in our third annual Environmental, Social and Governance ("ESG") Report were tremendous. We have reduced our rental portfolio energy intensity by 11% and our carbon emissions by 15% compared to a 2019 benchmark while investing over \$1.7 million in sustainable projects and feasibility studies as we manage our future environmental impact. The REIT participated in the 2023 Global Real Estate Sustainability Benchmark ("GRESB") assessment, earning a score of 78, a 3-Star GRESB Rating, and earned Green Star designation. The REIT was also included in the GRESB Public Disclosure evaluation and received a score of 93 out of 100 and a Level A rating.

Looking ahead, I am confident about our business prospects and outlook for 2024. Our portfolio is best-in-class and we expect market fundamentals to remain helpful in the year ahead. Some of the industry tailwinds are undeniable: 1) rental housing remains one of the most affordable living alternatives given the high (and growing) cost of home ownership, 2) Canadian housing supply remains relatively inelastic, with an ability to add

only 200,000 to 250,000 homes per year,¹ despite an acute shortage that the Canada Mortgage and Housing Corporation estimates to be in excess of 5.5 million homes,² and 3) Federal immigration targets for 2024 and 2025 remain robust with permanent resident targets of 500,000 annually plus an additional influx of over 350,000 non-permanent residents (taking into account recent caps on international students), making Canada the fastest growing country in the G7.³

I am very excited because the REIT is poised for growth. 2023 was a year to play defence and our defensive execution was efficient and successful. The prudent capital allocation decisions we made strengthened our balance sheet by reducing variable-rate debt, preserved scarce capital and grew cash flow per unit. 2024 could be a year for the REIT to pivot to offence and as a direct result of the work we completed in 2023, the REIT is now well-positioned to do it and has the flexibility heading into 2024 to create value for unitholders over the long term.

Lastly, I'm extremely proud that our entire team was true to its core value system. Our many accomplishments were achieved with hard work, teamwork, honesty, transparency, authenticity and integrity...and we also had a lot of fun along the way!

On behalf of the Board of Trustees and Management, I would like to thank our residents, our staff and our fellow unitholders for your continued support, trust and confidence.



Jonathan Li
President and Chief Executive Officer,
Minto Apartment REIT

(1) Table 34-10-0126-01 "Canada Mortgage and Housing Corporation, housing starts, under construction and completions, all areas, annual". Statistics Canada.
(2) "Housing shortages in Canada: Updating how much housing we need by 2030", CMHC, June 23, 2023.
(3) "Canada's population estimates: Record-high population growth in 2022". Statistics Canada.

Table of Contents

Management's Discussion and Analysis	1
Section I - Overview	1
Business Overview	1
Business Strategy and Objectives	1
Declaration of Trust	2
Basis of Presentation	2
Forward-Looking Statements	2
Use of Estimates	2
Financial and Operating Highlights	3
Outlook	10
Section II - Financial Highlights and Performance	14
Key Performance Indicators	14
Review of Financial Performance	15
Summary of Quarterly Results	25
Summary of Annual Results	26
Section III - Assessment of Financial Position	27
Investment Properties	27
Class B LP Units	29
Class C LP Units	29
Mortgages and Loan	29
Credit Facility	29
Units	30
Distributions	30
Section IV - Liquidity, Capital Resources and Contractual Commitments	31
Liquidity and Capital Resources	31
Cash Flows	33
Reconciliation of Non-IFRS Financial Measures and Ratios	35
Section V - Accounting Estimates and Policies, Controls and Procedures and Risk Analysis	40
Critical Judgments in Applying Accounting Policies	40
Critical Accounting Estimates and Assumptions	40
Risks and Uncertainties	41
Financial Risk Management	46
Related Party Transactions	48
Contingencies and Commitments	51
Adoption of New Standards, Amendments and Interpretations	52
Future Changes in Accounting Standards	52
Disclosure Controls and Internal Controls Over Financial Reporting	52
Subsequent Events	52
Section VI - Supplemental Information	53
Property Portfolio	53
Average Rent Per Square Foot	54
Non-IFRS and Other Financial Measures	54
Consolidated Financial Statements	58
Independent Auditors' Report	58
Consolidated Balance Sheets	63
Consolidated Statements of Net (Loss) Income and Comprehensive (Loss)Income	64
Consolidated Statements of Changes in Unitholders' Equity	65
Consolidated Statements of Cash Flows	66
Notes to the Consolidated Financial Statements	67
Unitholder Information	96

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 29 (December 31, 2022 - 32) multi-residential rental properties located in urban locations: Ottawa, Toronto, Montreal, and Calgary. The "Same Property Portfolio" consists of 27 multi-residential properties owned for equivalent periods in 2023 and 2022 and represents the majority of the REIT's Total Portfolio suite count at 91% (December 31, 2022 - 88%). Unless otherwise noted, analysis and figures presented in this Management's Discussion and Analysis are on a Total Portfolio basis. 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:

As at December 31,	Same Property Portfolio Suites		Total Portfolio Suites	
	2023	2022	2023	2022
Wholly-owned	5,121	5,121	5,373	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	7,284	7,284	8,037	8,291
Total suites at effective ownership	6,128	6,128	6,522	6,776

Subsequent to December 31, 2023, the REIT closed on the sale of 311 wholly-owned suites at two properties in Ottawa, Ontario. The sale reduced the number of properties in the portfolio to 28, as a portion of the suites were a subset of a larger property that the REIT continues to own and operate. See Section I - "Overview - Financial and Operating Highlights - Execution of Capital Recycling Strategy" for more details on the transaction.

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 in its key markets 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 the repayment of variable rate debt, convertible development loan ("CDL") programs, increasing suite count through its current developments, maintenance capital expenditures, distributions, repositioning programs, deleveraging, strategic acquisitions and unit buybacks. 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 March 6, 2024, the REIT was in compliance with its investment guidelines and operating policies as set out in the DOT.

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 consolidated financial statements and accompanying notes for the years ended December 31, 2023 ("FY 2023") and 2022 ("FY 2022"), prepared in accordance with International Financial Reporting Standards ("IFRS accounting standards" or "IFRS") as issued by the International Accounting Standards Board ("IASB").

This Management's Discussion and Analysis also contains certain non-IFRS and other financial measures including funds from operations ("FFO"), FFO per unit, normalized FFO, normalized FFO per unit, adjusted funds from operations ("AFFO"), AFFO per unit, AFFO Payout Ratio, normalized AFFO, normalized AFFO per unit, normalized AFFO Payout Ratio, net operating income ("NOI"), normalized NOI, Debt-to-Gross Book Value ratio, Debt-to-adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") ratio, Debt Service Coverage ratio, 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 March 6, 2024. 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, including the REIT's expectations with respect to the impact of elevated interest rates and inflation on its business, operations and financial results. 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 consolidated financial statements in conformity with IFRS requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements and accompanying note disclosures. Although these estimates are based on Management's knowledge of current events and actions the REIT may undertake in the future, actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Financial and Operating Highlights

Financial Performance

Revenue and NOI growth driven by strong rental demand

In Q4 2023, average monthly rent ("AMR") for the Same Property Portfolio increased by 6.8% while average occupancy increased slightly by 10 bps to 97.3%, resulting in Same Property Portfolio revenue growth of 6.3% over Q4 2022. Normalized operating expenses increased by 2.0%, benefiting from a mild beginning to winter with limited snowfall and significantly lower natural gas prices while facing increases in property taxes and salaries and wages. Revenue growth outpacing operating expenses growth led to Same Property Portfolio Normalized NOI growth of 9.0% and resulted in a normalized NOI margin of 63.0%, an increase of 150 bps over Q4 2022.

In Q4 2023, Total Portfolio AMR reached \$1,877 while average occupancy was up slightly by 10 bps to 97.2%, resulting in revenue growth of 6.3% from Q4 2022. Total Portfolio Normalized NOI grew by 10.0% as revenue growth outpaced Normalized operating expense growth of 0.5%, resulting in a Normalized NOI margin of 62.6%, an increase of 210 bps over Q4 2022.

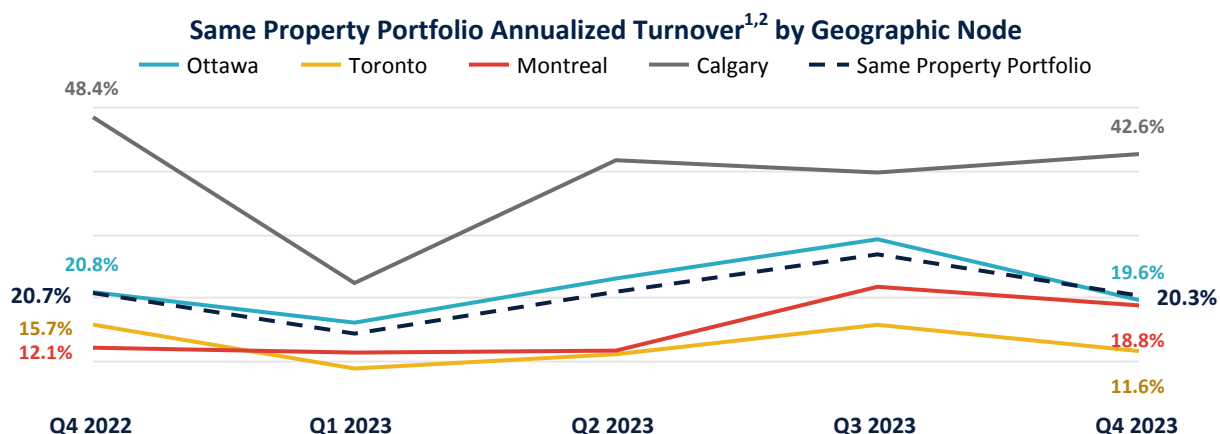
FY 2023 was a strong operational year for the REIT. Same Property Portfolio revenue grew 8.0% over FY 2022. AMR for the Same Property Portfolio increased by 6.8% and average occupancy increased by 160 bps to 97.2%. Same Property Portfolio Normalized operating expense growth was moderate at 4.5%. Revenue growth outpaced Normalized operating expenses growth, resulting in Normalized NOI growth of 10.1% and Normalized NOI margin expansion of 120 bps to 62.8% for the Same Property Portfolio.

For FY 2023, Total Portfolio revenue grew by 9.8% over FY 2022. This was driven by AMR growth of 8.4% and increased average occupancy of 97.1%, up by 150 bps. Revenue growth outpaced Normalized operating expense growth of 6.1%. FY 2023 also represented the first full year of ownership of two properties acquired in Q2 2022 which contributed to both revenue and expense growth. These were partially offset by the dispositions of three properties in Edmonton over the course of FY 2023. Overall, Total Portfolio Normalized NOI grew by 12.2% and Normalized NOI margin expanded by 130 bps to 62.4%.

Revenue growth supported by stable occupancy

The annualized turnover rate for the Same Property Portfolio was 20.3% in Q4 2023, which was in-line with seasonal norms unlike the first half of 2023, which was slightly below historical norms. This was led by annualized turnover of 42.6% in Calgary, where the availability of affordable homes and tenant departures arising from the loss of promotions granted in the past allowed tenants to consider other housing options resulting in slight decrease in closing occupancy during a slow leasing season. Annualized turnover of 19.6% in Ottawa remained relatively stable year over year. In Toronto, there was reduced annualized turnover at 11.6% as tenants opted to stay in place due to rising market rents. In Montreal, turnover was 18.8% which was above seasonal norms, but turnover for the full year was largely in-line with historical norms as rental rates in this market continue to be amongst the most affordable of major urban centres in the country.

Occupancy was stable as move-ins kept pace with move-outs, allowing the REIT to capture gain-on-lease and end the period with Same Property Portfolio closing occupancy of 97.3%.



¹ 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.

² Refer to Section VI - "Supplemental Information - Non-IFRS and Other Financial Measures"

Same Property Portfolio	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Closing Occupancy¹					
Toronto	98.2 %	98.9 %	98.7 %	98.2 %	97.7 %
Ottawa	98.5 %	98.2 %	97.5 %	98.3 %	98.2 %
Calgary	98.1 %	99.5 %	99.3 %	99.8 %	95.4 %
Montreal	94.5 %	94.4 %	95.0 %	95.7 %	95.6 %
	97.5 %	97.6 %	97.3 %	97.9 %	97.3 %

FFO growth supported by disciplined capital allocation strategy

In Q4 2023, the REIT's focus on implementing accretive capital allocation strategies supported growth of Normalized FFO per unit and AFFO per unit of 21.2% and 25.9%, respectively over Q4 2022. In addition to strong operational performance, Management was able to moderate interest cost growth to 3.4% and general and administrative costs dropped by 3.7%.

FY 2023 Normalized FFO per unit and Normalized AFFO per unit grew by 4.9% and 6.0%, respectively over FY 2022, driven by strong operating results. NOI growth was offset by a 29.3% increase in interest costs due to elevated interest rates and prolonged exposure to high variable rates through the first half of 2023.

Normalized NOI, FFO per unit and AFFO per unit Growth¹

Same Property Portfolio Normalized NOI growth was 9.0% over Q4 2022 and Normalized NOI margin increased by 150 bps to 63.0%. In Q4 2023, the REIT adjusted its accrual estimates for repair and maintenance costs, resulting in a one-time reduction of property operating expenses of \$696 for the Same Property Portfolio and \$796 for the Total Portfolio.

In Q4 2022, the REIT received one-time insurance recoveries of \$304 related to a storm in Ottawa. Adjusting for the items in both periods resulted in increased Normalized FFO per unit and AFFO per unit growth of 21.1% and 25.9%, respectively for Q4 2023 over Q4 2022.

Other nonrecurring items not indicative of the REIT's typical operating results for FY 2023 and FY 2022 are detailed in Section IV - "Liquidity, Capital Resources and Contractual Commitments - Reconciliation of Non-IFRS Financial Measures and Ratios". For detailed analysis on non-normalized results, refer to Section II - "Financial Highlights and Performance - Review of Financial Performance".

Execution of Capital Recycling Strategy

The execution of the capital recycling strategy completes the exit from a non-strategic market in Edmonton and, subsequent to year end, reduced the REIT's geographic exposure to Ottawa from approximately 39% to 37% based on the IFRS fair value of the Total Portfolio as at December 31, 2023. These sales also result in a reduction to the average age of the REIT's portfolio, and will reduce future capital requirements while strengthening the REIT's balance sheet, providing increased flexibility with respect to its refinancing, operating and investment strategies.

Exiting the Edmonton Market

On December 7, 2023, the REIT closed on the disposition of two non-strategic assets in Edmonton, Alberta for a combined sale price of \$32,250, which was in line with their IFRS fair value. As part of the transaction, Management assigned the combined \$24,668 of mortgages secured by the properties to the purchaser and generated net proceeds of \$7,016 after transaction costs.

This transaction, along with the sale of Hi-Level Place on March 7, 2023 for a sale price of \$9,920 and net cash proceeds of \$2,885, completes the REIT's exit from the Edmonton market.

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

Sale of Non-Strategic Assets in Ottawa

Subsequent to year end, on February 15, 2024, the REIT sold two properties comprising 311 suites in the Ottawa area to Ottawa Community Housing Corporation ("OCH"). The properties, Tanglewood and a selection of suites from Parkwood Hills ("Chesterton/Bowhill"), were sold for a total sale price of \$86,000 which was in line with their IFRS fair value. The sale resulted in proceeds of \$67,956, net of mortgages and transaction costs, which were used to pay down a portion of the REIT's credit facility and were immediately accretive to FFO and AFFO on an annualized basis. The transaction between OCH and the REIT marks a significant milestone in increasing and protecting Ottawa's affordable housing supply.

The REIT will remain opportunistic regarding any other potential capital recycling initiatives described in Section I - "Overview - Outlook - Capital Recycling Program".

Strengthening the Balance Sheet and Disciplined Capital Allocation

Through FY 2023 and into the first quarter of 2024 ("Q1 2024") Management has been keenly focused on disciplined capital allocation, with the intention of strengthening the balance sheet by limiting the exposure to high interest variable rate debt and selling non-strategic assets to provide flexibility with respect to its refinancing, operating and investment strategies. Management has executed on this strategy in several ways:

- deleveraged through the sale of five properties for a combined sale price of \$128,170, which was in line with their IFRS fair values, raising net proceeds of \$77,857 which were used to pay down the credit facility;
- refinanced a total of eight maturing mortgages with an outstanding balance of \$290,760 with new CMHC-insured financing of \$402,623, resulting in net proceeds of \$97,900 which were used to repay variable-rate debt;
- waived on the purchase option for Fifth + Bank in Q2 2023. In January 2024, the REIT received repayment of the \$30,000 CDL from MPI that was associated with the property, which was used to pay down the credit facility;
- waived the REIT's right of purchase for four purpose-built rental developments and one existing multi-residential opportunity presented by MPI in FY 2023 and Q1 2024 that would have been attractive assets for the REIT, preserving capital; and
- with the REIT's partner, deferred the construction start of the intensification project at High Park Village in Q3 2023, preserving approximately \$75,000 of future equity requirements related to the REIT's portion of the project.

Management continues to explore upward refinancing for three properties which has the potential to generate between \$55,000 and \$65,000. Management will consider the impact that each potential refinancing has on FFO per unit by considering exiting interest rates on maturing mortgages relative to the potential refinanced interest rates, pro forma balances outstanding and the REIT's debt maturity schedule.

Distribution Increase

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 is \$0.04208 per unit, up from \$0.04083 per unit. The amount of the distribution increase is the same as the \$0.015 increase in November 2022 and reflects Management's confidence in the business outlook for 2024 while also balancing prudent capital management by maintaining a conservative AFFO Payout Ratio.

NAV per unit Impacted by Expansion of Capitalization Rates

NAV per unit as at December 31, 2023 decreased to \$22.76 from \$23.01 as at September 30, 2023 primarily due to a fair value loss on investment properties of \$21,208 in Q4 2023. The fair value loss was driven by expanding capitalization rates in select geographies of the residential 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 organic growth by realizing on the gain-to-lease potential in the portfolio and by executing on its suite repositioning programs. For Q4 2023, the REIT was able to realize gains of 16.1% on the 335 new leases it signed during the period. These gains represent annualized revenue growth of approximately \$1,096. In addition, the strong market conditions have increased the gain-to-lease potential of the portfolio, which was at 17.1% at December 31, 2023, down slightly from 17.7% at September 30, 2023 but up from 13.6% at December 31, 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 turnover trends in certain geographies. Management expects turnover to slow relative to seasonal norms into 2024 as the gap between sitting rents and market rents remains elevated. The REIT successfully repositioned 18 suites in Q4 2023, compared to 41 in Q4 2022, generating an average annual unlevered return of 11.8%. With slower turnover and high occupancy, Management expects to reposition 50 to 90 suites in 2024, down from 116 in 2023 and 259 suites completed in 2022.

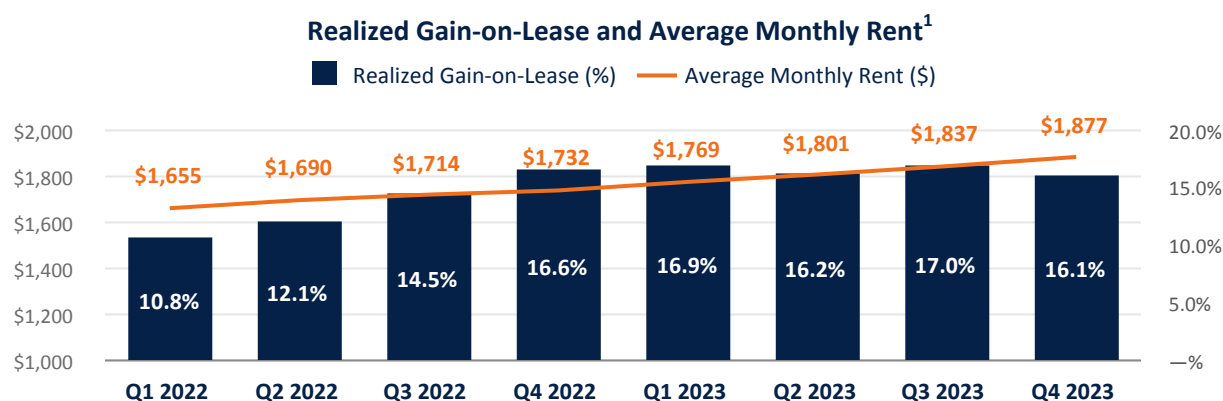
Organic Growth — Gain-on-Lease¹

The REIT realized on organic growth for Q4 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 \$1,096. A summary of leasing activities and the gains to be realized from new leases signed for Q4 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	75	\$2,824	\$3,206	13.5%	\$210
Ottawa	129	1,744	2,077	19.1%	564
Alberta	63	1,563	1,801	15.2%	136
Montreal	68	1,880	2,120	12.8%	186
Total/Average	335	\$1,880	\$2,182	16.1%	\$1,096

The REIT realized gain-on-lease in all of its markets in Q4 2023, with an average gain-on-lease of 16.1% on the 335 new leases it signed. The Canadian rental market continued its strong performance, bolstered by strong population growth, a lack of affordable living alternatives and increasing general acceptance of renting versus owning.

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



The REIT continues to achieve growth in average monthly rent. Total Portfolio average monthly rent of \$1,877 for Q4 2023 is the highest achieved since the REIT's inception and an increase of 8.4% over Q4 2022. Same Property Portfolio average monthly rent also continued to grow, reaching \$1,859 in Q4 2023, which represents an increase of 6.8% over Q4 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.

For FY 2023, the REIT realized an average gain-on-lease of 16.6% on the 1,683 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 FY 2023:

Geographic Node	New Leases Signed ¹	Expiring AMR	New AMR	Realized Gain-on-Lease ²	Annualized Gain-on-Lease ^{2,3}
Toronto	388	\$2,494	\$2,924	17.2%	\$981
Ottawa	646	1,732	2,033	17.4%	2,332
Alberta	308	1,545	1,779	15.2%	865
Montreal	341	1,868	2,153	15.2%	769
Total/Average	1,683	\$1,819	\$2,120	16.6%	\$4,947

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 ²	Annualized Gain-on-Lease ^{2,3}
Q1 2023	343	\$1,812	\$2,118	16.9%	\$1,023
Q2 2023	495	1,778	2,066	16.2%	1,375
Q3 2023	510	1,820	2,130	17.0%	1,453
Q4 2023	335	1,880	2,182	16.1%	1,096
Total/Average	1,683	\$1,819	\$2,120	16.6%	\$4,947

The REIT has achieved growth in the mid-teens on realized gain-on-lease throughout FY 2023. Management believes the demand from migration-driven population growth, in addition to 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 December 31, 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	2,319	\$2,183	\$2,632	20.6%	\$7,267
Ottawa	2,945	1,727	2,047	18.5%	11,296
Calgary	641	1,751	1,951	11.4%	1,541
Montreal	1,729	1,962	2,209	12.6%	3,651
Total/Average	7,634	\$1,877	\$2,197	17.1%	\$23,755

Management currently estimates that the portfolio has annualized gain-to-lease potential of approximately \$23,755, compared to \$24,929 at September 30, 2023, and \$18,139 at December 31, 2022. As market rents are expected to continue to increase in all geographies, the embedded gain-to-lease potential will also increase. The REIT's gain-to-lease potential remains robust at 17.1% at December 31, 2023. This is a slight decrease of 60 bps from September 30, 2023. As is typical in the winter months, growth in market rents slowed, with estimates increasing by 1.6% over September 30, 2023, compared to a 3.4% increase at September 30, 2023 over June 30, 2023. The REIT continued to capture market rents, realizing sequential quarterly growth of 2.2% in AMR for the portfolio since September 30, 2023. Markets that had higher turnover or limited growth in market rents in Q4 2023 had their gain-to-lease potential contract.

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. 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 178 furnished suites, 139 vacant suites, 49 suites leased for future occupancy and 37 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
		Q4 2023	FY 2023			
Toronto						
Minto Yorkville	100%	—	2	29	99	71%
Leslie York Mills	50%	1	7	191	409	53%
High Park Village	40%	3	16	248	407	39%
Roehampton	100%	2	8	42	148	72%
Martin Grove	100%	1	5	17	32	47%
Ottawa						
Carlisle	100%	1	10	65	191	66%
Castle Hill	100%	—	5	63	176	64%
Montreal						
Rockhill	50%	2	26	729	934	22%
Le 4300	100%	2	14	202	261	23%
Haddon Hall	100%	—	4	132	191	31%
Le Hill-Park	100%	6	19	149	261	43%
Total		18	116	1,867	3,109	40%

The following table summarizes costs and average annualized returns from repositioning activities for FY 2023:

Fiscal Quarter	Suites Renovated	Average Cost per Suite	Average Annual Rental Increase per Suite	Average Annual Unlevered Return ¹
Q1 2023	32	67,789	6,970	10.3%
Q2 2023	33	69,853	6,565	9.4%
Q3 2023	33	73,476	6,441	8.8%
Q4 2023	18	83,559	9,886	11.8%
YTD Total/Average	116	\$72,551	\$7,181	9.9%

Management targets an average annual unlevered return on investment in the range of 8% to 15% on suites renovated and leased. The REIT's repositioning program represents an 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 an 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. The REIT does not engage in renovation-related evictions. Management strategically assesses each repositioning and anticipates the number of suites in the program will continue to reduce over time. Management estimates 50 to 90 suites in 2024 will be repositioned compared to 116 suites repositioned during 2023.

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 the previous ESG update include:

Environmental Impact

- Several capital projects were implemented in 2023 to reduce energy and water consumption. These projects included pipe insulation, Building Automation System improvements, boiler replacements, lighting retrofits, installation of lighting controls, 3-litre toilet retrofits and renewals, and installation of showerheads with thermostatic shutoff valves and toilet sensors.
- Projected utility savings from projects executed in 2023 will reduce water consumption by 2.4% and energy by 1% compared to our 2019 baseline.
- Feasibility studies for solar photovoltaic ("PV") systems, which convert sunlight into electricity, were completed for Frontenac, Kaleidoscope, Laurier and The Quarters. The results did not support pursuing PV projects at those properties at this time; and
- The Richgrove and Leslie York Mills development projects in Toronto achieved an average construction waste diversion rate of 89.2% from January to October 2023, exceeding the REIT's 80% target.

Community Impact

- Implementation of the REIT's Diversity, Equity and Inclusion program continued with:
 - Expansion of local community partnerships and networks to build a more diverse pool of recruitment candidates; and
 - Official launch of a new Mentorship Program to all employees to help nurture current and future career aspirations of employees.
- Completion of a draft health and well-being framework to support the health and well-being of residents at new developments and stabilized properties with costing underway; and
- Expanded distribution of quarterly, region-specific resident newsletters to all properties, achieving an average open rate of 62%.

Business Resilience

- Completion of a walk-through exercise with business continuity plan owners; and
- Strengthening the cybersecurity program through completion of a third-party payment card industry compliance review.

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.

Reporting and Disclosure Commitments

The REIT participated in the 2023 Global Real Estate Sustainability Benchmark ("GRESB") assessment, earning a score of 78, a 3-Star GRESB Rating, and Green Star designation. In a separate assessment, the REIT's ESG disclosures were scored in the GRESB Public Disclosure evaluation, resulting in a score of 96 out of 100 and earning an A rating.

The REIT published its 2022 ESG Report on October 31, 2023, and it can be found at www.mintoapartmentreit.com/about/environmental-social-and-governance. The report was prepared in accordance with the Global Reporting Initiative Standards: Core option and the Sustainability Accounting Standards Board Real Estate Sustainability Accounting Standard.

Outlook

Looking ahead, industry fundamentals will likely continue to be strong, supporting Management's positive outlook for revenue growth. The primary tailwinds include population growth driven by international migration and the growth in the number of non-permanent residents, insufficient supply of new housing, and the growing affordability gap between home ownership and renting fuelled by an elevated interest rate environment.

The Federal Government has set robust immigration targets with a target for new permanent residents of approximately 485,000 in 2024 and 500,000 in 2025 and 2026. Although the Federal Government has put a cap on the number of new international student permits issued in 2024, the overall number remains high with an additional 360,000 new students arriving which will help drive population growth.¹ Through the first nine months of 2023, Canada's population grew by over one million people as Canada continued to be the fastest growing country in the G7.² New Canadians predominantly settle in larger cities, with 92% living in census metropolitan areas in 2021.³ Of the 434,360 permanent residents who arrived in Canada between January and November 2023, 48% settled in cities where the REIT operates.⁴ Management believes robust immigration targets coupled with growth in non-permanent residents will continue to drive demand for rental housing.

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.⁵ While all levels of government have announced steps to address this issue, if current rates of new construction continue, there will be a 3.5 million housing unit shortfall. The most acute shortages are in Ontario and British Columbia; Ontario alone forecasts a need for 1.5 million new homes built by 2031 to keep up with population growth.⁶ Very simply, our population is growing faster than the number of homes we can build in the REIT's markets and Canada at large, and we believe this trend will continue in 2024.

Renting has become an increasingly attractive option for Canadians. The proportion of people who rent instead of owning a home increased by 2.5% from 2011 to 2021. Over that same period, the number of households that rent increased 21.5%, more than double the increase in the number of households that own their home of 8.4%.⁷ Average rents have tracked wage growth closely, with both increasing at a compounded annual growth rate of approximately 3% since 2001, while home ownership costs have significantly outpaced incomes and have grown at a compounded annual growth rate of 6.7% over the same period.⁸ The affordability pressures, demographic forces, and behavioural preferences continue to drive rental housing demand in 2024.

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. Given the continued strength anticipated in the rental market, Management believes that suite turnover will be slower in certain markets going forward, as existing tenants are more likely to stay in place since affordable housing alternatives are less available. Management anticipates completing fewer repositionings under the program compared to previous years, and forecasts repositioning 50 to 90 suites in 2024, compared to 116 suites in 2023 and 259 suites in 2022.

Heading into 2024, Management remains focused on growing FFO per unit and AFFO per unit by managing operating expenses, evaluating value-enhancing operating efficiencies and by making prudent capital allocation decisions. Management will keep a particular focus in Montreal and the furnished suite portfolio where greater potential operational efficiencies exist. Lastly, Management will continue to employ strategies to reduce interest costs, while closely monitoring the interest rate environment, and will continue to make prudent capital allocation decisions, while balancing long-term value creation and growth objectives.

¹ "Canada to stabilize growth and decrease number of new international student permits issued to approximately 360,000 for 2024", Immigration, Refugees and Citizenship Canada.

² "Canada's population estimates: Record-high population growth in 2022", Statistics Canada.

³ Census metropolitan areas are defined as urban centres with over 100,000 residents. From "A generational portrait of Canada's aging population from the 2021 Census", Statistics Canada.

⁴ Immigration, Refugees and Citizenship Canada.

⁵ "Housing shortages in Canada: Updating how much housing we need by 2030", CMHC, June 23, 2023.

⁶ "Ontario's Need for 1.5 million more homes", Smart Property Institute at the University of Ottawa, August 2022.

⁷ "To buy or to rent: The housing market continues to be reshaped by several factors as Canadians search for an affordable place to call home", Statistics Canada.

⁸ Statistics Canada, Conference Board of Canada, CMHC, Teranet and Urbanation.

Management has executed on its capital allocation strategy and strengthened the balance sheet in 2023 and into 2024 by selling five properties for a combined sale price of \$128,170 and net proceeds of \$77,857 and by refinancing eight mortgages associated with REIT properties for net proceeds of \$97,900. Management remained disciplined in its capital allocation decisions and terminated the REIT's purchase option for Fifth + Bank in June 2023 and opted to defer construction on the High Park Village intensification project in August 2023. The execution of these strategies has provided Management with the flexibility to closely assess the pipeline purchase options coming available in 2024 for Lonsdale Square and The Hyland in British Columbia. Management will evaluate these opportunities strategically, with consideration given to FFO per unit, leverage and the interest rate environment, liquidity, and value creation, among other factors. Management remains committed to funding existing growth opportunities, including developments already in progress and CDL programs, suite repositioning and value-enhancing capital, and potential purchases under the NCIB program. The sources of capital to fund these initiatives include operating cash flow, capital recycling by disposing of certain non-core assets, exploring partnership and joint venture opportunities, debt sources including upward refinancing and availability on the revolving credit facility. At this time, Management will maintain a conservative leverage profile, and does not anticipate raising equity at a large discount to NAV.

The REIT participates in a group called Canadian Rental Housing Providers for Affordable Housing (www.foraffordable.ca), which is an established 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 provide a better understanding of the dynamics driving housing affordability challenges and share policy alternatives to address affordability issues facing all Canadians. In September 2023, governments announced two initiatives that Management believes will aid in addressing the long-term housing supply issue. The Federal and Provincial governments announced the removal of the Harmonized Sales Tax from construction of purpose-built rental properties. Additionally, the Federal government also announced an increase of funding for the Canada Mortgage Bond by \$20 billion, totalling \$60 billion, to help boost the availability of low-cost funding on CMHC-insured mortgages.

In summary, Management is confident that industry fundamentals will support revenue growth through 2024 and that the in-place strategies to contain controllable operating expenses will deliver solid NOI growth which Management will focus on converting into FFO and AFFO per unit growth.

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 ¹	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	Q4 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. Second phase below-grade shoring, excavation and staging slab and parking level two slab are complete. The tower crane was installed in early October, and foundation work is currently underway for above grade and parking level one.

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 first tower crane was installed in early October, and below-grade shoring and excavation work continues.

¹ 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.

Current economic conditions including inflation, elevated 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, interest 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. In early Q3 2023, the REIT and its partner strategically postponed the construction phase of the project. The intensification project remains an attractive investment opportunity and the REIT and its partner continue to work through the pre-development phase to ensure that construction can commence expediently, if and when it is strategically appropriate.

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.

As at December 31, 2023, the REIT had the following CDL projects, all of which were 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 December 31, 2023 ³
Fifth + Bank	Ottawa, ON			<i>N/A - Purchase Option Terminated</i>			\$30,000	\$30,000
Lonsdale Square	North Vancouver, BC	113	100%	92,000	Q2 2021	Q3 2024	14,000	14,084
The Hyland	Vancouver, BC	108	85% ⁴	86,000	Q1 2022	Q4 2024	19,650	17,948
88 Beechwood	Ottawa, ON	227	100%	137,000	Q4 2021	Q1 2025	51,400	43,534
University Heights	Victoria, BC	594	45% ⁴	401,000	Q4 2022	Q4 2026	51,700	27,041
		1,042		\$716,000			\$166,750	\$132,607

On January 31, 2023, MPI repaid the \$30,000 CDL advanced by the REIT in connection with the Fifth + Bank development.

Lonsdale Square is part of a large master-planned community and is 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 and exterior insulation, flashing and cladding installation are ongoing. Retail leasing is being finalized and the property is expected to be stabilized in Q3 2024. On August 8, 2023, the REIT agreed to extend both the outside exercise date of the CDL Option and the maturity date of the CDL associated with Lonsdale Square to November 30, 2024 and December 31, 2024, respectively.

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 MPI'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.

⁴ For The Hyland and University Heights, if the REIT exercises its CDL Option, it will acquire an indirect ownership interest in the property.

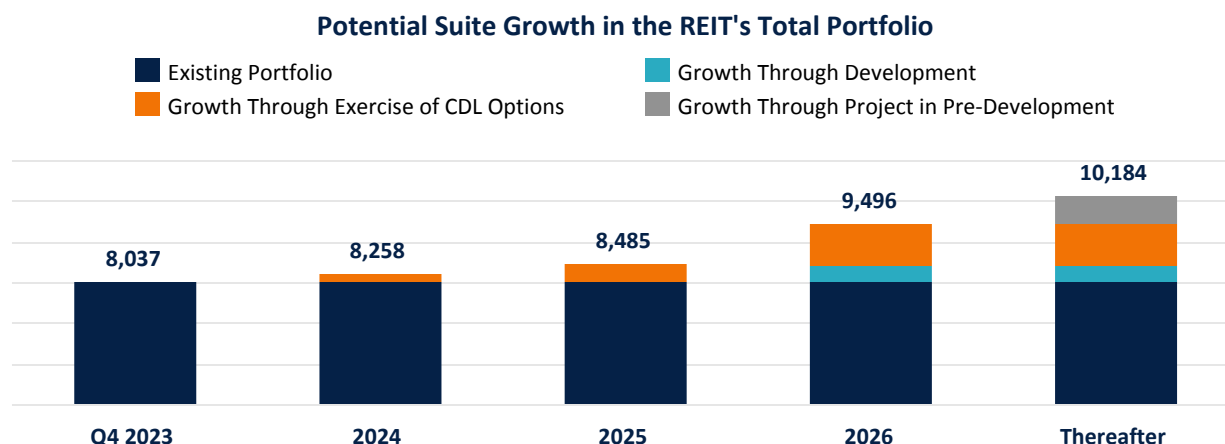
The Hyland involves the development of a six-storey mixed-used building in Vancouver comprising 108 rental suites and approximately 11,500 square feet of at-grade retail space. Concrete topping pours are complete, brick cladding continues and interior rough work is underway. Retail leasing is underway and the property is expected to be stabilized in Q4 2024.

88 Beechwood involves the development of a nine-storey property comprising 227 suites and approximately 6,000 square feet of retail space on a land assembly located at the intersection of Beechwood Avenue and Barrette Street in Ottawa. Glazing and masonry installation and interior framing and finishings are underway. The tower crane was removed in mid-December 2023. Stabilization is expected in Q1 2025.

University Heights involves the development of five buildings containing 594 rental suites and approximately 116,000 square feet of retail space on an 11.5 acre parcel in Victoria. Additionally, the site contains a Home Depot which will continue to operate throughout the development. Construction will be executed in a phased approach, with progress made on the first building including rough-ins, air barrier and window installation underway. At the second building, the on grade slab work and scaffolding is underway. Pre-leasing of the retail component is progressing. The project is expected to be fully stabilized in Q4 2026.

In connection with the CDL financings and their associated developments, the REIT has the exclusive option, upon project stabilization, 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, 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 two projects in development, one project in pre-development, and four CDL Options, if exercised, would increase the portfolio suite count by approximately 27%, 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, future capital expenditure requirements, 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. 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. On December 7, 2023, the REIT sold its two remaining Edmonton properties for a combined sale price of \$32,250 and net cash proceeds of \$7,016 and on February 15, 2024 the REIT sold two properties in Ottawa for a combined sale price of \$86,000 and net cash proceeds of \$67,956, as described in Section I - "Overview - Financial and Operating Highlights - Execution of Capital Recycling Strategy".

Section II - Financial Highlights and Performance

Key Performance Indicators

The REIT's operating results are affected by seasonal variations and other factors, including elevated 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 December 31,			Year ended December 31,		
	2023	2022	Change	2023	2022	Change
Operating						
Number of properties	29	32	(3)	29	32	(3)
Total suites ¹	8,037	8,291	(254)	8,037	8,291	(254)
Average monthly rent ²	\$ 1,877	\$ 1,732	8.4 %	\$ 1,877	\$ 1,732	8.4 %
Closing occupancy ²	97.3 %	97.6 %	(30) bps	97.3 %	97.6 %	(30) bps
Average occupancy ²	97.2 %	97.1 %	10 bps	97.1 %	95.6 %	150 bps
Average monthly rent ² - Same Property Portfolio	\$ 1,859	\$ 1,740	6.8 %	\$ 1,859	\$ 1,740	6.8 %
Closing occupancy ² - Same Property Portfolio	97.3 %	97.5 %	(20) bps	97.3 %	97.5 %	(20) bps
Average occupancy ² - Same Property Portfolio	97.3 %	97.2 %	10 bps	97.2 %	95.6 %	160 bps
Financial						
Revenue	\$ 40,286	\$ 37,916	6.3 %	\$ 157,925	\$ 143,790	9.8 %
NOI ²	\$ 26,032	\$ 22,947	13.4 %	\$ 99,168	\$ 87,796	13.0 %
NOI margin ²	64.6 %	60.5 %	410 bps	62.8 %	61.1 %	170 bps
Interest costs ²	\$ 10,409	\$ 10,062	(3.4)%	\$ 42,207	\$ 32,648	(29.3)%
Net (loss) income and comprehensive (loss) income	\$ (77,238)	\$ (32,432)	(138.2)%	\$ (116,659)	\$ 225,400	
Revenue - Same Property Portfolio	\$ 36,899	\$ 34,711	6.3 %	\$ 144,285	\$ 133,629	8.0 %
NOI ² - Same Property Portfolio	\$ 23,948	\$ 21,330	12.3 %	\$ 91,170	\$ 82,256	10.8 %
NOI margin ² - Same Property Portfolio	64.9 %	61.5 %	340 bps	63.2 %	61.6 %	160 bps
FFO ²	\$ 16,012	\$ 12,864	24.5 %	\$ 55,258	\$ 54,177	2.0 %
FFO per unit ²	\$ 0.2439	\$ 0.1960	24.4 %	\$ 0.8417	\$ 0.8353	0.8 %
AFFO ²	\$ 14,472	\$ 11,160	29.7 %	\$ 48,634	\$ 47,443	2.5 %
AFFO per unit ²	\$ 0.2204	\$ 0.1700	29.6 %	\$ 0.7408	\$ 0.7315	1.3 %
AFFO Payout Ratio ²	56.7 %	71.3 %	1,460 bps	66.5 %	65.4 %	(110) bps
Distribution per unit	\$ 0.1250	\$ 0.1212	3.1 %	\$ 0.4925	\$ 0.4775	3.1 %
Distribution yield per unit ² based on Unit closing price	3.12 %	3.49 %	(37) bps	3.04 %	3.40 %	(36) bps
Normalized						
Normalized NOI ^{2,3}	\$ 25,236	\$ 22,947	10.0 %	\$ 98,502	\$ 87,796	12.2 %
Normalized NOI margin ^{2,3}	62.6 %	60.5 %	210 bps	62.4 %	61.1 %	130 bps
Normalized NOI - Same Property Portfolio ^{2,3}	\$ 23,252	21,330	9.0 %	\$ 90,604	\$ 82,256	10.1 %
Normalized NOI margin - Same Property Portfolio ^{2,3}	63.0 %	61.5 %	150 bps	62.8 %	61.6 %	120 bps
Normalized FFO ^{2,3}	\$ 15,216	\$ 12,560	21.1 %	\$ 56,569	\$ 53,279	6.2 %
Normalized FFO per unit ^{2,3}	\$ 0.2318	\$ 0.1913	21.2 %	\$ 0.8617	\$ 0.8215	4.9 %
Normalized AFFO ^{2,3}	\$ 13,676	\$ 10,856	26.0 %	\$ 49,945	\$ 46,545	7.3 %
Normalized AFFO per unit ^{2,3}	\$ 0.2083	\$ 0.1654	25.9 %	\$ 0.7608	\$ 0.7176	6.0 %
Normalized AFFO Payout Ratio ^{2,3}	60.0 %	73.3 %	1,330 bps	64.7 %	66.7 %	200 bps

¹ At December 31, 2023, includes 2,664 (December 31, 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	December 31, 2023	December 31, 2022	Change
Leverage			
Debt-to-Gross Book Value ratio ¹	42.8 %	40.6 %	(220) bps
Debt Service Coverage ratio ¹	1.55 x	1.66 x	(0.11)x
Debt-to-Adjusted EBITDA ratio ¹	11.79 x	12.43 x	0.64x
Weighted average term to maturity on Term Debt ¹	5.84	4.27	1.57 years
Weighted average effective interest rate on Term Debt ¹	3.39 %	3.04 %	(35) bps
Weighted average interest rate on variable rate debt ¹	7.25 %	6.87 %	(38) bps
Valuation			
NAV ¹	\$ 1,494,097	\$ 1,575,395	(5.2)%
NAV per unit ¹	\$ 22.76	\$ 24.00	(5.2)%

Review of Financial Performance

The following tables highlight selected financial information for the REIT's Same Property Portfolio and Total Portfolio for the three months and years ended December 31, 2023 and 2022.

Same Property Portfolio

	Three months ended December 31,			Year ended December 31,		
	2023	2022	Change	2023	2022	Change
Revenue from investment properties	\$ 36,899	\$ 34,711	6.3 %	\$ 144,285	\$ 133,629	8.0 %
Property operating costs	6,038	6,607	8.6 %	26,803	25,869	(3.6)%
Property taxes	3,842	3,520	(9.1)%	14,806	14,081	(5.1)%
Utilities	3,071	3,254	5.6 %	11,506	11,423	(0.7)%
Operating expenses	12,951	13,381	3.2 %	53,115	51,373	(3.4)%
NOI ^{1,2}	\$ 23,948	\$ 21,330	12.3 %	\$ 91,170	\$ 82,256	10.8 %
NOI margin ^{1,2}	64.9 %	61.5 %	340 bps	63.2 %	61.6 %	160 bps

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

² Refer to Section I - "Overview" - Financial and Operating Highlights - Normalized NOI, FFO per unit and AFFO per unit Growth"

Total Portfolio

	Three months ended December 31,			Year ended December 31,		
	2023	2022	Change	2023	2022	Change
Revenue from investment properties	\$ 40,286	\$ 37,916	6.3 %	\$ 157,925	\$ 143,790	9.8 %
Property operating costs ²	6,636	7,414	10.5 %	29,568	28,387	(4.2)%
Property taxes	4,172	3,872	(7.7)%	16,187	15,116	(7.1)%
Utilities	3,446	3,683	6.4 %	13,002	12,491	(4.1)%
Operating expenses	14,254	14,969	4.8 %	58,757	55,994	(4.9)%
NOI ^{1,2}	26,032	22,947	13.4 %	99,168	87,796	13.0 %
NOI margin ^{1,2}	64.6 %	60.5 %	410 bps	62.8 %	61.1 %	170 bps
General and administrative expenses	2,460	2,554	3.7 %	10,446	9,303	(12.3)%
Finance costs - operations	13,628	13,184	(3.4)%	56,669	44,590	(27.1)%
Finance income	(2,065)	(1,492)	38.4 %	(7,381)	(4,818)	53.2 %
Fair value loss (gain) on:						
Investment properties	21,208	12,209	(73.7)%	101,627	18,828	(439.8)%
Class B LP Units	65,675	29,617	(121.7)%	54,858	(197,531)	
Interest rate swap	1,070	(6)		751	(2,391)	
Unit-based compensation	1,024	354	(189.3)%	596	(2,246)	
Loss on disposition	1,054	—		1,402	—	
Fees and other income	(784)	(1,041)	(24.7)%	(3,141)	(3,339)	(5.9)%
Net (loss) income and comprehensive (loss) income	\$ (77,238)	\$ (32,432)	138.2 %	\$ (116,659)	\$ 225,400	

Net Operating Income

For Q4 2023, Same Property Portfolio NOI increased by 12.3% over Q4 2022. This was driven by unfurnished suite revenue growth of 7.3% and a decrease in operating expenses of 3.2% due to a drop in repairs and maintenance (driven by an adjustment to accrual estimates for repair and maintenance costs²) and natural gas, which was partially offset by a 9.1% increase in property taxes and an increase in salaries and wages.

The adjustment to accrual estimates for repair and maintenance costs in Q4 2023 resulted in a one-time reduction of Same Property Portfolio property operating costs by \$696. This resulted in normalized Same Property Portfolio property operating costs of \$6,734 for Q4 2023, representing an increase of 1.9% from Q4 2022. Same Property Portfolio normalized operating expenses for Q4 2023 were \$13,647, a moderate increase of 2.0% from Q4 2022. Same Property Portfolio normalized NOI for Q4 2023 was \$23,252, representing an increase of 9.0% from Q4 2022, and normalized NOI margin was 63.0% compared to 61.5% in Q4 2022.

For FY 2023, Same Property Portfolio NOI increased by 10.8% over FY 2022. This was driven by growth in unfurnished suite revenue of 9.2% which was partially offset by an increase in operating expenses of 3.4% mainly due to salaries and wages and property taxes. See Section IV - "Liquidity, Capital Resources and Contractual Commitments - Reconciliation of Non-IFRS Financial Measures and Ratios" for details on the other normalizing items impacting Same Property Portfolio FY 2023 normalized operating expenses, NOI and NOI margin.

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

² Refer to Section I - "Overview" - Financial and Operating Highlights - Normalized NOI, FFO per unit and AFFO per unit Growth"

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, the disposition of Hi-Level Place in Q1 2023, and the dispositions of The Lancaster House and York House in Q4 2023. All five of these properties are excluded from the Same Property Portfolio results for all periods presented in this Management's Discussion and Analysis.

For the Total Portfolio, the adjustment to accrual estimates for repair and maintenance costs resulted in a one-time reduction of \$796 for Q4 2023 property operating costs. Total Portfolio normalized property operating costs were \$7,432 and normalized operating expenses were \$15,050, representing moderate increases of 0.2% and 0.5%, respectively, over Q4 2022. Total Portfolio normalized NOI for Q4 2023 was \$25,236, representing an increase of 10.0% from Q4 2022, and normalized NOI margin was 62.6% compared to 60.5% in Q4 2022. See Section IV - "Liquidity, Capital Resources and Contractual Commitments - Reconciliation of Non-IFRS Financial Measures and Ratios" for details on the other normalizing items impacting Total Portfolio FY 2023 normalized operating expenses, NOI and NOI margin.

For Q4 2023 and FY 2023, Total Portfolio NOI increased by 13.4% and 13.0%, respectively over the same periods in 2022, and NOI margin expanded by 410 bps and 170 bps, respectively for the same periods.

Revenue from Investment Properties

Same Property Portfolio

	Three months ended December 31,			Year ended December 31,		
	2023	2022	Change	2023	2022	Change
Rental revenue						
Unfurnished suites	\$ 31,921	\$ 29,745	7.3 %	\$ 124,665	\$ 114,181	9.2 %
Furnished suites	2,040	2,075	(1.7)%	8,567	8,595	(0.3)%
Commercial leases	462	521	(11.3)%	1,428	1,693	(15.7)%
Parking revenue	1,284	1,182	8.6 %	5,039	4,867	3.5 %
Other property income	1,192	1,188	0.3 %	4,586	4,293	6.8 %
	\$ 36,899	\$ 34,711	6.3 %	\$ 144,285	\$ 133,629	8.0 %

Total Portfolio

	Three months ended December 31,			Year ended December 31,		
	2023	2022	Change	2023	2022	Change
Rental revenue						
Unfurnished suites	\$ 34,844	\$ 32,467	7.3 %	\$ 136,401	\$ 123,043	10.9 %
Furnished suites	2,040	2,075	(1.7)%	8,567	8,595	(0.3)%
Commercial leases	626	705	(11.2)%	2,090	2,182	(4.2)%
Parking revenue	1,467	1,367	7.3 %	5,815	5,374	8.2 %
Other property income	1,309	1,302	0.5 %	5,052	4,596	9.9 %
	\$ 40,286	\$ 37,916	6.3 %	\$ 157,925	\$ 143,790	9.8 %

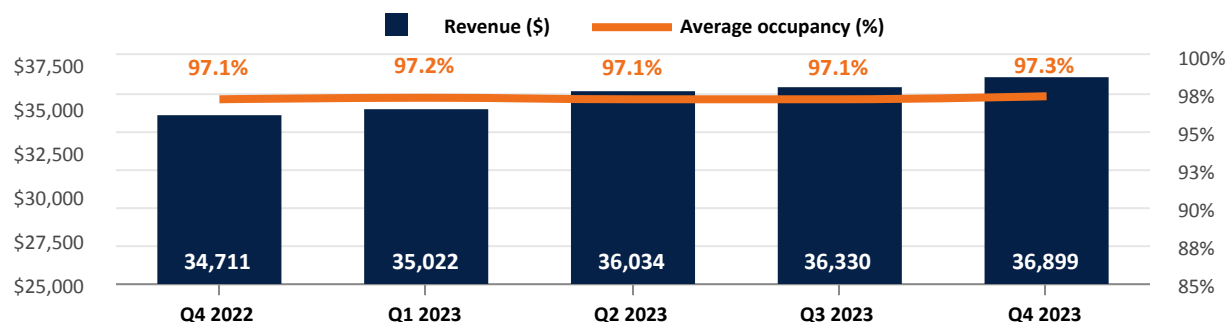
Revenue from investment properties consists of rental revenue from residential lease agreements relating to unfurnished suites and furnished suites, commercial lease agreements, parking revenue and other property income. Other property income consists of ancillary revenue from laundry facilities, telecommunication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

Rental Revenue from Unfurnished Suites

For Q4 2023, rental revenue from unfurnished suites for the Same Property Portfolio increased 7.3% from Q4 2022. This was primarily due to a 6.8% increase in Same Property Portfolio average monthly rent to \$1,859 at December 31, 2023 from Q4 2022 as well as a slight 10 bps increase in Same Property Portfolio average occupancy to 97.3%.

For FY 2023, Same Property Portfolio rental revenue from unfurnished suites increased by 9.2% from FY 2022. This was primarily due to a 6.8% increase in Same Property Portfolio average monthly rent to \$1,859 at December 31, 2023, a 160 bps increase in Same Property Portfolio average occupancy to 97.2%.

Same Property Portfolio Revenue and Average Occupancy¹



Same Property Portfolio	Three months ended December 31,			Year ended December 31,		
	2023	2022	Change	2023	2022	Change
Average Occupancy¹						
Toronto	97.8 %	98.2 %	(40) bps	98.0 %	96.8 %	120 bps
Ottawa	97.9 %	98.2 %	(30) bps	97.8 %	96.4 %	140 bps
Alberta	97.7 %	96.9 %	80 bps	98.1 %	95.7 %	240 bps
Montreal	95.4 %	93.9 %	150 bps	94.7 %	92.7 %	200 bps
	97.3 %	97.2 %	10 bps	97.2 %	95.6 %	160 bps

For Q4 2023, revenue from unfurnished suites for the Total Portfolio increased by 7.3% from Q4 2022. This was driven by an increase of 8.4% in average monthly rent to \$1,877 at December 31, 2023, while average occupancy increased slightly by 10 bps to 97.2%.

For FY 2023, revenue from unfurnished suites for the Total Portfolio increased by 10.9% over FY 2022. This was driven by an increase of 8.4% in average monthly rent to \$1,877 at December 31, 2023, a 150 bps increase in average occupancy to 97.1%, revenue from the properties acquired in Q2 2022 and reduced promotion amortization.

Total Portfolio	Three months ended December 31,			Year ended December 31,		
	2023	2022	Change	2023	2022	Change
Average Occupancy¹						
Toronto	97.5 %	98.1 %	(60) bps	97.8 %	96.7 %	110 bps
Ottawa	97.9 %	98.2 %	(30) bps	97.8 %	96.4 %	140 bps
Alberta	97.3 %	96.9 %	40 bps	97.4 %	95.5 %	190 bps
Montreal	95.4 %	93.8 %	160 bps	94.7 %	92.6 %	210 bps
	97.2 %	97.1 %	10 bps	97.1 %	95.6 %	150 bps

Rental Revenue from Furnished Suites

For Q4 2023, rental revenue from furnished suites for the Same Property Portfolio and Total Portfolio decreased by 1.7% from Q4 2022. Average occupancy for furnished suites of 66.8% was down from 77.4% in Q4 2022, driven by the continuing effects of the writers' and actors' strikes in the film and entertainment industries. While the writers' strike ended in late September 2023 and the actors' strike ended in early November, demand in Toronto is still recovering. Occupancy in Ottawa was affected by fewer contract extensions as government activity remained below historical norms. The reduction in occupancy was partially offset by a 21.9% increase in average monthly rent for furnished suites to \$5,912.

For FY 2023, rental revenue from furnished suites for the Same Property Portfolio and Total Portfolio was flat as compared to FY 2022. This was driven by a 19.9% increase in average monthly rent for furnished suites to \$5,630 in FY 2023, offset by lower average occupancy for furnished suites of 70.2%, a reduction from 79.4% from FY 2022.

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

Rental Revenue from Commercial Leases

For Q4 2023, revenue from commercial leases for the Same Property Portfolio and Total Portfolio decreased 11.3% and 11.2%, respectively from Q4 2022, both driven by decreased rents in Calgary, partially offset by higher common area maintenance recoveries.

For FY 2023, revenue from commercial leases for the Same Property Portfolio decreased by 15.7% from FY 2022, mainly driven by the increased amortization of promotions in Ottawa in Q1 2023 and decreased rents in Calgary. For the same period, Total Portfolio revenue from commercial leases decreased by 4.2% compared to FY 2022, driven by the results of the Same Property Portfolio and partially offset by the acquisition of Niagara West in Q2 2022.

Parking Revenue

For Q4 2023, parking revenue increased for the Same Property Portfolio and Total Portfolio by 8.6% and 7.3%, respectively as compared to Q4 2022 as a result of increased average monthly parking rates.

For FY 2023, parking revenue for the Same Property Portfolio was 3.5% higher as compared to FY 2022 as a result of increased average monthly parking rates and average occupancy. For the same period, Total Portfolio parking revenue was 8.2% higher, driven by the contributions from the properties acquired in Q2 2022 in addition to the results of the Same Property Portfolio.

Other Property Income

For Q4 2023, other property income for the Same Property Portfolio and Total Portfolio was effectively flat, increasing by 0.3% and 0.5%, respectively over Q4 2022.

For FY 2023, other property income for the Same Property Portfolio was 6.8% higher compared to FY 2022 due to increased laundry revenue and utility recoveries driven by higher average occupancy and rates. For the same period, Total Portfolio other property income increased by 9.9%, driven by the trends in the Same Property Portfolio and bolstered by the earnings from the acquired properties.

Property Operating Costs

Same Property Portfolio

	Three months ended December 31,			Year ended December 31,		
	2023	2022	Change	2023	2022	Change
Property operating costs	\$ 6,038	\$ 6,607	8.6 %	\$ 26,803	\$ 25,869	(3.6)%

Total Portfolio

	Three months ended December 31,			Year ended December 31,		
	2023	2022	Change	2023	2022	Change
Property operating costs	\$ 6,636	\$ 7,414	10.5 %	\$ 29,568	\$ 28,387	(4.2)%

Property operating costs relate to direct costs associated with operating the properties and providing services to tenants, including repairs and maintenance, insurance, site staff salaries, cleaning costs, leasing costs, supplies, and waste removal.

For Q4 2023, Same Property Portfolio and Total Portfolio property operating costs decreased 8.6% and 10.5%, respectively from Q4 2022, primarily from decreases in repairs and maintenance, slightly offset by increases in salaries and wages. The decrease in repairs and maintenance was driven by an adjustment to the accrual estimates for repair and maintenance costs resulting in a one-time reduction of costs¹ and a mild start to winter affecting the timing, cost, and need for work as compared to Q4 2022. The increase in salaries and wages was a result of annual salary and wage increases.

For FY 2023, Same Property Portfolio property operating costs increased 3.6% from FY 2022, mainly due to increases in salaries and wages, offset by decreases in repairs and maintenance. The increase in salaries and wages was mainly a result of annual salary increases, severance costs as the REIT reorganized certain positions, and outsourcing of positions. The decrease in repairs and maintenance is primarily driven by the one-time reduction of costs following an adjustment to the accrual estimates for repair and maintenance costs¹ and the timing, cost, and need for work as compared to FY 2022, and

For FY 2023, property operating costs for the Total Portfolio were 4.2% higher as compared to FY 2022 due to the factors driving the Same Property Portfolio cost increases and the property operating costs associated with the acquired properties.

¹ Refer to Section I - "Overview" - Financial and Operating Highlights - Normalized NOI, FFO per unit and AFFO per unit Growth"

For Q4 2023 and FY 2023, Same Property Portfolio property operating costs as a percentage of revenue were 16.4% and 18.6%, compared to 19.0% and 19.4% for the same periods in 2022. For Q4 2023 and FY 2023, Total Portfolio property operating costs as a percentage of revenue were 16.5% and 18.7%, compared to 19.6% and 19.7% for the same periods in 2022.

Property Taxes

Same Property Portfolio

	Three months ended December 31,			Year ended December 31,		
	2023	2022	Change	2023	2022	Change
Property taxes	\$ 3,842	\$ 3,520	(9.1)%	\$ 14,806	\$ 14,081	(5.1)%

Total Portfolio

	Three months ended December 31,			Year ended December 31,		
	2023	2022	Change	2023	2022	Change
Property taxes	\$ 4,172	\$ 3,872	(7.7)%	\$ 16,187	\$ 15,116	(7.1)%

For Q4 2023, Same Property Portfolio and Total Portfolio property taxes increased 9.1% and 7.7% from Q4 2022, primarily driven by changes in assessed values in Montreal and increased rates in Ottawa and Toronto.

For FY 2023, Same Property Portfolio property taxes increased 5.1% over FY 2022. The increases were primarily due to changes in assessed values in Montreal and increased rates in Ottawa and Toronto. For the same period, Total Portfolio property taxes were 7.1% higher due to the factors driving the Same Property Portfolio cost increases and the property tax associated with the acquired properties.

For Q4 2023 and FY 2023, Same Property Portfolio property taxes as a percentage of revenue were 10.4% and 10.3%, compared to 10.1% and 10.5% for same periods in 2022. For Q4 2023 and FY 2023, Total Portfolio property taxes as a percentage of revenue were 10.4% and 10.2%, compared to 10.2% and 10.5% for same periods in 2022.

Utilities

Same Property Portfolio

	Three months ended December 31,			Year ended December 31,		
	2023	2022	Change	2023	2022	Change
Electricity	\$ 991	\$ 877	(13.0)%	\$ 3,970	\$ 3,808	(4.3)%
Natural gas	1,307	1,623	19.5 %	4,407	4,700	6.2 %
Water	773	754	(2.5)%	3,129	2,915	(7.3)%
	\$ 3,071	\$ 3,254	5.6 %	\$ 11,506	\$ 11,423	(0.7)%

Total Portfolio

	Three months ended December 31,			Year ended December 31,		
	2023	2022	Change	2023	2022	Change
Electricity	\$ 1,181	\$ 1,120	(5.4)%	\$ 4,883	\$ 4,403	(10.9)%
Natural gas	1,442	1,767	18.4 %	4,784	5,005	4.4 %
Water	823	796	(3.4)%	3,335	3,083	(8.2)%
	\$ 3,446	\$ 3,683	6.4 %	\$ 13,002	\$ 12,491	(4.1)%

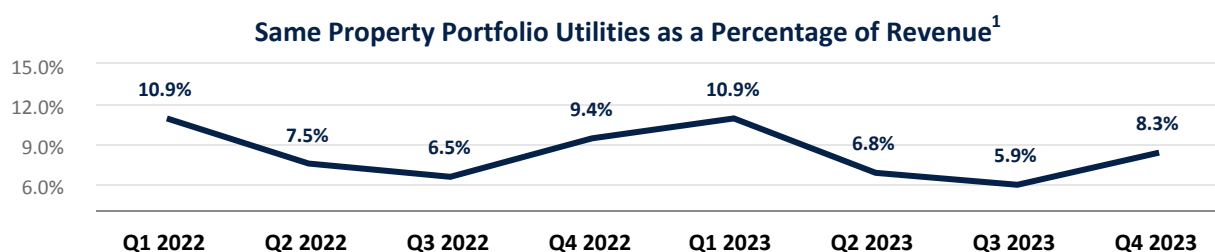
Utilities consist of electricity, natural gas and water for the rental properties. Utility costs are seasonal and can be highly variable from one period to the next. In addition to seasonality-driven usage, occupancy, utility rates and commodity prices impact costs.

Same Property Portfolio and Total Portfolio utilities for Q4 2023 were down 5.6% and 6.4%, respectively compared to Q4 2022, due to favourable natural gas expense, slightly offset by increased water and electricity expenses. Natural gas expense was lower by 19.5% as compared to Q4 2022, driven by a 21% drop in average gas rates and lower consumption due to a milder winter. Usage of natural gas is highly seasonal and weather dependent, with peaks occurring in Q4 and Q1 of any given year. Electricity increased by 13.0% and water increased by 2.5% driven by rate increases across all geographies, while consumption remained relatively flat.

Same Property Portfolio utilities for FY 2023 were 0.7% higher compared to FY 2022. The increase in Same Property Portfolio water and electricity expenses of 7.3% and 4.3%, respectively, was due to rate increases and additional consumption from higher average occupancy. Natural gas expense decreased by 6.2% year over year due to a combination of higher Q1 2023 rates and federal carbon levies, offset by a large decrease in gas prices in Q2 2023 through Q4 2023, coupled with milder winters reducing overall consumption.

For FY 2023, utilities for the Total Portfolio increased by 4.1% as compared to FY 2022. The increase was due to the factors driving the Same Property Portfolio variances as well as the utility costs associated with the acquired properties.

For Q4 2023 and FY 2023, Same Property Portfolio utilities as a percentage of revenue were 8.3% and 8.0%, compared to 9.4% and 8.5% for same periods in 2022. For Q4 2023 and FY 2023, Total Portfolio utilities as a percentage of revenue were 8.6% and 8.2%, compared to 9.7% and 8.7% for same periods in 2022.



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.

General and administrative expenses for Q4 2023 decreased 3.7% as compared to Q4 2022, largely driven by the timing of service charges.

For FY 2023, general and administrative expenses increased 12.3% as compared to FY 2022 due to a write-off of property investigation costs incurred in a previous year, additional compensation costs for internalized C-suite executives, and professional fees.

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

Finance Costs - Operations

	Three months ended December 31,			Year ended December 31,		
	2023	2022	Change	2023	2022	Change
Interest expense on mortgages and loans	\$ 6,543	\$ 6,419	(1.9)%	\$ 26,728	\$ 21,802	(22.6)%
Interest expense and standby fees on credit facility	2,454	2,344	(4.7)%	10,445	5,128	(103.7)%
Financing amortization & other charges	339	328	(3.4)%	1,221	938	(30.2)%
Amortization of mark-to-market adjustments	(44)	(179)	(75.4)%	(588)	(743)	(20.9)%
Capitalized interest	(905)	(484)	87.0 %	(2,905)	(1,051)	176.4 %
Distributions on Class C LP Units	2,022	1,634	(23.7)%	7,306	6,574	(11.1)%
Interest costs ¹	10,409	10,062	(3.4)%	42,207	32,648	(29.3)%
Debt retirement costs	—	—	— %	1,779	—	(100.0)%
Distributions on Class B LP Units	3,219	3,122	(3.1)%	12,683	11,942	(6.2)%
	\$ 13,628	\$ 13,184	(3.4)%	\$ 56,669	\$ 44,590	(27.1)%

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, financing amortization and other 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 limited partnership units of the Partnership ("Class C LP Units"), debt retirement costs, and partially offset by capitalized interest expense.

Interest costs for Q4 2023 were 3.4% higher than Q4 2022 driven by refinancings completed during FY 2023 resulting in an increase to the weighted average effective interest rate and the outstanding balance on Term Debt. The interest rate also increased on the credit facility over the same period as variable rates continued rising into Q3 2023. These increases were partially offset by the Q2 2023 refinancing of two variable rate mortgages and an increase in capitalized interest due to the continued development of purpose-built rental properties.

Interest costs for FY 2023 increased by 29.3% from FY 2022. This was primarily as a result of both a higher average outstanding balance and increased weighted average effective interest rate on Term Debt, driven by the eight refinancings completed during FY 2023. These refinancings also resulted in debt retirement costs of \$1,779. Higher interest expense on the credit facility was a result of an increased average outstanding balance and higher interest rates through FY 2023 compared to FY 2022. During the first half of 2023, rising interest rates also increased variable rate mortgage expense for the properties acquired in Q2 2022. These increases were partially offset by increased capitalized interest from the development projects.

For Q4 2023, distributions on Class B LP Units increased by 3.1% over Q4 2022, due to annual increases in the monthly distribution. For FY 2023, Class B LP Unit distributions were 6.2% higher over FY 2022 due to the distribution increase and the issuance of Class B LP Units in Q2 2022.

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

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 Q4 2023 and FY 2023, finance income was 38.4% and 53.2% higher, respectively, when compared to the same periods in 2022. This was driven by interest income from CDLs, as balances outstanding increased due to the advances made through FY 2023. As at December 31, 2023, the REIT had advanced an additional \$35,023 from December 31, 2022 on its commitments, thus driving higher interest income for both periods. In January 2024, MPI repaid principal of \$30,000 plus accrued interest for the CDL associated with the Fifth + Bank property which, as at December 31, 2023 bore an interest rate of 7%.

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 NOI 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 December 31,		Year ended December 31,	
	2023	2022	2023	2022
Forecast NOI ¹	\$ 57,065	\$ 68,134	\$ 176,492	\$ 151,368
Capitalization rates	(69,275)	(69,987)	(232,260)	(117,503)
Capital expenditure reserve	(8,998)	(10,356)	(45,859)	(52,693)
	\$ (21,208)	\$ (12,209)	\$ (101,627)	\$ (18,828)

Increases in capitalization rates of 12.5 to 50.0 bps within select geographies of the residential portfolio were partially offset by forecast NOI growth in Q4 2023 due to strong realized and forecasted leasing results continuing to outpace expense inflation. The weighted average capitalization rate used for the Q4 2023 valuation of residential properties was 4.16%, compared to 4.06% in Q3 2023 and 3.80% in Q4 2022. The adjustment is derived from market data indicating continued upward pressure on capitalization rates as the rates for multi-family assets continue to adjust to the higher 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 \$21,208 fair value loss.

The fair value loss for FY 2023 was due to increases in capitalization rates by 25.0 to 72.5 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 \$101,627.

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

As at	December 31, 2023		December 31, 2022	
	Low	High	Low	High
Ottawa, Ontario	4.13%	4.63%	3.88%	4.25%
Toronto, Ontario	3.63%	3.88%	3.25%	3.50%
Edmonton, Alberta	—%	—%	4.38%	4.38%
Calgary, Alberta	5.00%	5.13%	4.28%	4.63%
Montreal, Quebec	4.00%	4.25%	3.75%	4.00%
Weighted-average capitalization rate	4.16%		3.80%	

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

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 December 31,		Year ended December 31,	
	2023	2022	2023	2022
Unit price - opening	\$ 13.63	\$ 12.90	\$ 14.05	\$ 21.89
Unit price - closing	16.18	14.05	16.18	14.05

The increase in the Unit price for Q4 2023 and FY 2023 resulted in fair value loss on Class B LP Units of \$65,675 and \$54,858, respectively. In Q4 2022, an increase in the unit price resulted in fair value loss of \$29,617, whereas for FY 2022, a decrease in the unit price resulted in fair value gain of \$197,531.

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 Q4 2023 and FY 2023, the REIT recognized fair value loss of \$1,070 and \$751, respectively. For the same periods in 2022, the REIT recognized fair value gains of \$6 and \$2,391, respectively. The changes in each period were primarily a result of changes 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 and, for Performance Units, inputs to a pricing model. The change in Unit price is relative to the opening Unit price with changes in the value recorded in net income.

For Q4 2023 and FY 2023, the REIT recognized fair value loss of \$1,024 and \$596, respectively, due to increases in the Unit price and revised performance estimates for Performance Units. For Q4 2022, an increase in the Unit price resulted in fair value loss of \$354, whereas for FY 2022, a decrease in the Unit price resulted in a fair value gain of \$2,246.

Loss on Disposition

Disposal costs represent the incremental costs incurred to dispose of a property. For Q4 2023, the REIT incurred disposal costs of \$1,054 in connection with the sale of York House and The Lancaster House in Edmonton on December 7, 2023. For FY 2023, the REIT incurred disposal costs of \$1,402 in connection with the sale of York House and The Lancaster House in Q4 2023, and the sale of Hi-Level Place in Edmonton in Q1 2023.

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 insurance recoveries.

In Q4 2023, the REIT recognized \$784 in fees and other income, a decrease of 24.7% from Q4 2022 driven by insurance recoveries of \$304 received in Q4 2022.

For FY 2023, the REIT recognized \$3,141 in fees and other income, a decrease of 5.9% from FY 2022, primarily driven by the higher insurance recoveries received in FY 2022 over FY 2023.

Summary of Quarterly Results

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Total assets	\$ 2,702,120	\$ 2,723,608	\$ 2,720,278	\$ 2,738,165	\$ 2,734,812	\$ 2,714,856	\$ 2,706,092	\$ 2,474,897
Investment properties including held for sale	\$ 2,540,533	\$ 2,572,645	\$ 2,574,302	\$ 2,603,182	\$ 2,611,094	\$ 2,600,273	\$ 2,599,891	\$ 2,384,753
Total liabilities	\$ 1,624,739	\$ 1,564,003	\$ 1,583,749	\$ 1,553,741	\$ 1,521,275	\$ 1,464,049	\$ 1,487,430	\$ 1,435,014
Total non-current liabilities	\$ 1,487,405	\$ 1,427,391	\$ 1,438,635	\$ 1,165,077	\$ 1,189,744	\$ 1,145,584	\$ 1,244,872	\$ 1,273,661
Revenue from investment properties	\$ 40,286	\$ 39,835	\$ 39,401	\$ 38,403	\$ 37,916	\$ 37,838	\$ 35,510	\$ 32,526
NOI ¹	\$ 26,032	\$ 25,828	\$ 24,572	\$ 22,736	\$ 22,947	\$ 24,224	\$ 21,839	\$ 18,786
NOI margin ¹	64.6%	64.8%	62.4%	59.2%	60.5%	64.0%	61.5%	57.8%
Net (loss) income and comprehensive (loss) income	\$ (77,238)	\$ 27,815	\$ (43,009)	\$ (24,227)	\$ (32,432)	\$ 39,655	\$ 183,537	\$ 34,640
FFO ¹	\$ 16,012	\$ 15,692	\$ 11,925	\$ 11,629	\$ 12,864	\$ 15,654	\$ 13,680	\$ 11,979
FFO per unit ¹	\$ 0.2439	\$ 0.2390	\$ 0.1817	\$ 0.1772	\$ 0.1960	\$ 0.2380	\$ 0.2100	\$ 0.1906
Normalized FFO per unit ¹	\$ 0.2318	\$ 0.2390	\$ 0.2125	\$ 0.1785	\$ 0.1913	\$ 0.2290	\$ 0.2100	\$ 0.1906
AFFO ¹	\$ 14,472	\$ 14,041	\$ 10,188	\$ 9,933	\$ 11,160	\$ 13,952	\$ 11,983	\$ 10,348
AFFO per unit ¹	\$ 0.2204	\$ 0.2139	\$ 0.1552	\$ 0.1513	\$ 0.1700	\$ 0.2121	\$ 0.1840	\$ 0.1647
Normalized AFFO per unit ¹	\$ 0.2083	\$ 0.2139	\$ 0.1860	\$ 0.1526	\$ 0.1654	\$ 0.2031	\$ 0.1840	\$ 0.1647
Distributions declared ²	\$ 8,205	\$ 8,042	\$ 8,040	\$ 8,041	\$ 7,960	\$ 7,804	\$ 7,816	\$ 7,462
AFFO Payout Ratio ¹	56.7%	57.3%	78.9%	81.0%	71.3%	55.9%	65.2%	72.1%
Distribution per unit	\$ 0.1250	\$ 0.1225	\$ 0.1225	\$ 0.1225	\$ 0.1212	\$ 0.1187	\$ 0.1187	\$ 0.1187

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 has realized gain-to-lease of over 16% in each of the past five quarters. The gap between expiring and market rents is expected to persist in 2024, however the realization of the gain-to-lease potential will be tempered by an expected slow down in turnover.

The REIT continued to show strong operating results through Q4 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. Cost pressures slowed in Q4 2023 driven by a significant drop in natural gas rates and a mild beginning to winter, moderating repair and maintenance charges. The current focus on implementing accretive capital allocation strategies has resulted in FFO per unit and AFFO per unit growth. Although the REIT increased the monthly distribution by 3.1% in November 2023, the AFFO per unit growth allowed the REIT to maintain a conservative AFFO Payout Ratio.

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

² Includes distributions on Units and Class B LP Units.

Summary of Annual Results

As at and for the year ended December 31,	2023		2022		2021
Total assets	\$	2,702,120	\$	2,734,812	\$ 2,440,714
Investment properties including held for sale	\$	2,540,533	\$	2,611,094	\$ 2,360,565
Total liabilities	\$	1,624,739	\$	1,521,275	\$ 1,430,713
Total non-current liabilities	\$	1,487,405	\$	1,189,744	\$ 1,248,071
Revenue from investment properties	\$	157,925	\$	143,790	\$ 123,547
NOI ¹	\$	99,168	\$	87,796	\$ 76,247
NOI margin ¹		62.8%		61.1%	61.7%
Net (loss) income and comprehensive (loss) income	\$	(116,659)	\$	225,400	\$ 94,161
FFO ¹	\$	55,258	\$	54,177	\$ 48,530
FFO per unit ¹	\$	0.8417	\$	0.8353	\$ 0.8128
Normalized FFO per unit ^{1,2}	\$	0.8617	\$	0.8215	\$ 0.8027
AFFO ¹	\$	48,634	\$	47,443	\$ 42,234
AFFO per unit ¹	\$	0.7408	\$	0.7315	\$ 0.7073
Normalized AFFO per unit ^{1,2}	\$	0.7608	\$	0.7176	\$ 0.6973
Distributions declared ³	\$	32,328	\$	31,042	\$ 27,507
AFFO Payout Ratio ¹		66.5%		65.4%	65.1%
Distribution per unit	\$	0.4925	\$	0.4775	\$ 0.4584
NAV ¹	\$	1,494,097	\$	1,575,395	\$ 1,508,416
NAV per unit ¹	\$	22.76	\$	24.00	\$ 24.00

The REIT began FY 2023 with a portfolio of 32 multi-residential rental properties comprising 8,291⁴ suites across Ottawa, Toronto, Montreal, Calgary and Edmonton with a value of \$2,734,812. During the year, the REIT exited the non-strategic Edmonton market by disposing of three properties comprising 254 suites, bringing the total suite count to 8,037.³ Investment property values faced continued headwinds from a prolonged high interest rate environment, which put upward pressure on capitalization rates through the year and impacted NAV and NAV per unit. The REIT was also able to refinance eight mortgages which increased total liabilities and total non-current liabilities. Operationally, the REIT benefited from strong market fundamentals and was able to augment robust revenue growth with disciplined capital allocation to deliver NOI, FFO per unit and AFFO per unit growth. Given the REIT's strong performance and Management's confidence in the outlook for 2024, the REIT increased its monthly distribution by 3.1% in November 2023.

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

² Refer to Section IV - "Liquidity, Capital Resources and Contractual Commitments - Reconciliation of Non-IFRS Financial Measures and Ratios"

³ Includes distributions on Units and Class B LP Units.

⁴ Total suites includes 2,664 suites co-owned with institutional partners at December 31, 2023 and December 31, 2022.

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	44,017	398	—	44,415
Development expenditures	—	—	28,950	28,950
Other	(129)	—	—	(129)
Disposition	(42,170)	—	—	(42,170)
Transfer to assets held for sale	(86,000)	—	—	(86,000)
Fair value (loss) gain	(101,495)	(1,254)	1,122	(101,627)
Balance, December 31, 2023	\$ 2,339,678	\$ 26,972	\$ 87,883	\$ 2,454,533

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.

On December 7, 2023, the REIT closed on the disposition of The Lancaster House and York House in Edmonton for an aggregate sale price of \$32,250 and net cash proceeds of \$7,016. In connection with the disposition, the purchaser assumed the two mortgages secured by the properties, which had a combined carrying amount of \$24,668.

On February 15, 2024, the REIT closed on the disposition of Tanglewood and Chesterton/Bowhill for an aggregate sale price of \$86,000 and net cash proceeds of \$67,956 net of mortgages and transaction costs, as described in Section I - "Overview - Financial and Operating Highlights - Execution of Capital Recycling Strategy".

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 December 31,		Year ended December 31,	
	2023	2022	2023	2022
Total capital expenditures	\$ 11,773	\$ 18,433	\$ 44,415	\$ 52,396
Value-enhancing capital expenditures				
Building improvements	8,937	15,083	32,495	34,090
Suite upgrades	1,362	2,111	5,782	12,135
	10,299	17,194	38,277	46,225
Maintenance capital expenditures	1,474	1,239	6,138	6,171
Maintenance capital expenditures per suite	\$ 222	\$ 183	\$ 915	\$ 927

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 Creation from Repositioning Existing Assets".

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.

Maintenance capital expenditures for Q4 2023 and FY 2023 were \$1,474 and \$6,138 or \$222 and \$915 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.

Historically, 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. Due to the increased cost of materials, labour, salaries, and other inputs required to maintain investment properties, beginning in 2024, Management is targeting \$975 per suite on average for annual maintenance capital expenditures.

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 FFO and 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 - "Overview - 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 December 31,		Year ended December 31,	
	2023	2022	2023	2022
Richgrove	\$ 4,640	\$ 3,261	\$ 18,326	\$ 12,364
Leslie York Mills	4,732	2,020	9,395	5,407
High Park Village	227	31	1,229	624
	\$ 9,599	\$ 5,312	\$ 28,950	\$ 18,395

The construction of the Richgrove project continues as planned, with development expenditures in Q4 2023 primarily related to second phase below-grade and parking slab work. As of December 31, 2023, the REIT had incurred costs of \$37,863, and forecasts \$84,137 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 below grade work. As of December 31, 2023, the total project costs incurred were \$39,973. Management forecasts \$153,027 in remaining expenditures and an IRR of 12% to 17%, with stabilization in Q4 2026.^{1,2}

In early Q3 2023, the REIT made the strategic decision to postpone the advancement of construction on the High Park Village development. As of December 31, 2023, the total pre-development project costs incurred were \$9,442.^{1,2}

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.

¹ Incurred costs comprise amounts prior to allocation of parking garage costs as a shared amenity with existing assets and cash received from government sources.

² Incurred costs and forecast expenditures are presented at 100% rather than the REIT's proportionate share.

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 December 31, 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 December 31, 2023, there were 25,556,082 (December 31, 2022 - 22,978,700) Class C LP Units outstanding.

In Q3 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. Gross proceeds were \$25,774 and CMHC premiums and financing costs were \$1,635, for net proceeds of \$24,139 at an effective interest rate of 4.50%.

On February 15, 2024, the REIT paid a distribution of \$7,651 to MPI in connection with the partial repayment of mortgages associated with Chesterton/Bowhill property to which the Class C LP Units relate.

The mortgages of investment properties to which the distributions on the Class C LP Units relate bear a weighted average effective interest rate of 3.45% (December 31, 2022 - 2.95%) and mature at various dates between 2024 and 2033. The effective interest rate varies from the contractual interest rate as it includes the amortization of mark-to-market adjustments, fees, premiums, and other borrowing costs.

Mortgages and Loan

The REIT maintains mortgages with fixed and variable interest rates that are secured by investment properties. At December 31, 2023, the weighted average effective interest rate was 3.37% (December 31, 2022 - 3.07%). The fixed rate mortgages mature at various dates between 2024 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 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 4.02% and 4.17% that mature in 2028 and 2033.

In Q2 2023, the REIT repaid both its variable rate mortgages totalling \$108,378 with in-place rates of 7.44% and 7.70% and secured CMHC-insured fixed rate mortgages totalling \$113,361 with interest rates of 3.97% and 4.34% in their place.

On February 15, 2024, in connection with the sale of Tanglewood, the REIT repaid the \$9,683 mortgage secured by the property, which bore interest at an effective interest rate of 5.94%.

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 December 31, 2023, \$15,155 (December 31, 2022 - \$8,006) was drawn. Payments are made monthly on an interest-only basis.

Credit Facility

As at December 31, 2023, the REIT had available credit under its revolving credit facility of \$236,034 (December 31, 2022 - \$267,115) which is the lesser of the total commitment and the lending value. The availability enables the REIT to maintain financial flexibility and to 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 December 31, 2023, the weighted average variable interest rate was 7.25% (December 31, 2022 - 6.47%).

	December 31, 2023	December 31, 2022
Committed	\$ 300,000	\$ 300,000
Available	236,034	267,115
Utilized		
Amounts drawn	140,236	157,158
Letter of credit	2,022	442
	142,258	157,600
Undrawn amount available	\$ 93,776	\$ 109,515

Units

	Units	\$
Authorized	Unlimited	
Units issued and outstanding:		
Balance, December 31, 2022	39,887,612	\$ 710,873
Units issued for vested Deferred Units	11,000	148
Balance, December 31, 2023	39,898,612	\$ 711,021

Normal Course Issuer Bid

On September 18, 2023, the REIT initiated an NCIB which will be active from September 20, 2023 to September 19, 2024. For Q4 2023 and FY 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 Q4 2023 and FY 2023, distributions to Unitholders of \$4,986 and \$19,645 (December 31, 2022 - \$4,838 and \$19,100) were declared based on approved monthly distributions of \$0.04083 (2022 - \$0.03958) per Unit for the months of January to October and \$0.04208 per Unit (2022 - \$0.04083) for the months of November and December.

On November 7, 2023, the Board of Trustees approved a \$0.015 or 3.1% increase to the REIT's annual distribution from \$0.4900 per unit to \$0.5050 per unit. The monthly distribution is \$0.04208 per unit, up from \$0.04083 per unit, and was effective for the November 2023 distribution to be paid on December 15, 2023. This distribution increase is aligned with the REIT's objective of maintaining sustainable distributions to Unitholders and conservative AFFO Payout Ratio, facilitating the reinvestment of capital to fund ongoing capital commitments and growth initiatives, while also remaining a constituent on the *S&P/TSX Canadian Dividend Aristocrats Index*.

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	December 31, 2023	December 31, 2022
Liabilities (principal amounts outstanding):		
Class B LP Units	\$ 416,716	\$ 361,858
Class C LP Units	226,929	206,673
Mortgages	780,582	740,334
Construction loan	15,155	8,006
Credit facility	140,236	157,158
	1,579,618	1,474,029
Unitholders' equity	1,077,381	1,213,537
	\$ 2,656,999	\$ 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 December 31, 2023, 75% (December 31, 2022 - 63%) of the REIT's Total Debt is CMHC insured and approximately 88% (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	December 31, 2023	December 31, 2022
Class C LP Units	\$ 227,411	\$ 208,086
Mortgages	774,662	738,314
Construction loan	15,155	8,006
Credit facility	140,236	157,158
Total Debt	1,157,464	1,111,564
Total assets	2,702,120	2,734,812
Debt-to-Gross Book Value ratio¹	42.8%	40.6%
Total liquidity	97,516	114,838
Liquidity as a percentage of Total Debt	8.4%	10.3%

The REIT continues to maintain a conservative overall leverage position with a Debt-to-Gross Book Value ratio of 42.8% at December 31, 2023.

While the REIT has sufficient liquidity, Management oversees its liquidity prudently given the current capital market conditions. The REIT's liquidity ratio (Total liquidity as a percentage of Total Debt) was 8.4% at December 31, 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:

	December 31, 2023	December 31, 2022
NOI ¹	\$ 99,168	\$ 87,796
General and administrative expenses	(10,446)	(9,303)
Finance income	7,381	4,818
Fees and other income	3,141	3,339
	99,244	86,650
Impact on NOI of stabilized earnings from (dispositions) and acquisitions	(1,375)	2,351
Adjusted EBITDA¹	97,869	89,001
Total Debt	1,157,464	1,111,564
Cash	3,740	5,323
Total Debt, net of cash	1,153,724	1,106,241
Debt-to-Adjusted EBITDA ratio¹	11.79x	12.43x

The REIT's Debt-to-Adjusted EBITDA ratio improved by 0.64x compared to December 31, 2022 driven by the REIT's strong operational performance. The REIT uses a combination of equity and debt to finance the intensification of existing sites (refer to Section I - "Overview - Outlook - Development of Purpose-Built Rental Properties and Intensification on Existing Sites"). 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 December 31, 2023, the weighted average term to maturity on Term Debt was 5.84 years (December 31, 2022 - 4.27 years) and the weighted average effective interest rate on Term Debt was 3.39% (December 31, 2022 - 3.04%). The contractual payments under the REIT's debt financing are summarized in the table below.

Year	Principal Repayments			Principal at Maturity				Total	% of Total	Interest Rate ²
	Mortgages	Class C LP Units	Mortgages	Credit facility	Construction loan	Class C LP Units				
2024	\$ 13,805	\$ 4,996	\$ 29,123	\$ —	\$ —	\$ 46,178	\$ 94,102	8.1 %	3.43 %	
2025	12,955	3,775	41,016	140,236	—	60,474	258,456	22.2 %	5.43 %	
2026	11,598	2,023	72,524	—	—	—	86,145	7.4 %	3.00 %	
2027	11,282	2,100	—	—	—	21,425	34,807	3.0 %	3.31 %	
2028	11,137	1,326	71,781	—	—	—	84,244	7.2 %	3.90 %	
2029	10,473	1,544	91,406	—	—	—	103,423	8.9 %	2.96 %	
Thereafter	16,235	3,630	387,247	—	15,155	79,458	501,725	43.1 %	3.33 %	
	\$ 87,485	\$ 19,394	\$ 693,097	\$ 140,236	\$ 15,155	\$ 207,535	\$ 1,162,902	100 %		

As of December 31, 2023, current liabilities of \$137,334 (December 31, 2022 - \$331,531) exceeded current assets of \$71,589 (December 31, 2022 - \$42,422), resulting in a net working capital deficit of \$65,745 (December 31, 2022 - \$289,109). Current liabilities as of December 31, 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 December 31, 2023, liquidity was \$97,516 (December 31, 2022 - \$114,838), consisting of cash of \$3,740 (December 31, 2022 - \$5,323) and \$93,776 (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 effective interest rates for maturing mortgages, construction loan, credit facility and Class C LP Units.

Cash Flows

As at December 31, 2023, the REIT held a cash balance of \$3,740 (December 31, 2022 - \$5,323). The sources and use of cash flow for the three months and years ended December 31, 2023 and 2022 are as follows:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Operating activities	\$ 28,995	\$ 18,389	\$ 92,966	\$ 82,499
Financing activities	(1,492)	10,787	(7,619)	45,659
Investing activities	(27,397)	(29,424)	(86,930)	(125,686)

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 December 31,		Year ended December 31,	
	2023	2022	2023	2022
Net (loss) income and comprehensive (loss) income	\$ (77,238)	\$ (32,432)	\$ (116,659)	\$ 225,400
Add: distributions on Class B LP Units	3,219	3,122	12,683	11,942
	(74,019)	(29,310)	(103,976)	237,342
Less: distributions paid ¹	(8,125)	(7,875)	(32,248)	(30,849)
(Shortfall) excess of net (loss) income and comprehensive (loss) income over total distributions paid	\$ (82,144)	\$ (37,185)	\$ (136,224)	\$ 206,493
Cash provided by operating activities	\$ 28,995	\$ 18,389	\$ 92,966	\$ 82,499
Add: interest received	817	522	2,938	1,868
Less: interest paid	(10,891)	(10,087)	(43,960)	(32,981)
	18,921	8,824	51,944	51,386
Less: distributions paid ¹	(8,125)	(7,875)	(32,248)	(30,849)
Excess of cash provided by operating activities over total distributions and interest paid	10,796	949	19,696	20,537
Distributions declared ²	\$ 8,205	\$ 7,960	\$ 32,328	\$ 31,042

For Q4 2023 and FY 2023, total distributions paid exceeded net loss and comprehensive loss. 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 Q4 2023 and FY 2023, cash generated by operating activities exceed total distributions and interest paid.

¹ Distributions paid on REIT Units and Class B LP Units.

² Includes distributions on REIT Units and Class B LP Units

Cash (used in) provided by financing activities

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Proceeds from mortgage financing	—	—	\$ 317,122	\$ 34,623
Net proceeds (repayments) on credit facility	22,584	28,567	(16,922)	105,404
Proceeds from issuance of Class C LP Units	—	—	25,774	—
Proceeds from construction loan	—	5,183	7,149	8,006
CMHC premiums and financing costs	—	(84)	(13,981)	(1,419)
Mortgage payments on refinancing	—	—	(230,999)	(16,300)
Principal repayments on mortgages	(3,688)	(3,522)	(14,036)	(13,901)
Forgivable loan transferred from restricted cash	—	—	—	1,350
Distributions paid on various classes of units	(9,497)	(9,270)	(37,766)	(36,359)
Interest paid	(10,891)	(10,087)	(43,960)	(32,981)
Purchase and cancellation of Units	—	—	—	(2,764)
	\$ (1,492)	\$ 10,787	\$ (7,619)	\$ 45,659

For Q4 2023, cash flows used in financing activities comprised net proceeds on the credit facility, offset by interest paid, distributions on various classes of units and principal repayments on mortgages.

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

Cash used in investing activities

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Acquisition of investment property	\$ —	\$ —	\$ —	\$ (28,761)
Capital additions to investment properties	(12,315)	(10,261)	(48,087)	(49,203)
Development expenditures	(6,594)	(4,108)	(21,141)	(17,550)
Net loans advanced to related parties	(16,321)	(15,577)	(30,541)	(32,040)
Net proceeds on disposition of investment property	7,016	—	9,901	—
Interest received	817	522	2,938	1,868
	\$ (27,397)	\$ (29,424)	\$ (86,930)	\$ (125,686)

Cash flows used in investing activities for Q4 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 88 Beechwood and University Heights CDLs. This was partially offset by net proceeds on the dispositions of The Lancaster House and York House and interest received from related parties on CDLs.

Cash flows used in investing activities for FY 2023 included capital expenditures on investment properties, loan advances on the 88 Beechwood, The Hyland and University Heights CDLs, and development expenditures on the three projects in the portfolio, offset by net proceeds on the disposition of the Edmonton properties 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:

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net income and comprehensive income	\$ (77,238)	\$ 27,815	\$ (43,009)	\$ (24,227)	\$ (32,432)	\$ 39,655	\$ 183,537	\$ 34,640
Distributions on Class B LP Units	3,219	3,155	3,154	3,155	3,122	3,058	3,058	2,704
Issuance costs on Class B LP Units	—	—	—	—	—	—	175	—
Disposition costs on investment property	1,054	—	—	348	—	—	—	—
Fair value loss (gain) on:								
Investment properties	21,208	21,216	45,700	13,503	12,209	18,689	2,325	(14,395)
Class B LP Units	65,675	(35,799)	6,696	18,286	29,617	(44,813)	(172,772)	(9,563)
Interest rate swap	1,070	(73)	(656)	410	(6)	(302)	(776)	(1,307)
Unit-based compensation	1,024	(622)	40	154	354	(633)	(1,867)	(100)
Funds from operations (FFO)	\$ 16,012	\$ 15,692	\$ 11,925	\$ 11,629	\$ 12,864	\$ 15,654	\$ 13,680	\$ 11,979
Maintenance capital expenditure reserve	(1,496)	(1,510)	(1,510)	(1,520)	(1,525)	(1,524)	(1,506)	(1,436)
Amortization of mark-to-market adjustments	(44)	(141)	(227)	(176)	(179)	(178)	(191)	(195)
Adjusted funds from operations (AFFO)	\$ 14,472	\$ 14,041	\$ 10,188	\$ 9,933	\$ 11,160	\$ 13,952	\$ 11,983	\$ 10,348
Distributions on Class B LP Units	3,219	3,155	3,154	3,155	3,122	3,058	3,058	2,704
Distributions on Units	4,986	4,887	4,886	4,886	4,838	4,746	4,758	4,758
	8,205	8,042	8,040	8,041	7,960	7,804	7,816	7,462
AFFO Payout Ratio	56.7%	57.3%	78.9%	81.0%	71.3%	55.9%	65.2%	72.1%
Weighted average number of Units and Class B LP Units issued and outstanding	65,653,641	65,651,608	65,642,641	65,642,641	65,642,641	65,769,904	65,135,801	62,838,912
FFO per unit	\$ 0.2439	\$ 0.2390	\$ 0.1817	\$ 0.1772	\$ 0.1960	\$ 0.2380	\$ 0.2100	\$ 0.1906
AFFO per unit	\$ 0.2204	\$ 0.2139	\$ 0.1552	\$ 0.1513	\$ 0.1700	\$ 0.2121	\$ 0.1840	\$ 0.1647
Normalized FFO per unit	\$ 0.2318	\$ 0.2390	\$ 0.2125	\$ 0.1785	\$ 0.1913	\$ 0.2290	\$ 0.2100	\$ 0.1906
Normalized AFFO per unit	\$ 0.2083	\$ 0.2139	\$ 0.1860	\$ 0.1526	\$ 0.1654	\$ 0.2031	\$ 0.1840	\$ 0.1647

For Q4 2023, FFO and AFFO were higher as compared to Q4 2022 primarily due to a 13.4% increase in NOI from strong average occupancy and growth in average monthly rent, offset by moderate expense growth, as detailed in Section II - Financial Highlights and Performance - Review of Financial Performance".

	December 31, 2023	December 31, 2022	December 31, 2021
Net (loss) income and comprehensive (loss) income	\$ (116,659)	\$ 225,400	\$ 94,161
Distributions on Class B LP Units	12,683	11,942	10,436
Issuance costs on Class B LP Units	—	175	—
Disposition costs on investment property	1,402	—	—
Fair value loss (gain) on:			
Investment properties	101,627	18,828	(89,188)
Class B LP Units	54,858	(197,531)	34,609
Interest rate swap	751	(2,391)	(1,625)
Unit-based compensation	596	(2,246)	137
Funds from operations (FFO)	\$ 55,258	\$ 54,177	\$ 48,530
Maintenance capital expenditure reserve	(6,036)	(5,991)	(5,527)
Amortization of mark-to-market adjustments	(588)	(743)	(769)
Adjusted funds from operations (AFFO)	\$ 48,634	\$ 47,443	\$ 42,234
Distributions on Class B LP Units	12,683	11,942	10,436
Distributions on Units	19,645	19,100	17,071
	32,328	31,042	27,507
AFFO Payout Ratio	66.5%	65.4%	65.1%
Weighted average number of Units and Class B LP Units issued and outstanding	65,647,644	64,858,981	59,709,337
FFO per unit	\$ 0.8417	\$ 0.8353	\$ 0.8128
AFFO per unit	\$ 0.7408	\$ 0.7315	\$ 0.7073

For FY 2023, FFO was higher as compared to FY 2022, reflecting the strong operational performance which was partially offset by increased interest costs. AFFO for FY 2023 was also higher than FY 2022, primarily due to increased FFO and decreased amortization of mark-to-market adjustments as a result of debt refinancings completed during FY 2023.

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. Beginning in 2024, the average annual maintenance capital expenditures reserve will increase to \$975 per suite due to costing pressures. Refer to Section III - "Assessment of Financial Position - Investment Properties - Capital Expenditures" for a more detailed discussion of maintenance capital expenditures.

Certain nonrecurring items on the REIT's income statement are not indicative of the REIT's overall operating performance. Excluding the impact of these items, Q4 2023 FFO per unit and AFFO per unit growth was 21.2% and 25.9%, respectively over Q4 2022, and for FY 2023 FFO per unit and AFFO per unit was 4.9% and 6.0% higher than FY 2022. These nonrecurring adjustments had an immaterial impact on NOI and are detailed below:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Normalizing Items				
Normalizing items for NOI ¹	\$ (796)	\$ —	\$ (666)	\$ —
Debt retirement costs	—	—	1,779	—
Property investigation cost write-offs	—	—	417	—
Insurance recoveries	—	(304)	(219)	(898)
	(796)	(304)	1,311	(898)
Normalized FFO	\$ 15,216	\$ 12,560	\$ 56,569	\$ 53,279
Normalized FFO per unit	\$ 0.2318	\$ 0.1913	\$ 0.8617	\$ 0.8215
Normalized AFFO	\$ 13,676	\$ 10,856	\$ 49,945	\$ 46,545
Normalized AFFO per unit	\$ 0.2083	\$ 0.1654	\$ 0.7608	\$ 0.7176
Normalized AFFO Payout Ratio	60.0 %	73.3 %	64.7 %	66.7 %

NOI and NOI Margin

Same Property Portfolio

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Revenue from investment properties	\$ 36,899	\$ 34,711	\$ 144,285	\$ 133,629
Property operating expenses	12,951	13,381	53,115	51,373
NOI	\$ 23,948	\$ 21,330	\$ 91,170	\$ 82,256
NOI margin	64.9%	61.5%	63.2%	61.6%
Normalizing items for NOI				
Severance	\$ —	\$ —	\$ 256	\$ —
Property tax recovery	—	—	(126)	—
Accrual estimates for repair and maintenance costs	(696)	—	(696)	—
	(696)	—	(566)	—
Normalized NOI	\$ 23,252	\$ 21,330	\$ 90,604	\$ 82,256
Normalized NOI margin	63.0%	61.5%	62.8%	61.6%

¹ Refer to Section IV - "Liquidity, Capital Resources and Contractual Commitments - Reconciliation of Non-IFRS Financial Measures and Ratios" - "NOI and NOI Margin"

Total Portfolio

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Revenue from investment properties	\$ 40,286	\$ 37,916	\$ 157,925	\$ 143,790
Property operating costs	14,254	14,969	58,757	55,994
NOI	\$ 26,032	\$ 22,947	\$ 99,168	\$ 87,796
NOI margin	64.6%	60.5%	62.8%	61.1%
Normalizing items for NOI				
Severance	—	—	256	—
Property tax recovery	—	—	(126)	—
Accrual estimates for repair and maintenance costs	(796)	—	(796)	—
	(796)	—	(666)	—
Normalized NOI	\$ 25,236	\$ 22,947	\$ 98,502	\$ 87,796
Normalized NOI margin	62.6%	60.5%	62.4%	61.1%

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:

	Year ended December 31, 2023	Year ended December 31, 2022
NOI	\$ 99,168	\$ 87,796
Interest expense and standby fees on credit facility	10,445	5,128
Distributions on Class C LP Units:		
Principal repayments	5,518	5,510
Finance costs	7,306	6,574
Mortgages and construction loan:		
Principal repayments	14,036	13,901
Finance costs	26,728	21,802
Total debt service	\$ 64,033	\$ 52,915
Debt Service Coverage ratio	1.55x	1.66x

The decline in Debt Service Coverage ratio for FY 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, as well as increased interest and principal payments on Term Debt. This was partially offset by an increase in NOI driven by higher average monthly rent and average occupancy. The REIT completed eight refinancings in FY 2023 which have contributed to a reduction in its variable interest rate exposure for future periods, as described in Section III - "Assessment of Financial Position - Mortgages and Loans".

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	December 31, 2023		December 31, 2022		December 31, 2021	
Net assets (Unitholders' equity)	\$	1,077,381	\$	1,213,537	\$	1,010,001
Add: Class B LP Units		416,716		361,858		498,415
NAV	\$	1,494,097	\$	1,575,395	\$	1,508,416
Number of Units and Class B LP Units		65,653,641		65,642,641		62,838,912
NAV per unit	\$	22.76	\$	24.00	\$	24.00

NAV per unit as at December 31, 2023 decreased to \$22.76 from \$24.00 as at December 31, 2022 primarily due to a fair value loss on investment properties of \$101,627 in FY 2023. The fair value loss was driven by increases in capitalization rates by 25.0 to 72.5 bps across the residential portfolio and an increase to the capital expenditure reserve, partially offset by growth in forecast NOI for the portfolio overall.

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

Critical Judgments in Applying Accounting Policies

The following are the critical judgments that have been made in applying the REIT's accounting policies:

Investment property acquisitions

The REIT must assess whether an acquisition transaction should be accounted for as an asset acquisition or a business combination under IFRS 3, Business Combinations ("IFRS 3"). This assessment requires the REIT to make judgments on whether the assets acquired and liabilities assumed constitute a business as defined in IFRS 3 and if the integrated set of activities, including inputs and processes acquired, are capable of being conducted and managed as a business and the REIT obtains control of the business.

Income taxes

The REIT is a "mutual fund trust" and a "real estate investment trust" as defined in the Income Tax Act (Canada). The REIT is not liable to pay Canadian income taxes provided that its taxable income is fully distributed to Unitholders each year. The REIT is a "real estate investment trust" if it meets the prescribed conditions under the Income Tax Act (Canada) relating to the nature of its assets and revenue. The REIT uses judgment in reviewing the real estate investment trust conditions and assessing their interpretation and application to the REIT's assets and revenue, and it has determined that it qualifies as a "real estate investment trust" for the current period.

Interest in joint operations

The REIT assesses whether an arrangement should be accounted for as a joint operation or a joint venture under IFRS 11, Joint Arrangements. This assessment requires the REIT to make judgments on whether the REIT's rights and obligations arising from the arrangement constitute a joint operation or a joint venture.

Recognition of government grants

For acquired residential properties financed through forgivable loans, the REIT assesses whether throughout the remaining term of forgivable loans the REIT is expected to meet the conditions for forgiveness, that the outflow of economic resources is not probable and that in accordance with IAS 37 – Provision, Contingent Liabilities and Contingent Assets no financial liability is required to be recorded. For development properties financed through forgivable loans, the REIT assesses whether throughout the remaining term of the forgivable loans there is reasonable assurance that the REIT will meet the conditions for forgiveness. If they do, the balance to be forgiven is recognized over time in the consolidated statements of net income and comprehensive income.

Critical Accounting Estimates and Assumptions

The REIT makes estimates and assumptions that affect the carrying amounts of assets and liabilities and the reported amount of income for the period. Actual results could differ from estimates. The estimates and assumptions that have the most significant effect on the reported amounts in the consolidated financial statements include:

Residential Investment properties valuation

In applying the REIT's policy with respect to investment properties, significant accounting estimates and assumptions are required to determine the valuation of the residential properties under the fair value model. Significant accounting estimates and assumptions used in the REIT's internal valuation model include the estimated 12 month stabilized forecasted net operating income for each property and the capitalization rates that reflect the characteristics, location and market for each property.

The REIT's business faces risk from economic factors that have grown in prominence, specifically, high interest rates and inflation. The REIT has used all information available as at December 31, 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 consolidated financial statements for the years ended December 31, 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.

Risks and Uncertainties

The REIT faces a variety of diverse risks, many of which are inherent in the business conducted by the REIT. They include the following:

Current Economic Environment

The REIT is subject to risks involving the economy in general, including inflation, deflation or stagflation, unemployment, geopolitical issues and a local, regional, national or international outbreak of a contagious disease, including coronavirus. Poor economic conditions could adversely affect the REIT's revenues, thereby reducing its operating income and earnings and could harm the REIT's financial condition. In weak economic environments, the REIT's tenants may be unable to meet their rental payments and other obligations due to the REIT, which could have a material and adverse effect on the REIT. In addition, fluctuation in interest rates or other financial market volatility may adversely affect financing costs on variable rate debt as well as the REIT's ability to refinance existing Indebtedness on its maturity or on terms that are as favourable as the terms of the existing Indebtedness, which may impact negatively on AFFO, may restrict the availability of financing for future prospective purchasers of the REIT's investments and could potentially reduce the value of such investments, or may adversely affect the ability of the REIT to complete acquisitions on financially desirable terms.

Access to Capital

The real estate industry is highly capital intensive. The REIT will require access to capital to fund its growth strategy and certain capital expenditures from time to time. There can be no assurances that the REIT will have access to sufficient capital or access to capital on terms favourable to the REIT for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes. Market conditions and unexpected volatility or illiquidity in financial markets may inhibit the REIT's access to financing in the Canadian equity capital markets. As a result, it is possible that financing which the REIT may require in order to grow and expand its operations, upon the expiry of the term of financing, upon refinancing any particular property owned by the REIT or otherwise, may not be available or, if it is available, may not be available on favourable terms to the REIT. Failure by the REIT to access required capital could have a material adverse effect on the REIT's business, cash flows, financial condition and financial performance and ability to make distributions to Unitholders.

Changes in Legislation

The REIT is subject to laws and regulations governing the ownership and leasing of real property, zoning, building standards, landlord/tenant relationships, construction, employment standards, environmental matters, taxes and other matters, including laws and regulations imposing restrictions relating to or arising from contagious disease, which at times have included laws and regulations limiting rent increases and imposing a moratorium on the ability of landlords to evict tenants for the non-payment of rent. It is possible that future changes in applicable federal, provincial, municipal or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting the REIT (including with retroactive effect). Any changes in the laws to which the REIT is subject could materially adversely affect the REIT's rights and title to its assets or its ability to carry on its business in the ordinary course.

Tax-Related Risk

- i) Mutual Fund Trust Status - The REIT intends to qualify at all relevant times as a "mutual fund trust" for purposes of the Income Tax Act (Canada). There can be no assurance that Canadian federal income tax laws and the administrative policies and practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the Unitholders.
- ii) The REIT Exception - Canadian tax legislation relating to the federal income taxation of Specified Investment Flow Through trusts or partnerships provide that certain distributions from a SIFT will not be deductible in computing the SIFT's taxable income and that the SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. However, distributions paid by a SIFT as return of capital should generally not be subject to tax. Under the SIFT rules, the taxation regime will not apply to a real estate investment trust that meets prescribed conditions relating to the nature of its assets and revenue (the "REIT Exception"). The REIT Exception is comprised of a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made with certainty at the end of that taxation year. The REIT expects to qualify for the REIT Exception in 2023 and subsequent taxation years, such that it will be exempt from the SIFT rules. However, no assurances can be given that the REIT will satisfy the REIT Exception in any particular year. If the SIFT rules apply to the REIT, they may adversely affect the marketability of the Units, the amount of cash available for distributions and the after-tax return to investors.

- iii) General Taxation - There can be no assurance that Canadian federal or provincial tax laws, the judicial interpretation thereof, or the administrative and assessing practices and policies of the CRA, the Department of Finance (Canada) and any other tax authority or tax policy agency will not be changed in a manner that adversely affects the REIT, its affiliates or Unitholders, or that any such taxing authority will not challenge tax positions adopted by the REIT and its affiliates. Any such change or challenge could increase the amount of tax payable by the REIT or its affiliates or could otherwise adversely affect Unitholders by reducing the amount available to pay distributions or changing the tax treatment applicable to Unitholders in respect of such distributions.

Rent Control Risk

Rent control exists in some provinces in Canada, limiting the percentage of annual rental increases to existing tenants. The REIT is exposed to the risk of the implementation of, or amendments to, existing legislative rent controls in the markets in which it operates, which may have an adverse impact on the REIT's operations. Of the jurisdictions in which the REIT currently operates, Ontario and Quebec have rent controls.

Real Estate Industry Risk

Real estate investments are generally subject to varying degrees of risk depending on the nature of the property. These risks include changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations (such as new or revised residential tenant legislation or regulations affecting the availability and cost of CMHC mortgage insurance), the attractiveness of the properties to tenants, competition from others with available space and the ability of the owner to provide adequate maintenance at an economic cost. The performance of the economy in each of the areas in which the REIT's properties are located, including the financial results and labour decisions of major local employers, can have an impact on revenues from the properties and their underlying values.

An investment in real estate is relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may limit the REIT's ability to vary its Portfolio promptly in response to changing economic, investment or other conditions. If it were necessary to accelerate the liquidation of the REIT's real property investments, the proceeds to the REIT might be significantly less than the aggregate carrying or Net Asset Value of its properties. The REIT's exposure to general risks associated with real estate investments is mitigated by its geographic diversification.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made regardless of whether or not a property is producing sufficient income to service these expenses. The REIT's properties are subject to mortgages, which require significant debt service payments. If the REIT were unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or of sale.

Many of the REIT's properties were constructed in the 1960's and 1970's and require ongoing capital expenditures. While management has implemented comprehensive property maintenance programs and monitors property conditions constantly, annual maintenance expenditures could exceed the REIT's existing reserve estimates which could have a material adverse effect upon distributable income.

The nature of the REIT's business is such that refurbishment and structural repairs are required periodically, in addition to regular on-going maintenance.

Competition for Real Property Investments

The REIT competes for suitable real property investments with a variety of investors (both Canadian and foreign) that are presently seeking, or that may seek in the future, real property investments similar to those desired by the REIT. Many of these investors will have greater financial resources than those of the REIT. An increase in the availability of investment funds, and an increase in interest in real property investments, would tend to increase competition for real property investments, thereby increasing purchase prices and reducing yields therefrom. In addition, the REIT may require additional equity and/or debt financing to complete future real property acquisitions, which may not be available on terms acceptable to the REIT.

Cyber Security Risks

A cyber incident is any adverse event that threatens the confidentiality, integrity or availability of the REIT's information technology resources. More specifically, a cyber incident is an intentional attack or an unintentional event that can include gaining unauthorized access to information systems to disrupt operations, corrupt data or steal confidential information. The REIT's primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to its reputation, damage to relationships with its vendors and tenants and disclosure of confidential vendor or tenant information. The REIT, and Minto as a service provider under the Administrative Support Agreement, have implemented processes, procedures and controls to detect and mitigate these risks, but these measures, as well as its increased awareness of a risk of a cyber incident, do not guarantee that a cyber incident will not occur or that its financial results will not be negatively impacted by such an incident.

Property Acquisition Risk

The REIT's business objectives include, among other things, growth through identifying suitable acquisition and/or development opportunities, pursuing such opportunities, consummating acquisitions and leasing acquired properties. The acquisition of properties entails general risks associated with any real estate investment, including the risk that the investments will fail to perform in accordance with expectations, that the properties will not achieve anticipated occupancy levels and that estimates of the costs of improvements to bring an acquired property up to standards established for the intended market position for that property may prove inaccurate. If the REIT is unable to make accretive acquisitions or otherwise manage its growth effectively, it could adversely impact the REIT's financial position and financial performance and decrease the amount of cash available for distribution. There can be no assurance as to the pace of growth through property acquisitions or that the REIT will be able to acquire assets on an accretive basis and, as such, there can be no assurance that distributions to Unitholders will increase in the future.

Risks Associated with the Administrative Support Agreement

The REIT relies upon Minto with respect to the provision of certain services as described in the REIT's Annual Information Form dated March 6, 2024, under the section "Arrangements with Minto - Administrative Support Agreement", available on SEDAR+ at www.sedarplus.ca. If the REIT were to lose the services provided by Minto, or if Minto fails to perform its obligations under the Administrative Support Agreement, the REIT may experience an adverse impact on its business operations. The REIT may be unable to duplicate the quality and depth or the cost of the services available to it by handling such services internally or by retaining another service provider.

Utility and Property Tax Risk

Utility and property tax risk relates to the potential additional costs the REIT may experience as a result of higher commodity prices as well as its exposure to significant increases in property taxes. Over the past few years, property taxes have increased as a result of higher property assessments of municipal properties and property tax rates. Utility expenses, mainly consisting of natural gas and electricity service charges, have been subject to considerable price fluctuations over the past several years. Any significant increase in these commodity costs that the REIT cannot pass on to the tenant may have a negative material impact on the REIT. The REIT mitigates part of this risk by submetering many of its suites to measure the consumption of electricity and passing on the cost to tenants and by investing in technology and property improvements that are aimed at reducing consumption. As at December 31, 2023, approximately 95% of the suites in the Portfolio are submetered or directly metered for electricity and approximately 89% of tenants pay the cost of electricity consumed in their suites. The REIT will seek to pass on the cost of electricity for those suites that are submetered but where the tenants do not currently pay for electricity, as the suites' tenancies turn over.

Rental Income Risks

The short-term nature of residential tenant leases exposes the REIT to the effects of a declining market rent, which could materially adversely affect the REIT's results from operations and ability to make distributions to Unitholders. Most of the REIT's residential tenant leases will be for a term of one year or less. Because the REIT's residential tenant leases generally permit residents to leave at the end of their lease term without any penalty, the REIT's rental revenue may be materially adversely affected by declines in market rents more quickly than if such leases were for longer terms. Further, the operating costs of a suite or property may increase at a faster rate than the rental rate for such suite, which could negatively impact the financial condition of the REIT.

Renovation and Development Risk

There is a risk that renovations or developments undertaken by the REIT will exceed original cost estimates or will experience unforeseen delays and that renovated or new suites may not lease in the anticipated timeframe or at anticipated rents. During suite renovations, suites are unavailable for occupancy and do not generate income.

Environmental Risk

As an owner of real estate, the REIT is subject to federal, provincial and municipal environmental regulations. These regulations may require the REIT to fund the costs of removal and remediation of certain hazardous substances on its properties or releases from its properties. The failure to remediate such properties, if any, could adversely affect the REIT's ability to borrow using the property as collateral or to sell the real estate. The REIT is not aware of any material non-compliance with environmental laws at any of its properties nor is it currently aware of any environmental condition with respect to any properties that it believes would involve material expenditures by the REIT. The REIT has made, and will continue to make, the necessary capital expenditures to comply with environmental laws and regulations. The REIT conducts due diligence on all properties prior to acquisition and this process includes independent expert assessment of environmental risk for each property. It is the REIT's policy to obtain a Phase I environmental site assessment conducted by a qualified environmental consultant as a condition of acquiring any additional property. See "Investment Guidelines and Operating Policies - Operating Policies".

Environmental laws and regulations can change rapidly, and the REIT may be subject to more stringent environmental laws and regulations in the future.

Climate-Related Risk

The REIT's properties may be impacted by both physical climate-related events and the transition to a lower carbon economy.

Among the most significant of the physical risks is the risk of flooding, including flash flooding. Depending on the severity, these events could cause significant damage to the REIT's properties, interrupt normal operations and threaten the safety of tenants. The REIT's ability to generate revenue from impacted properties may also be significantly impaired.

The REIT may incur costs to comply with policy and legislative requirements established by federal, provincial, and municipal governments to improve energy efficiency of buildings and reduce their greenhouse gas emissions. The REIT's capital plans consider the legislated requirements and ensure the REIT properties conform to timelines set out in applicable legislation.

Climate-related events also may negatively impact certain costs of operation of the REIT's properties, including the cost of utility consumption due to abnormally hot or cold temperatures and the cost of snow removal. More generally, the increase in catastrophic losses worldwide from climate-related events has resulted in significant payouts by property insurers. This has resulted in a significant increase in property insurance premiums generally, including the property insurance premiums payable by the REIT. There is a risk of insurers being required to make payments on account of future climate-related catastrophic losses, which may result in further increases in the property insurance premiums payable by the REIT.

Joint Venture Risk

The REIT participates in co-ownerships for three of its properties and may participate in other co-ownerships or partnerships in the future. There is a risk that the co-owners or partners may fail to fund their share of capital contributions or their economic or business interests or goals may change in a manner to differ from or become inconsistent with those of the REIT. Disputes with the co-owners or partners may negatively affect the operations of and returns from co-owned or partnership properties, or give rise to an obligation to purchase the interest of the co-owner or partner or to sell the REIT's interest to the co-owner or partner at a time or on terms that may adversely impact the REIT's financial position and financial performance.

Potential Conflicts of Interest with Minto

Minto's continuing businesses may lead to conflicts of interest between Minto and the REIT. The REIT may not be able to resolve such conflicts, and, even if it does, the resolution may be less favourable to the REIT than if it were dealing with a party that was not a holder of a significant interest in the REIT. In addition, the ongoing relationships between Minto and each of Roger Greenberg and Michael Waters may lead to conflicts of interest between such persons and the REIT. In order to mitigate part of the risk associated with conflicts of interest, all related party transactions with Minto are reviewed and approved on behalf of the REIT by the REIT's independent trustees only.

Social Media Risk

The use of social media could cause the REIT to suffer brand damage or information leakage. Negative posts or comments about the REIT or its properties on any social networking website could damage the REIT's reputation. In addition, employees or others might disclose non-public sensitive information relating to the REIT's business through external media channels. The continuing evolution of social media will present the REIT with new challenges and risks.

Increased Supply Risk

Each segment of the real estate business is competitive. Numerous other residential developers and apartment owners compete in seeking tenants. Although the REIT's strategy is to own multi-residential properties in desirable locations in each market in which it operates, some of the properties of the REIT's competitors may be newer, better located or better capitalized. In addition, the desirability of property locations may change over time. The existence of alternative housing could have a material adverse effect on the REIT's ability to lease space in its properties and on the rents charged or concessions granted, and could adversely affect the REIT's revenues and its ability to meet its obligations.

Appraisals of Properties

An appraisal is an estimate of market value and caution should be used in evaluating data with respect to appraisals. It is an estimate of value based on information gathered in the investigation, appraisal techniques employed and reasoning both quantitative and qualitative, leading to an opinion of value. The analysis, opinions and conclusions in an appraisal are typically developed based on, and in conformity with, or interpretation of the guidelines and recommendations set forth in the Canadian Uniform Standards of Appraisal Practice. Appraisals are based on various assumptions of future expectations of property performance and while the appraiser's internal forecast of net income for the properties appraised are considered to be reasonable at that time, some of the assumptions may not materialize or may differ materially from actual experience in the future. Appraisals are not guarantees of present or future value and there is no assurance that an appraised value actually reflects an amount that would be realized upon a current or future sale of any of the properties or that any projections included in the appraisal will be attainable. In addition, as prices in the real estate market fluctuate over time in response to numerous factors, the value of a property as shown in an appraisal may be an unreliable indication of its current market value.

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by appraisals.

General Litigation Risks

In the ordinary course of the REIT's operations, whether directly or indirectly, it may become involved in, named as a party to or be the subject of various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment, cyber-risks and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to the REIT and as a result, could have a material adverse effect on the REIT's assets, liabilities, business, financial condition and financial performance. Even if the REIT prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from the REIT's business operations.

General Uninsured Losses

The REIT carries comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. The REIT will continue to procure insurance for such risks, subject to certain standard policy limits and deductibles and will continue to carry such insurance if it is economical to do so. There are, however, certain types of risks (generally of a catastrophic nature such as war or environmental contamination), which are either uninsurable or not economically insurable. Should an uninsured or underinsured loss occur, the REIT could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, and would continue to be obligated to repay any recourse mortgage indebtedness on such properties. There is a risk that any significant increase in insurance costs will impact negatively upon the profitability of the REIT.

Key Personnel

The REIT's executive and other senior officers have a significant role in the REIT's success and oversee the execution of the REIT's strategy. The REIT's ability to retain its management team or attract suitable replacements should any members of management leave is dependent on, among other things, the competitive nature of the employment market. The REIT has experienced departures of key professionals in the past and may do so in the future, and it cannot predict the impact that any such departures may have on its ability to achieve its objectives. The loss of services from key members of the management team or a limitation on their availability could adversely impact the REIT's financial condition and cash flow. The REIT mitigates key personnel risk through succession planning, but does not maintain key personnel insurance.

Other Tax Matters

- i) **Non-Resident Ownership** - Under current law, a trust may lose its status under the Income Tax Act (Canada) as a mutual fund trust if it can reasonably be considered that the trust was established or is maintained primarily for the benefit of Non-Residents, except in limited circumstances. Accordingly, the DOT provides that Non-Residents may not be the beneficial owners of more than 49% of the Units (determined on a basic or a fully-diluted basis). The Trustees also have various powers that can be used for the purpose of monitoring and controlling the extent of Non-Resident ownership of the Units. The REIT mitigates this risk by regularly monitoring the residency of Unitholders.
- ii) **Tax-Basis of Acquired Properties** - The Partnership has acquired, and may from time to time in the future acquire, certain properties on a fully or partially tax-deferred basis, such that the tax cost of these properties will be less than their fair market value. If one or more of such properties are disposed of, the gain realized by the Partnership for tax purposes (including any income inclusions arising from the recapture of previously claimed CCA on depreciable property) will be in excess of that which it would have realized if it had acquired the properties at a tax cost equal to their fair market values. For the purpose of claiming CCA, the UCC of such properties acquired by the Partnership will be equal to the amounts jointly elected by the Partnership and the transferor on the tax-deferred acquisition of such property. The UCC of such property will be less than the fair market value of such property. As a result, the CCA that the Partnership may claim in respect of such properties will be less than it would have been if such properties had been acquired with a tax cost basis equal to their fair market values.
- iii) **Eligibility for Investment** - The Income Tax Act (Canada) imposes penalties for the acquisition or holding of investments that are not "qualified investments" within the meaning of the Income Tax Act (Canada) by registered retirement savings plans, registered education savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans or tax-free savings accounts (collectively, "Exempt Plans"). Although the REIT will endeavour to ensure that the Units continue to be qualified investments for Exempt Plans, any property distributed to a Unitholder on an in specie redemption of Units may not be qualified investments under the Income Tax Act (Canada).
- iv) **Non-Residents of Canada** - The Income Tax Act (Canada) may impose additional withholding or other taxes on distributions made by the REIT to Unitholders who are Non-Residents. These taxes and any reduction thereof under a tax treaty between Canada and another country may change from time to time. The tax consequences under the Income Tax Act (Canada) for Non-Resident Unitholders may be more adverse than the consequences to other Unitholders. Non-Resident Unitholders should consult their own tax advisors.

Financial Risk Management

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

Market Risk

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

Interest rate risk

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

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

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

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

As at December 31, 2023, the REIT has a committed variable rate credit facility of \$300,000 (December 31, 2022 - \$300,000) with an availability of \$236,034 (December 31, 2022 - \$267,115) and outstanding balance of \$140,236 (December 31, 2022 - \$157,158). A 1% change in prevailing variable interest rates would change annualized interest charges incurred by \$1,402 (December 31, 2022 - \$1,572). Subsequent to December 31, 2023, the REIT amended the terms of the credit facility, as discussed in Section I - "Overview" - Financial and Operating Highlights - Strengthening the Balance Sheet and Disciplined Capital Allocation".

Currency risk

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

Other price risk

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

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 December 31, 2023 would have a \$4,167 (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 for impairment is recorded for expected credit losses ("ECL"s).

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 and Calgary 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.

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 December 31, 2023, liquidity was \$97,516 (December 31, 2022 - \$114,838), consisting of cash of \$3,740 (December 31, 2022 - \$5,323) and \$93,776 (December 31, 2022 - \$109,515) of available borrowing capacity under the credit facility.

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

	2024	2025	2026	2027	2028	2029 and thereafter	Total
Mortgages	\$ 42,928	\$ 53,971	\$ 84,122	\$ 11,282	\$ 82,918	\$ 505,361	\$ 780,582
Construction loan	—	—	—	—	—	15,155	15,155
	42,928	53,971	84,122	11,282	82,918	520,516	795,737
Credit facility	—	140,236	—	—	—	—	140,236
Class C LP Units	51,174	64,249	2,023	23,525	1,326	84,632	226,929
Interest obligation ¹	41,774	33,957	25,422	24,194	22,325	63,963	211,635
Tenant rental deposits	11,308	—	—	—	10	—	11,318
Due to related parties	3,202	—	—	—	—	—	3,202
Accounts payable and accrued liabilities	29,306	426	449	23	—	5,835	36,039
	\$ 179,692	\$ 292,839	\$ 112,016	\$ 59,024	\$ 106,579	\$ 674,946	\$ 1,425,096

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

Related Party Transactions

Administrative Support Agreement

On July 3, 2018, the REIT and MPI, an entity with significant influence over the REIT, entered into a five-year renewable ASA. The ASA provides the REIT with certain advisory, transaction and support services, including clerical and administrative support, operational support for the administration of day-to-day activities of the REIT and office space. These services are provided on a cost recovery basis, subject to a maximum during the initial term of the ASA only for all general and administrative expenses, excluding public company costs, of 32 bps of the gross book value of the REIT's assets.

On December 15, 2022, the REIT exercised its option to renew the ASA for an additional term of five years commencing on July 3, 2023. The limitation of all general and administrative expenses, excluding public company costs, of 32 bps of the gross book value of the REIT's assets does not apply to the five-year renewal term.

For the year ended December 31, 2023, the REIT incurred \$2,260 (December 31, 2022 - \$2,260) for services rendered by MPI and its affiliates under the ASA.

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

Loans receivable from related parties

Project	Related Parties	Commitment	Interest Rate and Maturity	December 31, 2023	December 31, 2022
Fifth + Bank	Affiliate of MPI	\$ 30,000	Variable per annum ¹ January 31, 2024	\$ 30,000	\$ 30,000
Lonsdale Square	Limited partnership jointly owned by MPI and a subsidiary of Darwin Properties	14,000	7% per annum December 31, 2024	14,084	13,784
88 Beechwood	Affiliate of MPI	51,400	6% per annum December 31, 2025	43,534	25,550
The Hyland	MPI	19,650	6% per annum August 1, 2024	17,948	15,357
University Heights	MPI	51,700	7% per annum December 31, 2026	27,041	12,893
		166,750		132,607	97,584
Loan receivable	Management	700	Variable per annum ² April 27, 2032	679	718
		\$ 167,450		\$ 133,286	\$ 98,302
Current				62,032	30,000
Non-current				71,254	68,302
				\$ 133,286	\$ 98,302

All CDLs 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 December 31, 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 + 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 CDL to extend the outside exercise date for the REIT's purchase option to November 30, 2024 and to extend the maturity date of the loan to December 31, 2024.

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.

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

Year ended	December 31, 2023		December 31, 2022	
Opening balance	\$	98,302	\$	63,312
<i>Cash flows</i>				
Net advances		30,541		32,040
Interest received		(2,656)		(1,800)
		27,885		30,240
<i>Non-cash movement</i>				
Interest earned		7,099		4,750
		34,984		34,990
Closing balance	\$	133,286	\$	98,302

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 December 31, 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 \$127,921 (December 31, 2022 - \$93,441) and is considered level 2 within the fair value hierarchy.

Due to related parties

Item	Related Parties	December 31, 2023		December 31, 2022	
Current					
Class B LP Units distributions	MPI affiliates and a limited partnership wholly-owned by MPI		1,084		1,052
Class C LP Units distributions	Limited partnership wholly-owned by MPI		676		546
Property operating costs payable	MPI and its affiliates		144		493
Development costs and fees	Affiliate of MPI		1,722		1,357
Unit distribution	MPI		38		37
			3,664		3,485
Rental and service revenue receivable	MPI and its affiliates		(462)		(549)
		\$	3,202	\$	2,936

Revenue, expenses, capital expenditures and distributions

Related Parties / Item	December 31, 2023	December 31, 2022
Revenue from MPI, its affiliates and jointly-owned limited partnerships		
Rental and service revenue	\$ 509	\$ 863
Interest income on loans advanced	7,099	4,750
Expenses and distributions to MPI, its affiliates, its wholly-owned and jointly-owned limited partnerships		
Property operating expenses	1,067	1,315
Development costs and fees	4,162	1,231
Distribution on Class B LP Units (finance costs)	12,683	11,942
Distribution on Class C LP Units (finance costs)	7,306	6,574
Distribution on Class C LP Units (principal)	5,518	5,510
Distributions on Units	442	427
Compensation of key management personnel		
Paid to executives	1,642	770
Unit-based compensation		
Executives	1,461	1,502
Trustees in lieu of annual retainer and meeting fees	630	579

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

Class C LP Units

During the year ended December 31, 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.

Property acquisitions

On April 22, 2022, the REIT acquired a 28.35% ownership interest in a 501-suite multi-residential rental property located in Toronto, Ontario from a limited partnership in which an associate of MPI and certain current and former executives of MPI owned a minority interest. The acquisition cost of \$112,667, including transaction costs of \$2,896, was settled by the REIT assuming a \$46,158 mortgage, the issuance of 2,985,956 Class B LP Units with a fair value of \$60,974, paying \$4,990 in cash, and assuming working capital liabilities of \$545.

On May 6, 2022, the REIT acquired a 252-suite multi-residential rental property located in Calgary, Alberta from a limited partnership in which a subsidiary of MPI owned a minority interest. The acquisition cost of \$86,614, including transaction costs of \$99, was settled with the REIT assuming a mortgage of \$62,220, paying \$23,771 in cash, and assuming working capital liabilities of \$623.

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 consolidated 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 December 31, 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 December 31, 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 December 31, 2023, the REIT has committed to advance an additional \$19,501 (December 31, 2022 - \$50,087) to related parties in order to support the development of several projects and an additional \$14,642 (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 December 31, 2023, the maximum potential obligation resulting from this guarantee is \$12,326 (December 31, 2022 - \$12,690).

Adoption of New Standards, Amendments and Interpretations

The following amended standards were adopted by the REIT when they became effective on January 1, 2023:

- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to IAS 8)*

The adoption of these amendments did not have a material impact on the REIT's consolidated financial statements.

Future Changes in Accounting Standards

The following new and amended accounting standards are not expected to have a significant impact on the REIT's consolidated financial statements:

- *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)*, effective on January 1, 2024
- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)*, effective on January 1, 2024
- *Disclosure of Supplier Finance Arrangement (Amendments to IFRS 7 and IAS 7)*, effective on January 1, 2024
- *Lack of Exchangeability (Amendments to IAS 21)*, effective on January 1, 2025

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 and operating effectiveness of DC&P and ICFR (as defined in National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*) as at December 31, 2023.

As a result of this evaluation, Management has concluded that as of December 31, 2023 the design and operation of the REIT's DC&P were effective to ensure that material information relating to the REIT would have been known to them and that information required to be disclosed by the REIT is recorded, processed, summarized, and reported on a timely basis and within the time period specified in securities legislation. Management has also concluded that as of December 31, 2023, the REIT's ICFR were appropriately designed and operating effectively in accordance with the 2013 Guidance on Internal Control published by the Committee of Sponsoring Organizations of the Treadway Commission.

Subsequent Events

On February 15, 2024, the REIT completed the disposition of two properties in Ottawa, Ontario for a sale price of \$86,000, generating net proceeds of \$67,956.

Section VI - Supplemental Information

Property Portfolio

As at December 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 ²	393	100%	393
10 Aventura	354	100%	354
11 Huron	251	100%	251
12 Seneca	251	100%	251
13 Castlevue	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 ²	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
Calgary			
26 The Quarters	199	100%	199
27 The Laurier	144	100%	144
28 Kaleidoscope	70	100%	70
29 The International	252	100%	252
	665		665
Portfolio Total	8,037		6,522

¹ Suite counts for Minto Yorkville and Minto one80five include furnished suites, representing approximately 30% of the total suites at these properties.

² Subsequent to December 31, 2023, the REIT completed the disposition of Tanglewood and the Chesterton/Bowhill suites of the Parkwood Hills community, as described in Section I - "Overview - Financial and Operating Highlights - Execution of Capital Recycling Strategy".

Average Rent Per Square Foot

As at December 31, 2023

Geographic Node	Average monthly rent per occupied suite	Average sq. ft. per occupied suite	Average rent per sq. ft per suite
Toronto	\$2,183	778	\$2.81
Ottawa	1,727	834	2.07
Calgary	1,751	663	2.64
Montreal	1,962	974	2.01
Average	\$1,877	832	\$2.26

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 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 effective interest rate on Term Debt" is calculated as the weighted average of the effective 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 variable rate debt" is calculated as the weighted average contractual 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. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios".
- "Debt-to-Gross Book Value ratio" is calculated by dividing total interest-bearing debt consisting of fixed and variable rate mortgages, credit facility, 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. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Liquidity and Capital Resources".
- "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 applicable 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 calculated as the total assets of the REIT as at the applicable 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 applicable balance sheet date. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios".
- "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. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios".
- "NOI" is defined as revenue from investment properties less property operating costs, property taxes and utilities (collectively referred to as "property operating expenses" or "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. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios".
- "NOI margin" is defined as NOI divided by revenue from investment properties. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios".
- "Normalized NOI" is calculated as NOI 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 NOI margin" is defined as Normalized NOI divided by revenue from investment properties. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios".
- "Normalized operating expenses" is calculated as operating expenses 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".
- "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.
- "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 facility, 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.
- "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" 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.
- "average occupancy for furnished suites" is the ratio of occupied furnished suites to the total furnished 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.



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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Minto Apartment Real Estate Investment Trust,

Opinion

We have audited the consolidated financial statements of Minto Apartment Real Estate Investment Trust (the "Entity"), which comprise:

- the consolidated balance sheets as at December 31, 2023 and December 31, 2022
- the consolidated statements of net (loss) income and comprehensive (loss) income for the years then ended
- the consolidated statements of changes in unitholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Evaluation of the fair value of residential investment properties

Description of the matter

We draw attention to Note 2(e), Note 2(q) and Note 3 of the financial statements. The Entity uses the fair value method to account for real estate classified as investment property. The Entity has recorded residential investment properties for an amount of \$2,339,678 thousand, representing the most significant portion of investment properties. Significant assumptions in determining the fair value of residential properties include:

- estimated 12-month stabilized forecasted net operating income for each property.
- capitalization rates.

Why the matter is a key audit matter

We identified the evaluation of the fair value of residential investment properties as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of residential investment properties and the high degree of estimation uncertainty in determining the fair value of residential investment properties. Additionally, significant auditor judgment and involvement of those with specialized skills and knowledge were required in evaluating the results of our audit procedures due to the sensitivity of the fair value of residential investment properties to minor changes in significant assumptions.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

For a selection of residential investment properties, we assessed the Entity's ability to forecast by comparing the Entity's estimated 12-month stabilized forecasted net operating income used in the prior year's estimate of the fair value of residential investment properties to actual results.

For a selection of residential investment properties, we compared the estimated 12-month stabilized forecasted net operating income for each selected property to the actual historical net operating income by:

- taking into account the changes in conditions and events affecting the residential investment properties.
- considering the adjustments, or lack of adjustments, made by the Entity in arriving at the estimated 12-month stabilized forecasted net operating income.

We involved valuations professionals with specialized skills and knowledge who assisted in evaluating the capitalization rates of the overall portfolio of residential investment properties. These rates were evaluated by comparing them to published reports of real estate industry commentators and considering the various characteristics of the portfolio.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditor's report thereon, included in a document entitled "2023 Annual Report."

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions and the 2023 Annual Report as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Amit Shah.

Toronto, Canada
March 6, 2024

Minto Apartment Real Estate Investment Trust

Consolidated Balance Sheets

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

	Note	December 31, 2023	December 31, 2022
Assets			
Investment properties	3	\$ 2,454,533	\$ 2,611,094
Assets held for sale	3,5	86,000	—
Loans receivable from related parties	13	133,286	98,302
Prepaid expenses and other assets	7	21,354	16,806
Resident and other receivables	8	3,207	3,287
Cash		3,740	5,323
		\$ 2,702,120	\$ 2,734,812
Liabilities and Unitholders' Equity			
Liabilities			
Class B LP Units	9	\$ 416,716	\$ 361,858
Class C LP Units	10	227,411	208,086
Mortgages and loan	11	789,817	746,320
Credit facility	12	140,236	157,158
Tenant rental deposits		11,318	10,474
Due to related parties	13	3,202	2,936
Accounts payable and accrued liabilities	14	36,039	34,443
		\$ 1,624,739	\$ 1,521,275
Unitholders' equity			
		1,077,381	1,213,537
Contingencies and commitments	19		
Subsequent event	25		
		\$ 2,702,120	\$ 2,734,812

See accompanying notes to the consolidated financial statements.

Minto Apartment Real Estate Investment Trust

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

For the years ended December 31, 2023 and 2022

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

	Note	December 31, 2023	December 31, 2022
Revenue from investment properties	17	\$ 157,925	\$ 143,790
Property operating expenses			
Property operating costs		29,568	28,387
Property taxes		16,187	15,116
Utilities		13,002	12,491
		58,757	55,994
Property operating income		99,168	87,796
Other expenses (income)			
General and administrative		10,446	9,303
Finance costs - operations	18	56,669	44,590
Finance income		(7,381)	(4,818)
Fair value loss (gain) on:			
Investment properties	3	101,627	18,828
Class B LP Units	9, 18	54,858	(197,531)
Interest rate swap	7, 18	751	(2,391)
Unit-based compensation	23	596	(2,246)
Loss on disposition		1,402	—
Fees and other income		(3,141)	(3,339)
		215,827	(137,604)
Net (loss) income and comprehensive (loss) income		\$ (116,659)	\$ 225,400

See accompanying notes to the consolidated financial statements.

Minto Apartment Real Estate Investment Trust

Consolidated Statements of Changes in Unitholders' Equity

For the years ended December 31, 2023 and 2022

(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		—	—	225,400	225,400
Distributions	15	—	(19,100)	—	(19,100)
Cancellation of Units under normal course issuer bid	15	(3,248)	—	484	(2,764)
Balance, December 31, 2022	\$	710,873	\$ (66,375)	\$ 569,039	\$ 1,213,537
Net loss and comprehensive loss		—	—	(116,659)	(116,659)
Distributions	15	—	(19,645)	—	(19,645)
Units issued, net of issue costs	15	148	—	—	148
Balance, December 31, 2023	\$	711,021	\$ (86,020)	\$ 452,380	\$ 1,077,381

See accompanying notes to the consolidated financial statements.

Minto Apartment Real Estate Investment Trust

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

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

	Note	December 31, 2023	December 31, 2022
Cash provided by (used in):			
Operating activities			
Net (loss) income		\$ (116,659)	\$ 225,400
Adjustments for:			
Finance costs - operations	18	56,669	44,590
Finance income		(7,381)	(4,818)
Loss on disposition		1,402	—
Fair value loss (gain) on:			
Investment properties	3	101,627	18,828
Class B LP Units	9, 18	54,858	(197,531)
Interest rate swap	7, 18	751	(2,391)
Unit-based compensation	23	596	(2,246)
Change in non-cash working capital	22	1,103	667
Cash provided by operating activities		92,966	82,499
Financing activities			
Proceeds from mortgage financing	11	317,122	34,623
Proceeds from issuance of Class C LP Units	10	25,774	—
CMHC premiums paid		(10,812)	(882)
Financing costs		(3,169)	(537)
Mortgage payments on refinancing	11	(230,999)	(16,300)
Principal repayments on mortgages	11	(14,036)	(13,901)
Net (repayments) proceeds from credit facility	12	(16,922)	105,404
Proceeds from construction loan	11	7,149	8,006
Forgivable loan transferred from restricted cash		—	1,350
Distributions on Class B LP Units		(12,651)	(11,791)
Distributions on Class C LP Units, used to repay principal	10	(5,518)	(5,510)
Distribution on Units		(19,597)	(19,058)
Interest paid		(43,960)	(32,981)
Purchase and cancellation of Units	15	—	(2,764)
Cash (used in) provided by financing activities		(7,619)	45,659
Investing activities			
Acquisition of investment properties	4	—	(28,761)
Capital additions to investment properties		(48,087)	(49,203)
Net loan advances to related parties	13	(30,541)	(32,040)
Development of investment properties		(21,141)	(17,550)
Net proceeds on disposition of investment property	5	9,901	—
Interest received		2,938	1,868
Cash used in investing activities		(86,930)	(125,686)
Change in cash during the year		(1,583)	2,472
Cash, beginning of the year		5,323	2,851
Cash, end of the year		\$ 3,740	\$ 5,323

See accompanying notes to the consolidated financial statements.

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(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 December 31, 2023, the REIT's portfolio consists of interests in 29 (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. Material accounting policies

(a) Basis of presentation and measurement

These consolidated financial statements have been prepared on a historical cost basis, except for investment properties, Class B units of the Partnership ("Class B LP Units"), Unit-based compensation and interest rate swap, which have been measured at fair value. The consolidated 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, high interest rates and inflation. The REIT has used all information available as at December 31, 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 consolidated financial statements for the year ended December 31, 2023. 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 20) 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.

(b) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "IFRS Accounting Standards") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described herein.

These consolidated financial statements were approved by the Board of Trustees of the REIT and authorized for issuance on March 6, 2024.

(c) Basis of consolidation

The consolidated financial statements include the financial statements of the REIT and its subsidiaries, including the Partnership. Subsidiaries are consolidated from the date of acquisition, being the date on which the REIT obtains control, and continue to be consolidated until the date when control is lost. Control exists when the REIT is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The accounting policies of subsidiaries have been modified when necessary to align them with the policies adopted by the REIT. All intra-group balances, transactions and unrealized gains and losses are eliminated in full upon consolidation.

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

(d) Joint arrangements

The REIT has joint arrangements in and therefore joint control of certain investment properties which it manages. The REIT has assessed the nature of its joint arrangements and determined them to be joint operations. The REIT accounts for joint operations by recognizing, in relation to its interest, its share of revenues, expenses, assets and liabilities, which are included in their respective captions on the consolidated balance sheets and consolidated statements of net income and comprehensive income. All balances and effects of transactions between joint operations and the REIT have been eliminated to the extent of the REIT's interest in the joint operations.

(e) Investment properties

The REIT uses the fair value method to account for real estate classified as investment property. Property that is held for long term rentals or for capital appreciation or both is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property and land held for future development to earn rental income. Subsequent capital expenditures are added to the carrying value of the investment properties only when it is probable that future economic benefits will flow to the property and the cost can be measured reliably. All repairs and maintenance costs are expensed as incurred.

The acquisition of investment properties is initially measured at cost including directly attributable acquisition costs, except when acquired through a business combination, where such costs are expensed as incurred. Directly attributable acquisition costs include professional fees, land transfer taxes and other transaction costs.

After initial recognition, investment properties are carried at fair value, which is determined based on available market evidence at each reporting date, including capitalization rates that reflect the characteristics, location and market of each property. Gains or losses arising from changes in fair value are included in the consolidated statements of net income and comprehensive income during the period in which they arise. When an investment property is disposed of, the gain or loss is determined as the difference between the disposal proceeds, net of selling costs and the carrying amount of the property and is recognized in the consolidated statements of net income and comprehensive income in the period of disposal.

Fair value for residential properties is predominantly determined using the direct capitalization approach. This approach applies an appropriate capitalization rate, which reflects the characteristics, location and market of each property to the estimated 12 month stabilized forecasted net operating income for each property, and deducting estimated aggregate future capital expenditures. Estimated 12 month stabilized forecasted net operating income is based on the respective property's forecasted results, adjusted to reflect market occupancy rates and expenditure levels. Fair value is determined based on internal valuation models.

Fair value for commercial properties is determined using the discounted future cash flow approach, typically over a term of ten years plus a terminal value. Discount rates and terminal capitalization rates reflect the characteristics, location and market of each property. Future cash flows are based on estimated rental revenue from future leases less related estimated future cash outflows. Fair value is determined based on internal valuation models.

Fair value for land held for development is determined by reference to comparable market prices for similar assets.

Fair value for land under development is determined by reference to comparable market prices for similar assets plus development costs incurred to date. These costs include costs directly attributable to the development, construction costs, property taxes, directly attributable labour costs and borrowing costs on both specific and general debt. Direct and indirect borrowing costs, development costs and property taxes are capitalized when the activities necessary to prepare an asset for development or redevelopment begin, and continue until the date that construction is substantially complete and all necessary occupancy and related permits have been received, whether or not the space is leased. Capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted.

Interest is capitalized using the REIT's weighted average cost of borrowing after adjusting for borrowing associated with specific developments. Where borrowing is associated with specific developments, the amount capitalized is the gross interest incurred on such borrowing less any investment income arising on temporary investment of such borrowing.

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

As part of the internal valuation process, the REIT considers external valuations performed by independent national real estate valuation firms for a cross-section of its properties that represent different geographical locations across the REIT's portfolio. On a quarterly basis, Management reviews and updates, as deemed necessary, the valuation models to reflect current market data.

(f) Financial instruments

Financial instruments are generally measured at fair value on initial recognition. The classification and measurement of financial assets consists of the following categories: (i) measured at amortized cost, (ii) fair value through profit and loss ("FVTPL"), and (iii) fair value through other comprehensive income ("FVTOCI"). Financial assets classified at amortized cost are measured using the effective interest method. Financial assets classified as FVTPL are measured at fair value with gains and losses recognized in the consolidated statements of net income and comprehensive income. Financial assets classified as FVTOCI are measured at fair value with gains or losses recognized through other comprehensive income, except for gains and losses pertaining to impairment or foreign exchange which are recognized through the consolidated statements of net income and comprehensive income.

The classification and measurement of financial liabilities consists of the following categories: (i) measured at amortized cost and (ii) FVTPL. Financial liabilities classified at amortized cost are measured using the effective interest method. Financial liabilities classified as FVTPL are measured at fair value with changes in fair value attributable to changes in the credit risk of the liability recognized in other comprehensive income, and the remaining amount of change in fair value recognized in the consolidated statements of net income and comprehensive income.

The REIT has made the following classifications for its financial instruments:

Amount	Measurement
Loans receivable from related parties	Amortized cost
Restricted cash	Amortized cost
Interest rate swap	FVTPL
Resident and other receivables	Amortized cost
Cash	Amortized cost
Class B LP Units	FVTPL
Class C LP Units	Amortized cost
Mortgages and loans	Amortized cost
Credit facility	Amortized cost
Tenant rental deposits	Amortized cost
Due to related parties	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

The REIT derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The REIT derecognizes a financial liability when, and only when, the REIT's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated statements of net income and comprehensive income.

Transaction costs other than those related to financial instruments classified as FVTPL, which are expensed as incurred, are capitalized to the carrying amount of the instrument and amortized using the effective interest method. These costs include interest, amortization of discounts or premiums relating to borrowings, fees and commissions paid to agents, brokers and advisers, transfer taxes and duties, and a portion of Canada Mortgage and Housing Corporation ("CMHC") insurance premiums related to current mortgages.

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

Units

Trust units of the REIT ("Units") are redeemable at the holder's option and therefore are considered to be a puttable instrument in accordance with IAS 32, *Financial Instruments: Presentation* ("IAS 32"). Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met in accordance with IAS 32, in which case the puttable instruments may be presented as equity. The Units meet the exemption conditions of IAS 32 and are presented as equity.

Units represent a Unitholder's proportionate undivided beneficial interest in the REIT. No Unit has any preference or priority over another. No Unitholder has or is deemed to have any right of ownership in any of the assets of the REIT. Each Unit confers the right to one vote at any meeting of Unitholders and to participate pro rata in any distributions and, on liquidation, to a pro rata share of the residual net assets remaining after preferential claims thereon of debtholders.

The REIT does not report an earnings per unit calculation, as per IAS 33, *Earnings Per Share*, as the Units meet the definition of a financial liability under IAS 32.

Unitholders have the right to redeem their Units at the lesser of (i) 90% of the market price of the Units and (ii) 100% of the closing market price on the redemption date. The redemption price will be satisfied by cash up to a limit of \$50 for all redemptions in a calendar month, which can be waived at the discretion of the REIT's Trustees.

Class B LP Units

The Class B LP Units are economically equivalent to Units, receive distributions equal 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, which entitles the holder to one vote per Special Voting Unit at any meeting of the Unitholders. The limited IAS 32 exception for presentation as equity does not extend to the Class B LP Units. As a result, the Class B LP Units have been classified as financial liabilities and are measured at FVTPL. The fair value of the Class B LP Units is measured every period by reference to the traded value of the Units, with changes in measurement recorded in the consolidated statements of net income and comprehensive income. Distributions on the Class B LP Units are recorded as a finance cost in the consolidated statements of net income and comprehensive income in the period in which the distributions become payable.

Class C LP Units

The Class C units of the Partnership ("Class C LP Units") provide for monthly distributions from the Partnership 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 have been classified as financial liabilities and are carried at amortized cost. Distributions on the Class C LP Units consist of principal repayments and interest expense, with principal repayments reducing the outstanding liability and interest expense recorded in finance costs in the consolidated statements of net income and comprehensive income in the period in which the distributions become payable.

Impairment of financial assets

The REIT has adopted the practical expedient to estimate the expected credit loss ("ECL") on resident and other receivables using a provision matrix based on historical credit loss experience adjusted for current and forecasted future economic conditions. Resident and other receivables are initially measured at fair value and are subsequently measured at amortized cost less a provision for impairment.

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

The REIT recognizes loss allowances for ECL on the remaining financial assets measured at amortized cost, unfunded loan commitments and financial guarantee contracts. The REIT applies a three-stage approach to measure allowance for credit losses. The REIT measures loss allowance at an amount equal to 12 months of expected losses for performing loans if the credit risk at the reporting date has not increased significantly since initial recognition (Stage 1) and at an amount equal to lifetime expected losses on performing loans that have experienced a significant increase in credit risk since origination (Stage 2) and at an amount equal to lifetime expected losses which are credit impaired (Stage 3). The determination of a significant increase in credit risk takes into account different factors and varies by nature of investment. The REIT assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due or certain criteria are met which are specific to the individual borrower based on judgment. The REIT considers a financial asset to be credit impaired when the borrower is more than 90 days past due and when there is objective evidence that there has been a deterioration of credit quality to the extent the REIT no longer has reasonable assurance as to the timely collection of the full amount of principal and interest or when the REIT has commenced enforcement remedies available to it under its contractual agreements.

Measurement of ECL

Loss allowances for ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the REIT in accordance with the contract and the cash flows that the REIT expects to receive) and incorporate significant assumptions including the probability of default as well as the estimated loss given default. ECLs are discounted at the effective interest rate of the financial asset.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the REIT is exposed to credit risk.

The determination of ECLs of a collateralized impaired loan reflects the expected realization of the underlying security, net of expected costs and any amounts legally required to be paid to the borrower.

When determining the allowance for ECLs, the REIT considers reasonable and supportable information that is relevant and available without undue cost or effort. Management considers past events, current market conditions and reasonable forward-looking supportable information about future economic conditions. In assessing information about possible future economic conditions, management utilized multiple economic scenarios including a base case, which represents the most probable outcome and is consistent with management's view of the financial asset. In considering the lifetime of a loan, the contractual period of the loan, including prepayment, extension and other options is generally used.

The estimation of ECLs also includes assumptions about local real estate market conditions, availability and terms of financing, underlying value of the security and various other factors. These assumptions are limited by the availability of reliable comparable market data, economic uncertainty and the uncertainty of future events. Accordingly, by their nature, estimates of impairment are subjective and may not necessarily be comparable to the actual outcome. Should the underlying assumptions change, the estimated future cash flows could vary.

(g) Fair value measurement

The REIT measures financial instruments, such as Class B LP Units, interest rate swap and Unit-based compensation, and non-financial assets, such as investment properties, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the REIT.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interests.

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The REIT uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the REIT determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Cash, restricted cash, resident and other receivables, due to related parties, tenant rental deposits and accounts payable and accrued liabilities are carried at amortized cost, which, due to their short term nature, approximates fair value. Additionally, the credit facility is carried at amortized cost, which, due to its variable rate, approximates fair value.

The REIT estimates the fair value of its mortgages and Class C LP Units based on the rates that could be obtained for similar debt instruments with similar terms and maturities. Their fair value qualifies as level 2 in the fair value hierarchy above.

The fair value of Class B LP Units and Unit-based compensation is measured every period by reference to the traded value of Units and is considered Level 2 in the fair value hierarchy.

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 fair value of the loans receivable from related parties is determined by reference to rates that could be obtained for similar instruments with similar terms and maturities and is considered level 2 in the fair value hierarchy.

There were no transfers of assets or liabilities between fair value levels during the periods presented herein.

(h) Assets held for sale

Investment properties are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use as defined in IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*. Investment properties classified as held for sale are recorded at fair value in accordance with the valuation policies described in Note 2(e).

(i) CMHC premiums

CMHC mortgage insurance premiums provide coverage over the loan amortization period, typically 25 to 45 years. The portion related to the term of currently outstanding mortgages is accounted for as a financing charge and amortized over the life of respective mortgages using the effective interest method. The remaining portion of the CMHC mortgage insurance premiums is classified as a prepaid expense.

(j) Cash

Cash includes cash on hand and cash maintained in bank accounts.

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

(k) Income taxes

The REIT is a "mutual fund trust" and a "real estate investment trust" as defined in the Income Tax Act (Canada). Under current tax legislation, a "real estate investment trust" is entitled to deduct distributions of taxable income such that it is not liable to pay income taxes provided that its taxable income is fully distributed to Unitholders. The REIT qualifies as a "real estate investment trust" and intends to make distributions not less than the amount necessary to ensure that the REIT will not be liable to pay income taxes. Accordingly, no net current tax expenses or current or deferred income tax asset or liability has been recorded in the consolidated financial statements.

(l) Revenue recognition

The REIT retains substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases.

Rental revenue includes base rents earned from tenants under operating lease agreements which is allocated to lease components based on relative stand-alone selling prices. The stand-alone selling prices of the rental component are determined using an adjusted market assessment approach and the stand-alone selling prices of the service components are determined using an expected cost plus a margin approach.

Rental revenue from the rental component is recognized on a straight-line basis over the lease term. When the REIT provides incentives to its tenants, the cost of incentives is recognized over the lease term, on a straight-line basis, as a reduction of revenue.

Revenue from services represents the service component of the REIT's leases and is accounted for in accordance with IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"). These services consist primarily of the recovery of utility, property maintenance and amenity costs where the REIT has determined it is acting as a principal and is recognized over time when the services are provided. Payments are due at the beginning of each month and any payments made in advance of scheduled due dates are recorded as contract liabilities.

Management fees are earned from asset, project and property management of jointly controlled properties. Management fees are recorded in fees and other income as the services are provided. Payments for property management fees are due at the beginning of each month, asset management fees are due at the beginning of each quarter and project management fees are due 30 days in arrears.

(m) Finance costs

Finance costs are comprised of interest expense on secured debt and unsecured debt, amortization of mark-to-market adjustments and financing charges, debt retirement costs, distributions on Class B LP Units and Class C LP Units, fair value loss (gain) on Class B LP Units and fair value loss (gain) on an interest rate swap. Finance costs associated with financial liabilities presented at amortized cost are presented in the consolidated statements of net income and comprehensive income using the effective interest method.

(n) Unit-based compensation

The REIT maintains an Amended and Restated Omnibus Equity Incentive Plan (the "Plan") for its Trustees and executives pursuant to which eligible participants may receive Deferred Units, Performance Units, Restricted Units or other similar types of security based compensation. Awards under the Plan may be settled by Units issued from treasury or, if so elected by the participant and subject to the approval of the Plan Administrator, cash. The grant date value is recognized as part of general and administrative expenses over the vesting period, with a corresponding increase in liabilities over the service period related to the award. The grant date value is calculated using the market price of the Units on the grant date for Deferred Units and using a pricing model for Performance Units. Market price is defined as the volume weighted average closing price of the Units on the Toronto Stock Exchange for the five trading days immediately preceding such date. The grant date value estimate for Performance Units requires determination of relevant inputs to the pricing model. The liability is remeasured at each reporting date and settlement date using the closing market price of the Units as defined in the Plan or the updated pricing model as of the date of measurement. Any changes in the value of the liability are recognized as fair value adjustments through the consolidated statements of net income and comprehensive income.

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

(o) Government grant

The REIT receives financial assistance from the government to help fund the development and operation of affordable rental suites. Government grants are not recognized until there is reasonable assurance that the REIT will comply with the conditions attached to them and that the grants will be received. In accordance with IAS 20 – *Accounting for Government Grants and Disclosure of Government Assistance* ("IAS 20"), grant proceeds related to development properties will be recognized in profit or loss on a systematic basis over the periods in which the REIT recognizes revenue or incurs expenses.

(p) Significant judgments in applying accounting policies

The following are the significant judgments that have been made in applying the REIT's accounting policies and that have the most significant effect on the amounts in the consolidated financial statements:

Investment property acquisitions

The REIT must assess whether an acquisition transaction should be accounted for as an asset acquisition or a business combination under IFRS 3, *Business Combinations* ("IFRS 3"). This assessment requires the REIT to make judgments on whether the assets acquired and liabilities assumed constitute a business as defined in IFRS 3 and if the integrated set of activities, including inputs and processes acquired, are capable of being conducted and managed as a business and the REIT obtains control of the business.

Income taxes

The REIT is a "mutual fund trust" and a "real estate investment trust" as defined in the Income Tax Act (Canada). The REIT is not liable to pay Canadian income taxes provided that its taxable income is fully distributed to Unitholders each year. The REIT is a "real estate investment trust" if it meets the prescribed conditions under the Income Tax Act (Canada) relating to the nature of its assets and revenue. The REIT uses judgment in reviewing the real estate investment trust conditions and assessing their interpretation and application to the REIT's assets and revenue, and it has determined that it qualifies as a "real estate investment trust" for the current period.

Interest in joint operations

The REIT assesses whether an arrangement should be accounted for as a joint operation or a joint venture under IFRS 11, *Joint Arrangements*. This assessment requires the REIT to make judgments on whether the REIT's rights and obligations arising from the arrangement constitute a joint operation or a joint venture.

Recognition of government grants

For acquired residential properties financed through forgivable loans, the REIT assesses whether throughout the remaining term of forgivable loans the REIT is expected to meet the conditions for forgiveness, that the outflow of economic resources is not probable and that in accordance with IAS 37 – *Provision, Contingent Liabilities and Contingent Assets* no financial liability is required to be recorded. For development properties financed through forgivable loans, the REIT assesses whether throughout the remaining term of the forgivable loans there is reasonable assurance that the REIT will meet the conditions for forgiveness. If they do, the balance to be forgiven is recognized over time in the consolidated statements of net income and comprehensive income.

(q) Significant accounting estimates and assumptions

The REIT makes estimates and assumptions that affect the carrying amounts of assets and liabilities and the reported amount of income for the period. Actual results could differ from estimates. The estimates and assumptions that have the most significant effect on the reported amounts in the consolidated financial statements include:

Residential Investment properties valuation

In applying the REIT's policy with respect to investment properties, significant accounting estimates and assumptions are required to determine the valuation of the residential properties under the fair value model. Significant accounting estimates and assumptions used in the REIT's internal valuation model include the estimated 12 month stabilized forecasted net operating income for each property and the capitalization rates that reflect the characteristics, location and market for each property.

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

(r) Adoption of new standards, amendments and interpretations

The following amended standards were adopted by the REIT when they became effective on January 1, 2023:

- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to IAS 8)*

The adoption of these amendments did not have a material impact on the REIT's consolidated financial statements.

(s) Future changes in accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the REIT's consolidated financial statements:

- *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)*, effective on January 1, 2024
- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)*, effective on January 1, 2024
- *Disclosure of Supplier Finance Arrangement (Amendments to IFRS 7 and IAS 7)*, effective on January 1, 2024
- *Lack of Exchangeability (Amendments to IAS 21)*, effective on January 1, 2025

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 (Note 4)		186,579		12,702		—		199,281
Capital expenditures		52,348		48		—		52,396
Development expenditures		—		—		18,395		18,395
Other		(715)		—		—		(715)
Fair value (loss) gain		(19,250)		(3,772)		4,194		(18,828)
Balance, December 31, 2022	\$	2,525,455	\$	27,828	\$	57,811	\$	2,611,094
Additions								
Capital expenditures		44,017		398		—		44,415
Development expenditures		—		—		28,950		28,950
Disposition (Note 5)		(42,170)		—		—		(42,170)
Transfer to assets held for sale		(86,000)		—		—		(86,000)
Other		(129)		—		—		(129)
Fair value (loss) gain		(101,495)		(1,254)		1,122		(101,627)
Balance, December 31, 2023	\$	2,339,678	\$	26,972	\$	87,883	\$	2,454,533

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

For the year ended December 31, 2023, the REIT capitalized \$2,905 (December 31, 2022 - \$1,051) 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 6.99% (December 31, 2022 - 4.52%). 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 December 31, 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 also engaged leading independent national real estate appraisal firms with representation and expertise across Canada, and specifically in the markets in which the REIT operates, in order to ensure that every REIT property is externally appraised at least once every three years. These external appraisals were used by Management to assist in the validation of the market assumptions and market data used as part of its internal valuation model. For the year ended December 31, 2023, the REIT obtained external property appraisals representing approximately 66% (December 31, 2022 - 53%) of the fair value of the REIT's investment properties.

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 December 31, 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, future demand, and 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 year ended December 31, 2023, the aggregate five-year estimated future capital expenditures deducted was \$89,501 (December 31, 2022 - \$89,329) in determining the fair value of residential properties.

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:

	December 31, 2023			December 31, 2022		
	Min	Max	Weighted average	Min	Max	Weighted average
Capitalization rate	3.63%	5.13%	4.16%	3.25%	4.63%	3.80%

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

The following table summarizes the sensitivity of the fair value of residential properties including residential properties held for sale to changes in capitalization rates and estimated 12 month stabilized forecasted NOI as at December 31, 2023:

December 31, 2023	-3%	-1%	NOI	+1%	+3%
Capitalization rate					
-50 basis points	\$ 2,590,242	\$ 2,645,452	\$ 2,673,057	\$ 2,700,662	\$ 2,755,872
-25 basis points	2,418,162	2,469,824	2,495,655	2,521,486	2,573,148
Base rate	2,266,864	2,315,407	2,339,678	2,363,949	2,412,492
+25 basis points	2,132,798	2,178,576	2,201,465	2,224,354	2,270,132
+50 basis points	2,013,177	2,056,489	2,078,145	2,099,801	2,143,113

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. Acquisition of investment properties

The REIT did not complete any investment property acquisitions during the year ended December 31, 2023.

The REIT completed the following investment property acquisition during the year ended December 31, 2022:

Date of acquisition	Region	Suites	Total acquisition cost	Variable rate mortgage financing	Net cash consideration paid ¹	Ownership interest
April 22, 2022	Toronto, ON	501	\$ 112,667	\$ 46,158	\$ 4,990	28.35%
May 6, 2022	Calgary, AB	252	86,614	62,220	23,771	100%
		753	\$ 199,281	\$ 108,378	\$ 28,761	

¹ After working capital adjustments and, for the acquisition of the Toronto property, issuance of 2,985,956 Class B LP Units.

5. Disposition of investment properties and assets held for sale

Disposition of investment properties

During the year ended December 31, 2023, the REIT completed the disposition of the following investment properties:

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
December 7, 2023	Edmonton, AB	98	32,250	24,668	7,016
		92			
		254	\$ 42,170	\$ 31,438	\$ 9,901

¹ Net cash proceeds after transaction costs.

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

The REIT did not complete any dispositions during the year ended December 31, 2022.

Assets held for sale

As at December 31, 2023, the REIT classified two residential properties in Ottawa, Ontario as assets held for sale with a fair value of \$86,000. On February 15, 2024, these properties were sold as described in Note 25.

As at December 31, 2022, the REIT did not classify any properties as held for sale.

6. 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%

7. Prepaid expenses and other assets

	December 31, 2023	December 31, 2022
Prepaid expenses	\$ 2,598	\$ 2,729
Prepaid CMHC premiums	15,007	8,825
Restricted cash	1,492	1,434
Deposits and other prepayments	310	1,120
Interest rate swap	1,947	2,698
	\$ 21,354	\$ 16,806
Current	2,610	3,812
Non-current	18,744	12,994
	\$ 21,354	\$ 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	Fair value as at	
					December 31, 2023	December 31, 2022
Interest rate swap ¹	April 2026	3.38%	\$42,360	\$35,217	\$ 1,947	\$ 2,698

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

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

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

Year ended	December 31, 2023	December 31, 2022
Opening balance	\$ 2,698	\$ 307
<i>Non-cash movement</i>		
Fair value (loss) gain	(751)	2,391
Closing balance	\$ 1,947	\$ 2,698

8. Resident and other receivables

	December 31, 2023	December 31, 2022
Current		
Resident receivables	\$ 2,049	\$ 1,844
Other receivables	2,289	2,375
Less: Allowance for credit losses	(1,131)	(932)
	\$ 3,207	\$ 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.

9. 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 (Note 4)	2,985,956	60,974
Fair value gain	—	(197,531)
	2,985,956	(136,557)
Balance, December 31, 2022	25,755,029	\$ 361,858
<i>Non-cash movement</i>		
Fair value loss	—	54,858
Balance, December 31, 2023	25,755,029	\$ 416,716

For the year ended December 31, 2023, distributions of \$12,683 (December 31, 2022 - \$11,942) 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 Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

10. Class C LP Units

	December 31, 2023	December 31, 2022
Class C LP Units	\$ 226,929	\$ 206,673
Unamortized mark-to-market adjustments	972	1,413
Unamortized deferred borrowing costs	(490)	—
	227,411	208,086
Current	51,393	50,642
Non-current	176,018	157,444
	\$ 227,411	\$ 208,086

During the year ended December 31, 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 year ended December 31, 2023, the REIT also made distributions of \$7,306 (December 31, 2022 - \$6,574) to the Class C LP Unitholder that were accounted for as finance costs.

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

Distributions on Class C LP Units as at December 31, 2023, excluding unamortized mark-to-market adjustments and deferred financing costs, are due as follows:

2024	51,174
2025	64,249
2026	2,023
2027	23,525
2028	1,326
2029 and thereafter	84,632
	\$ 226,929

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

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	—	(5,510)
<i>Non-cash movement</i>		
Amortization of mark-to-market adjustments	—	(473)
	—	(5,983)
Balance, December 31, 2022	22,978,700	\$ 208,086
<i>Cash flows</i>		
Issued	2,577,382	25,774
Distributions used to repay principal	—	(5,518)
Deferred financing costs incurred	—	(154)
Deferred financing CMHC premiums	—	(354)
	2,577,382	19,748
<i>Non-cash movement</i>		
Amortization of mark-to-market adjustments	—	(441)
Deferred financing amortization	—	18
	—	(423)
Balance, December 31, 2023	25,556,082	\$ 227,411

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 December 31, 2023, the current market rates plus risk-adjusted spreads ranged from 4.10% to 6.17% (December 31, 2022 - 4.29% to 5.91%) and the fair value of the Class C LP Units was \$223,956 (December 31, 2022 - \$199,200) and is considered level 2 within the fair value hierarchy.

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

11. Mortgages and loan

	December 31, 2023	December 31, 2022
Mortgages - fixed rate	\$ 780,582	\$ 631,956
Mortgages - variable rate	—	108,378
Construction loan - fixed rate	15,155	8,006
	795,737	748,340
Unamortized mark-to-market adjustments	686	882
Unamortized deferred financing costs	(6,606)	(2,902)
	789,817	746,320
Current	42,115	238,800
Non-current	747,702	507,520
	\$ 789,817	\$ 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 \$35,217 (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 3.37% (December 31, 2022 - 3.07%).

Construction loan

The REIT has a fixed rate non-revolving construction loan commitment of \$93,745 and as at December 31, 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:

2024	42,928
2025	53,971
2026	84,122
2027	11,282
2028	82,918
2029 and thereafter	520,516
	\$ 795,737

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

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	8,006	42,629
Deferred financing costs incurred	(537)	—	(537)
Deferred financing CMHC premiums	(319)	—	(319)
Principal payments on refinancing	(16,300)	—	(16,300)
Principal repayments	(13,901)	—	(13,901)
	3,566	8,006	11,572
<i>Non-cash movement</i>			
Assumed on acquisition	108,378	—	108,378
Amortization of mark-to-market adjustment	(270)	—	(270)
Deferred financing charges transferred from prepaid CMHC premiums	(75)	—	(75)
Deferred financing amortization	595	—	595
	108,628	—	108,628
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	(14,036)	—	(14,036)
	67,176	7,149	74,325
<i>Non-cash movement</i>			
Assigned on disposition	(31,438)	—	(31,438)
Amortization of mark-to-market adjustment	(147)	—	(147)
Deferred financing amortization	757	—	757
	(30,828)	—	(30,828)
Balance, December 31, 2023	\$ 774,662	\$ 15,155	\$ 789,817

As at December 31, 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 December 31, 2023, the current market rates plus risk-adjusted spreads ranged from 3.99% to 6.00% (December 31, 2022 - 4.25% to 5.87%) and the fair value of fixed rate mortgages and construction loan was \$761,780 (December 31, 2022 - \$595,760) and is considered level 2 within the fair value hierarchy.

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

12. Credit facility

	December 31, 2023	December 31, 2022
Committed	\$ 300,000	\$ 300,000
Available	236,034	267,115
Utilized		
Amounts drawn	140,236	157,158
Letter of credit	2,022	442
	142,258	157,600
Undrawn amount available	\$ 93,776	\$ 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 December 31, 2023, the weighted average variable interest rate was 7.25% (December 31, 2022 - 6.47%). Given the variable nature of the credit facility, its carrying value approximates its fair value.

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

Year ended	December 31, 2023	December 31, 2022
Opening balance	\$ 157,158	\$ 51,754
Cash flows		
Issued	85,078	115,404
Repayments	(102,000)	(10,000)
	(16,922)	105,404
Closing balance	\$ 140,236	\$ 157,158

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

13. 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 consolidated financial statements, related party transactions include:

(a) Administrative Support Agreement

On July 3, 2018, the REIT and Minto Properties Inc. ("MPI"), an entity with significant influence over the REIT, entered into a five-year renewable Administrative Support Agreement ("ASA"). The ASA provides the REIT with certain advisory, transaction and support services, including clerical and administrative support, operational support for the administration of day-to-day activities of the REIT and office space. These services are provided on a cost recovery basis, subject to a maximum during the initial term of the ASA only for all general and administrative expenses, excluding public company costs, of 32 bps of the gross book value of the REIT's assets.

On December 15, 2022, the REIT exercised its option to renew the ASA for an additional term of five years commencing on July 3, 2023. The limitation of all general and administrative expenses, excluding public company costs, of 32 bps of the gross book value of the REIT's assets does not apply to the five-year renewal term.

For the year ended December 31, 2023, the REIT incurred \$2,260 (December 31, 2022 - \$2,260) for services rendered by MPI and its affiliates under the ASA.

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(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	December 31, 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	14,084	13,784
Beechwood Avenue, Ottawa, ON ("88 Beechwood")	Affiliate of MPI	51,400	6% per annum December 31, 2025	43,534	25,550
810 Kingsway, Vancouver, BC ("The Hyland")	MPI	19,650	6% per annum August 1, 2024	17,948	15,357
3958 Shelbourne Street, Victoria, BC ("University Heights")	MPI	51,700	7% per annum December 31, 2026	27,041	12,893
		166,750		132,607	97,584
Loan receivable	Management	700	Variable per annum ² April 27, 2032	679	718
		\$ 167,450		\$ 133,286	\$ 98,302
Current				62,032	30,000
Non-current				71,254	68,302
				\$ 133,286	\$ 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 December 31, 2023, the 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 Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

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

Year ended		December 31, 2023	December 31, 2022
Opening balance	\$	98,302	\$ 63,312
<i>Cash flows</i>			
Net advances		30,541	32,040
Interest received		(2,656)	(1,800)
		27,885	30,240
<i>Non-cash movement</i>			
Interest earned		7,099	4,750
		34,984	34,990
Closing balance	\$	133,286	\$ 98,302

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 December 31, 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 \$127,921 (December 31, 2022 - \$93,441) and is considered level 2 within the fair value hierarchy.

(c) Due to related parties

Item	Related Parties	December 31, 2023	December 31, 2022
Current			
Class B LP Units distributions	MPI affiliates and a limited partnership wholly-owned by MPI	\$ 1,084	\$ 1,052
Class C LP Units distributions	Limited partnership wholly-owned by MPI	676	546
Property operating costs payable	MPI and its affiliates	144	493
Development costs and fees	Affiliate of MPI	1,722	1,357
Unit distribution	MPI	38	37
		3,664	3,485
Rental and service revenue receivable	MPI and its affiliates	(462)	(549)
		\$ 3,202	\$ 2,936

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

(d) Revenue, expenses, capital expenditures and distributions

	December 31, 2023	December 31, 2022
Revenue from MPI, its affiliates and jointly-owned limited partnerships		
Rental and service revenue	\$ 509	\$ 863
Interest income on loans advanced	7,099	4,750
Expenses and distributions to MPI, its affiliates, its wholly-owned and jointly-owned limited partnerships		
Property operating expenses	1,067	1,315
Development costs and fees	4,162	1,231
Distributions on Class B LP Units (finance costs)	12,683	11,942
Distributions on Class C LP Units (finance costs)	7,306	6,574
Distributions on Class C LP Units (principal)	5,518	5,510
Distributions on Units	442	427
Compensation of key management personnel		
Paid to executives	1,642	770
Unit-based compensation		
Executives	1,461	1,502
Trustees in lieu of annual retainer and meeting fees	630	579

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 year ended December 31, 2023, the REIT issued 2,577,382 Class C LP Units (Note 10) to MPI in connection with the refinancing of a mortgage of an investment property to which the Class C LP Units relate.

(f) Property acquisitions

On April 22, 2022, the REIT acquired a 28.35% ownership interest in a 501-suite multi-residential rental property located in Toronto, Ontario from a limited partnership in which a subsidiary of MPI and certain current and former executives of MPI owned a minority interest. The acquisition cost of \$112,667, including transaction costs of \$2,896, was settled by the REIT assuming a \$46,158 mortgage, the issuance of 2,985,956 Class B LP Units with a fair value of \$60,974, paying \$4,990 in cash, and assuming working capital liabilities of \$545.

On May 6, 2022, the REIT acquired a 252-suite multi-residential rental property located in Calgary, Alberta from a limited partnership in which a subsidiary of MPI owned a minority interest. The acquisition cost of \$86,614, including transaction costs of \$99, was settled with the REIT assuming a mortgage of \$62,220, paying \$23,771 in cash, and assuming working capital liabilities of \$623.

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

14. Accounts payable and accrued liabilities

	December 31, 2023		December 31, 2022	
Accounts payable	\$	8,606	\$	4,711
Accrued liabilities		13,072		18,457
Distributions payable		1,641		1,592
Unit-based compensation		7,061		4,539
Forgivable loan		5,659		5,144
	\$	36,039	\$	34,443
Current		29,306		28,689
Non-current		6,733		5,754
	\$	36,039	\$	34,443

During the year ended December 31, 2020, in connection with the Richgrove development, the REIT completed a contribution agreement with the City of Toronto whereby the City will contribute funds towards the construction of 100 affordable rental suites as part of the new property and will also provide relief from development charges and certain other fees. Funding and relief from development charges and certain other fees will be in the form of a forgivable loan, with loan forgiveness commencing on the first anniversary of first occupancy of the affordable rental suites, at 4% per year over a period of 25 years.

For the year ended December 31, 2023, \$515 of City benefits were received in connection with the Richgrove development and have been recorded as a forgivable loan payable in connection with the terms of the contribution agreement (December 31, 2022 - \$1,350).

15. 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, December 31, 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, December 31, 2023	39,898,612	\$ 711,021

For the year ended December 31, 2023, distributions to Unitholders of \$19,645 (December 31, 2022 - \$19,100) were declared, representing monthly distributions of \$0.04083 (2022 - \$0.03958) per Unit for the months of January to October and \$0.04208 (2022 - \$0.04083) per Unit for the months of November and December.

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 year ended December 31, 2023, the REIT did not purchase and cancel any Units under the NCIB.

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

For the year ended December 31, 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.

16. Segment reporting

The REIT owns, manages and operates 29 (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 Accounting Standards.

17. Revenue from investment properties

	December 31, 2023		December 31, 2022	
Rental revenue	\$	134,751	\$	121,554
Revenue from services		23,174		22,236
	\$	157,925	\$	143,790

18. Finance costs

	December 31, 2023		December 31, 2022	
Interest expense on mortgages and loan	\$	26,728	\$	21,802
Interest expense and standby fees on credit facility		10,445		5,128
Financing amortization and other charges		1,221		938
Amortization of mark-to-market adjustments		(588)		(743)
Capitalized interest		(2,905)		(1,051)
Debt retirement costs		1,779		—
Interest expense and other financing charges		36,680		26,074
Distributions on Class B LP Units (Note 9)		12,683		11,942
Distributions on Class C LP Units (Note 10)		7,306		6,574
Finance costs - operations	\$	56,669	\$	44,590
Fair value loss (gain) on:				
Class B LP Units (Note 9)		54,858		(197,531)
Interest rate swap (Note 7)		751		(2,391)
Finance costs	\$	112,278	\$	(155,332)

19. 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 consolidated financial statements of the REIT.

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

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 December 31, 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 December 31, 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 December 31, 2023, the REIT has committed to advance an additional \$19,501 (December 31, 2022 - \$50,087) to related parties in order to support the development of several projects and an additional \$14,642 (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 December 31, 2023, the maximum potential obligation resulting from this guarantee is \$12,326 (December 31, 2022 - \$12,690).

20. 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 December 31, 2023, the REIT has a committed variable rate credit facility of \$300,000 (December 31, 2022 - \$300,000) with an availability of \$236,034 (December 31, 2022 - \$267,115) and outstanding balance of \$140,236 (December 31, 2022 - \$157,158). A 1% change in prevailing interest rates would change annualized interest charges incurred by \$1,402 (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.

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

(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 December 31, 2023 would have a \$4,167 (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 and Calgary 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.

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 December 31, 2023, current liabilities of \$137,334 (December 31, 2022 - \$331,531) exceeded current assets of \$71,589 (December 31, 2022 - \$42,422), resulting in a net working capital deficit of \$65,745 (December 31, 2022 - \$289,109). Current liabilities as of December 31, 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 December 31, 2023, liquidity was \$97,516 (December 31, 2022 - \$114,838) consisting of cash of \$3,740 (December 31, 2022 - \$5,323) and \$93,776 (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.

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

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

	2024	2025	2026	2027	2028	2029 and thereafter	Total
Mortgages	\$ 42,928	\$ 53,971	\$ 84,122	\$ 11,282	\$ 82,918	\$ 505,361	\$ 780,582
Construction loan	—	—	—	—	—	15,155	15,155
	42,928	53,971	84,122	11,282	82,918	520,516	795,737
Credit facility	—	140,236	—	—	—	—	140,236
Class C LP Units	51,174	64,249	2,023	23,525	1,326	84,632	226,929
Interest obligation ¹	41,774	33,957	25,422	24,194	22,325	63,963	211,635
Tenant rental deposits	11,308	—	—	—	10	—	11,318
Due to related parties	3,202	—	—	—	—	—	3,202
Accounts payable and accrued liabilities	29,306	426	449	23	—	5,835	36,039
	\$ 179,692	\$ 292,839	\$ 112,016	\$ 59,024	\$ 106,579	\$ 674,946	\$ 1,425,096

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.

21. 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.

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:

	December 31, 2023	December 31, 2022
Liabilities (principal amounts outstanding):		
Class B LP Units	\$ 416,716	\$ 361,858
Class C LP Units	226,929	206,673
Mortgages	780,582	740,334
Construction loan	15,155	8,006
Credit facility	140,236	157,158
	1,579,618	1,474,029
Unitholders' equity	1,077,381	1,213,537
	\$ 2,656,999	\$ 2,687,566

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

22. Supplemental cash flow disclosures

Change in non-cash working capital comprises the following:

	December 31, 2023	December 31, 2022
Prepaid expenses and other assets	\$ 430	\$ (3,597)
Resident and other receivables	80	(1,199)
Tenant rental deposits	844	(174)
Due to related parties	56	878
Accounts payable and accrued liabilities	(307)	4,759
	\$ 1,103	\$ 667

23. Unit-based compensation

Executives

Deferred Units

Deferred Units granted to executives generally vest on the second, third or fourth anniversaries of the grant date and are settled (i) by Units issued from treasury equivalent to the number of Deferred Units credited, including any distributions paid by the REIT on the Units that have accrued in the form of Deferred Units, or (ii) if so elected by the participant and subject to the approval of the Plan Administrator, in cash, in each case following the participant's separation from service with the REIT. The Board of Trustees has the discretion to vary the manner in which the Deferred Units vest for any participant.

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

	December 31, 2023	December 31, 2022
Opening balance	271,176	210,152
Granted	28,000	85,660
Redeemed	—	(14,495)
Forfeited	—	(17,982)
Distribution equivalents	9,821	7,841
Closing balance	308,997	271,176

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

	December 31, 2023	December 31, 2022
Opening balance	\$ 2,720	\$ 2,890
Unit-based compensation expense	1,305	1,502
Settlement	—	(211)
Fair value loss (gain)	154	(1,461)
Closing balance	\$ 4,179	\$ 2,720

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

Performance Units

Performance Units granted to executives generally vest on the third anniversary of the grant date based on the achievement of performance goals. Performance Units are settled by Units issued from treasury equivalent to the number of Performance Units credited, including any distributions paid by the REIT on the Units that have accrued in the form of Performance Units or, if so elected by the participant and subject to the approval of the Plan Administrator, cash. The Board of Trustees has the discretion to vary the manner in which the Performance Units vest for any participant.

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

	December 31, 2023	December 31, 2022
Opening balance	31,750	—
Granted	27,855	31,750
Distribution equivalents	980	—
Closing balance	60,585	31,750

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

	December 31, 2023	December 31, 2022 ¹
Opening balance	\$ —	\$ —
Unit-based compensation expense	156	—
Fair value loss	117	—
Closing balance	\$ 273	\$ —

¹ The performance measurement period for the Performance Units granted for the year ended December 31, 2022 began on January 1, 2023.

Trustees

Trustees have the option to elect to receive up to 100% of all fees that are otherwise payable in cash (i.e. annual board retainer fee, meeting fees and additional retainers) in the form of Deferred Units. The REIT matches 45% of the total value of annual board retainer fees and board and committee meeting fees that a trustee elected to receive in the form of Deferred Units. Deferred Units granted in respect of a participant's election to receive Deferred Units in lieu of cash compensation vest immediately upon grant. Deferred Units granted further to any match by the REIT also vest immediately. The Board of Trustees has the discretion to vary the manner in which the Deferred Units vest for any participant. The Deferred Units are settled (i) by Units issued from treasury equivalent to the number of Deferred Units credited, including any distributions paid by the REIT on the Units that have accrued in the form of Deferred Units, or (ii) if so elected by the participant and subject to the approval of the Plan Administrator, in cash, in each case following the participant's separation from service with the REIT.

Minto Apartment Real Estate Investment Trust

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

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	33,858	528
Distribution equivalents	3,099	51
Fair value gain	—	(785)
Balance, December 31, 2022	129,495 \$	1,819
Granted and vested	38,062	561
Distribution equivalents	4,660	69
Redeemed	(11,000)	(165)
Fair value loss	—	325
Balance, December 31, 2023	161,217 \$	2,609

24. Operating leases

The REIT has entered into lease agreements on its investment properties. The residential leases typically have lease terms of 1 to 12 months. The commercial leases have lease terms between 1 to 15 years. There were no tenants that accounted for more than 10% of the REIT's total rental revenue for the year ended December 31, 2023 and 2022. The total future contractual minimum rent lease payments at the REIT's share expected to be received under residential and commercial leases are as follows:

	December 31, 2023	December 31, 2022
Less than 1 year	\$ 22,969 \$	25,822
Between 1 to 5 years	2,197	1,822
5 years and thereafter	2,613	2,972
	\$ 27,779 \$	30,616

25. Subsequent event

On February 15, 2024, the REIT completed the disposition of two properties in Ottawa, Ontario for a sale price of \$86,000, generating net proceeds of \$67,956.

Unitholder Information

Board of Trustees

Roger Greenberg

Chair of Minto Apartment REIT, The Minto Group and Ottawa Sports and Entertainment Group

Allan Kimberley^(1,2,3)

Lead Trustee, Director of Orlando Corporation and Carfin Inc., former Vice Chairman of Investment Banking, Real Estate at CIBC World Markets

Heather Kirk^(1,3)

Chair of the Audit Committee, Chief Investment Officer of Revera Inc.

Jo-Ann Lempert^(1,2,3)

Chartered Professional Accountant and Partner, MNP SENCRL, srl

Jonathan Li

President and Chief Executive Officer of Minto Apartment REIT

Jacqueline Moss^(2,3)

Chair of the Compensation, Governance and Nominating Committee, Director and Chair of the Human Resources Committee of Ontario Health

Michael Waters

Chief Executive Officer of The Minto Group, Trustee and Member of Governance & Nominating Committee and Investment Committee of Crombie REIT

(1) Member of the Audit Committee

(2) Member of the Compensation, Governance and Nominating Committee

(3) Independent

Head Office

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Auditor

KPMG LLP

Legal Counsel

Goodmans LLP

Transfer Agent

TSX Trust Company
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Toronto ON M5H 4H1

Management

Jonathan Li

President and Chief Executive Officer

Edward Fu

Chief Financial Officer

Glen MacMullin

Chief Investment Officer

Jo-Ann Taylor

Chief Human Resources Officer of The Minto Group

John Moss

General Counsel and Corporate Secretary

Paul Baron

Senior Vice President, Operations

Ben Mullen

Senior Vice President, Asset Management

Martin Tovey

Senior Vice President, Investments

Mohammad Amini

Vice President, Asset Management

Stephen Marshall

Vice President, Operations

Anca Preda

Vice President, Information Technology of The Minto Group



Unit Listing

TSX: MI.UN

Unit Distributions

January 2023 – October 2023
\$0.04083 per Unit per month

November 2023 – December 2023
\$0.04208 per Unit per month

Annual Meeting

The Annual General Meeting of Unitholders will be held on May 7, 2024 at 1:00pm.

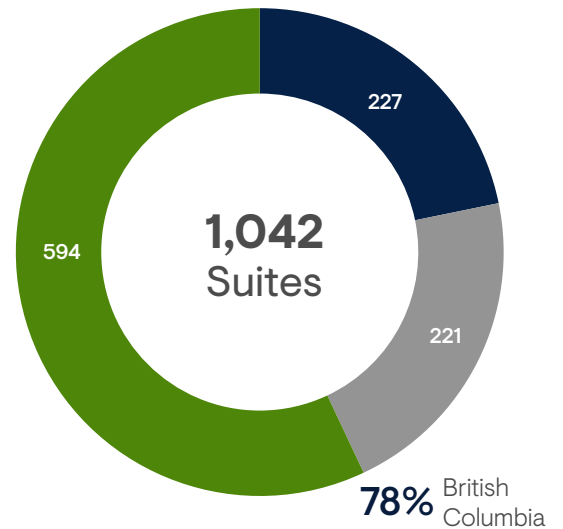
Growth Opportunities from the CDL Pipeline

Investment in development projects through convertible development loans (“CDLs”) provides the REIT with an option to purchase new, high-quality properties in attractive urban locations at a discount to their then-appraised fair market value without taking any construction or lease-up risk. Stabilization of the Lonsdale Square and The Hyland development projects in British Columbia is anticipated in late 2024.



CDL Geographic Distribution⁽¹⁾

○ Ottawa ○ Vancouver ● Victoria



Environmental, Social & Governance



The REIT continues to build on our leadership of Environmental, Social and Governance (“ESG”) issues. From the way we treat our employees and residents, to doing the right thing for our communities, the environment, and the future of our business, we have integrated ESG into every aspect of what we do. The REIT integrates ESG considerations throughout our asset lifecycle — through Key Performance Indicators, minimum thresholds, and expanding programs into asset acquisitions, new developments, and capital investments. The REIT’s ESG initiatives include energy efficiency and emissions targets for new developments, portfolio assessment and mitigation planning for climate change risks, and health and well-being programming for residents. These efforts create value across all the REIT’s projects and for all its stakeholders. To align these initiative with our strategic and operational decision making, a significant portion of incentive compensation is tied to achieving ESG targets. To demonstrate our commitment to ESG transparency and performance, the REIT participates in the Global Real Estate Sustainability Benchmark assessment and, along with our Minto Group partners, engages with regulators and industry groups to move the sustainability bar higher. Find more details about the REIT’s ESG commitments and industry leadership on its website www.mintoapartmentreit.com

(1) Suite counts are presented at 100% ownership share rather than the REIT’s proportionate share upon execution of its purchase options. See “Outlook - Access to Urban Pipeline in Target Market Through MPI and Affiliates” in the Management’s Discussion and Analysis included in this annual report.



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