



Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2024 and 2023

Unaudited



minto
Apartment REIT

Minto Apartment Real Estate Investment Trust

Condensed Consolidated Interim Balance Sheets

Unaudited

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

	Note	March 31, 2024	December 31, 2023
Assets			
Investment properties	3	\$ 2,431,060	\$ 2,454,533
Assets held for sale	4	—	86,000
Loans receivable from related parties	12	111,723	133,286
Prepaid expenses and other assets	6	22,854	21,354
Resident and other receivables	7	2,875	3,207
Cash		7,689	3,740
		\$ 2,576,201	\$ 2,702,120
Liabilities and Unitholders' Equity			
Liabilities			
Class B LP Units	8	\$ 408,217	\$ 416,716
Class C LP Units	9	218,264	227,411
Mortgages and loan	10	780,485	789,817
Credit facility	11	67,993	140,236
Tenant rental deposits		11,051	11,318
Due to related parties	12	2,402	3,202
Accounts payable and accrued liabilities	13	34,133	36,039
		\$ 1,522,545	\$ 1,624,739
Unitholders' equity		1,053,656	1,077,381
Contingencies and commitments	18		
		\$ 2,576,201	\$ 2,702,120

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

Minto Apartment Real Estate Investment Trust

Condensed Consolidated Interim Statements of Net Loss and Comprehensive Loss

For the three months ended March 31, 2024 and 2023

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

	Note	March 31, 2024	March 31, 2023
Revenue from investment properties	16	\$ 38,943	\$ 38,403
Property operating expenses			
Property operating costs		6,987	7,443
Property taxes		4,008	4,008
Utilities		3,504	4,216
		14,499	15,667
Property operating income		24,444	22,736
Other expenses (income)			
General and administrative		2,585	2,756
Finance costs - operations	17	12,746	13,823
Finance income		(1,911)	(1,629)
Fair value loss (gain) on:			
Investment properties	3	38,605	13,503
Class B LP Units	8, 17	(8,499)	18,286
Interest rate swap	6, 17	(58)	410
Unit-based compensation	22	(81)	154
Loss on disposition		615	348
Fees and other income		(764)	(688)
		43,238	46,963
Net loss and comprehensive loss		\$ (18,794)	\$ (24,227)

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

Minto Apartment Real Estate Investment Trust

Condensed Consolidated Interim Statements of Cash Flows

For the three months ended March 31, 2024 and 2023

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

	Note	March 31, 2024	March 31, 2023
Cash provided by (used in):			
Operating activities			
Net loss		\$ (18,794)	\$ (24,227)
Adjustments for:			
Finance costs - operations	17	12,746	13,823
Finance income		(1,911)	(1,629)
Loss on disposition		615	348
Fair value loss (gain) on:			
Investment properties	3	38,605	13,503
Class B LP Units	8, 17	(8,499)	18,286
Interest rate swap	6, 17	(58)	410
Unit-based compensation	22	(81)	154
Change in non-cash working capital	21	(1,442)	(2,877)
Cash provided by operating activities		21,181	17,791
Financing activities			
Financing costs		(35)	(2,564)
Principal repayments on mortgages	10	(3,579)	(3,502)
Mortgage principal repayment on disposition	10	(9,659)	—
Net (repayments) proceeds from credit facility	11	(72,243)	24,216
Proceeds from construction loan	10	3,717	3,444
Distributions on Class B LP Units		(3,251)	(3,155)
Distributions on Class C LP Units, used to repay principal	9	(8,931)	(1,415)
Distribution on Units		(5,038)	(4,886)
Interest paid		(10,452)	(11,340)
Cash (used in) provided by financing activities		(109,471)	798
Investing activities			
Capital additions to investment properties		(8,808)	(10,860)
Loan advances to related parties	12	(7,078)	(6,221)
Development of investment properties		(6,779)	(5,298)
Loan repayments from related parties	12	30,056	—
Net proceeds on disposition of investment properties		84,352	2,885
Interest received		496	444
Cash provided by (used in) investing activities		92,239	(19,050)
Change in cash during the period		3,949	(461)
Cash, beginning of the period		3,740	5,323
Cash, end of the period		\$ 7,689	\$ 4,862

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

Minto Apartment Real Estate Investment Trust

Condensed Consolidated Interim Statements of Changes in Unitholders' Equity

For the three months ended March 31, 2024 and 2023

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

	Note	Units	Distributions	Retained earnings	Total
Balance, December 31, 2022	\$	710,873	\$ (66,375)	\$ 569,039	\$ 1,213,537
Net loss and comprehensive loss		—	—	(24,227)	(24,227)
Distributions	14	—	(4,886)	—	(4,886)
Balance, March 31, 2023	\$	710,873	\$ (71,261)	\$ 544,812	\$ 1,184,424
Balance, December 31, 2023	\$	711,021	\$ (86,020)	\$ 452,380	\$ 1,077,381
Net loss and comprehensive loss		—	—	(18,794)	(18,794)
Distributions	14	—	(5,038)	—	(5,038)
Units issued, net of issue costs	14	107	—	—	107
Balance, March 31, 2024	\$	711,128	\$ (91,058)	\$ 433,586	\$ 1,053,656

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

Minto Apartment Real Estate Investment Trust

Notes to the Condensed Consolidated Interim Financial Statements

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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 March 31, 2024, the REIT's portfolio consists of interests in 28 (December 31, 2023 - 29) 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) Statement of compliance

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

The unaudited condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the REIT's audited consolidated financial statements for the years ended December 31, 2023 and 2022 (the "Annual 2023 Financial Statements"), which were prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the IASB.

These unaudited condensed consolidated interim financial statements were approved by the Board of Trustees of the REIT and authorized for issuance on May 7, 2024.

(b) Basis of presentation and measurement

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

The REIT's business faces risk from prominent economic factors, specifically, high interest rates and inflation. The REIT has used all information available as at March 31, 2024 that it considers relevant in determining the potential impact of these economic factors on the carrying amounts of assets and liabilities, earnings for the period and risks disclosed in the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2024. The estimates and judgements that could be most significantly impacted by economic factors include those underlying the valuation of investment properties. Actual results could differ from those estimates. Investment properties (Note 3) and risk management (Note 19) include disclosures of the potential impacts of economic factors on the fair value of investment properties and liquidity risk. The REIT continues to monitor and assess the impact that economic factors will have on its business activities and financial results.

The operating results for the three months ended March 31, 2024 are not necessarily indicative of results that may be expected for the year ending December 31, 2024 due to seasonal variations in property expenses and other factors.

The REIT's material accounting policies were presented in Note 2 of the Annual 2023 Financial Statements and have been consistently applied in the preparation of these unaudited condensed consolidated interim financial statements.

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(c) Adoption of new standards, amendments and interpretations

The following amended accounting standard was adopted by the REIT when it became effective on January 1, 2024:

- *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)*

The adoption of this amendment did not have a material impact on the REIT's unaudited condensed consolidated interim financial statements.

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, 2022	\$	2,525,455	\$	27,828	\$	57,811	\$	2,611,094
Additions								
Capital expenditures		6,704		35		—		6,739
Development expenditures		—		—		8,946		8,946
Disposition (Note 4)		(9,920)		—		—		(9,920)
Other		(174)		—		—		(174)
Fair value loss		(13,395)		(108)		—		(13,503)
Balance, March 31, 2023	\$	2,508,670	\$	27,755	\$	66,757	\$	2,603,182
Balance, December 31, 2023		2,339,678		26,972		87,883		2,454,533
Additions								
Capital expenditures		6,569		190		—		6,759
Development expenditures		—		—		8,331		8,331
Other		42		—		—		42
Fair value loss		(32,164)		(2,132)		(4,309)		(38,605)
Balance, March 31, 2024	\$	2,314,125	\$	25,030	\$	91,905	\$	2,431,060

For the three months ended March 31, 2024, the REIT capitalized \$1,040 (March 31, 2023 - \$563) 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 7.16% (March 31, 2023 - 6.62%). 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 March 31, 2024, the entire portfolio was internally valued. The REIT's internal valuation team consists of qualified individuals who hold recognized relevant professional qualifications and have experience in the location and category of the respective properties.

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

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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 March 31, 2024. 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 three months ended March 31, 2024, the aggregate five-year estimated future capital expenditures deducted was \$90,529 (December 31, 2023 - \$89,501) 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:

	March 31, 2024			December 31, 2023		
	Min	Max	Weighted average	Min	Max	Weighted average
Capitalization rate	3.63%	5.13%	4.20%	3.63%	5.13%	4.16%

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 March 31, 2024:

March 31, 2024	-3%	-1%	NOI	+1%	+3%
Capitalization rate					
-50 basis points	\$ 2,556,995	\$ 2,611,583	\$ 2,638,877	\$ 2,666,171	\$ 2,720,759
-25 basis points	2,389,527	2,440,663	2,466,230	2,491,798	2,542,933
Base rate	2,241,986	2,290,079	2,314,125	2,338,172	2,386,265
+25 basis points	2,111,013	2,156,406	2,179,102	2,201,798	2,247,191
+50 basis points	1,993,967	2,036,946	2,058,436	2,079,926	2,122,905

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, 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

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4. Disposition of investment properties

During the three months ended March 31, 2024, the REIT completed the disposition of the following investment properties which were classified as held for sale at December 31, 2023:

Date	Region	Suites	Sale price	Debt principal repaid on disposition	Net cash proceeds ¹
February 15, 2024	Ottawa, ON	122	\$ 32,200	\$ 9,659	\$ 22,251
		189	53,800	7,591	45,705
		311	\$ 86,000	\$ 17,250	\$ 67,956

¹ Net cash proceeds after transaction costs.

During the three months ended March 31, 2023, the REIT completed the disposition of the following investment property:

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

¹ Net cash proceeds after transaction costs.

5. Joint operations

The REIT's ownership interests in the joint operations are as follows:

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

6. Prepaid expenses and other assets

	March 31, 2024	December 31, 2023
Prepaid expenses	\$ 4,037	\$ 2,598
Prepaid CMHC premiums	15,007	15,007
Restricted cash	1,559	1,492
Deposits and other prepayments	246	310
Interest rate swap	2,005	1,947
	\$ 22,854	\$ 21,354
Current	4,001	2,610
Non-current	18,853	18,744
	\$ 22,854	\$ 21,354

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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	
					March 31, 2024	December 31, 2023
Interest rate swap ¹	April 2026	3.38%	\$42,360	\$34,952	\$ 2,005	\$ 1,947

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

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

Three months ended	March 31, 2024	March 31, 2023
Opening balance	\$ 1,947	\$ 2,698
<i>Non-cash movement</i>		
Fair value gain (loss)	58	(410)
Closing balance	\$ 2,005	\$ 2,288

7. Resident and other receivables

	March 31, 2024	December 31, 2023
Current		
Resident receivables	\$ 1,388	\$ 2,049
Other receivables	2,174	2,289
Less: Allowance for credit losses	(687)	(1,131)
	\$ 2,875	\$ 3,207

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

8. Class B LP Units

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

	Class B LP Units	\$
Balance, December 31, 2022	25,755,029	\$ 361,858
<i>Non-cash movement</i>		
Fair value loss	—	18,286
Balance, March 31, 2023	25,755,029	\$ 380,144
Balance, December 31, 2023	25,755,029	416,716
<i>Non-cash movement</i>		
Fair value gain	—	(8,499)
Balance, March 31, 2024	25,755,029	\$ 408,217

For the three months ended March 31, 2024, distributions of \$3,251 (March 31, 2023 - \$3,155) to Class B LP Unitholders were declared and accounted for as finance costs. Class B LP Units are exchangeable for Units at the holder's option and are therefore classified as current liabilities.

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

9. Class C LP Units

	March 31, 2024	December 31, 2023
Class C LP Units	\$ 217,998	\$ 226,929
Unamortized mark-to-market adjustments	745	972
Unamortized deferred borrowing costs	(479)	(490)
	\$ 218,264	\$ 227,411
Current	40,180	51,393
Non-current	178,084	176,018
	\$ 218,264	\$ 227,411

For the three months ended March 31, 2024, the REIT also made distributions of \$2,020 (March 31, 2023 - \$1,606) to the holder of the Class C units of the Partnership ("Class C LP Units") that were accounted for as finance costs.

The mortgages of investment properties to which the distributions on the Class C LP Units relate, have a weighted average effective interest rate of 3.61% (December 31, 2023 - 3.45%) and mature at various dates between 2024 and 2033 (December 31, 2023 - 2024 and 2033).

Distributions on Class C LP Units as at March 31, 2024, excluding unamortized mark-to-market adjustments and deferred financing costs, are due as follows:

2024	\$ 38,415
2025	64,225
2026	2,000
2027	23,504
2028	1,391
2029 and thereafter	88,463
	\$ 217,998

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, 2022	22,978,700	\$ 208,086
<i>Cash flows</i>		
Distributions used to repay principal	—	(1,415)
<i>Non-cash movement</i>		
Amortization of mark-to-market adjustments	—	(117)
	—	(1,532)
Balance, March 31, 2023	22,978,700	\$ 206,554

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	Class C LP Units	\$
Balance, December 31, 2023	25,556,082	\$ 227,411
<i>Cash flows</i>		
Distributions used to repay principal	—	(8,931)
	—	(8,931)
<i>Non-cash movement</i>		
Amortization of mark-to-market adjustments	—	(59)
Write-off of mark-to-market adjustments on disposition	—	(168)
Deferred financing amortization	—	11
	—	(216)
Balance, March 31, 2024	25,556,082	\$ 218,264

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 March 31, 2024, the current market rates plus risk-adjusted spreads ranged from 4.30% to 6.53% (December 31, 2023 - 4.10% to 6.17%) and the fair value of the Class C LP Units was \$213,995 (December 31, 2023 - \$223,956) and is considered level 2 within the fair value hierarchy.

10. Mortgages and loan

	March 31, 2024	December 31, 2023
Mortgages - fixed rate	\$ 767,344	\$ 780,582
Construction loan - fixed rate	18,872	15,155
	786,216	795,737
Unamortized mark-to-market adjustments	672	686
Unamortized deferred financing costs	(6,403)	(6,606)
	\$ 780,485	\$ 789,817
Current	13,410	42,115
Non-current	767,075	747,702
	\$ 780,485	\$ 789,817

Mortgages

The mortgages are secured by investment properties and mature at various dates between 2025 and 2033 (December 31, 2023 - 2024 and 2033). The fixed rate mortgages include a \$34,952 (December 31, 2023 - \$35,217) variable interest mortgage fixed through an interest rate swap. The mortgages secured by investment properties have a weighted average effective interest rate of 3.38% (December 31, 2023 - 3.37%).

Construction loan

The REIT has a fixed rate non-revolving construction loan commitment of \$93,745 and as at March 31, 2024, \$18,872 (December 31, 2023 - \$15,155) 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.

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

2024	\$	10,625
2025		54,424
2026		84,595
2027		11,777
2028		83,422
2029 and thereafter		541,373
	\$	786,216

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

		Fixed and variable rate mortgages		Construction loan		Total
Balance, December 31, 2022	\$	738,314	\$	8,006	\$	746,320
<i>Cash flows</i>						
Issued		—		3,444		3,444
Deferred financing costs incurred		(30)		—		(30)
Principal repayments		(3,502)		—		(3,502)
		(3,532)		3,444		(88)
<i>Non-cash movement</i>						
Assigned on disposition		(6,770)		—		(6,770)
Amortization of mark-to-market adjustment		(59)		—		(59)
Deferred financing amortization		161		—		161
		(6,668)		—		(6,668)
Balance, March 31, 2023	\$	728,114	\$	11,450	\$	739,564
Balance, December 31, 2023		774,662		15,155		789,817
<i>Cash flows</i>						
Issued		—		3,717		3,717
Deferred financing costs incurred		(19)		—		(19)
Principal repayment on disposition		(9,659)		—		(9,659)
Principal repayments		(3,579)		—		(3,579)
		(13,257)		3,717		(9,540)
<i>Non-cash movement</i>						
Amortization of mark-to-market adjustment		(14)		—		(14)
Deferred financing amortization		222		—		222
		208		—		208
Balance, March 31, 2024	\$	761,613	\$	18,872	\$	780,485

As at March 31, 2024 and December 31, 2023, the REIT was in compliance with all financial covenants relating to its fixed rate mortgages and construction loan.

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 March 31, 2024, the current market rates plus risk-adjusted spreads ranged from 4.26% to 6.38% (December 31, 2023 - 3.99% to 6.00%) and the fair value of fixed rate mortgages and construction loan was \$742,571 (December 31, 2023 - \$761,780) and is considered level 2 within the fair value hierarchy.

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11. Credit facility

		March 31, 2024		December 31, 2023
Committed	\$	300,000	\$	300,000
Available		250,423		236,034
Utilized				
Amounts drawn		67,993		140,236
Letter of credit		2,022		2,022
		70,015		142,258
Undrawn amount available	\$	180,408	\$	93,776

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 March 31, 2024, the weighted average variable interest rate was 7.07% (December 31, 2023 - 7.25%). 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:

Three months ended		March 31, 2024		March 31, 2023
Opening balance	\$	140,236	\$	157,158
<i>Cash flows</i>				
Issued		24,757		24,216
Repayments		(97,000)		—
		(72,243)		24,216
Closing balance	\$	67,993	\$	181,374

As at March 31, 2024 and December 31, 2023, the REIT was in compliance with all financial covenants relating to its credit facility.

12. Related-party transactions

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

(a) Administrative Support Agreement

For the three months ended March 31, 2024, the REIT incurred \$565 (March 31, 2023 - \$565) for services rendered by Minto Properties Inc. ("MPI") and its affiliates under the Administrative Support Agreement.

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(b) Loans receivable from related parties

Project	Related Parties	Commitment	Interest Rate and Maturity	March 31, 2024	December 31, 2023
99 Fifth Avenue, Ottawa, ON ("Fifth and Bank")	Affiliate of MPI	\$ 30,000	Variable per annum ¹ January 31, 2024	\$ —	\$ 30,000
Lonsdale Avenue, North Vancouver, BC ("Lonsdale Square")	Limited partnership jointly owned by MPI and a subsidiary of Darwin Properties	14,000	7% per annum December 31, 2024	14,000	14,084
Beechwood Avenue, Ottawa, ON ("88 Beechwood")	Affiliate of MPI	51,400	6% per annum December 31, 2025	44,187	43,534
810 Kingsway, Vancouver, BC ("The Hyland")	MPI	19,650	6% per annum August 1, 2024	18,217	17,948
3958 Shelbourne Street, Victoria, BC ("University Heights")	MPI	51,700	7% per annum December 31, 2026	34,720	27,041
		166,750		111,124	132,607
Loan receivable	Management	700	Variable per annum ² April 27, 2032	599	679
		\$ 167,450		\$ 111,723	\$ 133,286
Current				32,300	62,032
Non-current				79,423	71,254
				\$ 111,723	\$ 133,286

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 March 31, 2024, the expected credit loss ("ECL") based on 12 month expected losses for the loans receivable is \$nil (December 31, 2023 - \$nil).

On January 31, 2024, the REIT received repayment of the balance owing for the loan associated with the Fifth and Bank project.

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

Three months ended		March 31, 2024	March 31, 2023
Opening balance	\$	133,286	\$ 98,302
<i>Cash flows</i>			
Advances		7,078	6,221
Repayments		(30,056)	—
Interest received		(449)	(444)
		(23,427)	5,777
<i>Non-cash movement</i>			
Interest earned		1,864	1,578
		(21,563)	7,355
Closing balance	\$	111,723	\$ 105,657

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 March 31, 2024, the current market rates plus risk-adjusted spreads ranged from 9.00% to 10.00% (December 31, 2023 - 9.00% to 10.00%) and the fair value of the loans receivable relating to projects was \$106,720 (December 31, 2023 - \$127,921) and is considered level 2 within the fair value hierarchy.

(c) Due to related parties

Item	Related Parties	March 31, 2024	December 31, 2023
Current			
Class B LP Units distributions	MPI affiliates and a limited partnership wholly-owned by MPI	\$ 1,084	\$ 1,084
Class C LP Units distributions	Limited partnership wholly-owned by MPI	675	676
Property operating costs payable	MPI and its affiliates	409	144
Development costs and fees	Affiliate of MPI	660	1,722
Unit distribution	MPI	38	38
		2,866	3,664
Rental and service revenue receivable	MPI and its affiliates	(464)	(462)
		\$ 2,402	\$ 3,202

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(d) Revenue, expenses, capital expenditures and distributions

Three months ended	March 31, 2024	March 31, 2023
Revenue from MPI, its affiliates and jointly-owned limited partnerships		
Rental and service revenue	\$ 123	\$ 162
Interest income on loans advanced	1,864	1,578
Expenses and distributions to MPI, its affiliates, its wholly-owned and jointly-owned limited partnerships		
Property operating expenses	472	277
Development costs and fees	987	2,625
Distributions on Class B LP Units (finance costs)	3,251	3,155
Distributions on Class C LP Units (finance costs)	2,020	1,606
Distributions on Class C LP Units (principal)	(8,931)	1,415
Distributions on Units	113	110
Compensation of key management personnel		
Paid to executives	969	930
Unit-based compensation		
Executives	381	375
Trustees in lieu of annual retainer and meeting fees	148	145

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

13. Accounts payable and accrued liabilities

	March 31, 2024	December 31, 2023
Accounts payable	\$ 7,626	\$ 8,606
Accrued liabilities	12,067	13,072
Distributions payable	1,641	1,641
Unit-based compensation	7,140	7,061
Forgivable loan	5,659	5,659
	\$ 34,133	\$ 36,039
Current	27,775	29,306
Non-current	6,358	6,733
	\$ 34,133	\$ 36,039

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14. Units

	Units	\$
Authorized	Unlimited	
Units issued and outstanding:		
Balance, December 31, 2022 and March 31, 2023	39,887,612	\$ 710,873
Balance, December 31, 2023	39,898,612	711,021
Units issued for vested Deferred Units, net of issue costs	7,250	107
Balance, March 31, 2024	39,905,862	\$ 711,128

For the three months ended March 31, 2024, distributions to Unitholders of \$5,038 (March 31, 2023 - \$4,886) were declared, representing monthly distributions of \$0.04208 (2023 - \$0.04083) per Unit for the months of January to March.

15. Segment reporting

The REIT owns, manages and operates 28 (December 31, 2023 - 29) 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.

16. Revenue from investment properties

Three months ended	March 31, 2024	March 31, 2023
Rental revenue	\$ 31,869	\$ 30,419
Revenue from services	7,074	7,984
	\$ 38,943	\$ 38,403

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17. Finance costs

Three months ended		March 31, 2024		March 31, 2023
Interest expense on mortgages and loan	\$	6,326	\$	6,695
Interest expense and standby fees on credit facility		1,930		2,846
Financing amortization and other charges		332		260
Amortization of mark-to-market adjustments		(73)		(176)
Capitalized interest		(1,040)		(563)
Interest expense and other financing charges		7,475		9,062
Distributions on Class B LP Units (Note 8)		3,251		3,155
Distributions on Class C LP Units (Note 9)		2,020		1,606
Finance costs - operations	\$	12,746	\$	13,823
Fair value loss (gain) on:				
Class B LP Units (Note 8)		(8,499)		18,286
Interest rate swap (Note 6)		(58)		410
Finance costs	\$	4,189	\$	32,519

18. Contingencies and commitments

The REIT is subject to claims and legal actions that arise in the ordinary course of business. It is the opinion of Management that any ultimate liability that may arise from such matters would not have a significant adverse effect on the unaudited condensed consolidated interim financial statements of the REIT.

The REIT has an off-balance sheet arrangement at one of its properties in the Toronto area which was acquired in 2018 pursuant to which the City of Toronto provided a forgivable loan to support affordable housing at this property. Provided that certain conditions are met, the REIT will not need to make repayments under this arrangement. As of March 31, 2024, the remaining unforgiven balance of the loan is \$12,240 (December 31, 2023 - \$12,240). 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 March 31, 2024, the remaining unforgiven balance of the loan is \$2,688 (December 31, 2023 - \$3,024). 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 March 31, 2024, the REIT has committed to advance an additional \$12,423 (December 31, 2023 - \$19,501) to related parties in order to support the development of several projects and an additional \$13,286 (December 31, 2023 - \$14,642) 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 March 31, 2024, the maximum potential obligation resulting from this guarantee is \$12,233 (December 31, 2023 - \$12,326).

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19. Risk management

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

Market Risk

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

(a) Interest rate risk

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

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

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

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

As at March 31, 2024, the REIT has a committed variable rate credit facility of \$300,000 (December 31, 2023 - \$300,000) with an availability of \$250,423 (December 31, 2023 - \$236,034) and outstanding balance of \$67,993 (December 31, 2023 - \$140,236). A 1% change in prevailing interest rates would change annualized interest charges incurred by \$680 (December 31, 2023 - \$1,402).

(b) Currency risk

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

(c) Other price risk

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

The REIT is exposed to other price risk on its Class B LP Units. A 1% change in the prevailing market price of the Units as at March 31, 2024 would have a \$4,082 (December 31, 2023 - \$4,167) 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.

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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 March 31, 2024, current liabilities, excluding Class B LP Units which are exchangeable for Units, of \$94,808 (December 31, 2023 - \$137,334) exceeded current assets of \$46,865 (December 31, 2023 - \$71,589), resulting in a net working capital deficit of \$47,943 (December 31, 2023 - \$65,745). Current liabilities as of March 31, 2024 include \$34,776 (December 31, 2023 - \$75,301) 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 March 31, 2024, liquidity was \$188,097 (December 31, 2023 - \$97,516) consisting of cash of \$7,689 (December 31, 2023 - \$3,740) and \$180,408 (December 31, 2023 - \$93,776) of available borrowing capacity under the credit facility. Management believes that there is sufficient liquidity to meet the REIT's financial obligations.

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

	2024	2025	2026	2027	2028	2029 and thereafter	Total
Mortgages	\$ 10,625	\$ 54,424	\$ 84,595	\$ 11,777	\$ 83,422	\$ 522,501	\$ 767,344
Construction loan	—	—	—	—	—	18,872	18,872
	10,625	54,424	84,595	11,777	83,422	541,373	786,216
Credit facility	—	67,993	—	—	—	—	67,993
Class C LP Units	38,415	64,225	2,000	23,504	1,391	88,463	217,998
Interest obligation ¹	27,973	32,495	26,609	25,342	22,817	64,729	199,965
Tenant rental deposits	11,041	—	—	10	—	—	11,051
Due to related parties	2,402	—	—	—	—	—	2,402
Accounts payable and accrued liabilities	27,432	488	463	88	3	5,659	34,133
	\$ 117,888	\$ 219,625	\$ 113,667	\$ 60,721	\$ 107,633	\$ 700,224	\$ 1,319,758

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

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

20. Capital risk management

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

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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:

	March 31, 2024	December 31, 2023
Liabilities (principal amounts outstanding):		
Class B LP Units	\$ 408,217	\$ 416,716
Class C LP Units	217,998	226,929
Mortgages	767,344	780,582
Construction loan	18,872	15,155
Credit facility	67,993	140,236
	1,480,424	1,579,618
Unitholders' equity	1,053,656	1,077,381
	\$ 2,534,080	\$ 2,656,999

21. Supplemental cash flow disclosures

Change in non-cash working capital comprises the following:

Three months ended	March 31, 2024	March 31, 2023
Prepaid expenses and other assets	\$ (1,526)	\$ (2,325)
Resident and other receivables	613	(442)
Tenant rental deposits	242	1,012
Due to related parties	262	669
Accounts payable and accrued liabilities	(1,033)	(1,791)
	\$ (1,442)	\$ (2,877)

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22. Unit-based compensation

Executives

Deferred Units

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

Three months ended	March 31, 2024	March 31, 2023
Opening balance	308,997	271,176
Granted	30,755	27,000
Distribution equivalents	2,368	2,134
Closing balance	342,120	300,310

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

Three months ended	March 31, 2024	March 31, 2023
Opening balance	\$ 4,179	\$ 2,720
Unit-based compensation expense	296	339
Fair value (gain) loss	(134)	42
Closing balance	\$ 4,341	\$ 3,101

Performance Units

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

Three months ended	March 31, 2024	March 31, 2023
Opening balance	60,585	31,750
Distribution equivalents	464	165
Closing balance	61,049	31,915

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

Three months ended	March 31, 2024	March 31, 2023
Opening balance	\$ 273	\$ —
Unit-based compensation expense	85	36
Fair value loss	68	20
Closing balance	\$ 426	\$ 56

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Trustees

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

	Deferred Units	\$
Balance, December 31, 2022	129,495	\$ 1,819
Granted and vested	8,839	129
Distribution equivalents	1,019	16
Fair value loss	—	92
Balance, March 31, 2023	139,353	\$ 2,056
Balance, December 31, 2023	161,217	\$ 2,609
Granted and vested	9,642	128
Distribution equivalents	1,199	20
Redeemed	(22,345)	(369)
Fair value gain	—	(15)
Balance, March 31, 2024	149,713	\$ 2,373