



Management's Discussion and Analysis

For the period from April 24, 2018 (date of formation) to June 30, 2018

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Section I - Overview



The following Management's Discussion and Analysis ("MD&A") of Minto Apartment Real Estate Investment Trust (the "REIT") presents the financial condition for the period from April 24, 2018 (date of formation) to June 30, 2018 and should be read in conjunction with the REIT's unaudited interim financial statements and the REIT's Final Long Form Prospectus filing dated June 22, 2018 (the "Prospectus"), as referred to herein. In addition, this MD&A should also be read in conjunction with the REIT's "Forward-Looking Statements" below. There were no operations for the period from April 24, 2018 (date of formation) to June 30, 2018 as the closing of the initial public offering of units of the REIT pursuant to the Prospectus ("IPO") took place on July 3, 2018 (the "Closing").

The unaudited interim financial statements underlying this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Canadian dollars.

The REIT's Board of Trustees approved the content of this MD&A on August 13, 2018. Disclosure in this document is current to that date unless otherwise stated. Additional information relating to the REIT is available on SEDAR at www.sedar.com and also at www.mintoapartments.com.

Forward-Looking Statements

This MD&A may contain forward-looking statements (within the meaning of applicable Canadian securities laws) relating to the business of the REIT. Forward-looking statements are identified by words such as "believe", "anticipate", "project", "expect", "intend", "plan", "will", "may", "estimate" and other similar expressions. These statements are based on the REIT's expectations, estimates, forecasts and projections. They are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under the heading "Risk Factors" in the REIT's Prospectus available at www.sedar.com. 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 MD&A and, except as expressly required by applicable law, the REIT assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Use of Estimates

The preparation of the unaudited interim 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 unaudited interim financial statements and accompanying 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.

Business Overview

The REIT is an unincorporated, open-ended real estate investment trust established pursuant to a declaration of trust dated April 24, 2018 and amended and restated on June 27, 2018 (the "Declaration of Trust"), where two units of the REIT ("Units") were issued for \$20 in cash. 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 was formed primarily to own income-producing residential rental properties. In connection with the completion of the IPO, the REIT indirectly acquired a portfolio of 22 multi-residential rental properties, referred to herein as the "Portfolio", which are located in the provinces of Ontario and Alberta. Subsequent to the acquisition of the Portfolio, the REIT holds its interest in the Portfolio through Minto Apartment Limited Partnership (the "Partnership"), a newly created limited partnership which is consolidated by the REIT.

On Closing of the IPO and exercise of the over-allotment option, the REIT is 56.8% indirectly owned by Minto Properties Inc. ("MPI"), a privately held corporation.

There were no operations to June 30, 2018 and going forward the REIT will have a December 31 year end.

Business Strategy and Objectives

The REIT's objectives are to:

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

Section II - Financial Highlights



Results of Operations

Except for the formation and initial capitalization of the REIT, there were no transactions related to operations that occurred during the period from April 24, 2018 (date of formation) to June 30, 2018.

Related Party Transactions and Arrangements

There were no related party transactions between April 24, 2018 and June 30, 2018, however a number of related party arrangements were entered into on Closing, all of which are described below.

Unsecured Promissory Note

The Partnership issued an unsecured promissory note to MPI with a principal amount of \$25,692,000 and a mark-to-market adjustment of \$105,000, bearing interest at 2.84%, with interest and principal payments due monthly in arrears. The unsecured promissory note will mature on July 1, 2019, at which time the Partnership has the option to refinance this promissory note. Upon obtaining new financing for 7 and 21 Richgrove Drive, Toronto, the Partnership intends on repaying the unsecured promissory note to MPI. The interest rate payable on the unsecured promissory note is equal to an amount that, when blended with the interest rate payable under the existing term loan for the property, would result in the same payments as those anticipated to be made under the refinanced term loan intended to be obtained for the property following Closing.

Administrative Service Agreement

On Closing, the REIT and MPI entered into a five-year renewable Administrative Support Agreement ("ASA"). This agreement 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 will be provided on a cost recovery basis under the ASA, and during the first year of the term, MPI will be paid a fixed fee of \$500,000.

Strategic Alliance Agreement

On Closing, the REIT and Minto Holdings Inc. ("Minto") entered into a Strategic Alliance Agreement, which creates a series of rights and obligations between the REIT and Minto intended to establish a preferential and mutually beneficial business and operating relationship. The agreement commenced on Closing and will continue until the date subsequent to the dates on which: (i) the termination of the ASA becomes effective; and (ii) Minto and its affiliates cease to own 33% or more of the REIT's equity on a fully diluted basis.

Development and Construction Management Agreement

On Closing, the REIT and MPI entered into a Development and Construction Management Agreement, pursuant to which MPI has the exclusive option to provide development and construction management services for development projects brought to the REIT by Minto and its affiliates and undertaken by the REIT. The agreement commenced on Closing and will continue until the date on which the termination of the Strategic Alliance Agreement becomes effective.

Financial Instruments

Pursuant to the Declaration of Trust, the REIT received \$20 in cash for issuance of two Units. Management believes the REIT is not exposed to significant interest, currency or credit risks from the cash. The cash is carried at fair value.

Off-Balance Sheet Arrangements

As of June 30, 2018, the REIT has no off-balance sheet arrangements.

Section III – Risk Management



Risk Factors

The REIT faces a series of significant and diverse risks, many of which are inherent in the business to be conducted by the REIT. As described in the Prospectus, there are certain risks that could materially adversely affect the REIT. Other risks that the REIT does not presently consider to be material, or of which the REIT is unaware, may become important factors that can affect the REIT's future financial condition and financial performance.

The occurrence of any of the risks discussed in the Prospectus could materially and adversely affect the REIT's business, prospects, financial condition, financial performance, and cash flow; the value of, and return on, investments by the REIT; the ability of the REIT to make future investments and generate revenues; the ability to retain tenants, lease suites and increase or maintain rental rates; the REIT's ability to lease or sell properties; the ability of the REIT to make distributions to Unitholders; the ability of the REIT to satisfy its principal and interest obligations; or the per Unit trading price of the Units.

Section IV – Capital Structure, Liquidity and Capital Resources



The primary objectives of the REIT's capital management are to invest in a well-diversified growth-oriented portfolio of residential properties with positive cash flows and to provide quarterly distributions to its Unitholders. The REIT actively manages its capital structure and makes adjustments to it in response to prevailing economic conditions.

As at June 30, 2018, the REIT has not yet commenced operations. Pursuant to the Declaration of Trust, Units were issued for \$20 in cash on April 24, 2018.

The REIT believes that it will have sufficient cash to meet ongoing requirements for working capital and unit distributions.

Section V – Subsequent Events



Initial Public Offering

The REIT completed an IPO of Units, which closed on July 3, 2018. The REIT raised gross proceeds of \$200,013,000 through the issuance of 13,794,000 Units at a price of \$14.50 per Unit (excluding Units that were issued pursuant to an over-allotment option). Costs relating to the IPO were approximately \$16,200,000 and were applied against the gross proceeds and charged directly against unitholder's equity.

On July 10, 2018, pursuant to the over-allotment option granted to the underwriters in connection with the IPO, the REIT issued an additional 2,069,100 Units at a price of \$14.50 per Unit upon exercise of this option, resulting in proceeds of \$30,001,950 and payment of underwriters' fees of \$1,725,112 for net proceeds of \$28,276,838. The proceeds of the over-allotment option were paid to the parent of MPI. Following the closing of the over-allotment option, there are 15,863,100 Units issued and outstanding.

On closing of the Offering and exercise of the over-allotment option, the REIT was 56.8% indirectly owned by MPI, a privately held corporation.

Acquisition of the Portfolio

On July 3, 2018, the REIT completed the indirect acquisition of the Portfolio from MPI. The acquisition of the Portfolio was accounted for as a business combination using the purchase method of accounting with the preliminary allocation to the fair value of identifiable net assets acquired as follows:

<i>(in \$ thousands)</i>		
Investment properties	\$	1,123,100
Cash and cash equivalents		5,855
Assumed secured debt, including mark-to-market adjustment of \$2,757		(239,145)
Tenant rental deposits		(5,855)
		883,955
Excess fair value of net assets acquired over consideration		(80,667)
Net assets acquired	\$	803,288

Consideration given by the REIT consists of the following:

<i>(in \$ thousands)</i>		
Class B Units	\$	332,463
Class C LP Units, including mark-to-market adjustment of \$3,495		233,282
Unsecured promissory note to MPI, including mark-to-market adjustment of \$105		25,797
Cash paid out by the REIT		211,746
Total consideration for the acquisition	\$	803,288

Sources and Uses of Cash

The REIT's sources of cash and use after completion of the transactions, excluding the exercise of the over-allotment option, are as follows:

<i>(in \$ thousands)</i>		
Sources		
Proceeds from the Offering	\$	200,013
Proceeds from revolving credit facility		28,458
	\$	228,471
Uses		
Unit issue costs	\$	16,200
Financing costs		525
Purchase of net assets		211,746
	\$	228,471

Class B LP Units

The Class B LP Units of the Partnership were issued to MPI, 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 was also issued to the holder for each Class B LP Unit issued. However, 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 are classified as financial liabilities and will subsequently be measured at fair value through profit or loss. 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 net income. Distributions on the Class B LP Units are recorded as an expense in the consolidated statements of net income and comprehensive income in the period in which they become payable.

Class C LP Units

The 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, subject to certain restrictions, 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 and will subsequently be measured at amortized cost. Distributions on the Class C LP Units consist of principal repayments and interest expense, with principal repayments reducing the outstanding amount of Class C LP Units and interest expense recorded in finance costs in the consolidated statements of net income and comprehensive income in the period in which it becomes payable.

Credit Facility

On July 3, 2018, the REIT obtained a \$150,000,000 revolving credit facility with an initial draw of \$28,458,000. The REIT expects to incur approximately \$525,000 in initial upfront financing costs to secure this facility. A standby fee equal to 35 bps will be charged on undrawn amounts. The credit facility bears interest at BA plus 175 bps or prime rate plus 75 bps and matures on July 3, 2021.