



Management's Discussion and Analysis

For the three and six months ended June 30, 2020 and 2019



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Section I - Overview

Business Overview

Minto Apartment Real Estate Investment Trust (the "REIT") is an unincorporated, open-ended real estate investment trust established pursuant to a Declaration of Trust dated April 24, 2018, which was amended and restated on June 27, 2018 and has been further amended from time to time. The REIT was formed to own and operate a portfolio of income-producing multi-residential rental properties located in Canada.

The REIT's portfolio, referred to herein as the "Total Portfolio", consists of 29 (2019: 26) multi-residential rental properties located in Ontario, Quebec and Alberta, comprising an aggregate of 5,080 (2019: 4,552) suites that are wholly-owned by the REIT, 1,413 (2019: 1,413) suites that are 50% co-owned with institutional partners and 750 (2019: Nil) suites that are 40% co-owned with an institutional partner.

The "Same Property Portfolio" consists of 24 multi-residential rental properties comprising an aggregate of 4,552 suites that are wholly-owned by the REIT for comparable periods in 2020 and 2019. The Same Property Portfolio includes The Quarters in Calgary acquired on January 7, 2019, as the exclusion of the impact of the first six days in January is not considered material. The Same Property Portfolio makes up approximately 68% (2019: 86%) of the total fair value of the investment properties.

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.

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, 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. Furthermore, the REIT has several strategic avenues for growth and benefits from its strategic alliance with Minto Properties Inc. ("MPI").

Commitment to Environmental, Social and Governance ("ESG")

Sustainability and social responsibility has been an important part of the Minto Group's culture and values for many years. The Minto Group issued its first public report on its environmental performance and initiatives in 2009, expanded that report to include health and safety performance in 2013 and further expanded the report in 2018 to include ESG generally. As a result of that heritage, the REIT already addresses many ESG elements, including the following:

(i) Environmental

- programs to reduce carbon emissions, energy use, water use and solid waste
- programs to improve air quality
- programs to support natural systems
- third party certification and verification
- partner with research laboratories and invest in new building automation

(ii) Social

- talent attraction and retention
- competitive total rewards value offering for employees
- employee relations, conditions of work
- employee engagement, well-being
- health and safety
- tenant satisfaction and engagement
- community engagement
- community impact, corporate giving
- partner engagement, supply chain management

(iii) Governance

- organizational structure with clear roles and accountabilities
- business strategy
- commitments and policies
- objectives and targets
- resources, including human resources and specialized skills, organizational infrastructure, technology and financial resources
- business systems, processes, programs
- monitoring and disclosure activities
- management oversight/review
- highly qualified Board of Trustees

The REIT has an ESG steering committee in place which is tasked with looking at gaps in the current ESG strategic framework. Working with external consultants, the steering committee is building on this foundation and is currently undertaking a detailed materiality assessment that will review and evaluate ESG impacts relevant to the REIT's business, including from the perspective of residents, employees, suppliers and investors. Upon completion of the materiality assessment, the steering committee will identify gaps in its ESG strategic framework which will include initiatives, priorities, benchmarks, key performance indicators and target audiences, with the goal of reporting annually on its performance against ESG targets and key performance indicators. It is anticipated that this reporting will begin in 2021.

Declaration of Trust

The investment 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 (www.sedar.com). Some of the principal investment guidelines and operating policies set out in the DOT are set out below:

Investment Guidelines

- (i) The focus of the REIT is to invest in income-producing real estate located in Canada whose revenue stems primarily from multi-residential rental assets and assets ancillary thereto;
- (ii) No investment will be made that would result in the REIT not qualifying as a "mutual fund trust" as defined in the Income Tax Act (Canada);
- (iii) No single asset shall be acquired if the cost of such acquisition (net of the amount of debt assumed or incurred for the acquisition) exceeds 20% of the REIT's "Gross Book Value" (defined as the greater of (1) total assets and (2) the sum of the historical cost of investment properties, cash and cash equivalents, mortgages receivable and the historical cost of other assets);
- (iv) Investments in joint ventures are permitted for the purpose of making another otherwise qualifying investment;
- (v) The REIT is permitted to invest in raw land (which does not include land under development) up to 10% of Gross Book Value;
- (vi) The REIT is permitted to invest in and originate mortgages, mortgage bonds, mezzanine loans and similar instruments that are secured by properties that otherwise would be qualifying REIT investments up to 20% of Gross Book Value (15% of Gross Book Value prior to the amendment of the DOT on August 7, 2020); and
- (vii) The REIT may invest an amount up to 15% of Gross Book Value in investments which do not comply with certain investment guidelines including paragraphs (i), (v) and (vi), above.

Operating Policies

- (i) Overall indebtedness of the REIT (including Class C LP Units) shall not exceed 65% of Gross Book Value (or 70% of Gross Book Value including convertible debentures);
- (ii) The REIT cannot guarantee third party debt, except for entities in which the REIT has an interest or joint ventures in which the REIT has an interest, subject to certain stipulated permitted exceptions;
- (iii) The REIT can engage in new construction or development of real property provided that the aggregate investment in construction or development does not exceed 20% of Gross Book Value (10% of Gross Book Value prior to the amendment of the DOT on August 7, 2020);
- (iv) The REIT will maintain property insurance coverage; and
- (v) Unless the requirement is waived by the REIT's independent Trustees, the REIT will obtain an appraisal of each real property that it intends to acquire and an engineering survey with respect to the physical condition of the property. The REIT must obtain a Phase I environmental site assessment of the property (or be entitled to rely on a Phase I environmental site assessment that is not more than six months old).

As of August 11, 2020, the REIT was in compliance with its investment guidelines and operating policies.

Basis of Presentation

The following Management's Discussion and Analysis of the REIT's results of operations and financial condition should be read in conjunction with the REIT's unaudited condensed consolidated interim financial statements and accompanying notes for the three and six months ended June 30, 2020 and 2019, prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB") and the REIT's audited consolidated financial statements and the accompanying notes for the year ended December 31, 2019 and the period from April 24, 2018 (date of formation) to December 31, 2018 prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. All amounts are stated in thousands of Canadian dollars, unless otherwise noted.

The REIT's Board of Trustees approved the content of this Management's Discussion and Analysis on August 11, 2020. 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.sedar.com and also on the REIT's website at www.mintoapartments.com.

Forward-Looking Statements

This Management's Discussion and Analysis may contain forward-looking statements (within the meaning of applicable Canadian securities laws) relating to the business of the REIT. Forward-looking statements are identified by words such as "believe", "anticipate", "project", "expect", "intend", "plan", "will", "may", "estimate" and other similar expressions. These statements are based on the REIT's expectations, estimates, forecasts and projections. They are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under the heading "Risks and Uncertainties". There can be no assurance that forward-looking statements will prove to be accurate as actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, these forward-looking statements are made as of the date of this Management's Discussion and Analysis and, except as expressly required by applicable law, the REIT assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Use of Estimates

The preparation of the unaudited condensed consolidated interim financial statements in conformity with IAS 34 requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the 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.

Non-IFRS Measures

The REIT's financial statements are prepared in accordance with IFRS. However, the Management's Discussion and Analysis contains certain non-IFRS financial measures including funds from operations ("FFO"), FFO per unit, adjusted funds from operations ("AFFO"), AFFO per unit, AFFO payout ratio, net operating income ("NOI"), debt-to-Gross Book Value ratio, debt-to-earnings before interest, taxes, depreciation and amortization ("EBITDA") ratio, debt service coverage ratio, 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.

In February 2019, the Real Property Association of Canada ("REALPAC") published a white paper titled "White Paper on Funds from Operations & Adjusted Funds from Operations for IFRS". The purpose of the white paper is to provide reporting issuers and investors with greater guidance on the definition of FFO and AFFO and to help promote more consistent disclosure from reporting issuers. The REIT has reviewed the white paper and has implemented its recommended disclosures in this Management's Discussion and Analysis, except as noted below.

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 in accordance with REALPAC's recommendations, 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.

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 in accordance with REALPAC's recommendations, except that the REIT 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.

NOI is defined as revenue from investment properties less property operating costs, property taxes and utilities (collectively referred to as "property operating expenses") prepared in accordance with IFRS. NOI should not be construed as an alternative to net income determined in accordance with IFRS. The REIT's method of calculating NOI may differ from other issuers' methods and, accordingly, may not be comparable to NOI reported by other issuers. The REIT regards NOI as an important measure of the income generated from income-producing properties and is used by Management in evaluating the performance of the REIT's properties. It is also a key input in determining the value of the REIT's properties. NOI margin is defined as NOI divided by revenue.

The following other non-IFRS measures are defined as follows:

- "FFO per unit" is calculated as FFO divided by the weighted average number of Units and Class B LP Units outstanding over the period.
- "AFFO per unit" is calculated as AFFO divided by the weighted average number of Units and Class B LP Units outstanding over the period.
- "AFFO Payout Ratio" is the proportion of the total distributions on Units and Class B LP Units to AFFO.
- "Debt-to-Gross Book Value ratio" is calculated by dividing total interest-bearing debt consisting of mortgages, credit facility and Class C LP Units by total assets and is used as the REIT's primary measure of its leverage.
- "Debt-to-EBITDA ratio" is calculated by dividing interest-bearing debt (net of cash) by EBITDA. EBITDA is calculated as the trailing twelve-month NOI adjusted for a full year of stabilized earnings from recently completed acquisitions, fees and other income and general and administrative expenses, but excluding fair value adjustments.
- "Debt Service Coverage ratio" is the ratio of NOI to total debt service consisting of interest expense recorded as finance costs and principal payments on mortgages, credit facility and distributions on Class C LP Units.

COVID-19 Response and Impact on the REIT

COVID-19 continues to impact our business and the provinces in which we operate. As we continue to learn and adapt to the new realities brought on by the global pandemic, the REIT's first and foremost priority remains the health and safety of its residents, employees, partners and communities. The REIT has taken the necessary steps and precautions in order to lessen the spread of COVID-19 and to continue to prioritize good health. To that end, through continued hard work and dedication, the REIT team continues to provide essential services so that its residents have safe and healthy homes.

In order to prioritize the health and safety of all, as well as preserve long term Unitholder value, the REIT has implemented its infectious disease protocol and adapted certain operational processes and procedures to respond to the particular circumstances created by COVID-19. These changes are summarized in this section, along with a business update on the impact of the pandemic on the REIT's operations and strategy since our last update in May 2020.

Operations

The REIT implemented a number of initiatives to prioritize the health and well-being of its residents, employees and the communities it operates in, including:

- Operating with limited on-site personnel and adhering to Health Canada guidelines on personal hygiene and social distancing;
- Closure of all building common areas, party rooms and fitness facilities;
- Enhanced sanitization of shared surfaces and areas, including doors, railings, foyers and elevators;
- Limiting leasing activities by appointment only, with the use of online tools prioritized;
- Resident requests for repairs and maintenance handled online or by phone;
- Closure of the REIT's corporate offices to outside visitors, with most staff working remotely; and
- Ensuring that all critical vendors have business continuity plans in place and are following property guidelines for personal protective equipment and social distancing.

The REIT experienced expense changes as a result of COVID-19, many of which offset each other, with no material net impact to operating expense thus far. As provincial re-opening plans continue to progress with easing of pandemic restrictions, the REIT continues to maintain precautions and abide by Health Canada guidelines on personal hygiene and social distancing.

The REIT has experienced a decrease in tenant turnover and expects this trend to continue for the near term. Occupancy has been impacted by lower demand from students and individuals immigrating to Canada and additional supply from short term furnished suites marketed on platforms such as Airbnb converting to unfurnished suites. Turnover has trended lower as residents that have already given notice or have had a change in job or life circumstances continued to move, but a drop in discretionary moves occurred as expected. This has reduced repairs and maintenance expenses incurred as a function of turnover.

The REIT experienced an increase in cleaning costs and expects this will continue while COVID-19 precautions are maintained. The enhanced cleaning program, which focuses on high-touch areas and surfaces, requires vigilance but only adds modestly to total property operating costs. This increase in cleaning costs for some areas is partially offset by reduced cleaning costs for common areas and amenities that have been closed.

The REIT has experienced a mix of partially offsetting changes in utility expenses and expects this trend to continue. As a result of residents spending more time at home, usage has risen, which has been partially offset by the relaxation of peak pricing policies by most utility providers. Over 90% of the REIT's suites are sub-metered for electricity and approximately two-thirds of its residents pay their own electricity cost, which limits the REIT's exposure.

Overall, the REIT is not expecting any material changes to its NOI margin as the business continues to navigate through the pandemic and the various stages of provincial re-opening.

Lease Payments and Collections

We continue to see the resiliency of the multi-residential rental business during this pandemic. Rental collections have been consistent with pre-pandemic collection patterns and occupancy, which was 97.17% at June 30, 2020, have both remained strong.

A number of factors contribute to this result. The REIT's focus on high quality urban locations in major markets attracts a higher proportion of residents that are salaried workers and professionals. Data from Statistics Canada's June 2020 Labour Market Survey shows that the employment of hourly workers and younger workers have been most impacted by pandemic related job losses. The REIT also benefits from having more than a third of its portfolio located in Ottawa which has a higher concentration of government and government-related agencies and therefore is much more insulated from economic swings.

Notwithstanding its strong collections, the REIT recognizes the burden placed on many of its residents related to the decline in economic activity across Canada and has implemented a number of measures to help its residents cope with the sudden economic shock. First, the REIT offered payment plans for residents whose incomes were impacted by the pandemic where they could elect to defer up to 50% of their rent for up to a three month period (April, May and June of 2020), with the deferred rent being paid back over periods ranging from three to nine months. As at June 30, 2020, approximately 2.5% of the REIT's residents entered into a deferred payment plan. The majority of residents that entered into deferral agreements are current on their payment plans.

Second, the REIT suspended provincially regulated guideline rent increases and above guideline rent increases that were scheduled to come into effect in April, May, June and July of 2020. However, as provinces have begun to ease restrictions on business activities and employment levels have begun to recover from their lows in April, the REIT will, in accordance with applicable rent control legislation, resume regularly scheduled rental increases at its properties in Quebec and Ontario commencing August 1, 2020. Notwithstanding the return to regularly scheduled rental increases, the REIT will continue to work with its residents on a case-by-case basis to address any rental payment difficulties arising from the pandemic.

The REIT has a strong record of working with its residents on collections and its bad debt expense has averaged only 0.25% of revenues since its initial public offering. For the three months ended June 30, 2020, the REIT's bad debt expense was in line with its historical average. Notwithstanding this record and the low level of collection issues experienced thus far, it is likely that the REIT's bad debt expense may increase in future quarters due to the economic impact of COVID-19. We do not expect this change to materially impact the REIT's financial position.

Leasing Activities and Turnover

The REIT experienced a drop in its quarterly turnover rate to 5% in Q2 2020, compared to 8% in Q2 2019. The trailing 12-month turnover rate at the end of Q2 2020 was 22%, compared to 24% at the end of Q1 2020 and 29% at the end of Q2 2019. The REIT expects that its turnover rate may continue to be lower than historical trends during the COVID-19 crisis, before recovering, as renters looking to make discretionary changes to their living arrangements may defer these changes until after the COVID-19 crisis.

The REIT entered into 339 new leases for the three months ended June 30, 2020 and achieved an average rental rate that was 9.1% higher than the expiring rental rate. Although the REIT anticipates that turnover may slow, it does expect to continue realizing gains in rental rates on new leases compared to sitting rental rates, albeit at a lower rate than in previous quarters before the market regains its strength (see "Financial and Operating Highlights - Organic Growth — Gain-to-Lease" for further analysis of organic growth potential).

The REIT generates incremental income by leasing approximately 3.3% of its suites (239 suites out of 7,243 suites as at June 30, 2020) on a furnished basis. The demand for furnished suites has been impacted significantly by the COVID-19 crisis due to reductions on business travel, corporate relocations, general restrictions on non-essential travel and the closing of the Canadian border. The REIT's furnished suites are also popular with the film and entertainment industries which had very limited activity in Q2 2020.

The REIT uses furnished suites as a tool to improve yield through incremental furnished suite income at certain properties. Management adjusts its furnished suite inventory in response to changes in demand. The REIT's inventory of furnished suites peaked at 257 suites in Q4 2019 and Management reduced this inventory to 239 suites at the end of Q2 2020. In Q3 2020, Management will be making further reductions to its furnished suite inventory by suspending furnished suite offerings in Montreal (a reduction of 5 suites) and Alberta (a reduction of 8 suites). This will limit the REIT's furnished suite offering to three properties: Minto Yorkville (86 suites), Minto one80five (101 suites) and Roehampton (39 suites).

Based on strong demand for unfurnished suites in the Yonge-Eglinton sub-market of Toronto, Management has determined that the 39 furnished suites at Roehampton are good candidates for the REIT's repositioning program and will transition these suites to the unfurnished market on a repositioned basis. This repositioning work will commence in Q4 2020 to deliver the repositioned suites to market during the strong spring leasing season. Upon completion of these repositioned suites, the REIT's furnished suite offering will be limited to approximately 180 suites comprised of suites at Minto Yorkville and Minto one80five, which have historically been the REIT's strongest properties for furnished suites. Management will continue to monitor and adjust its furnished suite inventory in these properties in response to changing market conditions.

Liquidity

In times of crisis, such as this global pandemic, an organization's ability to survive is often dependent on the strength of its financial position and its access to liquidity. The REIT has sufficient liquidity and is well positioned to weather the current crisis. As at June 30, 2020, the REIT had total cash and availability of \$193,389 which provides sufficient liquidity to fund its obligations for the foreseeable future. The REIT's liquidity ratio (total liquidity as a percentage of total debt) was 23.48% at June 30, 2020 and represents approximately 18 months of the REIT's operating, interest and general and administrative expenses, distributions and principal repayments. The REIT continues to maintain a conservative overall leverage position with a Debt-to-Gross Book Value ratio of 39.51% at June 30, 2020.

Capital Expenditures, Repositioning and Development

Provincial restrictions on construction activities in Ontario and Quebec imposed in response to the onset of the COVID crisis, which limited the ability of landlords to execute certain capital projects were lifted during Q2 2020. The REIT has resumed its repositioning renovation work and new value-enhancing capital expenditures in these provinces and continues to make capital improvements and repairs that are critical to the health and safety of its residents and essential to the maintenance and operation of the buildings. The REIT requires all health and safety regulations to be respected during the performance of this work and schedules work to limit interaction between trades and to allow workers to stay two meters apart at all times. Alberta authorities did not impose restrictions on construction activities relating to COVID-19.

The REIT participates in a redevelopment project of a property located at 99 Fifth Avenue, Ottawa, Ontario ("Fifth and Bank") by way of an investment loan with a purchase option at stabilization (currently expected to be Q1 2022). Project construction is proceeding to schedule at this point.

The REIT currently has three development projects (Richgrove, Leslie York Mills and High Park Village) in various stages of the municipal approval process. The REIT continues to pursue approvals on these projects, but may experience delays in dealing with municipal planning authorities. The REIT will provide further guidance on the status of these projects when municipal approval timelines become more certain.

Valuation

Valuation of investment properties for Q2 2020 continued to be challenging given the limited data points available at the time of the valuation exercise and the uncertainty with respect to the duration and ultimate impact that the pandemic will have on multi-residential real estate. As such, given current market uncertainty, readers are cautioned to exercise judgment when reviewing the results of the second quarter valuation.

Fair value of residential properties is determined using the direct capitalization approach. Stabilized net operating income for each property is capitalized at an appropriate capitalization rate and then a deduction is made for certain capital expenditures that each property may require (which includes (i) any major maintenance capital expenditures, and (ii) capital expenditures relating to a suite repositioning if the increased revenue from that suite repositioning is included in the stabilized net operating income).

For the purpose of valuation, stabilized net operating income for each property is estimated by forecasting results for the following 12-month period. Management has assumed that scheduled rental increases for properties in Quebec and Ontario will resume in late summer 2020 and has based its forecast on slightly reduced annual turnover, and a slower pace of suite repositionings based on its experience in Q2 2020.

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. No changes were made to capitalization rate assumptions as a result of COVID-19. There were no material reported sale transactions negotiated for comparable investment properties in the REIT's principal markets since the onset of COVID-19 (and in particular since the World Health Organization declared the COVID-19 global pandemic on March 11, 2020) to provide guidance on any change to capitalization rates. Competitive offering processes on quality assets have begun to resume and interest and bidding has been strong. The weighted-average capitalization rate used at June 30, 2020 for residential valuation was consistent with December 31, 2019 at 3.92%.

Fair value for the commercial components of the REIT's portfolio is determined using the discounted cash flow method. Details regarding discount rates and terminal capitalization rates are set out in the notes to the REIT's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2020 and 2019. No adjustments were made to forecasted cash flows or discount rates as a result of COVID-19.

In addition to any adjustments set out above, a reserve for potential COVID-19 impacts was taken at the portfolio level. This reserve conservatively accounts for short term potential effects of the pandemic, including, but not limited to, increased bad debt expense, higher vacancy and promotion costs and disruptions in furnished suite operations. The amount of the reserve taken as at June 30, 2020 was \$3,893 compared to \$6,061 as at March 31, 2020.

The REIT's investment properties are recorded at a fair value of \$2,036,213 at June 30, 2020, compared to \$2,016,328 at December 31, 2019.

Government Assistance Programs

Federal, Provincial and Municipal governments have established many programs to help individuals and businesses through the COVID-19 crisis.

Municipal governments in Toronto, Ottawa, Montreal, Calgary and Edmonton have allowed for the deferral of property tax payments for periods ranging from one to three months depending on the municipality. The REIT has deferred property taxes in all municipalities except for Ottawa where the deferral eligibility requirements were not met.

The Federal government permitted the deferral of monthly HST remittances to June 30, 2020, which resulted in favourable short term cash flow and liquidity. This deferral related principally to HST collected on management fees received by the REIT.

The Canada Mortgage and Housing Corporation ("CMHC"), which provides mortgage insurance for a number of the REIT's mortgages, has allowed for the deferral of mortgage payments for up to six months in certain situations. The availability of this deferral is determined partly by an assessment of a borrower's financial capability by the insured mortgage lender. The REIT has evaluated these programs and will not be pursuing them.

Financial and Operating Highlights

Financial Performance

The REIT's portfolio has performed extremely well since the onset of the pandemic. Collections have been consistent with pre-pandemic collection patterns and occupancy has remained strong. Management offered rental deferral agreements to all residents and only a limited number of residents participated. The majority of the residents that did participate are current on their payment plans. The impact of COVID-19 on operating expenses has been mixed but has not had a material impact on operating margins. Leasing velocity has slowed slightly from the pace of previous quarters but leasing activities continue to result in the realization of embedded rent in the portfolio.

Revenue, NOI, FFO and AFFO were all higher in Q2 2020 compared to Q2 2019. This was a result of improved performance of the REIT's unfurnished rentals and the contribution from new property acquisitions. Average monthly rent per suite for the total portfolio was up 11.8% in Q2 2020 compared to Q2 2019. Average monthly rent for the Same Property Portfolio was 5.4% higher in Q2 2020 compared to Q2 2019. The NOI margin increased to 63.9% in Q2 2020 from 63.7% in Q2 2019.

NOI and NOI margin for the Same Property Portfolio were down slightly in Q2 2020 compared to Q2 2019. These reductions are a result of the declining contribution from the REIT's furnished suite operations. Furnished suites have historically enhanced yield and property returns but were negatively impacted in Q2 2020 by business and travel shutdowns resulting from COVID-19. As outlined above, Management has taken steps to reduce furnished suite inventory at certain properties and is taking advantage of furnished suite vacancy at another property to accelerate its repositioning program.

Based on growth in the REIT's AFFO and Management's outlook for the REIT's financial performance, the REIT is increasing its monthly cash distribution by 3.4% to an annual rate of \$0.455 per unit from \$0.440 per unit commencing with the August distribution. The REIT balances increasing distributions and retaining capital for future growth and will continue to maintain a conservative, and gradually decreasing, payout ratio at the new distribution rate.

The REIT continued to execute its strategy to create organic growth by realizing on embedded rent in the portfolio and by repositioning suites in properties where there is strong demand for renovated units. More details on these activities are provided in the sections below.

Organic Growth — Gain-to-Lease

Despite the impacts of COVID-19, the REIT realized on substantial organic growth for the three months ended June 30, 2020 through effective leasing activities and revenue management strategies. As new tenants take occupancy, the REIT is able to move rental rates from older in-place levels to current market rates. During the period, new leases resulted in annualized revenue growth of approximately \$467. A summary of leasing activities and the gains to be realized from new leases signed for the three months ended June 30, 2020 is set out in the table below:

Geographic Node	New Leases Signed ¹	Average Monthly Expiring Rent	Average Monthly New Rent	Percentage Gain (Loss)-on-Turn	Annualized Gain (Loss)-on-Turn ²
Toronto	68	\$1,877	\$2,108	12.3%	\$118
Ottawa	151	1,406	1,589	13.0%	332
Alberta	70	1,311	1,298	(1.0)%	(11)
Montreal	50	1,579	1,662	5.3%	28
Total/Average	339	\$1,469	\$1,602	9.1%	\$467

¹ New leases signed includes 100% of new leases from co-ownerships and excludes new leases of furnished suites.

² For co-owned properties, reflects the REIT's co-ownership interest only.

The REIT was able to realize, on average, an increase of 9.1% on the 339 new leases it signed in the second quarter of the year. The increase represents a significant uplift over the average monthly expiring rent. The REIT realized gains in all markets except Alberta, where incentives continue to be used to lease suites in challenging market conditions. Total employment in Alberta, particularly in Calgary, began to decline in the fourth quarter of 2019 contributing to weaker leasing markets as a result of the pandemic and the decline in oil prices. The REIT experienced a 1.0% decrease in average monthly rental rates achieved on the leases executed in Alberta in the second quarter of 2020.

A summary of leasing activities and the gains to be realized from new leases signed for the six months ended June 30, 2020 is set out below:

Geographic Node	New Leases Signed ¹	Average Monthly Expiring Rent	Average Monthly New Rent	Percentage Gain (Loss)-on-Turn	Annualized Gain (Loss)-on-Turn ²
Toronto	142	\$1,965	\$2,232	13.6%	\$281
Ottawa	329	1,416	1,638	15.7%	880
Alberta	127	1,348	1,334	(1.1)%	(22)
Montreal	94	1,729	1,886	9.0%	108
Total/Average	692	\$1,511	\$1,683	11.4%	\$1,247

¹ New leases signed includes 100% of new leases from co-ownerships and excludes new leases of furnished suites.

² For co-owned properties, reflects the REIT's co-ownership interest only.

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

Fiscal Quarter	New Leases Signed ¹	Average Monthly Expiring Rent	Average Monthly New Rent	Percentage Gain-on-Turn	Annualized Gain-on-Turn ²
Q3 2019	442	1,486	1,737	16.9%	1,148
Q4 2019	300	1,458	1,647	12.9%	602
Q1 2020	353	1,551	1,762	13.6%	780
Q2 2020	339	1,469	1,602	9.1%	467
Total/Average	1,434	\$1,492	\$1,692	13.4%	\$2,997

¹ New leases signed includes 100% of new leases from co-ownerships and excludes new leases of furnished suites.

² For co-owned properties, reflects the REIT's co-ownership interest only.

The table above highlights the cyclical nature of the business. Typically, the peak leasing seasons are the second and third quarters of a calendar year while there is relatively less leasing activity through the winter period. Due to the COVID-19 pandemic, the new leases signed in Q2 2020 were lower than historical experience.

The gain-to-lease potential on existing rents as at June 30, 2020 is as follows:

Geographic Node	Total Suites ¹	Average Monthly In-Place Rent/Suite	Management's Estimate of Monthly Market Rent	Percentage Gain (Loss)-to-Lease	Annualized Estimated Gain (Loss)-to-Lease ²
Toronto	1,796	\$1,835	\$2,093	14.1%	\$3,607
Ottawa	2,884	1,477	1,701	15.2%	7,755
Alberta	603	1,316	1,245	(5.3)%	(509)
Montreal	1,462	1,907	2,125	11.4%	2,564
Total/Average	6,745	\$1,609	\$1,807	12.3%	\$13,417

¹ Excludes 239 furnished suites and 199 vacant suites and 60 suites offline for repositioning.

² For co-owned properties, reflects the REIT's co-ownership interest only.

Management continually reviews market conditions and updates the embedded potential gain-to-lease in the portfolio. Management currently estimates that the portfolio has annualized embedded potential gains-to-lease of approximately \$13,417, which is a decrease of \$1,257 from \$14,674 reported in the first quarter of 2020. This decrease is a result of gains realized in the quarter, revised expectations for each market going forward and a small increase in vacant suites compared to the previous quarter.

Management's estimate of average market rent in Ottawa and Montreal of \$1,701 per month and \$2,125 per month increased slightly by \$3 and \$2 compared to prior quarter.

Management has reduced its estimate of the average market rent for its Toronto properties based on leases and surveys completed at the end of the quarter. The estimate was revised to \$2,093 per month, which is \$56 lower compared to \$2,149 last quarter. This is the first downward adjustment to market rents in Toronto after a long period of regular increases. There are a number of both positive and negative factors currently affecting the supply and demand dynamics in the Toronto market.

Immigration has been an important driver of demand in Toronto and the closing of the border has delayed arrivals of new permanent residents to Canada. The Federal Government has reiterated its commitment to immigration and has stated that it will be an important part of Canada's economic recovery. Applications for permanent residency continue to be processed and numbers are expected to ramp back up once border and travel restrictions loosen.

Rule changes affecting short stay suites in Toronto came into effect in November 2019 resulting in some short stay furnished suites coming to the longer-term rental market. However, the impact to the REIT's properties will be limited as these suites are generally at higher price points and in locations that do not compete directly with the REIT's properties. There are an estimated 12,000 Airbnb suites in the City of Toronto (less than 1% of the City of Toronto's total housing stock) and are concentrated along the City's Lakeshore. Airbnb suites compete principally with condo rentals at the higher end of the market. According to Urbanation, the average rental rate per square foot per month for condo product in the City of Toronto was \$3.22 in Q2 2020. The average rental rate per square foot per month for the REIT's properties in the City of Toronto was \$2.30 in Q2 2020. The REIT has the highest average monthly rent of its public market peers but it does not compete directly with former Airbnb suites. Notwithstanding this increase in supply, Urbanation reported a vacancy rate for condo rental of just 1.8% at the end of Q2 2020.

There are other factors affecting the market. Recent rule changes to CMHC mortgage insurance make it more challenging for first time buyers to qualify for mortgage insurance. These potential buyers will remain in the rental market longer as a result. COVID-19 has impacted the approval process for new housing developments and the supply chains supporting existing developments. This will slow both housing starts and deliveries and reduce the growth in supply of the housing stock.

Despite these factors impacting both supply and demand in the short-term, Toronto remains Canada's largest economic centre, the first choice of new Canadians and a strong growth market.

In Alberta, the economy is battling the impact of both COVID-19 and the drop in the price of oil. Many of the REIT's competitors are offering incentives to residents to persuade them to lease suites. To remain competitive, the REIT also provides lease incentives which decreases the effective rental rates achieved on its Alberta properties. Management's estimate of the average market rent for its Alberta properties is \$1,245, which is an increase of \$4 per month compared to last quarter.

The ability of the REIT to realize the embedded rent is dependent on the rate of turnover in its portfolio and overall favourable market conditions. As expected, the suite turnover in second quarter of 2020 was lower as a result of the pandemic. Management expects that it will be able to realize a significant portion of the gain-to-lease potential over a period of three to five years. However, the changing market conditions due to the impacts of COVID-19 are still uncertain and may slow the rate of realization of the gain-to-lease potential. The total embedded gain-to-lease has increased by \$7,752 since December 2018, of which approximately 54% is related to newly acquired properties, with the balance related to increased market rents for the Same Property Portfolio.

Value Creation — Repositionings

In order to take advantage of market demand for repositioned properties, the REIT's asset management strategy targets improvements to suites, building common areas and amenities. As part of an asset management plan for each building, Management will renovate test suites in order to gauge market demand for different improvements or combination of improvements. Test suites also assist Management in mitigating capital risk by confirming and refining cost estimates, value engineering and uncovering potential issues prior to a broader roll out of the program. Once an optimal combination of suite improvements is determined, a repositioning plan is executed for all of the suites in the building as suites turn over. The rate at which Management can complete the repositioning plan depends on the rate of suite turnover. Recently, government restrictions in effect with regard to the pandemic also impacted the pace of the REIT's renovation program. The government restrictions in Ontario and Quebec were lifted during the second quarter and the REIT has since been able to resume its repositioning programs. The REIT has active repositioning programs at: Minto Yorkville, Leslie York Mills and High Park Village in Toronto; Castle Hill and Carlisle in Ottawa; and Rockhill in Montreal. The REIT has temporarily halted repositioning of suites at its Edmonton properties as lower rental rates are negatively impacting returns on repositioning activities. The REIT will continue to monitor the market and if returns do not improve in subsequent quarters it will reassess its repositioning program at these properties.

A summary of the repositioning activities for the three and six months ended June 30, 2020 is set out below¹.

Property	Ownership Interest	Suites Repositioned and Leased		Remaining Suites to Reposition	Total Suites in the Program	Proportion Complete
		Three months ended June 30, 2020	Six months ended June 30, 2020			
Minto Yorkville	100%	2	3	50	99	49%
Leslie York Mills	50%	10	28	332	409	19%
High Park Village	40%	5	12	380	407	7%
Edmonton properties ²	100%	3	8	79	171	54%
Carlisle	100%	5	15	147	191	23%
Castle Hill	100%	4	15	118	176	33%
Rockhill	50%	21	40	883	934	5%
Total		50	121	1,989	2,387	17%

¹ All suite counts, including co-owned properties, are presented at 100% and not at the REIT's ownership share.

² Edmonton repositioning program is currently on hold due to market conditions.



Leslie York Mills, Toronto



High Park Village, Toronto



Rockhill, Montreal

Management continues to regulate the pace of repositionings given the need to balance the short-term dilutive impact of repositioning on FFO, while maintaining NAV accretion. Suites undergoing repositioning are unavailable for approximately 30 to 60 days depending on the type of suite and the extent of improvements, although this may be potentially longer during the pandemic due to social distancing requirements on trades and impacts to supply chain. The opportunity cost of lost revenue impacts FFO in the short term, but the value created from the invested capital creates long term value for Unitholders.

The following includes a summary of the costs and returns from the repositioning activities for the three and six months ended June 30, 2020:

	Three months ended June 30, 2020		Six months ended June 30, 2020	
Suites renovated		50		121
Suites renovated (at the REIT's ownership share)		32		80
Average cost per suite	\$	39,767	\$	36,634
Average annual rental increase per suite	\$	3,142	\$	3,412
Average annual un-levered return		8.0%		9.3%

Management targets a return in the range of 8% to 15% on suites renovated and leased.

The REIT is developing repositioning plans for Le 4300 and Haddon Hall properties in Montreal. The REIT is in the process of evaluating renovations at various test suites in order to gauge tenants' demand for different types of improvements, prior to a broader roll out of the repositioning program. This is forecast to occur in the second half of 2020 and is subject to further review due to the impacts of COVID-19. The REIT has also completed renovations for test suites at Castleview and Skyline Maisonettes in Ottawa and is evaluating the repositioning potential of these properties. The reduction in demand for furnished suites due to COVID-19 has also presented an opportunity to accelerate repositioning at the Roehampton property in Toronto by capitalizing as suites turnover. Test suites will be completed in Q4 2020 with the plan to deliver repositioned suites to market in the strong spring leasing market.

The following table details the potential of each repositioning program that is currently being evaluated at June 30, 2020:

Property	Ownership Interest	Potential Suites to Reposition
Haddon Hall	100%	210
Le 4300	100%	318
Roehampton	100%	148
Castleview	100%	241
Skyline Maisonettes	100%	168
Total		1,085

The REIT's repositioning program presents the best risk to return profile of all investment opportunities, generating NAV growth at the expense of modest, near-term earnings dilution. Repositioning programs are flexible, with relatively small, discrete capital commitments and short project durations that are easily accelerated or slowed as market conditions dictate. The REIT's high volume of repositioning programs generates a number of efficiencies through: volume purchasing, repeatable design concepts and material selection, and transferable lessons learned from other projects.

Outlook

In the current operating environment, Management is focused on the health and safety of its residents, employees and business partners and on limiting the spread of COVID-19. In the long run, Management will return its focus to growing the REIT in a strategic and disciplined manner. The growth is expected to come from:

- Organic growth opportunities including realization of embedded gain-to-lease on existing rents;
- Value creation from the repositioning of existing assets by investing in in-suite and common area improvements to drive higher revenue;
- Making strategic acquisitions in major urban centres across Canada;
- Development of purpose-built rental properties and intensification on existing sites that have the capacity for added density; and,
- Capitalizing on our strategic alliance with MPI and its affiliates by accessing their pipeline of assets and opportunities.

Organic Growth Opportunities

The duration of the COVID-19 crisis is difficult to predict but Management expects the demand for residential rentals to remain resilient. The temporary closure of non-essential businesses caused economic contraction but quick and significant support from all levels of government and monetary stimulus from the Bank of Canada have helped to mitigate the damage. Restrictions have begun to ease and employment levels have started to recover from their April low-point. While it will take some time to fully recover, we expect that, barring a second wave of COVID-19 infections, that the worst is behind us.

As the economy recovers, the favourable demand and supply dynamics that existed before the crisis should return. Purchase affordability challenges in major urban centres will continue to make renting an attractive option over home ownership. Progressive immigration policies and the continuing trend towards urbanization will increase the number of people moving to Canadian cities, although population growth through immigration will slow until border restrictions are removed. Further, a lack of new supply of residential rentals relative to population growth has persisted for many years and demand for residential rental suites is expected to remain strong.

The REIT expects to continue to see organic growth on turnover of suites in the near term in all markets except Alberta. Management expects to realize on the gap between market rent and average sitting rent on new leases as suites turnover in Ottawa, Toronto and Montreal and rent is adjusted to current market rates. The Alberta market is facing the challenge of COVID-19 and the rapid decline in the price of oil prices, both of which are expected to negatively impact the Alberta economy and employment. Factoring in some expected declines in Alberta, the average gain-to-lease opportunity for the portfolio is 12.3% (as set out in the detailed gain-to-lease table in the previous section).

Value Creation from Repositioning Existing Assets

The REIT has been able to drive higher revenue by investing in in-suite and common area improvements. Management continuously evaluates the existing properties and the need for repositioning. The REIT expanded its repositioning program in 2019 to include five additional properties: Carlisle, Castle Hill, Leslie York Mills, High Park Village and Rockhill. In the fourth quarter of 2019, the REIT acquired two multi-residential rental properties located in Montreal that have significant repositioning potential. Management has developed a repositioning plan for Le 4300 and Haddon Hall and is renovating test suites in the second half of 2020 to gauge market demand for renovated suites, prior to a broader roll out of the repositioning program. The REIT is also renovating test suites at the Skyline and Castleview properties in Ottawa. As a result of the pandemic and its impact on demand for furnished suites, Management has identified an opportunity to accelerate repositioning at the Roehampton property in Toronto. Furnished suites at this property will be repositioned and are expected to begin leasing as renovated unfurnished suites in 2021.

The REIT's ability to execute its repositioning program is highly dependent on the turnover of our tenants and market conditions at the time suite renovations are completed. The COVID-19 pandemic is expected to decrease suite turnover in the short-term, affecting our ability to renovate suites. Recently, government restrictions in effect with regard to the pandemic also impacted the pace of the REIT's renovation program. The government restrictions in Ontario and Quebec were lifted during the second quarter and the REIT has since been able to resume its repositioning programs. Subject to the availability of suites through turnover, the REIT expects to reposition between 100 and 150 suites for the remainder of 2020.

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

Certain REIT properties have the potential to develop additional rental suites on available excess land. Currently, the REIT is exploring development opportunities at its Richgrove, Leslie York Mills and High Park Village properties. These development opportunities remain subject to municipal and investment partner (as applicable) approvals. The REIT continues to pursue these opportunities but may experience additional delays as it deals with local municipalities and faces limitations with the facilitation of public meetings during the COVID-19 crisis.

Management evaluates and prioritizes potential development projects that can generate NAV and long-term earnings growth for its Unitholders. Development and construction entails some risk, however we believe the REIT can effectively mitigate this risk through its strategic alliance with MPI and the Minto Group's extensive experience and track record of successful developments and construction.

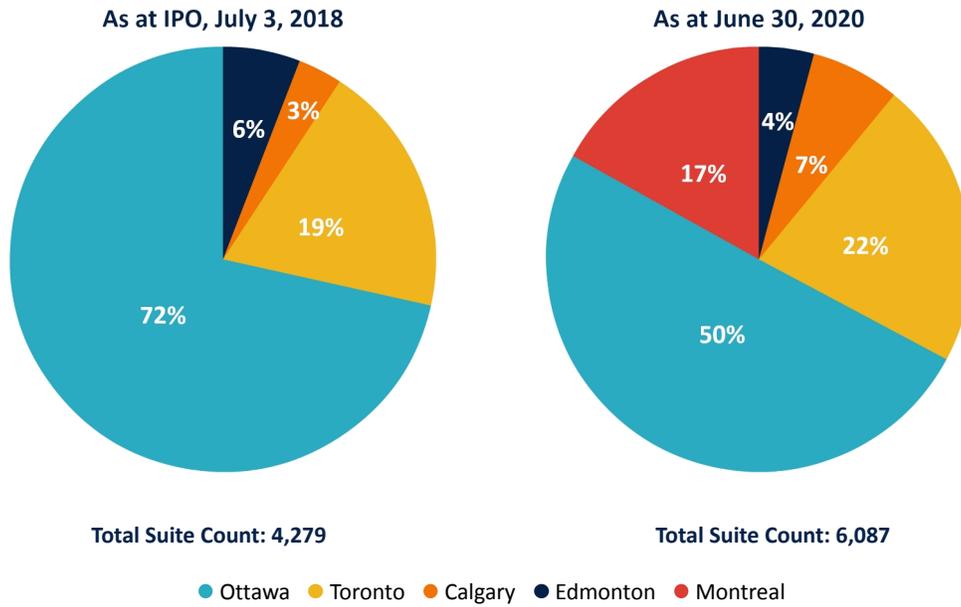
Exploring Strategic Acquisitions in Major Canadian Urban Centres and Capitalizing on our Relationship with MPI and Affiliates

The REIT is continuously exploring opportunities to acquire additional properties in the six core urban markets in Canada, with an emphasis on properties that present opportunities with embedded gain-to-lease potential, repositioning, intensification or a combination of all these opportunities. Although the REIT will pursue any opportunity that fits its strategic mandate, it is devoting time and resources in key markets such as Montreal, Toronto and Vancouver.

In addition to third party acquisitions, the REIT is also focused on capitalizing on its strategic partnership with MPI and its affiliates. MPI hold interests in a variety of investment vehicles with institutional investors and some of these interests may be candidates for transfer to the REIT over time.

The changes in the geographic distribution of the suites within the REIT's portfolio since the REIT's initial public offering on July 3, 2018 (the "IPO") is depicted below:

Suites¹ by Region (%)



¹ For co-owned properties, reflects the REIT's co-ownership interest only.

Section II - Financial Highlights and Performance

Key Performance Indicators

The REIT's operating results are affected by seasonal variations and other factors, including the impacts of COVID-19. As a result, the operating performance and metrics in one quarter may not be indicative of future quarters.

The following tables highlight certain information about the REIT for the periods presented on a Total Portfolio and Same Property Portfolio. The information in the table below and throughout this Management's Discussion and Analysis is on a Total Portfolio basis, except where specifically stated otherwise:

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	Change	2020	2019	Change
Operating						
Number of properties	29	26	3	29	26	3
Total suites ¹	7,243	5,965	1,278	7,243	5,965	1,278
Average monthly rent per suite	\$ 1,609	\$ 1,439	11.8 %	\$ 1,609	\$ 1,439	11.8%
Occupancy	97.17%	98.72%	(155) bps	97.17%	98.72%	(155) bps
Average monthly rent per suite - Same Property Portfolio	\$ 1,511	\$ 1,434	5.4 %	\$ 1,511	\$ 1,434	5.4%
Occupancy - Same Property Portfolio	96.86%	99.00%	(214) bps	96.86%	99.00%	(214) bps
Financial						
Revenue	\$ 31,319	\$ 24,796	26.3 %	\$ 62,844	\$ 46,931	33.9%
NOI ²	\$ 20,024	\$ 15,786	26.8 %	\$ 39,513	\$ 29,096	35.8%
NOI margin ²	63.9%	63.7%	20 bps	62.9%	62.0%	90 bps
Net income and comprehensive income	\$ 12,054	\$ 48,816	(75.3)%	\$ 99,998	\$ 30,147	231.7%
Revenue - Same Property Portfolio	\$ 22,615	\$ 22,830	(0.9)%	\$ 45,436	\$ 44,965	1.0%
NOI ² - Same Property Portfolio	\$ 14,223	\$ 14,462	(1.7)%	\$ 28,160	\$ 27,772	1.4%
NOI margin ² - Same Property Portfolio	62.9%	63.3%	(40) bps	62.0%	61.8%	20 bps
Revenue - Same Property Portfolio - excluding furnished suites	\$ 20,790	\$ 20,168	3.1 %	\$ 41,582	\$ 39,961	4.1%
NOI ² - Same Property Portfolio - excluding furnished suites	\$ 13,193	\$ 12,623	4.5 %	\$ 25,918	\$ 24,468	5.9%
NOI margin ² - Same Property Portfolio - excluding furnished suites	63.5%	62.6%	90 bps	62.3%	61.2%	110 bps
FFO ²	\$ 12,659	\$ 9,769	29.6 %	\$ 24,776	\$ 17,087	45.0%
FFO per unit ²	\$ 0.2144	\$ 0.2146	(0.1)%	\$ 0.4196	\$ 0.4155	1.0%
AFFO ²	\$ 11,097	\$ 8,445	31.4 %	\$ 21,655	\$ 14,545	48.9%
AFFO per unit ²	\$ 0.1879	\$ 0.1855	1.3 %	\$ 0.3668	\$ 0.3537	3.7%
AFFO Payout Ratio ²	58.5%	55.2%	330 bps	60.0%	58.0%	200 bps
Distribution per unit	\$ 0.1100	\$ 0.1025	7.3 %	\$ 0.2200	\$ 0.2050	7.3%
Distribution yield based on Unit closing price	2.21%	2.18%	3 bps	2.21%	2.18%	3 bps

¹ Includes 2,163 (June 30, 2019 - 1,413) suites co-owned with institutional partners.

² Refer to Section IV, "Reconciliation of Non-IFRS Measures" for a reconciliation of performance indicators not defined by IFRS.

As at	June 30, 2020	December 31, 2019	Change
Leverage			
Debt-to-Gross Book Value ratio ¹	39.51%	39.30%	(21) bps
Debt Service Coverage ratio ¹	1.96x	1.93x	0.03x
Debt-to-EBITDA ratio ¹	10.86x	10.72x	(0.14)x
Weighted average term to maturity on fixed rate debt	5.67	5.97	(0.30) years
Weighted average interest rate on fixed rate debt	3.07%	3.15%	8 bps

The REIT has defined a number of key performance indicators to measure the success of its operating and financial performance:

Operating

- (i) Average monthly rent per suite - Represents the average monthly rent for occupied unfurnished suites.
- (ii) Occupancy - The ratio of occupied unfurnished suites to the total unfurnished suites in the portfolio that are eligible for rental at the end of the period. The suites eligible for rental exclude suites that are not available due to renovation.

Financial

- (i) FFO, FFO per unit, AFFO, AFFO per unit, AFFO Payout Ratio, NOI, NOI margin, Debt-to-Gross Book Value ratio, Debt Service Coverage ratio and Debt-to-EBITDA ratio - See Section I, "Non-IFRS Measures".
- (ii) Weighted average term to maturity on fixed rate debt - Calculated as the weighted average of the term to maturity on the outstanding fixed rate mortgages and Class C LP Units. The REIT monitors the average term to maturity of its mortgages and Class C LP Units.
- (iii) Weighted average interest rate on fixed rate debt - Calculated as the weighted average of the stated interest rates on the outstanding balances of fixed rate mortgages and Class C LP Units. The REIT monitors the average cost of its mortgages and Class C LP Units.

¹ Refer to Section IV, "Reconciliation of Non-IFRS Measures" for a reconciliation of performance indicators not defined by IFRS.

Review of Financial Performance

The following tables highlight selected financial information for the REIT's Same Property Portfolio and Total Portfolio for the three and six months ended June 30, 2020 and 2019:

Same Property Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
Revenue from investment properties	\$ 22,615	\$ 22,830	(0.9)%	\$ 45,436	\$ 44,965	1.0 %
Property operating costs	4,164	4,210	1.1 %	8,414	8,440	0.3 %
Property taxes	2,573	2,434	(5.7)%	5,100	4,832	(5.5)%
Utilities	1,655	1,724	4.0 %	3,762	3,921	4.1 %
Net operating income ¹	\$ 14,223	\$ 14,462	(1.7)%	\$ 28,160	\$ 27,772	1.4 %
NOI margin ¹	62.9%	63.3%	(40) bps	62.0%	61.8%	20 bps

Same Property Portfolio - Excluding Furnished Suites

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
Revenue from investment properties ²	\$ 20,790	\$ 20,168	3.1 %	\$ 41,582	\$ 39,961	4.1 %
Property operating costs	3,586	3,606	0.6 %	7,257	7,202	(0.8)%
Property taxes	2,441	2,306	(5.9)%	4,838	4,577	(5.7)%
Utilities	1,570	1,633	3.9 %	3,569	3,714	3.9 %
Net operating income ¹	\$ 13,193	\$ 12,623	4.5 %	\$ 25,918	\$ 24,468	5.9 %
NOI margin ¹	63.5%	62.6%	90 bps	62.3%	61.2%	110 bps

Total Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
Revenue from investment properties	\$ 31,319	\$ 24,796	26.3 %	\$ 62,844	\$ 46,931	33.9 %
Property operating costs	5,714	4,504	(26.9)%	11,497	8,734	(31.6)%
Property taxes	3,465	2,649	(30.8)%	6,885	5,047	(36.4)%
Utilities	2,116	1,857	(13.9)%	4,949	4,054	(22.1)%
Net operating income ¹	20,024	15,786	26.8 %	39,513	29,096	35.8 %
NOI margin ¹	63.9%	63.7%	20 bps	62.9%	62.0%	90 bps
General and administrative expenses	1,789	1,277	(40.1)%	3,481	2,427	(43.4)%
Finance costs - operations	8,454	7,001	(20.8)%	17,036	13,981	(21.9)%
Fair value loss (gain) on investment properties	(11,402)	(10,276)	11.0 %	(8,639)	(23,845)	(63.8)%
Fair value loss (gain) on Class B LP Units	9,108	(30,872)	129.5 %	(73,999)	6,466	1,244.4 %
Fair value loss (gain) on interest rate swap	361	—	(100.0)%	2,660	—	(100.0)%
Fair value loss (gain) on Unit-based compensation	33	(36)	191.7 %	(254)	44	677.3 %
Fees and other income	(373)	(124)	200.8 %	(770)	(124)	521.0 %
Net income and comprehensive income	\$ 12,054	\$ 48,816	(75.3)%	\$ 99,998	\$ 30,147	231.7 %

¹ Refer to Section IV, "Reconciliation of Non-IFRS Measures" for a reconciliation of performance indicators not defined by IFRS.

² Includes rental revenue from the lease of unfurnished suites, commercial space, parking revenue and other property income.

Net Operating Income

Same Property Portfolio NOI excluding furnished suites was 4.5% higher in the three months ended June 30, 2020 compared to the same period in 2019 primarily due to 3.1% revenue growth as a result of realizing significant gain-to-lease and achieving higher revenue from repositioned suites partially offset by lower turnover and occupancy. For the six months ended June 30, 2020, Same Property Portfolio NOI excluding furnished suites increased by 5.9% with revenue growth of 4.1% being the main driver. The increase in revenue was partially offset by an increase in insurance premiums, marketing expenses and property taxes. Overall, the unfurnished suites have performed well despite the impacts of COVID-19.

Same Property Portfolio NOI including furnished and unfurnished suites for the three months ended June 30, 2020 was 1.7% lower compared to the same period in 2019 primarily as a result of a decrease in occupancy for furnished suites as a result of the pandemic.

Same Property Portfolio NOI including furnished and unfurnished suites for the six months ended June 30, 2020 was 1.4% higher compared to the same period in 2019. This was mainly a result of higher revenue from unfurnished suites partly offset by a decrease in revenues from furnished suites and an increase in property taxes.

Total Portfolio NOI for the three and six months ended June 30, 2020 increased 26.8% and 35.8%, compared to the same period in 2019 mainly as a result of higher revenues from the five investment property acquisitions completed after March 31, 2019, comprising a total of 2,691 suites (including 2,163 suites co-owned with institutional partners), higher Same Property Portfolio NOI excluding furnished suites, partly offset by lower revenue from furnished suites.

Revenue from Investment Properties

Same Property Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
Rental revenue						
Unfurnished suites	18,972	18,208	4.2 %	37,687	36,197	4.1 %
Furnished suites	1,825	2,662	(31.4)%	3,854	5,004	(23.0)%
Commercial leases	538	542	(0.7)%	1,072	1,040	3.1 %
Parking revenue	765	755	1.3 %	1,565	1,484	5.5 %
Other property income	515	663	(22.3)%	1,258	1,240	1.5 %
	\$ 22,615	\$ 22,830	(0.9)%	\$ 45,436	\$ 44,965	1.0 %

Total Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
Rental revenue						
Unfurnished suites	27,267	20,037	36.1 %	54,225	38,026	42.6 %
Furnished suites	1,855	2,709	(31.5)%	3,932	5,051	(22.2)%
Commercial leases	538	542	(0.7)%	1,072	1,040	3.1 %
Parking revenue	1,044	810	28.9 %	2,122	1,539	37.9 %
Other property income	615	698	(11.9)%	1,493	1,275	17.1 %
	\$ 31,319	\$ 24,796	26.3 %	\$ 62,844	\$ 46,931	33.9 %

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

Same Property Portfolio rental revenue from unfurnished suites for the three and six months ended June 30, 2020 was 4.2% and 4.1% higher than the same period in 2019 primarily due to higher revenues achieved from increases in market rents on new leases and repositioned suites partially offset by lower occupancy and turnover. A total of 246 and 501 new leases of unfurnished suites were signed for the three and six months ended June 30, 2020 relating to the Same Property Portfolio, resulting in an average annualized rent increase of 9.2% and 11.3%, driven mainly by the Ontario properties.

Total Portfolio rental revenue from unfurnished suites for the three and six months ended June 30, 2020 was 36.1% and 42.6% higher than the same period in 2019 primarily due to additional revenues of \$8,295 and \$16,538 for the three and six months ended June 30, 2020 from investment property acquisitions completed subsequent to March 31, 2019 and higher revenues from the Same Property Portfolio. A total of 339 and 692 new leases of unfurnished suites were signed for the three and six months ended June 30, 2020 relating to the Total Portfolio, resulting in an average annualized rent increase of 9.1% and 11.4%, driven mainly by the Ontario properties.

Rental performance metrics as at June 30, 2020 and 2019 are as follows:

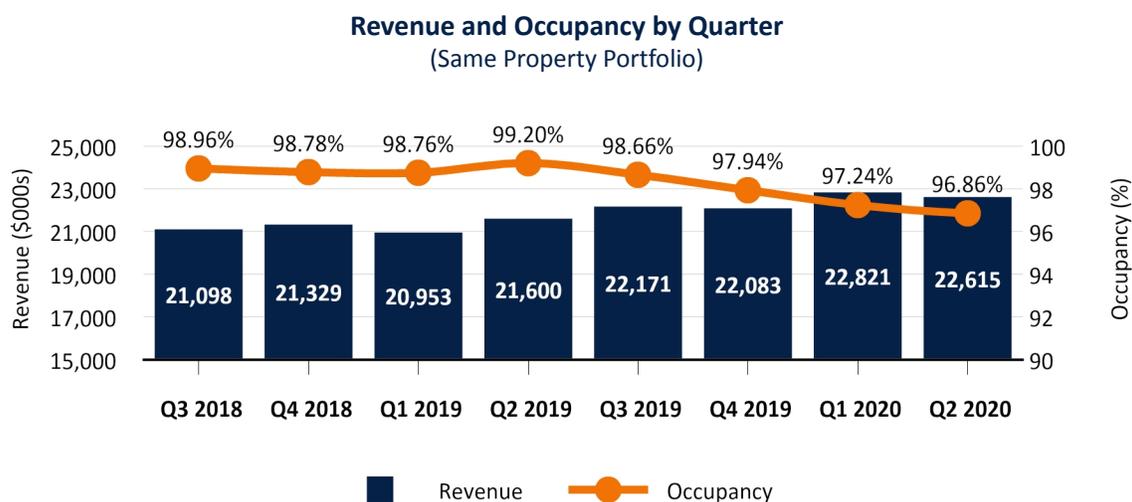
As at June 30,	Same Property Portfolio		Total Portfolio	
	2020	2019	2020	2019
Number of suites	4,552	4,552	7,243 ¹	5,965 ²
Average monthly rent per suite	\$ 1,511	\$ 1,434	\$ 1,609	\$ 1,439
Occupancy	96.86%	99.00%	97.17%	98.72%

¹ Includes 2,163 suites co-owned with institutional partners.

² Includes 1,413 suites co-owned with institutional partners.

Same Property Portfolio average monthly rent per suite of \$1,511 as at June 30, 2020 was \$77 per month higher than the same period in 2019, primarily due to realized gain-to-lease on suite turnover across Ontario and Quebec, which experienced higher average monthly rents compared to the same period in 2019.

Total Portfolio average monthly rent per suite of \$1,609 as at June 30, 2020 was \$170 per month higher than the same period in 2019, primarily due to the increase in Same Property Portfolio rents, along with the acquisition of three investment properties subsequent to June 30, 2019 with higher average rental rates. As at June 30, 2020, the average monthly rent from these acquisitions was \$2,058.



Occupancy for the Total Portfolio and Same Property Portfolio trended downwards due to the economic uncertainties and unemployment caused by the pandemic. Specifically, the portfolio in Alberta contributed significantly to the lower occupancy due to weaker leasing markets as a result of the pandemic and the decline in oil prices. The majority of all leasing happens in the second and third quarters when demand is typically greatest. Management opted to preserve value by holding rents and leveraging promotions and spot pricing to manage conversion and occupancy during the quarter.

Rental Revenue from Furnished Suites

For the three and six months ended June 30, 2020, Same Property Portfolio rental revenue from furnished suites was 31.4% and 23.0% lower than the same period in 2019. This was mainly due to lower occupancy as demand for furnished suites was significantly impacted by reductions in business travel, corporate relocations and general restrictions on non-essential travel triggered by the COVID-19 crisis. The REIT's furnished suites are also popular with the film and entertainment industries which suspended filming in Q2 2020.

For the three and six months ended June 30, 2020, Total Portfolio rental revenue from furnished suites was 31.5% and 22.2% lower than the same period in 2019 due to lower occupancy for furnished suites as a result of the pandemic.

Rental Revenue from Commercial Leases

For the three months ended June 30, 2020, Same Property Portfolio and Total Portfolio rental revenue were slightly lower than the same period in 2019 due to lower operating cost recoveries. For the six months ended June 30, 2020, Same Property Portfolio and Total Portfolio were 3.1% higher than the same period in 2019. The increase mainly represents the increase in operating cost recoveries which includes property taxes, insurance, landscaping, snow removal and other costs.

Parking Revenue

For the three and six months ended June 30, 2020, parking revenue for the Same Property Portfolio increased by 1.3% and 5.5%. Parking revenues have grown as a result of the regular rent increases compared to the same period in 2019, as well as new revenues from paid visitor parking.

For the three and six months ended June 30, 2020, parking revenue for the Total Portfolio increased by 28.9% and 37.9% primarily due to additional revenue of \$279 and \$557 from investment property acquisitions completed subsequent to March 31, 2019.

Other Property Income

For the three months ended June 30, 2020, the decrease of 22.3% in other property income for the Same Property Portfolio was mainly as a result of lower membership fee revenue due to the closure of the fitness center at one of the properties due to COVID-19 and a decrease in service revenue and telecommunication income.

For the three months ended June 30, 2020, the Total Portfolio other property income was lower by 11.9%. The increase in other property income from investment property acquisitions made subsequent to March 31, 2019 was offset by the 22.3% decrease in other property income from the Same Property Portfolio resulting in a decrease for the three months ended June 30, 2020.

For the six months ended June 30, 2020, other property income for the Same Property Portfolio was 1.5% higher overall mainly as a result of an increase in revenue from laundry services, utility recovery revenue due to sub-metering and one-time rebate from Hydro Ottawa for the implementation of a building automation system offset by lower membership fee revenue.

For the six months ended June 30, 2020, other property income for the Total Portfolio was 17.1% higher primarily due to additional revenues from acquisitions made subsequent to March 31, 2019.

Property Operating Costs

Same Property Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
Property operating costs	\$ 4,164	\$ 4,210	1.1 %	\$ 8,414	\$ 8,440	0.3 %

Total Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
Property operating costs	\$ 5,714	\$ 4,504	(26.9)%	\$ 11,497	\$ 8,734	(31.6)%

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, waste removal and bad debt expense. The REIT maintains cost discipline and tight controls on property operating costs.

For the three and six months ended June 30, 2020, property operating costs for the Same Property Portfolio were favourable compared to the same period in 2019 primarily due to lower repairs and maintenance due to pandemic related restrictions and lower furnished suites expenses as a result of reduced occupancy, partly offset by an increase in insurance premiums and marketing costs.

For the three and six months ended June 30, 2020, property operating costs for the Total Portfolio were 26.9% and 31.6% higher than the same period in 2019, primarily due to the additional costs incurred for the investment properties acquired subsequent to March 31, 2019. For the three and six months ended June 30, 2020, Total Portfolio property operating costs were 18.2% and 18.3% of revenue, compared to 18.2% and 18.6% for the same period in 2019.

Property Taxes

Same Property Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
Property taxes	\$ 2,573	\$ 2,434	(5.7)%	\$ 5,100	\$ 4,832	(5.5)%

Total Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
Property taxes	\$ 3,465	\$ 2,649	(30.8)%	\$ 6,885	\$ 5,047	(36.4)%

Property taxes for the Same Property Portfolio of \$2,573 and \$5,100 for the three and six months ended June 30, 2020 were higher as compared to the same period in 2019 as a result of changes in assessed values and changes in tax rates, with a notable increase in property taxes for properties located in Calgary.

For the three and six months ended June 30, 2020, Total Portfolio property taxes were higher as compared to the same period in 2019 primarily due to the investment property acquisitions completed subsequent to March 31, 2019. Total Portfolio property taxes were 11.1% and 11.0% of revenue for the three and six months ended June 30, 2020, compared to 10.7% and 10.8% for the same period in 2019.

Utilities

Same Property Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
Electricity	\$ 768	\$ 760	(1.1)%	\$ 1,595	\$ 1,632	2.3 %
Natural gas	240	292	17.8 %	928	1,017	8.8 %
Water	647	672	3.7 %	1,239	1,272	2.6 %
	\$ 1,655	\$ 1,724	4.0 %	\$ 3,762	\$ 3,921	4.1 %

Total Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
Electricity	\$ 928	\$ 810	(14.6)%	\$ 1,934	\$ 1,682	(15.0)%
Natural gas	451	346	(30.3)%	1,619	1,071	(51.2)%
Water	737	701	(5.1)%	1,396	1,301	(7.3)%
	\$ 2,116	\$ 1,857	(13.9)%	\$ 4,949	\$ 4,054	(22.1)%

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. Utility costs are dependent upon seasonality-driven usage, as well as utility rates and commodity prices.

Same Property Portfolio utilities for the three and six months ended June 30, 2020 were \$69 and \$159 favourable as compared to the same period in 2019, mainly due to lower consumption of gas due to warmer spring weather and as a result of the implementation of building automation systems and green initiatives at certain properties. Lower water expense is due to the closure of commercial spaces during the pandemic. The lower utilities can also be partly attributed to the lower occupancy at various properties compared to the same period in 2019.

Higher utilities for the Total Portfolio were primarily as a result of the investment property acquisitions, partially offset by lower utilities consumption for the Same Property Portfolio. Total Portfolio utilities for the three and six months ended June 30, 2020 represent 6.8% and 7.9% of revenue, compared to 7.5% and 8.6% for the same period in 2019.

General and Administrative Expenses

General and administrative expenses relates to the administration of the REIT, including: audit fees, legal fees, salaries and benefits for certain dual REIT employees, Trustee fees and costs associated with support services provided under the Administrative Support Agreement ("ASA") between the REIT and MPI. The general and administrative expenses of \$1,789 and \$3,481 for the three and six months ended June 30, 2020 were 40.1% and 43.4% higher compared to the same period in 2019. For the three and six months ended June 30, 2020, the amount charged under the ASA increased by \$283 and \$565, while salaries and benefits for dual employees increased by approximately \$108 and \$216 respectively. The growth of the REIT's portfolio necessitated a higher staff count, a larger allocation of dual employee compensation costs and higher ASA fees as approved by the independent Trustees. Unit-based compensation for executives also increased by \$256 and \$434 from additional Deferred Units granted in March 2020 and December 2019. This was partially offset by lower acquisition research costs.

Finance Costs - Operations

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
Interest expense on mortgages	4,378	2,951	(48.4)%	8,140	5,197	(56.6)%
Interest expense and standby fees on credit facility	294	350	16.0 %	1,300	1,320	1.5 %
Amortization of financing charges	87	51	(70.6)%	165	102	(61.8)%
Amortization of CMHC premiums	39	18	(116.7)%	72	29	(148.3)%
Amortization of mark-to-market adjustments	(193)	(194)	0.5 %	(382)	(388)	1.5 %
Interest income	(386)	(81)	376.5 %	(729)	(92)	692.4 %
Interest expense and other financing charges	4,219	3,095	(36.3)%	8,566	6,168	(38.9)%
Distributions on Class B LP Units	2,505	2,137	(17.2)%	5,010	4,275	(17.2)%
Distributions on Class C LP Units	1,730	1,769	2.2 %	3,460	3,538	2.2 %
	\$ 8,454	\$ 7,001	(20.8)%	\$ 17,036	\$ 13,981	(21.9)%

Finance costs comprise interest expense on secured and unsecured debt; amortization of financing charges, CMHC premiums and mark-to-market adjustments on the debt; and distributions on Class B LP Units and Class C LP Units, offset by interest income.

Finance costs for the three and six months ended June 30, 2020 were higher by \$1,453 and \$3,055 compared to the same period in 2019, primarily due to additional interest expense on new mortgage financing secured by Minto one80five and Haddon Hall and the assumption of a mortgage in connection with the acquisition of High Park Village completed in August 2019, as well as additional distributions arising from both an increase in the distribution rate and issuance of Class B LP Units. The increase was partially offset by interest income earned on loan advances made to an affiliate of MPI.

Fair Value Loss (Gain) on Investment Properties

Fair value of residential investment properties is determined using the direct capitalization approach, by applying an appropriate capitalization rate which reflects the characteristics, location and market conditions to the estimated 12 month stabilized forecast NOI for each property, reduced by an estimate of future capital expenditures. It is not possible to forecast with certainty the duration or full scope of the economic impact of COVID-19 on the REIT's business and operations, both in the short and long term. Any long-term effects on market rents, occupancy, turnover and future demand would ultimately impact the underlying valuation of investment properties.

As a result of COVID-19 measures, as at June 30, 2020, stabilized net operating income for each property was conservatively adjusted to reflect the removal of scheduled rental increases through the summer as well as reduced annual turnover and its impacts on incremental earnings from suite repositionings. In addition, a valuation reserve was taken for potential near-term income impacts from the pandemic including changes in bad debt expense, vacancy, promotion costs, turnover and furnished suite operations as a result of COVID-19. The stabilized capitalization rates remained unchanged from March 31, 2020 due to a lack of market data to quantify any such movements.

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Forecast NOI	\$ (16,437)	\$ (15,486)	\$ (25,047)	\$ (32,702)
Capitalization rates	—	1,328	3,329	1,456
Capital expenditure reserve	7,203	3,882	9,186	7,401
COVID-19 reserve	(2,168)	—	3,893	—
Fair value loss (gain) on investment properties	\$ (11,402)	\$ (10,276)	\$ (8,639)	\$ (23,845)

The changes in forecast NOI for the three and six months ended June 30, 2020 were primarily driven by properties located in Ottawa and Montreal, which have generated higher rental rates due to strong market conditions and the repositioning programs, partially offset by losses in Alberta due to continued economic challenges in the province. Changes in the capitalization rates for the six months ended June 30, 2020 are driven by the acquisitions in late 2019 in Quebec being adjusted to reflect stabilized rates. The increased capital expenditures reserve is primarily due to ongoing capital expenditure requirements and the advancement of repositioning programs.

Fair Value Loss (Gain) on Class B LP Units

The Class B LP Units are owned by MPI and a limited partnership wholly-owned by MPI. The Class B LP Units are economically equivalent to Units, in that they receive distributions equal 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.

For the three months ended June 30, 2020, the Unit price increased from \$19.50 to \$19.90, resulting in a fair value loss of \$9,108. For same period in 2019, the opening Unit price decreased from \$20.29 to \$18.81, resulting in a fair value gain of \$30,872.

For the six months ended June 30, 2020, the Unit price decreased from \$23.15 to \$19.90, resulting in a fair value gain of \$73,999. For same period in 2019, the opening Unit price was \$18.50 and the closing was \$18.81, resulting in a fair value loss of \$6,466.

Fair Value Loss (Gain) on Interest Rate Swap

In connection with the acquisition of High Park Village on August 1, 2019, the REIT assumed 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 the three and six months ended June 30, 2020, the REIT recognized a fair value loss of \$361 and \$2,660 as a result of the decrease in variable interest rate.

Fair Value Loss (Gain) on Unit-Based Compensation

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

During the quarter, the REIT experienced a fair value loss of \$33 resulting from changes in the Unit price for Deferred Units outstanding at June 30, 2020 and Deferred Units issued during quarter. For the three months ended June 30, 2020, the Unit price increased from \$19.50 to \$19.90. For the same period in 2019, the Unit price decreased from \$20.29 to \$18.81, resulting in a fair value gain of \$36.

For the six months ended June 30, 2020, the Unit price decreased from \$23.15 to \$19.90 resulting in a fair value gain of \$254. For the same period in 2019, the Unit price increased from \$18.50 to \$18.81, resulting in a fair value loss of \$44.

Fees and Other Income

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

For the three and six months ended June 30, 2020, the REIT earned \$373 and \$770 in management service fees compared to \$124 and \$124 for the same period in 2019. The increase in management service fee is due to the timing of the acquisitions of these co-owned properties - two were acquired in May 2019 and the third property was acquired in August 2019.

Summary of Quarterly Results

	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Total assets	\$ 2,085,271	\$ 2,166,295	\$ 2,050,300	\$ 1,714,194	\$ 1,526,199	\$ 1,289,194	\$ 1,206,925	\$ 1,136,051
Investment properties	\$ 2,036,213	\$ 2,020,748	\$ 2,016,328	\$ 1,698,218	\$ 1,508,469	\$ 1,278,415	\$ 1,197,811	\$ 1,130,495
Total liabilities	\$ 1,306,479	\$ 1,396,196	\$ 1,363,525	\$ 1,277,351	\$ 1,076,782	\$ 1,051,237	\$ 948,673	\$ 892,391
Total non-current liabilities	\$ 1,141,192	\$ 1,219,829	\$ 1,306,124	\$ 1,229,491	\$ 1,028,543	\$ 1,022,940	\$ 917,317	\$ 839,863
Revenue from investment properties	\$ 31,319	\$ 31,525	\$ 29,868	\$ 27,639	\$ 24,796	\$ 22,135	\$ 21,377	\$ 21,098
NOI ¹	\$ 20,024	\$ 19,489	\$ 18,613	\$ 17,588	\$ 15,786	\$ 13,310	\$ 13,022	\$ 13,088
NOI margin ¹	63.9%	61.8%	62.3%	63.6%	63.7%	60.1%	60.9%	62.0%
Net income (loss) and comprehensive income (loss)	\$ 12,054	\$ 87,944	\$ 19,708	\$ (29,889)	\$ 48,816	\$ (18,699)	\$ 16,217	\$ 33,173
FFO ¹	\$ 12,659	\$ 12,117	\$ 11,737	\$ 10,808	\$ 9,769	\$ 7,318	\$ 8,211	\$ 7,986
FFO per unit ¹	\$ 0.2144	\$ 0.2052	\$ 0.1997	\$ 0.2280	\$ 0.2146	\$ 0.1993	\$ 0.2236	\$ 0.2175
AFFO ¹	\$ 11,097	\$ 10,558	\$ 10,212	\$ 9,385	\$ 8,445	\$ 6,100	\$ 6,453	\$ 6,782
AFFO per unit ¹	\$ 0.1879	\$ 0.1788	\$ 0.1738	\$ 0.1980	\$ 0.1855	\$ 0.1661	\$ 0.1757	\$ 0.1847
Distributions declared	\$ 6,496	\$ 6,495	\$ 6,463	\$ 5,101	\$ 4,665	\$ 3,764	\$ 3,762	\$ 3,683
AFFO Payout Ratio ¹	58.54%	61.52%	63.30%	54.35%	55.24%	61.70%	58.30%	54.31%
Distribution per unit	\$ 0.1100	\$ 0.1100	\$ 0.1100	\$ 0.1100	\$ 0.1025	\$ 0.1025	\$ 0.1025	\$ 0.1025

The REIT's operating results are affected by seasonal variations and other factors, including the impacts of turbulent market conditions caused by a pandemic. 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 increased energy consumption and snow removal costs. The best performing quarters of any year are the second and third quarters, where higher turnovers provide an opportunity to realize the gain-to-lease potential.

Over the last eight quarters, the improved performance is primarily the result of acquisitions made, as well as increases in Same Property Portfolio revenue due to favourable rental market conditions and repositionings, however the performance at the end of the first quarter of 2020 and a major portion of the second quarter 2020 were impacted by the government restrictions and uncertain market conditions arising from the COVID-19 outbreak.

¹ Refer to Section IV, "Reconciliation of Non-IFRS Measures" for a reconciliation of performance indicators not defined by IFRS.

Section III - Assessment of Financial Position

Investment Properties

The following table summarizes the changes in investment properties:

As at		\$
Balance, December 31, 2019	\$	2,016,328
Additions		
Capital expenditures		9,641
Fair value gain		8,639
Other		1,605
Balance, June 30, 2020	\$	2,036,213

Capital Expenditures

The REIT has established a capital improvement program 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 spend and maintenance capital expenditures.

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Total expenditures	\$ 4,063	\$ 5,442	\$ 9,641	\$ 8,525
Value-enhancing capital spend				
Building improvements	1,942	917	4,928	2,433
Suite upgrades	1,096	2,945	2,938	4,375
	3,038	3,862	7,866	6,808
Maintenance capital expenditures	1,025	1,580	1,775	1,717
Maintenance capital expenditures per suite	\$ 169	\$ 315	\$ 292	\$ 345

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 this MD&A under Section I, "Overview - Financial and Operating Highlights - Value Creation - Repositioning" and "Outlook". The REIT's active repositioning programs for the three and six months ended June 30, 2020 included Minto Yorkville, Leslie York Mills, High Park Village, the Edmonton Properties, Castle Hill, Carlisle and Rockhill. Prior to a boarder implementation, the REIT renovates test suites in order to gauge tenants' demand for certain improvements and to mitigate capital risk. Test suites were completed for the Skyline and Castlevue properties in Ottawa along with Haddon Hall and Le 4300 in Montreal. Value-enhancing capital expenditures are intended to achieve NAV accretion, long term AFFO accretion and increase tenant satisfaction, however they tend to be AFFO dilutive in the short term.

Provincial restrictions on construction activities in Ontario and Quebec imposed in response to the onset of the COVID crisis limited the REIT's ability to execute certain capital projects and repositioning work resulting in a decrease in capital expenditures for Q2 2020.

Maintenance capital expenditures include expenditures that are incurred in order to maintain the existing earnings capacity of the REIT's investment properties. Any exterior work is highly dependent on favourable weather conditions and as a result, a significant portion of the exterior work is performed between the months of May and September and therefore actual maintenance capital expenditures in a given quarter may not be indicative of future quarters.

The actual maintenance capital expenditures for the three and six months ended June 30, 2020 were \$1,025 and \$1,775, or \$169 and \$292 per suite, primarily related to roof anchor installation at Rockhill, heating and cooling unit overhaul at Le 4300 and High Park Village, and other mechanical and maintenance capital expenditures at the buildings including common areas.

For 2020, Management has budgeted to spend \$900 per suite on maintenance capital expenditures. The REIT's ability to execute its capital maintenance program has been altered in terms of timing with restrictions imposed by government regulations owing to COVID-19. With the restrictions easing and the economies re-opening towards the end of the second quarter of 2020, the REIT is currently monitoring and assessing the impacts on its capital programs including evaluating scheduling, availability of trades and prioritizing scope of work to determine our ability to achieve the budget.

Valuation

Fair value for residential properties is determined using the direct capitalization approach. Estimated stabilized net operating income is based on the respective property's forecasted results, less estimated aggregate future capital expenditures. Capitalization rates reflect the characteristics, location and market of each property. Fair value is determined based on internal valuation models incorporating market data and valuations performed by external appraisers.

As at June 30, 2020, the REIT adjusted its internal valuation model to incorporate the uncertainties associated with COVID-19, which includes the addition of a portfolio-level reserve meant to account for the near-term income losses resulting from the global pandemic.

Capitalization rates fluctuate depending on market conditions. The capitalization rates of the portfolio for each of the REIT's residential rental markets were as follows:

As at	June 30, 2020		December 31, 2019	
	Low	High	Low	High
Ottawa, Ontario	4.00%	4.75%	4.00%	4.75%
Toronto, Ontario	3.25%	3.75%	3.25%	3.75%
Edmonton, Alberta	4.25%	4.25%	4.25%	4.25%
Calgary, Alberta	4.15%	4.25%	4.15%	4.25%
Montreal, Quebec	3.50%	3.75%	3.43%	3.75%
Average capitalization rate		3.92%		3.92%

Class B LP Units

The Class B LP Units of Minto Apartment Limited Partnership (the "Partnership") receive distributions equivalent to the distributions paid on Units and are exchangeable at the holder's option into Units. One Special Voting Unit in the REIT is issued to the holder of Class B LP Units for each Class B LP Unit held. The limited IAS 32 exception for presentation as equity does not extend to Class B LP Units. As a result, the Class B LP Units are classified as financial liabilities.

As at June 30, 2020, there were 22,769,073 (December 31, 2019 - 22,769,073) Class B LP Units outstanding.

Class C LP Units

The Class C LP Units of the Partnership provide for monthly 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, subject to certain restrictions. Due to the nature of such distributions, the Class C LP Units are classified as financial liabilities.

As at June 30, 2020, there were 22,978,700 (December 31, 2019 - 22,978,700) Class C LP Units outstanding.

The mortgages of investment properties to which the distributions on the Class C LP Units relate bear a weighted average contractual interest rate of 3.16% (December 31, 2019 - 3.16%) and mature at various dates between 2023 and 2030.

Secured Debt

Secured debt includes mortgages and the REIT's revolving credit facility. The REIT maintains mortgages with both fixed and variable interest rates that are secured by investment properties. The fixed rate mortgages bear interest at a weighted average contractual interest rate of 3.08% (December 31, 2019 - 3.14%) and mature at various dates from 2021 to 2030. Included within the fixed rate mortgages is a variable rate mortgage whose rate is fixed at 3.38% by means of an interest rate swap.

On November 20, 2019, in connection with the acquisition of Haddon Hall, the REIT secured conventional mortgage financing of \$45,000, bearing interest at 3.16% and maturing on December 1, 2030. On April 24, 2020, CMHC insurance was obtained for the mortgage, with an additional \$1,151 borrowed to finance CMHC premiums. The CMHC insured mortgage bears interest at 2.67% and matures on December 1, 2030.

On March 31, 2020, the REIT secured a variable interest rate mortgage of \$100,000 secured by Minto one80five, which bears interest at bankers' acceptance plus 25 bps and matures on September 30, 2020. As at June 30, 2020, the weighted average variable interest rate was 2.70%. Proceeds from the mortgage were used to pay down the revolving credit facility on April 3, 2020. As at June 30, 2020, the REIT has entered into rate lock agreements to receive both a CMHC insured mortgage of \$94,797 with an interest rate of 2% and a conventional mortgage of \$23,928 with an interest rate of 2.55%, each with a term of 10 years. The mortgages will replace the existing variable rate mortgage on the same property.

On June 1, 2020, the REIT paid off its mortgage associated with the Kaleidoscope property in Calgary. On June 29, 2020, the REIT obtained a CMHC insured mortgage secured by Kaleidoscope of \$14,258, bearing interest bearing interest at 1.56% and maturing on July 15, 2030.

The REIT has a committed revolving credit facility of \$200,000 (December 31, 2019 - \$200,000) that is secured by several investment properties, matures on July 3, 2021 and is used to fund working capital requirements, acquisitions and for general corporate purposes. As at June 30, 2020, \$186,500 (December 31, 2019 - \$108,991) of this facility was available. The credit facility bears interest at bankers' acceptance rate plus 175 bps or prime plus 75 bps and as at June 30, 2020, the weighted average variable interest rate was 3.20% (December 31, 2019 - 3.72%).

Units

The REIT's DOT authorizes the issue of an unlimited number of Units. As at June 30, 2020, there were 36,274,839 (December 31, 2019 - 36,274,839) Units outstanding with a carrying value of \$631,434 (December 31, 2019 - \$631,434).

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 the three and six months ended June 30, 2020, distributions to Unitholders of \$3,991 and \$7,981 (June 30, 2019 - \$2,528 and \$4,154) were declared based on approved monthly distributions of \$0.03667 per Unit (June 30, 2019 - \$0.03416 per Unit).

Section IV - Liquidity, Capital Resources and Contractual Commitments

Liquidity and Capital Resources

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

As at		June 30, 2020	December 31, 2019
Liabilities (principal amounts outstanding):			
Class B LP Units	\$	453,105	\$ 527,104
Class C LP Units		220,129	222,702
Mortgages		586,501	487,876
Credit facility		13,500	91,009
		1,273,235	1,328,691
Unitholders' equity		778,792	686,775
	\$	2,052,027	\$ 2,015,466

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 exchangeable nature, IAS 32 requires Class B LP Units to be accounted for as a financial liability. Class B LP Units are not indebtedness for borrowed money and are not included in the determination of Debt-to-Gross Book Value ratio.

The objective of the REIT's capital strategy is to arrange capital at the lowest possible cost while maintaining diversity in its lending base, balance in its maturity schedule and sufficient liquidity to fund the ongoing operations of the REIT and pay distributions. At June 30, 2020, 69% (December 31, 2019 - 64%) of the REIT's total debt is CMHC-insured and approximately 86% (December 31, 2019 - 89%) is fixed rate.

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 and Management is currently targeting a range of 45%-55%. The REIT's Debt-to-Gross Book Value ratio is calculated as follows:

As at		June 30, 2020	December 31, 2019
Class C LP Units	\$	222,729	\$ 225,537
Mortgages		587,562	489,307
Credit facility		13,500	91,009
Total debt		823,791	805,853
Total assets		2,085,271	2,050,300
Debt-to-Gross Book Value ratio		39.51%	39.30%

The REIT continues to maintain a conservative overall leverage position with a Debt-to-Gross Book Value ratio of 39.51% at June 30, 2020.

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

As at	June 30, 2020	December 31, 2019
Trailing twelve-month NOI	\$ 75,714	\$ 65,297
General and administrative expenses	(6,660)	(5,607)
Fees and other income	1,525	879
	70,579	60,569
Impact on NOI of stabilized earnings from acquisitions	4,663	14,410
EBITDA	75,242	74,979
Total debt, net of cash	816,902	803,925
Debt-to-EBITDA ratio	10.86x	10.72x

The REIT has staggered the maturities of its debt financings, including distributions payable on the Class C LP Units, to reduce interest rate risk and its risk related to refinancing. As at June 30, 2020, the weighted average term to maturity on the REIT's fixed rate debt was 5.67 (December 31, 2019 - 5.97) years and the weighted average interest rate on fixed rate debt was 3.07% (December 31, 2019 - 3.15%). The contractual payments under the REIT's debt financing is summarized in the table below.

Year	Principal Repayments		Principal at Maturity			Total	% of Total	Interest Rate ¹
	Mortgages	Class C LP Units	Mortgages	Credit facility	Class C LP Units			
2020	\$ 5,009	\$ 2,604	\$ 100,000	\$ —	\$ —	\$ 107,613	13.1%	2.70%
2021	9,685	5,341	22,077	13,500	—	50,603	6.2%	2.96%
2022	9,083	5,510	87,163	—	—	101,756	12.4%	3.22%
2023	7,790	5,298	47,620	—	44,936	105,644	12.9%	3.05%
2024	6,150	4,319	48,182	—	46,177	104,828	12.8%	3.04%
2025	5,689	3,067	22,743	—	60,474	91,973	11.2%	3.19%
Thereafter	20,242	4,209	195,068	—	38,194	257,713	31.4%	2.98%
	\$ 63,648	\$ 30,348	\$ 522,853	\$ 13,500	\$ 189,781	\$ 820,130	100%	

¹ Weighted average interest rates for maturing mortgages, credit facility and Class C LP Units.

As of June 30, 2020, current liabilities of \$165,287 (December 31, 2019 - \$57,401) exceeded current assets of \$16,479 (December 31, 2019 - \$8,396), resulting in a net working capital deficit of \$148,808 (December 31, 2019 - \$49,005). The REIT's immediate liquidity needs are met through cash-on-hand, cash flow from operations, property-level debt and availability on its credit facility. As of June 30, 2020, liquidity was \$193,389 (December 31, 2019 - \$110,919) consisting of cash of \$6,889 (December 31, 2019 - \$1,928) and \$186,500 (December 31, 2019 - \$108,991) of available borrowing capacity under the credit facility. Management believes that there is sufficient liquidity to meet the REIT's financial obligations for the foreseeable future.

As at June 30, 2020, the REIT has entered into rate lock agreements for a CMHC insured mortgage of \$94,797 with an interest rate of 2% and a conventional mortgage of \$23,928 with an interest rate of 2.55%, each with a term of 10 years. Both mortgages will be secured by Minto one80five and will replace the existing variable rate mortgage on the same property. The following is expected upon closing of these financings:

- reduce the net working capital deficit by reducing current liabilities;
- increase the CMHC insured mortgages to 79% of the total debt;
- increases the fixed rate debt to 98% of the total debt;
- decrease the weighted average interest rate to 2.94% on fixed rate debt; and
- increase the weighted average term to maturity to 6.31 years on fixed rate debt.

On December 21, 2018, the REIT filed a short form base shelf prospectus, which allows the REIT to issue Units, debt securities and subscription receipts for an amount up to \$750,000 during the 25-month period that the short form base shelf prospectus is effective. The net proceeds from the sale of securities for cash may be used for potential future acquisitions, capital expenditures, to repay indebtedness and general working capital purposes. For the year ended December 31, 2019, the REIT completed two equity issuances and raised gross proceeds of \$417,295. As at June 30, 2020, the amount available to be raised pursuant to the short form base shelf prospectus is \$332,705.

Cash Flows

The REIT held a cash balance of \$6,889 as at June 30, 2020 (June 30, 2019 - \$5,691). The sources and use of cash flow for the three and six months ended June 30, 2020 and 2019 are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Operating activities	\$ 19,587	\$ 10,827	\$ 30,744	\$ 15,595
Financing activities	(113,750)	181,922	(8,541)	240,754
Investing activities	(10,024)	(187,514)	(17,242)	(251,550)

Cash provided by operating activities and cash distributions

The following table outlines the differences between cash from operating activities, net income and cash distributions in accordance with National Policy 41-201, *Income Trusts and Other Indirect Offerings*:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Net income and comprehensive income	\$ 12,054	\$ 48,816	\$ 99,998	\$ 30,147
Add: distributions on Class B LP Units	2,505	2,137	5,010	4,275
	14,559	50,953	105,008	34,422
Less: distributions paid	(6,496)	(4,364)	(12,991)	(8,128)
Excess of net income and comprehensive income over total distributions paid	\$ 8,063	\$ 46,589	\$ 92,017	\$ 26,294
Cash provided by operating activities	\$ 19,587	\$ 10,827	\$ 30,744	\$ 15,595
Less: interest paid	(6,093)	(4,688)	(12,077)	(9,619)
	13,494	6,139	18,667	5,976
Less: distributions paid	(6,496)	(4,364)	(12,991)	(8,128)
Excess (shortfall) of cash provided by operating activities over total distributions and interest paid	6,998	1,775	5,676	(2,152)
Distributions declared	\$ 6,496	\$ 4,665	\$ 12,991	\$ 8,429

The REIT has net income and comprehensive income in excess of distributions paid for the three and six months ended June 30, 2020. Net income is not used as a proxy for distributions as it 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 and fluctuations in non-cash working capital may result in 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 the three and six months ended June 30, 2020, cash provided by operating activities was in excess of distributions and interest paid.

Cash (used in) provided by financing activities

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Proceeds from mortgage financing	\$ 15,409	\$ 67,500	\$ 115,409	\$ 111,816
Net repayments of credit facility	(99,000)	(38,861)	(77,509)	(11,577)
Proceeds from issuance of Units, net of issue costs	—	165,193	—	165,193
CMHC premiums and deferred financing costs paid	(1,831)	(72)	(2,016)	(1,510)
Principal repayments on mortgages	(14,458)	(1,543)	(16,784)	(2,926)
Distributions paid on various classes of Units	(7,777)	(5,607)	(15,564)	(10,623)
Interest paid	(6,093)	(4,688)	(12,077)	(9,619)
	\$ (113,750)	\$ 181,922	\$ (8,541)	\$ 240,754

Key transactions affecting cash flow from financing activities for the three and six months ended June 30, 2020 included:

- On March 31, 2020, the REIT secured a variable interest rate mortgage of \$100,000 secured by Minto one80five, which bears interest at bankers' acceptance plus 25 bps and matures on September 30, 2020.
- On June 1, 2020, the REIT paid off its mortgage associated with the Kaleidoscope property in Calgary. On June 29, 2020, the REIT obtained a new CMHC insured mortgage secured by Kaleidoscope of \$14,258, bearing interest bearing interest at 1.56% and maturing on July 15, 2030.

Cash used in investing activities

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Capital additions to investment properties	\$ (8,470)	\$ (3,804)	\$ (11,732)	\$ (6,330)
Loan advances to an affiliate of MPI	(1,554)	—	(5,510)	—
Acquisition of investment properties	—	(183,710)	—	(245,220)
	\$ (10,024)	\$ (187,514)	\$ (17,242)	\$ (251,550)

In addition to the capital expenditures on investment properties, the REIT advanced additional funds for the construction of Fifth and Bank in Ottawa to MPI.

Reconciliation of Non-IFRS Measures

FFO and AFFO

FFO and AFFO are used for evaluating operating performance and are computed as follows¹:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Net income and comprehensive income	\$ 12,054	\$ 48,816	\$ 99,998	\$ 30,147
Distributions on Class B LP Units	2,505	2,137	5,010	4,275
Fair value loss (gain) on:				
Investment properties	(11,402)	(10,276)	(8,639)	(23,845)
Class B LP Units	9,108	(30,872)	(73,999)	6,466
Interest rate swap	361	—	2,660	—
Unit-based compensation	33	(36)	(254)	44
Funds from operations (FFO)	\$ 12,659	\$ 9,769	\$ 24,776	\$ 17,087
Maintenance capital expenditure reserve	(1,369)	(1,130)	(2,739)	(2,154)
Amortization of mark-to-market adjustments	(193)	(194)	(382)	(388)
Adjusted funds from operations (AFFO)	\$ 11,097	\$ 8,445	\$ 21,655	\$ 14,545
Distributions on Class B LP Units	2,505	2,137	5,010	4,275
Distributions on Units	3,991	2,528	7,981	4,154
	6,496	4,665	12,991	8,429
AFFO Payout Ratio	58.54%	55.24%	59.99%	57.95%
Weighted average number of Units and Class B LP Units issued and outstanding	59,043,912	45,531,510	59,043,912	41,127,010
FFO per unit	\$ 0.2144	\$ 0.2146	\$ 0.4196	\$ 0.4155
AFFO per unit	\$ 0.1879	\$ 0.1855	\$ 0.3668	\$ 0.3537

¹ See Section I, "Non-IFRS Measures"

FFO was higher for the three months ended June 30, 2020 as compared to the same period in 2019, reflecting the positive NOI variance driven by higher rents achieved for the Same Property Portfolio, contributions from acquisitions completed subsequent to June 30, 2019 and the realization of gain-to-lease potential on suite turnover. AFFO was higher for the three months ended June 30, 2020 as compared to the same period in 2019, primarily as a result of higher FFO. This increase was offset by an increase in the maintenance capital expenditure reserve due to the growth in portfolio suite count.

¹ See Section I, "Non-IFRS Measures"

NOI and NOI Margin

Same Property Portfolio

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Revenue from investment properties	\$ 22,615	\$ 22,830	\$ 45,436	\$ 44,965
Property operating expenses	8,392	8,368	17,276	17,193
NOI	\$ 14,223	\$ 14,462	\$ 28,160	\$ 27,772
NOI margin	62.9%	63.3%	62.0%	61.8%

Same Property Portfolio - Excluding Furnished Suites

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Revenue from investment properties	\$ 20,790	\$ 20,168	\$ 41,582	\$ 39,961
Property operating costs	7,597	7,545	15,664	15,493
NOI	13,193	12,623	\$ 25,918	\$ 24,468
NOI Margin	63.5%	62.6%	62.3%	61.2%

Total Portfolio

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Revenue from investment properties	\$ 31,319	\$ 24,796	\$ 62,844	\$ 46,931
Property operating costs	11,295	9,010	23,331	17,835
NOI	20,024	15,786	\$ 39,513	\$ 29,096
NOI Margin	63.9%	63.7%	62.9%	62.0%

Debt-to-Gross Book Value Ratio

Refer to Section IV, "Liquidity and Capital Resources" for a reconciliation of Debt-to-Gross Book Value ratio.

Debt Service Coverage

The Debt Service Coverage ratio is calculated as follows:

	Six months ended June 30, 2020	Year ended December 31, 2019
NOI	\$ 39,513	\$ 65,297
Interest expense and standby fees on credit facility	1,300	2,619
Distributions on Class C LP Units:		
Principal repayments	2,573	5,019
Finance costs	3,460	7,066
Mortgages:		
Principal repayments	4,690	6,930
Finance costs	8,140	12,255
Total debt service	\$ 20,163	\$ 33,889
Debt Service Coverage ratio	1.96x	1.93x

Debt-to-EBITDA Ratio

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

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

Critical Judgments in Applying Accounting Policies and Critical Accounting Estimates and Assumptions

Significant areas of judgment, estimates and assumptions are set out in Note 2 to the annual audited consolidated financial statements for year ended December 31, 2019 and the period from April 24, 2018 (date of formation) to December 31, 2018 except for the potential impact of COVID-19 outbreak on the REIT.

The REIT has used the best information available as at June 30, 2020, in determining the potential impact of the COVID-19 outbreak on the carrying amounts of assets and liabilities, earnings for the period and risks disclosed in the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2020 and 2019. The estimates that could be most significantly impacted by COVID-19 include those underlying the valuation of investment properties and the estimated credit losses on accounts receivable. Actual results may differ from those estimates.

Risks and Uncertainties

The REIT faces a variety of diverse risks, many of which are inherent in the business conducted by the REIT. These are described in detail under the heading "Risks and Uncertainties" the REIT's Management's Discussion and Analysis for the year ended December 31, 2019 and the period from April 24, 2018 (date of formation) to December 31, 2018, filed on SEDAR (www.sedar.com). These factors still exist at the end of this quarter and remain relatively unchanged, with the exception of the addition of the COVID-19 contagious disease risk.

COVID-19 - Contagious Disease Risk

COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020. It or a similar contagious disease outbreak at a local, regional or national level may have a material adverse effect on the business, financial condition and results of operations of the REIT. In particular, a contagious disease outbreak like COVID-19 may result in a general or acute decline in economic activity in the regions in which the REIT operates, increased unemployment, decreased immigration, reduced tenant traffic and turnover, reduced rents and/or increased tenant incentives, supply shortages and other supply chain disruptions, staff shortages, increased government regulation, mobility restrictions and other quarantine measures. These and similar consequences of a contagious disease outbreak like COVID-19 may adversely impact tenants' ability to pay rent and the REIT's ability to capture gains-to-lease, reposition suites and pursue construction and development activities. Increased government regulation may also restrict the REIT's ability to enforce material provisions under its leases, including in respect of the collection of rent or other payment obligations. The quarantine or contamination of one or more of the REIT's properties or suites may negatively impact the REIT's occupancy or reputation.

Management is monitoring the situation closely and has implemented a business continuity plan and will proactively adjust its plans as the COVID-19 pandemic evolves.

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.

(i) 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 is 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 June 30, 2020, the REIT has variable rate instruments of \$300,000 (December 31, 2019 - \$200,000) with an outstanding balance of \$113,500 (December 31, 2019 - \$91,009). A 1% change in prevailing interest rates would change annualized interest charges incurred by \$1,135 (December 31, 2019 - \$910).

(ii) 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.

(iii) 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 prevailing market price of the Units as at June 30, 2020 would have a \$4,531 (December 31, 2019 - \$5,271) change in 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 taken for all expected credit losses.

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

The REIT is also exposed to credit risk in relation to the loan advanced to an affiliate of MPI for the development of Fifth and Bank, in the event that the borrower defaults on the repayment of amounts owing to the REIT. Management mitigates this risk by ensuring adequate security has been provided.

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 including the recent coronavirus disruption.

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 involves a significant degree of judgment, and 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 favorable 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.

The REIT has a committed credit facility for working capital requirements, acquisitions and for general corporate purposes. The committed credit facility consists of the following:

As at		June 30, 2020		December 31, 2019
Committed	\$	200,000	\$	200,000
Available		186,500		108,991
Utilized		13,500		91,009

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

	2020	2021	2022	2023	2024 and thereafter	Total
Mortgages	\$ 105,009	\$ 31,762	\$ 96,246	\$ 55,410	\$ 298,074	\$ 586,501
Credit facility	—	13,500	—	—	—	13,500
	105,009	45,262	96,246	55,410	298,074	600,001
Class C LP Units	2,604	5,341	5,510	50,234	156,440	220,129
Interest obligation	11,657	20,853	19,265	15,831	46,665	114,271
Tenant rental deposits	8,875	—	—	—	36	8,911
Due to related parties	1,704	—	—	—	—	1,704
Accounts payable and accrued liabilities	16,750	363	217	71	1,567	18,968
	\$ 146,599	\$ 71,819	\$ 121,238	\$ 121,546	\$ 502,782	\$ 963,984

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

On March 31, 2020, the REIT secured a variable interest rate mortgage of \$100,000 secured by Minto one80five which matures on September 30, 2020. As at June 30, 2020, the REIT has entered into rate lock agreements to receive a CMHC insured mortgage of \$94,797 with an interest rate of 2% and a conventional mortgage of \$23,928 with an interest rate of 2.55%, both with a term of 10 years. Proceeds from the financing will be used to repay the variable interest rate mortgage.

Related Party Transactions

In the normal course of operations, the REIT enters into various transactions with related parties. In addition to the related party transactions disclosed elsewhere in this Management's Discussion and Analysis, related party transactions include:

Administrative Support Agreement

On July 3, 2018, the REIT and MPI entered into a five year renewable agreement that 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 five year term, for all general and administrative expenses, excluding public company costs, of 32 bps of Gross Book Value.

For the three and six months ended June 30, 2020, the REIT incurred \$424 and \$848 (June 30, 2019 - \$141 and \$282) for services rendered under the ASA.

The REIT monitors the administrative support fee, ensuring adherence with the requirements established under the ASA. For the six months ended June 30, 2020, annualized general and administrative expenses, excluding public company costs represent 18 bps of Gross Book Value (June 30, 2019 - 19 bps).

Loan Receivable from Related Party

The REIT committed to advance up to \$30,000 to an affiliate of MPI to support its redevelopment of Fifth and Bank. The loan bears interest at 6% per annum, matures on March 31, 2022 and is subordinate to senior construction financing. At the option of the borrower, interest is payable monthly or deemed as an advance. The principal amount is due on maturity. In connection with this financing, the REIT will have the exclusive option to purchase the property upon stabilization at 95% of the fair market value.

The following table summarizes the activity of the loan receivable:

		\$
Balance, December 31, 2019	\$	19,922
<i>Cash flows</i>		
Advances		5,510
<i>Non-cash movement</i>		
Accrued interest		703
Balance, June 30, 2020	\$	26,135

Due to Related Parties

Amounts due to related parties at June 30, 2020 include \$732 and \$572 (December 31, 2019 - \$732 and \$588) relating to distributions payable to limited partnerships wholly-owned by MPI on Class B LP Units and Class C LP Units, respectively. Additionally, amounts due to MPI include \$123 (December 31, 2019 - \$288) for working capital, \$103 (December 31, 2019 - \$103) for distributions on Class B LP Units, \$33 (December 31, 2019 - \$33) for distributions on Units and \$141 (December 31, 2019 - \$94) in connection with the ASA.

Revenue and Expenses

- Included in rental revenue for the three and six months ended June 30, 2020 is \$99 and \$280 (June 30, 2019 - \$144 and \$480) of revenue from MPI and its affiliates as rent for office space, furnished suites, parking and other revenue at certain REIT properties.
- Included in property operating expenses for the three and six months ended June 30, 2020 is \$205 and \$365 (June 30, 2019 - \$278 and \$418) paid to MPI and its affiliates for IT system maintenance, repairs and maintenance and other expenses at certain REIT properties.
- For the three and six months ended June 30, 2020, compensation to key Management personnel includes \$146 and \$371 (June 30, 2019 - \$160 and \$325) paid to executives, Unit-based compensation expense of \$327 and \$576 (June 30, 2019 - \$72 and \$143) for executives and Unit-based compensation expense for the grant of Deferred Units to Trustees in lieu of annual retainer and meeting fees of \$130 and \$255 (June 30, 2019 - \$116 and \$235), respectively. Additional compensation to key Management personnel for services provided to the REIT was paid by MPI and its affiliate.
- Included in finance costs for the three and six months ended June 30, 2020 are distributions on Class B LP Units of \$2,505 and \$5,010 (June 30, 2019 - \$2,137 and \$4,275), paid or payable to MPI and a limited partnership wholly-owned by MPI.
- Included in finance costs for the three and six months ended June 30, 2020 are distributions on Class C LP Units of \$1,730 and \$3,460 (June 30, 2019 - \$1,769 and \$3,538), paid or payable to a limited partnership wholly-owned by MPI.
- Included in finance costs for the three and six months ended June 30, 2020 is interest income of \$375 and \$703 (June 30, 2019 - \$nil and \$nil) earned on the loan advanced to an affiliate of MPI for the redevelopment of Fifth and Bank in Ottawa.
- For the three and six months ended June 30, 2020, the REIT reimbursed \$nil (June 30, 2019 - \$315) to MPI for costs paid on behalf of the REIT.

Distributions

- For the three and six months ended June 30, 2020, distributions of \$1,281 and \$2,573 (June 30, 2019 - \$1,243 and \$2,495) were made to a limited partnership wholly-owned by MPI in order to repay principal on Class C LP Units.
- For the three and six months ended June 30, 2020, distributions on Units to MPI of \$99 and \$198 (June 30, 2019 - \$nil and \$nil) were declared and recorded as a reduction to Unitholders' equity.

Contingencies and Commitments

The REIT is subject to claims and legal actions that arise in the ordinary course of business. It is the opinion of Management that any ultimate liability that may arise from such matters would not have a significant adverse effect on the unaudited condensed consolidated interim financial statements of the REIT. The contingencies and commitments of the REIT are set out in Note 16 of the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2020 and 2019.

Adoption of Accounting Standards

The REIT adopted the amendments to IFRS 3, *Business Combinations*, that clarify whether a transaction results in an asset acquisition or a business combination. The REIT adopted the amendments in its unaudited condensed consolidated interim financial statements beginning on January 1, 2020. These amendments did not have an impact on the REIT's unaudited condensed consolidated interim financial statements.

Future Changes in Accounting Standards

The following accounting standards under IFRS have been issued or revised, however are not yet effective and as such have not been applied by the REIT:

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1, *Presentation of Financial Statements*)

On January 23, 2020, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, providing a more general approach to the classification of liabilities based on the contractual agreements in place at the reporting date. The amendments apply to annual reporting periods beginning on or after January 1, 2023. Earlier adoption is permitted.

The amendments to IAS 1 affect only the presentation of liabilities in the balance sheet and seek to clarify that the classification of liabilities as current or non-current should be based on the rights that are in existence at the end of the reporting period. Further, the amendments make clear that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and that the settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The REIT intends to adopt the amendments in its consolidated financial statements beginning on January 1, 2023, when the amendments become effective. The REIT is assessing the potential impact of the amendments, however does not expect them to have a material impact on the REIT's consolidated financial statements.

Disclosure Controls and Internal Controls Over Financial Reporting

Management is responsible for establishing and maintaining a system of disclosure controls and procedures ("DC&P") to provide reasonable assurance that all material information relating to the REIT that is required to be publicly disclosed is recorded, processed, summarized and reported on a timely basis and within the time period specified in securities legislation.

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with IFRS.

In designing such controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives and may not prevent or detect misstatements. Additionally, Management is required to use judgment in evaluating controls and procedures.

The Chief Executive Officer and the Chief Financial Officer have evaluated, or caused an evaluation under their direct supervision of, the design of disclosure controls and procedures and internal controls over financial reporting (as defined in National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*) as at June 30, 2020. Based on this evaluation, the CEO and CFO have concluded that they have:

- (a) designed disclosure controls and procedures to provide reasonable assurance that:
 - (i) material information relating to the REIT is made known to the Chief Executive Officer and the Chief Financial Officer by others, particularly during the period in which the interim filings are being prepared; and,
 - (ii) information required to be disclosed by the REIT in its various reports filed or submitted under securities legislation is recorded, processed, summarized and reported within time periods specified in securities legislation.
- (b) designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There were no significant changes for the three months ended June 30, 2020 to the design of the REIT's ICFR that have materially affected, or are reasonably likely to materially affect, the REIT's ICFR.

Management has also considered the impact of COVID-19 on its ICFR and DC&P and noted that while a significant portion of the workforce has shifted to working remotely, controls continue to operate as designed. The REIT has not significantly reduced its workforce nor reduced the number of working hours as a result of the pandemic and control owners continue to perform their ordinary control activities. Similarly, the REIT has not experienced significant challenges or delays in completing its accounting and financial reporting processes while working remotely. In response to the increase in tele-working, Management has put forth incremental effort to ensure material information flows throughout the organization effectively and has significantly increased the frequency of meetings aimed at disseminating and soliciting key information.

Subsequent Events

On August 11, 2020, the Board of Trustees approved a 3.4% increase to the REIT's annual distribution from \$0.4400 per Unit to \$0.4550 per Unit. The monthly distribution will be \$0.03792 per Unit, up from \$0.03667 per Unit. The increase will be effective for the REIT's August 2020 cash distribution, to be paid on September 15, 2020.

Section VI - Supplemental Information

Property Portfolio

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 ¹	148	100%	148
	1,983		1,329
Ottawa			
7 Minto one80five ¹	417	100%	417
8 Parkwood Hills Garden Homes & Townhomes	393	100%	393
9 Aventura	354	100%	354
10 Huron	251	100%	251
11 Seneca	251	100%	251
12 Castlevue	241	100%	241
13 Skyline Garden Homes, Maisonettes & Walkups	227 ²	100%	227
14 The Carlisle	191	100%	191
15 Castle Hill	176	100%	176
16 Grenadier	158	100%	158
17 Tanglewood	122	100%	122
18 Eleanor	117	100%	117
19 Frontenac	104	100%	104
20 Stratford	59	100%	59
	3,061		3,061
Montreal			
21 Rockhill ¹	1,004	50%	502
22 Le 4300	318	100%	318
23 Haddon Hall	210	100%	210
	1,532		1,030
Edmonton			
24 The Lancaster House	98	100%	98
25 York House	92	100%	92
26 Hi-Level Place	64	100%	64
	254		254
Calgary			
27 The Quarters	199	100%	199
28 The Laurier ¹	144	100%	144
29 Kaleidoscope	70	100%	70
	413		413
Portfolio Total³	7,243		6,087

¹ Suite counts for Minto Yorkville, Roehampton, Minto one80five, Rockhill and The Laurier include furnished suites, representing approximately 13% of the total suites at these properties.

² Excludes 32 Maisonettes damaged by fire in March 2017.

³ The Same Property Portfolio comprises of the properties listed in the table above, with the exception of properties 1, 2, 21, 22 and 23.

Average Rent Per Square Foot

Geographic Node	Average monthly rent	Average sq. ft. per suite	Average rent per sq. ft
Toronto	\$ 1,835	\$ 799	2.30
Ottawa	1,477	834	1.77
Alberta	1,316	727	1.81
Montreal	1,907	1,011	1.89
Average	\$ 1,609	\$ 846	1.90