



# Management's Discussion and Analysis

For the three and six months ended June 30, 2022 and 2021



**minto**  
Apartment REIT

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## Section I - Overview

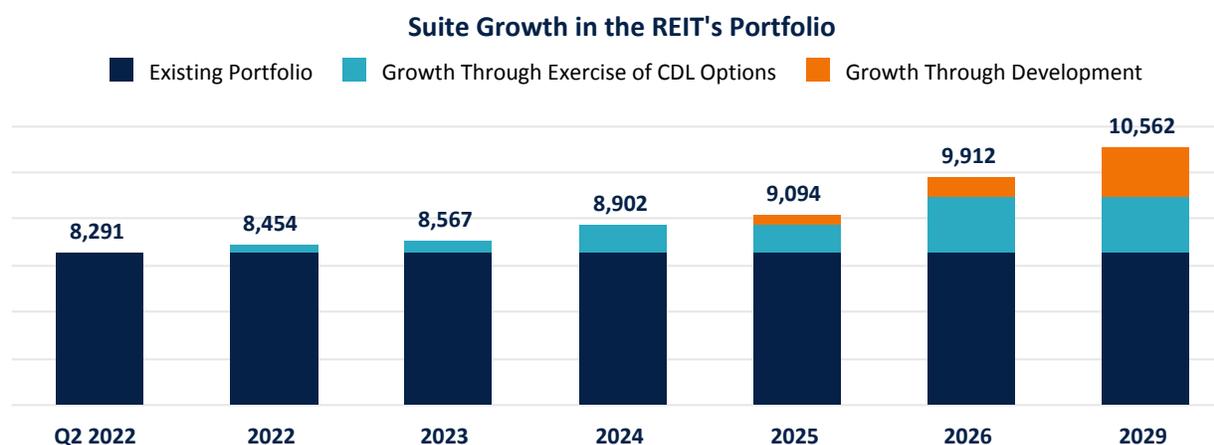
### Business Overview

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 owns, develops and operates a portfolio of income-producing multi-residential rental properties located in Canada. The REIT was established under the laws of the Province of Ontario. The principal and registered office of the REIT is 200-180 Kent Street, Ottawa, Ontario.

The REIT's portfolio, referred to herein as the "Total Portfolio", consists of 32 (June 30, 2021 - 29) multi-residential rental properties located in Ontario, Quebec and Alberta. The "Same Property Portfolio" consists of 29 multi-residential properties. The ownership distribution of suites is shown in the table below and unless otherwise noted, all references to suite count, including co-owned properties, are at 100% ownership rather than the REIT's proportionate effective ownership:

	Same Property Portfolio Suites		Total Portfolio Suites	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Wholly-owned	5,114	5,114	5,627	5,114
50% co-owned	1,413	1,413	1,413	1,413
40% co-owned	750	750	750	750
28.35% co-owned	—	—	501	—
<b>Total suites</b>	<b>7,277</b>	<b>7,277</b>	<b>8,291</b>	<b>7,277</b>
<b>Total suites at effective ownership</b>	<b>6,121</b>	<b>6,121</b>	<b>6,776</b>	<b>6,121</b>

The REIT is currently developing two income-producing multi-residential projects on excess land available at Richgrove and Leslie York Mills that will add 417 suites to the portfolio and is pursuing the development of a third multi-residential project on excess land available at High Park Village that would add a further 650 suites to the portfolio if completed. The REIT has also provided convertible development loans for the development of five multi-residential properties, which provide the REIT the option to acquire direct or indirect interests in these properties upon stabilization (the "CDL Options"). Once completed, and subject to the exercise of the CDL Options, 1,204 suites would be added to the portfolio. The aggregate of these growth opportunities would increase the portfolio suite count by approximately 27% by 2029, as depicted below:



The REIT continues to explore potential acquisitions, investments, and dispositions that meet its investment or divestiture criteria. The suite count growth through future acquisitions and investments, or reductions from dispositions are not depicted in the chart above.

## 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").

## Declaration of Trust

The investment guidelines and operating policies of the REIT are outlined in the REIT's Amended and Restated Declaration of Trust dated June 27, 2018, as amended from time to time (collectively, the "DOT"). A copy of the DOT is available on SEDAR at [www.sedar.com](http://www.sedar.com).

As of August 9, 2022, 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, 2022 ("Q2 2022" and "YTD 2022") and 2021, 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 years ended December 31, 2021 and 2020 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.

This Management's Discussion and Analysis also contains certain non-IFRS and other 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-adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") ratio, debt service coverage ratio, net asset value ("NAV"), and NAV per unit, which are measures commonly used by publicly traded entities in the real estate industry. Management believes that these metrics are useful for measuring different aspects of performance and assessing the underlying operating performance on a consistent basis. However, these measures do not have a standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other publicly traded entities. These measures should strictly be considered supplemental in nature and not a substitute for financial information prepared in accordance with IFRS. See "Non-IFRS and Other Financial Measures" under Section VI - "Supplemental Information" for definitions of these measures.

The REIT's Board of Trustees approved the content of this Management's Discussion and Analysis on August 9, 2022. 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](http://www.sedar.com) and also on the REIT's website at [www.mintoapartments.com](http://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 unaudited condensed consolidated interim financial statements and accompanying note disclosures. Although these estimates are based on Management's knowledge of current events and actions the REIT may undertake in the future, actual results may differ from the estimates.

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

## Financial and Operating Highlights

### Financial Performance

Building off of the positive momentum generated in Q1 2022, the REIT's performance continues to strengthen and has returned to pre-pandemic levels. Occupancy continued to rise sequentially, reaching 95.81% at the end of June 2022 while the REIT's gain-to-lease on new leases signed has largely returned to pre-COVID-19 levels. Average monthly rent per suite continues to record sequential growth, and the Same Property Portfolio generated solid NOI growth despite high inflation in the marketplace. The Alberta market has also recovered due to stronger economic conditions, especially from commodity prices which has resulted in increased demand and hence higher rental rates in that node.

For Q2 2022, the REIT achieved 14.8% Total Portfolio NOI growth compared to the same period in 2021 ("Q2 2021") as a result of revenue growth on the Same Property Portfolio and from the acquisitions of Le Hill-Park in Q4 2021 and Niagara West and The International in Q2 2022. Same Property Portfolio average monthly rent increased 3.4%, accelerating from 2.9% in Q1 2022, and average occupancy increased by 330 bps compared to Q2 2021 contributing to a Same Property Portfolio NOI growth of 6.4%. Same Property Portfolio NOI growth would have been even higher at 9.9% with the exclusion of the impacts of a one-time property tax refund received in Q2 2021 pertaining to select Ottawa properties of approximately \$600.

Further, the REIT delivered FFO growth of 14.6% and AFFO growth of 15.5% compared to Q2 2021. This was primarily attributable to the NOI growth in the Same Property Portfolio as discussed above and earnings from the acquisitions.

The REIT continued to execute its strategy to create organic growth by realizing on the gain-to-lease potential in the portfolio and by renovating suites. The REIT was able to realize a 12.1% gain on the 667 new leases it signed in Q2 2022, which represents annualized revenue growth of approximately \$1,285. In addition, with the improving market conditions and backed by strong leasing and higher average monthly rents achieved, the gain-to-lease potential increased to 10.9% compared to 10.7% in Q1 2022, showing sequential growth. In addition, the REIT repositioned 83 suites in Q2 2022, generating an average annual unlevered return of 8.6%. The rate at which Management can complete the repositioning plan depends on the rate of turnover of unrenovated suites and renovations are only done after voluntary termination of a lease by a tenant.

NAV per unit of \$24.24 at June 30, 2022 grew by 1.0% from December 31, 2021 and decreased 0.4% from March 31, 2022. Fair value loss on investment properties of \$2,325 was recognized for Q2 2022, mainly as a result of slightly higher capitalization rates for properties in Montreal and Ottawa's urban core, as well as ongoing capital expenditure requirements and the advancement of various repositioning programs, but partly offset by increased forecast NOI across all geographies. In addition, the issuance of Class B limited partnership units ("Class B LP Units") of Minto Apartment Limited Partnership (the "Partnership") in connection with the acquisition of 39 Niagara Street, 29 and 33 Bathurst Street and 31 Bathurst Street ("Niagara West") in Q2 2022 impacted NAV per unit.

## Organic Growth — Gain-to-Lease<sup>1</sup>

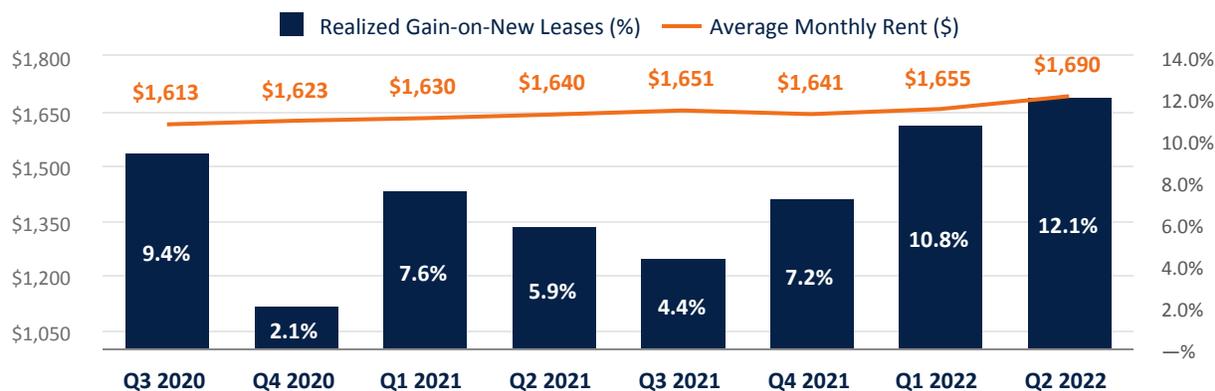
The REIT realized on organic growth for Q2 2022 through effective leasing activities and revenue management strategies. As new tenants take occupancy, the REIT is able to move rental rates from older in-place levels to current market rates. During the period, new leases resulted in annualized revenue growth of approximately \$1,285. A summary of leasing activities and the gains to be realized from new leases signed for Q2 2022 is set out in the table below:

Geographic Node	New Leases Signed <sup>2</sup>	Average Monthly Expiring Rent per Suite	Average Monthly New Rent per Suite	Percentage Gain-to-Lease	Annualized Gain-to-Lease <sup>1,3</sup>
Toronto	203	\$2,105	\$2,373	12.7%	\$333
Ottawa	247	1,587	1,790	12.7%	603
Alberta	119	1,340	1,448	8.1%	168
Montreal	98	1,691	1,940	14.7%	181
<b>Total/Average</b>	<b>667</b>	<b>\$1,645</b>	<b>\$1,844</b>	<b>12.1%</b>	<b>\$1,285</b>

The REIT realized gain-to-lease in all of its markets, with an average gain-to-lease of 12.1% on the 667 new leases it signed in Q2 2022. With the Canadian economy continuing to recover from the impacts of the pandemic, increased immigration and a widening of the affordability gap for home ownership, there has been an escalation in demand for rentals resulting in increased rental rates and a continued decline in the use of discounts.

The REIT will continue to refine and adjust discounts to achieve optimal occupancy levels and net rental rates. For more details, see Section II, "Financial Highlights and Performance - Review of Financial Performance - Revenue from Investment Properties".

## Gain-to-Lease and Average Monthly Rent<sup>1</sup>



The REIT has achieved sequential quarterly average monthly rent growth over the past eight quarters despite the COVID-19 pandemic and the challenges faced in core urban centres, except in Q4 2021 due to the addition of Le Hill-Park in Montreal which has an average monthly rent lower than the portfolio's average. Same Property Portfolio average monthly rent per suite was \$1,664 for Q4 2021, \$1,677 in Q1 2022, and \$1,695 for Q2 2022.

<sup>1</sup> Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

<sup>2</sup> New leases signed includes 100% of new leases from co-ownerships and excludes new leases of furnished suites.

<sup>3</sup> For co-owned properties, reflects the REIT's co-ownership interest only.

For YTD 2022, the REIT realized an average gain-to-lease of 11.7% on the 1,068 new leases it signed and realized gains in all markets. The following table summarizes the leasing activities and the gains to be realized from new leases signed YTD 2022:

Geographic Node	New Leases Signed <sup>2</sup>	Average Monthly Expiring Rent per Suite	Average Monthly New Rent per Suite	Percentage Gain-to-Lease	Annualized Gain-to-Lease <sup>1,3</sup>
Toronto	304	\$2,007	\$2,267	13.0%	\$535
Ottawa	411	1,591	1,780	11.9%	930
Alberta	197	1,332	1,449	8.8%	278
Montreal	156	1,782	2,012	12.9%	268
<b>Total/Average</b>	<b>1,068</b>	<b>\$1,635</b>	<b>\$1,827</b>	<b>11.7%</b>	<b>\$2,011</b>

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

Fiscal Quarter	New Leases Signed <sup>1</sup>	Average Monthly Expiring Rent per Suite	Average Monthly New Rent per Suite	Percentage Gain-to-Lease	Annualized Gain-to-Lease <sup>2,3</sup>
Q3 2021	555	\$1,630	\$1,701	4.4%	\$392
Q4 2021	444	1,652	1,770	7.2%	472
Q1 2022	401	1,620	1,794	10.8%	726
Q2 2022	667	1,645	1,844	12.1%	1,285
<b>Total/Average</b>	<b>2,067</b>	<b>\$1,638</b>	<b>\$1,780</b>	<b>8.7%</b>	<b>\$2,875</b>

Despite typical seasonality of strong second and third quarters, the realized gain-to-lease percentage growth continues to trend positively and has increased sequentially over the last several quarters. Management believes this is a strong indicator of a recovery from COVID-19, new demand from immigration, as well as the effects of rising interest rates further increasing the cost of home ownership, all of which are driving rental demand and higher rental rates. Additionally, properties located in core urban settings have benefited from a returning population to urban centres, especially from professionals returning to the office and foreign students.

Management continually reviews market conditions and updates its estimates of market rent for the properties in its portfolio. Factoring in the new estimates of market rent, the estimated gain-to-lease potential on existing tenancies for the REIT's portfolio as at June 30, 2022 is as follows:

Geographic Node	Total Suites <sup>4</sup>	Average Monthly In-Place Rent per Suite	Management's Estimate of Monthly Market Rent per Suite	Percentage Gain-to-Lease Potential	Annualized Estimated Gain-to-Lease Potential <sup>2</sup>
Toronto	2,325	\$2,021	\$2,232	10.5%	\$3,412
Ottawa	2,876	1,578	1,760	11.5%	6,280
Alberta	899	1,384	1,500	8.4%	1,255
Montreal	1,653	1,821	2,034	11.7%	3,042
<b>Total/Average</b>	<b>7,753</b>	<b>\$1,690</b>	<b>\$1,875</b>	<b>10.9%</b>	<b>\$13,989</b>

Management currently estimates that the portfolio has annualized gain-to-lease potential of approximately \$13,989, compared to \$12,455 at March 31, 2022, and \$6,266 at June 30, 2021. As market rents continue to increase, embedded gain-to-lease potential will also increase.

The REIT continues to realize on gain-to-lease opportunities as suites turnover and expects to continue doing so going forward. The REIT's ability to realize the gain-to-lease potential is dependent on suite move-outs and overall market conditions. Management expects that the REIT will be able to realize a significant portion of the gain-to-lease potential over a period of three to five years.

Management also monitors market conditions for condominium suites being offered as rentals and considers this information when setting its estimate of monthly market rent. The REIT's suites continue to compare favourably to condominiums on a size and rental rate basis. For example, the average size and rental rate of the REIT's Toronto suites is 782 square feet and \$2.58 per square foot respectively, compared to 710 square feet and \$3.57 per square foot for the average condo rental.<sup>5</sup>

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

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

<sup>3</sup> Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

<sup>4</sup> Excludes 190 furnished suites, 304 vacant suites and 44 suites offline for repositioning.

<sup>5</sup> Source: Urbanation Q2 2022 UrbanRental Greater Toronto Area Rental Market Report.

## Value Creation

### Repositionings

In order to take advantage of market demand for repositioned properties, the REIT's asset management strategy targets improvements to suites, 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 combinations of improvements. Test suites also assist Management in mitigating capital risk by confirming and refining cost estimates, value engineering and uncovering potential construction and design 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 turnover of unrenovated suites which is solely based on residents choosing to vacate their suite for alternative housing arrangements. The REIT does not engage in renovation-related evictions.

The REIT has active repositioning programs at Minto Yorkville, Leslie York Mills, High Park Village, Roehampton and Martin Grove in Toronto; Castle Hill and Carlisle in Ottawa; and Rockhill, Le 4300, Haddon Hall and Le Hill-Park in Montreal.

A summary of the repositioning activities for Q2 2022 and YTD 2022 is set out below.

Property	Ownership Interest	Suites Repositioned and Leased		Remaining Suites to Reposition	Total Suites in the Program	Proportion Complete
		Three months ended June 30, 2022	Six months ended June 30, 2022			
Minto Yorkville	100%	1	2	33	99	67%
Leslie York Mills	50%	13	27	218	409	47%
High Park Village	40%	6	14	278	407	32%
Roehampton	100%	17	33	59	148	60%
Martin Grove	100%	2	2	24	32	25%
Carlisle	100%	3	8	86	191	55%
Castle Hill	100%	4	5	74	176	58%
Rockhill	50%	25	32	774	934	17%
Le 4300	100%	1	6	225	261	14%
Haddon Hall	100%	8	11	151	191	21%
Le Hill-Park	100%	3	3	177	261	32%
Edmonton properties <sup>1</sup>	100%	—	—	73	171	57%
<b>Total</b>		<b>83</b>	<b>143</b>	<b>2,172</b>	<b>3,280</b>	<b>34%</b>



Leslie York Mills Fixtures Before



Leslie York Mills Fixtures After



<sup>1</sup> Edmonton repositioning program is currently on hold due to market conditions.

The following table summarizes costs and average annualized returns from repositioning activities for the past four quarters:

Fiscal Quarter	Suites Renovated	Average Cost per Suite	Average Annual Rental Increase per Suite	Average Un-Levered Return <sup>1</sup>
Q3 2021	120	\$48,432	\$4,298	8.9%
Q4 2021	113	47,362	4,475	9.4%
Q1 2022	60	53,380	4,468	8.4%
Q2 2022	83	51,573	4,434	8.6%
<b>Total/Average</b>	<b>376</b>	<b>\$49,593</b>	<b>\$4,408</b>	<b>8.9%</b>

Management targets an average un-levered return on investment in the range of 8% to 15% on suites renovated and leased.

The REIT's repositioning program presents the best risk-to-return profile of all capital investment opportunities, generating NAV growth with only 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, strong relationships with trade partners, and transferable lessons learned from other projects.

### Expansion of the REIT Portfolio from Relationship with The Minto Group

One of the benefits of the REIT's relationship with The Minto Group is the opportunity to access its property pipeline. During Q2 2022, the REIT acquired interests in two properties partially owned by a subsidiary of MPI. On April 22, 2022, the REIT acquired a 28.35% managing interest in Niagara West. On May 6, 2022, the REIT acquired a 100% interest in 220 4th Avenue SW, Calgary, Alberta ("The International"). Both properties are located in their respective downtown cores, are newly built or recently fully renovated, and decrease the average age of the portfolio.

Niagara West is a newly constructed property (completed in 2020), comprising 501 suites and approximately 52,600 square feet of grocery-anchored at-grade retail at the intersection of Bathurst Street and Front Street West in downtown Toronto. The acquisition cost of \$112,667 was satisfied by a cash payment of \$4,990, the assumption of working capital liabilities of \$545 and an existing \$46,158 mortgage and the issuance of 2,985,956 Class B LP Units to the vendor with a fair value of \$60,974.

The International comprises 252 suites and 2,700 square feet of commercial space in downtown Calgary. It is directly connected to Calgary's Plus 15 network, one of the world's most extensive pedestrian skywalk systems, connecting residents to office, retail, restaurants and entertainment. The acquisition cost of \$86,614 was satisfied by a cash payment of \$23,771, and the assumption of an existing mortgage of \$62,220 and working capital liabilities of \$623.

### Environmental, Social and Governance Initiatives

As approved by the Board of Trustees for implementation beginning in 2021, the REIT's Environmental, Social, and Governance ("ESG") Strategy is comprised of three strategic pillars (environmental impact, community impact, and business resilience), including eighteen initiatives with milestones and/or measurable targets to be achieved within a five-year horizon, enhanced governance measures for oversight of the ESG strategy, and reporting and disclosure commitments. Implementation of the strategy is underway. Progress highlights are provided below:

#### Environmental Impact

- 2021 energy consumption was 5.1% lower and water consumption was 1.3% lower than 2020;
- Implementation of capital projects to further reduce portfolio energy and water use is underway, including completion of toilet renewals to reduce water consumption;
- Energy reduction projects started in Q2 2022 include installation of building automation system artificial intelligence to optimize building systems by learning from existing set-up and usage and enhance opportunities for energy savings, duct sealing, domestic hot water boiler replacement, and installation of garage lighting controls;
- A toilet sensor pilot project is underway to detect leaks or stuck valves to reduce water consumption;
- Other potential pilot projects continue to be explored, including projects to reduce the amount of energy required for heating and cooling such as window film to reduce solar load and an air sealing system to improve air tightness in the building envelope of the REIT's low rise buildings;

<sup>1</sup> Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

- Work to examine wall assembly options that could deliver the performance required to achieve net zero carbon in new developments continued;
- We are continuing to explore technologies for real-time natural gas and electricity consumption monitoring for stabilized properties, including working with a vendor to add monitoring technology at Huron, Seneca and Niagara West and connect them to the REIT's data management system to identify anomalies and detect issues more efficiently;
- Embodied Carbon studies for new development projects continues (including the Richgrove Village study completed in March 2022, an 810 Kingsway study completed April 2022, and a Beechwood study which is underway);
  - Studies carried out between 2022 and 2024 will be used to identify lower-carbon alternative materials to incorporate into future development projects;
- A consultant was selected to conduct solar photovoltaic feasibility studies for buildings on three Ontario properties and work is scheduled to begin in Q3 2022;
- As of May 2022, new development construction projects achieved an 85.5% waste diversion rate – exceeding the REIT's 80% target;
- A waste management partner for the REIT's stabilized properties has collected waste data for 15 properties in Calgary, Montreal, Ottawa, and Toronto (not all properties include data on waste diverted from landfill at this time);
  - As data availability increases and additional sites are added, we will be able to calculate baseline diversion rates and measure performance; and
- Waste diversion and data collection have been included in the contracts for four major renovation projects so far and quotes are being collected for diversion and reporting for additional projects;
  - Data collected through the REIT's waste management partners in 2022 and 2023 will be used to determine the baseline waste intensity for renovation projects.

### **Community Impact**

- ESG topics are regularly included in staff communications to support expansion of employee ESG competency and engagement;
- An introduction to ESG course is now assigned to all new employees as part of their onboarding program;
- Planning for new Diversity and Inclusion ("D&I") training and education has continued, including a piloting training with the Human Resources team;
- A draft D&I strategy has been completed and is under review;
- Discussions were held with the REIT's D&I survey partner regarding best practices for data disclosure;
- One80five was awarded Fitwel certification, a world leading certification system committed to building health for all stakeholders, in June 2022. Learnings from this process will inform development of a health and well-being framework for the REIT's new developments and operated properties; and
- Lessons-learned from third-party resident engagement surveys completed in Alberta are being reviewed.
- In addition to the REIT's on-going Community Impact initiatives, the REIT evaluates sociopolitical situations as they arise.
  - In March 2022, the REIT joined together with a group of Canadian rental housing providers to support those impacted by the conflict in Ukraine by working with local organizations that are specialized in the settlement of newcomers to Canada to provide selection of available units across the REIT's portfolio in Ottawa, Toronto, and Edmonton, waiving deposit requirements, providing furnishings, and offering complimentary rent while families get settled and find employment.
  - The REIT is also participating in a Government of Canada program that helps Ukrainian refugees find suitable jobs through a specialized job bank. The REIT's Talent Acquisition Team will be actively involved in the recruitment process to ensure applicants are considered not only for job bank positions but also for other roles where there is a match in skill set.

## Business Resilience

- A resilience strategy template is in place to guide design teams and asset managers to ensure developments are planned to adapt and thrive in the face of environmental stresses and emergencies;
- Existing ESG requirements in standard contracts and appendices for operational procurement partners have been identified and work to identify best practices for ESG requirements for development procurement partners continued;
- Work with the external partner selected to support business continuity planning began in January 2022;
  - Planning and implementation activities will continue throughout the year; and
- Strengthening the cybersecurity program continued, including work on the incident response management plan, enhancement of cyber monitoring solutions, inventorying of operational devices for inclusion in cybersecurity governance, refreshment of vendor risk management policies and processes, review of data management policies and procedures, and expansion of systems requiring multi-factor authentication.

## Governance Framework

The Board of Trustees receives quarterly updates on ESG and an ESG Steering Committee with senior executive representation continues to meet quarterly. An ESG education session for the Board of Trustees has been scheduled for Q4 2022. REIT employee incentive pay continues to be linked, in part, to ESG performance targets. Half of the annual incentive targets are ESG-linked.

## Reporting and Disclosure Commitments

The REIT will participate in the 2022 Global Real Estate Sustainability Benchmark ("GRESB") Assessment. The GRESB submission deadline was July 1 and assessment results are expected in October 2022. The REIT's standalone ESG Report for the 2021 reporting year will be aligned with the Global Reporting Initiative ("GRI") and Sustainability Accounting Standards Board ("SASB") Real Estate disclosure standards. The release of the REIT's standalone ESG Report for 2022 is planned for Q3 2022.

## Outlook

The REIT has carefully navigated the challenges of COVID-19 over the last couple of years. As the impacts of the pandemic wind down, a host of economic conditions have surfaced or increased in prominence. These stem from multiple factors including the post-effects of significant government investment necessary to combat COVID-19 and stimulate the economy, geopolitical instability with the conflict in Ukraine, supply and demand pressures on the market as people return to pre-COVID living norms, to name a few. The economic conditions include high inflation, rising interest rates, volatile capital markets, and an increasing housing affordability gap, all of which present both challenges and opportunities for the REIT. Management is confident that the appropriate strategies are in place to navigate each one of these economic conditions while continuing to focus on growing earnings and building long-term Unitholder value.

Management's strategy for growth and the avenues to achieve it remains unchanged. Management continues to seek opportunities for organic growth, value creation from repositioning, strategic acquisitions in major urban centres, development of purpose built rental properties and intensification of existing properties, and capitalizing on the strategic alliance with MPI and its affiliates by accessing its pipeline of assets and deal flow. While the avenues for growth remain consistent, the economic conditions the REIT now faces have required Management to adapt to the changing environment.

Through the next several quarters, the main priorities will be to focus on operations to drive top line growth, achieve operational efficiencies, refinance variable-rate mortgages to mitigate interest expense volatility, preserve liquidity, continue investing in developments, fulfilling the convertible development loan commitments, and advancing repositioning projects.

The REIT is focused on revenue growth and generating quality earnings and cash flow expansion. Management believes rental demand will continue to increase in light of current economic factors, since rising interest rates further exacerbate the affordability gap for home ownership, which also drives up rents. Rental demand will also increase due to population growth and students returning to on-campus learning. The federal government remains committed to immigration targets proposed in 2021, which along with natural growth, will push net population growth to more than 500,000 people per year for the next three years. Strong commodity prices have also solidified the market conditions in Alberta. Overall, the favourable supply and demand fundamentals that existed prior to the pandemic will be more prevalent over the next several quarters.

Canada's inflation continues to soar reaching 8.1% in June 2022<sup>1</sup>, which is a new 39-year high and this is impacting the REIT's operating expenses including utilities, services, and employee compensation. Management continues to evaluate opportunities for operational efficiencies and cost reductions, which includes focusing on reducing controllable expenses, supplier relationships, managing service contracts, and increasing employee retention. Management is also evaluating enhanced technology to run properties more efficiently and to conserve on utilities consumption. With rising utility costs, the value proposition on some of the technology available in the market has become more attractive and further studies will be performed to assess feasibility. While inflation has placed significant pressure on operating expenses, it has also increased rental rates which will help absorb or at least partly offset the rise in costs.

To control inflation and speculative buying, the Bank of Canada raised its benchmark policy interest rate to 2.5% and it is forecasted that this rate will increase further by the end of 2022. The REIT has exposure to rising floating interest rates through certain variable-rate mortgages assumed in connection with its Q2 2022 acquisitions and its revolving credit facility. Management is actively working on refinancing the variable-rate mortgages with Canadian Mortgage and Housing Corporation ("CMHC") insured fixed-rate mortgages. The REIT's objective is to continue to maintain a balance in its debt ladder and maturities. Rising interest rates also presents an opportunity for multi-family residential rental owners as increased interest rates paired with the rising cost of home ownership will further increase the affordability gap between rental housing and home ownership in most Canadian cities. The supply of new housing also remains constrained and inelastic to rising housing demand and population growth, which further increases rental demand.

The economic factors highlighted above have been contributing to volatile capital markets and has hindered the REIT's ability to raise equity and until the markets stabilize, Management intends to focus on preserving liquidity by managing capital prudently. The recent amendment to the revolving credit facility is one such example, which increased the revolving credit limit to \$300 million providing additional access to capital.

Management is also evaluating a capital recycling program. The assessment of assets could include, but is not limited to: assets that have reached peak earnings potential, are located in less strategic areas, or lack available prospects to generate meaningful synergies. The sale of select assets would generate additional capital that could be reinvested into projects with enhanced returns and which better align with the REIT's growth strategy.

The REIT will continue investing in its developments, five convertible development loan programs and repositioning programs. While the completion of the ongoing developments at Richgrove and Leslie York Mills are still a few years out, in the near term, Management will continue to manage the projects closely, with the objective of completing the stabilized properties on time and within budget. Similarly, the REIT remains committed to fund the existing convertible development loan programs and work with MPI to ensure successful completion of each project. There continues to be significant constraints on the supply of new multi-family rental housing, and the eventual completion of the REIT's developments and the projects associated with the convertible development loan programs will help contribute new rental housing supply. In addition, the Richgrove development will include 100 affordable housing suites providing flexibility for future tenants in the west end of Toronto. And lastly, Management will continue to focus on executing on repositioning programs since, as previously indicated, they provide the best risk-adjusted returns for the portfolio.

## **Organic Growth Opportunities**

The REIT expects to realize on the gap between market rent and average sitting rent on new leases as suites turnover and rent is adjusted to current market rates. The average gain-to-lease potential for the portfolio is 10.9% (as set out in the detailed embedded gain-to-lease potential 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 has an extensive repositioning program with more than 2,100 suites eligible for repositioning. The REIT's ability to execute its repositioning program is highly dependent on the turnover of unrenovated suites and market conditions at the time suite renovations are completed. Subject to unrenovated suites becoming available, the REIT expects to reposition approximately 100 to 170 suites in the second half of 2022.

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<sup>1</sup> Source: Statistics Canada, *Consumer Price Index, June 2022*

## Development of Purpose-Built Rental Properties and Intensification on Existing Sites

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 Management believes the REIT can effectively mitigate this risk through its strategic alliance with MPI and its affiliates, tapping into their extensive experience and track record of successful developments and construction.

The REIT is in the process of developing additional rental suites on available excess land at the following properties:

Location and Property Name	Ownership	Estimated Suites	Estimated Project Costs <sup>1</sup>	Construction Start Date	Estimated Stabilization	Anticipated Yield
<b>Toronto, ON</b>						
Richgrove	100%	225	\$ 114,000	Q4 2021	Q2 2026	4.25% - 4.75%
Leslie York Mills	50%	192	172,000	Q4 2021	Q4 2025	3.75% - 4.25%
High Park Village	40%	650	455,000	Q4 2024 (est.)	Q3 2029	4.25% - 4.75%

The existing Richgrove community comprises two mid-rise residential apartment buildings with a total of 258 suites and a high-rise residential apartment building with a total of 237 suites. The intensification involves the addition of a new tower consisting of approximately 225 suites, including 100 affordable housing suites, and 213 parking stalls. The REIT has negotiated an agreement with the City of Toronto under which the City has already exempted or waived development charges and other fees amounting to \$3,794 and additionally has committed to advance funding of \$4,500, of which \$1,350 was received in Q2 2022, and provide exemption from property tax and municipal and school taxes for a period of 25 years after first occupancy. On November 30, 2021, a construction financing agreement was executed with CMHC for a maximum financing of \$93,745. On March 1, 2022, the initial draw was made on the construction financing which has a fixed interest rate of 2.39% for a 10-year term. Below-grade construction has been ongoing since January 2022 and has experienced some delays during Q2 2022 due to trade strikes which have since been resolved, but has delayed the construction timeline by approximately three months.

Leslie York Mills comprises three existing 18-storey towers with a total of 409 suites. The intensification entails the development of 192 new rental terrace homes in four blocks, creating an indoor pool, gym and recreational area and replacing the existing parking structure with a new two-level underground parking garage. The land was fully-zoned in 2021; shoring and excavation permits were received on May 3, 2022. Site preparation is underway with demolition of the canopies complete, and construction of the temporary parking structure and the demolition of the existing garage is in progress.

High Park Village consists of three buildings comprising 750 rental suites. The REIT is finalizing planning approvals with the City of Toronto to develop two new towers comprising an estimated 650 suites and 335 underground parking stalls. The development remains subject to municipal as well as investment partner approval. The planning process timing is uncertain owing to the City of Toronto's municipal planning processes.

Current economic conditions including high inflation, rising interest rates and municipal development policy changes have created additional volatility in construction cost estimates. Management's strategy for mitigating these risks include significant budget contingency, managing key vendor relationships, exploration of value-engineering opportunities through each stage of the project, coupled with extensive use of sensitivity analysis for construction costs, interests rates, capitalization rates and project duration to ensure project returns remain viable under various changing economic conditions. Management believes that rental demand will continue to increase under the same economic conditions and will carefully manage projects to deliver appropriate returns to unitholders on a risk adjusted basis.

The construction of the three development projects would add approximately 1,067 suites to the REIT's portfolio at an estimated total cost of \$741,000<sup>1</sup>, generating an expected average yield between 3.75% and 4.75%.

## Access to Major Canadian Urban Centres Through the REIT's Relationship with MPI and Affiliates

The REIT is continuously exploring opportunities to deploy capital into initiatives that enhance Unitholder value, including acquiring properties, deploying capital under its convertible development loan program, and intensifying existing sites through development. When the REIT's unit price is trading at a significant discount to NAV, as is currently the case, the pursuit of these opportunities is far more selective. With volatility in the capital markets, the REIT continues to capitalize on its relationship with MPI with a dedicated pipeline of future opportunities as seen with the convertible development loan projects.

<sup>1</sup> Estimated project costs are presented at 100% rather than the REIT's proportionate share.

The REIT has entered into agreements to extend convertible development loans to MPI and its affiliates. Convertible development loan projects provide a host of benefits to the REIT including insulation from development risk, an opportunity to earn interest income during the development period, the option to purchase newly constructed rental housing, the potential to provide a more economic entry into markets compared to acquisitions of existing properties, and preserves development capacity under the DOT for intensification projects. The REIT currently has the following convertible development loan projects:

Location and Project Name	Estimated Suites	Estimated Project Costs <sup>1</sup>	Status	Construction Start Date	Estimated Stabilization	Maximum Loan Amount <sup>2</sup>	Advanced as of June 30, 2022 <sup>2</sup>
<b>Ottawa, ON</b>							
Fifth + Bank	163	\$91,000	Stabilized	Q3 2020	Q2 2022	\$30,000	\$30,000
Beechwood	227	123,000	Under construction	Q4 2021	Q4 2024	51,400	13,550
<b>North Vancouver, BC</b>							
Lonsdale Square	113	83,000	Under construction	Q2 2021	Q4 2023	14,000	13,308
<b>Vancouver, BC</b>							
810 Kingsway	108	77,000	Under construction	Q1 2022	Q3 2024	19,650	10,675
<b>Victoria, BC</b>							
University Heights	593	334,000	Pre-development	Q4 2022 (est.)	Q2 2026	51,700	7,374

Fifth + Bank involves the redevelopment of a commercial property located at 99 Fifth Avenue in Ottawa, Ontario into a mixed-used multi-residential rental and retail property. Construction of 163 rental suites commenced in Q3 2020 and the property stabilized in Q2 2022.

Beechwood involves the development of a nine-storey property comprising 227 suites and 6,039 square feet of retail space on a land assembly located at 78-88 Beechwood Avenue and 69-93 Barrette Street in Ottawa. Rezoning approval was received in July 2021. Demolition is complete and excavation commenced in April 2022, with stabilization expected by Q4 2024.

Lonsdale Square is part of a large master-planned community on a 99-year land lease with the City of North Vancouver. The building will comprise 113 rental suites and approximately 8,000 square feet of retail space. Construction has reached the fifth storey. Construction completion is expected by Q2 2023 and the property is expected to be stabilized in Q4 2023.

810 Kingsway involves the development of a six-storey mixed-used building comprising 108 unfurnished suites and approximately 11,500 square feet of at-grade retail space. Site mobilization and demolition are complete and excavation commenced in June 2022.

University Heights involves the development of 593 rental suites and 113,485 square feet of grocery-anchored retail on an 11.5 acre parcel currently containing the University Heights Shopping Center. The site is in proximity to two post-secondary institutions: The University of Victoria and Camosun College's Lansdowne Campus, with a combined 46,000+ students and 6,500+ faculty members. The first phase of parkade restoration is underway and contracts are being finalized to proceed with demolition expected in Q4 2022.

In connection with these financings, the REIT will have the exclusive option, upon project stabilization, to purchase the property at Fifth + Bank, Lonsdale Square and Beechwood, MPI's 85% ownership interest in 810 Kingsway and MPI's 45% ownership interest in University Heights, at 95% of its then-appraised fair market value as determined by independent and qualified third-party appraisers. If all of the purchase options are exercised, these projects will add approximately 1,204 suites to the REIT's portfolio. All purchases related to CDL opportunities would require approval by independent members of the Board of Trustees.

## Capital Recycling Program

The REIT's capital recycling program is an important element of the strategic plan. Management continuously evaluates its portfolio for relative NOI growth potential, NOI margin, repositioning programs, geographic exposure and average age of the portfolio. This program will allow the REIT to reinvest its capital into projects or value-add opportunities with enhanced returns and which better align with the REIT's growth strategy. The capital recycling program is an alternative to raising equity from the capital markets given the current volatility in the markets.

<sup>1</sup> Estimated project costs are presented at 100% rather than the REIT's proportionate share.

<sup>2</sup> Maximum loan amounts and amounts advanced include amounts to fund interest costs.

## 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, rising interest rates, and inflation. As a result, the operating performance and metrics in one quarter may not be indicative of future quarters. The following tables highlight certain key IFRS and non-IFRS financial and operating measures used by the REIT.

	Three months ended June 30,			Six months ended June 30,		
	2022	2021	Change	2022	2021	Change
<b>Operating</b>						
Number of properties	32	29	3	32	29	3
Total suites <sup>1</sup>	8,291	7,277	1,014	8,291	7,277	1,014
Average monthly rent per suite <sup>2</sup>	\$ 1,690	\$ 1,640	3.0 %	\$ 1,690	\$ 1,640	3.0 %
Occupancy - end of the period <sup>2</sup>	95.81 %	92.93 %	288 bps	95.81 %	92.93 %	288 bps
Occupancy - average for the period <sup>2</sup>	94.69 %	91.50 %	319 bps	94.43 %	91.18 %	325 bps
Average monthly rent per suite <sup>2</sup> - Same Property Portfolio	\$ 1,695	\$ 1,640	3.4 %	\$ 1,695	\$ 1,640	3.4 %
Occupancy - average for the period <sup>2</sup> - Same Property Portfolio	94.80 %	91.50 %	330 bps	94.51 %	91.18 %	333 bps
<b>Financial</b>						
Revenue	\$ 35,510	\$ 29,885	18.8 %	\$ 68,036	\$ 59,884	13.6 %
NOI <sup>2</sup>	\$ 21,839	\$ 19,018	14.8 %	\$ 40,625	\$ 36,902	10.1 %
NOI margin <sup>2</sup>	61.5 %	63.6 %	(210) bps	59.7 %	61.6 %	(190) bps
Net income (loss) and comprehensive income (loss)	\$ 183,537	\$ 8,727		\$ 218,177	\$ (11,700)	
Revenue - Same Property Portfolio	\$ 32,918	\$ 29,885	10.1 %	\$ 64,583	\$ 59,884	7.8 %
NOI <sup>2</sup> - Same Property Portfolio <sup>3</sup>	\$ 20,237	\$ 19,018	6.4 %	\$ 38,592	\$ 36,902	4.6 %
NOI margin <sup>2</sup> - Same Property Portfolio <sup>3</sup>	61.5 %	63.6 %	(210) bps	59.8 %	61.6 %	(180) bps
FFO <sup>2</sup>	\$ 13,680	\$ 11,941	14.6 %	\$ 25,659	\$ 22,832	12.4 %
FFO per unit <sup>2</sup>	\$ 0.2100	\$ 0.2022	3.9 %	\$ 0.4008	\$ 0.3867	3.6 %
AFFO <sup>2</sup>	\$ 11,983	\$ 10,373	15.5 %	\$ 22,331	\$ 19,695	13.4 %
AFFO per unit <sup>2</sup>	\$ 0.1840	\$ 0.1757	4.7 %	\$ 0.3489	\$ 0.3336	4.6 %
AFFO Payout Ratio <sup>2</sup>	65.2 %	64.8 %	40 bps	68.4 %	68.2 %	20 bps
Distribution per unit	\$ 0.1187	\$ 0.1138	4.3 %	\$ 0.2375	\$ 0.2275	4.4 %
Distribution yield <sup>2</sup> based on Unit closing price	3.24 %	1.90 %	134 bps	3.24 %	1.90 %	134 bps

<sup>1</sup> At June 30, 2022, includes 2,664 (June 30, 2021 - 2,163) suites co-owned with institutional partners.

<sup>2</sup> Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

<sup>3</sup> Same Property Portfolio NOI growth is 9.9% excluding the impact of a one-time property tax refund received in Q2 2021 of approximately \$600, which also reduces Q2 2021 NOI margin to 61.6%.

As at	June 30, 2022	December 31, 2021	Change
<b>Leverage</b>			
Debt-to-Gross Book Value ratio <sup>2</sup>	39.5 %	36.5 %	(300) bps
Debt Service Coverage ratio <sup>2</sup>	1.71 x	1.76 x	(0.05)x
Debt-to-Adjusted EBITDA ratio <sup>2</sup>	13.40 x	12.25 x	(1.15)x
Weighted average term to maturity on fixed rate debt <sup>2</sup>	4.73	4.69	0.04 years
Weighted average interest rate on fixed rate debt <sup>2</sup>	2.90 %	2.82 %	(8) bps
<b>Valuation</b>			
NAV <sup>2</sup>	\$ 1,595,716	\$ 1,508,416	5.8 %
NAV per unit <sup>2</sup>	\$ 24.24	\$ 24.00	1.0 %

## 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, 2022 and 2021.

### Same Property Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2022	2021	% Change	2022	2021	% Change
Revenue from investment properties	\$ 32,918	\$ 29,885	10.1 %	\$ 64,583	\$ 59,884	7.8 %
Property operating costs	6,709	5,792	(15.8)%	12,966	11,563	(12.1)%
Property taxes	3,440	2,870	(19.9)%	7,018	6,378	(10.0)%
Utilities	2,532	2,205	(14.8)%	6,007	5,041	(19.2)%
Operating expenses	12,681	10,867	(16.7)%	25,991	22,982	(13.1)%
NOI <sup>1</sup>	\$ 20,237	\$ 19,018	6.4 %	\$ 38,592	\$ 36,902	4.6 %
NOI margin <sup>1</sup>	61.5 %	63.6 %	(210) bps	59.8 %	61.6 %	(180) bps

<sup>1</sup> Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

## Total Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2022	2021	% Change	2022	2021	% Change
Revenue from investment properties	\$ 35,510	\$ 29,885	18.8 %	\$ 68,036	\$ 59,884	13.6 %
Property operating costs	7,260	5,792	(25.3)%	13,740	11,563	(18.8)%
Property taxes	3,709	2,870	(29.2)%	7,374	6,378	(15.6)%
Utilities	2,702	2,205	(22.5)%	6,297	5,041	(24.9)%
Operating expenses	13,671	10,867	(25.8)%	27,411	22,982	(19.3)%
NOI <sup>1</sup>	21,839	19,018	14.8 %	40,625	36,902	10.1 %
NOI margin <sup>1</sup>	61.5 %	63.6 %	(210) bps	59.7 %	61.6 %	(190) bps
General and administrative expenses	2,514	1,964	(28.0)%	4,495	3,866	(16.3)%
Finance costs - operations	10,570	8,865	(19.2)%	19,483	17,597	(10.7)%
Finance income	(1,107)	(762)	45.3 %	(2,095)	(1,417)	47.8 %
Fair value loss (gain) on:						
Investment properties	2,325	(50,478)	104.6 %	(12,070)	(51,392)	76.5 %
Class B LP Units	(172,772)	50,775		(182,335)	81,286	
Interest rate swap	(776)	3		(2,083)	(1,059)	(96.7)%
Unit-based compensation	(1,867)	324		(1,967)	517	
Fees and other income	(585)	(400)	46.3 %	(980)	(796)	23.1 %
<b>Net income (loss) and comprehensive income (loss)</b>	<b>\$ 183,537</b>	<b>\$ 8,727</b>		<b>\$ 218,177</b>	<b>\$ (11,700)</b>	

## Net Operating Income

For Q2 2022 and YTD 2022, NOI for the Same Property Portfolio increased by 6.4% and 4.6%, respectively, largely as a result of improvements in occupancy and average monthly rent resulting in higher revenue. This was partially offset by an increase in utilities mainly from higher gas rates, higher property taxes primarily due to a one-time property tax refund received in Q2 2021 pertaining to select Ottawa properties of approximately \$600, and higher property operating costs due to an increase in salaries and insurance. Same Property Portfolio NOI growth would have increased in Q2 2022 and YTD 2022 by 9.9% and 6.3%, respectively, and Same Property Portfolio NOI margin would have decreased to 61.6% for Q2 2021 and 60.6% for YTD 2021, after excluding the impacts of the one-time property tax refund received in Q2 2021.

For Q2 2022 and YTD 2022, the NOI variance between Same Property Portfolio results and Total Portfolio results is due to the properties acquired subsequent to Q2 2021: Le Hill-Park in Q4 2021, and Niagara West and The International in Q2 2022. As such, the discussion for items associated with determining NOI will only be in the context of Same Property Portfolio results, unless otherwise noted.

## Revenue from Investment Properties

### Same Property Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2022	2021	% Change	2022	2021	% Change
Rental revenue						
Unfurnished suites	28,249	25,634	10.2 %	55,635	51,635	7.7 %
Furnished suites	2,186	1,782	22.7 %	3,823	3,313	15.4 %
Commercial leases	277	571	(51.5)%	756	1,088	(30.5)%
Parking revenue	1,227	1,073	14.4 %	2,437	2,144	13.7 %
Other property income	979	825	18.7 %	1,932	1,704	13.4 %
	<b>\$ 32,918</b>	<b>\$ 29,885</b>	<b>10.1 %</b>	<b>\$ 64,583</b>	<b>\$ 59,884</b>	<b>7.8 %</b>

## Total Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2022	2021	% Change	2022	2021	% Change
Rental revenue						
Unfurnished suites	\$ 30,507	\$ 25,634	19.0 %	\$ 58,690	\$ 51,635	13.7 %
Furnished suites	2,186	1,782	22.7 %	3,823	3,313	15.4 %
Commercial leases	416	571	(27.1)%	895	1,088	(17.7)%
Parking revenue	1,333	1,073	24.2 %	2,573	2,144	20.0 %
Other property income	1,068	825	29.5 %	2,055	1,704	20.6 %
	\$ 35,510	\$ 29,885	18.8 %	\$ 68,036	\$ 59,884	13.6 %

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

### Rental Revenue from Unfurnished Suites

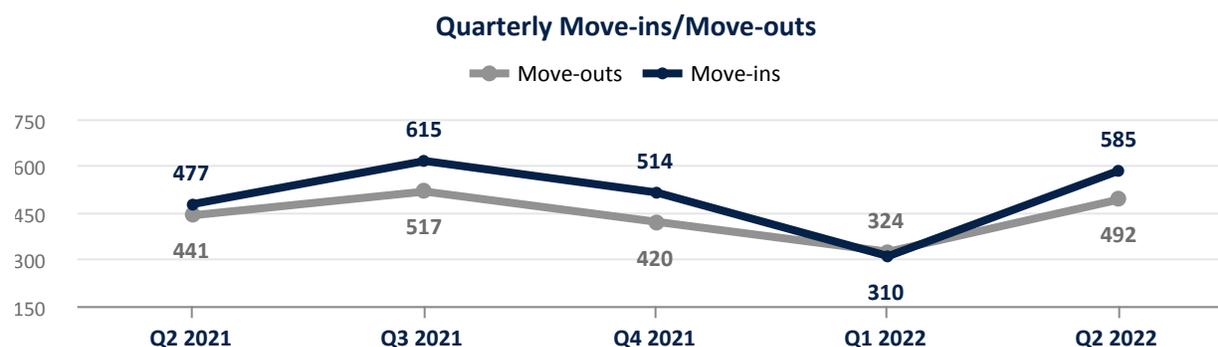
For Q2 2022, rental revenue from unfurnished suites for the Same Property Portfolio increased 10.2% from Q2 2021, primarily due to improved occupancy and higher average monthly rents, as well as reduced amortization of promotions. Same Property Portfolio average occupancy for Q2 2022 was 94.80% compared to 91.50% for Q2 2021 and average monthly rent per occupied suite of \$1,695 as at June 30, 2022 was \$55 per month higher than Q2 2021.

For YTD 2022, Same Property Portfolio rental revenue from unfurnished suites was 7.7% higher than YTD 2021, primarily due to higher occupancy and average monthly rents. Same Property Portfolio average occupancy for YTD 2022 was 333 bps higher than YTD 2021 at 94.51%.

Management offered promotions to increase occupancy in 2021. The promotions offered to residents peaked in Q2 2021 and have been on a steady decline since that time. Despite the decline in the promotions offered, rental revenue from unfurnished suites continue to be impacted by the amortization of promotions which are recorded over the lease term.

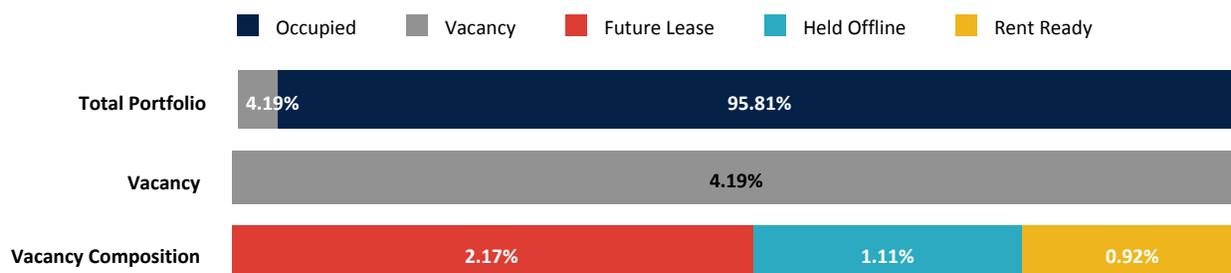
In Q2 2022, the REIT realized a higher gain-to-lease of 12.1% on 667 new leases signed, compared to a 5.9% gain-to-lease on 534 new leases signed in Q2 2021. In YTD 2022, the REIT also realized higher gain-to-lease over YTD 2021, realizing a gain of 11.7% on the 1,068 new leases signed, compared to gain-to-lease of 5.7% on 1,004 leases signed in the prior period.

In Q2 2022, there were 492 move-outs and 585 move-ins, compared to 441 move-outs and 477 move-ins for Q2 2021. The graph below sets out the REIT's quarterly move-in/move-out metrics for the past five quarters (100% basis):



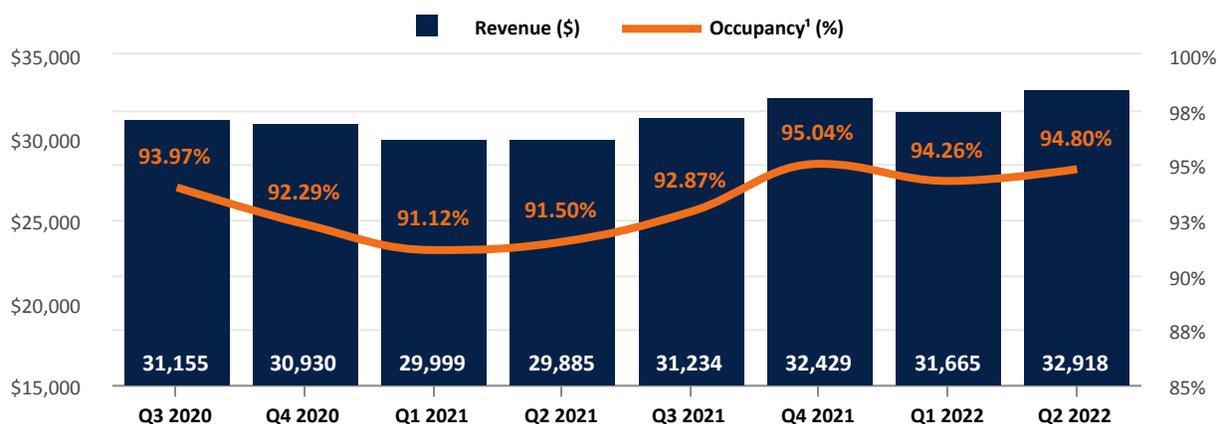
In Q2 2022, move-ins outpaced move-outs, contributing to an increase in occupancy over Q1 2022. As the impacts of the pandemic subside, the markets have returned to a more seasonal pattern of higher leasing activity in Q2 and Q3 with reduced activity in the late fall and winter months.

### Vacancy Composition



At June 30, 2022, the REIT had vacancy of 348 suites (4.19% of total suites), of which 180 suites (2.17% of total suites) were leased for future occupancy, 92 suites (1.11% of total suites) were held offline undergoing post move out repairs and maintenance or under renovation for repositioning programs, and 76 suites (0.92% of total suites) were rent ready.

### Same Property Portfolio Revenue and Occupancy<sup>1</sup>



### Rental Revenue from Furnished Suites

For Q2 2022 and YTD 2022, rental revenue from furnished suites for the Same Property Portfolio was 22.7% and 15.4% higher, respectively over the same periods in 2021. Average monthly rent of \$4,476 at June 30, 2022 represents a significant increase over \$3,572 at June 30, 2021, and occupancy of 86.15% showed improvement over 74.44% in Q2 2021. The improvement in occupancy and average monthly rent comes as a result of the recovery in demand from business travel, corporate relocations, easing restrictions on non-essential travel and inflation. Rental revenue from furnished suites was higher despite the reduction in number of furnished suites in the portfolio, down from 215 suites in Q2 2021 to 190 suites for Q2 2022. For YTD 2022, rental revenue from furnished suites for the Same Property Portfolio was 15.4% higher than YTD 2021 as a result of higher average monthly rents and improved occupancy.

<sup>1</sup> Occupancy - average for the period.

## Rental Revenue from Commercial Leases

For Q2 2022 and YTD 2022, revenue from commercial leases for the Same Property Portfolio was 51.5% and 30.5% lower as compared to the same periods in 2021. This decrease was due to lower revenue and expense recoveries as well as promotions at properties in Ottawa. The REIT has approximately 43,000 square feet of under-performing commercial space at its Carlisle property in Ottawa and is investigating the potential to convert this area into residential suites. The REIT has allowed approximately 8,000 square feet to become vacant and has negotiated new month-to-month lease terms with a tenant that occupies the remaining 35,000 square feet, pending completion of a detailed feasibility study which continues to be evaluated.

## Parking Revenue

For Q2 2022 and YTD 2022, parking revenue for the Same Property Portfolio increased by 14.4% and 13.7%, respectively over the same periods in 2021, mainly as a result of increased parking use and rates charged to tenants together with higher visitor parking revenue.

## Other Property Income

For Q2 2022, other property income for the Same Property Portfolio increased by 18.7%, primarily as a result of energy rebates and higher revenue from laundry, guest suites, storage rental and membership fees from fitness centres. For YTD 2022, other property income was 13.4% higher than YTD 2021, due to increased energy rebates and utilities recoveries, in addition to higher revenue from guest suites, laundry, membership fees and storage rentals.

## Property Operating Costs

### Same Property Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2022	2021	% Change	2022	2021	% Change
Property operating costs	\$ 6,709	\$ 5,792	(15.8)%	\$ 12,966	\$ 11,563	(12.1)%

### Total Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2022	2021	% Change	2022	2021	% Change
Property operating costs	\$ 7,260	\$ 5,792	(25.3)%	\$ 13,740	\$ 11,563	(18.8)%

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

For Q2 2022, Same Property Portfolio property operating costs were 15.8% higher compared to Q2 2021, mainly as a result of an increase in salaries and wages, repairs and maintenance, bad debt expense and insurance premiums. The increase in salaries was mainly a result of filling staffing vacancies at certain properties and annual salary increases. The increase in repairs and maintenance expense is primarily driven by the timing and cost of repairs and maintenance work in Q2 2021 that were at reduced levels due to restrictions relating to the pandemic. Higher insurance expense is due to an increase in insurance rates across the portfolio.

For YTD 2022, property operating costs for the Same Property Portfolio were 12.1% higher than YTD 2021, mainly due to increased salaries and wages, repairs and maintenance, bad debt expense, legal and administrative expenses and insurance premiums.

Same Property Portfolio property operating costs were 20.4% of revenue for Q2 2022, compared to 19.4% for Q2 2021. For Q2 2022, Total Portfolio property operating costs were 20.2% of revenue, compared to 19.4% for Q2 2021. For YTD 2022, Same Property Portfolio property operating costs were 20.1% of revenue, compared to 19.3% for YTD 2021. For YTD 2022, Total Portfolio property operating costs were 20.2% of revenue, compared to 19.3% for YTD 2021.

## Property Taxes

### Same Property Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2022	2021	% Change	2022	2021	% Change
Property taxes	\$ 3,440	\$ 2,870	(19.9)%	\$ 7,018	\$ 6,378	(10.0)%

### Total Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2022	2021	% Change	2022	2021	% Change
Property taxes	\$ 3,709	\$ 2,870	(29.2)%	\$ 7,374	\$ 6,378	(15.6)%

Property taxes for the Same Property Portfolio for Q2 2022 and YTD 2022 were higher than the same periods in 2021, mainly as a result of refunds received in Q2 2021 from successful property tax appeals of approximately \$600 relating to certain properties in Ottawa, and changes in assessed values and tax rates across the portfolio.

Same Property Portfolio property taxes were 10.5% of revenue for Q2 2022, compared to 9.6% for Q2 2021. Total Portfolio property taxes were 10.4% of revenue for Q2 2022, compared to 9.6% for Q2 2021. For YTD 2022, Same Property Portfolio property taxes were 10.9% of revenue, compared to 10.7% for YTD 2021. For YTD 2022, Total Portfolio property taxes were 10.8% of revenue, compared to 10.7% for YTD 2021.

## Utilities

### Same Property Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2022	2021	% Change	2022	2021	% Change
Electricity	\$ 967	\$ 960	(0.7)%	\$ 1,951	\$ 1,882	(3.7)%
Natural gas	798	471	(69.4)%	2,620	1,720	(52.3)%
Water	767	774	0.9 %	1,436	1,439	0.2 %
	\$ 2,532	\$ 2,205	(14.8)%	\$ 6,007	\$ 5,041	(19.2)%

### Total Portfolio

	Three months ended June 30,			Six months ended June 30,		
	2022	2021	% Change	2022	2021	% Change
Electricity	\$ 1,045	\$ 960	(8.9)%	\$ 2,048	\$ 1,882	(8.8)%
Natural gas	869	471	(84.5)%	2,793	1,720	(62.4)%
Water	788	774	(1.8)%	1,456	1,439	(1.2)%
	\$ 2,702	\$ 2,205	(22.5)%	\$ 6,297	\$ 5,041	(24.9)%

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

Same Property Portfolio utilities for Q2 2022 were 14.8% higher compared to Q2 2021 primarily due to an increase in natural gas. The increase in natural gas expense is a combination of higher rates, increased carbon levies and increased usage. A colder spring (total heating degree days in Q2 2022 were 9% higher than Q2 2021) combined with higher natural gas prices (unit rates in Q2 2022 were significantly higher than Q2 2021) resulted in a large unfavourable variance in natural gas costs.

Same Property Portfolio utilities for YTD 2022 were 19.2% higher compared to YTD 2021 primarily due to an increase in natural gas. The increase in natural gas expense is a combination of higher rates, increased carbon levies and increased usage. YTD 2021 electricity costs have also increased with a 4% rise in rates in Ontario due to the expiry of rate relief in Q1 2021. A colder winter and spring combined with higher natural gas and electricity prices resulted in a large unfavourable variance in utility costs.

The natural gas rates are expected to remain higher for the remainder of 2022 and further increases in electricity rates are expected through Q4 2022; however, the REIT expects utilities to drop as a percentage of revenue throughout the year.

Same Property Portfolio utilities represent 7.7% of revenue, compared to 7.4% for Q2 2021. Total Portfolio utilities for Q2 2022 represent 7.6% of revenue, compared to 7.4% for Q2 2021. For YTD 2022, Same Property Portfolio utilities represent 9.3% of revenue, compared to 8.4% for YTD 2021. Total Portfolio utilities for YTD 2022 represent 9.3% of revenue, compared to 8.4% for YTD 2021.

## General and Administrative Expenses

General and administrative expenses relate to the administration of the REIT, including: audit fees, legal fees, salaries and benefits for REIT employees, Trustee fees and costs associated with support services provided under the Administrative Support Agreement ("ASA") between the REIT and MPI.

The general and administrative expenses for Q2 2022 and YTD 2022 increased 28.0% and 16.3% respectively, primarily driven by executive compensation and Unit-based compensation for the hiring of the new Chief Operating Officer, and higher professional fees, directors' and officers' insurance premiums, investor relations and travel costs.

## Finance Costs - Operations

	Three months ended June 30,			Six months ended June 30,		
	2022	2021	% Change	2022	2021	% Change
Interest expense on mortgages and loans	\$ 5,300	\$ 4,141	(28.0)%	\$ 9,568	\$ 8,294	(15.4)%
Interest expense and standby fees on credit facility	773	445	(73.7)%	1,211	777	(55.9)%
Amortization of financing charges	170	191	11.0 %	317	351	9.7 %
Amortization of mark-to-market adjustments	(191)	(191)	— %	(386)	(384)	(0.5)%
Capitalized interest expense	(187)	—	100.0 %	(284)	—	100.0 %
Interest expense and other financing charges	5,865	4,586	(27.9)%	10,426	9,038	(15.4)%
Distributions on Class B LP Units	3,058	2,590	(18.1)%	5,762	5,180	(11.2)%
Distributions on Class C LP Units	1,647	1,689	2.5 %	3,295	3,379	2.5 %
	\$ 10,570	\$ 8,865	(19.2)%	\$ 19,483	\$ 17,597	(10.7)%

Finance costs comprise interest expense on mortgages and construction loans, interest expense and standby fees on the revolving credit facility, amortization of financing charges and mark-to-market adjustments on debt and distributions on Class B LP Units and Class C limited partnership units ("Class C LP Units") of the Partnership, offset by capitalized interest expense.

Finance costs for Q2 2022 were higher by \$1,705 compared to Q2 2021, primarily as a result of additional interest expense from mortgages and the credit facility and an increase in distributions on Class B LP Units. Higher interest expense on the revolving credit facility is a result of increased usage with an average outstanding balance of \$82,354 and average borrowing rate of 3.19% in Q2 2022 compared to \$59,610 and 2.22%, respectively in Q2 2021. Additional mortgage interest expense is primarily driven by the mortgages associated with Le Hill-Park, Niagara West and The International, which contributed to an additional \$1,004 in interest expense. An increase of \$227 in Class B LP Unit distributions arose as a result of the distribution increase approved in November 2021, increasing the monthly distribution from \$0.03792 in Q2 2021 to \$0.03958 for Q2 2022, and a \$354 increase in distributions as a result of the additional Class B LP Units issued in connection with the acquisition of Niagara West.

Finance costs for YTD 2022 were \$1,886 higher compared to YTD 2021, primarily as a result of increased interest expense from the credit facility due to higher interest rates, an increase of \$114 from higher distributions on existing Class B LP Units and an increase of \$354 from additional Class B LP Units issued, and \$1,127 of interest expense on mortgages secured by the three properties acquired since Q2 2021.

## Finance Income

Finance income comprises interest income on convertible development loans and interest on bank deposits.

Finance income for Q2 2022 and YTD 2022 was \$345 and \$678 higher compared to the same periods in 2021, primarily as a result of higher interest income earned on convertible development loans. The REIT entered into two additional convertible development loans since June 30, 2021, resulting in an increase of \$23,322 in loan amounts receivable as at June 30, 2022, thus driving higher interest income.

## Fair Value Gain (Loss) on Investment Properties

Fair value of residential investment properties is generally 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 forecasted NOI for each property, reduced by an estimate of five-year future capital expenditures.

At the onset of COVID-19, a valuation reserve was taken for potential near-term income impacts from the pandemic including changes in occupancy and furnished suite operations. With the vast majority of the Canadian population vaccinated, border restrictions eased and businesses, offices and in-class learning at post-secondary institutions resuming operations, the COVID valuation reserve was eliminated in Q2 2021.

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Forecast NOI	\$ 38,023	\$ 990	\$ 58,235	\$ 9,286
Capitalization rates	(24,141)	56,605	(24,141)	56,605
Capital expenditure reserve	(16,207)	(9,158)	(22,024)	(17,180)
COVID-19 reserve	—	2,041	—	2,681
	\$ (2,325)	\$ 50,478	\$ 12,070	\$ 51,392

Forecast NOI increased in Q2 2022 due to strong realized and forecasted leasing results. The increase in fair value resulting from this was more than offset by slightly higher capitalization rates and an increase in the capital expenditure reserve, resulting in a \$2,325 fair value loss for Q2 2022. The weighted average capitalization rate used for the Q2 2022 valuation of residential properties was 3.64% compared to 3.60% in Q1 2022. The upward adjustment was made based on a relatively quiet transaction market and a small change in investor sentiment since the Bank of Canada began its aggressive interest rate tightening cycle on March 2, 2022. The capital expenditure reserve increased based on the timing of planned capital projects.

The fair value gain for YTD 2022 was due to higher forecast NOI as a result of higher forecast revenues across all geographies, partially offset by an increase in capitalization rates as well as the advancement in timing of planned capital projects.

## Fair Value Loss (Gain) on Class B LP Units

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.

The change in Unit price for the periods presented was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Unit price - opening	\$ 21.47	\$ 21.71	\$ 21.89	\$ 20.37
Unit price - closing	14.64	23.94	14.64	23.94

For Q2 2022, the decrease in Unit price resulted in a fair value gain of \$172,772, compared to an increase in Unit price resulting in a fair value loss of \$50,775 for Q2 2021. For YTD 2022, the decrease in Unit price resulted in a fair value gain of \$182,335, compared to an increase in Unit price which resulted in a fair value loss of \$81,286 for YTD 2021.

### **Fair Value Loss (Gain) on Interest Rate Swap**

The REIT has an interest rate swap to receive variable interest based on one-month bankers' acceptance plus 185 bps and pay fixed interest at 3.38%. The swap is remeasured at each reporting date using discounted cash flow analysis.

For Q2 2022 and YTD 2022, the REIT recognized fair value gains of \$776 and \$2,083 respectively, compared to a fair value loss of \$3 and fair value gain of \$1,059 for the same periods in 2021. The fair value gains were primarily a result of an increase in variable interest rates.

### **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.

For Q2 2022 and YTD 2022, the REIT recognized fair value gains of \$1,867 and \$1,967, respectively, due to a decrease in the Unit price at June 30, 2022. For the same periods in 2021, the increase in Unit price resulted in fair value losses of \$324 and \$517, respectively.

### **Fees and Other Income**

Fees and other income represent revenue from asset, project and property management services provided by the REIT in connection with four properties co-owned with institutional partners. For Q2 2022 and YTD 2022, the REIT recognized \$585 and \$980 in fees and other income, with the increase over the same periods in 2021 primarily driven by the addition of Niagara West to the portfolio on April 22, 2022.

## Summary of Quarterly Results

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Total assets	\$ 2,706,092	\$ 2,474,897	\$ 2,440,714	\$ 2,326,515	\$ 2,286,697	\$ 2,211,191	\$ 2,203,284	\$ 2,123,708
Investment properties	\$ 2,599,891	\$ 2,384,753	\$ 2,360,565	\$ 2,252,643	\$ 2,206,078	\$ 2,145,174	\$ 2,138,101	\$ 2,063,520
Total liabilities	\$ 1,487,430	\$ 1,435,014	\$ 1,430,713	\$ 1,419,443	\$ 1,456,426	\$ 1,385,520	\$ 1,353,060	\$ 1,292,367
Total non-current liabilities	\$ 1,244,872	\$ 1,273,661	\$ 1,248,071	\$ 1,331,990	\$ 1,394,275	\$ 1,273,525	\$ 1,243,761	\$ 1,202,911
Revenue from investment properties	\$ 35,510	\$ 32,526	\$ 32,429	\$ 31,234	\$ 29,885	\$ 29,999	\$ 30,930	\$ 31,155
NOI <sup>1</sup>	\$ 21,839	\$ 18,786	\$ 19,940	\$ 19,405	\$ 19,018	\$ 17,884	\$ 18,946	\$ 20,161
NOI margin <sup>1</sup>	61.5%	57.8%	61.5%	62.1%	63.6%	59.6%	61.3%	64.7%
Net income (loss) and comprehensive income (loss)	\$ 183,537	\$ 34,640	\$ 24,933	\$ 80,928	\$ 8,727	\$ (20,427)	\$ 23,010	\$ 56,630
FFO <sup>1</sup>	\$ 13,680	\$ 11,979	\$ 13,245	\$ 12,453	\$ 11,941	\$ 10,891	\$ 12,022	\$ 13,183
FFO per unit <sup>1</sup>	\$ 0.2100	\$ 0.1906	\$ 0.2147	\$ 0.2109	\$ 0.2022	\$ 0.1845	\$ 0.2036	\$ 0.2233
AFFO <sup>1</sup>	\$ 11,983	\$ 10,348	\$ 11,656	\$ 10,883	\$ 10,373	\$ 9,322	\$ 10,459	\$ 11,619
AFFO per unit <sup>1</sup>	\$ 0.1840	\$ 0.1647	\$ 0.1890	\$ 0.1842	\$ 0.1757	\$ 0.1579	\$ 0.1771	\$ 0.1968
Distributions declared <sup>2</sup>	\$ 7,816	\$ 7,462	\$ 7,356	\$ 6,718	\$ 6,717	\$ 6,716	\$ 6,718	\$ 6,642
AFFO Payout Ratio <sup>1</sup>	65.2%	72.1%	63.1%	61.7%	64.8%	72.0%	64.2%	57.2%
Distribution per unit	\$ 0.1187	\$ 0.1187	\$ 0.1171	\$ 0.1138	\$ 0.1138	\$ 0.1138	\$ 0.1138	\$ 0.1125

The REIT's operating results are affected by seasonal variations and other factors, including the impacts of the COVID-19 pandemic, rising interest rates, and inflation. As a result, the operating performance and metrics in one quarter may not be indicative of future quarters. The winter months typically tend to generate weaker performance due to higher energy consumption and snow clearing costs. The best performing quarters in any given year are typically the second and third quarters, where stronger leasing demand and higher turnovers provide an opportunity to realize the gain-to-lease potential.

With the COVID-19 outbreak in early 2020, conditions in the REIT's markets began to be impacted by reduced immigration and travel, government restrictions and uncertain market and economic conditions. The realities of the pandemic led to reduced demand for rentals in urban centres, thus reducing occupancy and resulting in lower revenue and NOI for the REIT. Targeted efforts and initiatives in an effort to turn suites, including incentives and focused leasing promotions, also contributed to reduced revenues and NOI. As restrictions have eased and markets have normalized, Management has eliminated the majority of these programs but still see substantial growth in revenue, NOI and occupancy.

Market conditions bottomed out in late Q1 2021 and early Q2 2021. The REIT's operating performance began to slowly improve in Q2 2021 as reflected in the sequential quarterly improvement in NOI, with a more pronounced improvement noted in Q3 and Q4 2021 as reflected by higher revenues and NOI from improved occupancy and average monthly rents, both on the furnished and unfurnished suite portfolio. The REIT also added Le Hill-Park in Montreal to its portfolio in Q4 2021.

Through the year to date, the REIT continued to build on the performance of the last few quarters as people and governments continued to adapt to living with the virus. Leasing promotions and discounts were removed from almost all locations in Ottawa and Toronto. Average monthly rents and occupancy continued their upward trajectory. The REIT's operating results also reflected the contributions from Niagara West and the International, acquired in Q2 2022. However, high inflation has increased the cost of utilities, property expenses, and salaries, and the Bank of Canada interest rate increases to combat inflation have, in turn, increased the costs of financing.

<sup>1</sup> Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

<sup>2</sup> Includes distributions on Units and Class B LP Units.

## Section III - Assessment of Financial Position

### Investment Properties

The following table summarizes the changes in investment properties:

	Residential properties	Commercial properties	Land under development	Total
Balance, December 31, 2021	\$ 2,306,493	\$ 18,850	\$ 35,222	\$ 2,360,565
Additions				
Acquisition	199,281	—	—	199,281
Capital expenditures	8,736	12,727	—	21,463
Development expenditures	—	—	6,512	6,512
Fair value gain (loss)	11,957	264	(151)	12,070
Balance, June 30, 2022	\$ 2,526,467	\$ 31,841	\$ 41,583	\$ 2,599,891

### Acquisition of Investment Properties

On April 22, 2022, the REIT completed the acquisition of a 28.35% managing ownership interest in Niagara West, a multi-residential property in Toronto, Ontario for a total acquisition cost of \$112,667. The acquisition was financed by the issuance of Class B LP Units, the assumption of an existing variable-rate mortgage and working capital liabilities, and cash.

On May 6, 2022, the REIT completed the acquisition of The International, a multi-residential property in Calgary, Alberta for a total acquisition cost of \$86,614. The acquisition was financed by the assumption of an existing variable-rate mortgage and working capital liabilities, and cash.

Both acquisitions were accounted for as asset acquisitions and contributed to the operating results effective from their respective acquisition dates.

### Capital Expenditures

The REIT has a capital improvement program in place that is designed to extend the useful life of its investment properties, improve operating efficiency, increase curb appeal, enhance and maintain earnings capacity and meet the expectations of its tenants. The REIT's capital expenditures are classified into two main categories: value-enhancing capital expenditures and maintenance capital expenditures.

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Total capital expenditures	\$ 13,870	\$ 9,796	\$ 21,463	\$ 15,469
Value-enhancing capital expenditures				
Building improvements	7,689	3,304	11,533	5,570
Suite upgrades	4,168	4,768	6,852	7,358
	11,857	8,072	18,385	12,928
Maintenance capital expenditures	2,013	1,724	3,078	2,541
<b>Maintenance capital expenditures per suite</b>	<b>\$ 301</b>	<b>\$ 282</b>	<b>\$ 471</b>	<b>\$ 415</b>

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 Management's Discussion and Analysis under Section I, "Overview - Financial and Operating Highlights - Value Creation - Repositioning" and Section I, "Overview - Outlook".

Value-enhancing renovations are intended to generate NAV accretion, long term AFFO accretion and increase tenant satisfaction, however they tend to be AFFO dilutive in the short term owing to vacancy during renovation.

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

The actual maintenance capital expenditures for Q2 2022 and YTD 2022 were \$2,013 and \$3,078 or \$301 and \$471 per suite, respectively, and primarily related to maintenance of plumbing, electrical and mechanical systems, parking garages, fire-life safety systems and common areas at various buildings.

Management expects to spend approximately \$900 per suite on average for maintenance capital expenditures on an annual basis, subject to costing pressures from inflation, availability of trades and supply chain constraints.

## Development Expenditures

Development expenditures are a component of the REIT's growth and value-creation strategy. These include projects which add to the REIT's existing suite count through intensification or redevelopment of existing assets. Development expenditures are intended to generate NAV accretion and long term AFFO accretion. The REIT is currently developing two projects on excess land available at Richgrove and Leslie York Mills and is pursuing the development of a third project at High Park Village, as discussed under Section I, "Outlook - Development of Purpose-Built Rental Properties and Intensification on Existing Sites". The breakdown of development expenditures incurred in connection with these projects are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Richgrove	\$ 2,674	\$ 460	\$ 4,022	\$ 771
Leslie York Mills	1,600	64	1,982	198
High Park Village	38	107	508	147
	\$ 4,312	\$ 631	\$ 6,512	\$ 1,116

The construction of the Richgrove project continues as planned with development expenditures primarily related to shoring and excavation work. Development at Leslie York Mills also continues to progress with expenditures mainly due to site preparation and demolition of the existing parking structure. The High Park Village development remains subject to municipal as well as investment partner approval, with expenditures incurred as the project progresses through the planning processes.

## Valuation

Fair value for residential properties is generally determined using the direct capitalization approach. Estimated 12 month stabilized forecasted 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.

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, 2022		December 31, 2021	
	Low	High	Low	High
Ottawa, Ontario	3.75%	4.00%	3.63%	4.00%
Toronto, Ontario	3.13%	3.25%	3.13%	3.25%
Edmonton, Alberta	4.25%	4.25%	4.25%	4.25%
Calgary, Alberta	4.15%	4.50%	4.15%	4.50%
Montreal, Quebec	3.63%	4.00%	3.50%	3.75%
Weighted-average capitalization rate		3.64%		3.60%

## Class B LP Units

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

On April 22, 2022, as partial consideration for the acquisition of Niagara West, 2,985,956 Class B LP Units were issued.

As at June 30, 2022, there were 25,755,029 (December 31, 2021 - 22,769,073) Class B LP Units outstanding.

## Class C LP Units

The Class C LP Units 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. Due to the nature of such distributions, the Class C LP Units are classified as financial liabilities.

As at June 30, 2022 and December 31, 2021, there were 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, 2021 - 3.16%) and mature at various dates between 2023 and 2030.

## Secured Debt

Secured debt includes mortgages, a construction loan 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 2.82% (December 31, 2021 - 2.71%) and mature at various dates between 2022 and 2032. The REIT's fixed rate mortgages include a variable rate mortgage that is fixed at 3.38% through an interest rate swap.

On February 10, 2022, the REIT obtained CMHC-insured mortgages for each of its three Edmonton properties for a total of \$32,975. Proceeds from the new mortgages were used to repay the existing mortgages of \$16,300. The new mortgages bear interest at 2.85% and mature on September 1, 2032.

In connection with the acquisitions of Niagara West and The International, the REIT assumed \$108,378 in variable rate mortgage financing. The Niagara West mortgage bears interest at bankers' acceptance plus 200 bps or prime plus 100 bps and matures on November 30, 2022. The International's mortgage bears interest at bankers' acceptance rate plus 250 bps or prime plus 100 bps and matures on September 30, 2022. At June 30, 2022, the weighted average variable interest rate of these mortgages was 4.48%. The REIT intends to refinance both mortgages as CMHC-insured fixed rate mortgages.

The REIT has a fixed rate non-revolving construction loan to finance its Richgrove development. The \$93,745 construction loan bears interest at 2.39% and matures on March 1, 2032. As at June 30, 2022, \$2,320 (December 31, 2021 - \$nil) was drawn. Payments are made monthly on an interest-only basis.

On June 30, 2022, the REIT increased the total commitment on its revolving credit facility from \$200,000 to \$300,000 (December 31, 2021 - \$200,000), enabling the REIT to maintain financial flexibility and continue to capitalize on opportunities to drive long term NAV growth. In addition to the commitment increase, the REIT extended the maturity date of the credit facility by one year to July 3, 2025. The credit facility is secured by several investment properties and is used to fund working capital requirements, acquisitions, letters of credit and for general corporate purposes. The credit facility bears interest at bankers' acceptance rate plus 175 bps or prime plus 75 bps and as at June 30, 2022, the weighted average variable interest rate was 3.97% (December 31, 2021 - 2.19%).

		June 30, 2022		December 31, 2021
Committed	\$	300,000	\$	200,000
Utilized				
Amounts drawn		110,816		51,754
Letter of credit		442		442
		<b>111,258</b>		<b>52,196</b>
Amount available	\$	<b>188,742</b>	\$	147,804

## Units

The REIT's DOT authorizes the issue of an unlimited number of Units. As at June 30, 2022 and December 31, 2021, there were 40,069,839 Units outstanding with a carrying value of \$714,121.

## 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 Q2 2022 and YTD 2022, distributions to Unitholders of \$4,758 and \$9,516 (June 30, 2021 - \$4,127 and \$8,253) were declared based on approved monthly distributions of \$0.03958 for the months of January to June (June 30, 2021 - \$0.03792 per Unit for the months of January to June).

## Normal Course Issuer Bid

On July 15, 2022, the Toronto Stock Exchange ("TSX") accepted the REIT's notice to initiate a normal course issuer bid ("NCIB"). The NCIB will be active from July 21, 2022 to July 20, 2023 and permits the REIT to acquire up to 3,847,284 Units, representing approximately 10% of the REIT's public float. Under the terms of the NCIB, the REIT may acquire up to 33,965 Units on any given trading day, representing approximately 25% of the REIT's average daily trading volume for the six most recently completed calendar months. Purchases under the NCIB will be made in the open market through the facilities of the TSX or through Canadian Alternative Trading Systems.

The REIT's Board of Trustees authorized the NCIB because it believes that, from time to time, the purchase of Units at prices below the REIT's NAV may be an attractive and appropriate use of the REIT's funds, benefiting remaining unitholders by increasing the NAV per unit of the REIT. Decisions regarding the timing of purchases of Units will be based on market conditions, Unit price and other factors.

## Section IV - Liquidity, Capital Resources and Contractual Commitments

### Liquidity and Capital Resources

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

As at		June 30, 2022		December 31, 2021
Liabilities (principal amounts outstanding):				
Class B LP Units	\$	377,054	\$	498,415
Class C LP Units		209,445		212,183
Mortgages		747,323		627,534
Construction loan		2,320		—
Credit facility		110,816		51,754
		1,446,958		1,389,886
Unitholders' equity		1,218,662		1,010,001
	\$	<b>2,665,620</b>	\$	<b>2,399,887</b>

Class B LP Units are economically equivalent to Units and are exchangeable for Units at the Class B LP unitholder's option. Due to their exchange feature, IAS 32 requires Class B LP Units to be accounted for as a financial liability. Class B LP Units are not indebtedness for borrowed money and are not included in the determination of Debt-to-Gross Book Value ratio.

The objective of the REIT's capital strategy is to arrange capital at the lowest possible cost while maintaining diversity in its lending base, balance in its maturity schedule and sufficient liquidity to fund the ongoing operations of the REIT and pay distributions. At June 30, 2022, 63% (December 31, 2021 - 72%) of the REIT's total debt is CMHC insured and approximately 80% (December 31, 2021 - 94%) is fixed rate including variable rate debt fixed through an interest rate swap.

The REIT uses a prudent amount of debt financing in its capital structure. Pursuant to the REIT's DOT, overall indebtedness, as measured by the Debt-to-Gross Book Value ratio, is not to exceed 65% (or 70% of Gross Book Value including convertible debentures). Notwithstanding this limit, it is Management's current intention to maintain a more conservative Debt-to-Gross Book Value ratio. The REIT's Debt-to-Gross Book Value ratio and liquidity as a percentage of total debt are calculated as follows:

As at		June 30, 2022		December 31, 2021
Class C LP Units	\$	211,095	\$	214,069
Mortgages		745,194		626,120
Construction loan		2,320		—
Credit facility		110,816		51,754
Total debt		1,069,425		891,943
Total assets		2,706,092		2,440,714
<b>Debt-to-Gross Book Value ratio<sup>1</sup></b>		<b>39.5%</b>		<b>36.5%</b>
Total liquidity		193,175		150,655
<b>Liquidity as a percentage of total debt</b>		<b>18.1%</b>		<b>16.9%</b>

The REIT continues to maintain a conservative overall leverage position with a Debt-to-Gross Book Value ratio of 39.5% at June 30, 2022.

While the REIT has sufficient liquidity, Management manages its liquidity prudently given the current capital market conditions. The REIT's liquidity ratio (total liquidity as a percentage of total debt) was 18.1% at June 30, 2022, compared to 16.9% at December 31, 2021.

<sup>1</sup> Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

Management measures the Debt-to-Adjusted EBITDA ratio as a measure of the REIT's financial health and liquidity. Generally, the lower the ratio, the lower the credit risk. The REIT's Debt-to-Adjusted EBITDA ratio is calculated as follows:

For the twelve months ended	June 30, 2022	December 31, 2021
Trailing 12-month NOI <sup>1</sup>	\$ 79,971	\$ 76,247
Trailing 12-month general and administrative expenses	(8,233)	(7,602)
Trailing 12-month fees and other income	1,814	1,630
	73,552	70,275
Impact on NOI of stabilized earnings from acquisitions	5,941	2,286
<b>Adjusted EBITDA<sup>1</sup></b>	<b>79,493</b>	<b>72,561</b>
Total debt	1,069,425	891,943
Cash	4,433	2,851
Total debt, net of cash	1,064,992	889,092
<b>Debt-to-Adjusted EBITDA ratio<sup>1</sup></b>	<b>13.40x</b>	<b>12.25x</b>

The REIT's Debt-to-Adjusted EBITDA ratio increased by 1.15x compared to December 31, 2021. The primary reason for the increase is the new financing obtained on the Edmonton properties as the existing mortgages matured, the assumption of the mortgages for Niagara West and The International, and additional draws on the credit facility. In addition, the REIT uses a combination of equity and debt to finance the intensification of existing sites and the issuance of convertible development loans (refer to Section I - "Overview - Outlook"). Any increased debt arising from these transactions is not immediately matched by increased NOI until the development projects stabilize or the REIT decides to exercise its options to purchase in connection with the convertible development loan projects, resulting in temporary increase to the Debt-to-Adjusted EBITDA ratio.

The REIT has staggered the maturities of its debt financings, including distributions payable on the Class C LP Units, to reduce interest rate risk and its risk related to refinancing. As at June 30, 2022, the weighted average term to maturity on the REIT's fixed rate debt was 4.73 years (December 31, 2021 - 4.69 years) and the weighted average interest rate on fixed rate debt was 2.90% (December 31, 2021 - 2.82%). 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 <sup>2</sup>
	Mortgages	Class C LP Units	Mortgages	Credit facility	Construction loan	Class C LP Units			
2022	\$ 7,027	\$ 2,772	\$ 154,925	\$ —	\$ —	\$ —	\$ 164,724	15.4 %	4.11 %
2023	12,595	5,271	71,638	—	—	44,963	134,467	12.6 %	3.19 %
2024	11,053	4,321	48,182	—	—	46,178	109,734	10.3 %	3.04 %
2025	10,077	3,067	41,016	110,816	—	60,474	225,450	21.1 %	2.86 %
2026	8,597	1,283	72,524	—	—	—	82,404	7.7 %	3.00 %
2027	8,153	1,327	—	—	—	21,425	30,905	2.9 %	3.31 %
Thereafter	22,751	1,596	278,785	—	2,320	16,768	322,220	30.1 %	2.67 %
	<b>\$ 80,253</b>	<b>\$ 19,637</b>	<b>\$ 667,070</b>	<b>\$ 110,816</b>	<b>\$ 2,320</b>	<b>\$ 189,808</b>	<b>\$1,069,904</b>	<b>100 %</b>	

As of June 30, 2022, current liabilities of \$242,558 (December 31, 2021 - \$182,642) exceeded current assets of \$48,811 (December 31, 2021 - \$38,909), resulting in a net working capital deficit of \$193,747 (December 31, 2021 - \$143,733). Current liabilities as of June 30, 2022 include \$202,205 of mortgage financing which the REIT is actively in the process of renegotiating. The REIT's immediate liquidity needs are met through cash-on-hand, cash flow from operations, refinancing of maturing mortgages and availability on its credit facility. As of June 30, 2022, liquidity was \$193,175 (December 31, 2021 - \$150,655) consisting of cash of \$4,433 (December 31, 2021 - \$2,851) and \$188,742 (December 31, 2021 - \$147,804) 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.

<sup>1</sup> Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

<sup>2</sup> Weighted average interest rates for maturing mortgages, construction loan, credit facility and Class C LP Units.

The REIT has a short form base shelf prospectus, allowing for the issuance, from time to time, of Units, debt securities and subscription receipts, or any combination thereof, for an aggregate amount of up to \$800,000. This prospectus is effective for a 25-month period from the date of issuance on December 8, 2020. 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. On October 29, 2021, the REIT raised gross proceeds of \$86,716 from the issuance of Units under the short form base shelf prospectus. As at June 30, 2022, the amount available to be raised pursuant to the short form base shelf prospectus is \$713,284.

## Cash Flows

The REIT held a cash balance of \$4,433 as at June 30, 2022 (June 30, 2021 - \$2,317). The sources and use of cash flow for the three and six months ended June 30, 2022 and 2021 are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Operating activities	\$ 16,624	\$ 11,370	\$ 32,102	\$ 26,943
Financing activities	35,160	13,813	39,758	7,355
Investing activities	(51,727)	(24,776)	(70,278)	(34,588)

### 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,	
	2022	2021	2022	2021
Net income (loss) and comprehensive income (loss)	\$ 183,537	\$ 8,727	\$ 218,177	\$ (11,700)
Add: distributions on Class B LP Units	3,058	2,590	5,762	5,180
	186,595	11,317	223,939	(6,520)
Less: distributions paid	(7,816)	(6,717)	(15,278)	(13,433)
Excess (shortfall) of net income (loss) and comprehensive income (loss) over total distributions paid	\$ 178,779	\$ 4,600	\$ 208,661	\$ (19,953)
Cash provided by operating activities	\$ 16,624	\$ 11,370	\$ 32,102	\$ 26,943
Add: interest received	448	453	893	900
Less: interest paid	(7,441)	(6,347)	(13,721)	(12,576)
	9,631	5,476	19,274	15,267
Less: distributions paid	(7,816)	(6,717)	(15,278)	(13,433)
Excess (shortfall) of cash provided by operating activities over total distributions and interest paid	1,815	(1,241)	3,996	1,834
Distributions declared	\$ 7,816	\$ 6,717	\$ 15,278	\$ 13,433

For Q2 2022 and YTD 2022, net income and comprehensive income was in excess of total distributions paid. Distributions are better evaluated in the context of operating cash flows rather than net income 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 a temporary shortfall. In these cases, some portion of distributions may come from the REIT's capital or financing sources other than cash flows provided by operating activities. For Q2 2022 and YTD 2022, cash provided by operating activities was in excess of total distributions and interest paid.

### Cash provided by financing activities

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Proceeds from mortgage financing	1,648	—	\$ 34,623	\$ —
Net proceeds on credit facility	52,249	31,391	59,062	42,443
Proceeds from construction loan	1,571	—	2,320	—
CMHC premiums and financing costs	(237)	—	(1,298)	(23)
Principal repayments on mortgages	(3,449)	(3,190)	(23,212)	(6,401)
Distributions paid on various classes of units	(9,181)	(8,041)	(18,016)	(16,088)
Interest paid	(7,441)	(6,347)	(13,721)	(12,576)
	\$ 35,160	\$ 13,813	\$ 39,758	\$ 7,355

For Q2 2022, cash flows from financing activities included net proceeds on the credit facility, net proceeds from upward mortgage refinancing for Le Hill-Park, and draws on the construction loan. These were partially offset by principal and interest on mortgages, distributions on various classes of units, payments of CMHC premiums and financing costs, and interest on the credit facility.

For YTD 2022, cash flows from financing activities included proceeds from new mortgage financing for the Edmonton properties, in addition to the activities described above.

### Cash used in investing activities

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Acquisition of investment property	\$ (28,761)	\$ —	\$ (28,761)	\$ —
Capital additions to investment properties	(13,183)	(15,544)	(24,843)	(25,317)
Development expenditures	(4,513)	(605)	(6,467)	(1,091)
Convertible development loans advanced to related parties	(5,718)	(9,080)	(11,100)	(9,080)
Interest received	448	453	893	900
	\$ (51,727)	\$ (24,776)	\$ (70,278)	\$ (34,588)

Cash flows used in investing activities for Q2 2022 and YTD 2022 include the acquisitions of Niagara West and The International, capital expenditures on investment properties, development expenditures on the two ongoing intensification projects at Richgrove and Leslie York Mills and the pursuit of a third at High Park Village, advances on the Beechwood and University Heights convertible development loans, partially offset by interest received primarily from the convertible development loans advanced to related parties.

## Reconciliation of Non-IFRS Financial Measures and Ratios

The following section includes reconciliations of Non-IFRS Financial Measures and Ratios used by the REIT. Refer to Section VI, "Supplemental Information - Non-IFRS and Other Financial Measures" for definitions of each of these measures.

### FFO and AFFO

FFO and AFFO are non-IFRS Financial Measures. The REIT's method of calculating FFO and AFFO are substantially in accordance with REALPAC's recommendations, but may differ from other issuers' methods and, accordingly, may not be comparable to FFO and AFFO reported by other issuers. FFO and AFFO are used for evaluating operating performance and are calculated as follows:

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
<b>Net income and comprehensive income</b>	\$ 183,537	\$ 34,640	\$ 24,933	\$ 80,928	\$ 8,727	\$ (20,427)	\$ 23,010	\$ 56,630
Distributions on Class B LP Units	3,058	2,704	2,665	2,591	2,590	2,590	2,591	2,561
Issuance costs on Class B LP Units	175	—	—	—	—	—	—	—
Fair value loss (gain) on:								
Investment properties	2,325	(14,395)	(3,133)	(34,663)	(50,478)	(914)	(61,231)	(8,831)
Class B LP Units	(172,772)	(9,563)	(10,701)	(35,976)	50,775	30,511	47,587	(36,886)
Interest rate swap	(776)	(1,307)	(421)	(145)	3	(1,062)	(174)	(57)
Unit-based compensation	(1,867)	(100)	(98)	(282)	324	193	239	(234)
<b>Funds from operations (FFO)</b>	<b>\$ 13,680</b>	<b>\$ 11,979</b>	<b>\$ 13,245</b>	<b>\$ 12,453</b>	<b>\$ 11,941</b>	<b>\$ 31,318</b>	<b>\$ 12,022</b>	<b>\$ 13,183</b>
Maintenance capital expenditure reserve	(1,506)	(1,436)	(1,397)	(1,377)	(1,377)	(1,376)	(1,369)	(1,370)
Amortization of mark-to-market adjustments	(191)	(195)	(192)	(193)	(191)	(193)	(194)	(194)
<b>Adjusted funds from operations (AFFO)</b>	<b>\$ 11,983</b>	<b>\$ 10,348</b>	<b>\$ 11,656</b>	<b>\$ 10,883</b>	<b>\$ 10,373</b>	<b>\$ 29,749</b>	<b>\$ 10,459</b>	<b>\$ 11,619</b>
Distributions on Class B LP Units	3,058	2,704	2,665	2,591	2,590	2,590	2,591	2,561
Distributions on Units	4,758	4,758	4,691	4,127	4,127	4,126	4,127	4,081
	7,816	7,462	7,356	6,718	6,717	6,716	6,718	6,642
<b>AFFO Payout Ratio</b>	<b>65.2%</b>	<b>72.1%</b>	<b>63.1%</b>	<b>61.7%</b>	<b>64.8%</b>	<b>22.6%</b>	<b>64.2%</b>	<b>57.2%</b>
Weighted average number of Units and Class B LP Units issued and outstanding	65,135,801	62,838,912	61,683,912	59,043,912	59,043,912	59,043,912	59,043,912	59,043,912
<b>FFO per unit</b>	<b>\$ 0.2100</b>	<b>\$ 0.1906</b>	<b>\$ 0.2147</b>	<b>\$ 0.2109</b>	<b>\$ 0.2022</b>	<b>\$ 0.5304</b>	<b>\$ 0.2036</b>	<b>\$ 0.2233</b>
<b>AFFO per unit</b>	<b>\$ 0.1840</b>	<b>\$ 0.1647</b>	<b>\$ 0.1890</b>	<b>\$ 0.1843</b>	<b>\$ 0.1757</b>	<b>\$ 0.5038</b>	<b>\$ 0.1771</b>	<b>\$ 0.1968</b>

For Q2 2022, FFO was higher as compared to Q2 2021, reflecting a 14.8% increase in NOI driven mainly by an improvement in occupancy and average monthly rent and the additional revenues from the acquisitions of Le Hill-Park, Niagara West, and The International offset by an increase in utility costs. AFFO was higher as compared to Q2 2021, primarily as a result of higher FFO, partially offset by an increase in maintenance capital expenditure reserve from the acquisitions. The acquisitions completed since Q2 2021 added \$692 to the FFO and \$564 to the AFFO for Q2 2022.

Six months ended		June 30, 2022		June 30, 2021
<b>Net income and comprehensive income</b>	\$	<b>218,177</b>	\$	(11,700)
Distributions on Class B LP Units		5,762		5,180
Issuance costs on Class B LP Units		175		—
Fair value loss (gain) on:				
Investment properties		(12,070)		(51,392)
Class B LP Units		(182,335)		81,286
Interest rate swap		(2,083)		(1,059)
Unit-based compensation		(1,967)		517
<b>Funds from operations (FFO)</b>	\$	<b>25,659</b>	\$	22,832
Maintenance capital expenditure reserve		(2,942)		(2,753)
Amortization of mark-to-market adjustments		(386)		(384)
<b>Adjusted funds from operations (AFFO)</b>	\$	<b>22,331</b>	\$	19,695
Distributions on Class B LP Units		5,762		5,180
Distributions on Units		9,516		8,253
		15,278		13,433
<b>AFFO Payout Ratio</b>		<b>68.4%</b>		<b>68.2%</b>
Weighted average number of Units and Class B LP Units issued and outstanding		64,013,164		59,043,912
<b>FFO per unit</b>	\$	<b>0.4008</b>	\$	0.3867
<b>AFFO per unit</b>	\$	<b>0.3489</b>	\$	0.3336

For YTD 2022, FFO was higher as compared to YTD 2021, reflecting a 10.1% increase in NOI due to an improvement in occupancy and average monthly rent and the additional revenues from the acquisitions made since Q2 2021. AFFO was higher for YTD 2022 as compared to YTD 2021, primarily as a result of higher FFO offset by an increase in the maintenance capital expenditure reserve. The acquisitions made since Q2 2021 added \$1,000 to the FFO and \$813 to the AFFO for YTD 2022.

Maintenance capital expenditures include expenditures that are incurred in order to maintain the existing earning capacity of the REIT's investment properties. The maintenance capital expenditure reserve amount included in the AFFO calculation is based on the REIT's expectation of spending approximately \$900 per suite on an annual basis, which is slightly lower than the three-year historical average of actual maintenance capital expenditures of \$927. The pandemic has caused temporary disruptions in supply chain and labour availability, resulting in cost increases. Management believes that the impact of the pandemic will slowly dissipate and expects the estimated annual maintenance capital expenditure per suite to be approximately \$900 per suite, subject to costing pressures from inflation, and further disruptions due to the unavailability of trades and supply chain constraints. Refer to Section III, "Assessment of Financial Position - Investment Properties - Capital Expenditures" for a more detailed discussion of maintenance capital expenditures.

## NOI and NOI Margin

### Same Property Portfolio

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Revenue from investment properties	\$ 32,918	\$ 29,885	\$ 64,583	\$ 59,884
Property operating expenses	12,681	10,867	25,991	22,982
<b>NOI</b>	<b>20,237</b>	<b>19,018</b>	<b>\$ 38,592</b>	<b>\$ 36,902</b>
<b>NOI margin</b>	<b>61.5%</b>	<b>63.6%</b>	<b>59.8%</b>	<b>61.6%</b>

## Total Portfolio

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Revenue from investment properties	\$ 35,510	\$ 29,885	\$ 68,036	\$ 59,884
Property operating costs	13,671	10,867	27,411	22,982
<b>NOI</b>	<b>21,839</b>	<b>19,018</b>	<b>\$ 40,625</b>	<b>\$ 36,902</b>
<b>NOI margin</b>	<b>61.5%</b>	<b>63.6%</b>	<b>59.7%</b>	<b>61.6%</b>

## Debt-to-Gross Book Value Ratio

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

## Debt Service Coverage Ratio

The Debt Service Coverage ratio is calculated as follows:

	Six months ended June 30, 2022	Year ended December 31, 2021
<b>NOI</b>	<b>\$ 40,625</b>	<b>\$ 76,247</b>
Interest expense and standby fees on credit facility	1,211	1,750
Distributions on Class C LP Units:		
Principal repayments	2,738	5,341
Finance costs	3,295	6,743
Mortgages and construction loan:		
Principal repayments	6,912	12,879
Finance costs	9,568	16,605
<b>Total debt service</b>	<b>\$ 23,724</b>	<b>\$ 43,318</b>
<b>Debt Service Coverage ratio</b>	<b>1.71x</b>	<b>1.76x</b>

The decline in Debt Service Coverage ratio for YTD 2022 from FY 2021 was primarily a result of higher debt service costs from new mortgages from the acquisitions of Le-Hill Park, Niagara West, and The International as well as higher interest rates on variable debt. This was offset partially by an increase in NOI driven by higher rents and occupancy.

## Debt-to-Adjusted EBITDA Ratio

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

## NAV and NAV per unit

As at	June 30, 2022	December 31, 2021
Net assets (Unitholders' equity)	\$ 1,218,662	\$ 1,010,001
Add: Class B LP Units	377,054	498,415
NAV	\$ 1,595,716	\$ 1,508,416
Number of Units and Class B LP Units	65,824,868	62,838,912
<b>NAV per unit</b>	<b>\$ 24.24</b>	<b>\$ 24.00</b>

## 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 years ended December 31, 2021 and 2020.

The REIT has used the best information available as at June 30, 2022, in determining the potential impact of the COVID-19 outbreak and other economic factors, such as rising interest rates and inflation 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, 2022 and 2021. The estimates that could be most significantly impacted by COVID-19 and other economic factors, such as rising interest rates 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" in the REIT's Management's Discussion and Analysis for the years ended December 31, 2021 and 2020, filed on SEDAR ([www.sedar.com](http://www.sedar.com)). These factors still exist at the end of this quarter and remain relatively unchanged.

### Financial Risk Management

The REIT's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. A summary of these risks and how the REIT manages them are set out in Note 18 of the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2022 and 2021.

### Related Party Transactions

In the normal course of operations, the REIT enters into various transactions with related parties. A summary of the related party transactions of the REIT are set out in Note 11 of the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2022 and 2021.

### 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 17 of the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2022 and 2021.

### 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, 2022.

In accordance with the provisions of National Instrument 52-109 Certification of Disclosures in Issuers' Annual and Interim Filings, the REIT's Management, including the Chief Executive Officer and the Chief Financial Officer, have limited the scope of their assessment of the REIT's DC&P and ICFR to exclude controls, policies and procedures of Le Hill-Park acquired on December 7, 2021. Le Hill-Park accounts for approximately 2.4% and 2.5% of revenue for the three and six months ended June 30, 2022 respectively and approximately 3.0% of investment properties as at June 30, 2022. The scope limitation is primarily based on the time required to integrate the acquired business into the REIT's existing DC&P and ICFR effectiveness. The assessment of the design effectiveness of DC&P and ICFR of the acquired business, and the implementation of any changes determined by Management to be desirable, is expected to be completed by the fourth quarter of 2022. Further details related to the acquisition are disclosed in Note 5, "Acquisition of Investment Properties", in the REIT's consolidated financial statements for the year ended December 31, 2021.

Without contradiction of the scope limitation of Management's assessment and 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; and
- (b) designed internal controls over financial reporting in accordance with the 2013 COSO framework as published by the Committee of Sponsoring Organizations of the Treadway Commission 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, 2022 to the design of the REIT's ICFR that have materially affected, or are reasonably likely to materially affect, the REIT's ICFR.

## Subsequent Events

A summary of the subsequent events are set out in Note 22 of the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2022 and 2021.

## Section VI - Supplemental Information

### Property Portfolio

Property	Total Suites	REIT Ownership Interest	Effective Ownership Interest (Suites)
<b>Toronto</b>			
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 <sup>1</sup>	181	100%	181
6 Roehampton <sup>1</sup>	148	100%	148
7 Niagara West	501	28.35%	142
	2,484		1,471
<b>Ottawa</b>			
8 Minto one80five <sup>1</sup>	417	100%	417
9 Parkwood Hills Garden Homes & Townhomes	393	100%	393
10 Aventura	354	100%	354
11 Huron	251	100%	251
12 Seneca	251	100%	251
13 Castlevue	241	100%	241
14 Skyline Garden Homes, Maisonettes & Walkups	259	100%	259
15 The Carlisle	193	100%	193
16 Castle Hill	176	100%	176
17 Grenadier	158	100%	158
18 Tanglewood	122	100%	122
19 Eleanor	117	100%	117
20 Frontenac	104	100%	104
21 Stratford	59	100%	59
	3,095		3,095
<b>Montreal</b>			
22 Rockhill	1,004	50%	502
23 Le 4300	318	100%	318
24 Haddon Hall	210	100%	210
25 Le Hill-Park	261	100%	261
	1,793		1,291
<b>Edmonton</b>			
26 The Lancaster House	98	100%	98
27 York House	92	100%	92
28 Hi-Level Place	64	100%	64
	254		254
<b>Calgary</b>			
29 The Quarters	199	100%	199
30 The Laurier <sup>1</sup>	144	100%	144
31 Kaleidoscope	70	100%	70
32 The International	252	100%	252
	665		665
<b>Portfolio Total</b>	<b>8,291</b>		<b>6,776</b>

<sup>1</sup> Suite counts for Minto Yorkville, Roehampton, Minto one80five and The Laurier include furnished suites, representing approximately 21% of the total suites at these properties.

## Average Rent Per Square Foot

Geographic Node	Average monthly rent per suite	Average sq. ft. per suite	Average rent per sq. ft per suite
Toronto	\$ 2,021	782	\$ 2.58
Ottawa	1,578	837	1.89
Alberta	1,384	667	2.07
Montreal	1,821	977	1.86
<b>Average</b>	<b>\$ 1,690</b>	<b>826</b>	<b>\$ 2.05</b>

## Non-IFRS and Other Financial Measures

The REIT's financial statements are prepared in accordance with IFRS. Management's Discussion and Analysis also contains certain non-IFRS and other financial measures which are measures commonly used by publicly traded entities in the real estate industry. Management believes that these metrics are useful for measuring different aspects of performance and assessing the underlying operating and financial performance on a consistent basis. However, these measures do not have a standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other publicly traded entities. These measures should strictly be considered supplemental in nature and not a substitute for financial information prepared in accordance with IFRS. The REIT has adopted the guidance under NI 52-112 Non-GAAP and Other Financial Measures Disclosure for the purpose of this Management's Discussion and Analysis. These non-IFRS and other financial measures and ratios are defined below:

### Non-IFRS Financial Measures and Ratios

- "FFO" is defined as IFRS consolidated net income adjusted for items such as unrealized changes in the fair value of investment properties, effects of puttable instruments classified as financial liabilities and changes in fair value of financial instruments and derivatives. FFO should not be construed as an alternative to net income or cash flows provided by or used in operating activities determined in accordance with IFRS. The REIT's method of calculating FFO is substantially in accordance with REALPAC's recommendations under the revised publication titled "REALPAC Funds from Operations (FFO) & Adjusted Funds from Operations (AFFO) for IFRS" published in January 2022, but may differ from other issuers' methods and, accordingly, may not be comparable to FFO reported by other issuers. The REIT regards FFO as a key measure of operating performance. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios".
- "FFO per unit" is calculated as FFO divided by the weighted average number of Units of the REIT and Class B LP Units of the Partnership outstanding over the period. The REIT regards FFO per unit as a key measure of operating performance. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios".
- "AFFO" is defined as FFO adjusted for items such as maintenance capital expenditures and straight-line rental revenue differences. AFFO should not be construed as an alternative to net income or cash flows provided by or used in operating activities determined in accordance with IFRS. The REIT's method of calculating AFFO is substantially in accordance with REALPAC's recommendations under the revised publication titled "REALPAC Funds from Operations (FFO) & Adjusted Funds from Operations (AFFO) for IFRS" published in January 2022, except that it adjusts for certain non-cash items (such as adjustments for the amortization of mark-to-market adjustments related to debt), but may differ from other issuers' methods and, accordingly, may not be comparable to AFFO reported by other issuers. The REIT regards AFFO as a key measure of operating performance. The REIT also uses AFFO in assessing its capacity to make distributions. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios".
- "AFFO per unit" is calculated as AFFO divided by the weighted average number of Units of the REIT and Class B LP Units of the Partnership outstanding over the period. The REIT regards AFFO per unit as a key measure of operating performance. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios".
- "AFFO Payout Ratio" is the proportion of the total distributions on Units and Class B LP Units to AFFO. The REIT uses AFFO Payout Ratio in assessing its capacity to make distributions. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios".

- "Debt-to-Adjusted EBITDA ratio" is calculated by dividing interest-bearing debt (net of cash) by Adjusted EBITDA. Adjusted EBITDA is a non-IFRS Financial Measure and used for evaluation of the REIT's financial health and liquidity. Adjusted EBITDA is calculated as the trailing twelve-month NOI adjusted for a full year of stabilized earnings, fees and other income and general and administrative expenses from recently completed acquisitions, but excluding fair value adjustments. The REIT regards Debt-to-Adjusted EBITDA ratio as a measure of financial health and liquidity. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Liquidity and Capital Resources".

## Capital Management Measures

- "Weighted average term to maturity on fixed rate debt" is calculated as the weighted average of the term to maturity on the outstanding fixed rate mortgages, a variable rate mortgage fixed through an interest rate swap and Class C LP Units.
- "Weighted average interest rate on fixed rate debt" is calculated as the weighted average of the stated interest rates on the outstanding balances of fixed rate mortgages, a variable rate mortgage fixed through an interest rate swap and Class C LP Units.
- "Weighted average contractual interest rate" is calculated as the weighted average contractual interest rate on mortgages.
- "Weighted average variable interest rate" is calculated as the weighted average interest rate on the revolving credit facility and the variable rate mortgages for the period.

## Supplementary Financial Measures

- "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 from investment properties.
- "Gross Book Value" is defined as the total assets of the REIT as at the balance sheet date.
- "Debt-to-Gross Book Value ratio" is calculated by dividing total interest-bearing debt consisting of fixed and variable rate mortgages, credit facilities, construction loans and Class C LP Units of the Partnership by Gross Book Value and is used as the REIT's primary measure of its leverage.
- "Total debt service" is calculated as the sum of interest expense recorded as finance costs and principal payments on mortgages, construction loan, credit facility and distributions on Class C LP Units.
- "Debt Service Coverage ratio" is the ratio of NOI to total debt service.
- "NAV" is calculated as the sum of the value of Unitholders' equity and Class B LP Units as at the balance sheet date.
- "NAV per unit" is calculated by dividing NAV by the number of Units and Class B LP Units outstanding as at the balance sheet date.
- "Property operating costs as a percentage of revenue" is calculated as property operating costs for the period, divided by revenue from investment properties for the period.
- "Property taxes as a percentage of revenue" is calculated as property taxes for the period, divided by revenue from investment properties for the period.
- "Utilities as a percentage of revenue" is calculated as Utilities expense for the period, divided by revenue from investment properties for the period.
- "Total debt" is calculated as the sum of value of interest-bearing debt consisting of fixed and variable rate mortgages, credit facilities, construction loans and Class C LP Units of the Partnership.
- "Total debt, net of cash" is calculated as Total debt, reduced by cash balance.
- "Total liquidity" is calculated as the sum of the undrawn balance under the revolving credit facility and cash.
- "Distribution yield per unit" is calculated as the annualized distribution per Unit and Class B LP Units, divided by the Unit closing price as of the balance sheet date.

- "Gain-to-lease" refers to the gap between rents achieved on new leases as compared to expiring leases.
- "Gain to lease potential" refers to the gap between Management's estimate of monthly market rent and average monthly in-place rent per suite.
- "Average annual unlevered return" refers to the return on repositioning activities, and is calculated by dividing the average annual rental increase per suite after repositioning by the average repositioning cost per suite, excluding the impact of financing costs.

### **Operating Performance Measures**

- "Average monthly rent per suite for unfurnished suites" represents the average monthly rent for occupied unfurnished suites at the end of the period.
- "Occupancy for unfurnished suites, end of the period" is defined as the ratio of occupied unfurnished suites to the total unfurnished suites in the portfolio at the end of the period. Occupancy at end of the period is a useful indicator to evaluate the unfurnished rental performance.
- "Occupancy for unfurnished suites, average of the period" is defined as the ratio of occupied unfurnished suites to the total unfurnished suites in the portfolio for the period. Occupancy as an average for the period is a useful indicator to evaluate the unfurnished rental performance.
- "Average monthly rent per suite for furnished suites" represents the average daily rent for furnished suites for the period multiplied by 30.
- "Occupancy for furnished suites" is the ratio of occupied furnished suites to the total furnished suites in the portfolio for the period.