



Management's Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020



minto
Apartment REIT

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Section I - Overview

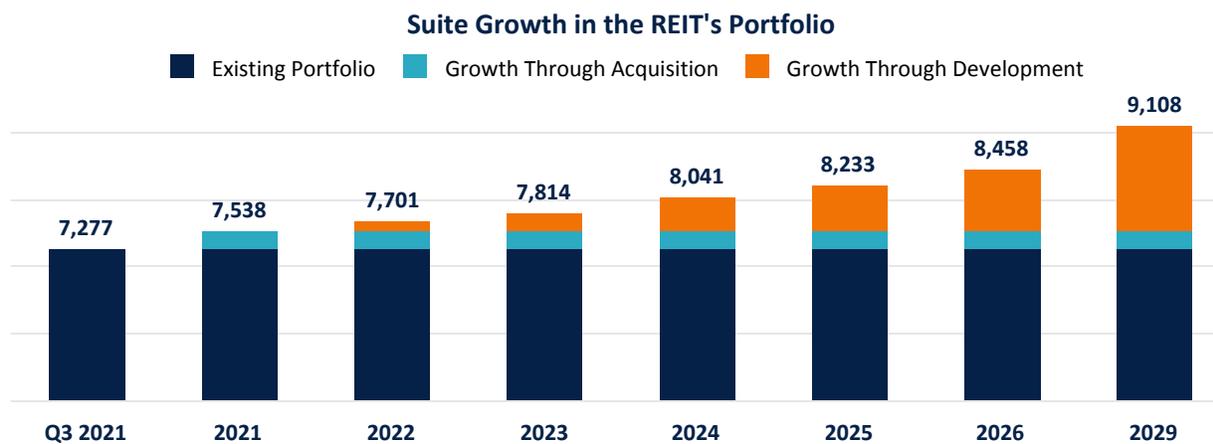
Business Overview

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 29 (September 30, 2020 - 29) multi-residential rental properties located in Ontario, Quebec and Alberta, comprising an aggregate of 5,114 (September 30, 2020 - 5,080) suites that are wholly-owned by the REIT, 1,413 (September 30, 2020 - 1,413) suites that are 50% co-owned with institutional partners and 750 (September 30, 2020 - 750) suites that are 40% co-owned with an institutional partner. The aggregate of 5,114 wholly-owned suites include two additional suites created in December 2020 at the Carlisle in Ottawa, and the 32 suites in a new block at Skyline completed in Q3 2020, to replace a block destroyed by fire prior to the REIT's initial public offering in 2018. A discussion on the Same Property Portfolio has not been provided within this Management's Discussion and Analysis as the impact of the two new suites created at Carlisle and the 32 new suites at Skyline rebuilt following a fire in 2017 are not considered material.

In addition, the REIT develops income-producing multi-residential properties with two of the three development projects expected to commence construction in Q4 2021. The completion of these three development projects will add 1,067 suites to the portfolio. The REIT has also provided convertible development loans for the development of three other income-producing multi-residential properties with two of the developments under construction. Once completed, and subject to the exercise of the REIT's option to acquire, a potential of 503 suites could be added to the portfolio.

Anticipated growth in the REIT's portfolio, which is subject to the closing of the Le Hill-Park acquisition in Montreal discussed under "Financial and Operating Highlights - Further Expansion into the Montreal Market" in Section I - "Overview" and stabilization of projects in the development pipeline as discussed as part of the "Outlook - Development of Purpose-Built Rental Properties and Intensification on Existing Sites" under Section I - "Overview", would increase the suite count by approximately 25% by 2029, as depicted below:



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.

As of November 9, 2021, 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 nine months ended September 30, 2021 ("Q3 2021" and "YTD 2021", respectively) and 2020, 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, 2020 and 2019 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.

Management's Discussion and Analysis also contains certain non-IFRS measures including funds from operations ("FFO"), FFO per unit, adjusted funds from operations ("AFFO"), AFFO per unit, AFFO payout ratio, net operating income ("NOI"), debt-to-Gross Book Value ratio, debt-to-earnings before interest, taxes, depreciation and amortization ("EBITDA") ratio, debt service coverage ratio, 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 Measures" under Section VI - "Supplemental Information - Non-IFRS Measures" for definitions of these measures.

The REIT's Board of Trustees approved the content of this Management's Discussion and Analysis on November 9, 2021. Disclosure in this document is current to that date unless otherwise stated. Additional information relating to the REIT can be found on SEDAR at www.sedar.com and also on the REIT's website at www.mintoapartments.com.

Forward-Looking Statements

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

Use of Estimates

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

COVID-19 Impact on the REIT

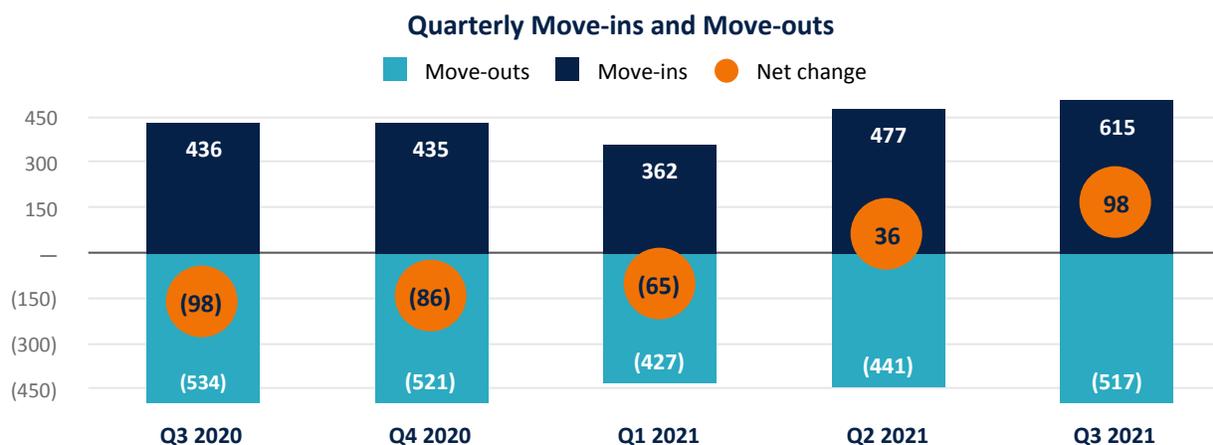
Since the onset of the pandemic, the REIT's first and foremost priority has been the health and safety of its residents, employees, partners and communities. The REIT continues to take the necessary steps and precautions in order to lessen the spread of COVID-19 and to prioritize good health.

With the vast majority of the Canadian population vaccinated, and increasing vaccinations globally, the federal government eased travel restrictions beginning in August. Businesses, return to office, and in-person learning at post-secondary institutions have also resumed, albeit at a slower-than-normal pace, but all very encouraging signs as we continue to navigate and recover from the pandemic. Government agencies continue to monitor COVID-19 case counts and for the presence of variants which could pose significant risks, and are also evaluating the roll-out of vaccinations for children aged 5 to 11 years old. The impacts of COVID-19 are continually evolving and the REIT continues to evaluate and adapt to the new realities brought on by the global pandemic. Notwithstanding the near-term challenges relating to COVID-19, Management maintains strong conviction in its business model, long-term strategy and outlook for the REIT.

Immigration has been an important driver of demand for rental suites and the closing of the border delayed arrivals of new permanent residents to Canada. With lifting of restrictions and border re-opening, the monthly pace of immigration increased substantially with an average of approximately 39,000 per month for July and August, which is higher than the monthly average prior to the pandemic. Management believes with the increased levels of immigration, demand for multi-residential rental properties will continue to rise, particularly in urban markets.

Overall, rental collections have largely been consistent with pre-pandemic collection patterns. The REIT has a strong record of working with its residents on collections. Its bad debt expense averaged only 0.25% of revenues prior to the pandemic. The REIT's bad debt expense has increased slightly since the onset of the pandemic but remains relatively insignificant.

The REIT achieved yet another record of 555 new leases in Q3 2021, 3.9% higher than Q2 2021. There were 615 move-ins during the quarter, outpacing the 517 move-outs, with Q3 2021 being the second sequential quarter with positive net move-ins, driving occupancy growth and building strong momentum into the fourth quarter.



The REIT's furnished suite count was 212 suites as at September 30, 2021 compared to 215 suites at June 30, 2021. Furnished suite occupancy was 86.30% in Q3 2021, an improvement from 74.44% in Q2 2021. Average monthly rent for furnished suites was \$3,997 in Q3 2021 compared to \$3,572 in Q2 2021.

The REIT has sufficient liquidity and is well positioned to capture potential growth opportunities. The REIT's liquidity ratio (total liquidity as a percentage of total debt) was 14.26% at September 30, 2021 compared to 14.49% at June 30, 2021. As at September 30, 2021, the REIT had total cash and availability on its credit facility of \$125,645.

Fair value gain on investment properties of \$34,663 was recognized in Q3 2021, mainly as a result of compression of capitalization rates for properties located in Ottawa and Toronto.

Financial and Operating Highlights

Distribution Increase

On November 9, 2021, the Board of Trustees approved a 4.4% increase to the REIT's annual distribution, resulting in an increase from \$0.4550 per Unit on an annualized basis to \$0.4750 per Unit. The monthly distribution will be \$0.03958 per Unit, an increase from the current \$0.03792 per Unit, with the increase effective for the REIT's November 2021 cash distribution to be paid on December 15, 2021. The distribution increase reflects the REIT's low AFFO payout ratio, strong liquidity position and Management's view of future growth prospects. The increase is also an indication of Management's confidence in its business model, execution of its long-term strategy and the outlook for the REIT. The REIT expects to maintain a low AFFO payout ratio, allowing it to continue to reinvest capital to fuel future growth.

Further Expansion into the Montreal Market

Consistent with the REIT's growth initiatives and as previously announced on October 20, 2021, the REIT is set to close on its acquisition of Le Hill-Park on or about December 7, 2021. Le Hill-Park is a 261-suite multi-residential rental property ("Le Hill-Park"), centrally located in Montreal, Quebec, and in close proximity to the Université de Montreal, McGill University, three major hospitals, Mont-Royal Park and the Cote-des-Neiges metro station. Le Hill-Park is the REIT's fourth acquisition in Montreal, which is also the largest rental market in the country. Le Hill-Park is located in close proximity to the REIT's existing Montreal properties consisting of Rockhill, Haddon Hall and Le 4300, offering opportunities for future operating synergies. The addition of Le Hill-Park is on point with the REIT's long-term strategy and provides further geographic diversification for the portfolio.

Bought Deal Offers Liquidity and Flexibility

On October 29, 2021, the REIT closed on its equity offering including the full exercise of the over-allotment option and issued 3,795,000 Units at a price of \$22.85 per Unit for gross proceeds of approximately \$86,716. The REIT intends to use the net proceeds of this offering to fund its equity requirement for the acquisition of Le Hill-Park, the convertible development loans on the Beechwood project in Ottawa, Ontario ("Beechwood") and Phase I of Lonsdale Square in North Vancouver, British Columbia ("Lonsdale Square") and to pay down a portion of the amount outstanding on its credit facility, thus generating significant available capacity and flexibility to evaluate additional deal flow and opportunities for growth.

Financial Performance

The high vaccination rates and the easing of health measures and border restrictions, as well as an increase in inflow of immigrants, resulted in an improvement in rental market conditions in Q3 2021. Further, targeted marketing efforts and initiatives, including incentives and promotions, continued to be refined and adjusted to optimize leasing, occupancy and rents.

Average monthly rent for unfurnished suites increased to \$1,651 at September 30, 2021 compared to \$1,613 for September 30, 2020 and \$1,640 for June 30, 2021. Average occupancy for the period improved from 91.50% for Q2 2021 to 92.87% for Q3 2021, the second consecutive quarter of increasing occupancy. The REIT was able to realize, on average, an increase of 4.4% on the 555 new leases it signed in Q3 2021, which represents annualized revenue growth of approximately \$392.

Furnished suites revenue increased 22.7% compared to Q3 2020 and 26.7% compared to Q2 2021 as business travel continued to increase and strategies to change the client mix achieved positive results. Furnished suite occupancy was 86.30% in Q3 2021, an improvement from 74.44% in Q2 2021. Average monthly rent for furnished suites improved to \$3,997 in Q3 2021 compared to \$3,572 in Q2 2021.

For Q3 2021, revenue, NOI, FFO, AFFO for the Total Portfolio were higher by 4.5%, 2.0%, 4.3% and 4.9% respectively, compared to Q2 2021. As the federal and provincial governments continued to ease pandemic related restrictions, the rental market conditions improved over the course of Q3 2021. Further, the REIT started to see improvements in occupancy as a result of target marketing efforts. All of these factors along with improvement in average monthly rent contributed to an improvement in performance in Q3 2021 compared to Q2 2021.

The REIT continued to execute its strategy to create organic growth by repositioning suites in properties where there is demand for renovated units. The REIT repositioned 120 and 254 suites in Q3 2021 and YTD 2021 respectively, generating an average annual unlevered return of 8.9% and 8.7% respectively.

NAV per unit grew from \$22.26 as at December 31, 2020 to \$23.99 at September 30, 2021. This represents an increase of 7.8%.

Organic Growth — Gain-to-Lease

Despite the impacts of COVID-19, the REIT realized on organic growth for the three months ended September 30, 2021 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 \$392. A summary of leasing activities and the gains to be realized from new leases signed for the three months ended September 30, 2021 is set out in the table below:

Geographic Node	New Leases Signed ¹	Average Monthly Expiring Rent	Average Monthly New Rent	Percentage Gain-on-Turn	Annualized Gain-on-Turn ²
Toronto	144	\$2,128	\$2,199	3.3%	\$65
Ottawa	247	1,558	1,645	5.6%	252
Alberta	98	1,229	1,231	0.2%	6
Montreal	66	1,832	1,982	8.2%	69
Total/Average	555	\$1,630	\$1,701	4.4%	\$392

The REIT realized an average gain-on-turn of 4.4% on the 555 new leases it signed in the Q3 2021. The REIT realized gains in all markets with the majority of the contributions stemming from the Ottawa market. The percentage gain-on-turn decreased for all geographic nodes except Ottawa compared to Q2 2021. This is due to the special pricing discounts that were leveraged to drive occupancy as a result of limited demand in urban areas. Ottawa had an increase in percentage gain-to-lease as a result of the reductions made to special pricing discounts in non-urban locations in Q3 2021.

The REIT realized an average gain-on-turn of 5.2% on the 1,559 new leases it signed in the nine months ended September 30, 2021. The REIT realized gains in all markets. The following table summarizes the leasing activities and the gains to be realized from new leases signed for the nine months ended September 30, 2021:

Geographic Node	New Leases Signed ¹	Average Monthly Expiring Rent	Average Monthly New Rent	Percentage Gain-on-Turn	Annualized Gain-on-Turn ²
Toronto	349	\$2,134	\$2,205	3.4%	\$184
Ottawa	758	1,539	1,622	5.4%	756
Alberta	220	1,225	1,242	1.4%	46
Montreal	232	1,890	2,095	10.8%	357
Total/Average	1,559	\$1,621	\$1,704	5.2%	\$1,343

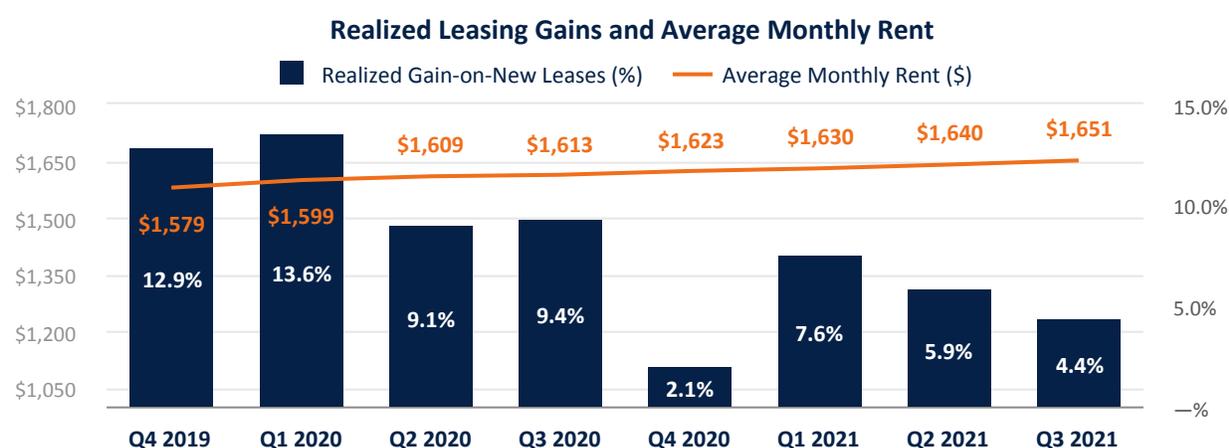
¹ New leases signed includes 100% of new leases from co-ownerships and excludes new leases of furnished suites.

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

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

Fiscal Quarter	New Leases Signed ¹	Average Monthly Expiring Rent	Average Monthly New Rent	Percentage Gain-on-Turn	Annualized Gain-on-Turn ²
Q4 2020	406	\$1,551	\$1,584	2.1%	\$188
Q1 2021	470	1,618	1,741	7.6%	576
Q2 2021	534	1,593	1,686	5.9%	375
Q3 2021	555	1,630	1,701	4.4%	392
Total/Average	1,965	\$1,601	\$1,682	5.1%	\$1,531

Typically, the peak leasing seasons for the REIT are Q2 and Q3 with reduced activity in the late fall and winter months. A record number of new leases were signed in Q3 2021. The REIT continues to selectively employ promotions and discounts specifically in urban locations to increase occupancy albeit at a lower rate than Q2 2021. For more details see Section II, "Financial Highlights and Performance - Review of Financial Performance - Revenue from Investment Properties".



Management continually reviews market conditions and updates its estimates of market rent for the properties in its portfolio. The high level of leasing activity in Q3 2021 indicates an improvement in the rental market conditions from re-opening of the economy, easing of restrictions, supported by the uptake of vaccinations, albeit with continued pricing pressures. A further increase in demand for urban rentals is expected as immigration and travel resumes. Management is optimistic and anticipates the recovery will accelerate in the coming quarters with the REIT operating at pre-pandemic levels by mid-2022.

Management also monitors market conditions for condominium suites being offered as rentals in Toronto and its other markets and considers this information when setting its estimate of monthly market rent. The REIT's suites continue to compare favourably on a size and rental rate basis to condominiums. For example, the average size and rental rate of the REIT's Toronto suites is 801 square feet and \$2.35 per square foot respectively, compared to 696 square feet and \$3.31 per square foot for the average condo rental.³

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

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

³ Data for condo rentals is from Urbanation's Q3 2021 *UrbanRental Greater Toronto Area Rental Market Report*.

Factoring in the new estimates of market rent, the estimated gain-to-lease potential on existing tenancies for the REIT's portfolio as at September 30, 2021 is as follows:

Geographic Node	Total Suites ¹	Average Monthly In-Place Rent/Suite	Management's Estimate of Monthly Market Rent	Percentage Gain-to-Lease	Annualized Estimated Gain-to-Lease ²
Toronto	1,718	\$1,885	\$1,974	4.7%	\$1,192
Ottawa	2,898	1,538	1,626	5.8%	3,079
Alberta	637	1,287	1,362	5.9%	579
Montreal	1,411	1,966	2,179	10.8%	2,421
Total/Average	6,664	\$1,651	\$1,759	6.6%	\$7,271

Management currently estimates that the portfolio has annualized estimated gain-to-lease potential of approximately \$7,271, compared to \$6,266 at June 30, 2021. Earlier in the pandemic, Management opted to preserve value by holding rents, leveraging promotions and spot pricing to manage conversion and occupancy. With discounts being offered by competitors in various markets and potential tenants' tendency to favour discounts compared to promotions, Management adapted its strategy in Q2 2021 to balance discounts and promotions in the Toronto, Ottawa and Montreal markets. Management continued to offer rent discounts in Q3 2021 while reducing the promotions. These discounts will be gradually removed as occupancy levels stabilize. The REIT continues to realize on gain-to-lease opportunities as suites turnover and expects to continue doing so going forward. The ability of the REIT to realize the gain-to-lease potential is dependent on the number of residents that move-out in its portfolio 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.

The REIT has consistently realized on the gain-to-lease potential in its portfolio. The following charts summarize Management's estimate of the gain-to-lease potential remaining in the portfolio, as well as gains the REIT has realized for each quarter.



¹ Excludes 212 furnished suites, 312 vacant suites, 88 suites offline for repositioning and 1 suite offline for enhanced turn.

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

Value Creation

Repositionings

In order to take advantage of market demand for repositioned properties, the REIT's asset management strategy targets improvements to suites, building common areas and amenities. As part of an asset management plan for each building, Management will renovate test suites in order to gauge market demand for different improvements or combinations of improvements. Test suites also assist Management in mitigating capital risk by confirming and refining cost estimates, value engineering and uncovering potential issues prior to a broader roll-out of the program. Once an optimal combination of suite improvements is determined, a repositioning plan is executed for all of the suites in the building as suites turn over. The rate at which Management can complete the repositioning plan depends on the rate of suite turnover. Additionally, the government restrictions on construction activities in effect from time-to-time due to the pandemic also impact the pace at which the REIT's repositionings can be performed.

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 and Haddon Hall in Montreal. The repositioning of suites at its Edmonton properties remains on hold as lower rental rates are negatively impacting returns on repositioning activities.

A summary of the repositioning activities for the three and nine months ended September 30, 2021 is set out below¹.

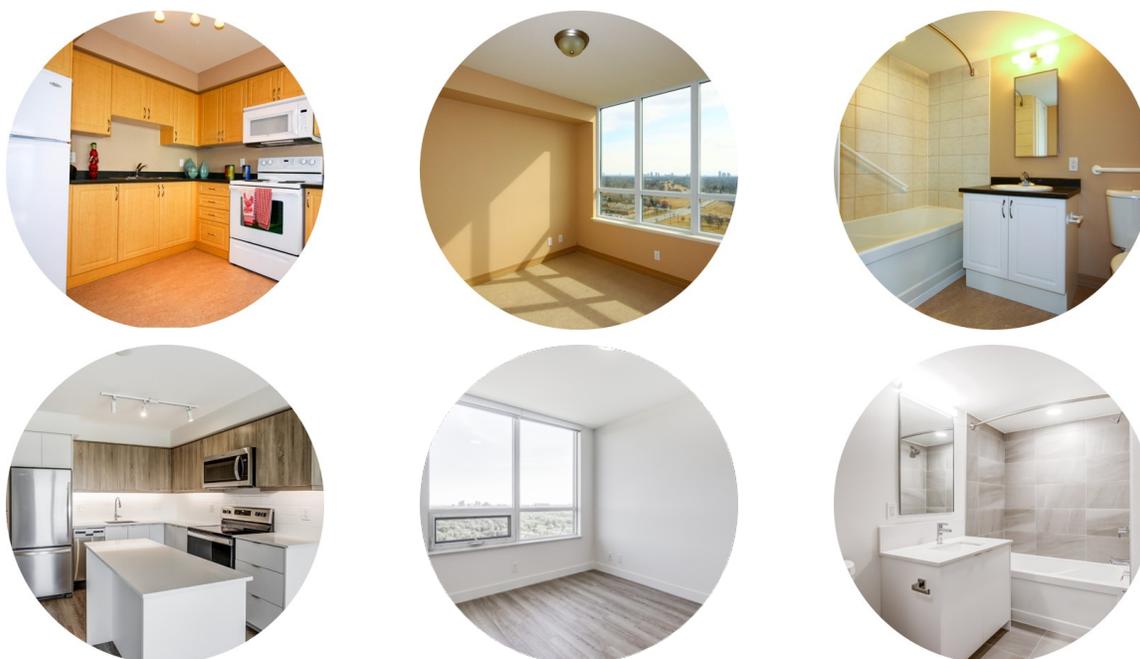
Property	Ownership Interest	Suites Repositioned and Leased		Remaining Suites to Reposition	Total Suites in the Program	Proportion Complete
		Three months ended September 30, 2021	Nine months ended September 30, 2021			
Minto Yorkville	100%	6	8	37	99	63%
Leslie York Mills	50%	15	28	270	409	34%
High Park Village	40%	19	45	313	407	23%
Edmonton properties ²	100%	—	—	74	171	57%
Carlisle	100%	12	30	99	191	48%
Castle Hill	100%	7	22	85	176	52%
Rockhill	50%	22	49	813	934	13%
Le 4300	100%	6	21	238	261	9%
Haddon Hall	100%	10	28	163	191	15%
Roehampton	100%	20	20	128	148	14%
Martin Grove	100%	3	3	29	32	9%
Total		120	254	2,249	3,019	26%

The REIT completed the feasibility study on the Roehampton suites in early 2021 and 20 suites were repositioned and leased as of September 30, 2021. The REIT plans to reposition the entire property as suites become available, including converting furnished suites to unfurnished suites, subject to turnover and availability of materials and trades.

The REIT has also commenced repositioning at Martin Grove in Toronto, with three of the 32 market rent suites repositioned and leased as of September 30, 2021.

¹ All suite counts, including co-owned properties, are presented at 100% rather than the REIT's ownership share.

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



Martin Grove suites before (upper) and after (lower) renovations

The REIT is exploring repositioning opportunities at two other wholly-owned properties in the portfolio, with a combined count of nearly 418 suites with repositioning potential.

The following table includes a summary of the costs and returns from the repositioning activities for the periods presented:

	Three months ended September 30, 2021		Nine months ended September 30, 2021	
Suites renovated		120		254
Suites renovated at REIT's proportionate share		91		189
Average cost per suite	\$	48,432	\$	50,077
Average annual rental increase per suite	\$	4,298	\$	4,333
Average annual un-levered return		8.9 %		8.7 %

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

Fiscal Quarter	Suites Renovated ¹	Average Cost per Suite	Average Annual Rental Increase per Suite	Average Annual Un-Levered Return
Q4 2020	56	\$38,988	\$3,512	9.0%
Q1 2021	46	52,277	4,531	8.7%
Q2 2021	88	51,223	4,279	8.4%
Q3 2021	120	48,432	4,298	8.9%

The REIT repositioned 21 suites at Le 4300 and 28 suites at Haddon Hall during the nine months ended September 30, 2021. The average cost per suite renovated at these properties is roughly twice the average cost per suite at the remaining properties as the average suite size is larger and scope of work is more extensive.

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

¹ All suite counts, including co-owned properties, are presented at 100% rather than the REIT's ownership share.

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

Enhanced Turns

In addition to its repositioning program, the REIT continues to take advantage of vacancies at certain properties to make improvements to suites on turnover in excess of the typical work completed on a regular turnover (defined as an enhanced turn). An enhanced turn involves replacing carpets with modern flooring, as well as improvements to trim and fixtures and new appliances in some instances. The scope of work is narrower than in the repositioning program but early results reflect unlevered returns consistent with the REIT's broader repositioning program. The timing to complete the enhanced turn depends on the condition of the suite and the specific work being performed, but typically ranges from two to four weeks. In Q3 2021, 28 suites were leased after completing enhanced turns and the annualized rental rate increases generated returns in excess of 8% on cost.



Before (upper) and after (lower) enhanced turns - Parkwood Hills, Ottawa

Environmental, Social and Governance Initiatives

As approved by the Board of Trustees for implementation beginning in 2021, the 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

- Implementation of capital projects to reduce portfolio energy and water use is underway, including the renewal of internal toilet components and the installation of irrigation controls, artificial intelligence (AI) systems, lighting control systems, a hydronic heating additive to improve heat transfer in heating systems, building automation systems (BAS), and additional BAS sensors;
- Energy audits were completed for the Alberta properties to identify improvement opportunities; the energy audits included preliminary feasibility studies for on-site renewable energy opportunities (more in-depth studies of the renewable energy opportunities will take place in 2022);
- A kick-off session was held in order to set energy efficiency and emission targets for new developments, building archetypes and design variables were confirmed, and heat pump technology was confirmed as the baseline mechanical system;
- Work has commenced to perform a pilot embodied carbon analysis;
- Waste diversion at new development projects trended better than the 80% target with an overall project diversion rate of 85% for Fifth & Bank as of August 2021 (September data not yet available); and
- The contract with a partner to reduce waste and increase diversion for the operated properties is being finalized (targeting December 2021 for commencement of work).

Community Impact

- An ESG e-learning course for staff was launched on October 5, 2021 to support expansion of employee ESG competency;
- Roll-out of the ESG communication plan continued with regular staff communications on the ESG Strategy and strategic pillars;
- The review and amendment of job profiles was completed to ensure use of inclusive language;
- To reach a more diverse group of recruitment candidates, we entered into partnerships with two new groups - one centered on finding employment for new Canadians and one that helps the community welcome and include people with intellectual disabilities, autistic persons, and individuals with a dual diagnosis;
- Finalized the employee diversity, equity, and inclusion (DEI) survey. Survey will gather input from employees on their experience and demographics and is expected to be launched in Q4 2021; and
- Work toward certification of One80five to the Fitwel standard is in progress; learnings from this process will inform development of a health and well-being framework for the REIT's new developments and operated properties.

Business Resilience

- Planning for extreme weather resilience in new developments continued with a review of the main climate risks in four key geographies and the internal circulation of a draft resilience strategy;
- A review of ESG requirements in trade scopes of work is underway for new developments;
- A review of ESG requirements in contracts with partners supporting building operations has been completed;
- Preparation of an inventory of crisis response plans and identification of lessons learned from pandemic plan implementation are underway; and
- Implementation of measures to strengthen cybersecurity continued.

Governance Framework

The Board receives quarterly updates on ESG and an ESG steering committee with senior executive representation continues to meet quarterly. ESG training was provided to the Board in Q1 2021 and ESG e-learning for employees was released in October 2021. REIT employee incentive pay is linked, in part, to ESG performance targets which form 50% of the objectives for annual incentive pay.

Reporting and Disclosure Commitments

The REIT participated in the 2021 GRESB Real Estate Assessment. The GRESB benchmark results were released in October 2021 and the REIT received Green Star designation. The preparation of the REIT's inaugural ESG report is underway with an expected release in late November 2021. The report will align with the Global Reporting Initiative ("GRI") and Sustainability Accounting Standards Board ("SASB") disclosure standards.

Outlook

In the current operating environment, Management is focused on the health and safety of its residents, employees and business partners and on limiting the spread of COVID-19. Notwithstanding the challenges resulting from COVID-19, Management has been able to operate safely while continuing to realize on growth from:

- Organic growth opportunities including realization of gain-to-lease potential;
- Value creation from the repositioning of existing assets by investing in in-suite and common area improvements to drive higher revenue;
- Capitalizing on our strategic alliance with MPI and its affiliates by accessing its pipeline of assets and deal flow; and
- Strategic acquisitions in major urban centres across Canada

At the same time, Management is actively looking for opportunities to develop purpose-built rental properties and engage in intensification of existing properties which have the capacity for added density.

With the successful vaccination roll-out, government restrictions on businesses were eased. New immigrants entering Canada surpassed pre-pandemic levels for the first time in Q3 2021. Further, the federal government eased restrictions allowing fully vaccinated travellers to enter Canada as of August 9, 2021. As a result, the rental market continued to improve in Q3 2021.

The federal government has reiterated its commitment to immigration and has increased its targets for new permanent residents over the next three years in order to catch up on the immigration that was delayed in 2020 and the first half of 2021 due to border closures. The federal government's new targets, along with natural growth, should push net population growth to more than 500,000 people per year for the next three years, returning to historically high population growth last reached in 2019 before the onset of the pandemic.

Overall, Management believes that the favourable supply and demand fundamentals that existed prior to the pandemic have not gone away. With the rising cost of home ownership, the affordability gap between rental housing and home ownership has widened in most Canadian cities. The supply of new housing remains constrained and inelastic to housing demand and population growth. As population growth increases in 2021 and beyond, rental housing demand is expected to strengthen and occupancy rates will gradually improve, however Management still expects it to be below the normal occupancy rate for the remainder of 2021.

Organic Growth Opportunities

The REIT expects to continue to see organic growth on turnover of suites in the near term in all markets. Management 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 opportunity for the portfolio is 6.6% (as set out in the detailed gain-to-lease table in the previous section). Management expects to realize a much higher gain-to-lease potential as rental markets improve and rental pricing pressures begin to subside.

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 2,200 suites eligible for repositioning. The REIT's ability to execute its repositioning program is highly dependent on the turnover of our tenants and market conditions at the time suite renovations are completed. Subject to unrenovated suites becoming available and potential provincial restrictions, the REIT expects to reposition approximately 90 to 110 suites in the last quarter of 2021.

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 the Minto Group's extensive experience and track record of successful developments and construction.

The following REIT properties have the potential to develop additional rental suites on available excess land:

Location and Property Name	Ownership	Est. Suites	Est. Project Costs	Construction Start Date	Estimated Stabilization	Anticipated Yield
Toronto, ON						
Richgrove	100%	225	\$ 114,000	Q4 2021	Q1 2026	4.25% - 4.75%
Leslie York Mills	50%	192	172,000	Q4 2021	Q3 2025	3.75% - 4.25%
High Park Village	40%	650	455,000	Q1 2023	Q2 2029	4.25% - 4.75%

The Richgrove community includes Richgrove, comprising two high-rise residential apartment buildings with a total of 258 suites, and Martin Grove, a high-rise residential apartment building with a total of 237 suites. There is excess land on the site which is fully-zoned and entitled to add a new tower consisting of approximately 225 suites, including 100 affordable housing suites and 213 parking stalls. At the end of 2020, the REIT executed a contribution agreement with the City of Toronto to build affordable housing on the surplus land at the property and is in the process of obtaining rental construction financing from CMHC. Enabling work has commenced with construction slated to start in November 2021.

Leslie York Mills comprises three 18-storey towers with a total of 409 suites. The site presents an intensification opportunity to develop 192 rental terrace homes on four blocks, create an indoor pool, gym and recreational area and replace the existing parking structure with a new two-level underground parking garage. Construction is expected to begin in Q4 2021.

High Park Village consists of three buildings and an aggregate of 750 suites. The REIT is in discussions with the City of Toronto to develop two 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 workings of the municipal planning bureaucracy and limitations with the facilitation of public meetings during the COVID-19 crisis.

The construction of the three development projects would add approximately 1,100 suites to the REIT's portfolio at an estimated total cost of \$741,000, with an expected average yield between 3.75% - 4.75%.

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

The REIT is continuously exploring opportunities to acquire additional properties or to dispose of existing properties if the proceeds can be deployed more productively in other investments. Acquisition efforts are focused on major urban markets in Canada, with an emphasis on properties that present opportunities with embedded gain-to-lease potential, repositioning potential, intensification potential or a combination of all these opportunities. Although the REIT will pursue any opportunity that fits its strategic mandate, it is devoting time and resources in key markets such as Montreal, Toronto, Ottawa and the Greater Vancouver Area.

On October 20, 2021, the REIT announced it had entered into an agreement to purchase Le Hill-Park located in downtown Montreal with closing on or about December 7, 2021. The property comprises 261 suites and has a gain to lease potential of 20% and a significant repositioning potential as only 72 of the 261 suites have undergone a repositioning, potentially providing an additional upside of approximately 20-25% upon completion of renovation.

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

The REIT has entered into agreements to extend convertible development loans for the following developments:

Location and Project Name	Est. Suites	Est. Project Costs	Status	Construction Start Date	Estimated Stabilization	Maximum Loan Amount
Ottawa, ON						
Fifth + Bank	163	\$ 91,000	Under construction	Q3 2020	Q1/Q2 2022	\$ 30,000
Beechwood	227	123,000	Rezoning complete	Q1 2022	Q4 2024	51,433
North Vancouver, BC						
Lonsdale Square	113	83,000	Under construction	Q2 2021	Q4 2023	14,000

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 is expected to be substantially complete in Q4 2021. The property is expected to be stabilized in the first half of 2022. Pre-leasing for the property commenced in Q2 2021 and is progressing well with first occupancy expected in Q4 2021.

Beechwood involves the development of a nine-storey structure comprising 229 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. Construction on the project is expected to commence in Q1 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 ~8,000 square feet of retail space. Construction commenced in June 2021 with site mobilization and excavation activities. Construction completion is expected by Q2 2023 and the property is expected to be stabilized in Q4 2023.

The agreements provide the REIT with an exclusive option to purchase each of the properties at 95% of its then-fair market value as determined by independent and qualified third-party appraisers upon stabilization. If all of the purchase options are exercised, these projects will add approximately 500 suites to the REIT's portfolio.

Section II - Financial Highlights and Performance

Key Performance Indicators

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

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

	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	Change	2021	2020	Change
Operating						
Number of properties	29	29	—	29	29	—
Total suites ¹	7,277	7,243	34	7,277	7,243	34
Average monthly rent per suite	\$ 1,651	\$ 1,613	2.4 %	\$ 1,651	\$ 1,613	2.4 %
Occupancy - end of the period	94.83 %	94.74 %	9 bps	94.83 %	94.74 %	9 bps
Occupancy - average for the period	92.87 %	93.97 %	(110) bps	91.67 %	95.57 %	(390) bps
Financial						
Revenue	\$ 31,234	\$ 31,155	0.3 %	\$ 91,118	\$ 93,999	(3.1)%
NOI ²	\$ 19,405	\$ 20,161	(3.7)%	\$ 56,307	\$ 59,674	(5.6)%
NOI margin ²	62.1 %	64.7 %	(260) bps	61.8 %	63.5 %	(170) bps
Net income and comprehensive income	\$ 80,928	\$ 56,630	42.9 %	\$ 69,228	\$ 156,628	(55.8)%
Revenue - Total Portfolio - excluding furnished suites	\$ 28,977	\$ 29,316	(1.2)%	\$ 85,548	\$ 88,228	(3.0)%
NOI ² - Total Portfolio - excluding furnished suites	\$ 18,094	\$ 19,243	(6.0)%	\$ 53,589	\$ 56,436	(5.0)%
NOI margin ² - Total Portfolio - excluding furnished suites	62.4 %	65.6 %	(320) bps	62.6 %	64.0 %	(140) bps
FFO ²	\$ 12,453	\$ 13,183	(5.5)%	\$ 35,285	\$ 37,959	(7.0)%
FFO per unit ²	\$ 0.2109	\$ 0.2233	(5.6)%	\$ 0.5976	\$ 0.6429	(7.0)%
AFFO ²	\$ 10,883	\$ 11,619	(6.3)%	\$ 30,578	\$ 33,274	(8.1)%
AFFO per unit ²	\$ 0.1842	\$ 0.1968	(6.4)%	\$ 0.5179	\$ 0.5635	(8.1)%
AFFO Payout Ratio ²	61.7 %	57.2 %	450 bps	65.9 %	59.0 %	690 bps
Distribution per unit	\$ 0.1138	\$ 0.1125	1.2 %	\$ 0.3413	\$ 0.3325	2.6 %
Distribution yield based on Unit closing price	2.03 %	2.49 %	(46) bps	2.03 %	2.49 %	(46) bps

¹ At September 30, 2021, includes 2,163 (September 30, 2020 - 2,163) suites co-owned with institutional partners.

² Refer to Section IV, "Liquidity, Capital Resources and Contractual Commitments - Reconciliation of Non-IFRS Measures" for a reconciliation of performance indicators not defined by IFRS.

As at		September 30, 2021	December 31, 2020	Change
Leverage				
Debt-to-Gross Book Value ratio ¹		37.87 %	38.57 %	70 bps
Debt Service Coverage ratio ¹		1.74 x	1.91 x	(0.17)x
Debt-to-EBITDA ratio ¹		12.60 x	11.51 x	(1.09)x
Weighted average term to maturity on fixed rate debt		5.17	5.81	(0.64) years
Weighted average interest rate on fixed rate debt		2.90 %	2.94 %	4 bps
Valuation				
NAV ¹	\$	1,416,188	\$ 1,314,030	7.8 %
NAV per unit ¹	\$	23.99	\$ 22.26	\$ 1.73

Review of Financial Performance

The following tables highlight selected financial information for the REIT's Total Portfolio and Total Portfolio - excluding furnished suites for the three and nine months ended September 30, 2021 and 2020:

Total Portfolio - excluding furnished suites

	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Revenue from investment properties ²	\$ 28,977	\$ 29,316	(1.2)%	\$ 85,548	\$ 88,228	(3.0)%
Property operating costs	5,563	4,929	(12.9)%	15,805	15,269	(3.5)%
Property taxes	3,276	3,127	(4.8)%	9,299	9,750	4.6 %
Utilities	2,044	2,017	(1.3)%	6,855	6,773	(1.2)%
NOI ¹	\$ 18,094	\$ 19,243	(6.0)%	\$ 53,589	\$ 56,436	(5.0)%
NOI margin ¹	62.4 %	65.6 %	(320) bps	62.6 %	64.0 %	(140) bps

Total Portfolio

	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Revenue from investment properties	\$ 31,234	\$ 31,155	0.3 %	\$ 91,118	\$ 93,999	(3.1)%
Property operating costs	6,228	5,582	(11.6)%	17,791	17,079	(4.2)%
Property taxes	3,436	3,299	(4.2)%	9,814	10,184	3.6 %
Utilities	2,165	2,113	(2.5)%	7,206	7,062	(2.0)%
NOI ¹	19,405	20,161	(3.7)%	56,307	59,674	(5.6)%
NOI margin ¹	62.1 %	64.7 %	(260) bps	61.8 %	63.5 %	(170) bps
General and administrative expenses	1,887	1,555	(21.4)%	5,753	5,036	(14.2)%
Finance costs - operations	8,082	8,401	3.8 %	24,262	25,437	4.6 %
Fair value loss (gain) on:						
Investment properties	(34,663)	(8,831)	(292.5)%	(86,055)	(17,470)	(392.6)%
Class B LP Units	(35,976)	(36,886)	(2.5)%	45,310	(110,885)	140.9 %
Interest rate swap	(145)	(57)	(154.4)%	(1,204)	2,603	146.3 %
Unit-based compensation	(282)	(234)	20.5 %	235	(488)	148.2 %
Fees and other income	(426)	(417)	2.2 %	(1,222)	(1,187)	2.9 %
Net income and comprehensive income	\$ 80,928	\$ 56,630	42.9 %	\$ 69,228	\$ 156,628	(55.8)%

¹ Refer to Section IV, "Liquidity, Capital Resources and Contractual Commitments - Reconciliation of Non-IFRS Measures" for a reconciliation of performance indicators not defined by IFRS.

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

Net Operating Income

For the three and nine months ended September 30, 2021, Total Portfolio NOI decreased by 3.7% and 5.6% respectively, compared to the same periods in 2020. For the three and nine months ended September 30, 2021, Total Portfolio excluding furnished suites NOI decreased by 6.0% and 5.0% respectively, compared to the same periods in 2020. This was mainly due to lower revenue from reduced occupancy for unfurnished suites, higher promotions, an increase in property operating costs and utilities expense. The demand for urban rentals continues to face challenges from remote work, economic affordability and demand for larger suites, resulting in lower occupancy. The lower occupancy was partially offset by higher average rents across the portfolio. Increase in property operating costs was mainly as a result of increase in salaries and wages, insurance premiums, advertising, and repairs and maintenance. Utilities increased mainly as a result of higher rates.

Revenue from Investment Properties

	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Rental revenue						
Unfurnished suites	\$ 26,360	\$ 26,321	0.1 %	\$ 77,995	\$ 80,546	(3.2)%
Furnished suites	2,257	1,839	22.7 %	5,570	5,771	(3.5)%
Commercial leases	536	536	— %	1,624	1,608	1.0 %
Parking revenue	1,119	1,067	4.9 %	3,263	3,189	2.3 %
Other property income	962	1,392	(30.9)%	2,666	2,885	(7.6)%
	\$ 31,234	\$ 31,155	0.3 %	\$ 91,118	\$ 93,999	(3.1)%

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

Total Portfolio rental revenue from unfurnished suites for the three months ended September 30, 2021 was 0.1% higher than the same period in 2020, mainly as a result of higher average rents, which were offset by higher promotions and lower occupancy. For the nine months ended September 30, 2021, Total Portfolio rental revenue from unfurnished suites was 3.2% lower than the same period in 2020, primarily as a result of reduced occupancy, which was down by 390 bps, and higher promotions. This was partially offset by a year over year increase in average monthly rents. The majority of the decline in revenue continues to be from core urban properties which have faced the negative impact of COVID-19. While the use of promotions is declining, its amortization continue to weigh on revenue.

Rental performance metrics for September 30, 2021 and 2020 are as follows:

	September 30, 2021	September 30, 2020
Number of suites ¹	7,277	7,243
Average monthly rent per suite	\$ 1,651	\$ 1,613
Occupancy - average for the period	92.87 %	93.97 %

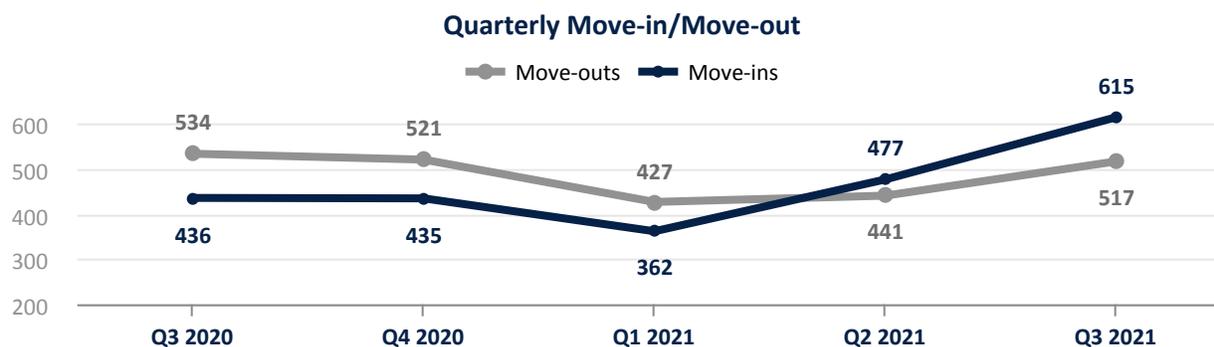
Total Portfolio average monthly rent per suite of \$1,651 as at September 30, 2021 was \$38 per month higher than the same period in 2020, primarily due to higher rents achieved in Toronto, Ottawa and Montreal.

The REIT entered into 555 and 1,559 new leases in Q3 2021 and YTD 2021, which represents a 38% and 42% increase in leasing activity compared to 403 and 1,095 new leases for the same periods in 2020.

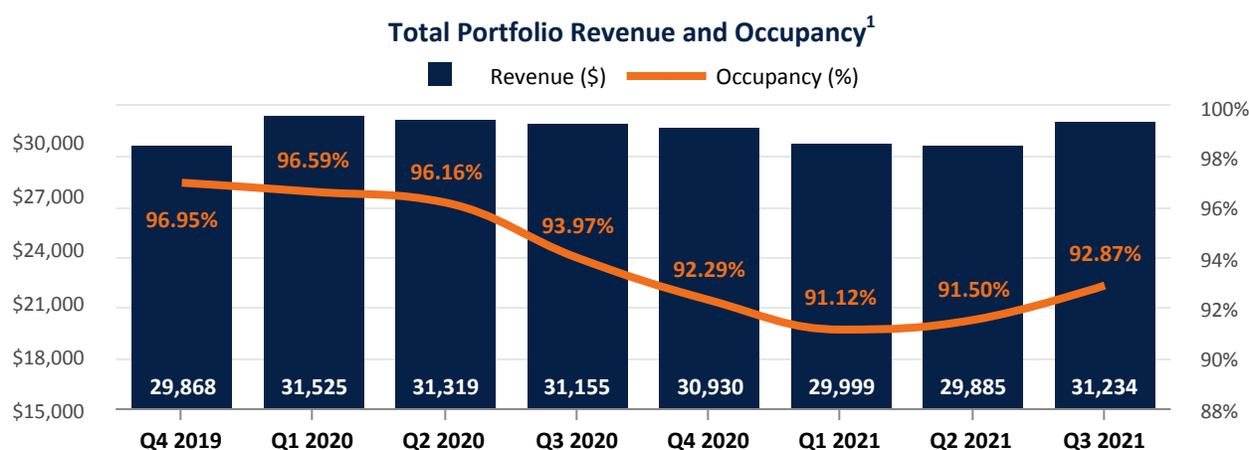
For Q3 2021, there were 517 move-outs (Q3 2020 - 534) and 615 move-ins (Q3 2020 - 436). Following the low point in Q1 2021, move-ins have outpaced move-outs, resulting in an improvement to occupancy for Q2 and Q3 2021.

¹ Total Portfolio suites includes 2,163 (September 30, 2020 - 2,163) suites co-owned with institutional partners.

The graph below sets out the REIT's quarterly move-in/move-out metrics for the past five quarters (100% basis):



With the strong momentum of vaccinations, reduced COVID case counts and improved market outlook, rental market conditions began showing signs of growing strength, rebounding from a bottom in March/April 2021. Q2 2021 saw move-ins outpacing move-outs resulting in an increase in occupancy and this momentum has carried forward into Q3 2021 with further positive net move-ins contributing to occupancy growth of 137 bps over Q2 2021.



Rental Revenue from Furnished Suites

For the three months ended September 30, 2021, rental revenue from furnished suites was 22.7% higher than the same period in 2020, primarily due to the improvement in occupancy and average rents. This improvement comes as a result of recovery in demand from business travel, corporate relocations and loosening of restrictions on non-essential travel. For the nine months ended September 30, 2021, rental revenue from furnished suites was 3.5% lower primarily due to a lower number of furnished suites and lower average monthly rent compared to the same period in 2020.

The table below outlines select performance metrics for the furnished suites:

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Suites	212	215	216	232	233	239
Average monthly rent	\$ 3,997	\$ 3,572	\$ 3,540	\$ 3,571	\$ 3,460	\$ 3,956
Occupancy - average for the period	86.30 %	74.44 %	62.49 %	77.29 %	75.08 %	64.50 %

¹ Average for the period based on proportional ownership basis.

Rental Revenue from Commercial Leases

For the three months ended September 30, 2021, there was no change in rental revenue from commercial leases compared to the same period in 2020. For the nine months ended September 30, 2021, rental revenue from commercial leases was 1.0% higher than the same periods in 2020, mainly as a result of higher operating cost recoveries from commercial tenants which include property taxes, insurance and other costs, which were partially offset by lower base rent revenue from a commercial tenant.

Parking Revenue

For the three and nine months ended September 30, 2021, Total Portfolio parking revenue increased by 4.9% and 2.3% compared to the same periods in 2020, mainly as a result of higher visitor parking revenue and increases in parking rates charged to tenants.

Other Property Income

For the three months ended September 30, 2021, the Total Portfolio other property income decreased by 30.9% primarily as a result of decrease in laundry revenue and resident chargebacks. The higher revenue for the three months ended September 30, 2020 was also due to the reclassification of income from unfurnished revenue to other property income.

For the nine months ended September 30, 2021, the decrease of 7.6% was mainly as a result of lower revenue from fitness centres, laundry and a one-time hydro rebate received in prior year.

Property Operating Costs

	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Property operating costs	\$ 6,228	\$ 5,582	(11.6)%	\$ 17,791	\$ 17,079	(4.2)%

Property operating costs relate to direct costs associated with operating the properties and providing services to tenants, including repairs and maintenance, insurance, site staff salaries, cleaning costs, leasing costs, supplies, waste removal and bad debt expense. The REIT maintains cost discipline and tight controls on property operating costs.

For the three months ended September 30, 2021, property operating costs for the Total Portfolio were 11.6% higher compared to the same period in 2020, primarily as a result of higher salaries and wages, insurance premiums, advertising expenses and repairs and maintenance. For the nine months ended September 30, 2021, property operating costs for the Total Portfolio were 4.2% higher compared to the same period in 2020, mainly as a result of higher salaries and wages, insurance premiums, advertising expenses and additional property operating costs for the rebuilt Skyline property in Ottawa, partially offset by lower repairs and maintenance. The increase in salaries is a result of increased staffing at certain properties and annual salary increases. Higher insurance premiums were driven by increases in insurance rates across the portfolio. Higher advertising and marketing expenses were incurred to generate new leads and higher expenses on resident promotions were incurred to maintain existing tenants. The reduction in repairs and maintenance is mainly due to limited repairs and maintenance work completed in the earlier part of the year as a result of the pandemic and the normalization of cleaning costs compared to 2020. For the three and nine months ended September 30, 2021, Total Portfolio property operating costs were 19.9% and 19.5% of revenue, compared to 17.9% and 18.2% for 2020.

Property Taxes

	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Property taxes	\$ 3,436	\$ 3,299	(4.2)%	\$ 9,814	\$ 10,184	3.6 %

For the three months ended September 30, 2021, Total Portfolio property taxes were 4.2% higher as compared to the same period in 2020, mainly as a result of the additional property taxes for the rebuilt Skyline property in Ottawa which stabilized in Q2 2021 and changes in assessed values and changes in tax rates across the portfolio. For the nine months ended September 30, 2021, Total Portfolio property taxes were 3.6% lower as compared to the same period in 2020, mainly as a result of successful property tax appeals resulting in refunds of taxes relating to certain properties in Ottawa, partially offset by additional property taxes for the rebuilt Skyline property in Ottawa and changes in assessed values and tax rates across the portfolio. Total Portfolio property taxes were 11.0% and 10.8% of revenue for the three and nine months ended September 30, 2021, compared to 10.6% and 10.8% for 2020.

Utilities

	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Electricity	\$ 1,120	\$ 1,048	(6.9)%	\$ 3,002	\$ 2,982	(0.7)%
Natural gas	232	226	(2.7)%	1,952	1,845	(5.8)%
Water	813	839	3.1 %	2,252	2,235	(0.8)%
	\$ 2,165	\$ 2,113	(2.5)%	\$ 7,206	\$ 7,062	(2.0)%

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

Total Portfolio utilities for the three months ended September 30, 2021 were 2.5% higher than the same period in 2020. The increase in electricity was mainly as a result of higher rates, partially offset by savings from sustainability projects, including LED lighting and building automation systems. Natural gas expense was higher mainly as a result of higher gas rates due to federal carbon taxes, partially offset by lower consumption as compared to the same period in 2020, and water expense was lower primarily due to lower consumption, partially offset by an increase in rates.

For the nine months ended September 30, 2021, electricity expense was higher mainly due to higher rates, partially offset by consumption savings from sustainability projects and milder weather as compared to same period in 2020. Natural gas and water expense were higher primarily due to higher rates. Total Portfolio utilities for the three and nine months ended September 30, 2021 represent 6.9% and 7.9% of revenue, compared to 6.8% and 7.5% for 2020.

General and Administrative Expenses

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

The general and administrative expenses of \$1,887 for the three months ended September 30, 2021 were 21.4% higher compared to the same period in 2020, primarily due to an increase in the amount charged under the ASA by \$141, unit-based compensation expense, salaries and benefits, professional fees, directors and officers insurance and investor relations costs.

For the nine months ended September 30, 2021, general and administrative expenses were 14.2% higher compared to the same period in 2020, primarily as a result of an increase in the amount charged under the ASA by \$424, unit-based compensation expense, salaries and benefits, professional fees, directors and officers insurance and investor relations costs, partially offset by lower travel expenses.

Finance Costs - Operations

	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Interest expense on mortgages	\$ 4,150	\$ 4,314	3.8 %	\$ 12,444	\$ 12,454	0.1 %
Interest expense and standby fees on credit facility	563	250	(125.2)%	1,340	1,550	13.5 %
Amortization of financing charges	144	146	1.4 %	495	383	(29.2)%
Amortization of mark-to-market adjustments	(193)	(194)	0.5 %	(577)	(576)	(0.2)%
Interest income	(833)	(404)	106.2 %	(2,250)	(1,133)	98.6 %
Capitalized interest expense	(27)	—	— %	(27)	—	— %
Interest expense and other financing charges	3,804	4,112	7.5 %	11,425	12,678	9.9 %
Distributions on Class B LP Units	2,591	2,561	(1.2)%	7,771	7,571	(2.6)%
Distributions on Class C LP Units	1,687	1,728	2.4 %	5,066	5,188	2.4 %
	\$ 8,082	\$ 8,401	3.8 %	\$ 24,262	\$ 25,437	4.6 %

Finance costs comprise interest expense on secured debt; interest expense and standby fees on the revolving credit facility; amortization of financing charges and mark-to-market adjustments on the debt; and distributions on Class B LP Units ("Class B LP Units") and Class C LP Units ("Class C LP Units") of Minto Apartment Limited Partnership ("the Partnership"); offset by interest income and capitalized interest expense.

Finance costs for the three months ended September 30, 2021 were lower by \$319 compared to the same period in 2020, primarily as a result of lower interest expense on mortgages mainly due to lower interest rates, higher interest income earned on convertible development loans advanced to related parties, interest capitalized for a development project, and a decrease in distributions on Class C LP Units, partially offset by additional interest expense and standby fees on the credit facility and an increase in distributions on Class B LP Units.

Finance costs for the nine months ended September 30, 2021 were \$1,175 lower compared to the same period in 2020, primarily due to lower interest expense and standby fees on the credit facility, higher interest income from convertible development loans advanced to related parties, lower distributions on Class C LP Units and interest capitalized for development projects. This was partially offset by higher amortization of financing charges from additional mortgages obtained and increased distributions on Class B LP Units.

Fair Value Gain (Loss) on Investment Properties

Fair value of residential investment properties is determined using the direct capitalization approach, by applying an appropriate capitalization rate which reflects the characteristics, location and market conditions to the estimated 12 month stabilized forecasted NOI for each property, reduced by an estimate of future capital expenditures.

Management has been monitoring the impact of the pandemic on operations since Q1 2020. It is not possible to forecast with certainty the duration or full scope of the economic impact of COVID-19 on the REIT's business and operations, both in the short and long term. With the vast majority of the Canadian population vaccinated, border restrictions continuing to be eased, and businesses, offices and in-class learning at post-secondary institutions slowly resuming operations, Management is optimistic for continued rental market improvements and therefore eliminated its COVID valuation reserve in Q2 2021.

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Forecast NOI	\$ (4,209)	\$ 16,250	\$ 5,077	\$ 41,297
Capitalization rates	55,886	—	112,491	(3,329)
Capital expenditure reserve	(17,014)	(7,475)	(34,194)	(16,661)
COVID-19 reserve	—	56	2,681	(3,837)
	\$ 34,663	\$ 8,831	\$ 86,055	\$ 17,470

The increase in valuation due to capitalization rate compression for the three months ended September 30, 2021 was primarily driven by properties located in Ottawa. The weighted average capitalization rate for the portfolio decreased to 3.62% as at September 30, 2021 compared to 3.81% for December 31, 2020. See Section III - "Assessment of Financial Position - Investment Properties" for changes in capitalization rates by market. The increase was partially offset by lower forecast NOI mainly due to an increase in the forecast for expenses for the properties located in Montreal and increased capital expenditures reserve primarily due to ongoing capital expenditure requirements and the advancement of various repositioning programs.

The fair value gain on investment properties for the nine months ended September 30, 2021 was a result of compression in capitalization rates for properties located in Ottawa and Toronto, increase in forecast NOI as a result of higher rental rates on turnover and on newly leased repositioned suites on properties in Ottawa and Toronto and the elimination of the COVID-19 valuation reserve. This was partially offset by increased capital expenditures reserve primarily due to ongoing capital expenditure requirements and the advancement of various repositioning programs.

Fair Value Loss (Gain) on Class B LP Units

The Class B LP Units are owned by a limited partnership wholly-owned by MPI. The Class B LP Units are economically equivalent to Units, in that they receive distributions equal to the distributions paid on Units and are exchangeable into Units at the holder's option. The Class B LP Units are classified as financial liabilities and measured at fair value with any changes in fair value recorded in net income. The fair value gain or loss on Class B LP Units is measured every period by reference to the closing trading price of the Units. An increase in the Unit closing price over the period results in a fair value loss, whereas a decrease in the Unit closing price over the period results in a fair value gain.

For the three months ended September 30, 2021, the Unit price decreased from \$23.94 to \$22.36, resulting in a fair value gain of \$35,976. For the same period in 2020, the Unit price decreased from \$19.90 to \$18.28, resulting in a fair value gain of \$36,886.

For the nine months ended September 30, 2021, the Unit price increased from \$20.37 to \$22.36, resulting in a fair value loss of \$45,310. For the same period in 2020, the opening Unit price was \$23.15 and the closing Unit price was \$18.28, resulting in a fair value gain of \$110,885.

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 the three and nine months ended September 30, 2021, the REIT recognized a fair value gain of \$145 and \$1,204 compared to a fair value gain of \$57 and a fair value loss of \$2,603 for the same periods in 2020. The fair value gains were primarily a result of an increase in variable interest rates whereas the fair value loss mainly resulted from a decrease 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 the three months ended September 30, 2021, the REIT recognized a fair value gain of \$282 from the decrease in Unit price from \$23.94 to \$22.36. For the same period in 2020, the Unit price decreased from \$19.90 to \$18.28, resulting in a fair value gain of \$234.

For the nine months ended September 30, 2021, the REIT experienced a fair value loss of \$235 from an increase in the Unit price for Deferred Units outstanding from \$20.37 at December 31, 2020 to \$22.36 at September 30, 2021, and the Deferred Units issued and redeemed during the period. For the same period in 2020, the Unit price decreased from \$23.15 to \$18.28, resulting in a fair value gain of \$488.

Fees and Other Income

Fees and other income represent revenue from asset, project and property management services provided by the REIT in connection with three properties co-owned with institutional partners. For the three and nine months ended September 30, 2021, these fees were 2.2% and 2.9% higher compared to the same periods in 2020, mainly as a result of an increase in project management fees and asset management fee revenues. Project management fees increased due to the ramping up of repositioning projects in 2021 as government restrictions due to COVID-19 were relaxed, whereas asset management fees increased due to the increase in the value of the assets compared to 2020.

Summary of Quarterly Results

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Total assets	\$ 2,326,515	\$ 2,286,697	\$ 2,211,191	\$ 2,203,284	\$ 2,123,708	\$ 2,085,271	\$ 2,166,295	\$ 2,050,300
Investment properties	\$ 2,252,643	\$ 2,206,078	\$ 2,145,174	\$ 2,138,101	\$ 2,063,520	\$ 2,036,213	\$ 2,020,748	\$ 2,016,328
Total liabilities	\$ 1,419,443	\$ 1,456,426	\$ 1,385,520	\$ 1,353,060	\$ 1,292,367	\$ 1,306,479	\$ 1,396,196	\$ 1,363,525
Total non-current liabilities	\$ 1,331,990	\$ 1,394,275	\$ 1,273,525	\$ 1,243,761	\$ 1,202,911	\$ 1,141,192	\$ 1,219,829	\$ 1,306,124
Revenue from investment properties	\$ 31,234	\$ 29,885	\$ 29,999	\$ 30,930	\$ 31,155	\$ 31,319	\$ 31,525	\$ 29,868
NOI ¹	\$ 19,405	\$ 19,018	\$ 17,884	\$ 18,946	\$ 20,161	\$ 20,024	\$ 19,489	\$ 18,613
NOI margin ¹	62.1%	63.6%	59.6%	61.3%	64.7%	63.9%	61.8%	62.3%
Net income (loss) and comprehensive income (loss)	\$ 80,928	\$ 8,727	\$ (20,427)	\$ 23,010	\$ 56,630	\$ 12,054	\$ 87,944	\$ 19,708
FFO ¹	\$ 12,453	\$ 11,941	\$ 10,891	\$ 12,022	\$ 13,183	\$ 12,659	\$ 12,117	\$ 11,737
FFO per unit ¹	\$ 0.2109	\$ 0.2022	\$ 0.1845	\$ 0.2036	\$ 0.2233	\$ 0.2144	\$ 0.2052	\$ 0.1997
AFFO ¹	\$ 10,883	\$ 10,373	\$ 9,322	\$ 10,459	\$ 11,619	\$ 11,097	\$ 10,558	\$ 10,212
AFFO per unit ¹	\$ 0.1842	\$ 0.1757	\$ 0.1579	\$ 0.1771	\$ 0.1968	\$ 0.1879	\$ 0.1788	\$ 0.1738
Distributions declared	\$ 6,718	\$ 6,717	\$ 6,716	\$ 6,718	\$ 6,642	\$ 6,496	\$ 6,495	\$ 6,464
AFFO Payout Ratio ¹	61.73%	64.75%	72.04%	64.23%	57.16%	58.54%	61.52%	63.30%
Distribution per unit	\$ 0.1138	\$ 0.1138	\$ 0.1138	\$ 0.1138	\$ 0.1125	\$ 0.1100	\$ 0.1100	\$ 0.1100

The REIT's operating results are affected by seasonal variations and other factors, including the impacts of the COVID-19 pandemic. As a result, the operating performance and metrics in one quarter may not be indicative of future quarters. The winter months typically tend to generate weaker performance due to increased energy consumption and snow 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 social and economic 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 with the full impact to the REIT's operating results beginning in Q4 2020. In addition to the reduced occupancy for the Total Portfolio, furnished suites which have historically enhanced yield and property returns were negatively impacted by business and travel restrictions and contributed to the decrease in revenue and NOI. Management further implemented targeted marketing efforts and initiatives in an effort to turn suites, including incentives and focused leasing promotions, which also contributed to reduced revenues and NOI.

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 2021 as reflected by higher revenues and NOI from improved occupancy and average rents both on the furnished and unfurnished suite portfolio.

¹ Refer to Section IV, "Liquidity, Capital Resources and Contractual Commitments - Reconciliation of Non-IFRS Measures" for a reconciliation of performance indicators not defined by IFRS.

Section III - Assessment of Financial Position

Investment Properties

The following table summarizes the changes in investment properties:

		\$
Balance, December 31, 2020	\$	2,138,101
Additions		
Capital expenditures		28,487
Fair value gain		86,055
Balance, September 30, 2021	\$	2,252,643

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 three main categories: development expenditures, value-enhancing capital expenditures and maintenance capital expenditures.

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Total expenditures	\$ 11,902	\$ 18,476	\$ 28,487	\$ 28,117
Development expenditures	1,268	10,180	2,384	10,670
Value-enhancing capital expenditures				
Building improvements	3,909	4,690	9,479	9,128
Suite upgrades	4,759	2,190	12,117	5,128
	9,936	17,060	23,980	24,926
Maintenance capital expenditures	1,966	1,416	4,507	3,191
Maintenance capital expenditures per suite	\$ 322	\$ 232	\$ 737	\$ 524

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

Development expenditures are a component of the REIT's growth and value-creation strategy. These include projects which add to the existing suite count of the REIT through intensification or redevelopment of existing assets in order to deliver NAV growth to Unitholders.

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". The REIT's active repositioning programs for the nine months ended September 30, 2021 included Minto Yorkville, Roehampton, Leslie York Mills, Martin Grove and High Park Village in Toronto, Castle Hill and Carlisle in Ottawa, and Rockhill, Le 4300 and Haddon Hall in Montreal. The repositioning of suites at its Edmonton properties remains on hold as lower rental rates are negatively impacting returns on repositioning activities.

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 the three and nine months ended September 30, 2021 were \$1,966 and \$4,507, or \$322 and \$737 per suite, and primarily related to maintenance of fire-life safety systems, roofing, parking garages and mechanical, plumbing and electrical work at various buildings, including common areas.

Management expects to spend \$900 per suite on average for maintenance capital expenditures on an annual basis. Due to the various government restrictions imposed during 2020, certain projects were deferred which resulted in 2020's annual per suite expenditure being slightly below target. As provincial restrictions continue to ease, maintenance capital expenditure projects may be accelerated to complete projects that were previously deferred in addition to current year projects. The anticipated per suite spend could exceed the general target of \$900 per suite if work can be successfully completed.

Valuation

Fair value for residential properties is 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.

Due to the COVID-19 vaccine roll-out resulting in the easing of provincial restrictions, return of in-class learning at post-secondary institutions and the return to higher immigration levels, Management eliminated, in Q2 2021, the portfolio-level valuation reserve meant to account for the near-term income losses resulting from the global pandemic.

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

As at	September 30, 2021		December 31, 2020	
	Low	High	Low	High
Ottawa, Ontario	3.63%	4.00%	4.00%	4.25%
Toronto, Ontario	3.13%	3.25%	3.25%	3.75%
Edmonton, Alberta	4.25%	4.25%	4.25%	4.25%
Calgary, Alberta	4.15%	4.25%	4.15%	4.25%
Montreal, Quebec	3.50%	3.75%	3.50%	3.75%
Weighted-average capitalization rate	3.62%		3.81%	

Class B LP Units

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

As at September 30, 2021, there were 22,769,073 (December 31, 2020 - 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 September 30, 2021, there were 22,978,700 (December 31, 2020 - 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, 2020 - 3.16%) and mature at various dates between 2023 and 2030.

Secured Debt

Secured debt includes mortgages and the REIT's revolving credit facility. The REIT maintains mortgages with both fixed and variable interest rates that are secured by investment properties. The fixed rate mortgages bear interest at a weighted average contractual interest rate of 2.81% (December 31, 2020 - 2.85%) and mature at various dates between 2022 to 2030. Included within the fixed rate mortgages is a variable rate mortgage that is fixed at 3.38% through an interest rate swap.

On January 28, 2021, the REIT renewed a mortgage of \$22,077 secured by Leslie York Mills. The renewed mortgage bears interest at 1.63% and matures on April 1, 2025.

The REIT has a committed revolving credit facility of \$200,000 (December 31, 2020 - \$200,000) that is secured by several investment properties, and is used to fund working capital requirements, acquisitions, letters of credit and for general corporate purposes. On May 5, 2021, the REIT renewed the revolving credit facility for a period of three years maturing on July 3, 2024. The credit facility bears interest at bankers' acceptance rate plus 175 bps or prime plus 75 bps and as at September 30, 2021, the weighted average variable interest rate was 2.21% (December 31, 2020 - 2.25%).

	September 30, 2021		December 31, 2020	
Committed	\$	200,000	\$	200,000
Utilized				
Amounts drawn		77,000		31,948
Letter of credit		442		—
Amount available	\$	122,558	\$	168,052

Units

The REIT's DOT authorizes the issue of an unlimited number of Units. As at September 30, 2021 and December 31, 2020, there were 36,274,839 Units outstanding with a carrying value of \$631,434.

Distributions

Distributions are paid monthly to Unitholders of record at the close of business on the last day of a month on or about the 15th day of the following month. Distributions must be approved by the Board of Trustees and are subject to change depending on the general economic outlook and financial performance of the REIT.

For the three and nine months ended September 30, 2021, distributions to Unitholders of \$4,127 and \$12,380 (September 30, 2020 - \$4,081 and \$12,062) were declared based on approved monthly distributions of \$0.03792 per Unit for the months of January to September (September 30, 2020 - \$0.03667 for the months of January to July 2020 and \$0.03792 per Unit for the months of August and September 2020).

Section IV - Liquidity, Capital Resources and Contractual Commitments

Liquidity and Capital Resources

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

As at	September 30, 2021	December 31, 2020
Liabilities (principal amounts outstanding):		
Class B LP Units	\$ 509,116	\$ 463,806
Class C LP Units	213,536	217,524
Mortgages	589,799	599,413
Credit facility	77,000	31,948
	1,389,451	1,312,691
Unitholders' equity	907,072	850,224
	\$ 2,296,523	\$ 2,162,915

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

The objective of the REIT's capital strategy is to arrange capital at the lowest possible cost while maintaining diversity in its lending base, balance in its maturity schedule and sufficient liquidity to fund the ongoing operations of the REIT and pay distributions. At September 30, 2021, 73% (December 31, 2020 - 77%) of the REIT's total debt is CMHC insured and approximately 91% (December 31, 2020 - 96%) 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 and Management is currently targeting a range of 45%-55%. The REIT's Debt-to-Gross Book Value ratio and liquidity as a percentage of total debt are calculated as follows:

As at	September 30, 2021	December 31, 2020
Class C LP Units	\$ 215,541	\$ 219,885
Mortgages	588,487	598,079
Credit facility	77,000	31,948
Total debt	881,028	849,912
Total assets	2,326,515	2,203,284
Debt-to-Gross Book Value ratio	37.87 %	38.57 %
Total liquidity	125,645	170,659
Liquidity as a percentage of total debt	14.26 %	20.08 %

The REIT continues to maintain a conservative overall leverage position with a Debt-to-Gross Book Value ratio of 37.87% at September 30, 2021, a slight improvement from December 31, 2020.

Management measures the Debt-to-EBITDA ratio¹ as a measure of the REIT's financial health and liquidity. Generally, the lower the ratio, the lower the credit risk. The REIT's Debt-to-EBITDA ratio is calculated as follows:

As at	September 30, 2021	December 31, 2020
Trailing 12 month NOI	\$ 75,253	\$ 78,620
Trailing 12 month general and administrative expenses	(7,351)	(6,634)
Trailing 12 month fees and other income	1,635	1,600
	69,537	73,586
Impact on NOI of stabilized earnings from acquisitions and new developments	120	—
EBITDA	69,657	73,586
Total debt, net of cash	877,941	847,305
Debt-to-EBITDA ratio	12.60x	11.51x

The REIT's Debt-to-EBITDA ratio increased by 1.09x compared to December 31, 2020. The REIT finances the intensification of existing sites and the extension of convertible loans for development of investment properties (refer to Section I - "Overview - Outlook") with a combination of equity and debt. This increase in total debt does not result in an increase in NOI until these investment properties stabilize resulting in an increase to the Debt-to-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 September 30, 2021, the weighted average term to maturity on the REIT's fixed rate debt was 5.17 years (December 31, 2020 - 5.81) and the weighted average interest rate on fixed rate debt was 2.90% (December 31, 2020 - 2.94%). 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 ²
	Mortgages	Class C LP Units	Mortgages	Credit facility	Class C LP Units			
2021	\$ 3,265	\$ 1,353	\$ —	\$ —	\$ —	\$ 4,618	0.5 %	— %
2022	12,484	5,510	87,163	—	—	105,157	11.9 %	3.22 %
2023	11,262	5,298	47,620	—	44,936	109,116	12.4 %	3.05 %
2024	9,689	4,321	48,182	77,000	46,178	185,370	21.1 %	2.66 %
2025	8,668	3,067	41,016	—	60,474	113,225	12.9 %	2.91 %
2026	7,536	1,283	32,651	—	—	41,470	4.7 %	3.38 %
Thereafter	25,914	2,923	254,349	—	38,193	321,379	36.5 %	2.71 %
	\$ 78,818	\$ 23,755	\$ 510,981	\$ 77,000	\$ 189,781	\$ 880,335	100 %	

As of September 30, 2021, current liabilities of \$87,453 (December 31, 2020 - \$109,299) exceeded current assets of \$14,144 (December 31, 2020 - \$15,854), resulting in a net working capital deficit of \$73,309 (December 31, 2020 - \$93,445). The REIT's immediate liquidity needs are met through cash-on-hand, cash flow from operations and availability on its credit facility. As of September 30, 2021, liquidity was \$125,645 (December 31, 2020 - \$170,659) consisting of cash of \$3,087 (December 31, 2020 - \$2,607) and \$122,558 (December 31, 2020 - \$168,052) 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.

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.

¹ See "Non-IFRS Measures" under Section VI - "Supplemental Information - Non-IFRS Measures" for definition of the measure.

² Weighted average interest rates for maturing mortgages, credit facility and Class C LP Units.

Cash Flows

The REIT held a cash balance of \$3,087 as at September 30, 2021 (September 30, 2020 - \$3,005). The sources and use of cash flow for the three and nine months ended September 30, 2021 and 2020 are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Operating activities	\$ 17,881	\$ 14,461	\$ 44,824	\$ 45,205
Financing activities	(6,518)	(10,381)	837	(18,922)
Investing activities	(10,593)	(7,964)	(45,181)	(25,206)

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 September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net income and comprehensive income	\$ 80,928	\$ 56,630	\$ 69,228	\$ 156,628
Add: distributions on Class B LP Units	2,591	2,561	7,771	7,571
	83,519	59,191	76,999	164,199
Less: distributions paid	(6,718)	(6,569)	(20,151)	(19,560)
Excess of net income and comprehensive income over total distributions paid	\$ 76,801	\$ 52,622	\$ 56,848	\$ 144,639
Cash provided by operating activities	\$ 17,881	\$ 14,461	\$ 44,824	\$ 45,205
Add: interest received	326	1,197	1,226	1,197
Less: interest paid	(6,421)	(6,918)	(18,997)	(18,995)
	11,786	8,740	27,053	27,407
Less: distributions paid	(6,718)	(6,569)	(20,151)	(19,560)
Excess of cash provided by operating activities over total distributions and interest paid	5,068	2,171	6,902	7,847
Distributions declared	\$ 6,718	\$ 6,642	\$ 20,151	\$ 19,633

For the three and nine months ended September 30, 2021, net income and comprehensive income exceeded the amount of distributions paid. Distributions are better evaluated in the context of operating cash flows rather than net income (loss) as it is impacted by several non-cash items, including fair value gains or losses on investment properties, Class B LP Units, Unit-based compensation and an interest rate swap.

While cash flows provided by operating activities are generally sufficient to cover distribution requirements, the timing of expenses and fluctuations in non-cash working capital may result in temporary shortfall. In these cases, some portion of distributions may come from the REIT's capital or financing sources other than cash flows provided by operating activities. For the three and nine months ended September 30, 2021, there was an excess of cash provided by operating activities over total distributions and interest paid.

Cash (used in) provided by financing activities

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Proceeds from mortgage financing	\$ 8,558	\$ 106,797	\$ 8,558	\$ 222,206
Net proceeds (repayments) on credit facility	2,609	3,336	45,052	(74,173)
Financing costs paid	—	(3,071)	(23)	(5,087)
Principal repayments on mortgages	(3,213)	(102,663)	(9,614)	(119,447)
Distributions paid on various classes of Units	(8,051)	(7,862)	(24,139)	(23,426)
Interest paid	(6,421)	(6,918)	(18,997)	(18,995)
	\$ (6,518)	\$ (10,381)	\$ 837	\$ (18,922)

For the three months ended September 30, 2021, cash flow from financing activities included payments of principal and interest on mortgages, payments of interest credit facility and payment of distributions on various classes of Units partially offset by proceeds from a fixed rate mortgage held in escrow since July 2020 and withdrawals from the revolving credit facility.

For the nine months ended September 30, 2021, cash flow from financing activities included proceeds from a fixed rate mortgage held in escrow since July 2020 and withdrawals from the revolving credit facility partially offset by payments of principal and interest on mortgages, payments of interest on credit facility and payment of distributions on various classes of Units.

Cash used in investing activities

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Capital additions to investment properties	\$ (10,919)	\$ (7,095)	\$ (37,327)	\$ (18,827)
Convertible development loans to related parties	—	(2,066)	(9,080)	(7,576)
Interest received	326	1,197	1,226	1,197
	\$ (10,593)	\$ (7,964)	\$ (45,181)	\$ (25,206)

Included in cash flows from investing activities for the three and nine months ended September 30, 2021 are capital expenditures on investment properties and funds advanced for the development of the Beechwood mixed-use multi-residential and commercial rental property in Ottawa, partially offset by interest received mainly from the loans advanced to related parties.

Reconciliation of Non-IFRS Measures

FFO and AFFO

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net income and comprehensive income	\$ 80,928	\$ 56,630	\$ 69,228	\$ 156,628
Distributions on Class B LP Units	2,591	2,561	7,771	7,571
Fair value loss (gain) on:				
Investment properties	(34,663)	(8,831)	(86,055)	(17,470)
Class B LP Units	(35,976)	(36,886)	45,310	(110,885)
Interest rate swap	(145)	(57)	(1,204)	2,603
Unit-based compensation	(282)	(234)	235	(488)
Funds from operations (FFO)	\$ 12,453	\$ 13,183	\$ 35,285	\$ 37,959
Maintenance capital expenditure reserve	(1,377)	(1,370)	(4,130)	(4,109)
Amortization of mark-to-market adjustments	(193)	(194)	(577)	(576)
Adjusted funds from operations (AFFO)	\$ 10,883	\$ 11,619	\$ 30,578	\$ 33,274
Distributions on Class B LP Units	2,591	2,561	7,771	7,571
Distributions on Units	4,127	4,081	12,380	12,062
	6,718	6,642	20,151	19,633
AFFO Payout Ratio	61.7 %	57.2 %	65.9 %	59.0 %
Weighted average number of Units and Class B LP Units issued and outstanding	59,043,912	59,043,912	59,043,912	59,043,912
FFO per unit	\$ 0.2109	\$ 0.2233	\$ 0.5976	\$ 0.6429
AFFO per unit	\$ 0.1842	\$ 0.1968	\$ 0.5179	\$ 0.5635

FFO was lower for the three and nine months ended September 30, 2021 as compared to the same periods in 2020, reflecting a 3.7% and 5.6% decrease in NOI driven mainly by lower occupancy. AFFO was lower for the three and nine months ended September 30, 2021 as compared to the same periods in 2020, primarily as a result of lower FFO and an increase in the maintenance capital expenditure reserve from the addition of 32 rebuilt Skyline suites to the portfolio suite count. The rolling three year average of the actual maintenance capital expenditure per suite was \$913 which is largely in line with the reserve of \$900 per suite included in the AFFO calculation.

¹ See Section VI, "Supplemental Information - Non-IFRS Measures"

NOI and NOI Margin

Total Portfolio - excluding furnished suites

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Revenue from investment properties	\$ 28,977	\$ 29,316	\$ 85,548	\$ 88,228
Property operating costs	10,883	10,073	31,959	31,792
NOI	18,094	19,243	\$ 53,589	\$ 56,436
NOI margin	62.4 %	65.6 %	62.6 %	64.0 %

Total Portfolio

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Revenue from investment properties	\$ 31,234	\$ 31,155	\$ 91,118	\$ 93,999
Property operating costs	11,829	10,994	34,811	34,325
NOI	19,405	20,161	\$ 56,307	\$ 59,674
NOI margin	62.1 %	64.7 %	61.8 %	63.5 %

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:

	Nine months ended September 30, 2021	Year ended December 31, 2020
NOI	\$ 56,307	\$ 78,620
Interest expense and standby fees on credit facility	1,340	1,838
Distributions on Class C LP Units:		
Principal repayments	3,988	5,177
Finance costs	5,066	6,907
Mortgages:		
Principal repayments	9,614	10,503
Finance costs	12,444	16,735
Total debt service	\$ 32,452	\$ 41,160
Debt Service Coverage ratio	1.74x	1.91x

Debt-to-EBITDA Ratio

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

NAV and NAV per unit

As at	September 30, 2021	December 31, 2020
Net assets (Unitholders' equity)	\$ 907,072	\$ 850,224
Add: Class B LP Units	509,116	463,806
NAV	\$ 1,416,188	\$ 1,314,030
Number of Units and Class B LP Units	59,043,912	59,043,912
NAV per unit	\$ 23.99	\$ 22.26

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, 2020 and 2019.

The REIT has used the best information available as at September 30, 2021, in determining the potential impact of the COVID-19 outbreak on the carrying amounts of assets and liabilities, earnings for the period and risks disclosed in the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2021 and 2020. The estimates that could be most significantly impacted by COVID-19 include those underlying the valuation of investment properties and the estimated credit losses on accounts receivable. Actual results may differ from those estimates.

Risks and Uncertainties

The REIT faces a variety of diverse risks, many of which are inherent in the business conducted by the REIT. These are described in detail under the heading "Risks and Uncertainties" in the REIT's Management's Discussion and Analysis for the years ended December 31, 2020 and 2019, filed on SEDAR (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.

Market Risk

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

Interest rate risk

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

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

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

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

As at September 30, 2021, the REIT has a committed variable rate credit facility of \$200,000 (December 31, 2020 - \$200,000) with an outstanding balance of \$77,000 (December 31, 2020 - \$31,948). A 1% change in prevailing interest rates would change annualized interest charges incurred by \$770 (December 31, 2020 - \$319).

Currency risk

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

Other price risk

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

The REIT is exposed to other price risk on its Class B LP Units. A 1% change in the prevailing market price of the Units as at September 30, 2021 would have a \$5,091 (December 31, 2020 - \$4,638) change in the fair value of the Class B LP Units.

Credit Risk

Credit risk is the risk that tenants and/or debtors may experience financial difficulty and be unable to fulfill their lease commitments or loan repayments. An allowance for impairment is taken for all expected credit losses.

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

The REIT is also exposed to credit risk in relation to the loans advanced to related parties, in the event that the borrowers default on the repayment of amounts owing to the REIT. Management mitigates this risk by ensuring adequate security has been provided.

Liquidity Risk

Liquidity risk is the risk that the REIT will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The REIT's liquidity is subject to macroeconomic, financial, competitive and other factors that are beyond the REIT's control including the ongoing COVID-19 disruption.

Liquidity risk is managed through cash flow forecasting. Management monitors forecasts of the REIT's liquidity requirements to ensure it has sufficient cash to meet operational needs through maintaining sufficient cash and/or availability on the undrawn credit facility and ensuring that it meets its financial covenants related to debt agreements. Such forecasting takes into consideration the current and projected macroeconomic conditions, the REIT's cash collection efforts, debt financing plans and covenant compliance required under the terms of debt agreements. There is a risk that such liquidity forecasts may not be achieved and that currently available debt financing may no longer be available to the REIT at terms and conditions that are favorable to the REIT, or at all.

The REIT mitigates liquidity risk by staggering the maturity dates of its borrowing, maintaining borrowing relationships with various lenders, proactively renegotiating expiring credit agreements well in advance of the maturity date and by maintaining sufficient availability on its credit facility.

As of September 30, 2021, liquidity was \$125,645 (December 31, 2020 - \$170,659) consisting of cash of \$3,087 (December 31, 2020 - \$2,607) and \$122,558 (December 31, 2020 - \$168,052) of available borrowing capacity under the credit facility.

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

	2021	2022	2023	2024	2025	2026 and thereafter	Total
Mortgages	\$ 3,265	\$ 99,647	\$ 58,882	\$ 57,871	\$ 49,684	\$ 320,450	\$ 589,799
Credit facility	—	—	—	77,000	—	—	77,000
	3,265	99,647	58,882	134,871	49,684	320,450	666,799
Class C LP Units	1,353	5,510	50,234	50,499	63,541	42,399	213,536
Interest obligation	6,209	23,721	20,220	15,098	11,745	35,305	112,298
Tenant rental deposits	8,951	—	—	26	—	10	8,987
Due to related parties	1,416	—	—	—	—	—	1,416
Accounts payable and accrued liabilities	17,446	758	403	137	38	114	18,896
	\$ 38,640	\$ 129,636	\$ 129,739	\$ 200,631	\$ 125,008	\$ 398,278	\$ 1,021,932

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

Related Party Transactions

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

Administrative Support Agreement

On July 3, 2018, the REIT and MPI entered into a five year renewable agreement that provides the REIT with certain advisory, transaction and support services, including clerical and administrative support, operational support for the administration of day-to-day activities of the REIT and office space. These services are provided on a cost recovery basis, subject to a maximum during the initial five year term, for all general and administrative expenses, excluding public company costs, of 32 bps of Gross Book Value of the REIT's assets.

For the three and nine months ended September 30, 2021, the REIT incurred \$565 and \$1,695 (September 30, 2020 - \$424 and \$1,272) for services rendered by MPI and its affiliates under the ASA.

The REIT monitors the administrative support fee, ensuring adherence with the requirements established under the ASA. For the nine months ended September 30, 2021, annualized general and administrative expenses, excluding public company costs, represent 23 bps of Gross Book Value (September 30, 2020 - 22 bps).

Loans Receivable from Related Parties

The REIT committed to advance up to \$30,000 to an affiliate of MPI to support its redevelopment of a commercial property located at 99 Fifth Avenue, Ottawa, Ontario. The loan bears interest at 6% per annum and matures on March 31, 2022. In connection with this financing, the REIT will have the exclusive option to purchase the property upon stabilization at 95% of its then fair market value as determined by independent and qualified third-party appraisers. For the nine months ended September 30, 2021, the REIT advanced \$nil (September 30, 2020 - \$7,576), earned interest income of \$1,346 (September 30, 2020 - \$1,107) and received interest of \$1,198 (September 30, 2020 - \$1,171). As at September 30, 2021, the amount receivable under the loan was \$30,148 (December 31, 2020 - \$30,000).

The REIT committed to advance \$11,915 to a limited partnership jointly owned by MPI and a subsidiary of Darwin Properties Limited ("DPL") to develop Phase I of Lonsdale Square ("Lonsdale Square") in North Vancouver, British Columbia and an additional \$2,085 to fund interest costs. The loan bears interest at 7% per annum and matures on May 30, 2024. In connection with this financing, the REIT will have the exclusive option to purchase the property upon stabilization at 95% of its then fair market value as determined by independent and qualified third-party appraisers. For the nine months ended September 30, 2021, the REIT earned interest income of \$642 (September 30, 2020 - \$nil). As at September 30, 2021, the amount receivable under the loan was \$12,630 (December 31, 2020 - \$11,988).

The REIT committed to advance up to \$43,700 to an affiliate of MPI for the development of a mixed-use multi-residential and commercial rental property located at Beechwood Avenue ("Beechwood") in Ottawa, Ontario and an additional \$7,700 to fund interest costs. The loan bears interest at 6% per annum and matures on December 31, 2025. In connection with this financing, the REIT will have the exclusive option to purchase the property upon stabilization at 95% of its then fair market value as determined by independent and qualified third-party appraisers. For the nine months ended September 30, 2021, the REIT advanced \$9,080 and earned interest income of \$234. As at September 30, 2021, the amount receivable under the loan was \$9,314.

Due to Related Parties

Amounts due to related parties at September 30, 2021 include \$863 and \$555 (December 31, 2020 - \$863 and \$575) relating to distributions payable to limited partnerships wholly owned by MPI on Class B LP Units and Class C LP Units, respectively. Additionally, amounts due to MPI include a payable of \$34 (December 31, 2020 - \$34) for distributions on Units and a receivable of \$36 (December 31, 2020 - payable of \$211) for working capital.

At December 31, 2020, amounts due to related parties included \$8,356 payable to MPI for the rebuilt Skyline Maisonettes. The amount was repaid on April 22, 2021.

Revenue and Expense

- Included in rental revenue for the three and nine months ended September 30, 2021 is \$113 and \$319 (September 30, 2020 - \$171 and \$451) of revenue from MPI and its affiliates as rent for office space, furnished suites, parking and other revenue at certain REIT properties.
- Included in property operating expenses for the three and nine months ended September 30, 2021 is \$186 and \$535 (September 30, 2020 - \$165 and \$530) paid to MPI and its affiliates for repairs and maintenance and other expenses at certain REIT properties.
- For the three and nine months ended September 30, 2021, compensation to key management personnel includes \$127 and \$537 (September 30, 2020 - \$125 and \$496) paid to executives, Unit-based compensation expense of \$369 and \$956 (September 30, 2020 - \$291 and \$867) for executives and Unit-based compensation expense for the grant of Deferred Units to Trustees in lieu of annual retainer and meeting fees of \$139 and \$418 (September 30, 2020 - \$120 and \$375), respectively. Additional compensation to key management personnel for services provided to the REIT was paid by MPI and its affiliate.
- Included in finance costs for the three and nine months ended September 30, 2021 are distributions on Class B LP Units of \$2,591 and \$7,771 paid or payable to a limited partnership wholly-owned by MPI. For the three and nine months ended September 30, 2020, distributions on Class B LP Units of \$2,561 and \$7,571 were paid or payable to MPI and a limited partnership wholly-owned by MPI.
- Included in finance costs for the three and nine months ended September 30, 2021 are distributions on Class C LP Units of \$1,687 and \$5,066 (September 30, 2020 - \$1,728 and \$5,188), paid or payable to a limited partnership wholly-owned by MPI.
- Included in finance costs for the three and nine months ended September 30, 2021 is interest income of \$812 and \$2,222 (September 30, 2020 - \$404 and \$1,107) earned from the loans advanced to related parties.

Distributions

- For the three and nine months ended September 30, 2021, distributions of \$1,333 and \$3,988 (September 30, 2020 - \$1,293 and \$3,866) were made to a limited partnership wholly-owned by MPI in order to repay principal on Class C LP Units.
- For the three and nine months ended September 30, 2021, distributions on Units to MPI of \$102 and \$306 (September 30, 2020 - \$101 and \$299) were declared and recorded as a reduction to Unitholders' equity.

Contingencies and Commitments

The REIT is subject to claims and legal actions that arise in the ordinary course of business. It is the opinion of Management that any ultimate liability that may arise from such matters would not have a significant adverse effect on the unaudited condensed consolidated interim financial statements of the REIT. The contingencies and commitments of the REIT are set out in Note 16 of the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2021 and 2020.

Future Changes in Accounting Standards

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

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

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

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

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

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

On February 12, 2021, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, to assist entities in determining which accounting policies to disclose in the financial statements. The amendments apply to annual reporting periods beginning on or after January 1, 2023. Earlier adoption is permitted.

The amendments to IAS 1 require that an entity disclose its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

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

Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, to assist entities to distinguish between accounting policies and accounting estimates. The amendments apply to annual periods beginning on or after January 1, 2023. Earlier adoption is permitted.

The amendments to IAS 8 replace the definition of a "change in accounting estimates" with a definition of "accounting estimates". Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments confirm that a change in an accounting estimate that results from new information or new developments is not the correction of an error.

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

Disclosure Controls and Internal Controls Over Financial Reporting

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

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

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

The Chief Executive Officer and the Chief Financial Officer have evaluated, or caused an evaluation under their direct supervision of, the design of disclosure controls and procedures and internal controls over financial reporting (as defined in National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*) as at September 30, 2021. Based on this evaluation, the CEO and CFO have concluded that they have:

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

There were no significant changes for the three months ended September 30, 2021 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

On October 15, 2021, the REIT entered into an agreement to acquire a multi-residential rental property located in Montreal, Quebec for a purchase price of \$80,100.

On October 29, 2021, the REIT completed the sale of 3,795,000 Units from treasury at a price of \$22.85 per Unit for gross proceeds of \$86,716 (the "Offering"). The Offering included 495,000 Units sold pursuant to the full exercise of an over-allotment option granted to the underwriters. Underwriters' fees and expenses relating to the issuance were approximately \$4,100.

On November 9, 2021, the Board of Trustees approved a 4.4% increase to the REIT's annual distribution from \$0.4550 per Unit to \$0.4750 per Unit. The monthly distribution will be \$0.03958 per Unit, up from \$0.03792 per Unit. The increase will be effective for the REIT's November 2021 cash distribution, to be paid on December 15, 2021.

Section VI - Supplemental Information

Property Portfolio

Property	Total Suites	REIT Ownership Interest	Effective Ownership Interest (Suites)
Toronto			
1 High Park Village	750	40%	300
2 Leslie York Mills	409	50%	205
3 Richgrove	258	100%	258
4 Martin Grove	237	100%	237
5 Minto Yorkville ¹	181	100%	181
6 Roehampton ¹	148	100%	148
	1,983		1,329
Ottawa			
7 Minto one80five ¹	417	100%	417
8 Parkwood Hills Garden Homes & Townhomes	393	100%	393
9 Aventura	354	100%	354
10 Huron	251	100%	251
11 Seneca	251	100%	251
12 Castlevue	241	100%	241
13 Skyline Garden Homes, Maisonettes & Walkups	259	100%	259
14 The Carlisle	193	100%	193
15 Castle Hill	176	100%	176
16 Grenadier	158	100%	158
17 Tanglewood	122	100%	122
18 Eleanor	117	100%	117
19 Frontenac	104	100%	104
20 Stratford	59	100%	59
	3,095		3,095
Montreal			
21 Rockhill	1,004	50%	502
22 Le 4300	318	100%	318
23 Haddon Hall	210	100%	210
	1,532		1,030
Edmonton			
24 The Lancaster House	98	100%	98
25 York House	92	100%	92
26 Hi-Level Place	64	100%	64
	254		254
Calgary			
27 The Quarters	199	100%	199
28 The Laurier ¹	144	100%	144
29 Kaleidoscope	70	100%	70
	413		413
Portfolio Total	7,277		6,121

¹ Suite counts for Minto Yorkville, Roehampton, Minto one80five and The Laurier include furnished suites, representing approximately 24% of the total suites at these properties.

Average Rent Per Square Foot

Geographic Node		Average monthly rent	Average sq. ft. per suite		Average rent per sq. ft
Toronto	\$	1,885	801	\$	2.35
Ottawa		1,538	837		1.84
Alberta		1,287	712		1.81
Montreal		1,966	1,011		1.94
Average	\$	1,651	845	\$	1.95

Non-IFRS Measures

The REIT's financial statements are prepared in accordance with IFRS. Management's Discussion and Analysis also contains certain non-IFRS 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.

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

The non-IFRS measures are defined below:

- "FFO" is defined as IFRS consolidated net income adjusted for items such as unrealized changes in the fair value of investment properties, effects of puttable instruments classified as financial liabilities and changes in fair value of financial instruments and derivatives. FFO should not be construed as an alternative to net income or cash flows provided by or used in operating activities determined in accordance with IFRS. The REIT's method of calculating FFO is in accordance with REALPAC's recommendations, but may differ from other issuers' methods and, accordingly, may not be comparable to FFO reported by other issuers. The REIT regards FFO as a key measure of operating performance.
- "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.
- "AFFO" is defined as FFO adjusted for items such as maintenance capital expenditures and straight-line rental revenue differences. AFFO should not be construed as an alternative to net income or cash flows provided by or used in operating activities determined in accordance with IFRS. The REIT's method of calculating AFFO is in accordance with REALPAC's recommendations, except that 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.
- "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.
- "AFFO Payout Ratio" is the proportion of the total distributions on Units and Class B LP Units to AFFO.
- "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.

- "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" - Effective from Q1 2021, Management revised its definition of occupancy for unfurnished suites to include the number of suites not available due to renovation in the denominator when calculating the ratio of occupied unfurnished suites to the total unfurnished suites in the portfolio. The numerator and denominator used in the revised definition continues to exclude furnished suites. The revised definition is the ratio of occupied unfurnished suites to the total unfurnished suites in the portfolio at the end of the period. See below for revised calculations of occupancy at the end of the period and historical comparatives by fiscal quarter determined using a consistent denominator.

Occupancy - end of the period	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Occupancy - based on revised definition	94.83 %	92.93 %	92.22 %	93.52 %	94.74 %
Occupancy - as previously reported	— %	— %	— %	95.57 %	97.01 %

- "Occupancy for unfurnished suites, average of the period" - Effective from Q1 2021, Management decided that it would also disclose the average occupancy for the period in addition to occupancy for unfurnished suites as of the end of the period. Occupancy as an average for the period is a useful indicator to evaluate the unfurnished rental revenue results. It is defined as the ratio of occupied unfurnished suites to the total unfurnished suites in the portfolio for the period. See below for average occupancy for the period and historical comparatives by fiscal quarter determined using a consistent denominator.

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Occupancy - average for the period	92.87 %	91.50 %	91.12 %	92.29 %	93.97 %

- "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" - The ratio of occupied furnished suites to the total furnished suites in the portfolio for the period.
- "Weighted average term to maturity on fixed rate debt" - Calculated as the weighted average of the term to maturity on the outstanding fixed rate mortgages, a variable rate mortgage fixed through an interest rate swap and Class C LP Units. The REIT monitors the average term to maturity of its mortgages and Class C LP Units.
- "Weighted average interest rate on fixed rate debt" - Calculated as the weighted average of the stated interest rates on the outstanding balances of fixed rate mortgages, a variable rate mortgage fixed through an interest rate swap and Class C LP Units. The REIT monitors the average cost of its mortgages and Class C LP Units.
- "Debt-to-Gross Book Value ratio" is calculated by dividing total interest-bearing debt consisting of mortgages, credit facility and Class C LP Units of the Partnership by total assets and is used as the REIT's primary measure of its leverage.
- "Debt-to-EBITDA ratio" is calculated by dividing interest-bearing debt (net of cash) by EBITDA. EBITDA is calculated as the trailing twelve-month NOI adjusted for a full year of stabilized earnings, fees and other income and general and administrative expenses from recently completed acquisitions, but excluding fair value adjustments.
- "Debt Service Coverage ratio" is the ratio of NOI to total debt service consisting of interest expense recorded as finance costs and principal payments on mortgages, credit facility and distributions on Class C LP Units.
- "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.