



Management's Discussion and Analysis

For the years ended December 31, 2022 and 2021



minto
Apartment REIT

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Section I - Overview

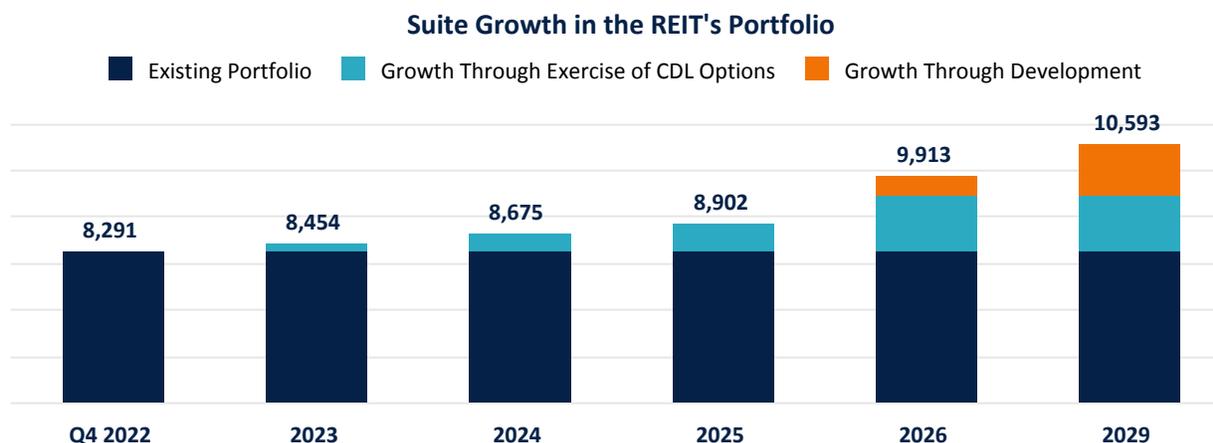
Business Overview

Minto Apartment Real Estate Investment Trust (the "REIT") is an unincorporated, open-ended real estate investment trust established pursuant to a Declaration of Trust dated April 24, 2018, which was amended and restated on June 27, 2018 and has been further amended from time to time. The REIT owns, develops and operates a portfolio of income-producing multi-residential rental properties located in Canada. The REIT was established under the laws of the Province of Ontario. The principal and registered office of the REIT is 200-180 Kent Street, Ottawa, Ontario.

The REIT's portfolio, referred to herein as the "Total Portfolio", consists of 32 (December 31, 2021 - 30) multi-residential rental properties located in Ontario, Quebec and Alberta. The "Same Property Portfolio" consists of 29 multi-residential properties. The ownership distribution of suites is shown in the table below and unless otherwise noted, all references to suite count, including co-owned properties, are at 100% ownership rather than the REIT's proportionate effective ownership:

As at December 31,	Same Property Portfolio Suites		Total Portfolio Suites	
	2022	2021	2022	2021
Wholly-owned	5,114	5,114	5,627	5,375
50% co-owned	1,413	1,413	1,413	1,413
40% co-owned	750	750	750	750
28.35% co-owned	—	—	501	—
Total suites	7,277	7,277	8,291	7,538
Total suites at effective ownership	6,121	6,121	6,776	6,382

The REIT is currently developing two income-producing multi-residential projects on excess land available at Richgrove and Leslie York Mills, both in Toronto, that will add 417 suites to the portfolio and is pursuing the development of a third multi-residential project on excess land available at High Park Village in Toronto that would add a further 680 suites to the portfolio if completed. The REIT has also provided convertible development loans for the development of five multi-residential properties, which provide the REIT the option to acquire direct or indirect interests in these properties upon stabilization (the "CDL Options"). Once completed, and subject to the exercise of the CDL Options, 1,205 suites would be added to the portfolio. The aggregate of these growth opportunities would increase the portfolio suite count by approximately 28% by 2029, as depicted below:



The REIT has a thoughtful and prudent approach to managing its capital by balancing the allocation among available alternatives. These alternatives include its convertible development loan programs, increasing suite count through its current developments, maintenance capital expenditures, distributions, repositioning programs, deleveraging and unit buy-backs. Key criteria impacting our capital allocation decisions include project returns, liquidity, leverage levels, NAV per unit and cash flow growth per unit over time. The REIT is also evaluating dispositions that meet its divestiture criteria as part of its capital management. The potential changes in suite count through future acquisitions or dispositions are not depicted in the chart above.

Business Strategy and Objectives

The REIT's objectives are to:

- provide Unitholders an opportunity to invest in high-quality income-producing multi-residential rental properties strategically located across urban centres in Canada;
- enhance the value of the REIT's assets and maximize long-term Unitholder value through value-enhancing capital investment programs and active asset and property management of the REIT's 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 March 8, 2023, 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 consolidated financial statements and accompanying notes for the years ended December 31, 2022 and 2021, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

The REIT's Board of Trustees approved the content of this Management's Discussion and Analysis on March 8, 2023. 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 consolidated financial statements in conformity with IFRS requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements and accompanying note disclosures. Although these estimates are based on Management's knowledge of current events and actions the REIT may undertake in the future, actual results may differ from the estimates.

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

Financial and Operating Highlights

Financial Performance

Revenue and NOI growth driven by strengthening rental demand and occupancy increases

The REIT's performance in the quarter ended December 31, 2022 ("Q4 2022") rounded out a strong operating year. Over the course of the year, rising interest rates and inflation have increased the cost of living, and further widened the affordability gap between home ownership and renting. Combined with continued population growth, these economic factors have created an increase in rental demand which has raised average rents and occupancy. In Q4 2022, average monthly rent for the Same Property Portfolio increased by 4.6%, supplemented by strong average occupancy growth of 220 bps over the quarter ended December 31, 2021 ("Q4 2021"). The Same Property Portfolio revenue grew by 7.6% as a result of these higher rents and occupancy. Despite this revenue growth being somewhat moderated by inflationary cost pressure on expenses such as wages and natural gas, which increased the REIT's property operating expenses by 8.4%, Same Property Portfolio NOI grew by 7.2% over Q4 2021.

Total Portfolio closing occupancy rose sequentially, reaching 97.6% at the end of December 2022 and average monthly rent rose to \$1,732. Total Portfolio NOI for Q4 2022 grew by 15.1%, driven by revenue growth of 16.9% from the strong performance of the Same Property Portfolio and the contributions of properties acquired since late 2021: Le Hill-Park in Montreal in early December 2021, and Niagara West in Toronto and The International in Calgary both in Q2 2022.

For the year ended December 31, 2022 ("FY 2022"), the REIT experienced improved performance across many of its key performance indicators due to the rebounding of the rental market after a few challenging years dealing with COVID-19 disruptions. Same Property Portfolio and Total Portfolio revenue increased by 8.3% and 16.4%, respectively over the year ended December 31, 2021 ("FY 2021"). This was driven by rising average monthly rent throughout the year and improved average occupancy, which for the Same Property Portfolio was up 320 bps over FY 2021. Strong revenue growth was partially offset by increased operating costs across the portfolio, as the market conditions impacting Q4 2022 expenses have been a factor throughout FY 2022. Despite higher operating costs, the REIT's NOI in FY 2022 increased by 7.5% and 15.1% for the Same Property Portfolio and Total Portfolio, respectively.

FFO and AFFO growth constrained by rising interest rates

The REIT's strong operating performance for FY 2022, driven by improved occupancy and average monthly rents, contributed to significant FFO and AFFO growth of 11.6% and 12.3%, respectively over FY 2021. In Q4 2022, Total Portfolio NOI growth was offset by higher floating interest rate costs which unfavourably impacted the REIT's FFO and AFFO results. The REIT's FFO and AFFO decreased by 2.9% and 4.3%, respectively, compared to Q4 2021, largely due to the increased interest rates on variable rate mortgages and the credit facility. The REIT is actively in the process of refinancing its variable rate mortgages to fixed rate instruments, and if the interest rates on refinancings are favourable compared to existing interest rates, it will significantly reduce the REIT's borrowing costs and variable interest rate exposure. FFO and AFFO decreases would have been 5.2% and 6.9%, respectively, excluding the impact of a one-time insurance recovery of approximately \$304 received in Q4 2022.

Increased Interest Costs¹ Impact FFO and AFFO per unit



Execution of organic growth strategy

The REIT continued to deliver on its strategy to create organic growth by realizing on the gain-to-lease potential in the portfolio and by executing on its suite repositioning programs. For Q4 2022 and FY 2022, the REIT was able to realize significant gains of 16.6% and 13.9%, respectively, on the 423 and 2,065 new leases it signed during each period. These gains represent annualized revenue growth of approximately \$1,205 for Q4 2022 and \$4,618 for FY 2022. In addition, the strong market conditions have fuelled the estimated gain-to-lease potential of the portfolio which increased to 13.6% at December 31, 2022, up from 12.1% in Q3 2022 and significantly stronger than 6.8% in Q4 2021. The REIT successfully repositioned 41 suites in Q4 2022, generating an average annual unlevered return of 11.3%.

NAV per Unit decrease due to expansion of capitalization rates and capital expenditure reserves

NAV per unit as at December 31, 2022 decreased to \$24.00 from \$24.12 as at September 30, 2022, driven by a fair value loss on investment properties of \$12,209 due to the slight expansion of capitalization rates and increases in the capital expenditure reserve for upcoming projects and sustainability initiatives at certain properties, partially offset by strong growth in forecast NOI for the portfolio.

Distribution Increase

On November 8, 2022, the Board of Trustees approved a 3.2% increase to the REIT's annual distribution from \$0.4750 per Unit to \$0.4900 per Unit. The monthly distribution increased to \$0.04083 per Unit, up from \$0.03958 per Unit, and was effective for the REIT's November 2022 cash distribution paid on December 15, 2022. The distribution increase is the fifth consecutive annual increase since the REIT's initial public offering, and reflects Management's confidence in its business model, execution of its long-term strategy and the overall outlook for the REIT. The REIT expects to continue maintaining a low AFFO payout ratio, fuelling the growth strategy by allowing the reinvestment of capital.

Announcing REIT Leadership Succession

On January 16, 2023, the REIT announced another major step in its long-term internalization process. Effective April 3, 2023, Jonathan Li, who currently serves as the REIT's President and Chief Operating Officer, will assume the role of President and Chief Executive Officer ("CEO") replacing Michael Waters, who is stepping down as CEO but who will continue to serve as a Trustee of the REIT. Following Mr. Li's appointment, both the CEO and Chief Financial Officer ("CFO") functions will be fully internalized. Mr. Li will join Edward Fu, the REIT's recently appointed CFO, as a full-time C-suite executive of the REIT and will direct the REIT's overall strategy, operations development, capital allocation, asset management and balance sheet management. Management believes as of April 3, 2023, the REIT will have a management structure similar to the large sponsored retail and grocery real estate investment trusts at the time of their IPOs.

¹ Interest costs is comprised of interest expenses, other financing charges and distributions on Class C LP Units.

² Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

The REIT Joins the S&P/TSX Canadian Dividend Aristocrats Index

On January 24, 2023, it was announced that the REIT would be added to the S&P/TSX Canadian Dividends Aristocrats Index, effective February 1, 2023. The REIT, whose Units trade on the Toronto Stock Exchange under the symbol "MI.UN", was added to the index as result of its record of consistent distribution increases.

Organic Growth — Gain-to-Lease¹

The REIT realized organic growth for Q4 2022 through effective leasing activities and revenue management strategies aided by a strong rental market. As new tenants take occupancy, the REIT is able to move rental rates from older in-place rents to current market rates. During the period, new leases resulted in annualized revenue growth of approximately \$1,205. A summary of leasing activities and the gains to be realized from new leases signed for Q4 2022 is set out in the table below:

Geographic Node	New Leases Signed ²	Expiring AMR	New AMR	Realized Gain-to-Lease	Annualized Gain-to-Lease ^{1,3}
Toronto	103	\$2,476	\$2,896	17.0%	\$256
Ottawa	148	1,648	1,920	16.5%	563
Alberta	96	1,361	1,615	18.7%	260
Montreal	76	1,645	1,855	12.8%	126
Total/Average	423	\$1,699	\$1,981	16.6%	\$1,205

The REIT realized gain-to-lease in all of its markets, with an average gain-to-lease of 16.6% on the 423 new leases it signed in Q4 2022. The Canadian rental market continued its strong performance, spurred by increased immigration, a large affordability gap with home ownership due to sharp increases in home purchase mortgage rates, increasing general acceptance of renting versus owning, the return to in-person learning and, for the REIT, a sharp return to downtown living. This has led to an escalation in demand for rentals, resulting in higher rental rates in addition to greatly reducing the need for discounts and promotions.

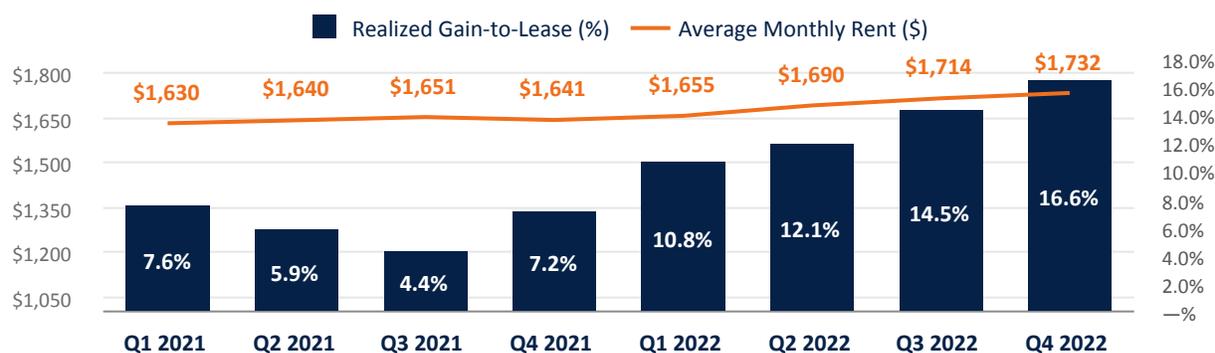
Total Portfolio Annualized Turnover Rate¹



Management expects turnover to slow in the coming quarters due to typically slower leasing through the winter months. Separately, the trend of high average monthly rents and high occupancy is expected to increase the average length of stay for tenants resulting in lower-than-average turnover.

For more details on revenue growth, see Section II - "Financial Highlights and Performance - Review of Financial Performance - Revenue from Investment Properties".

Realized Gain-to-Lease and Average Monthly Rent¹



¹ Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

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

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

The REIT continues to achieve growth in average monthly rent. Total Portfolio average monthly rent of \$1,732 for Q4 2022 is the highest achieved since the REIT's inception and an increase of 5.5% over Q4 2021. Same Property Portfolio average monthly rent has sequentially increased in each quarter in 2022, reaching \$1,738 in Q4 2022, which is an increase of 4.6% over Q4 2021.

For FY 2022, the REIT realized an average gain-to-lease of 13.9% on the 2,065 new leases it signed and realized gains in all markets. The following table summarizes the leasing activities and the gains to be realized from new leases signed in FY 2022:

Geographic Node	New Leases Signed ¹	Expiring AMR	New AMR	Realized Gain-to-Lease	Annualized Gain-to-Lease ^{2,3}
Toronto	572	\$2,118	\$2,424	14.5%	\$1,094
Ottawa	808	1,609	1,837	14.2%	2,208
Alberta	375	1,340	1,508	12.5%	754
Montreal	310	1,716	1,948	13.5%	562
Total/Average	2,065	\$1,652	\$1,881	13.9%	\$4,618

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

Fiscal Quarter	New Leases Signed ¹	Expiring AMR	New AMR	Realized Gain-to-Lease	Annualized Gain-to-Lease ^{2,3}
Q1 2022	401	\$1,620	\$1,794	10.8%	\$726
Q2 2022	667	1,645	1,844	12.1%	1,285
Q3 2022	574	1,675	1,918	14.5%	1,402
Q4 2022	423	1,699	1,981	16.6%	1,205
Total/Average	2,065	\$1,652	\$1,881	13.9%	\$4,618

The percentage growth in realized gain-to-lease has increased sequentially for each quarter of 2022. Management believes this is an indicator of a return to urban living, demand from immigration-driven population growth and students, as well as the effects of rising interest rates further increasing the cost of home ownership, all of which are driving rental demand and higher rental rates.

Management continually reviews market conditions and updates its estimates of market rent for the properties in its portfolio. Factoring in the new estimates of market rent, the estimated gain-to-lease potential on existing tenancies for the REIT's portfolio as at December 31, 2022 is as follows:

Geographic Node	Total Suites ⁴	Average Monthly In-Place Rent per Suite	Management's Estimate of Monthly Market Rent per Suite	Percentage Gain-to-Lease Potential ^{2,3}	Annualized Estimated Gain-to-Lease Potential ^{2,3}
Toronto	2,351	\$2,061	\$2,346	13.8%	\$4,643
Ottawa	2,950	1,621	1,876	15.8%	9,056
Alberta	901	1,436	1,567	9.1%	1,413
Montreal	1,700	1,856	2,063	11.1%	3,027
Total/Average	7,902	\$1,732	\$1,968	13.6%	\$18,139

Management currently estimates that the portfolio has annualized gain-to-lease potential of approximately \$18,139, compared to \$15,993 at September 30, 2022, and \$7,913 at December 31, 2021. As market rents continue to increase, embedded gain-to-lease potential will also increase.

The REIT continues to realize on gain-to-lease opportunities as suites turnover and expects to continue doing so going forward. The REIT's ability to realize the gain-to-lease potential is dependent on suite turnover and overall market conditions. Management expects that portfolio turnover will begin to moderate slightly given the anticipated continued strength of the rental market. Notwithstanding a potential slow down in turnover, 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.

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

² Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

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

⁴ Excludes 188 furnished suites, 155 vacant suites and 46 suites offline for repositioning.

Management also monitors market conditions for condominium suites being offered as rentals and considers this information when setting its estimate of monthly market rent. The REIT's suites continue to compare favourably to condominiums on a size and rental rate basis. For example, the average size and rental rate of the REIT's occupied Toronto suites are 776 square feet and \$2.66 per square foot respectively, compared to 722 square feet and \$3.81 per square foot for the average condo rental.¹

Value Creation

Repositionings

In order to take advantage of market demand for repositioned properties, the REIT's asset management strategy targets improvements to suites, common areas and amenities. As part of an asset management plan for each building, Management will renovate test suites in order to gauge market demand for different improvements or combinations of improvements. Test suites also assist Management in mitigating capital risk by confirming and refining cost estimates, value engineering and uncovering potential construction and design issues prior to a broader roll-out of the program. Once an optimal combination of suite improvements is determined, a repositioning plan is executed for all of the suites in the building as suites turn over. The rate at which Management can complete the repositioning plan depends on the rate of turnover of unrenovated suites which is solely based on residents voluntarily choosing to vacate their suite for alternative housing arrangements. The REIT does not engage in renovation-related evictions.

A summary of the repositioning activities for Q4 2022 and FY 2022 is set out below.

Property	Ownership Interest	Suites Repositioned and Leased		Remaining Suites to Reposition	Total Suites in the Program	Proportion Complete
		Three months ended December 31, 2022	Year ended December 31, 2022			
Toronto						
Minto Yorkville	100%	2	4	31	99	69%
Leslie York Mills	50%	6	47	198	409	52%
High Park Village	40%	7	28	264	407	35%
Roehampton	100%	2	42	50	148	66%
Martin Grove	100%	1	4	22	32	31%
Ottawa						
Carlisle	100%	4	19	75	191	61%
Castle Hill	100%	1	11	68	176	61%
Montreal						
Rockhill	50%	3	51	755	934	19%
Le 4300	100%	3	15	216	261	17%
Haddon Hall	100%	8	26	136	191	29%
Le Hill-Park	100%	4	12	168	261	36%
Total		41	259	1,983	3,109	36%



Renovated suites at Le-Hill Park in Montreal

¹ Source: Urbanation Q4 2022 UrbanRental Greater Toronto Area Rental Market Report

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

Fiscal Quarter	Suites Renovated	Average Cost per Suite	Average Annual Rental Increase per Suite	Average Unlevered Return ¹
Q1 2022	60	\$53,380	\$4,468	8.4%
Q2 2022	83	51,573	4,434	8.6%
Q3 2022	75	54,628	5,150	9.4%
Q4 2022	41	60,863	6,050	11.3%
Total/Average	259	\$54,347	\$4,905	9.0%

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

The REIT's repositioning program represents an attractive capital investment opportunity, generating NAV growth with only modest, near-term earnings dilution. Repositioning programs are flexible, with relatively small, discrete capital commitments and short project durations that are easily accelerated or slowed as market conditions dictate. The REIT's high volume of repositioning programs generates a number of efficiencies through volume purchasing, repeatable design concepts and material selection, strong relationships with trade partners, and transferable lessons learned from other projects. Due to the continued strength in the rental market combined with decreasing vacancy and turnover, Management expects its repositioning program to slow in 2023 relative to 2022.

Expansion of the REIT Portfolio from Relationship with The Minto Group

One of the benefits of the REIT's strategic relationship with The Minto Group is the opportunity to access its property pipeline. During Q2 2022, the REIT acquired interests in two properties partially owned by a subsidiary of MPI. On April 22, 2022, the REIT acquired a 28.35% managing interest in 39 Niagara Street, 29 and 33 Bathurst Street and 31 Bathurst Street ("Niagara West"). On May 6, 2022, the REIT acquired a 100% interest in 220 4th Avenue SW, Calgary, Alberta ("The International"). Both properties are located in their respective downtown cores, are newly built or recently fully renovated, and decrease the average age of the portfolio.

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

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

Environmental, Social and Governance Initiatives

The REIT continues to implement measures to improve environmental, social, and governance ("ESG") performance under the three strategic pillars of environmental impact, community impact, and business resilience. Highlights from Q4 2022 are provided below.

Environmental Impact

- Implementation of capital projects to reduce portfolio energy and water use continued with the completion of additional boiler replacements, building automation system improvements, installation of shower heads with thermostatic shut-off valves to eliminate water warm-up waste, and the application of aerosolized duct sealing to reduce energy loss and maximize heating, ventilation, and air conditioning system efficiency.
- Real-time water monitoring device installation is in progress at Kaleidoscope and The Quarters in Calgary. All other installations at properties higher than two-storeys and more than 20 suites are complete.
- Real-time energy and natural gas consumption monitoring is in place at Roehampton in Toronto through the installed Artificial Intelligence system.
- A standalone real-time energy and natural gas consumption monitoring technology has been selected and a pilot project to evaluate the technology is planned for 2023.

¹ Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

- Technical feasibility studies for solar photovoltaic systems, which convert sunlight into electricity, were completed for Huron, Seneca, and Aventura in Ottawa, and High Park Village in Toronto and additional assessments are in progress.
- The Richgrove development project in Toronto achieved an average construction waste diversion rate of 78.6% from January to October 2022, slightly below the 80% target. A construction waste workshop will be conducted in 2023 to support and optimize diversion for the project.

Community Impact and Business Resilience

- Roll-out of mandatory Diversity and Inclusion training for all employees started in December 2022, with additional courses scheduled to launch in Q1 2023.
- New Business Continuity Plans have been developed for most critical services and assets, with the remainder to be completed by the end of January 2023.
- A “lessons learned” exercise was completed to strengthen the REIT's Pandemic Plan.
- Strengthening the cybersecurity program continued including:
 - Continually enhancing cyber security processes,
 - Expanding multi-factor authentication,
 - Completion of a fall 2022 cyber security training campaign,
 - Deployment of the Microsoft 365 platform with enhanced security tools, and
 - Penetration and vulnerability testing for the REIT's network and applications.

Governance Framework

The Board of Trustees receives quarterly updates on ESG and an ESG Steering Committee with senior executive representation continues to meet quarterly. REIT employee incentive pay continues to be linked, in part, to ESG performance targets, with half of the annual incentive targets being ESG-related. ESG-related needs and considerations are incorporated into capital and operating budgets and ESG expectations are included in the business plan.

Reporting and Disclosure

The REIT participated in the 2022 Global Real Estate Sustainability Benchmark ("GRESB") assessment, earning a score of 80, a 3-Star GRESB Rating, and Green Star Designation. This score is a ten-point improvement over 2021 and places the REIT fourth out of 16 in our peer comparison group of North American, residential, listed constituents.

The REIT was included in the GRESB Public Disclosure evaluation for the first time in 2022. The REIT received a score of 93 out of 100, which placed first out of ten in our Canadian peer group and earned the GRESB Public Disclosure Level A rating.

The [REIT's 2021 ESG Report](#) was released October 24, 2022. The report was prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option and the Sustainability Accounting Standards Board (SASB) Real Estate Sustainability Accounting Standard.

Outlook

Looking ahead, there are strong fundamental tailwinds supporting Management's positive outlook for revenue growth. The primary tailwinds include the growing affordability gap of home ownership due to high interest rates, insufficient supply of new housing and strong population growth driven by immigration. In addition, Management believes there are other tailwinds that support revenue growth, including the return of in-person post-secondary learning, an increase of international students coming to Canada, the increasing general acceptance of renting versus owning a home for all age groups¹, a continuing return to downtown living², and a federal mandate for government employees to return to the office at least three days per week that will mostly impact the REIT's Ottawa portfolio. Management believes these fundamentals will persist and support revenue growth for the foreseeable future.

¹ *Ontario's Need for 1.5 million more homes*, Smart Prosperity Institute at the University of Ottawa, August 2022.

² The Institute of Governmental Studies, UC Berkeley, Q2 2022, study of 62 North American cities.

Supported by these tailwinds, Management will continue to maximize organic growth including realizing on the embedded rent in the REIT's high quality urban portfolio, value creation from the repositioning program and driving occupancy in all markets, with particular focus on the REIT's Montreal portfolio which continues to steadily improve. Given the continued anticipated strength in the rental market, Management believes that suite turnover will moderate slightly going forward as existing tenants are more likely to stay in place since affordable housing alternatives will be less available. However, the REIT has exposure to non-rent controlled markets like Calgary, as well as certain properties in Ontario that were built after November 2018. Management estimates that 17.5% of its portfolio is unregulated, and the REIT has an additional 997 suites under development and, if exercised, up to an additional 390 suites through CDL Options that will not be subject to rent control. In 2022, the REIT repositioned 254 suites under the strategic repositioning program. Due to the anticipated lower turnover as well as carrying lower overall vacancy, Management anticipates completing fewer repositionings under the program in 2023 than in 2022 and currently forecasts to reposition 80 to 120 suites in 2023.

Management is keenly focused on delivering FFO per unit and AFFO per unit by managing operating expenses, employing strategies to reduce interest costs and by making prudent capital allocation decisions, while at the same time, balancing long-term value creation and growth objectives.

Management believes that revenue growth will outpace overall operating expense growth in 2023, generating solid NOI growth. Management will adapt quickly to any changes in labour market dynamics and is evaluating efficiencies resulting from the recent implementation of a new enterprise resource planning ("ERP") system as well as potential efficiencies from carrying low overall vacancy. Natural gas unit costs saw major spikes in 2022 due to the war in Ukraine, however unit prices have dropped significantly in early 2023. Currently, 95% of managed suites in the Total Portfolio are either submetered or directly metered for electricity and approximately 86% of tenants pay the cost of electricity consumed in their suites. Management continues to evaluate opportunities for operational efficiencies and cost reductions, which include property technology, managing service contracts and supplier relationships, and labour efficiencies. Property technology is a burgeoning opportunity to run properties more efficiently and conserve on utilities consumption and cost. With high utility costs, the value proposition on some of the technology has become more attractive and has resulted in some being adopted, while others remain under consideration for feasibility. Should cost inflation persist, Management believes the REIT is well positioned since historically, the multi-family sector has performed well during times of high inflation relative to other real estate subsectors given the short term nature of residential leases.

In 2022, high interest rates had a significant negative impact on corporate earnings, particularly for those entities who had meaningful variable rate debt exposure. The REIT's FFO and AFFO per unit in Q4 2022 were materially impacted by high interest rates as it temporarily carried a large amount outstanding on the revolving credit facility and the existing variable rate mortgages on Niagara West and The International, both of which are variable rate debt instruments. Management is actively working to refinance \$108,378 of 7.45% variable rate debt with CMHC-insured fixed rate mortgages, secured by Niagara West and The International. Management is also evaluating strategies to manage the amount outstanding on the revolving credit facility, which had a weighted average interest rate of 6.47% at December 31, 2022, including early refinancings and deleveraging using other sources of liquidity. Looking ahead, Management will continue to stagger its debt ladder and maturity profile and believes there is upside to FFO and AFFO per unit if interest rates come down from current elevated levels.

Efficient capital allocation continues to be a key area of focus for the REIT. Management will evaluate capital allocation decisions strategically, with consideration for leverage, liquidity, cash flow growth per unit and value creation, among other things. Management anticipates funding near-term growth opportunities, including developments and convertible development loan programs including any related acquisitions, with internal sources including operating cash flow, credit facility draws and capital recycling by disposing of certain non-core assets. At this time, Management does not anticipate increasing leverage materially, nor anticipate raising equity at a large discount to NAV. Management will also consider unit buybacks, reduction of variable rate debt and continued investment in properties with any excess capital.

Canada is facing the worst housing and affordability crisis in a generation. CMHC identified in a report that Canada needs over 22 million new housing units by 2030 to help achieve housing affordability. If the current rates of new construction continue, CMHC projects that the housing stock will increase by 19 million units by 2030. Therefore, to restore affordability, CMHC estimates that an additional 3.5 million housing units are required. Management believes that REITs and the private sector can be part of the solution and in 2022, the five publicly-traded real estate investment trusts came together to form a group called Canadian Rental Housing Providers for Affordable Housing (www.foraffordable.ca). The coalition is committed to being a part of the solution and will continue to work collaboratively with all levels of government and civil society to build new housing supply, create new jobs and help alleviate the housing supply and affordability pressures facing our country.

In summary, Management is confident that the industry fundamentals will support strong revenue growth in 2023. In addition, it believes that the in-place strategies to contain controllable operating expenses will deliver solid NOI growth. In addition, FFO and AFFO per unit will benefit from any future reduction of interest rates from current levels.

Organic Growth Opportunities

The REIT expects to realize on the gap between market rent and average sitting rent on new leases as suites turnover and rent is adjusted to current market rates. The average gain-to-lease potential for the portfolio is 13.6% (as set out in the detailed embedded gain-to-lease potential table in the previous section). The REIT aims to further enhance occupancy, which as of December 31, 2022 was 97.6%, which provides another viable source of organic revenue growth.

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 nearly 2,000 suites eligible for repositioning. The REIT's ability to execute its repositioning program is highly dependent on turnover of unrenovated suites and market conditions at the time suite renovations are completed. Management is anticipating a slight moderation in turnover in 2023 due to overall rental market strength. Subject to unrenovated suites becoming available, the REIT expects to reposition approximately 80 to 120 suites in 2023.

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

Management evaluates and prioritizes potential development projects that can generate NAV and long-term earnings growth for its Unitholders. Development and construction entails some risk, however Management believes the REIT can effectively mitigate this risk through its strategic alliance with MPI and its affiliates by capitalizing on their extensive experience and track record of successful developments and construction projects.

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

Location and Property Name	Ownership	Estimated Suites	Estimated Project Costs ¹	Construction Start Date	Estimated Stabilization	Anticipated Yield
Toronto, ON						
Richgrove	100%	225	\$ 117,000	Q4 2021	Q2 2026	4.25% - 4.75%
Leslie York Mills	50%	192	185,000	Q4 2021	Q2 2026	3.75% - 4.25%
High Park Village	40%	680	520,000	Q4 2024 (est.)	Q3 2029	4.25% - 4.75%

The existing Richgrove community comprises two mid-rise residential apartment buildings with a total of 258 suites and a high-rise residential apartment building with 237 suites. The intensification involves the addition of a new tower with 225 suites, including 100 affordable housing suites, and 213 parking stalls. The REIT has negotiated an agreement with the City of Toronto under which the City has already exempted or waived development charges and other fees amounting to \$3,794, has committed to advance funding of \$4,500, of which \$1,350 has been received, and has agreed to provide exemption from property tax and municipal and school taxes for a period of 25 years after first occupancy. On November 30, 2021, a construction financing agreement was executed with CMHC for a maximum financing of \$93,745. On March 1, 2022, the initial draw was made on the construction financing which has a fixed interest rate of 2.39% for a 10-year term. Phase 1 below-grade construction for the parking garage was completed and Phase 2 below-grade excavation for the tower began in January 2023.

Leslie York Mills comprises three existing 18-storey towers with a total of 409 suites. The intensification entails the development of 192 new rental terrace homes in four blocks, creating an indoor pool, gym and recreational area and replacing the existing parking structure with a new two-level underground parking garage. Enabling site servicing and construction of temporary parking structures is underway. Underground garage construction is set to commence in late Q1 2023.

High Park Village consists of three buildings comprising 750 rental suites. The REIT is finalizing planning approvals with the City of Toronto to develop two new towers comprising an estimated 680 suites and 335 underground parking stalls. Rezoning was completed in Q3 2022, however the development remains subject to municipal as well as investment partner approval through the Site Plan Approval process. The garage rehabilitation that was required to enable construction was completed in December 2022.

Current economic conditions including high inflation, rising interest rates and municipal development policy changes have created additional volatility in construction cost estimates. While these risks are largely offset by strong market conditions, Management's strategy for mitigating these risks include significant budget contingency, managing key vendor relationships, exploration of value-engineering opportunities through each stage of the project, coupled with extensive use of sensitivity analysis for construction costs, interests rates, capitalization rates and project duration to ensure project returns remain viable under various changing economic conditions.

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

The construction of the three development projects will add approximately 1,097 suites to the REIT's portfolio at an estimated total cost of \$822,000¹, generating an expected average yield between 3.75% and 4.75%. Increases in rental rates are expected to offset any cost inflation to preserve expected yields.

Access to Urban Pipeline in Target Markets Through MPI and Affiliates

The REIT has entered into agreements to extend convertible development loans to MPI and partnerships in which MPI is a partner. Convertible development loan projects provide a host of benefits to the REIT including insulation from development risk, an opportunity to earn interest income during the development period, the option to purchase newly constructed rental housing at a discounted price, the potential to provide a more economic entry into markets compared to acquisitions of existing properties, and the preservation of development capacity under the DOT for intensification projects. When the REIT's Unit price is trading at a significant discount to NAV, as is currently the case, the REIT will be selective in the pursuit of any new convertible development loan opportunities.

The REIT currently has the following convertible development loan projects:

Location and Project Name	Estimated Suites	Estimated Project Costs ¹	Status	Construction Start Date	Estimated Stabilization	Maximum Loan Amount ²	Advanced as of December 31, 2022 ²
Ottawa, ON							
Fifth + Bank	163	93,000	Stabilized	Q3 2020	Q2 2022	\$30,000	\$30,000
Beechwood	227	137,000	Under construction	Q4 2021	Q1 2025	51,400	25,550
North Vancouver, BC							
Lonsdale Square	113	83,000	Under construction	Q2 2021	Q1 2024	14,000	13,784
Vancouver, BC							
810 Kingsway	108	78,000	Under construction	Q1 2022	Q3 2024	19,650	15,357
Victoria, BC							
University Heights	594	401,000	Pre-development	Q4 2022 (est.)	Q2 2026	51,700	12,893

Fifth + Bank involves the redevelopment of a commercial property located at 99 Fifth Avenue in the Glebe neighbourhood of Ottawa into a mixed-used multi-residential rental and retail property. Construction of 163 rental suites was completed in Q3 2021 and the property stabilized at the end of Q2 2022. MPI continues to work toward the record of site condition approval from the provincial Ministry of Environment, Conservation and Parks. In Q4 2022, MPI extended the REIT's property purchase option to June 30, 2023, and the REIT extended the maturity of the convertible development loan to July 31, 2023. The REIT has not yet made a decision regarding the exercise of its purchase option and any decision will be based on market conditions and other factors at that time.

Beechwood involves the development of a nine-storey property comprising 227 suites and 6,039 square feet of retail space on a land assembly located at 78-88 Beechwood Avenue and 69-93 Barrette Street in Ottawa. Excavation and shoring has been completed and formwork is currently underway. Stabilization is expected by Q1 2025.

Lonsdale Square is part of a large master-planned community on a 99-year land lease with the City of North Vancouver. The building will comprise 113 rental suites and approximately 8,000 square feet of retail space. Building superstructure was topped off in October 2022 and the building achieved water-tightness in December 2022. Retail leasing is underway and construction completion is expected by Q2 2023 and the property is expected to be stabilized in Q1 2024.

810 Kingsway involves the development of a six-storey mixed-used building in Vancouver comprising 108 rental suites and approximately 11,500 square feet of at-grade retail space. Excavation and shoring was completed and slab on-grade work is underway. Pre-leasing of the retail component has commenced. The property is expected to be stabilized in Q3 2024.

University Heights involves the development of five buildings containing 594 rental suites and 113,485 square feet of grocery-anchored retail on an 11.5 acre parcel in Victoria currently containing the University Heights Shopping Centre. Additionally, the site contains a Home Depot which will continue to operate throughout the development. The site is in proximity to two post-secondary institutions: The University of Victoria and Camosun College's Lansdowne Campus, with a combined 46,000+ students and 6,500+ faculty members. The first phase of parkade restoration is nearing completion and construction will be executed in a phased approach, with construction of the first building expected to commence in Q2 2023. The project is expected to be fully stabilized in Q2 2026.

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

² Maximum loan amounts and amounts advanced include amounts to fund interest costs.

In connection with these financings, the REIT has the exclusive option, upon project stabilization, to purchase the property at Fifth + Bank, Lonsdale Square and Beechwood, MPI's 85% indirect ownership interest in 810 Kingsway and MPI's 45% indirect ownership interest in University Heights, each at 95% of its then-appraised fair market value as determined by independent and qualified third-party appraisers. If all of the CDL Options are exercised, these projects will add approximately 1,205 suites to the REIT's portfolio. The exercise of each of the CDL Options would require approval by the independent members of the Board of Trustees.

Capital Recycling Program

The REIT's capital recycling program is an important element of the strategic plan as it represents an internal source of equity capital. Management continuously evaluates its portfolio for relative NOI growth potential, NOI margin, repositioning programs, geographic exposure and average age of the portfolio. This program will allow the REIT to reinvest any equity proceeds into opportunities with enhanced returns that are aligned with the REIT's strategy, which may include investing in high growth acquisitions, repayment of high cost debt and unit buybacks. The capital recycling program is an attractive alternative to raising equity from the capital markets which is currently dilutive to existing unitholders.

On March 7, 2023, the REIT completed its disposition of Hi-Level Place in Edmonton for a sale price of \$9,920, generating net proceeds of \$2,832.

Section II - Financial Highlights and Performance

Key Performance Indicators

The REIT's operating results are affected by seasonal variations and other factors, including rising interest rates and inflation. As a result, the operating performance and metrics in one quarter may not be indicative of future quarters. The following tables highlight certain key IFRS and non-IFRS financial and operating measures used by the REIT.

	Three months ended December 31,			Year ended December 31,		
	2022	2021	Change	2022	2021	Change
Operating						
Number of properties	32	30	2	32	30	2
Total suites ¹	8,291	7,538	753	8,291	7,538	753
Average monthly rent ²	\$ 1,732	\$ 1,641	5.5 %	\$ 1,732	\$ 1,641	5.5 %
Occupancy - end of the period ²	97.6 %	95.5 %	210 bps	97.6 %	95.5 %	210 bps
Occupancy - average for the period ²	97.1 %	95.0 %	210 bps	95.6 %	92.5 %	310 bps
Average monthly rent ² - Same Property Portfolio	\$ 1,738	\$ 1,662	4.6 %	\$ 1,738	\$ 1,662	4.6 %
Occupancy - average for the period ² - Same Property Portfolio	97.3 %	95.1 %	220 bps	95.7 %	92.5 %	320 bps
Financial						
Revenue	\$ 37,916	\$ 32,429	16.9 %	\$ 143,790	\$ 123,547	16.4 %
NOI ²	\$ 22,947	\$ 19,940	15.1 %	\$ 87,796	\$ 76,247	15.1 %
NOI margin ²	60.5 %	61.5 %	(100) bps	61.1 %	61.7 %	(60) bps
Net (loss) income and comprehensive (loss) income	\$ (32,432)	\$ 24,933	(230.1)%	\$ 225,400	\$ 94,161	139.4 %
Revenue - Same Property Portfolio	\$ 34,656	\$ 32,196	7.6 %	\$ 133,547	\$ 123,314	8.3 %
NOI ² - Same Property Portfolio	\$ 21,218	\$ 19,802	7.2 %	\$ 81,793	\$ 76,109	7.5 %
NOI margin ² - Same Property Portfolio	61.2 %	61.5 %	(30) bps	61.2 %	61.7 %	(50) bps
FFO ^{2,3}	\$ 12,864	\$ 13,245	(2.9)%	\$ 54,177	\$ 48,530	11.6 %
FFO per unit ^{2,3}	\$ 0.1960	\$ 0.2147	(8.7)%	\$ 0.8353	\$ 0.8128	2.8 %
AFFO ^{2,3}	\$ 11,160	\$ 11,656	(4.3)%	\$ 47,443	\$ 42,234	12.3 %
AFFO per unit ^{2,3}	\$ 0.1700	\$ 0.1890	(10.1)%	\$ 0.7315	\$ 0.7073	3.4 %
AFFO Payout Ratio ²	71.3 %	63.1 %	(820) bps	65.4 %	65.1 %	(30) bps
Distribution per unit	\$ 0.1212	\$ 0.1171	3.5 %	\$ 0.4775	\$ 0.4584	4.2 %
Distribution yield ² based on Unit closing price	3.49 %	2.14 %	135 bps	3.40 %	2.09 %	131 bps

¹ At December 31, 2022, includes 2,664 (December 31, 2021 - 2,163) suites co-owned with institutional partners.

² Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

³ In Q4 2022, the REIT received a one-time insurance recovery of approximately \$304. Excluding this recovery, decreases in FFO and FFO per unit were 5.2% and 10.9%, respectively, and decreases in AFFO and AFFO per unit were 6.9% and 12.5% respectively, as compared to Q4 2021. For FY 2022, after adjustments for one-time insurance recoveries of approximately \$898 received in 2022, offset by a one-time property tax refund of approximately \$600 received in 2021, increases in FFO and FFO per unit were 11.2% and 2.3%, respectively, and increases in AFFO and AFFO per unit were 11.8% and 2.9%, respectively.

As at	December 31, 2022	December 31, 2021	Change
Leverage			
Debt-to-Gross Book Value ratio ¹	40.6 %	36.5 %	(410) bps
Debt Service Coverage ratio ¹	1.66 x	1.76 x	(0.10)x
Debt-to-Adjusted EBITDA ratio ^{1,2}	12.43 x	11.75 x	(0.68)x
Weighted average term to maturity on fixed rate debt ¹	4.27	4.69	(0.42) years
Weighted average interest rate on fixed rate debt ¹	3.06 %	2.82 %	(24) bps
Weighted average interest rate on variable rate debt ¹	6.87 %	2.19 %	(468) bps
Interest expense, other financing charges and distributions on Class C LP Units	32,648	24,874	31.30 %
Valuation			
NAV ¹	\$ 1,575,395	\$ 1,508,416	4.4 %
NAV per unit ¹	\$ 24.00	\$ 24.00	— %

Review of Financial Performance

The following tables highlight selected financial information for the REIT's Same Property Portfolio and Total Portfolio for the three months and years ended December 31, 2022 and 2021.

Same Property Portfolio

	Three months ended December 31,			Year ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Revenue from investment properties	\$ 34,656	\$ 32,196	7.6 %	\$ 133,547	\$ 123,314	8.3 %
Property operating costs	6,615	6,118	(8.1)%	26,080	23,909	(9.1)%
Property taxes	3,514	3,486	(0.8)%	14,056	13,300	(5.7)%
Utilities	3,309	2,790	(18.6)%	11,618	9,996	(16.2)%
Operating expenses	13,438	12,394	(8.4)%	51,754	47,205	(9.6)%
NOI ¹	\$ 21,218	\$ 19,802	7.2 %	\$ 81,793	\$ 76,109	7.5 %
NOI margin ¹	61.2 %	61.5 %	(30) bps	61.2 %	61.7 %	(50) bps

¹ Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

² For FY 2022 and FY 2021, the REIT added finance income to Adjusted EBITDA.

Total Portfolio

	Three months ended December 31,			Year ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Revenue from investment properties	\$ 37,916	\$ 32,429	16.9 %	\$ 143,790	\$ 123,547	16.4 %
Property operating costs	7,414	6,161	(20.3)%	28,387	23,952	(18.5)%
Property taxes	3,872	3,508	(10.4)%	15,116	13,322	(13.5)%
Utilities	3,683	2,820	(30.6)%	12,491	10,026	(24.6)%
Operating expenses	14,969	12,489	(19.9)%	55,994	47,300	(18.4)%
NOI ¹	22,947	19,940	15.1 %	87,796	76,247	15.1 %
NOI margin ¹	60.5 %	61.5 %	(100) bps	61.1 %	61.7 %	(60) bps
General and administrative expenses	2,554	1,849	(38.1)%	9,303	7,602	(22.4)%
Finance costs - operations	13,184	8,798	(49.9)%	44,590	35,310	(26.3)%
Finance income	(1,492)	(879)	69.7 %	(4,818)	(3,129)	54.0 %
Fair value loss (gain) on:						
Investment properties	12,209	(3,133)		18,828	(89,188)	
Class B LP Units	29,617	(10,701)		(197,531)	34,609	
Interest rate swap	(6)	(421)	(98.6)%	(2,391)	(1,625)	47.1 %
Unit-based compensation	354	(98)		(2,246)	137	
Fees and other income	(1,041)	(408)	155.1 %	(3,339)	(1,630)	104.8 %
Net (loss) income and comprehensive (loss) income	\$ (32,432)	\$ 24,933		\$ 225,400	\$ 94,161	139.4 %

Net Operating Income

Same Property Portfolio NOI for Q4 2022 increased by 7.2%, driven by rental revenue growth of 7.6%. Rental revenue growth was spurred by unfurnished suite revenue growth of 9.2% over Q4 2021 driven by favourable occupancy and average monthly rents. This was partially offset by an 8.4% increase in property operating expenses, particularly from higher gas rates, salaries and repair and maintenance costs.

For FY 2022, Same Property Portfolio NOI increased by 7.5% and was driven by rental revenue growth of 8.3%. This was largely due to an 8.5% increase in unfurnished suite revenue from strong occupancy and average monthly rents. This was augmented by furnished suites revenue growing 11.9% driven by very strong rates and increased occupancy despite decreasing the overall suite count. Revenue growth was partially offset by an increase in property operating expenses of 9.6% due largely to elevated gas rates and increased property operating costs for salaries, repairs and maintenance, bad debt expense, and insurance premiums. A one-time property tax refund received in Q2 2021 pertaining to select Ottawa properties of approximately \$600 resulted in lower property tax for FY 2021. Excluding the impacts of this one-time property tax refund, the Same Property NOI growth would have increased by 80 bps to 8.3% for FY 2022 as compared to FY 2021 and NOI margin would have been flat year over year.

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

¹ Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

Revenue from Investment Properties

Same Property Portfolio

	Three months ended December 31,			Year ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Rental revenue						
Unfurnished suites	29,720	27,204	9.2 %	114,190	105,199	8.5 %
Furnished suites	2,075	2,108	(1.6)%	8,595	7,678	11.9 %
Commercial leases	521	644	(19.1)%	1,693	2,268	(25.4)%
Parking revenue	1,178	1,160	1.6 %	4,857	4,423	9.8 %
Other property income	1,162	1,080	7.6 %	4,212	3,746	12.4 %
	\$ 34,656	\$ 32,196	7.6 %	\$ 133,547	\$ 123,314	8.3 %

Total Portfolio

	Three months ended December 31,			Year ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Rental revenue						
Unfurnished suites	\$ 32,467	\$ 27,420	18.4 %	\$ 123,043	\$ 105,415	16.7 %
Furnished suites	2,075	2,108	(1.6)%	8,595	7,678	11.9 %
Commercial leases	705	644	9.5 %	2,182	2,268	(3.8)%
Parking revenue	1,367	1,168	17.0 %	5,374	4,431	21.3 %
Other property income	1,302	1,089	19.6 %	4,596	3,755	22.4 %
	\$ 37,916	\$ 32,429	16.9 %	\$ 143,790	\$ 123,547	16.4 %

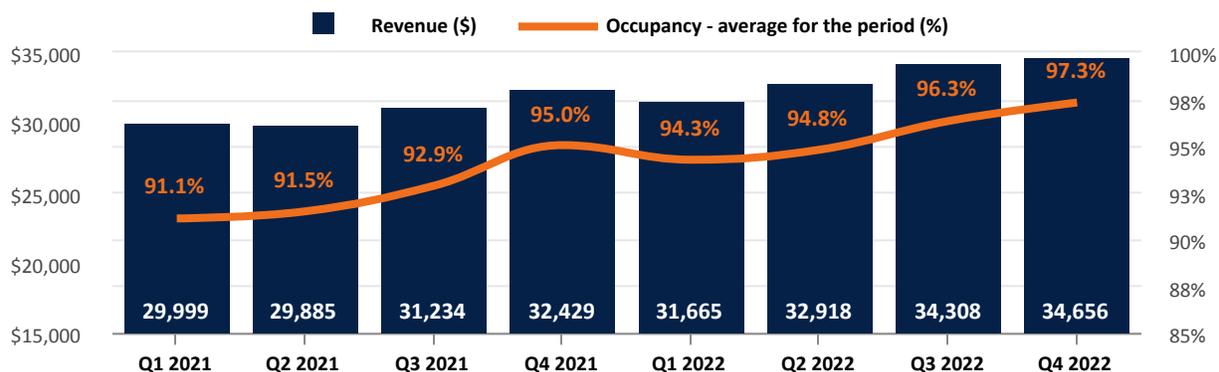
Revenue from investment properties consists of rental revenue from residential lease agreements relating to unfurnished suites and furnished suites, commercial lease agreements, parking revenue and other property income. Other property income consists of ancillary revenue from laundry facilities, telecommunication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

Rental Revenue from Unfurnished Suites

For Q4 2022, rental revenue from unfurnished suites for the Same Property Portfolio increased 9.2% from Q4 2021, primarily due to improved occupancy and higher average monthly rents, as well as reduced amortization of promotions. Same Property Portfolio average occupancy for Q4 2022 was 97.3% compared to 95.1% for Q4 2021. As at December 31, 2022, average monthly rent increased to \$1,738, which was 4.6% per month higher than Q4 2021. Use of lease promotions has continued to diminish as the rental market has strengthened.

For FY 2022, Same Property Portfolio rental revenue from unfurnished suites was 8.5% higher than FY 2021, primarily due to higher occupancy and average monthly rents. Same Property Portfolio average occupancy of 95.7% for FY 2022 was 320 bps higher than FY 2021. Average monthly rent for the year ended December 31, 2022 increased 5.5% to \$1,732.

Same Property Portfolio Revenue and Occupancy - Average for the Period¹



Same Property Portfolio	Three months ended December 31,			Year ended December 31,		
	2022	2021	Change	2022	2021	Change
Occupancy - average for the period¹						
Toronto	98.2 %	94.2 %	400 bps	96.8 %	91.2 %	560 bps
Ottawa	98.2 %	96.5 %	170 bps	96.4 %	93.5 %	290 bps
Alberta	97.0 %	94.6 %	240 bps	95.3 %	92.3 %	300 bps
Montreal	93.8 %	92.3 %	150 bps	92.5 %	91.1 %	140 bps
	97.3 %	95.1 %	220 bps	95.7 %	92.5 %	320 bps

In 2021 Management offered promotions to residents to increase occupancy, which peaked in Q2 2021. The use of promotions has since been reduced substantially as the REIT's occupancy has improved and the need for such incentives has declined. In addition, the majority of the promotions offered during the peak period have been fully amortized.

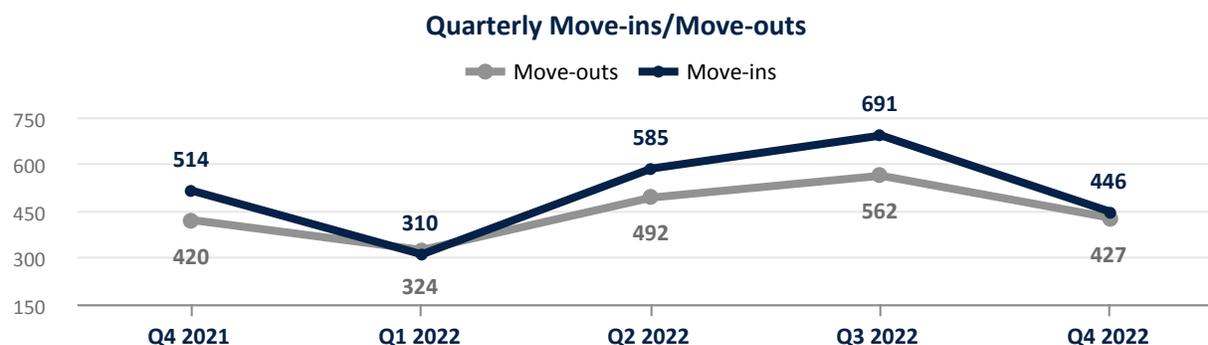
For Q4 2022, revenue from unfurnished suites for the Total Portfolio was 18.4% higher as compared to Q4 2021, of which 9.2% related to the acquisitions. Total Portfolio average monthly rent was \$1,732 at December 31, 2022, an increase of 5.5% from December 31, 2021. Total Portfolio average occupancy for Q4 2022 was 97.1%, an increase of 210 bps from Q4 2021.

For FY 2022, revenue from unfurnished suites for the Total Portfolio was 16.7% higher as compared to FY 2021, 7.8% of which related to acquisitions. The balance of the revenue gain was driven by a 5.5% increase in average monthly rent over FY 2021 and growth in average occupancy of 310 bps to 95.6% for FY 2022.

Total Portfolio	Three months ended December 31,			Year ended December 31,		
	2022	2021	Change	2022	2021	Change
Occupancy - average for the period¹						
Toronto	98.1 %	94.2 %	390 bps	96.7 %	91.2 %	550 bps
Ottawa	98.2 %	96.5 %	170 bps	96.4 %	93.5 %	290 bps
Alberta	96.9 %	94.6 %	230 bps	95.5 %	92.3 %	320 bps
Montreal	93.8 %	92.4 %	140 bps	92.6 %	91.1 %	150 bps
	97.1 %	95.0 %	210 bps	95.6 %	92.5 %	310 bps

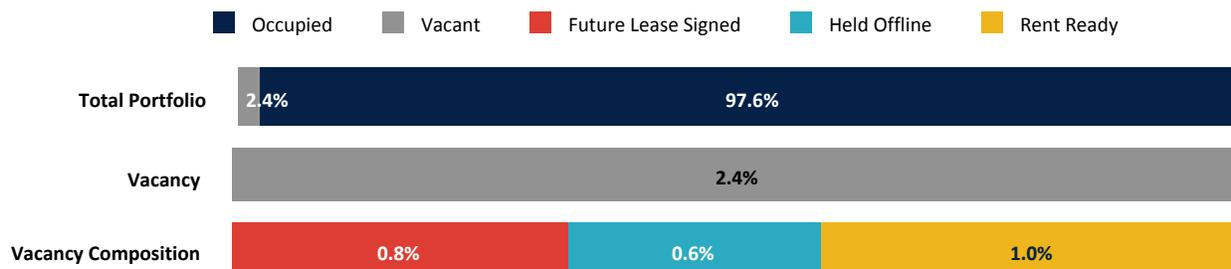
In Q4 2022, there were 427 move-outs and 446 move-ins, compared to 420 move-outs and 514 move-ins for Q4 2021. The graph below sets out the REIT's quarterly move-in/move-out metrics for the past five quarters (100% basis), and illustrates the return to typical seasonal leasing patterns of higher leasing activity in Q2 and Q3 and reduced activity in the late fall and winter months.

¹ Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"



At December 31, 2022, the REIT's Total Portfolio had vacancy of 201 unfurnished suites (2.4% of total unfurnished suites), of which 70 unfurnished suites (0.8% of total unfurnished suites) were leased for future occupancy, 46 unfurnished suites (0.6% of total unfurnished suites) were held offline undergoing post move-out repairs and maintenance or under renovation for repositioning programs, and 85 unfurnished suites (1% of total unfurnished suites) were rent ready.

Vacancy Composition of Unfurnished Suites at December 31, 2022



Rental Revenue from Furnished Suites

For Q4 2022, rental revenue from furnished suites for the Same Property Portfolio and Total Portfolio was 1.6% lower than Q4 2021. Increased average monthly rent for furnished suites of \$4,848 for Q4 2022 represents a substantial increase over \$4,078 for Q4 2021, but was offset by reduced occupancy of 77.35% compared to 80.50% and the average suite count decreased by 21 suites from Q4 2021.

For FY 2022, rental revenue from furnished suites for the Same Property Portfolio and Total Portfolio was 11.9% higher than FY 2021. Average monthly rent for furnished suites of \$4,695 was significantly higher than \$3,941 for FY 2021. Average occupancy of 79.35% also increased over FY 2021, which had average occupancy of 76.20%. The positive revenue result was attained while reducing the average suite count by 28 suites over the course of FY 2022 as compared to FY 2021. These metrics have improved over the course of FY 2022 following a considerable recovery in demand from business travel, corporate relocations, easing restrictions on non-essential travel and inflation.

Rental Revenue from Commercial Leases

For Q4 2022 and FY 2022, revenue from commercial leases for the Same Property Portfolio was 19.1% and 25.4% lower as compared to the same periods in 2021. This decrease was due mainly to promotions offered in Ottawa.

As compared to the same periods in 2021, revenue from commercial leases for the Total Portfolio was 9.5% higher for Q4 2022 driven by the acquisition of Niagara West but 3.8% lower for FY 2022 with gains from Niagara West being more than offset by promotions offered in Ottawa. The commercial space at Niagara West accounted for increases of 35.3% and 28.9% in Q4 2022 and FY 2022, respectively, over the Same Property Portfolio.

Parking Revenue

For Q4 2022 and FY 2022, parking revenue for the Same Property Portfolio increased by 1.6% and 9.8%, respectively over the same periods in 2021, mainly due to improved occupancy and higher rates charged to tenants.

For Q4 2022 and FY 2022, parking revenue for the Total Portfolio was 17.0% and 21.3% higher as compared to the same periods in 2021, of which 16.0% and 10.6%, respectively, related to the acquisitions.

Other Property Income

For Q4 2022 and FY 2022, other property income for the Same Property Portfolio increased by 7.6% and 12.4% as compared to the same periods in 2021, primarily as a result of higher revenue from laundry, storage rentals and guest suites.

For Q4 2022 and FY 2022, other property income for the Total Portfolio was 19.6% and 22.4% higher as compared to the same periods in 2021, of which 12.0% and 9.1%, respectively, related to the acquisitions.

Property Operating Costs

Same Property Portfolio

	Three months ended December 31,			Year ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Property operating costs	\$ 6,615	\$ 6,118	(8.1)%	\$ 26,080	\$ 23,909	(9.1)%

Total Portfolio

	Three months ended December 31,			Year ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Property operating costs	\$ 7,414	\$ 6,161	(20.3)%	\$ 28,387	\$ 23,952	(18.5)%

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

For Q4 2022, Same Property Portfolio property operating costs were 8.1% higher compared to Q4 2021, mainly as a result of an increase in salaries and wages, in addition to repairs and maintenance. The increase in salaries was mainly a result of filling staffing vacancies and annual salary increases.

For FY 2022, property operating costs for the Same Property Portfolio were 9.1% higher than FY 2021, mainly due to increased salaries and wages, repairs and maintenance, bad debt expense, insurance premiums, professional fees, and property administrative expenses.

For Q4 2022 and FY 2022, property operating costs for the Total Portfolio were 20.3% and 18.5% higher as compared to the same periods in 2021, of which 12.1% and 8.8%, respectively, related to the acquisitions.

Same Property Portfolio property operating costs were 19.1% of revenue for Q4 2022, compared to 19.0% for Q4 2021. For Q4 2022, Total Portfolio property operating costs were 19.6% of revenue, compared to 19.0% for Q4 2021. For FY 2022, Same Property Portfolio property operating costs were 19.5% of revenue, compared to 19.4% for FY 2021. For FY 2022, Total Portfolio property operating costs were 19.7% of revenue, compared to 19.4% for FY 2021.

Property Taxes

Same Property Portfolio

	Three months ended December 31,			Year ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Property taxes	\$ 3,514	\$ 3,486	(0.8)%	\$ 14,056	\$ 13,300	(5.7)%

Total Portfolio

	Three months ended December 31,			Year ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Property taxes	\$ 3,872	\$ 3,508	(10.4)%	\$ 15,116	\$ 13,322	(13.5)%

Property taxes for the Same Property Portfolio for Q4 2022 increased slightly as compared to Q4 2021, primarily due to changes in assessed values and tax rates across the portfolio.

Property taxes for the Same Property Portfolio for FY 2022 were 5.7% higher than FY 2021, primarily due to changes in assessed values and tax rates across the portfolio, as well as refunds received in Q2 2021 from successful property tax appeals of approximately \$600 relating to certain properties in Ottawa.

For Q4 2022 and FY 2022, property taxes for the Total Portfolio were 10.4% and 13.5% higher as compared to the same periods in 2021, of which 10.2% and 7.5%, respectively, related to the acquisitions.

Same Property Portfolio property taxes were 10.1% of revenue for Q4 2022, compared to 10.8% for Q4 2021. Total Portfolio property taxes were 10.2% of revenue for Q4 2022, compared to 10.8% for Q4 2021. For FY 2022, Same Property Portfolio property taxes were 10.5% of revenue, compared to 10.8% for FY 2021. For FY 2022, Total Portfolio property taxes were 10.5% of revenue, compared to 10.8% for FY 2021.

Utilities

Same Property Portfolio

	Three months ended December 31,			Year ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Electricity	\$ 935	\$ 936	0.1 %	\$ 3,996	\$ 3,938	(1.5)%
Natural gas	1,598	1,129	(41.5)%	4,610	3,081	(49.6)%
Water	776	725	(7.0)%	3,012	2,977	(1.2)%
	\$ 3,309	\$ 2,790	(18.6)%	\$ 11,618	\$ 9,996	(16.2)%

Total Portfolio

	Three months ended December 31,			Year ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Electricity	\$ 1,120	\$ 941	(19.0)%	\$ 4,403	\$ 3,943	(11.7)%
Natural gas	1,767	1,154	(53.1)%	5,005	3,106	(61.1)%
Water	796	725	(9.8)%	3,083	2,977	(3.6)%
	\$ 3,683	\$ 2,820	(30.6)%	\$ 12,491	\$ 10,026	(24.6)%

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

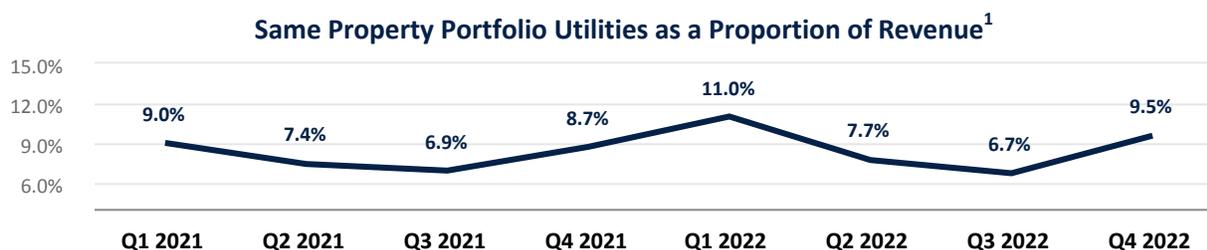
Same Property Portfolio utilities for Q4 2022 were 18.6% higher compared to Q4 2021 primarily due to an increase in natural gas expense. The natural gas expense increased by 41.5% as a result of significant increases in rates and federal carbon levies across all geographic nodes. Heating degree days were 12.7% higher which drove a slight increase in consumption from Q4 2022 over Q4 2021.

Same Property Portfolio utilities for FY 2022 were 16.2% higher compared to FY 2021 primarily due to an increase in natural gas expense. The increase in Same Property Portfolio natural gas expense of 49.6% is a combination of higher rates and federal carbon levies. A colder winter and spring led to increased consumption as heating degree days were 11.2% higher for the first two quarters of 2022 when compared to the same periods in 2021 in addition to colder Q4 2022 compared to Q4 2021.

For Q4 2022 and FY 2022, utilities for the Total Portfolio were 30.6% and 24.6% higher as compared to the same periods in 2021, of which 11.3% and 7.5%, respectively, related to the acquisitions.

Natural gas supply rates are expected to continue to decrease into 2023 from peak Q3 2022 rates. Usage of natural gas is highly seasonal and weather dependent with peaks in Q4 and Q1 of any given year.

Same Property Portfolio utilities represent 9.5% of revenue, compared to 8.7% for Q4 2021. Total Portfolio utilities for Q4 2022 represent 9.7% of revenue, compared to 8.7% for Q4 2021. For FY 2022, Same Property Portfolio utilities represent 8.7% of revenue, compared to 8.1% for FY 2021. Total Portfolio utilities for FY 2022 represent 8.7% of revenue, compared to 8.1% for FY 2021.



General and Administrative Expenses

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

The general and administrative expenses for Q4 2022 and FY 2022 increased 38.1% and 22.4% respectively, primarily driven by executive compensation and Unit-based compensation for the hiring of the new President and Chief Operating Officer, higher professional fees, and travel costs.

Finance Costs - Operations

	Three months ended December 31,			Year ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Interest expense on mortgages and loans	\$ 6,419	\$ 4,161	(54.3)%	\$ 21,802	\$ 16,605	(31.3)%
Interest expense and standby fees on credit facility	2,344	410	(471.7)%	5,128	1,750	(193.0)%
Amortization of financing charges	328	145	(126.2)%	938	640	(46.6)%
Amortization of mark-to-market adjustments	(179)	(192)	(6.8)%	(743)	(769)	(3.4)%
Capitalized interest expense	(484)	(68)	611.8 %	(1,051)	(95)	1,006.3 %
Interest expense and other financing charges	8,428	4,456	(89.1)%	26,074	18,131	(43.8)%
Distributions on Class B LP Units	3,122	2,665	(17.1)%	11,942	10,436	(14.4)%
Distributions on Class C LP Units	1,634	1,677	2.6 %	6,574	6,743	2.5 %
	\$ 13,184	\$ 8,798	(49.9)%	\$ 44,590	\$ 35,310	(26.3)%

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

Finance costs for Q4 2022 were higher by \$4,386 compared to Q4 2021, primarily as a result of additional interest expense on variable rate debt acquired in connection with the acquisitions of Niagara West and The International, higher interest expense on the credit facility and an increase in distributions on Class B LP Units. Higher interest expense on the credit facility is a result of increased usage and higher interest rates. For Q4 2022 the average outstanding balance was \$144,856 with an average borrowing rate of 6.03%, compared to \$28,121 in Q4 2021 with an average borrowing rate of 2.19%. The increase in mortgage interest expense is primarily driven by the mortgages associated with Niagara West and The International, which account for \$1,842 of the increase over Q4 2021; at December 31, 2022 their weighted average interest rate was 7.45%. Management is actively working to secure CMHC-insured fixed rate mortgages for both of these properties. Class B LP Unit distributions for Q4 2022 were higher by \$457 compared to Q4 2021 primarily due to the additional Class B LP Units issued in connection with the Niagara West acquisition and the monthly distribution increase effective for November 2022 onward that increased the monthly distributions from \$0.03958 to \$0.04083 per Class B LP Unit.

Finance costs for FY 2022 were \$9,280 higher compared to FY 2021, primarily as a result of increased interest expense from the credit facility due to higher interest rates and increased usage, an increase of \$5,014 of interest expense on mortgages secured by the three properties acquired since Q4 2021, and \$1,506 from higher distributions on Class B LP Units.

¹ Same Property Portfolio utilities as a percentage of revenue is representative of Total Portfolio utilities as a percentage of revenue.

Finance Income

Finance income comprises interest income on convertible development loans, a Unit purchase loan made to a member of Management, and interest on bank deposits.

For Q4 2022 and FY 2022, finance income was 69.7% and 54.0% higher, respectively, when compared to the same periods in 2021, primarily as a result of higher interest income earned on convertible development loans. As at December 31, 2022, the REIT had advanced \$12,893 on one new convertible development loan commitment and an additional \$21,379 on four existing commitments, thus driving higher interest income throughout Q4 2022 and FY 2022.

Fair Value Gain (Loss) on Investment Properties

Fair value of residential investment properties is predominantly determined using the direct capitalization approach, by applying an appropriate capitalization rate to the estimated 12-month stabilized forecasted NOI for each property, reduced by an estimate of five-year future capital expenditures. 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.

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

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Forecast NOI	\$ 68,134	\$ 6,605	\$ 151,368	\$ 11,682
Capitalization rates	(69,987)	10,262	(117,503)	122,753
Capital expenditure reserve	(10,356)	(13,734)	(52,693)	(47,928)
COVID-19 reserve	—	—	—	2,681
	\$ (12,209)	\$ 3,133	\$ (18,828)	\$ 89,188

Increases in capitalization rates of 12.5 bps to 25.0 bps on various assets across all geographies were offset by forecast NOI growth in Q4 2022 due to strong realized and forecasted leasing results continuing to outpace expense inflation. The weighted average capitalization rate used for the Q4 2022 valuation of residential properties was 3.80%, compared to 3.68% in Q3 2022 and 3.60% in Q4 2021. The adjustment is derived from market data indicating mild capitalization rate expansion on multi-family assets due to the rising interest rate environment. In addition, the capital expenditure reserve increased based on timing changes of planned capital projects and sustainability initiatives. Collectively, adjustments to capitalization rates, forecast NOI, and capital expenditure reserve resulted in a \$12,209 fair value loss.

The fair value loss in FY 2022 was due to capitalization rate expansion of 12.5 bps to 25.0 bps across all geographies based on their individual rental fundamentals and the changing debt market, as well as the progression of planned capital projects, partially offset by increased forecast NOI as a result of stronger leasing across all geographies.

The capitalization rates of the portfolio for each of the REIT's residential rental markets were as follows:

As at	December 31, 2022		December 31, 2021	
	Low	High	Low	High
Ottawa, Ontario	3.88%	4.25%	3.63%	4.00%
Toronto, Ontario	3.25%	3.50%	3.13%	3.25%
Edmonton, Alberta	4.38%	4.38%	4.25%	4.25%
Calgary, Alberta	4.28%	4.63%	4.15%	4.50%
Montreal, Quebec	3.75%	4.00%	3.50%	3.75%
Weighted-average capitalization rate		3.80%		3.60%

Fair Value Loss (Gain) on Class B LP Units

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

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

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Unit price - opening	\$ 12.90	\$ 22.36	\$ 21.89	\$ 20.37
Unit price - closing	14.05	21.89	14.05	21.89

The increase in Unit price for Q4 2022 resulted in a fair value loss on Class B LP Units of \$29,617, compared to a decrease in Unit price resulting in a fair value gain of \$10,701 for Q4 2021. For FY 2022, the decrease in Unit price resulted in a fair value gain of \$197,531, whereas an increase in Unit price for FY 2021 resulted in a fair value loss of \$34,609.

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 Q4 2022 and FY 2022, the REIT recognized fair value gains of \$6 and \$2,391, respectively, compared to fair value gains of \$421 and \$1,625 for the same periods in 2021. The fair value gains were primarily a result of an increase in variable interest rates.

Fair Value Loss (Gain) on Unit-Based Compensation

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

For Q4 2022, the REIT recognized a fair value loss of \$354 due to an increase in the Unit price, whereas for Q4 2021 the REIT recognized a gain of \$98 due to a decrease in the Unit price. For FY 2022, the REIT recognized a fair value gain of \$2,246 due to a decrease in the Unit price, whereas for FY 2021, an increase in Unit price resulted in a fair value loss of \$137.

Fees and Other Income

Fees and other income represent revenue from asset, project and property management services provided by the REIT in connection with four properties co-owned with institutional partners and other income, including insurance recoveries. For Q4 2022 and FY 2022, the REIT recognized \$1,041 and \$3,339, respectively, in fees and other income, with the increase over the same periods in 2021 primarily driven by the addition of Niagara West to the portfolio on April 22, 2022 and approximately \$898 in one-time insurance recoveries received in 2022.

For Q4 2022, the REIT recognized a \$304 insurance recovery relating to a property in Ottawa damaged by a storm. After normalization of this one-time insurance recovery, FFO per unit and AFFO per unit decreased by 10.9% and 12.5%, respectively, when compared to Q4 2021. For FY 2022, the REIT recognized \$898 in one-time insurance recoveries. After normalization of these one-time recoveries, FFO per unit and AFFO per unit grew 1.1% and 1.5%, respectively, as compared to the same period in 2021.

Summary of Quarterly Results

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Total assets	\$ 2,734,812	\$ 2,714,856	\$ 2,706,092	\$ 2,474,897	\$ 2,440,714	\$ 2,326,515	\$ 2,286,697	\$ 2,211,191
Investment properties	\$ 2,611,094	\$ 2,600,273	\$ 2,599,891	\$ 2,384,753	\$ 2,360,565	\$ 2,252,643	\$ 2,206,078	\$ 2,145,174
Total liabilities	\$ 1,521,275	\$ 1,464,049	\$ 1,487,430	\$ 1,435,014	\$ 1,430,713	\$ 1,419,443	\$ 1,456,426	\$ 1,385,520
Total non-current liabilities	\$ 1,189,744	\$ 1,145,584	\$ 1,244,872	\$ 1,273,661	\$ 1,248,071	\$ 1,331,990	\$ 1,394,275	\$ 1,273,525
Revenue from investment properties	\$ 37,916	\$ 37,838	\$ 35,510	\$ 32,526	\$ 32,429	\$ 31,234	\$ 29,885	\$ 29,999
NOI ¹	\$ 22,947	\$ 24,224	\$ 21,839	\$ 18,786	\$ 19,940	\$ 19,405	\$ 19,018	\$ 17,884
NOI margin ¹	60.5%	64.0%	61.5%	57.8%	61.5%	62.1%	63.6%	59.6%
Net (loss) income and comprehensive (loss) income	\$ (32,432)	\$ 39,655	\$ 183,537	\$ 34,640	\$ 24,933	\$ 80,928	\$ 8,727	\$ (20,427)
FFO ¹	\$ 12,864	\$ 15,654	\$ 13,680	\$ 11,979	\$ 13,245	\$ 12,453	\$ 11,941	\$ 10,891
FFO per unit ¹	\$ 0.1960	\$ 0.2380	\$ 0.2100	\$ 0.1906	\$ 0.2147	\$ 0.2109	\$ 0.2022	\$ 0.1845
AFFO ¹	\$ 11,160	\$ 13,952	\$ 11,983	\$ 10,348	\$ 11,656	\$ 10,883	\$ 10,373	\$ 9,322
AFFO per unit ¹	\$ 0.1700	\$ 0.2121	\$ 0.1840	\$ 0.1647	\$ 0.1890	\$ 0.1842	\$ 0.1757	\$ 0.1579
Distributions declared ²	\$ 7,960	\$ 7,804	\$ 7,816	\$ 7,462	\$ 7,356	\$ 6,718	\$ 6,717	\$ 6,716
AFFO Payout Ratio ¹	71.3%	55.9%	65.2%	72.1%	63.1%	61.7%	64.8%	72.0%
Distribution per unit	\$ 0.1212	\$ 0.1187	\$ 0.1187	\$ 0.1187	\$ 0.1171	\$ 0.1138	\$ 0.1138	\$ 0.1138

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

Q4 2022 marks yet another strong quarter for the REIT's operations, driven by favourable long-term market demand conditions for unfurnished suites which drive revenue and NOI. Average monthly rents and occupancy continued their upward trajectory. While inflation increased the cost of utilities and property operating expenses, by the end of 2022 it showed signs of slowing. FFO and AFFO were impacted by higher short term interest rates, which affected variable rate mortgages and the credit facility in particular, and had a negative impact on financing costs. Overall, the REIT achieved strong results in the balance of these challenges and opportunities, and was able to increase the monthly distributions by 3.2% while maintaining a conservative payout ratio.

¹ Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

² Includes distributions on Units and Class B LP Units.

Summary of Annual Results

As at and for the year ended December 31,	2022		2021		2020
Total assets	\$	2,734,812	\$	2,440,714	\$ 2,203,284
Investment properties	\$	2,611,094	\$	2,360,565	\$ 2,138,101
Total liabilities	\$	1,521,275	\$	1,430,713	\$ 1,353,060
Total non-current liabilities	\$	1,189,744	\$	1,248,071	\$ 1,243,761
Revenue from investment properties	\$	143,790	\$	123,547	\$ 124,929
NOI ¹	\$	87,796	\$	76,247	\$ 78,620
NOI margin ¹		61.1%		61.7%	62.9%
Interest expense and other financing charges	\$	26,074	\$	15,002	\$ 16,698
Net income and comprehensive income	\$	225,400	\$	94,161	\$ 179,638
FFO ¹	\$	54,177	\$	48,530	\$ 49,981
FFO per unit ¹	\$	0.8353	\$	0.8128	\$ 0.8465
AFFO ¹	\$	47,443	\$	42,234	\$ 43,733
AFFO per unit ¹	\$	0.7315	\$	0.7073	\$ 0.7407
Distributions declared ²	\$	31,042	\$	27,507	\$ 26,351
AFFO Payout Ratio ¹		65.4%		65.1%	60.3%
Distribution per unit	\$	0.4775	\$	0.4584	\$ 0.4463
NAV ¹	\$	1,575,395	\$	1,508,416	\$ 1,314,030
NAV per unit ¹	\$	24.00	\$	24.00	\$ 22.26

The REIT began FY 2022 with a portfolio of 30 multi-residential rental properties comprising 7,538³ suites across Ottawa, Toronto, Montreal, Calgary and Edmonton with a value of \$2,440,714. Two new properties were added to the portfolio during the year: an ownership stake of 28.35% in Niagara West in Toronto, and The International, a wholly-owned property in Calgary, bringing the total suite count to 8,291.³ The REIT also extended an additional convertible development loan to MPI to finance the development of University Heights in Victoria, which provides the REIT the option to purchase MPI's 45% indirect ownership share of an expected 594 suites. Despite the challenges presented throughout 2022, including numerous interest rate hikes, soaring inflation, and volatile capital markets, the REIT continued to generate rental revenue and NOI growth through gains on suite turnovers as new leases were set to market rates and increased average occupancy across the portfolio.

¹ Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

² Includes distributions on Units and Class B LP Units.

³ Total suites includes suites co-owned with institutional partners: 2,163 at December 31, 2021 and 2,664 at December 31, 2022.

Section III - Assessment of Financial Position

Investment Properties

The following table summarizes the changes in investment properties:

	Residential properties	Commercial properties	Land under development	Total
Balance, December 31, 2021	\$ 2,306,493	\$ 18,850	\$ 35,222	\$ 2,360,565
Additions				
Acquisition	186,579	12,702	—	199,281
Capital expenditures	52,348	48	—	52,396
Development expenditures	—	—	18,395	18,395
Other	(715)	—	—	(715)
Fair value (loss) gain	(19,250)	(3,772)	4,194	(18,828)
Balance, December 31, 2022	\$ 2,525,455	\$ 27,828	\$ 57,811	\$ 2,611,094

Acquisition of Investment Properties

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

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

Both acquisitions were accounted for as asset acquisitions and contributed to the operating results effective from their respective acquisition dates. Through December 31, 2022, Niagara West and The International have achieved strong average monthly rents of \$2,639 and \$1,620, respectively. This is supported by stable average occupancy since acquisition of 95.6% and 96.0%, respectively. Their strong performance in both rents and occupancy, along with those of Le Hill Park, have contributed to Total Portfolio NOI growth of 15.1% for YTD 2022 over YTD 2021.

Capital Expenditures

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

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Total capital expenditures	\$ 18,433	\$ 10,350	\$ 52,396	\$ 36,453
Value-enhancing capital expenditures				
Building improvements	11,273	6,039	30,280	15,518
Suite upgrades	5,921	2,523	15,945	14,640
	17,194	8,562	46,225	30,158
Maintenance capital expenditures	1,239	1,788	6,171	6,295
Maintenance capital expenditures per suite	\$ 183	\$ 288	\$ 927	\$ 1,025

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 Section I - "Overview - Financial and Operating Highlights - Value Creation - Repositioning" and Section I - "Overview - Outlook".

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

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

The actual maintenance capital expenditures for Q4 2022 and FY 2022 were \$1,239 and \$6,171 or \$183 and \$927 per suite, respectively, and primarily related to maintenance of plumbing, electrical and mechanical systems, parking garages, fire-life safety systems and common areas at various buildings.

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

Development Expenditures

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

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Richgrove	\$ 3,261	\$ 11,274	\$ 12,364	\$ 13,079
Leslie York Mills	2,020	430	5,407	792
High Park Village	31	131	624	348
	\$ 5,312	\$ 11,835	\$ 18,395	\$ 14,219

The construction of the Richgrove project continues as planned, with development expenditures primarily related to the first phase of below-grade construction which was completed in November 2022. Expenditures on the second phase of below-grade construction will continue throughout 2023. As of December 31, 2022, the REIT has incurred costs of \$26,368, and forecasts \$90,632 in remaining expenditures, an internal rate of return ("IRR") of 17.17% and stabilization in Q2 2026.

Development at Leslie York Mills also continues to progress, with the demolition of the existing parking structure and site servicing complete. Preparation of the temporary parking structure is underway. As of December 31, 2022, the REIT has incurred costs of \$17,917, and forecasts \$167,083 in remaining expenditures, an IRR of 12.46% and stabilization in Q2 2026.

The High Park Village development rezoning was completed in Q3 2022, however the final project specifications remain subject to municipal as well as investment partner approval through the Site Place Approval process, with expenditures incurred as the project progresses through the pre-development phase. As of December 31, 2022, the REIT has incurred costs of \$7,549, and forecasts \$512,451 in remaining expenditures, an IRR of 14% to 17% and stabilization in Q3 2029.

Valuation

Refer to Section II, "Review of Financial Performance - Fair Value Loss (Gain) on Investment Properties" for details on the valuation method used for the REIT's investment properties.

Class B LP Units

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

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

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

Class C LP Units

The Class C LP Units provide for monthly distributions to the holder of such Class C LP Units to be paid in priority to distributions to holders of the Units and Class B LP Units. Due to the nature of such distributions, the Class C LP Units are classified as financial liabilities.

As at December 31, 2022 and December 31, 2021, there were 22,978,700 Class C LP Units outstanding.

The mortgages of investment properties to which the distributions on the Class C LP Units relate bear a weighted average contractual interest rate of 3.16% (December 31, 2021 - 3.16%) and mature at various dates between 2023 and 2030.

Secured Debt

Secured debt includes mortgages, a construction loan and the REIT's revolving credit facility.

The REIT maintains mortgages with both fixed and variable interest rates that are secured by investment properties. The fixed rate mortgages bear interest at a weighted average contractual interest rate of 3.03% (December 31, 2021 - 2.71%) and mature at various dates between 2023 and 2023. The REIT's fixed rate mortgages include a variable rate mortgage that is fixed at 3.38% through an interest rate swap.

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

In connection with the acquisitions of Niagara West and The International, the REIT assumed \$108,378 in variable rate mortgage financing. The Niagara West mortgage bears interest at bankers' acceptance plus 200 bps or prime plus 100 bps. The International's mortgage bears interest at bankers' acceptance rate plus 250 bps or prime plus 100 bps. In Q1 2023, the maturity dates of both mortgages were extended to April 30, 2023. At December 31, 2022, the weighted average variable interest rate of these mortgages was 7.45%, an increase of 1.31% from September 30, 2022. The REIT is actively working on refinancing both mortgages as CMHC-insured fixed rate mortgages.

The REIT has a fixed rate non-revolving construction loan to finance its Richgrove development. The \$93,745 construction loan bears interest at 2.39% and matures on March 1, 2032. As at December 31, 2022, \$8,006 (December 31, 2021 - \$nil) was drawn. Payments are made monthly on an interest-only basis.

On June 30, 2022, the REIT increased the total commitment on its revolving credit facility from \$200,000 to \$300,000. As at December 31, 2022, the REIT had available credit of \$267,115 (December 31, 2021 - \$200,000) which is the lesser of the total commitment and the lending value. The increase enables the REIT to maintain financial flexibility and continue to capitalize on opportunities to drive long term NAV growth. In addition to the commitment increase, the REIT extended the maturity date of the credit facility by one year to July 3, 2025. The credit facility is secured by several investment properties and is used to fund working capital requirements, acquisitions, letters of credit and for general corporate purposes. The credit facility bears interest at bankers' acceptance rate plus 175 bps or prime plus 75 bps and as at December 31, 2022, the weighted average variable interest rate was 6.47% (December 31, 2021 - 2.19%).

	December 31, 2022	December 31, 2021
Committed	\$ 300,000	\$ 200,000
Available	267,115	200,000
Utilized		
Amounts drawn	157,158	51,754
Letter of credit	442	442
	157,600	52,196
Undrawn amount available	\$ 109,515	\$ 147,804

Units

The following table presents the change in and outstanding amount of Units for the year ended December 31, 2022:

	Units	\$
Opening balance, December 31, 2021	40,069,839	\$ 714,121
Cancellation of Units under NCIB	(182,227)	(3,248)
Closing balance, December 31, 2022	39,887,612	\$ 710,873

Normal Course Issuer Bid

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

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

For FY 2022, the REIT purchased and cancelled 182,227 Units under the NCIB, at a weighted average purchase price of \$15.15 per Unit, for a total cost of \$2,764, including commissions. The difference between the purchase price and the weighted average historical Unit issuance price of \$17.82 per Unit was recorded as an increase to retained earnings.

Distributions

On November 8, 2022, the Board of Trustees approved a 3.2% increase to the REIT's annual distribution from \$0.4750 per Unit to \$0.4900 per Unit. The monthly distribution will be \$0.04083 per Unit, up from \$0.03958 per Unit, effective from the November 2022 distribution paid on December 15, 2022. Management believes this distribution increase is aligned with its goal of maintaining a conservative AFFO payout ratio, which was 65.4% for FY 2022, to facilitate the reinvestment of capital to fund the REIT's growth initiatives.

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 FY 2022, distributions to Unitholders of \$19,100 (December 31, 2021 - \$17,071) were declared based on approved monthly distributions of \$0.03958 per Unit for the months of January to October and \$0.04083 for the months of November and December (2021 - \$0.03792 per Unit for the months of January to October 2021 and \$0.03958 per Unit for the months of November and December 2021).

Section IV - Liquidity, Capital Resources and Contractual Commitments

Liquidity and Capital Resources

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

As at	December 31, 2022	December 31, 2021
Liabilities (principal amounts outstanding):		
Class B LP Units	\$ 361,858	\$ 498,415
Class C LP Units	206,673	212,183
Mortgages	740,334	627,534
Construction loan	8,006	—
Credit facility	157,158	51,754
	1,474,029	1,389,886
Unitholders' equity	1,213,537	1,010,001
	\$ 2,687,566	\$ 2,399,887

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

The objective of the REIT's capital strategy is to arrange capital at the lowest possible cost while maintaining diversity in its lending base, balance in its maturity schedule and sufficient liquidity to fund the ongoing operations of the REIT and pay distributions. At December 31, 2022, 63% (December 31, 2021 - 72%) of the REIT's total debt is CMHC insured and approximately 76% (December 31, 2021 - 94%) is fixed rate, including variable rate debt fixed through an interest rate swap.

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

As at	December 31, 2022	December 31, 2021
Class C LP Units	\$ 208,086	\$ 214,069
Mortgages	738,314	626,120
Construction loan	8,006	—
Credit facility	157,158	51,754
Total debt	1,111,564	891,943
Total assets	2,734,812	2,440,714
Debt-to-Gross Book Value ratio¹	40.6%	36.5%
Total liquidity	114,838	150,655
Liquidity as a percentage of total debt	10.3%	16.9%

The REIT continues to maintain a conservative overall leverage position with a Debt-to-Gross Book Value ratio of 40.6% at December 31, 2022.

While the REIT has sufficient liquidity, Management manages its liquidity prudently given the current capital market conditions. The REIT's liquidity ratio (total liquidity as a percentage of total debt) was 10.3% at December 31, 2022, compared to 16.9% at December 31, 2021.

¹ Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

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

	December 31, 2022	December 31, 2021
NOI ¹	\$ 87,796	\$ 76,247
General and administrative expenses	(9,303)	(7,602)
Finance income	4,818	3,129
Fees and other income	3,339	1,630
	86,650	73,404
Impact on NOI of stabilized earnings from acquisitions	2,351	2,286
Adjusted EBITDA¹	89,001	75,690
Total debt	1,111,564	891,943
Cash	5,323	2,851
Total debt, net of cash	1,106,241	889,092
Debt-to-Adjusted EBITDA ratio¹	12.43x	11.75x

For FY 2022 and FY 2021, the REIT added finance income to Adjusted EBITDA as the amounts earned have become material to the operations of the REIT, making EBITDA more comparable to net income prior to adjustments.

The REIT's Debt-to-Adjusted EBITDA ratio increased by 0.68x compared to December 31, 2021. The primary reasons for the increase is the assumption of the mortgages for Niagara West and The International, additional draws on the credit facility, and the refinancing on the Edmonton properties. In addition, the REIT uses a combination of equity and debt to finance the intensification of existing sites and the issuance of convertible development loans (refer to Section I - "Overview - Outlook"). Any increased debt arising from these latter transactions is not immediately matched by increased NOI until the development projects stabilize or the REIT decides to exercise its CDL Options, resulting in temporary increase to the Debt-to-Adjusted EBITDA ratio.

The REIT has staggered the maturities of its debt financings, including distributions payable on the Class C LP Units, to reduce interest rate risk and its risk related to refinancing. As at December 31, 2022, the weighted average term to maturity on fixed rate debt was 4.27 years (December 31, 2021 - 4.69 years) and the weighted average interest rate on fixed rate debt was 3.06% (December 31, 2021 - 2.82%). The contractual payments under the REIT's debt financing are 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	Construction loan	Class C LP Units			
2023	\$ 12,933	\$ 5,271	\$ 226,262	\$ —	\$ —	\$ 44,963	\$ 289,429	26.0 %	5.40 %
2024	11,053	4,321	48,182	—	—	46,178	109,734	9.9 %	3.04 %
2025	10,077	3,067	41,016	157,158	—	60,474	271,792	24.4 %	5.08 %
2026	8,598	1,283	72,524	—	—	—	82,405	7.4 %	3.00 %
2027	8,155	1,327	—	—	—	21,425	30,907	2.8 %	3.31 %
2028	8,362	598	—	—	—	—	8,960	0.8 %	— %
Thereafter	14,387	998	278,785	—	8,006	16,768	318,944	28.7 %	2.67 %
	\$ 73,565	\$ 16,865	\$ 666,769	\$ 157,158	\$ 8,006	\$ 189,808	\$ 1,112,171	100 %	

Of the REIT's debt financings at December 31, 2022, \$265,536 incurs interest at variable interest rates and the weighted average interest rate was 6.87%. Two of the variable rate financings, making up \$108,378 of the total variable debt, mature in Q2 2023 and Management is actively working to secure new fixed rate CMHC-insured financing for both.

As of December 31, 2022, current liabilities of \$331,531 (December 31, 2021 - \$182,642) exceeded current assets of \$42,422 (December 31, 2021 - \$38,909), resulting in a net working capital deficit of \$289,109 (December 31, 2021 - \$143,733). Current liabilities as of December 31, 2022 include \$271,225 (December 31, 2021 - \$127,833) of mortgage financing which the REIT is actively in the process of refinancing. The REIT's immediate liquidity needs are met through cash-on-hand, cash flow from operations, refinancing of maturing mortgages and availability on its credit facility. As of December 31, 2022, liquidity was \$114,838 (December 31, 2021 - \$150,655), consisting of cash of \$5,323 (December 31, 2021 - \$2,851) and \$109,515 (December 31, 2021 - \$147,804) of available borrowing capacity under the credit facility. Management believes that there is sufficient liquidity to meet the REIT's financial obligations for the foreseeable future.

¹ Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

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

The REIT had a short form base shelf prospectus that allowed 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 was effective for a 25-month period from the date of issuance on December 8, 2020. On October 29, 2021, the REIT raised gross proceeds of \$86,716 from the issuance of Units under the short form base shelf prospectus. As at December 31, 2022, the amount available to be raised pursuant to the short form base shelf prospectus was \$713,284. Due to the volatility in the capital markets, the REIT did not renew the short form base shelf prospectus on its expiry in January 2023.

Cash Flows

The REIT held a cash balance of \$5,323 as at December 31, 2022 (December 31, 2021 - \$2,851). The sources and use of cash flow for the three months and years ended December 31, 2022 and 2021 are as follows:

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Operating activities	\$ 18,389	\$ 27,295	\$ 82,499	\$ 72,119
Financing activities	10,787	80,401	45,659	81,238
Investing activities	(29,424)	(107,932)	(125,686)	(153,113)

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 December 31,		Year ended December 31,	
	2022	2021	2022	2021
Net (loss) income and comprehensive (loss) income	\$ (32,432)	\$ 24,933	\$ 225,400	\$ 94,161
Add: distributions on Class B LP Units	3,122	2,665	11,942	10,436
	(29,310)	27,598	237,342	104,597
Less: distributions paid ¹	(7,875)	(7,109)	(30,849)	(27,260)
(Shortfall) excess of net (loss) income and comprehensive (loss) income over total distributions paid	\$ (37,185)	\$ 20,489	\$ 206,493	\$ 77,337
Cash provided by operating activities	\$ 18,389	\$ 27,295	\$ 82,499	\$ 72,119
Add: interest received	522	603	1,868	1,829
Less: interest paid	(10,087)	(6,153)	(32,981)	(25,150)
	8,824	21,745	51,386	48,798
Less: distributions paid ¹	(7,875)	(7,109)	(30,849)	(27,260)
Excess of cash provided by operating activities over total distributions and interest paid	949	14,636	20,537	21,538
Distributions declared ²	\$ 7,960	\$ 7,356	\$ 31,042	\$ 27,507

For Q4 2022, total distributions exceeded net income and comprehensive income, whereas for FY 2022 net income and comprehensive income was in excess total distributions paid. Distributions are better evaluated in the context of operating cash flows rather than net income as net income is impacted by several non-cash items, including fair value gains or losses on investment properties, Class B LP Units, Unit-based compensation and an interest rate swap.

While cash flows provided by operating activities are generally sufficient to cover distribution requirements, the timing of expenses and fluctuations in non-cash working capital may result in a temporary shortfall. In these cases, some portion of distributions may come from the REIT's capital or financing sources other than cash flows provided by operating activities. For Q4 2022 and FY 2022, cash provided by operating activities was in excess of total distributions and interest paid.

¹ Distributions paid on REIT Units and Class B LP Units.

² Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

Cash provided by financing activities

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Proceeds from issuance of Units, net of issue costs	\$ —	\$ 82,726	\$ —	\$ 82,726
Proceeds from mortgage financing	—	41,000	34,623	49,558
Net proceeds (repayments) on credit facility	28,567	(25,246)	105,404	19,806
Proceeds from construction loan	5,183	—	8,006	—
CMHC premiums and financing costs	(84)	(199)	(1,419)	(222)
Principal repayments on mortgages	(3,522)	(3,265)	(30,201)	(12,879)
Forgivable loan transferred from restricted cash	—	—	1,350	—
Distributions paid on various classes of units	(9,270)	(8,462)	(36,359)	(32,601)
Interest paid	(10,087)	(6,153)	(32,981)	(25,150)
Purchase and cancellation of Units	—	—	(2,764)	—
	\$ 10,787	\$ 80,401	\$ 45,659	\$ 81,238

For Q4 2022, cash flows used in financing activities included principal and interest on mortgages, distributions on various classes of units, payments of financing costs, and interest on the credit facility. These were entirely offset by net proceeds on the credit facility and draws on the construction loan in connection with the Richgrove development.

For FY 2022, cash flows from financing activities included net proceeds on the credit facility, new mortgage financing for the Edmonton properties, upward refinancing for Le Hill-Park, draws on the construction loan and a forgivable loan received in relation to the Richgrove intensification. These activities were partially offset by principal and interest payments on mortgages, distributions on various classes of units, purchases made under the NCIB, payments of CMHC premiums and financing costs, and interest on the credit facility.

Cash used in investing activities

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Acquisition of investment property	\$ —	\$ (80,007)	\$ (28,761)	\$ (80,007)
Capital additions to investment properties	(10,261)	(10,842)	(49,203)	(37,429)
Development expenditures	(4,108)	(6,742)	(17,550)	(17,482)
Loans advanced to related parties	(15,577)	(10,944)	(32,040)	(20,024)
Interest received	522	603	1,868	1,829
	\$ (29,424)	\$ (107,932)	\$ (125,686)	\$ (153,113)

Cash flows used in investing activities for Q4 2022 included capital expenditures on investment properties, development expenditures on the active Richgrove and Leslie York Mills projects and the pursuit of the High Park Village development, and loan advances on the Beechwood, 810 Kingsway and University Heights convertible development loans, offset by interest received from related parties.

Cash flows used in investing activities for FY 2022 include the acquisitions of Niagara West and The International, capital expenditures on investment properties, development expenditures on the three development projects described above, advances on the Beechwood, 810 Kingsway and University Heights convertible development loans and a loan advance to Management, partially offset by interest received from related parties.

Reconciliation of Non-IFRS Financial Measures and Ratios

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

FFO and AFFO

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

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net income and comprehensive income	\$ (32,432)	\$ 39,655	\$ 183,537	\$ 34,640	\$ 24,933	\$ 80,928	\$ 8,727	\$ (20,427)
Distributions on Class B LP Units	3,122	3,058	3,058	2,704	2,665	2,591	2,590	2,590
Issuance costs on Class B LP Units	—	—	175	—	—	—	—	—
Fair value loss (gain) on:								
Investment properties	12,209	18,689	2,325	(14,395)	(3,133)	(34,663)	(50,478)	(914)
Class B LP Units	29,617	(44,813)	(172,772)	(9,563)	(10,701)	(35,976)	50,775	30,511
Interest rate swap	(6)	(302)	(776)	(1,307)	(421)	(145)	3	(1,062)
Unit-based compensation	354	(633)	(1,867)	(100)	(98)	(282)	324	193
Funds from operations (FFO)	\$ 12,864	\$ 15,654	\$ 13,680	\$ 11,979	\$ 13,245	\$ 12,453	\$ 11,941	\$ 10,891
Maintenance capital expenditure reserve	(1,525)	(1,524)	(1,506)	(1,436)	(1,397)	(1,377)	(1,377)	(1,376)
Amortization of mark-to-market adjustments	(179)	(178)	(191)	(195)	(192)	(193)	(191)	(193)
Adjusted funds from operations (AFFO)	\$ 11,160	\$ 13,952	\$ 11,983	\$ 10,348	\$ 11,656	\$ 10,883	\$ 10,373	\$ 9,322
Distributions on Class B LP Units	3,122	3,058	3,058	2,704	2,665	2,591	2,590	2,590
Distributions on Units	4,838	4,746	4,758	4,758	4,691	4,127	4,127	4,126
	7,960	7,804	7,816	7,462	7,356	6,718	6,717	6,716
AFFO Payout Ratio	71.3%	55.9%	65.2%	72.1%	63.1%	61.7%	64.8%	72.0%
Weighted average number of Units and Class B LP Units issued and outstanding	65,642,641	65,769,904	65,135,801	62,838,912	61,683,912	59,043,912	59,043,912	59,043,912
FFO per unit	\$ 0.1960	\$ 0.2380	\$ 0.2100	\$ 0.1906	\$ 0.2147	\$ 0.2109	\$ 0.2022	\$ 0.1845
AFFO per unit	\$ 0.1700	\$ 0.2121	\$ 0.1840	\$ 0.1647	\$ 0.1890	\$ 0.1843	\$ 0.1757	\$ 0.1579

For Q4 2022, FFO was lower as compared to Q4 2021 driven mainly by a 49.9% increase in operating finance costs spurred by the variable rate mortgages and increased draws and interest rates on the credit facility. This was partially offset by a 15.1% increase in NOI driven mainly by an improvement in occupancy and average monthly rent and the additional revenues from the acquisitions of Le Hill-Park, Niagara West, and The International. AFFO was lower as compared to Q4 2021, primarily as a result of lower FFO as well as the increase in maintenance capital expenditure reserve applied to the acquisitions. The operations from acquisitions completed since Q4 2021 added \$1,782 to the FFO and \$1,635 to the AFFO for Q4 2022. The decline of Q4 2022 FFO per unit and AFFO per unit over Q4 2021 would have been 10.9% and 12.5%, respectively, with the exclusion of the impacts of a one-time insurance recovery of approximately \$304 received in Q4 2022.

	December 31, 2022		December 31, 2021		December 31, 2020	
Net income and comprehensive income	\$	225,400	\$	94,161	\$	179,638
Distributions on Class B LP Units		11,942		10,436		10,162
Issuance costs on Class B LP Units		175		—		
Fair value loss (gain) on:						
Investment properties		18,828		(89,188)		(78,701)
Class B LP Units		(197,531)		34,609		(63,298)
Interest rate swap		(2,391)		(1,625)		2,429
Unit-based compensation		(2,246)		137		(249)
Funds from operations (FFO)	\$	54,177	\$	48,530	\$	49,981
Maintenance capital expenditure reserve		(5,991)		(5,527)		(5,478)
Amortization of mark-to-market adjustments		(743)		(769)		(770)
Adjusted funds from operations (AFFO)	\$	47,443	\$	42,234	\$	43,733
Distributions on Class B LP Units		11,942		10,436		10,162
Distributions on Units		19,100		17,071		16,189
		31,042		27,507		26,351
AFFO Payout Ratio		65.4%		65.1%		60.3%
Weighted average number of Units and Class B LP Units issued and outstanding		64,858,981		59,709,337		59,043,912
FFO per unit	\$	0.8353	\$	0.8128	\$	0.8465
AFFO per unit	\$	0.7315	\$	0.7073	\$	0.7407

For FY 2022, FFO was higher as compared to FY 2021, reflecting a 15.1% increase in NOI due to an improvement in occupancy and average monthly rent and the additional revenues from the acquisitions made since Q4 2021. AFFO for FY 2022 was higher as compared to FY 2021, primarily as a result of higher FFO, offset by an increase in the maintenance capital expenditure reserve. The operations from acquisitions made since Q4 2021 added \$3,981 to FFO and \$3,687 to AFFO for FY 2022.

Maintenance capital expenditures include expenditures that are incurred in order to maintain the existing earning capacity of the REIT's investment properties. The maintenance capital expenditure reserve amount included in the AFFO calculation is based on the REIT's expectation of spending approximately \$900 per suite on an annual basis, which is slightly lower than the three-year historical average of actual maintenance capital expenditures of \$935. The pandemic restrictions caused a temporary slow down in activity and the subsequent recovery led to an increase in costs as deferred maintenance was completed. Management believes as these deferred expenditures are completed and maintenance activity normalizes, annual maintenance capital expenditure per suite will be approximately \$900 per suite, subject to costing pressures from inflation, and further disruptions due to the trades availability and supply chain constraints. Refer to Section III - "Assessment of Financial Position - Investment Properties - Capital Expenditures" for a more detailed discussion of maintenance capital expenditures.

NOI and NOI Margin

Same Property Portfolio

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Revenue from investment properties	\$ 34,656	\$ 32,196	\$ 133,547	\$ 123,314
Property operating expenses	13,438	12,394	51,754	47,205
NOI	21,218	19,802	\$ 81,793	\$ 76,109
NOI margin	61.2%	61.5%	61.2%	61.7%

Total Portfolio

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Revenue from investment properties	\$ 37,916	\$ 32,429	\$ 143,790	\$ 123,547
Property operating costs	14,969	12,489	55,994	47,300
NOI	22,947	19,940	\$ 87,796	\$ 76,247
NOI margin	60.5%	61.5%	61.1%	61.7%

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:

	December 31, 2022	December 31, 2021
NOI	\$ 87,796	\$ 76,247
Interest expense and standby fees on credit facility	5,128	1,750
Distributions on Class C LP Units:		
Principal repayments	5,510	5,341
Finance costs	6,574	6,743
Mortgages and construction loan:		
Principal repayments	13,901	12,879
Finance costs	21,802	16,605
Total debt service	\$ 52,915	\$ 43,318
Debt Service Coverage ratio	1.66x	1.76x

The decline in Debt Service Coverage ratio for FY 2022 from FY 2021 was primarily a result of higher interest on variable rate debt specifically relating to increased borrowings on the credit facility and new mortgages from the acquisitions of Niagara West and The International. This was further attributable to higher fixed interest on the refinanced mortgages at the Edmonton properties, from the acquisition of Le-Hill Park, and from the construction loan for the Richgrove development project. The foregoing was partially offset by an increase in NOI driven by higher rents and occupancy.

Debt-to-Adjusted EBITDA Ratio

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

For FY 2022 and FY 2021, the REIT added finance income to Adjusted EBITDA as the amounts earned have become material to the operations of the REIT, making EBITDA more comparable to net income prior to adjustments.

NAV and NAV per unit

As at	December 31, 2022	December 31, 2021	December 31, 2020
Net assets (Unitholders' equity)	\$ 1,213,537	\$ 1,010,001	\$ 850,224
Add: Class B LP Units	361,858	498,415	463,806
NAV	\$ 1,575,395	\$ 1,508,416	\$ 1,314,030
Number of Units and Class B LP Units	65,642,641	62,838,912	59,043,912
NAV per unit	\$ 24.00	\$ 24.00	\$ 22.26

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

Critical Judgments in Applying Accounting Policies

The following are the critical judgments that have been made in applying the REIT's accounting policies:

Investment property acquisitions

The REIT must assess whether an acquisition transaction should be accounted for as an asset acquisition or a business combination under IFRS 3. This assessment requires the REIT to make judgments on whether the assets acquired and liabilities assumed constitute a business as defined in IFRS 3 and if the integrated set of activities, including inputs and processes acquired, are capable of being conducted and managed as a business and the REIT obtains control of the business.

Income taxes

The REIT is a "mutual fund trust" and a "real estate investment trust" as defined in the Income Tax Act (Canada). The REIT is not liable to pay Canadian income taxes provided that its taxable income is fully distributed to Unitholders each year. The REIT is a "real estate investment trust" if it meets the prescribed conditions under the Income Tax Act (Canada) relating to the nature of its assets and revenue. The REIT uses judgment in reviewing the real estate investment trust conditions and assessing their interpretation and application to the REIT's assets and revenue, and it has determined that it qualifies as a "real estate investment trust" for the current period.

Interest in joint operations

The REIT assesses whether an arrangement should be accounted for as a joint operation or a joint venture under IFRS 11, *Joint Arrangements*. This assessment requires the REIT to make judgments on whether the REIT's rights and obligations arising from the arrangement constitute a joint operation or a joint venture.

Recognition of government grants

For acquired residential properties financed through forgivable loans, the REIT assesses whether throughout the remaining term of forgivable loans the REIT is expected to meet the conditions for forgiveness, that the outflow of economic resources is not probable and that in accordance with IAS 37 – Provision, Contingent Liabilities and Contingent Assets no financial liability is required to be recorded. For development properties financed through forgivable loans to support affordable housing, the REIT assesses whether throughout the remaining term of the forgivable loans there is reasonable assurance that the REIT will meet the conditions for forgiveness and if this is not the case that the balance that is forgiven is to be recognized over time.

Critical Accounting Estimates and Assumptions

The REIT makes estimates and assumptions that affect the carrying amounts of assets and liabilities and the reported amount of income for the period. Actual results could differ from estimates. The estimates and assumptions that the REIT considers critical include the valuation of residential investment properties. In applying the REIT's policy with respect to investment properties, estimates and assumptions are required to determine the valuation of the properties under the fair value model.

The REIT has used the best information available as at December 31, 2022, in determining the potential impact of economic factors and COVID-19 on the carrying amounts of assets and liabilities, earnings for the period and risks disclosed in the consolidated financial statements for the years ended December 31, 2022 and 2021. The estimates that could be most significantly impacted by economic factors and 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. They include the following:

Current Economic Environment

The REIT is subject to risks involving the economy in general, including inflation, deflation or stagflation, unemployment, geopolitical issues and a local, regional, national or international outbreak of a contagious disease, including coronavirus. Poor economic conditions could adversely affect the REIT's revenues, thereby reducing its operating income and earnings and could harm the REIT's financial condition. In weak economic environments, the REIT's tenants may be unable to meet their rental payments and other obligations due to the REIT, which could have a material and adverse effect on the REIT. In addition, fluctuation in interest rates or other financial market volatility may adversely affect financing costs on variable rate debt as well as the REIT's ability to refinance existing Indebtedness on its maturity or on terms that are as favourable as the terms of the existing Indebtedness, which may impact negatively on AFFO, may restrict the availability of financing for future prospective purchasers of the REIT's investments and could potentially reduce the value of such investments, or may adversely affect the ability of the REIT to complete acquisitions on financially desirable terms.

Changes in Legislation

The REIT is subject to laws and regulations governing the ownership and leasing of real property (including laws restricting the acquisition of certain categories of residential real property by entities like the REIT in which non-residents have at least a three percent interest), zoning, building standards, landlord/tenant relationships, construction, employment standards, environmental matters, taxes and other matters, including laws and regulations imposing restrictions relating to or arising from contagious disease, which at times have included laws and regulations limiting rent increases and imposing a moratorium on the ability of landlords to evict tenants for the non-payment of rent. It is possible that future changes in applicable federal, provincial, municipal or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting the REIT (including with retroactive effect). Any changes in the laws to which the REIT is subject could materially adversely affect the REIT's rights and title to its assets or its ability to carry on its business in the ordinary course.

Access to Capital

The real estate industry is highly capital intensive. The REIT will require access to capital to fund its growth strategy and certain capital expenditures from time to time. There can be no assurances that the REIT will have access to sufficient capital or access to capital on terms favourable to the REIT for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes. Market conditions and unexpected volatility or illiquidity in financial markets may inhibit the REIT's access to financing in the Canadian equity capital markets. As a result, it is possible that financing which the REIT may require in order to grow and expand its operations, upon the expiry of the term of financing, upon refinancing any particular property owned by the REIT or otherwise, may not be available or, if it is available, may not be available on favourable terms to the REIT. Failure by the REIT to access required capital could have a material adverse effect on the REIT's business, cash flows, financial condition and financial performance and ability to make distributions to Unitholders.

Tax-Related Risk

- i) Mutual Fund Trust Status - The REIT intends to qualify at all relevant times as a "mutual fund trust" for purposes of the Tax Act. There can be no assurance that Canadian federal income tax laws and the administrative policies and practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the Unitholders.

- ii) The REIT Exception - Canadian tax legislation relating to the federal income taxation of Specified Investment Flow Through trusts or partnerships provide that certain distributions from a SIFT will not be deductible in computing the SIFT's taxable income and that the SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. However, distributions paid by a SIFT as return of capital should generally not be subject to tax. Under the SIFT rules, the taxation regime will not apply to a real estate investment trust that meets prescribed conditions relating to the nature of its assets and revenue (the "REIT Exception"). The REIT Exception is comprised of a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made with certainty at the end of that taxation year. The REIT expects to qualify for the REIT Exception in 2022 and subsequent taxation years, such that it will be exempt from the SIFT rules. However, no assurances can be given that the REIT will satisfy the REIT Exception in any particular year. If the SIFT rules apply to the REIT, they may adversely affect the marketability of the Units, the amount of cash available for distributions and the after-tax return to investors.
- iii) General Taxation - There can be no assurance that Canadian federal or provincial tax laws, the judicial interpretation thereof, or the administrative and assessing practices and policies of the CRA, the Department of Finance (Canada) and any other tax authority or tax policy agency will not be changed in a manner that adversely affects the REIT, its affiliates or Unitholders, or that any such taxing authority will not challenge tax positions adopted by the REIT and its affiliates. Any such change or challenge could increase the amount of tax payable by the REIT or its affiliates or could otherwise adversely affect Unitholders by reducing the amount available to pay distributions or changing the tax treatment applicable to Unitholders in respect of such distributions.

Rent Control Risk

Rent control exists in some provinces in Canada, limiting the percentage of annual rental increases to existing tenants. The REIT is exposed to the risk of the implementation of, or amendments to, existing legislative rent controls in the markets in which it operates, which may have an adverse impact on the REIT's operations. Of the jurisdictions in which the REIT currently operates, Ontario and Quebec have rent controls.

Real Estate Industry Risk

Real estate investments are generally subject to varying degrees of risk depending on the nature of the property. These risks include changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations (such as new or revised residential tenant legislation or regulations affecting the availability and cost of CMHC mortgage insurance), the attractiveness of the properties to tenants, competition from others with available space and the ability of the owner to provide adequate maintenance at an economic cost. The performance of the economy in each of the areas in which the REIT's properties are located, including the financial results and labour decisions of major local employers, can have an impact on revenues from the properties and their underlying values.

An investment in real estate is relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may limit the REIT's ability to vary its Portfolio promptly in response to changing economic, investment or other conditions. If it were necessary to accelerate the liquidation of the REIT's real property investments, the proceeds to the REIT might be significantly less than the aggregate carrying or Net Asset Value of its properties. The REIT's exposure to general risks associated with real estate investments is mitigated by its geographic diversification.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made regardless of whether or not a property is producing sufficient income to service these expenses. The REIT's properties are subject to mortgages, which require significant debt service payments. If the REIT were unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or of sale.

Many of the REIT's properties were constructed in the 1960's and 1970's and require ongoing capital expenditures. While management has implemented comprehensive property maintenance programs and monitors property conditions constantly, annual maintenance expenditures could exceed the REIT's existing reserve estimates which could have a material adverse effect upon distributable income.

The nature of the REIT's business is such that refurbishment and structural repairs are required periodically, in addition to regular on-going maintenance.

Competition for Real Property Investments

The REIT competes for suitable real property investments with a variety of investors (both Canadian and foreign) that are presently seeking, or that may seek in the future, real property investments similar to those desired by the REIT. Many of these investors will have greater financial resources than those of the REIT. An increase in the availability of investment funds, and an increase in interest of real property investments, would tend to increase competition for real property investments, thereby increasing purchase prices and reducing yields therefrom. In addition, the REIT may require additional equity and/or debt financing to complete future real property acquisitions, which may not be available on terms acceptable to the REIT.

Cyber Security Risks

A cyber incident is any adverse event that threatens the confidentiality, integrity or availability of the REIT's information technology resources. More specifically, a cyber incident is an intentional attack or an unintentional event that can include gaining unauthorized access to information systems to disrupt operations, corrupt data or steal confidential information. The REIT's primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to its reputation, damage to relationships with its vendors and tenants and disclosure of confidential vendor or tenant information. The REIT, and Minto as a service provider under the Administrative Support Agreement, have implemented processes, procedures and controls to detect and mitigate these risks, but these measures, as well as its increased awareness of a risk of a cyber incident, do not guarantee that a cyber incident will not occur or that its financial results will not be negatively impacted by such an incident.

Property Acquisition Risk

The REIT's business plan includes, among other things, growth through identifying suitable acquisition and/or development opportunities, pursuing such opportunities, consummating acquisitions and leasing acquired properties. The acquisition of properties entails general risks associated with any real estate investment, including the risk that the investments will fail to perform in accordance with expectations, that the properties will not achieve anticipated occupancy levels and that estimates of the costs of improvements to bring an acquired property up to standards established for the intended market position for that property may prove inaccurate. If the REIT is unable to make accretive acquisitions or otherwise manage its growth effectively, it could adversely impact the REIT's financial position and financial performance and decrease the amount of cash available for distribution. There can be no assurance as to the pace of growth through property acquisitions or that the REIT will be able to acquire assets on an accretive basis and, as such, there can be no assurance that distributions to Unitholders will increase in the future.

Risks Associated with the Administrative Support Agreement

The REIT relies upon Minto with respect to the provision of certain services as described in the REIT's Annual Information Form dated March 8, 2023, under the section "Arrangements with Minto - Administrative Support Agreement", available on SEDAR at www.sedar.com. If the REIT were to lose the services provided by Minto, or if Minto fails to perform its obligations under the Administrative Support Agreement, the REIT may experience an adverse impact on its business operations. The REIT may be unable to duplicate the quality and depth or the cost of the services available to it by handling such services internally or by retaining another service provider.

Utility and Property Tax Risk

Utility and property tax risk relates to the potential additional costs the REIT may experience as a result of higher commodity prices as well as its exposure to significant increases in property taxes. Over the past few years, property taxes have increased as a result of higher property assessments of municipal properties and property tax rates. Utility expenses, mainly consisting of natural gas and electricity service charges, have been subject to considerable price fluctuations over the past several years. Any significant increase in these commodity costs that the REIT cannot pass on to the tenant may have a negative material impact on the REIT. The REIT mitigates part of this risk by submetering many of its suites to measure the consumption of electricity and passing on the cost to tenants and by investing in technology and property improvements that are aimed at reducing consumption. Currently, approximately 95% of the suites in the Portfolio are submetered or directly metered for electricity and approximately 86% of tenants pay the cost of electricity consumed in their suites. The REIT will seek to pass on the cost of electricity for those suites that are submetered but where the tenants do not currently pay for electricity, as the suites' tenancies turn over.

Rental Income Risks

The short-term nature of residential tenant leases exposes the REIT to the effects of a declining market rent, which could materially adversely affect the REIT's results from operations and ability to make distributions to Unitholders. Most of the REIT's residential tenant leases will be for a term of one year or less. Because the REIT's residential tenant leases generally permit residents to leave at the end of their lease term without any penalty, the REIT's rental revenue may be materially adversely affected by declines in market rents more quickly than if such leases were for longer terms. Further, the operating costs of a suite or property may increase at a faster rate than the rental rate for such suite, which could negatively impact the financial condition of the REIT.

Renovation and Development Risk

There is a risk that renovations or developments undertaken by the REIT will exceed original cost estimates or will experience unforeseen delays and that renovated or new suites may not lease in the anticipated timeframe or at anticipated rents. During suite renovations, suites are unavailable for occupancy and do not generate income.

Environmental Risk

As an owner of real estate, the REIT is subject to federal, provincial and municipal environmental regulations. These regulations may require the REIT to fund the costs of removal and remediation of certain hazardous substances on its properties or releases from its properties. The failure to remediate such properties, if any, could adversely affect the REIT's ability to borrow using the property as collateral or to sell the real estate. The REIT is not aware of any material non-compliance with environmental laws at any of its properties nor is it currently aware of any environmental condition with respect to any properties that it believes would involve material expenditures by the REIT. The REIT has made, and will continue to make, the necessary capital expenditures to comply with environmental laws and regulations. The REIT conducts due diligence on all properties prior to acquisition and this process includes independent expert assessment of environmental risk for each property. It is the REIT's policy to obtain a Phase I environmental site assessment conducted by a qualified environmental consultant as a condition of acquiring any additional property. See "Investment Guidelines and Operating Policies - Operating Policies".

Environmental laws and regulations can change rapidly, and the REIT may be subject to more stringent environmental laws and regulations in the future.

Climate-Related Risk

The REIT's properties may be impacted by climate-related events. Among the most significant of those risks is the risk of flooding, including flash flooding. Depending on the severity, these events could cause significant damage to the REIT's properties, interrupt normal operations and threaten the safety of tenants. The REIT's ability to generate revenue from impacted properties may also be significantly impaired.

Climate-related events also may negatively impact certain costs of operation of the REIT's properties, including the cost of utility consumption due to abnormally hot or cold temperatures and the cost of snow removal. More generally, the increase in catastrophic losses worldwide from climate-related events has resulted in significant payouts by property insurers. This has resulted in a significant increases in property insurance premiums generally, including the property insurance premiums payable by the REIT. There is a risk of insurers being required to make payments on account of future climate-related catastrophic losses, which may result in further increases in the property insurance premiums payable by the REIT.

Joint Venture Risk

The REIT participates in co-ownerships for three of its properties and may participate in other co-ownerships or partnerships in the future. There is a risk that the co-owners or partners may fail to fund their share of capital contributions or their economic or business interests or goals may change in a manner to differ from or become inconsistent with those of the REIT. Disputes with the co-owners or partners may negatively affect the operations of and returns from co-owned or partnership properties, or give rise to an obligation to purchase the interest of the co-owner or partner or to sell the REIT's interest to the co-owner or partner at a time or on terms that may adversely impact the REIT's financial position and financial performance.

Potential Conflicts of Interest with Minto

Minto's continuing businesses may lead to conflicts of interest between Minto and the REIT. The REIT may not be able to resolve such conflicts, and, even if it does, the resolution may be less favourable to the REIT than if it were dealing with a party that was not a holder of a significant interest in the REIT. In addition, the ongoing relationships between Minto and each of Roger Greenberg, Philip Orsino and Michael Waters may lead to conflicts of interest between such persons and the REIT. In order to mitigate part of the risk associated with conflicts of interest, all related party transactions with Minto are reviewed and approved on behalf of the REIT by the REIT's independent trustees only.

Social Media Risk

The use of social media could cause the REIT to suffer brand damage or information leakage. Negative posts or comments about the REIT or its properties on any social networking website could damage the REIT's reputation. In addition, employees or others might disclose non-public sensitive information relating to the REIT's business through external media channels. The continuing evolution of social media will present the REIT with new challenges and risks.

Increased Supply Risk

Each segment of the real estate business is competitive. Numerous other residential developers and apartment owners compete in seeking tenants. Although the REIT's strategy is to own multi-residential properties in desirable locations in each market in which it operates, some of the properties of the REIT's competitors may be newer, better located or better capitalized. In addition, the desirability of property locations may change over time. The existence of alternative housing could have a material adverse effect on the REIT's ability to lease space in its properties and on the rents charged or concessions granted, and could adversely affect the REIT's revenues and its ability to meet its obligations.

Appraisals of Properties

An appraisal is an estimate of market value and caution should be used in evaluating data with respect to appraisals. It is an estimate of value based on information gathered in the investigation, appraisal techniques employed and reasoning both quantitative and qualitative, leading to an opinion of value. The analysis, opinions and conclusions in an appraisal are typically developed based on, and in conformity with, or interpretation of the guidelines and recommendations set forth in the Canadian Uniform Standards of Appraisal Practice. Appraisals are based on various assumptions of future expectations of property performance and while the appraiser's internal forecast of net income for the properties appraised are considered to be reasonable at that time, some of the assumptions may not materialize or may differ materially from actual experience in the future. Appraisals are not guarantees of present or future value and there is no assurance that an appraised value actually reflects an amount that would be realized upon a current or future sale of any of the properties or that any projections included in the appraisal will be attainable. In addition, as prices in the real estate market fluctuate over time in response to numerous factors, the value of a property as shown in an appraisal may be an unreliable indication of its current market value.

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by appraisals.

General Litigation Risks

In the ordinary course of the REIT's operations, whether directly or indirectly, it may become involved in, named as a party to or be the subject of various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment, cyber-risks and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to the REIT and as a result, could have a material adverse effect on the REIT's assets, liabilities, business, financial condition and financial performance. Even if the REIT prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from the REIT's business operations.

General Uninsured Losses

The REIT carries comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. The REIT will continue to procure insurance for such risks, subject to certain standard policy limits and deductibles and will continue to carry such insurance if it is economical to do so. There are, however, certain types of risks (generally of a catastrophic nature such as war or environmental contamination), which are either uninsurable or not economically insurable. Should an uninsured or underinsured loss occur, the REIT could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, and would continue to be obligated to repay any recourse mortgage indebtedness on such properties. There is a risk that any significant increase in insurance costs will impact negatively upon the profitability of the REIT.

Key Personnel

The REIT's executive and other senior officers have a significant role in the REIT's success and oversee the execution of the REIT's strategy. The REIT's ability to retain its management team or attract suitable replacements should any members of management leave is dependent on, among other things, the competitive nature of the employment market. The REIT has experienced departures of key professionals in the past and may do so in the future, and it cannot predict the impact that any such departures may have on its ability to achieve its objectives. The loss of services from key members of the management team or a limitation on their availability could adversely impact the REIT's financial condition and cash flow. The REIT mitigates key personnel risk through succession planning, but does not maintain key personnel insurance.

Other Tax Matters

- i) **Non-Resident Ownership** - Under current law, a trust may lose its status under the Tax Act as a mutual fund trust if it can reasonably be considered that the trust was established or is maintained primarily for the benefit of Non-Residents, except in limited circumstances. Accordingly, the DOT provides that Non-Residents may not be the beneficial owners of more than 49% of the Units (determined on a basic or a fully-diluted basis). The Trustees also have various powers that can be used for the purpose of monitoring and controlling the extent of Non-Resident ownership of the Units. The REIT mitigates this risk by regularly monitoring the residency of Unitholders.
- ii) **Tax-Basis of Acquired Properties** - The Partnership has acquired, and may from time to time in the future acquire, certain properties on a fully or partially tax-deferred basis, such that the tax cost of these properties will be less than their fair market value. If one or more of such properties are disposed of, the gain realized by the Partnership for tax purposes (including any income inclusions arising from the recapture of previously claimed CCA on depreciable property) will be in excess of that which it would have realized if it had acquired the properties at a tax cost equal to their fair market values. For the purpose of claiming CCA, the UCC of such properties acquired by the Partnership will be equal to the amounts jointly elected by the Partnership and the transferor on the tax-deferred acquisition of such property. The UCC of such property will be less than the fair market value of such property. As a result, the CCA that the Partnership may claim in respect of such properties will be less than it would have been if such properties had been acquired with a tax cost basis equal to their fair market values.
- iii) **Eligibility for Investment** - The Tax Act imposes penalties for the acquisition or holding of investments that are not "qualified investments" within the meaning of the Tax Act by registered retirement savings plans, registered education savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans or tax-free savings accounts (collectively, "Exempt Plans"). Although the REIT will endeavour to ensure that the Units continue to be qualified investments for Exempt Plans, any property distributed to a Unitholder on an in specie redemption of Units may not be qualified investments under the Tax Act.
- iv) **Non-Residents of Canada** - The Tax Act may impose additional withholding or other taxes on distributions made by the REIT to Unitholders who are Non-Residents. These taxes and any reduction thereof under a tax treaty between Canada and another country may change from time to time. The tax consequences under the Tax Act for Non-Resident Unitholders may be more adverse than the consequences to other Unitholders. Non-Resident Unitholders should consult their own tax advisors.

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 December 31, 2022, the REIT has a committed variable rate credit facility of \$267,115 (December 31, 2021 - \$200,000) with an outstanding balance of \$157,600 (December 31, 2021 - \$51,754). A 100 bps change in prevailing variable interest rates would change annualized interest charges incurred by \$1,572 (December 31, 2021 - \$518).

As at December 31, 2022, the REIT also has two variable rate mortgages with outstanding balance of \$108,378 (December 31, 2021 - \$nil). A 1% change in prevailing interest rates would change annualized interest charges incurred by \$1,084 (December 31, 2021 - \$nil). The REIT intends to refinance these mortgages as CMHC-insured fixed rate mortgages.

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 December 31, 2022 would have a \$3,619 (December 31, 2021 - \$4,984) 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 ("ECL"s).

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 the concentration of credit risk in relation to the loans advanced, in the event that the borrowers default on the contractual terms of repayment of amounts owing to the REIT. The REIT provides financing to MPI for strategic developments and, in turn, receives an option to purchase or acquire an ownership interest in those developments. Management mitigates this risk by the ensuring there is sufficient security provided by the development assets in addition to guarantees provided by MPI.

Liquidity Risk

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

Liquidity risk is managed through cash flow forecasting. Management monitors forecasts of the REIT's liquidity requirements to ensure it has sufficient cash to meet operational needs through maintaining sufficient cash and/or availability on the undrawn credit facility and ensuring that it meets its financial covenants related to debt agreements. Such forecasting takes into consideration the current and projected macroeconomic conditions, the REIT's cash collection efforts, debt financing plans and covenant compliance required under the terms of debt agreements. There is a risk that such liquidity forecasts may not be achieved and that currently available debt financing may no longer be available to the REIT at terms and conditions that are 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 December 31, 2022, liquidity was \$114,838 (December 31, 2021 - \$150,655), consisting of cash of \$5,323 (December 31, 2021 - \$2,851) and \$109,515 (December 31, 2021 - \$147,804) of available borrowing capacity under the credit facility.

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

	2023	2024	2025	2026	2027	2028 and thereafter	Total
Mortgages	\$ 239,195	\$ 59,235	\$ 51,093	\$ 81,122	\$ 8,155	\$ 301,534	\$ 740,334
Construction loan	—	—	—	—	—	8,006	8,006
	239,195	59,235	51,093	81,122	8,155	309,540	748,340
Credit facility	—	—	157,158	—	—	—	157,158
Class C LP Units	50,234	50,499	63,541	1,283	22,752	18,364	206,673
Interest obligation ¹	33,816	26,591	18,990	10,607	9,539	24,733	124,276
Tenant rental deposits	10,464	—	—	—	10	—	10,474
Due to related parties	2,936	—	—	—	—	—	2,936
Accounts payable and accrued liabilities	28,689	412	147	51	—	5,144	34,443
	\$ 365,334	\$ 136,737	\$ 290,929	\$ 93,063	\$ 40,456	\$ 357,781	\$ 1,284,300

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

Related Party Transactions

Administrative Support Agreement

On July 3, 2018, the REIT and MPI, an entity with significant influence over the REIT, entered into a five-year renewable ASA. The ASA 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 term of the ASA only for all general and administrative expenses, excluding public company costs, of 32 bps of the gross book value of the REIT's assets.

On December 15, 2022, the REIT exercised its option to renew the ASA for an additional term of five years commencing on July 3, 2023. The limitation of all general and administrative expenses, excluding public company costs, of 32 bps of the gross book value of the REIT's assets was removed from the renewed ASA.

For the year ended December 31, 2022, the REIT incurred \$2,260 (December 31, 2021 - \$2,260) for services rendered by MPI and its affiliates under the ASA.

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

Loans receivable from related parties

Project	Related Parties	Commitment	Interest Rate and Maturity	December 31, 2022	December 31, 2021
99 Fifth Avenue, Ottawa, ON ("Fifth and Bank")	Affiliate of MPI	\$ 30,000	6% per annum July 31, 2023	\$ 30,000	\$ 30,000
Lonsdale Avenue, North Vancouver, BC ("Lonsdale Square")	Limited partnership jointly owned by MPI and a subsidiary of Darwin Properties	14,000	7% per annum May 30, 2024	13,784	12,855
Beechwood Avenue, Ottawa, ON ("Beechwood")	Affiliate of MPI	51,400	6% per annum December 31, 2025	25,550	10,094
810 Kingsway, Vancouver, BC ("810 Kingsway")	MPI	19,650	6% per annum August 1, 2024	15,357	10,363
3958 Shelbourne Street, Victoria, BC ("University Heights")	MPI	51,700	7% per annum December 31, 2026	12,893	—
		166,750		97,584	63,312
Loan receivable	Management	700	Variable per annum ¹ April 27, 2032	718	—
		\$ 167,450		\$ 98,302	\$ 63,312
Current				30,000	30,000
Non-current				68,302	33,312
				\$ 98,302	\$ 63,312

All commitments pertaining to projects include a reserve to fund interest costs. In connection with these financings, the REIT has the exclusive option to purchase the property at Fifth and Bank, Lonsdale Square and Beechwood, MPI's 85% indirect ownership interest in 810 Kingsway and MPI's 45% indirect ownership interest in University Heights, upon project stabilization at 95% of its then-appraised fair market value as determined by independent and qualified third-party appraisers. As at December 31, 2022, the ECL based on 12 month expected losses for the loans receivable is \$nil (December 31, 2021 - \$nil)

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

Year ended	December 31, 2022	December 31, 2021
Opening balance	\$ 63,312	\$ 41,988
<i>Cash flows</i>		
Advances	32,040	20,024
Interest received	(1,800)	(1,800)
	30,240	18,224
<i>Non-cash movement</i>		
Interest earned	4,750	3,100
	34,990	21,324
Closing balance	\$ 98,302	\$ 63,312

Fair value of loans receivable relating to projects is calculated based on current market rates plus risk-adjusted spreads on discounted cash flows. As at December 31, 2022, the current market rates plus risk-adjusted spreads ranged from 8.50% to 9.50% and the fair value of the loans receivable relating to projects was \$93,441 (December 31, 2021 - carrying value of the loans receivable approximated their fair value) and is considered level 2 within the fair value hierarchy.

¹ The interest rate is set quarterly at the greater of prime and the prescribed interest rate as determined by the Regulations of the Income Tax Act (Canada), subject to a maximum of 5%. Interest is payable annually in arrears.

Due to related parties

Item	Related Parties	December 31, 2022	December 31, 2021
Current			
Class B LP Units distributions	Limited partnership wholly-owned by MPI and MPI affiliates	\$ 1,052	\$ 901
Class C LP Units distributions	Limited partnership wholly-owned by MPI	\$ 546	\$ 561
Property operating costs payable	MPI and its affiliates	\$ 493	\$ 411
Development costs and fees	Affiliate of MPI	\$ 1,357	\$ 535
Unit distribution	MPI	\$ 37	\$ 35
		\$ 3,485	\$ 2,443
Rental and service revenue receivable	MPI and its affiliates	\$ (549)	\$ (521)
		\$ 2,936	\$ 1,922

Revenue, expenses, capital expenditures and distributions

Related Parties / Item	December 31, 2022	December 31, 2021
Revenue from MPI, its affiliates and jointly-owned limited partnerships		
Rental and service revenue	\$ 863	\$ 716
Interest income on loans advanced	\$ 4,750	\$ 3,100
Expenses and distributions to MPI, its affiliates, its wholly-owned and jointly-owned limited partnerships		
Property operating expenses	1,315	713
Development costs and fees	1,231	—
Distribution on Class B LP Units (finance costs)	11,942	10,436
Distribution on Class C LP Units (finance costs)	6,574	6,743
Distribution on Class C LP Units (principal)	5,510	5,341
Distributions on Units	427	411
Compensation of key management personnel		
Paid to executives	770	635
Unit-based compensation		
Executives	1,502	1,304
Trustees in lieu of annual retainer and meeting fees	579	560

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

Property acquisitions

On April 22, 2022, the REIT acquired a 28.35% ownership interest in a 501-suite multi-residential rental property located in Toronto, Ontario from a limited partnership in which an associate of MPI and certain current and former executives of MPI owned a minority interest. The acquisition cost of \$112,667, including transaction costs of \$2,896, was settled by the REIT assuming a \$46,158 mortgage, the issuance of 2,985,956 Class B LP Units with a fair value of \$60,974, paying \$4,990 in cash, and assuming working capital liabilities of \$545.

On May 6, 2022, the REIT acquired a 252-suite multi-residential rental property located in Calgary, Alberta from a limited partnership in which a subsidiary of MPI owned a minority interest. The acquisition cost of \$86,614, including transaction costs of \$99, was settled with the REIT assuming a mortgage of \$62,220, paying \$23,771 in cash, and assuming working capital liabilities of \$623.

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 consolidated financial statements of the REIT.

The REIT has an off-balance sheet arrangement at one of its properties in the Toronto area which was acquired in 2018 pursuant to which the City of Toronto provided a forgivable loan to support affordable housing at this property. Provided that certain conditions are met, the REIT will not need to make repayments under this arrangement. As of December 31, 2022, the remaining unforgiven balance of the loan is \$13,464 (December 31, 2021 - \$14,688). To date, the REIT has met all conditions related to this forgivable loan and Management has assessed that throughout the remaining term of the loan the REIT is likely to continue to meet the conditions for forgiveness and that the outflow of economic resources to settle the loan is not probable. As such, no liability has been recorded by the REIT.

The REIT has an off-balance sheet arrangement at one of its properties in the Calgary area which was acquired in 2018 pursuant to which the Province of Alberta provided a forgivable loan to support affordable housing at this property. Provided that certain conditions are met, the REIT will not need to make repayments under the arrangement. As of December 31, 2022, the remaining unforgiven balance of the loan is \$3,360 (December 31, 2021 - \$3,696). To date, the REIT has met all conditions related to this forgivable loan and Management has assessed that throughout the remaining term of the loan the REIT is likely to continue to meet the conditions for forgiveness and that the outflow of economic resources to settle the loan is not probable. As such, no liability has been recorded by the REIT.

As at December 31, 2022, the REIT has committed to advance an additional \$50,087 (December 31, 2021 - \$40,926) to related parties in order to support the development of several projects and an additional \$19,079 (December 31, 2021 - \$10,812) to fund interest costs.

The REIT is a guarantor on a joint and several basis for mortgage debt held through one of its joint operations. As at December 31, 2022, the maximum potential obligation resulting from this guarantee is \$12,690 (December 31, 2021 - \$13,042).

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:

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 has assessed the impact of the amendments and expects to shorten its disclosure on accounting policies in the REIT's consolidated financial statements based on the guidance in the amendments.

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.

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

On January 23, 2020, the IASB issued amendments to IAS 1, 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, 2024. 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, 2024, when the amendments become effective. The REIT has assessed the potential impact of the amendments and they will have no material impact on the REIT's consolidated financial statements.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

On September 22, 2022, the IASB issued amendments to IFRS 16 – *Leases* confirming that the measurement of a right-of-use asset and lease liability is unlikely to be \$nil if variable lease payments arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right-of-use it retains.

The REIT intends to adopt the amendments in its annual financial statements beginning on January 1, 2024, when the standard becomes 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 and operating effectiveness of DC&P and ICFR (as defined in National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*) as at December 31, 2022.

As a result of this evaluation, Management has concluded that as of December 31, 2022, the design and operation of the REIT's DC&P were effective to ensure that material information relating to the REIT would have been known to them and that information required to be disclosed by the REIT is recorded, processed, summarized, and reported on a timely basis and within the time period specified in securities legislation. Management has also concluded that as of December 31, 2022, the REIT's ICFR were appropriately designed and operating effectively in accordance with the 2013 Guidance on Internal Control published by the Committee of Sponsoring Organizations of the Treadway Commission.

During the year ended December 31, 2022, the REIT completed the conversion to a new ERP system. The ERP system conversion has not resulted in any significant changes in internal controls during the year ended December 31, 2022, and the REIT's Management employed appropriate procedures to ensure internal controls over financial reporting were in place during and after the conversion.

Subsequent Events

On March 7, 2023, the REIT completed its disposition of Hi-Level Place in Edmonton for a sale price of \$9,920, generating net proceeds of \$2,832.

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

¹ Suite counts for Minto Yorkville and Minto one80five include furnished suites, representing approximately 31% of the total suites at these properties.

Average Rent Per Square Foot

Geographic Node	Average monthly rent per occupied suite	Average sq. ft. per occupied suite	Average rent per sq. ft per suite
Toronto	\$2,061	776	\$2.66
Ottawa	1,621	836	1.94
Alberta	1,436	672	2.14
Montreal	1,856	975	1.90
Average	\$1,732	827	\$2.09

Non-IFRS and Other Financial Measures

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

Non-IFRS Financial Measures and Ratios

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

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

Capital Management Measures

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

Supplementary Financial Measures

- "Average annual unlevered return" refers to the return on repositioning activities, and is calculated by dividing the average annual rental increase per suite after repositioning by the average repositioning cost per suite, excluding the impact of financing costs.
- "Debt Service Coverage ratio" is the ratio of NOI to total debt service.
- "Debt-to-Gross Book Value ratio" is calculated by dividing total interest-bearing debt consisting of fixed and variable rate mortgages, credit facilities, construction loans and Class C LP Units of the Partnership by Gross Book Value and is used as the REIT's primary measure of its leverage.
- "Distribution yield per unit" is calculated as the annualized distribution per Unit and Class B LP Unit, divided by the Unit closing price as of the balance sheet date.
- "Gain-to-lease" refers to the gap between rents achieved on new leases as compared to expiring leases.
- "Gain-to-lease potential" refers to the gap between Management's estimate of monthly market rent and average monthly in-place rent per suite.
- "Gross Book Value" is defined as the total assets of the REIT as at the balance sheet date.
- "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.
- "NOI" is defined as revenue from investment properties less property operating costs, property taxes and utilities (collectively referred to as "property operating expenses") prepared in accordance with IFRS. NOI should not be construed as an alternative to net income determined in accordance with IFRS. The REIT's method of calculating NOI may differ from other issuers' methods and, accordingly, may not be comparable to NOI reported by other issuers. The REIT regards NOI as an important measure of the income generated from income-producing properties and is used by Management in evaluating the performance of the REIT's properties. It is also a key input in determining the value of the REIT's properties.
- "NOI margin" is defined as NOI divided by revenue from investment properties.
- "Total debt" is calculated as the sum of value of interest-bearing debt consisting of fixed and variable rate mortgages, credit facilities, construction loans and Class C LP Units of the Partnership.
- "Total debt, net of cash" is calculated as Total debt, reduced by cash balance.
- "Total debt service" is calculated as the sum of interest expense recorded as finance costs and principal payments on mortgages, construction loan, credit facility and distributions on Class C LP Units.

- "Total liquidity" is calculated as the sum of the undrawn balance under the revolving credit facility and cash.
- "Property operating costs as a percentage of revenue" is calculated as property operating costs for the period, divided by revenue from investment properties for the period.
- "Property taxes as a percentage of revenue" is calculated as property taxes for the period, divided by revenue from investment properties for the period.
- "Utilities as a percentage of revenue" is calculated as Utilities expense for the period, divided by revenue from investment properties for the period.

Operating Performance Measures

- "Annualized turnover rate" is calculated as the trailing twelve-month new leases signed for the period divided by total number of suites in the portfolio, excluding furnished suites and suites held offline for repositioning.
- "Average monthly rent" or "AMR" represents the average monthly rent per suite for occupied unfurnished suites at the end of the period.
- "Average monthly rent for furnished suites" represents the average daily rent per suite for furnished suites for the period multiplied by 30.
- "Occupancy for furnished suites" is the ratio of occupied furnished suites to the total furnished suites in the portfolio for the period.
- "Occupancy - average of the period" is defined as the ratio of occupied unfurnished suites to the total unfurnished suites in the portfolio for the period. Occupancy as an average for the period is a useful indicator to evaluate the unfurnished rental performance.
- "Occupancy - end of the period" is defined as the ratio of occupied unfurnished suites to the total unfurnished suites in the portfolio at the end of the period. Occupancy at end of the period is a useful indicator to evaluate the unfurnished rental performance.