



# Consolidated Financial Statements

For the years ended December 31, 2024 and 2023



**minto**  
Apartment REIT



## **KPMG LLP**

Bay Adelaide Centre  
333 Bay Street, Suite 4600  
Toronto, ON M5H 2S5  
Canada  
Tel 416-777-8500  
Fax 416-777-8818

## **INDEPENDENT AUDITOR'S REPORT**

To the Unitholders of Minto Apartment Real Estate Investment Trust,

### ***Opinion***

We have audited the consolidated financial statements of Minto Apartment Real Estate Investment Trust (the "Entity"), which comprise:

- the consolidated balance sheets as at December 31, 2024 and December 31, 2023
- the consolidated statements of net income (loss) and comprehensive income (loss) for the years then ended
- the consolidated statements of changes in unitholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024 and December 31, 2023, its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matters to be communicated in our auditor's report.

### ***Evaluation of the fair value of residential investment properties***

#### ***Description of the matter***

We draw attention to Note 2(e), Note 2(q) and Note 3 of the financial statements. The Entity uses the fair value method to account for real estate classified as investment property. The Entity has recorded residential investment properties for an amount of \$2,265,929 thousand, representing the most significant portion of investment properties. Significant assumptions in determining the fair value of residential properties include:

- estimated 12-month stabilized forecasted net operating income for each property.
- capitalization rates.

#### ***Why the matter is a key audit matter***

We identified the evaluation of the fair value of residential investment properties as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of residential investment properties and the high degree of estimation uncertainty in determining the fair value of residential investment properties. Additionally, significant auditor judgment and involvement of those with specialized skills and knowledge were required in evaluating the results of our audit procedures due to the sensitivity of the fair value of residential investment properties to minor changes in significant assumptions.

#### ***How the matter was addressed in the audit***

The primary procedures we performed to address this key audit matter included the following:

For a selection of residential investment properties, we assessed the Entity's ability to forecast by comparing the Entity's estimated 12-month stabilized forecasted net operating income used in the prior year's estimate of the fair value of residential investment properties to actual results.

For a selection of residential investment properties, we compared the estimated 12-month stabilized forecasted net operating income for each selected property to the actual historical net operating income by:



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- taking into account the changes in conditions and events affecting the residential investment properties.
- considering the adjustments, or lack of adjustments, made by the Entity in arriving at the estimated 12-month stabilized forecasted net operating income.

We involved valuations professionals with specialized skills and knowledge who assisted in evaluating the capitalization rates of the overall portfolio of residential investment properties. These rates were evaluated by comparing them to published reports of real estate industry commentators and considering the various characteristics of the portfolio.

### ***Other Information***

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditor's report thereon, included in a document entitled "2024 Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions and the 2024 Annual Report as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Amit Shah.

Toronto, Canada

March 5, 2025

# Minto Apartment Real Estate Investment Trust

## Consolidated Balance Sheets

(in thousands of Canadian dollars, except Unit and per Unit amounts)

	Note	December 31, 2024	December 31, 2023
<b>Assets</b>			
Investment properties	3	\$ 2,414,224	\$ 2,454,533
Assets held for sale	3, 4	69,000	86,000
Loans receivable from related parties	12	128,911	133,286
Prepaid expenses and other assets	6	23,747	21,354
Resident and other receivables	7	3,655	3,207
Cash		5,878	3,740
		\$ 2,645,415	\$ 2,702,120
<b>Liabilities and Unitholders' Equity</b>			
<b>Liabilities</b>			
Class B LP Units	8	\$ 343,572	\$ 416,716
Class C LP Units	9	214,290	227,411
Mortgages and loan	10	886,482	789,817
Credit facility	11	24,500	140,236
Tenant rental deposits		10,970	11,318
Due to related parties	12	7,745	3,202
Accounts payable and accrued liabilities	13	42,109	36,039
		\$ 1,529,668	\$ 1,624,739
<b>Unitholders' equity</b>			
Contingencies and commitments	18	1,115,747	1,077,381
Subsequent events	24		
		\$ 2,645,415	\$ 2,702,120

See accompanying notes to the consolidated financial statements.

# Minto Apartment Real Estate Investment Trust

## Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)

For the years ended December 31, 2024 and 2023

(in thousands of Canadian dollars, except Unit and per Unit amounts)

	Note	December 31, 2024	December 31, 2023
<b>Revenue from investment properties</b>	16	\$ 157,088	\$ 157,925
<b>Property operating expenses</b>			
Property operating costs		29,572	29,568
Property taxes		15,760	16,187
Utilities		11,185	13,002
		56,517	58,757
Property operating income		100,571	99,168
<b>Other expenses (income)</b>			
General and administrative		10,061	10,446
Finance costs - operations	17	50,186	56,669
Finance income		(7,873)	(7,381)
Fair value loss (gain) on:			
Investment properties	3	61,279	101,627
Class B LP Units	8, 17	(73,144)	54,858
Interest rate swap	6, 17	1,246	751
Unit-based compensation	22	(1,585)	596
Loss on disposition		615	1,402
Fees and other income		(3,452)	(3,141)
		37,333	215,827
<b>Net income (loss) and comprehensive income (loss)</b>		\$ 63,238	\$ (116,659)

See accompanying notes to the consolidated financial statements.

# Minto Apartment Real Estate Investment Trust

## Consolidated Statements of Changes in Unitholders' Equity

For the years ended December 31, 2024 and 2023

(in thousands of Canadian dollars, except Unit and per Unit amounts)

	Note	Units	Distributions	Retained earnings	Total
Balance, December 31, 2022	\$	710,873	\$ (66,375)	\$ 569,039	\$ 1,213,537
Net loss and comprehensive loss		—	—	(116,659)	(116,659)
Distributions	14	—	(19,645)	—	(19,645)
Units issued, net of issue costs	14	148	—	—	148
Balance, December 31, 2023	\$	711,021	\$ (86,020)	\$ 452,380	\$ 1,077,381
Net income and comprehensive income		—	—	63,238	63,238
Cancellation of Units under normal course issuer bid	14	(6,020)	—	1,151	(4,869)
Distributions in Units	14	30,050	(30,080)	—	(30)
Distributions	14	—	(20,233)	—	(20,233)
Units issued, net of issue costs	14	260	—	—	260
Balance, December 31, 2024	\$	735,311	\$ (136,333)	\$ 516,769	\$ 1,115,747

See accompanying notes to the consolidated financial statements.

# Minto Apartment Real Estate Investment Trust

## Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(in thousands of Canadian dollars, except Unit and per Unit amounts)

	Note	December 31, 2024	December 31, 2023
<b>Cash provided by (used in):</b>			
<b>Operating activities</b>			
Net income (loss)		\$ 63,238	\$ (116,659)
Adjustments for:			
Finance costs - operations	17	50,186	56,669
Finance income		(7,873)	(7,381)
Loss on disposition		615	1,402
Straight-line rent		(41)	—
Fair value loss (gain) on:			
Investment properties	3	61,279	101,627
Class B LP Units	8, 17	(73,144)	54,858
Interest rate swap	6, 17	1,246	751
Unit-based compensation	22	(1,585)	596
Change in non-cash working capital	21	1,949	1,103
Cash provided by operating activities		95,870	92,966
<b>Financing activities</b>			
Proceeds from mortgage financing	10	95,102	317,122
Principal repayments on mortgages	10	(14,203)	(14,036)
Mortgage principal repayments on disposition	10	(9,659)	—
Mortgage payments on refinancing	10	—	(230,999)
Proceeds from construction loan	10	25,248	7,149
Proceeds from issuance of Class C LP Units	9	—	25,774
Distributions on Class C LP Units, used to repay principal	9	(12,760)	(5,518)
CMHC premiums paid		(4,071)	(10,812)
Financing costs		(431)	(3,169)
Net repayments on credit facility	11	(115,736)	(16,922)
Interest paid		(40,346)	(43,960)
Distributions on Units		(20,196)	(19,597)
Class B LP Unit distributions paid		(8,219)	(12,651)
Purchase and cancellation of Units	14	(4,742)	—
Cash used in financing activities		(110,013)	(7,619)
<b>Investing activities</b>			
Capital additions to investment properties		(39,551)	(48,087)
Loan advances to related parties		(14,351)	(30,586)
Loan advances to Class B LP Unitholders	8	(4,819)	—
Development of investment properties		(40,768)	(21,141)
Loan repayments from related parties	12	30,056	45
Net proceeds on disposition of investment properties		84,352	9,901
Interest received		1,362	2,938
Cash provided by (used in) investing activities		16,281	(86,930)
Change in cash during the year		2,138	(1,583)
Cash, beginning of the year		3,740	5,323
Cash, end of the year		\$ 5,878	\$ 3,740

See accompanying notes to the consolidated financial statements.

# Minto Apartment Real Estate Investment Trust

## Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

*(in thousands of Canadian dollars, except Unit and per Unit amounts)*

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### 1. Description of the entity

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.

At December 31, 2024, the REIT's portfolio consists of interests in 28 (December 31, 2023 - 29) multi-residential rental properties, including four mixed-use residential apartment and commercial buildings, all of which are held by Minto Apartment Limited Partnership (the "Partnership"), which is consolidated by the REIT.

### 2. Material accounting policies

#### (a) Basis of presentation and measurement

These consolidated financial statements have been prepared on a historical cost basis, except for investment properties, Class B units of the Partnership ("Class B LP Units"), Unit-based compensation and interest rate swap, which have been measured at fair value. The consolidated financial statements have been presented in Canadian dollars, which is the REIT's functional currency.

The REIT's business faces risk from prominent economic factors, including economic growth, the interest rate environment, and inflation, among other factors. The REIT has used all information available as at December 31, 2024 that it considers relevant in determining the potential impact of these economic factors on the carrying amounts of assets and liabilities, earnings for the period and risks disclosed in the consolidated financial statements for the year ended December 31, 2024. The estimates and judgements that could be most significantly impacted by economic factors include those underlying the valuation of investment properties. Actual results could differ from those estimates. Investment properties (Note 3) and risk management (Note 19) include disclosures of the potential impacts of economic factors on the fair value of investment properties and liquidity risk. The REIT continues to monitor and assess the impact that economic factors will have on its business activities and financial results.

#### (b) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described herein.

These consolidated financial statements were approved by the Board of Trustees of the REIT and authorized for issuance on March 5, 2025.

#### (c) Basis of consolidation

The consolidated financial statements include the financial statements of the REIT and its subsidiaries, including the Partnership. Subsidiaries are consolidated from the date of acquisition, being the date on which the REIT obtains control, and continue to be consolidated until the date when control is lost. Control exists when the REIT is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The accounting policies of subsidiaries have been modified when necessary to align them with the policies adopted by the REIT. All intra-group balances, transactions and unrealized gains and losses are eliminated in full upon consolidation.

# Minto Apartment Real Estate Investment Trust

## Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

*(in thousands of Canadian dollars, except Unit and per Unit amounts)*

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### **(d) Joint arrangements**

The REIT has joint arrangements in and therefore joint control of certain investment properties which it manages. The REIT has assessed the nature of its joint arrangements and determined them to be joint operations. The REIT accounts for joint operations by recognizing, in relation to its interest, its share of revenues, expenses, assets and liabilities, which are included in their respective captions on the consolidated balance sheets and consolidated statements of net income and comprehensive income. All balances and effects of transactions between joint operations and the REIT have been eliminated to the extent of the REIT's interest in the joint operations.

### **(e) Investment properties**

The REIT uses the fair value method to account for real estate classified as investment property. Property that is held for long term rentals or for capital appreciation or both is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property and land held for future development to earn rental income. Subsequent capital expenditures are added to the carrying value of the investment properties only when it is probable that future economic benefits will flow to the property and the cost can be measured reliably. All repairs and maintenance costs are expensed as incurred.

The acquisition of investment properties is initially measured at cost including directly attributable acquisition costs, except when acquired through a business combination, where such costs are expensed as incurred. Directly attributable acquisition costs include professional fees, land transfer taxes and other transaction costs.

After initial recognition, investment properties are carried at fair value, which is determined based on available market evidence at each reporting date, including capitalization rates that reflect the characteristics, location and market of each property. Gains or losses arising from changes in fair value are included in the consolidated statements of net income and comprehensive income during the period in which they arise. When an investment property is disposed of, the gain or loss is determined as the difference between the disposal proceeds, net of selling costs and the carrying amount of the property and is recognized in the consolidated statements of net income and comprehensive income in the period of disposal.

Fair value for residential properties is predominantly determined using the direct capitalization approach. This approach applies an appropriate capitalization rate, which reflects the characteristics, location and market of each property to the estimated 12 month stabilized forecasted net operating income for each property, and deducting estimated aggregate future capital expenditures. Estimated 12 month stabilized forecasted net operating income is based on the respective property's forecasted results, adjusted to reflect market occupancy rates and expenditure levels. Fair value is determined based on internal valuation models.

Fair value for commercial properties is determined using the discounted future cash flow approach, typically over a term of ten years plus a terminal value. Discount rates and terminal capitalization rates reflect the characteristics, location and market of each property. Future cash flows are based on estimated rental revenue from future leases less related estimated future cash outflows. Fair value is determined based on internal valuation models.

Fair value for land held for development is determined by reference to comparable market prices for similar assets.

Fair value for land under development is determined by reference to comparable market prices for similar assets, if available, plus development costs incurred to date. These costs include costs directly attributable to the development, construction costs, property taxes, directly attributable labour costs and borrowing costs on both specific and general debt. Direct and indirect borrowing costs, development costs and property taxes are capitalized when the activities necessary to prepare an asset for development or redevelopment begin, and continue until the date that construction is substantially complete and all necessary occupancy and related permits have been received, whether or not the space is leased. Capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted.

Fair value for investment properties under development is determined by estimating the fair value of the stabilized investment property with a deduction for estimated development costs remaining to complete the project. A development project is considered an investment property under development when the future cash flows from the completed and stabilized property can be reasonably determined.

# Minto Apartment Real Estate Investment Trust

## Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(in thousands of Canadian dollars, except Unit and per Unit amounts)

Interest is capitalized using the REIT's weighted average cost of borrowing after adjusting for borrowing associated with specific developments. Where borrowing is associated with specific developments, the amount capitalized is the gross interest incurred on such borrowing less any investment income arising on temporary investment of such borrowing.

As part of the internal valuation process, the REIT considers external valuations performed by independent national real estate valuation firms for a cross-section of its properties that represent different geographical locations across the REIT's portfolio. On a quarterly basis, Management reviews and updates, as deemed necessary, the valuation models to reflect current market data.

### (f) Financial instruments

Financial instruments are generally measured at fair value on initial recognition. The classification and measurement of financial assets consists of the following categories: (i) measured at amortized cost, (ii) fair value through profit and loss ("FVTPL"), and (iii) fair value through other comprehensive income ("FVTOCI"). Financial assets classified at amortized cost are measured using the effective interest method. Financial assets classified as FVTPL are measured at fair value with gains and losses recognized in the consolidated statements of net income and comprehensive income. Financial assets classified as FVTOCI are measured at fair value with gains or losses recognized through other comprehensive income, except for gains and losses pertaining to impairment or foreign exchange which are recognized through the consolidated statements of net income and comprehensive income.

The classification and measurement of financial liabilities consists of the following categories: (i) measured at amortized cost and (ii) FVTPL. Financial liabilities classified at amortized cost are measured using the effective interest method. Financial liabilities classified as FVTPL are measured at fair value with changes in fair value attributable to changes in the credit risk of the liability recognized in other comprehensive income, and the remaining amount of change in fair value recognized in the consolidated statements of net income and comprehensive income.

The REIT has made the following classifications for its financial instruments:

Amount	Measurement
Loans receivable from related parties	Amortized cost
Restricted cash	Amortized cost
Interest rate swap	FVTPL
Resident and other receivables	Amortized cost
Cash	Amortized cost
Class B LP Units	FVTPL
Class C LP Units	Amortized cost
Mortgages and loans	Amortized cost
Credit facility	Amortized cost
Tenant rental deposits	Amortized cost
Due to related parties	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

The REIT derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The REIT derecognizes a financial liability when, and only when, the REIT's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated statements of net income and comprehensive income.

Transaction costs other than those related to financial instruments classified as FVTPL, which are expensed as incurred, are capitalized to the carrying amount of the instrument and amortized using the effective interest method. These costs include interest, amortization of discounts or premiums relating to borrowings, fees and commissions paid to agents, brokers and advisers, transfer taxes and duties, and a portion of Canada Mortgage and Housing Corporation ("CMHC") insurance premiums related to current mortgages.

# Minto Apartment Real Estate Investment Trust

## Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(in thousands of Canadian dollars, except Unit and per Unit amounts)

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### **Units**

Trust units of the REIT ("Units") are redeemable at the holder's option and therefore are considered to be a puttable instrument in accordance with IAS 32, *Financial Instruments: Presentation* ("IAS 32"). Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met in accordance with IAS 32, in which case the puttable instruments may be presented as equity. The Units meet the exemption conditions of IAS 32 and are presented as equity.

Units represent a Unitholder's proportionate undivided beneficial interest in the REIT. No Unit has any preference or priority over another. No Unitholder has or is deemed to have any right of ownership in any of the assets of the REIT. Each Unit confers the right to one vote at any meeting of Unitholders and to participate pro rata in any distributions and, on liquidation, to a pro rata share of the residual net assets remaining after preferential claims thereon of debtholders.

The REIT does not report an earnings per unit calculation, as per IAS 33, *Earnings Per Share*, as the Units meet the definition of a financial liability under IAS 32.

Unitholders have the right to redeem their Units at the lesser of (i) 90% of the market price of the Units and (ii) 100% of the closing market price on the redemption date. The redemption price will be satisfied by cash up to a limit of \$50 for all redemptions in a calendar month, which can be waived at the discretion of the REIT's Trustees.

### **Class B LP Units**

The Class B LP Units are economically equivalent to Units, receive distributions equal to the distributions paid on Units and are exchangeable at the holder's option into Units. One Special Voting Unit in the REIT is issued to the holder of Class B LP Units for each Class B LP Unit held, which entitles the holder to one vote per Special Voting Unit at any meeting of the Unitholders. The limited IAS 32 exception for presentation as equity does not extend to the Class B LP Units. As a result, the Class B LP Units have been classified as financial liabilities and are measured at FVTPL. The fair value of the Class B LP Units is measured every period by reference to the traded value of the Units, with changes in measurement recorded in the consolidated statements of net income and comprehensive income. Distributions on the Class B LP Units are recorded as a finance cost in the consolidated statements of net income and comprehensive income in the period in which the distributions become payable.

### **Class C LP Units**

The Class C units of the Partnership ("Class C LP Units") provide for monthly distributions from the Partnership to the holder of such Class C LP Units to be paid in priority to distributions to holders of the Units and Class B LP Units. Due to the nature of such distributions, the Class C LP Units have been classified as financial liabilities and are carried at amortized cost. Distributions on the Class C LP Units consist of principal repayments and interest expense, with principal repayments reducing the outstanding liability and interest expense recorded in finance costs in the consolidated statements of net income and comprehensive income in the period in which the distributions become payable.

### **Impairment of financial assets**

The REIT has adopted the practical expedient to estimate the expected credit loss ("ECL") on resident and other receivables using a provision matrix based on historical credit loss experience adjusted for current and forecasted future economic conditions. Resident and other receivables are initially measured at fair value and are subsequently measured at amortized cost less a provision for impairment.

# Minto Apartment Real Estate Investment Trust

## Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

*(in thousands of Canadian dollars, except Unit and per Unit amounts)*

The REIT recognizes loss allowances for ECL on the remaining financial assets measured at amortized cost, unfunded loan commitments and financial guarantee contracts. The REIT applies a three-stage approach to measure allowance for credit losses. The REIT measures loss allowance at an amount equal to 12 months of expected losses for performing loans if the credit risk at the reporting date has not increased significantly since initial recognition (Stage 1) and at an amount equal to lifetime expected losses on performing loans that have experienced a significant increase in credit risk since origination (Stage 2) and at an amount equal to lifetime expected losses which are credit impaired (Stage 3). The determination of a significant increase in credit risk takes into account different factors and varies by nature of investment. The REIT assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due or certain criteria are met which are specific to the individual borrower based on judgment. The REIT considers a financial asset to be credit impaired when the borrower is more than 90 days past due and when there is objective evidence that there has been a deterioration of credit quality to the extent the REIT no longer has reasonable assurance as to the timely collection of the full amount of principal and interest or when the REIT has commenced enforcement remedies available to it under its contractual agreements.

### **Measurement of ECL**

Loss allowances for ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the REIT in accordance with the contract and the cash flows that the REIT expects to receive) and incorporate significant assumptions including the probability of default as well as the estimated loss given default. ECLs are discounted at the effective interest rate of the financial asset.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the REIT is exposed to credit risk.

The determination of ECLs of a collateralized impaired loan reflects the expected realization of the underlying security, net of expected costs and any amounts legally required to be paid to the borrower.

When determining the allowance for ECLs, the REIT considers reasonable and supportable information that is relevant and available without undue cost or effort. Management considers past events, current market conditions and reasonable forward-looking supportable information about future economic conditions. In assessing information about possible future economic conditions, management utilized multiple economic scenarios including a base case, which represents the most probable outcome and is consistent with management's view of the financial asset. In considering the lifetime of a loan, the contractual period of the loan, including prepayment, extension and other options is generally used.

The estimation of ECLs also includes assumptions about local real estate market conditions, availability and terms of financing, underlying value of the security and various other factors. These assumptions are limited by the availability of reliable comparable market data, economic uncertainty and the uncertainty of future events. Accordingly, by their nature, estimates of impairment are subjective and may not necessarily be comparable to the actual outcome. Should the underlying assumptions change, the estimated future cash flows could vary.

### **(g) Fair value measurement**

The REIT measures financial instruments, such as Class B LP Units, interest rate swap and Unit-based compensation, and non-financial assets, such as investment properties, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the REIT.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interests.

# Minto Apartment Real Estate Investment Trust

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A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The REIT uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the REIT determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Cash, restricted cash, resident and other receivables, due to related parties, tenant rental deposits and accounts payable and accrued liabilities are carried at amortized cost, which, due to their short term nature, approximates fair value. Additionally, the credit facility is carried at amortized cost, which, due to its variable rate, approximates fair value.

The REIT estimates the fair value of its mortgages and Class C LP Units based on the rates that could be obtained for similar debt instruments with similar terms and maturities. Their fair value qualifies as level 2 in the fair value hierarchy above.

The fair value of Class B LP Units and Unit-based compensation is measured every period by reference to the traded value of Units and is considered Level 2 in the fair value hierarchy.

The fair value of the interest rate swap is determined using widely accepted valuation techniques, including discounted cash flow analysis on expected cash flows of the derivatives, using observable market-based inputs including interest rate curves and implied volatilities, and is considered level 2 in the fair value hierarchy.

The fair value of the loans receivable from related parties is determined by reference to rates that could be obtained for similar instruments with similar terms and maturities and is considered level 2 in the fair value hierarchy.

There were no transfers of assets or liabilities between fair value levels during the periods presented herein.

### (h) Assets held for sale

Investment properties are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use as defined in IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*. Investment properties classified as held for sale are recorded at fair value in accordance with the valuation policies described in Note 2(e).

### (i) CMHC premiums

CMHC mortgage insurance premiums provide coverage over the loan amortization period, typically 25 to 45 years. The portion related to the term of currently outstanding mortgages is accounted for as a financing charge and amortized over the life of respective mortgages using the effective interest method. The remaining portion of the CMHC mortgage insurance premiums is classified as a prepaid expense.

### (j) Cash

Cash includes cash on hand and cash maintained in bank accounts.

# Minto Apartment Real Estate Investment Trust

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### (k) Income taxes

The REIT is a "mutual fund trust" and a "real estate investment trust" as defined in the Income Tax Act (Canada). Under current tax legislation, a "real estate investment trust" is entitled to deduct distributions of taxable income such that it is not liable to pay income taxes provided that its taxable income is fully distributed to Unitholders. The REIT qualifies as a "real estate investment trust" and intends to make distributions not less than the amount necessary to ensure that the REIT will not be liable to pay income taxes. Accordingly, no net current tax expenses or current or deferred income tax asset or liability has been recorded in the consolidated financial statements.

### (l) Revenue recognition

The REIT retains substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases.

Rental revenue includes base rents earned from tenants under operating lease agreements which is allocated to lease components based on relative stand-alone selling prices. The stand-alone selling prices of the rental component are determined using an adjusted market assessment approach and the stand-alone selling prices of the service components are determined using an expected cost plus a margin approach.

Rental revenue from the rental component is recognized on a straight-line basis over the lease term. When the REIT provides incentives to its tenants, the cost of incentives is recognized over the lease term, on a straight-line basis, as a reduction of revenue.

Revenue from services represents the service component of the REIT's leases and is accounted for in accordance with IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"). These services consist primarily of the recovery of utility, property maintenance and amenity costs where the REIT has determined it is acting as a principal and is recognized over time when the services are provided. Payments are due at the beginning of each month and any payments made in advance of scheduled due dates are recorded as contract liabilities.

Management fees are earned from asset, project and property management of jointly controlled properties. Management fees are recorded in fees and other income as the services are provided. Payments for property management fees are due at the beginning of each month, asset management fees are due at the beginning of each quarter and project management fees are due 30 days in arrears.

### (m) Finance costs

Finance costs are comprised of interest expense on secured debt and unsecured debt, amortization of mark-to-market adjustments and financing charges, debt retirement costs, distributions on Class B LP Units and Class C LP Units, fair value loss (gain) on Class B LP Units and fair value loss (gain) on an interest rate swap. Finance costs associated with financial liabilities presented at amortized cost are presented in the consolidated statements of net income and comprehensive income using the effective interest method.

### (n) Unit-based compensation

The REIT maintains an Amended and Restated Omnibus Equity Incentive Plan (the "Plan") for its Trustees and executives pursuant to which eligible participants may receive Deferred Units, Performance Units, Restricted Units or other similar types of security based compensation. Awards under the Plan may be settled by Units issued from treasury or, if so elected by the participant and subject to the approval of the Plan Administrator, cash. The grant date value is recognized as part of general and administrative expenses over the vesting period, with a corresponding increase in liabilities over the service period related to the award. The grant date value is calculated using the market price of the Units on the grant date for Deferred Units and using a pricing model for Performance Units. Market price is defined as the volume weighted average closing price of the Units on the Toronto Stock Exchange ("TSX") for the five trading days immediately preceding such date. The grant date value estimate for Performance Units requires determination of relevant inputs to the pricing model. The liability is remeasured at each reporting date and settlement date using the closing market price of the Units as defined in the Plan or the updated pricing model as of the date of measurement. Any changes in the value of the liability are recognized as fair value adjustments through the consolidated statements of net income and comprehensive income.

# Minto Apartment Real Estate Investment Trust

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### (o) Government grant

The REIT receives financial assistance from the government to help fund the development and operation of affordable rental suites. Government grants are not recognized until there is reasonable assurance that the REIT will comply with the conditions attached to them and that the grants will be received. In accordance with IAS 20 – *Accounting for Government Grants and Disclosure of Government Assistance* ("IAS 20"), grant proceeds related to development properties will be recognized in profit or loss on a systematic basis over the periods in which the REIT recognizes revenue or incurs expenses.

### (p) Significant judgments in applying accounting policies

The following are the significant judgments that have been made in applying the REIT's accounting policies and that have the most significant effect on the amounts in the consolidated financial statements:

#### *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, *Business Combinations* ("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, 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. If they do, the balance to be forgiven is recognized over time in the consolidated statements of net income and comprehensive income.

### (q) Significant 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 have the most significant effect on the reported amounts in the consolidated financial statements include:

#### *Residential Investment properties valuation*

In applying the REIT's policy with respect to investment properties, significant accounting estimates and assumptions are required to determine the valuation of the residential properties under the fair value model. Significant accounting estimates and assumptions used in the REIT's internal valuation model include the estimated 12 month stabilized forecasted net operating income for each property and the capitalization rates that reflect the characteristics, location and market for each property.

# Minto Apartment Real Estate Investment Trust

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### (r) Adoption of new standards, amendments and interpretations

The following amended accounting standards were adopted by the REIT when they became effective on January 1, 2024:

- *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)*
- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)*
- *Disclosure of Supplier Finance Arrangement (Amendments to IFRS 7 and IAS 7)*

The adoption of these amendments did not have a material impact on the REIT's consolidated financial statements.

### (s) Future changes in accounting standards

#### ***IFRS 18 – Presentation and Disclosure in Financial Statements***

On April 9, 2024, the IASB issued IFRS 18 – *Presentation and Disclosure in Financial Statements* to improve reporting of financial performance. The standard applies to annual reporting periods beginning on or after January 1, 2027. Earlier adoption is permitted.

The new standard replaces IAS 1 – *Presentation of Financial Statements* and introduces new requirements on presentation and disclosure within the statement of profit or loss, disclosure on management-defined performance measures ("MPMs"), and aggregation and disaggregation of financial information based on the identified roles of the primary financial statements and related notes.

The REIT intends to adopt the standard in its consolidated financial statements beginning on January 1, 2027, when the standard becomes effective. The REIT is assessing the impact of the new standard, particularly with respect to the structure of the REIT's statements of net income and comprehensive income and statement of cash flows, the additional disclosures required for MPMs, and the grouping of information within the financial statements.

#### ***Other accounting standards***

The following new and amended accounting standards are not expected to have a significant impact on the REIT's consolidated financial statements:

- *Lack of Exchangeability (Amendments to IAS 21)*, effective on January 1, 2025;
- *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*, effective on January 1, 2026; and,
- IFRS 19 – *Subsidiaries without Public Accountability: Disclosures*, effective on January 1, 2027.

# Minto Apartment Real Estate Investment Trust

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### 3. Investment properties

The following table presents the change in investment properties by type:

		Residential properties		Commercial properties		Development properties		Total
Balance, December 31, 2022	\$	2,525,455	\$	27,828	\$	57,811	\$	2,611,094
Additions								
Capital expenditures		44,017		398		—		44,415
Development expenditures		—		—		28,950		28,950
Disposition (Note 4)		(42,170)		—		—		(42,170)
Transfer to assets held for sale (Note 4)		(86,000)		—		—		(86,000)
Other		(129)		—		—		(129)
Fair value (loss) gain		(101,495)		(1,254)		1,122		(101,627)
Balance, December 31, 2023	\$	2,339,678	\$	26,972	\$	87,883	\$	2,454,533
Additions								
Capital expenditures		38,103		361		—		38,464
Development expenditures		—		—		51,376		51,376
Transfer to assets held for sale (Note 4)		(69,000)		—		—		(69,000)
Other		25		105		—		130
Fair value loss		(42,877)		(2,462)		(15,940)		(61,279)
Balance, December 31, 2024	\$	2,265,929	\$	24,976	\$	123,319	\$	2,414,224

For the year ended December 31, 2024, the REIT capitalized \$4,502 (December 31, 2023 - \$2,905) in interest costs associated with the REIT's general borrowings and the construction loan to the respective developments. The REIT's weighted average borrowing rate on general borrowings was 6.66% (December 31, 2023 - 6.99%). Interest costs associated with the construction loan were capitalized to the related development using the actual borrowing rate of 2.39%.

The fair value methodology for the REIT's investment properties is considered level 3, as significant unobservable inputs are required to determine fair value. The fair value of investment properties is based on internal valuations and as at December 31, 2024, the entire portfolio was internally valued. The REIT's internal valuation team consists of qualified individuals who hold recognized relevant professional qualifications and have experience in the location and category of the respective properties.

The REIT also engaged leading independent national real estate appraisal firms with representation and expertise across Canada, and specifically in the markets in which the REIT operates, in order to ensure that every REIT property is externally appraised at least once every three years. These external appraisals were used by Management to assist in the validation of the market assumptions and market data used as part of its internal valuation model. For the year ended December 31, 2024, the REIT obtained external property appraisals representing approximately 69% (December 31, 2023 - 66%) of the fair value of the REIT's investment properties.

The REIT continues to review market capitalization, discount and terminal capitalization rates, as well as its future cash flow projections and their impact on the valuation of its properties in light of economic factors (Note 2). The carrying value of the REIT's investment properties reflects Management's best estimate of fair value in terms of the assessed highest and best use as at December 31, 2024. It is not possible to forecast with certainty the duration or full scope of the financial impact that economic factors will have on the REIT's business and operations, both in the short and long term. Any long-term effects on market rents, occupancy, turnover, future demand, and interest rates could impact the underlying valuation of investment properties and such impact may be material.

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Fair value for residential properties is predominantly determined using the direct capitalization approach and includes a deduction for estimated aggregate future capital expenditures. For the year ended December 31, 2024, the aggregate five-year estimated future capital expenditures deducted was \$76,203 (December 31, 2023 - \$89,501) in determining the fair value of residential properties.

The following table summarizes the significant unobservable inputs in determining fair value of residential properties:

Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Capitalization rates	There is an inverse relationship between the capitalization rates and the fair value; in other words, the higher the capitalization rates, the lower the estimated fair value.
Estimated 12 month stabilized forecasted net operating income ("NOI")	There is a direct relationship between the estimated 12-month stabilized forecasted NOI and the fair value; in other words, the higher the estimated 12-month stabilized forecasted NOI, the higher the estimated fair value.

The following table summarizes the capitalization rates used in determining the fair value of the REIT's residential properties:

	December 31, 2024			December 31, 2023		
	Min	Max	Weighted average	Min	Max	Weighted average
Capitalization rate	3.75%	5.13%	4.32%	3.63%	5.13%	4.16%

The following table summarizes the sensitivity of the fair value of residential properties to changes in capitalization rates and estimated 12 month stabilized forecasted NOI as at December 31, 2024:

December 31, 2024	-3%	-1%	NOI	+1%	+3%
<b>Capitalization rate</b>					
-50 basis points	\$ 2,492,714	\$ 2,545,455	\$ 2,571,825	\$ 2,598,195	\$ 2,650,936
-25 basis points	2,335,220	2,384,713	2,409,460	2,434,206	2,483,700
Base rate	2,195,995	2,242,617	2,265,929	2,289,240	2,335,863
+25 basis points	2,072,034	2,116,101	2,138,135	2,160,168	2,204,235
+50 basis points	1,960,959	2,002,736	2,023,624	2,044,512	2,086,289

The following table summarizes the sensitivity of the fair value of residential properties to changes in capitalization rates and estimated 12 month stabilized forecasted NOI as at December 31, 2023:

December 31, 2023	-3%	-1%	NOI	+1%	+3%
<b>Capitalization rate</b>					
-50 basis points	\$ 2,590,242	\$ 2,645,452	\$ 2,673,057	\$ 2,700,662	\$ 2,755,872
-25 basis points	2,418,162	2,469,824	2,495,655	2,521,486	2,573,148
Base rate	2,266,864	2,315,407	2,339,678	2,363,949	2,412,492
+25 basis points	2,132,798	2,178,576	2,201,465	2,224,354	2,270,132
+50 basis points	2,013,177	2,056,489	2,078,145	2,099,801	2,143,113

# Minto Apartment Real Estate Investment Trust

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### 4. Disposition of investment properties and assets held for sale

During the year ended December 31, 2024, the REIT completed the disposition of the following investment properties which were classified as held for sale at December 31, 2023:

Date	Region	Suites	Sale price	Debt principal repaid on disposition	Net cash proceeds <sup>1</sup>
February 15, 2024	Ottawa, ON	122	\$ 32,200	\$ 9,659	\$ 22,251
		189	53,800	7,591	45,705
		311	\$ 86,000	\$ 17,250	\$ 67,956

During the year ended December 31, 2023, the REIT completed the disposition of the following investment properties:

Date	Region	Suites	Sale price	Carrying value of assigned debt	Net cash proceeds <sup>1</sup>
March 7, 2023	Edmonton, AB	64	\$ 9,920	\$ 6,770	\$ 2,885
December 7, 2023	Edmonton, AB	98	32,250	24,668	7,016
		92			
		254	\$ 42,170	\$ 31,438	\$ 9,901

<sup>1</sup> Net cash proceeds after transaction costs.

#### Assets held for sale

As at December 31, 2024, the REIT classified one residential property in Ottawa, Ontario as an asset held for sale with a fair value of \$69,000. On January 22, 2025, this property was sold as described in Note 24.

As at December 31, 2023, the REIT classified two residential properties in Ottawa, Ontario as assets held for sale with a fair value of \$86,000. On February 15, 2024, these properties were sold.

### 5. Joint operations

The REIT's ownership interests in the joint operations are as follows:

Property	Date of acquisition	Location	Ownership interest
Leslie York Mills	May 1, 2019	Toronto, ON	50%
Rockhill	May 7, 2019	Montreal, QC	50%
High Park Village	August 1, 2019	Toronto, ON	40%
Niagara West	April 22, 2022	Toronto, ON	28.35%

# Minto Apartment Real Estate Investment Trust

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### 6. Prepaid expenses and other assets

	December 31, 2024		December 31, 2023	
Prepaid expenses	\$	1,676	\$	2,598
Prepaid CMHC premiums		19,129		15,007
Restricted cash		1,739		1,492
Deposits and other prepayments		502		310
Interest rate swap		701		1,947
	\$	23,747	\$	21,354
Current		2,178		2,610
Non-current		21,569		18,744
	\$	23,747	\$	21,354

The following table is a summary of the REIT's interest rate swap and the respective fair value of the asset:

Instrument	Maturity	Fixed rate	Original notional amount	Notional amount	Fair value as at	
					December 31, 2024	December 31, 2023
Interest rate swap <sup>1</sup>	April 2026	3.38%	\$42,360	\$34,142	\$ 701	\$ 1,947

<sup>1</sup> The REIT has a 40% ownership interest in this contract through the ownership of a joint operation.

The following table summarizes the beginning and ending fair value of the swap:

Year ended	December 31, 2024		December 31, 2023	
Opening balance	\$	1,947	\$	2,698
<i>Non-cash movement</i>				
Fair value loss		(1,246)		(751)
Closing balance	\$	701	\$	1,947

### 7. Resident and other receivables

	December 31, 2024		December 31, 2023	
<b>Current</b>				
Resident receivables	\$	1,063	\$	2,049
Other receivables		3,110		2,289
Less: Allowance for credit losses		(518)		(1,131)
	\$	3,655	\$	3,207

There is no significant concentration of credit risk with respect to resident receivables as the REIT has a high volume of tenants with individually small monthly rent amounts.

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### 8. Class B LP Units

The following table reconciles the changes in cash flows and outstanding units for the Class B LP Units of the Partnership:

	Class B LP Units	\$
Balance, December 31, 2022	25,755,029	\$ 361,858
<i>Non-cash movement</i>		
Fair value loss	—	54,858
Balance, December 31, 2023	25,755,029	\$ 416,716
<i>Non-cash movement</i>		
Fair value gain	—	(73,144)
Balance, December 31, 2024	25,755,029	\$ 343,572

For the year ended December 31, 2024, distributions of \$13,070 (December 31, 2023 - \$12,683), to Class B LP Unitholders were declared and accounted for as finance costs. Class B LP Units are exchangeable for Units at the holder's option and are therefore classified as current liabilities.

Holders of the Class B LP Units may elect to be loaned amounts equal to the amounts which would otherwise have been distributed to them, and have the aggregate amount of those distributions made to them, on the maturity date of the loan, which is on the first business day following the end of the year during which the loan was made. During the year ended December 31, 2024, a holder of the Class B LP Units elected to receive a non-interest bearing loan equal to the distributions they would otherwise have received of \$4,819 (December 31, 2023 - \$nil), see Note 12(b). On January 2, 2025, the loan was repaid in full and a distribution equal to the loaned amount was paid to the holder.

The fair value methodology for the Class B LP Units is considered level 2 within the fair value hierarchy.

### 9. Class C LP Units

	December 31, 2024	December 31, 2023
Class C LP Units	\$ 214,169	\$ 226,929
Unamortized mark-to-market adjustments	565	972
Unamortized deferred borrowing costs	(444)	(490)
	\$ 214,290	\$ 227,411
Current	98,949	51,393
Non-current	115,341	176,018
	\$ 214,290	\$ 227,411

For the year ended December 31, 2024, the REIT made distributions of \$8,453 (December 31, 2023 - \$7,306), to the holder of the Class C LP Units that were accounted for as finance costs.

The mortgages of investment properties to which the distributions on the Class C LP Units relate, have a weighted average effective interest rate of 4.20% (December 31, 2023 - 3.45%) and mature at various dates between 2025 and 2033 (December 31, 2023 - 2024 and 2033).

During the year ended December 31, 2023, the REIT issued 2,577,382 Class C LP Units to Minto Properties Inc ("MPI") in connection with the refinancing of a mortgage of an investment property to which the Class C LP Units relate. Total gross proceeds were \$25,774 and CMHC premiums and financing costs were \$1,635 for net proceeds of \$24,139.

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Distributions on Class C LP Units as at December 31, 2024, excluding unamortized mark-to-market adjustments and deferred financing costs, are due as follows:

2025	\$	98,809
2026		2,000
2027		23,504
2028		1,391
2029		10,991
2030 and thereafter		77,474
	\$	214,169

The following table reconciles the changes in cash flows and outstanding units for the Class C LP Units:

	Class C LP Units	\$
Balance, December 31, 2022	22,978,700	\$ 208,086
<i>Cash flows</i>		
Issued	2,577,382	25,774
Distributions used to repay principal	—	(5,518)
Deferred financing costs incurred	—	(354)
Deferred financing CMHC premiums	—	(154)
	2,577,382	19,748
<i>Non-cash movement</i>		
Amortization of mark-to-market adjustments	—	(441)
Deferred financing amortization	—	18
	—	(423)
Balance, December 31, 2023	25,556,082	\$ 227,411
<i>Cash flows</i>		
Distributions used to repay principal	—	(12,760)
	—	(12,760)
<i>Non-cash movement</i>		
Amortization of mark-to-market adjustments	—	(239)
Write-off of mark-to-market adjustments on disposition	—	(168)
Deferred financing amortization	—	46
	—	(361)
Balance, December 31, 2024	25,556,082	\$ 214,290

Fair value for the Class C LP Units is calculated based on current market rates plus risk-adjusted spreads on discounted cash flows. As at December 31, 2024, the current market rates plus risk-adjusted spreads ranged from 3.65% to 4.59% (December 31, 2023 - 4.10% to 6.17%) and the fair value of the Class C LP Units was \$215,369 (December 31, 2023 - \$223,956) and is considered level 2 within the fair value hierarchy.

# Minto Apartment Real Estate Investment Trust

## Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(in thousands of Canadian dollars, except Unit and per Unit amounts)

### 10. Mortgages and loan

	December 31, 2024	December 31, 2023
Mortgages - fixed rate	\$ 851,822	\$ 780,582
Construction loan - fixed rate	40,403	15,155
	892,225	795,737
Unamortized mark-to-market adjustments	632	686
Unamortized deferred financing costs	(6,375)	(6,606)
	\$ 886,482	\$ 789,817
Current	54,624	42,115
Non-current	831,858	747,702
	\$ 886,482	\$ 789,817

#### **Mortgages**

The mortgages are secured by investment properties and mature at various dates between 2025 and 2033 (December 31, 2023 - 2024 and 2033). The fixed rate mortgages include a \$34,142 (December 31, 2023 - \$35,217) variable interest mortgage fixed through an interest rate swap. The mortgages secured by investment properties have a weighted average effective interest rate of 3.46% (December 31, 2023 - 3.37%).

#### **Construction loan**

The REIT has a fixed rate non-revolving construction loan commitment of \$93,745 and as at December 31, 2024, \$40,403 (December 31, 2023 - \$15,155) was drawn. The construction loan is used to finance the construction of a new 225-suite residential rental property on surplus land at the REIT's Richgrove property in Toronto, Ontario and is secured by a first priority mortgage on the project. The loan bears fixed interest at 2.39% and matures on March 1, 2032. Payments are made monthly on an interest-only basis.

The mortgages and construction loan, excluding unamortized mark-to-market adjustments and deferred financing costs, are due as follows:

2025	\$	55,588
2026		85,833
2027		13,063
2028		104,591
2029		189,260
2030 and thereafter		443,890
	\$	892,225

# Minto Apartment Real Estate Investment Trust

## Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

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The following reconciles the changes in cash flows for the mortgages and construction loan payable:

	Fixed and variable-rate mortgages		Construction loan		Total
Balance, December 31, 2022	\$	738,314	\$	8,006	\$ 746,320
<i>Cash flows</i>					
Issued		317,122		7,149	324,271
Deferred financing costs incurred		(2,579)		—	(2,579)
Deferred financing CMHC premiums		(2,332)		—	(2,332)
Principal payments on refinancing		(230,999)		—	(230,999)
Principal repayments		(14,036)		—	(14,036)
		67,176		7,149	74,325
<i>Non-cash movement</i>					
Assigned on disposition		(31,438)		—	(31,438)
Amortization of mark-to-market adjustment		(147)		—	(147)
Deferred financing amortization		757		—	757
		(30,828)		—	(30,828)
Balance, December 31, 2023	\$	774,662	\$	15,155	\$ 789,817
<i>Cash flows</i>					
Issued		95,102		25,248	120,350
Deferred financing costs incurred		(395)		—	(395)
Deferred financing CMHC premiums		(248)		—	(248)
Principal repayment on disposition		(9,659)		—	(9,659)
Principal repayments		(14,203)		—	(14,203)
		70,597		25,248	95,845
<i>Non-cash movement</i>					
Amortization of mark-to-market adjustment		(54)		—	(54)
Deferred financing amortization		874		—	874
		820		—	820
Balance, December 31, 2024	\$	846,079	\$	40,403	\$ 886,482

The REIT is subject to financial covenants in connection with its fixed rate mortgages and the construction loan which require the REIT to maintain certain liquidity and leverage ratios. As at December 31, 2024 and December 31, 2023, the REIT was in compliance with these financial covenants relating to its fixed rate mortgages and construction loan.

Fair value of fixed rate mortgages and the construction loan is calculated based on current market rates plus risk-adjusted spreads on discounted cash flows. As at December 31, 2024, the current market rates plus risk-adjusted spreads ranged from 3.63% to 4.98% (December 31, 2023 - 3.99% to 6.00%) and the fair value of fixed rate mortgages and construction loan was \$871,644 (December 31, 2023 - \$761,780) and is considered level 2 within the fair value hierarchy.

# Minto Apartment Real Estate Investment Trust

## Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(in thousands of Canadian dollars, except Unit and per Unit amounts)

### 11. Credit facility

	December 31, 2024	December 31, 2023
Committed	\$ 300,000	\$ 300,000
Available	208,344	236,034
Utilized		
Amounts drawn	24,500	140,236
Letter of credit	2,022	2,022
	26,522	142,258
Undrawn amount available	\$ 181,822	\$ 93,776

The REIT has a revolving credit facility that is secured by several investment properties, matures on July 3, 2025 and is used to fund working capital requirements, acquisitions, letters of credit and for general corporate purposes. On June 26, 2024, in connection with the benchmark interest rate reform in Canada to replace Canadian Dollar Overnight Rate with Canadian Overnight Repo Rate Average ("CORRA"), the REIT amended the terms of the revolving credit facility to replace the one-month bankers' acceptance plus 175 bps with the economically equivalent Adjusted Canadian Overnight Repo Rate Average ("Adjusted CORRA") plus 175 bps. The credit facility bears interest at the one-month Adjusted CORRA plus 175 bps (December 31, 2023 - one-month bankers' acceptance plus 175 bps) or prime plus 75 bps. As at December 31, 2024, the weighted average variable interest rate was 5.42% (December 31, 2023 - 7.25%). Given the variable nature of the credit facility, its carrying value approximates its fair value.

The following table reconciles the changes in cash flows for the credit facility:

Year ended	December 31, 2024	December 31, 2023
Opening balance	\$ 140,236	\$ 157,158
<i>Cash flows</i>		
Issued	66,264	85,078
Repayments	(182,000)	(102,000)
	(115,736)	(16,922)
Closing balance	\$ 24,500	\$ 140,236

The revolving credit facility has financial covenants which require the REIT to maintain certain liquidity and leverage ratios. As at December 31, 2024 and December 31, 2023, the REIT was in compliance with these financial covenants relating to its credit facility.

### 12. Related-party transactions

In the normal course of operations, the REIT enters into various transactions with related parties which are recorded at exchange value. In addition to the related party transactions disclosed elsewhere in these consolidated financial statements, related party transactions include:

#### (a) Administrative Support Agreement

The Administrative Support Agreement ("ASA") between the REIT and MPI, an entity with significant influence over the REIT, matures on July 3, 2028 and, for a fee, 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.

For the year ended December 31, 2024, the REIT incurred \$2,260 (December 31, 2023 - \$2,260) for services rendered by MPI and its affiliates under the ASA.

# Minto Apartment Real Estate Investment Trust

## Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(in thousands of Canadian dollars, except Unit and per Unit amounts)

### (b) Loans receivable from related parties

Project	Related Parties	Commitment	Interest Rate and Maturity	December 31, 2024	December 31, 2023
99 Fifth Avenue, Ottawa, ON ("Fifth and Bank")	Affiliate of MPI	\$ 30,000	Variable per annum <sup>1</sup> January 31, 2024	\$ —	\$ 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 February 28, 2025	14,000	14,084
Beechwood Avenue, Ottawa, ON ("88 Beechwood")	Affiliate of MPI	51,400	6% per annum December 31, 2025	46,219	43,534
810 Kingsway, Vancouver, BC ("The Hyland")	MPI	19,650	Variable per annum <sup>2</sup> April 30, 2025	19,073	17,948
3958 Shelbourne Street, Victoria, BC ("University Heights")	MPI	51,700	7% per annum December 31, 2026	44,179	27,041
		166,750		123,471	132,607
Loan receivable	Management	700	Variable per annum <sup>3</sup> April 27, 2032	621	679
Loan receivable (Note 8)	Limited partnership wholly-owned by MPI	—	Non-interest bearing January 2, 2025	4,819	—
		\$ 167,450		\$ 128,911	\$ 133,286
Current				84,215	62,032
Non-current				44,696	71,254
				\$ 128,911	\$ 133,286

<sup>1</sup> Effective July 1, 2023, the interest rate is equal to the all-in interest rate the REIT pays on the credit facility on a monthly basis, subject to a maximum interest rate of 7% per annum and minimum interest rate of 5% per annum. Prior to the effective date of this amendment, the interest rate on the loan was 6% per annum.

<sup>2</sup> Effective June 1, 2024, the interest rate is equal to the all-in interest rate the REIT pays on the credit facility on a monthly basis, subject to a maximum interest rate of 7.25% per annum and minimum interest rate of 5.25% per annum. Prior to the effective date of this amendment, the interest rate on the loan was 6% per annum.

<sup>3</sup> The interest rate per annum is set quarterly at the greater of prime and the prescribed interest rate as determined by the Regulations of the Income Tax Act (Canada) to a maximum of 5%. Interest is payable annually in arrears.

All commitments pertaining to projects include a reserve to fund interest costs. If the interest reserve is fully utilized, the interest is paid to the REIT on a monthly basis. In connection with these financings, the REIT has the exclusive option to purchase the property at 88 Beechwood, MPI's 85% indirect ownership interest in The Hyland and MPI's 45% indirect ownership interest in University Heights, upon project stabilization at 95% of then-appraised fair market value as determined by independent and qualified third-party appraisers. The exclusive purchase option for Lonsdale Square expired on November 30, 2024. However, on January 15, 2025, a limited partnership in which the REIT owns a 50% ownership interest acquired Lonsdale Square and the convertible development loan associated with the property was fully repaid concurrently on the closing of the purchase as described in Note 24. As at December 31, 2024, the ECL based on 12 month expected losses for the loans receivable is \$nil (December 31, 2023 - \$nil).

On January 31, 2024, the REIT received repayment of the balance owing for the loan associated with the Fifth and Bank project.

# Minto Apartment Real Estate Investment Trust

## Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(in thousands of Canadian dollars, except Unit and per Unit amounts)

On May 7, 2024, the REIT and MPI amended the maturity date of the loan agreement associated with the Hyland and the REIT's purchase option for an indirect interest in the property. The REIT's purchase option was extended to February 28, 2025, and the maturity date was extended to April 30, 2025. In addition, the 6% annual interest rate was amended and effective June 1, 2024, equals the all-in interest rate the REIT pays on the credit facility on a monthly basis, subject to a maximum interest rate of 7.25% per annum and minimum interest rate of 5.25% per annum.

On December 16, 2024, the REIT agreed to amend the loan agreement associated with Lonsdale Square to extend the maturity date of the loan to February 28, 2025. On January 15, 2025, the REIT received repayment of the balance owing for the loan associated with the Lonsdale Square project.

During the year ended December 31, 2024, a holder of the Class B LP Units elected to receive a loan equal to the distributions they would otherwise have received. On January 2, 2025, the non-interest bearing loan matured, was repaid in full, and a distribution equal to the loan balance was paid to the holder.

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

Year ended	December 31, 2024	December 31, 2023
Opening balance	\$ 133,286	\$ 98,302
<i>Cash flows</i>		
Advances	19,170	30,586
Repayments	(30,056)	(45)
Interest received	(1,185)	(2,656)
	(12,071)	27,885
<i>Non-cash movement</i>		
Interest earned	7,696	7,099
	(4,375)	34,984
Closing balance	\$ 128,911	\$ 133,286

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, 2024, the current market rates plus risk-adjusted spreads ranged from 7.25% to 8.25% (December 31, 2023 - 9.00% to 10.00%) and the fair value of the loans receivable relating to projects was \$122,453 (December 31, 2023 - \$127,921) and is considered level 2 within the fair value hierarchy.

### (c) Due to related parties

Item	Related Parties	December 31, 2024	December 31, 2023
<b>Current</b>			
Class B LP Units distributions	MPI affiliates	\$ 5,935	\$ 1,084
Class C LP Units distributions	Limited partnership wholly-owned by MPI	803	676
Property operating costs payable	MPI and its affiliates	157	144
Development costs and fees	Affiliate of MPI	933	1,722
Unit distribution	MPI	39	38
		7,867	3,664
Rental and service revenue receivable	MPI and its affiliates	(122)	(462)
		\$ 7,745	\$ 3,202

# Minto Apartment Real Estate Investment Trust

## Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(in thousands of Canadian dollars, except Unit and per Unit amounts)

### (d) Revenue, expenses, capital expenditures and distributions

	December 31, 2024	December 31, 2023
<b>Revenue from MPI, its affiliates and jointly-owned limited partnerships</b>		
Rental and service revenue	\$ 480	\$ 509
Interest income on loans advanced	7,696	7,099
<b>Expenses and distributions to MPI, its affiliates, its wholly-owned and jointly-owned limited partnerships</b>		
Property operating expenses	1,244	1,067
Development costs and fees	4,246	4,162
Distributions on Class B LP Units (finance costs)	13,070	12,683
Distributions on Class C LP Units (finance costs)	8,453	7,306
Distributions on Class C LP Units (principal)	12,760	5,518
Distributions on Units	454	442
<b>Compensation of key management personnel</b>		
Paid to executives	1,753	1,642
Unit-based compensation		
Executives	1,357	1,461
Trustees in lieu of annual retainer and meeting fees	665	630

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

### (e) Class C LP Units

During the year ended December 31, 2023, the REIT issued 2,577,382 Class C LP Units (Note 9) to MPI in connection with the refinancing of a mortgage of an investment property to which the Class C LP Units relate.

## 13. Accounts payable and accrued liabilities

	December 31, 2024	December 31, 2023
Accounts payable	\$ 11,600	\$ 8,606
Accrued liabilities	16,205	13,072
Distributions payable	1,676	1,641
Unit-based compensation	6,969	7,061
Forgivable loan	5,659	5,659
	\$ 42,109	\$ 36,039
Current	35,521	29,306
Non-current	6,588	6,733
	\$ 42,109	\$ 36,039

During the year ended December 31, 2020, in connection with the Richgrove development, the REIT completed a contribution agreement with the City of Toronto whereby the City will contribute funds towards the construction of 100 affordable rental suites as part of the new property and will also provide relief from development charges and certain other fees. Funding and relief from development charges and certain other fees will be in the form of a forgivable loan, with loan forgiveness commencing on the first anniversary of first occupancy of the affordable rental suites, at 4% per year over a period of 25 years.

For the year ended December 31, 2024, City benefits of \$nil (December 31, 2023 - \$515) were received in connection with the Richgrove development and have been recorded as a forgivable loan payable in connection with the terms of the contribution agreement.

# Minto Apartment Real Estate Investment Trust

## Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(in thousands of Canadian dollars, except Unit and per Unit amounts)

### 14. Units

	Units	\$
Authorized	Unlimited	
Units issued and outstanding:		
Balance, December 31, 2022	39,887,612	\$ 710,873
Units issued for vested Deferred Units, net of issue costs	11,000	148
Balance, December 31, 2023	39,898,612	711,021
Units issued for vested Deferred Units, net of issue costs	18,049	260
Cancellation of Units under normal course issuer bid	(337,842)	(6,020)
Units issued in special non-cash distribution, net of issue costs	2,255,508	30,050
Consolidation of units issued pursuant to special non-cash distribution	(2,255,508)	—
Balance, December 31, 2024	39,578,819	\$ 735,311

For the year ended December 31, 2024, distributions to Unitholders of \$20,233 (December 31, 2023 - \$19,645), were declared, representing monthly distributions of \$0.04208 (2023 - \$0.04083) per Unit for the months of January to October and \$0.04333 (2023 - \$0.04208) per Unit for the months of November and December.

#### Normal Course Issuer Bid

On September 25, 2024, the TSX accepted the REIT's notice to initiate a Normal Course Issuer Bid ("NCIB") for a portion of its Units. The NCIB is authorized from September 27, 2024 through to September 26, 2025 and permits the REIT to acquire up to 3,283,584 Units, including up to 22,703 Units on any given trading day. The REIT's previous NCIB expired on September 19, 2024. For the year ended December 31, 2024, the REIT purchased and cancelled 337,842 Units under the NCIB, at a weighted average purchase price of \$14.03 per Unit, for a total cost including transaction costs of \$4,869. The difference between the purchase price and the weighted average historical unit issuance price was recorded as an increase to retained earnings.

On December 30, 2024, the REIT established an automatic securities purchase plan in connection with its previously announced NCIB applicable to its outstanding Units. Refer to note 24 for Units purchased and cancelled subsequent to December 31, 2024.

#### Special non-cash distribution in Units and consolidation of Units

On December 16, 2024, the REIT declared a special non-cash distribution of \$0.76 per Unit, payable in Units on December 31, 2024 ("Special Distribution"). The Special Distribution was made to distribute a portion of the capital gains realized by the REIT from the sale of investment properties completed during the year ended December 31, 2024.

On December 31, 2024, the REIT issued 2,255,508 Units at a price of \$13.3362 per Unit, for a total value of \$30,080. Immediately following the issuance, the Units were consolidated such that each Unitholder held the same number of Units as each Unitholder held prior to the Special Distribution.

### 15. Segment reporting

The REIT owns, manages and operates 28 (December 31, 2023 - 29) multi-residential rental properties located in Canada, including four mixed-use residential apartment and commercial buildings. Management, when measuring the REIT's performance, does not distinguish or group its operations on a geographical or any other basis. Accordingly, the REIT has a single reportable segment for disclosure purposes in accordance with IFRS Accounting Standards.

# Minto Apartment Real Estate Investment Trust

## Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(in thousands of Canadian dollars, except Unit and per Unit amounts)

### 16. Revenue from investment properties

	December 31, 2024		December 31, 2023	
Rental revenue	\$	129,662	\$	129,683
Revenue from services		27,426		28,242
	\$	157,088	\$	157,925

### 17. Finance costs

	December 31, 2024		December 31, 2023	
Interest expense on mortgages and loan	\$	25,613	\$	26,728
Interest expense and standby fees on credit facility		6,577		10,445
Financing amortization and other charges		1,268		1,221
Amortization of mark-to-market adjustments		(293)		(588)
Capitalized interest		(4,502)		(2,905)
Debt retirement costs		—		1,779
Interest expense and other financing charges		28,663		36,680
Distributions on Class B LP Units (Note 8)		13,070		12,683
Distributions on Class C LP Units (Note 9)		8,453		7,306
Finance costs - operations	\$	50,186	\$	56,669
Fair value loss (gain) on:				
Class B LP Units (Note 8)		(73,144)		54,858
Interest rate swap (Note 6)		1,246		751
Finance costs	\$	(21,712)	\$	112,278

### 18. 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, 2024, the remaining unforgiven balance of the loan is \$11,016 (December 31, 2023 - \$12,240). 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, 2024, the remaining unforgiven balance of the loan is \$2,688 (December 31, 2023 - \$3,024). 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.

# Minto Apartment Real Estate Investment Trust

## Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

*(in thousands of Canadian dollars, except Unit and per Unit amounts)*

As at December 31, 2024, the REIT has committed to advance to related parties an additional \$3,994 in order to support two development projects (December 31, 2023 - \$19,501 to support three development projects) and an additional \$9,285 (December 31, 2023 - \$14,642) to fund interest costs to support three development projects.

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, 2024, the maximum potential obligation resulting from this guarantee is \$11,950 (December 31, 2023 - \$12,326).

### 19. 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.

##### **(a) 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, 2024, the REIT has a committed variable-rate credit facility of \$300,000 (December 31, 2023 - \$300,000) with an availability of \$208,344 (December 31, 2023 - \$236,034) and amounts drawn of \$24,500 (December 31, 2023 - \$140,236). A 1% change in prevailing interest rates would change annualized interest charges incurred by \$245 (December 31, 2023 - \$1,402).

##### **(b) 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.

##### **(c) 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, 2024 would have a \$3,436 (December 31, 2023 - \$4,167) 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 is recorded for the ECL.

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 and Calgary 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.

# Minto Apartment Real Estate Investment Trust

## Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

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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 and affiliates of MPI for strategic developments and, in turn, receives an option to acquire an ownership interest in those developments. Management mitigates this risk by ensuring there is sufficient security provided by the development assets in addition to guarantees provided by MPI for loans advanced to affiliates of 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 favourable 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, 2024, current liabilities, excluding Class B LP Units which are exchangeable for Units, of \$232,299 (December 31, 2023 - \$137,334) exceeded current assets of \$95,926 (December 31, 2023 - \$71,589), resulting in a net working capital deficit of \$136,373 (December 31, 2023 - \$65,745). Current liabilities as of December 31, 2024 include \$125,990 (December 31, 2023 - \$75,301) of debt 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, 2024, liquidity was \$187,700 (December 31, 2023 - \$97,516) consisting of cash of \$5,878 (December 31, 2023 - \$3,740) and \$181,822 (December 31, 2023 - \$93,776) of available borrowing capacity under the credit facility. Management believes that there is sufficient liquidity to meet the REIT's financial obligations.

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

	2025	2026	2027	2028	2029	2030 and thereafter	Total
Mortgages	\$ 55,588	\$ 85,833	\$ 13,063	\$ 104,591	\$ 189,260	\$ 403,487	\$ 851,822
Construction loan	—	—	—	—	—	40,403	40,403
Credit facility	24,500	—	—	—	—	—	24,500
Class C LP Units	98,809	2,000	23,504	1,391	10,991	77,474	214,169
Interest obligation <sup>1</sup>	35,173	30,678	29,378	26,017	22,610	46,308	190,164
Tenant rental deposits	10,960	—	10	—	—	—	10,970
Due to related parties	7,745	—	—	—	—	—	7,745
Accounts payable and accrued liabilities	35,521	712	193	24	—	5,659	42,109
	\$ 268,296	\$ 119,223	\$ 66,148	\$ 132,023	\$ 222,861	\$ 573,331	\$ 1,381,882

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

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

# Minto Apartment Real Estate Investment Trust

## Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(in thousands of Canadian dollars, except Unit and per Unit amounts)

### 20. Capital risk management

The REIT's capital consists of Class B LP Units, Class C LP Units, mortgages, a construction loan, a credit facility and Unitholders' equity. The REIT invests its capital to achieve its business objectives and to generate an acceptable long-term return to the REIT's Unitholders. Primary uses of capital include property acquisitions, development activities, capital improvements, debt principal repayments and convertible development loans.

The REIT's principal objective with respect to debt financing is to minimize its overall borrowing costs while maintaining balance in its maturity schedule, diversity in its lender base and having sufficient liquidity and flexibility to meet current obligations and to pursue new projects.

The actual level and type of future financings to fund the REIT's capital obligations will be determined based on prevailing interest rates, various costs of debt and/or equity capital, capital market conditions and Management's general view of the appropriate leverage in the business.

The REIT closely monitors its capital position. The REIT is also subject to certain financial covenants and is in compliance with these covenants. Management has performed stress testing on the REIT's covenants to ensure that the REIT continues to meet its covenant obligations in the long term.

The components of the REIT's capital are set out in the table below:

	December 31, 2024	December 31, 2023
Liabilities (principal amounts outstanding):		
Class B LP Units	\$ 343,572	\$ 416,716
Class C LP Units	214,169	226,929
Mortgages	851,822	780,582
Construction loan	40,403	15,155
Credit facility	24,500	140,236
	1,474,466	1,579,618
Unitholders' equity	1,115,747	1,077,381
	\$ 2,590,213	\$ 2,656,999

### 21. Supplemental cash flow disclosures

Change in non-cash working capital comprises the following:

	December 31, 2024	December 31, 2023
Prepaid expenses and other assets	\$ (97)	\$ 430
Resident and other receivables	(167)	80
Tenant rental deposits	161	844
Due to related parties	(598)	56
Accounts payable and accrued liabilities	2,650	(307)
	\$ 1,949	\$ 1,103

# Minto Apartment Real Estate Investment Trust

## Notes to the Consolidated Financial Statements

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## 22. Unit-based compensation

### Executives

#### Deferred Units

Deferred Units granted to executives generally vest on the second, third or fourth anniversaries of the grant date and are settled (i) by Units issued from treasury equivalent to the number of Deferred Units credited, including any distributions paid by the REIT on the Units that have accrued in the form of Deferred Units, or (ii) if so elected by the participant and subject to the approval of the Plan Administrator, in cash, in each case following the participant's separation from service with the REIT. The Board of Trustees has the discretion to vary the manner in which the Deferred Units vest for any participant.

The details of movement in Deferred Units for the executives are as follows:

	December 31, 2024	December 31, 2023
Opening balance	308,997	271,176
Granted	35,497	28,000
Distribution equivalents	11,113	9,821
Closing balance	355,607	308,997

The Deferred Unit plan activity and the value of Unit-based compensation expense for the executives are as follows:

	December 31, 2024	December 31, 2023
Opening balance	\$ 4,179	\$ 2,720
Unit-based compensation expense	1,021	1,305
Fair value (gain) loss	(1,030)	154
Closing balance	\$ 4,170	\$ 4,179

#### Performance Units

Performance Units granted to executives generally vest on the third anniversary of the grant date based on the achievement of performance goals. Performance Units are settled by Units issued from treasury equivalent to the number of Performance Units credited, including any distributions paid by the REIT on the Units that have accrued in the form of Performance Units or, if so elected by the participant and subject to the approval of the Plan Administrator, cash. The Board of Trustees has the discretion to vary the manner in which the Performance Units vest for any participant.

# Minto Apartment Real Estate Investment Trust

## Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

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The details of movement in Performance Units for the executives are as follows:

	December 31, 2024	December 31, 2023
Opening balance	60,585	31,750
Granted	48,485	27,855
Distribution equivalents	2,102	980
Closing balance	111,172	60,585

The Performance Unit plan activity and the value of Unit-based compensation expense for the executives are as follows:

	December 31, 2024	December 31, 2023
Opening balance	\$ 273	\$ —
Unit-based compensation expense	336	156
Fair value (gain) loss	(127)	117
Closing balance	\$ 482	\$ 273

### Trustees

Trustees have the option to elect to receive up to 100% of all fees that are otherwise payable in cash (i.e. annual board retainer fee, meeting fees and additional retainers) in the form of Deferred Units. The REIT matches 45% of the total value of annual board retainer fees and board and committee meeting fees that a trustee elected to receive in the form of Deferred Units. Deferred Units granted in respect of a participant's election to receive Deferred Units in lieu of cash compensation vest immediately upon grant. Deferred Units granted further to any match by the REIT also vest immediately. The Board of Trustees has the discretion to vary the manner in which the Deferred Units vest for any participant. The Deferred Units are settled (i) by Units issued from treasury equivalent to the number of Deferred Units credited, including any distributions paid by the REIT on the Units that have accrued in the form of Deferred Units, or (ii) if so elected by the participant and subject to the approval of the Plan Administrator, in cash, in each case following the participant's separation from service with the REIT.

The Deferred Units granted and the value of Unit-based compensation expense recorded for the Trustees are as follows:

	Deferred Units	\$
Balance, December 31, 2022	129,495	\$ 1,819
Granted and vested	38,062	561
Distribution equivalents	4,660	69
Redeemed	(11,000)	(165)
Fair value loss	—	325
Balance, December 31, 2023	161,217	\$ 2,609
Granted and vested	40,642	588
Distribution equivalents	4,998	77
Redeemed	(33,145)	(529)
Fair value gain	—	(428)
Balance, December 31, 2024	173,712	\$ 2,317

# Minto Apartment Real Estate Investment Trust

## Notes to the Consolidated Financial Statements

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(in thousands of Canadian dollars, except Unit and per Unit amounts)

### 23. Operating leases

The REIT has entered into lease agreements on its investment properties. The residential leases typically have lease terms of 1 to 12 months. The commercial leases have lease terms between 10 to 15 years. There were no tenants that accounted for more than 10% of the REIT's total rental revenue for the year ended December 31, 2024 and 2023. The total future contractual minimum rent lease payments at the REIT's share expected to be received under residential and commercial leases are as follows:

	December 31, 2024		December 31, 2023	
Less than 1 year	\$	19,433	\$	22,969
Between 1 to 5 years		2,992		2,197
5 years and thereafter		3,747		2,613
	\$	26,172	\$	27,779

### 24. Subsequent events

On January 15, 2025, a joint venture in which the REIT has a 50% ownership interest purchased Lonsdale Square, a 113-suite mixed-use property in North Vancouver, British Columbia from a limited partnership which is jointly owned by MPI. The REIT's purchase price of \$52,963 was satisfied by the assumption of a \$52,904 mortgage. The REIT also received payment for the outstanding loan receivable of \$14,000 associated with Lonsdale Square.

On January 22, 2025, the REIT completed the disposition of one property in Ottawa, Ontario for a sale price of \$69,000. The REIT used \$34,547 of the sale proceeds to redeem for cancellation 4,130,092 Class C LP Units from the holder of the Class C LP Units to repay the mortgage associated with the property to which the Class C LP Units relate. The net proceeds after the redemption and transaction costs were \$33,849.

On March 4, 2025, the REIT amended the terms of its credit facility to reduce the commitment from \$300,000 to \$200,000.

Subsequent to December 31, 2024, the REIT purchased and cancelled 777,276 Units under the NCIB, at a weighted average purchase price of \$13.19 per Unit, for a total cost including transaction costs of \$10,469.