minto
Apartment REIT

2021 Annual Report

TSX | MI.UN

The REIT is a growth-oriented real estate investment trust that owns and operates high quality multi-residential rental properties located in primary urban markets in Canada.

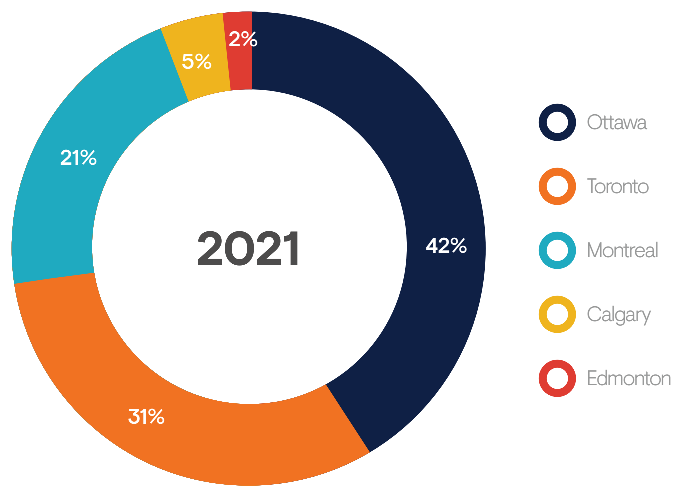
The REIT's Objectives

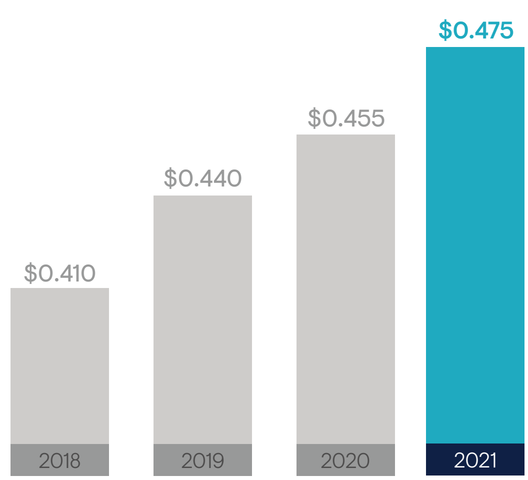
- Provide Unitholders with the opportunity to invest in high quality income producing multi-residential rental properties strategically located across urban centres in Canada
- Enhance asset value and maximize long-term Unitholder value through value-enhancing capital investments and active asset and property management of the portfolio
- Provide Unitholders with predictable and sustainable cash distributions
- Expand the asset base across Canadian urban centres through acquisitions, intensification programs and development

Summary Information[1]

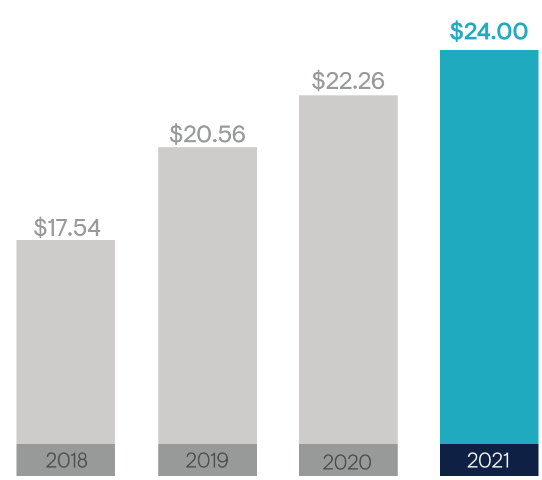
	2021	2020
Suites[2]	7,538	7,245
Average Monthly Rent per Suite[3]	$1,641	$1,623
Occupancy[3,5]	95.47%	93.42%
Total Assets	$2.4 Billion	$2.2 Billion
Debt-to-Gross Book Value[3]	36.54%	38.57%
Weighted Average Interest Rate[3,6]	2.82%	2.94%
Suites Under Development[2]	1,678	1,340

Portfolio Geographic Distribution[4]





Annualized distributions per unit[7]



NAV per unit[3]

(1) All amounts are as at December 31, 2021 and December 31, 2020 respectively.
(2) Suite counts are presented at 100% ownership share rather than the REIT's proportionate share.
(3) Non-IFRS financial measure. See "Non-IFRS and Other Financial Measures" in the Management's Discussion and Analysis included in this annual report.
(4) Geographic breakdown is based on share of the fair value of investment properties as at December 31, 2021.
(5) Occupancy - end of period.
(6) Weighted average term to maturity and weighted average interest rate are for fixed rate debt only.
(7) Distribution rates in efffect as at December 31.

Letter to Unitholders

Dear Fellow Unitholders,

In 2021, Minto Apartment REIT (the "REIT") successfully executed its strategic plan against the unpredictable backdrop of the COVID-19 pandemic. Despite an environment of changing and ongoing restrictions, the REIT demonstrated steady financial performance, realized on organic growth and broadened its footprint in Canada's major urban markets.

The REIT continued to deliver financial results for its Unitholders. The REIT's net asset value per unit increased 7.8% during the year and on November 9, 2021, the REIT announced a 4.4% increase in its monthly distribution. This is the third consecutive year since its inception that the REIT has increased its cash distribution and reflects the REIT's strong growth prospects, high level of confidence in its business model, and overall business outlook. Over the course of the year, the REIT completed an $87 million equity offering, reduced its financial leverage and finished the year with a strong liquidity position.

The REIT benefited from improving market conditions. Occupancy in our core urban markets, which had been negatively impacted by pandemic restrictions, troughed in the second quarter and we saw consistent improvements throughout the balance of the year. The REIT finished the year with an occupancy rate of 95.5%, an improvement of 195 basis points over 2020. Despite the slow leasing conditions early in the year, the lease rate on new leases signed in 2021 was, on average, 5.4% higher than the expiring rate.

The REIT's suite renovation and repositioning program continued to deliver strong investment returns. Repositioning enhances the quality and marketability of our suites and lowers future repair and maintenance costs. The REIT currently has repositioning programs at 12 of its 30 properties and repositioned a record 367 suites in 2021. Strong tenant demand for these suites resulted in annualized rent increases that generated a 9.1% return on invested capital. At the end of the year the REIT had 2,315 suites (31% of its total suite count) remaining to reposition at the properties with repositioning programs.

The REIT made substantial progress on its development program. The REIT commenced construction on two intensification projects and continued to work towards obtaining municipal planning approvals on a third project. The REIT also continued to benefit from its strategic alliance with the Minto Group and advanced convertible development loans ("CDLs") to two new Minto Group development projects. In addition to insulating the REIT from construction and lease-up risks, the CDLs provide the REIT with an attractive coupon during the development period and the option to purchase an interest in the property upon completion and stabilization at a 5% discount to its then-appraised fair market value. The REIT's total development pipeline (direct investments and CDLs) comprised 1,678 suites at year-end with five of the seven pipeline projects under construction and one in the leasing stage.

The REIT continued to grow through acquisition. Notwithstanding the highly competitive market for multi-residential rentals, the REIT was able to acquire Le Hill-Park in Montreal. This property has an excellent urban location and its close proximity to the REIT's other Montreal properties offers the potential for management and leasing synergies.

The REIT also launched its inaugural environmental, social and governance ("ESG") report in 2021. The report sets out the REIT's ESG strategy and highlights the integral part ESG plays in how we treat our customers, employees, investors and the environment. The REIT's ESG strategy was built around three strategic pillars (Business Resilience, Community Impact and Environmental Impact) and comprises 18 specific initiatives. The REIT has established specific performance targets and will be reporting annually against those targets. We are proud of the work that we have done and are deeply committed to pushing ourselves to do better.

The Board of Trustees and Management are excited about the opportunities for Minto Apartment REIT in 2022. The REIT will continue to execute its growth strategy and adapt to ongoing developments relating to the COVID-19 pandemic. Although some sectors of the economy continue to face challenges due to restrictions, overall employment levels have recovered from the initial pandemic shock. The Federal Government has committed to higher immigration targets and our population will continue to grow. The strong market fundamentals that existed before the pandemic are expected to return in 2022. We thank our Unitholders for their confidence and support and look forward to another great year ahead.

Roger Greenberg
Chairman

Michael Waters
Chief Executive Officer and President

Table of Contents

Management's Discussion and Analysis	**1**
Section I - Overview	**1**
Business Overview	1
Business Strategy and Objectives	2
Declaration of Trust	2
Basis of Presentation	2
Forward-Looking Statements	3
Use of Estimates	3
Financial and Operating Highlights	3
Outlook	11
Section II - Financial Highlights and Performance	**14**
Key Performance Indicators	14
Review of Financial Performance	15
Summary of Quarterly Results	22
Summary of Annual Results	23
Section III - Assessment of Financial Position	**24**
Investment Properties	24
Class B LP Units	26
Class C LP Units	26
Secured Debt	26
Units	27
Distributions	27
Section IV - Liquidity, Capital Resources and Contractual Commitments	**28**
Liquidity and Capital Resources	28
Cash Flows	30
Reconciliation of Non-IFRS Financial Measures and Ratios	32
Section V - Accounting Estimates and Policies, Controls and Procedures and Risk Analysis	**35**
Critical Judgments in Applying Accounting Policies	35
Critical Accounting Estimates and Assumptions	35
Risks and Uncertainties	36
Financial Risk Management	42
Related Party Transactions	43
Contingencies and Commitments	45
Future Changes in Accounting Standards	45
Disclosure Controls and Internal Controls Over Financial Reporting	46
Section VI - Supplemental Information	**47**
Property Portfolio	47
Average Rent Per Square Foot	48
Non-IFRS and Other Financial Measures	48
Consolidated Financial Statements	**51**
Independent Auditors' Report	51
Consolidated Balance Sheets	56
Consolidated Statements of Net Income and Comprehensive Income	57
Consolidated Statements of Changes in Unitholders' Equity	58
Consolidated Statements of Cash Flows	59
Notes to the Consolidated Financial Statements	60
Unitholder Information	**87**

Section I - Overview

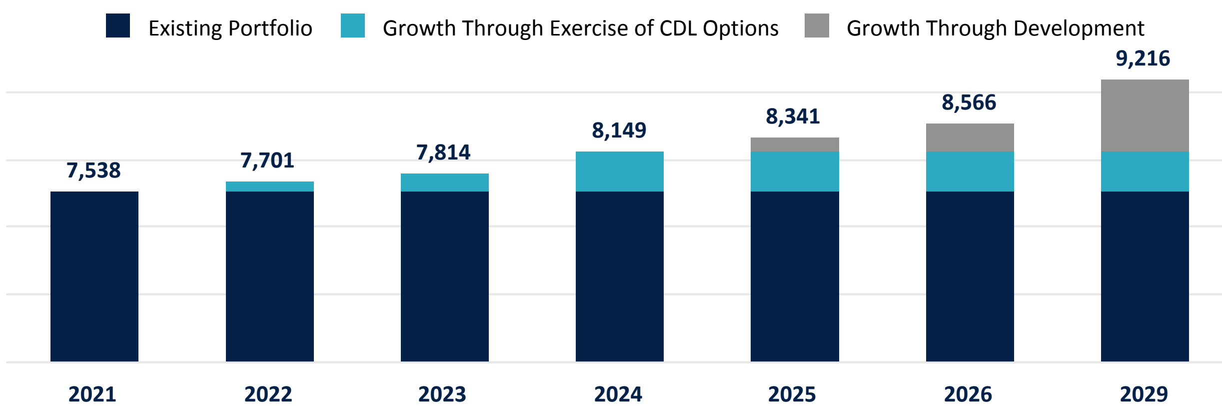
Business Overview

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

The REIT's portfolio, referred to herein as the "Total Portfolio", consists of 30 (December 31, 2020 - 29) multi-residential rental properties located in Ontario, Quebec and Alberta, comprising an aggregate of 5,375[1] (December 31, 2020 - 5,082) suites that are wholly-owned by the REIT, 1,413 (December 31, 2020 - 1,413) suites that are 50% co-owned with institutional partners and 750 (December 31, 2020 - 750) suites that are 40% co-owned with an institutional partner. A discussion on the Same Property Portfolio has not been provided within this Management's Discussion and Analysis as the impact is not considered material. Management intends to resume providing information relating to the Same Property Portfolio in Q1 2022.

In addition, the REIT is currently developing three income-producing multi-residential projects on excess land available at three properties. The completion of these development projects will add 1,067 suites to the portfolio[2]. The REIT has also provided convertible development loans for the development of four income-producing multi-residential properties, which provide the REIT the option ("CDL Options") to acquire direct or indirect interests in these properties upon stabilization. Once completed, and subject to the exercise of the CDL Options, 611 suites would be added to the portfolio. Stabilization of the development projects and exercise of the options in connection with the convertible development loans, would increase the portfolio suite count by approximately 22% by 2029, as depicted below:

Suite Growth in the REIT's Portfolio[2]



The REIT continues to explore potential acquisitions and investments that meet its investment criteria. The growth through future acquisitions and investments is not depicted in the chart above.

[1] The aggregate of 5,375 wholly-owned suites include two additional suites created in December 2020 at the Carlisle, 32 suites in a new block at Skyline completed in Q3 2020, to replace a block destroyed by fire prior to the REIT's initial public offering in 2018, and 261 suites acquired at Le Hill-Park on December 7, 2021.
[2] Suite counts, including co-owned properties, are presented at 100% rather than the REIT's ownership share.

Business Strategy and Objectives

The REIT's objectives are to:

- provide Unitholders an opportunity to invest in high-quality income-producing multi-residential rental properties strategically located across urban centres in Canada;
- enhance the value of the REIT's assets and maximize long-term Unitholder value through value-enhancing capital investment programs and active asset and property management of the REIT properties;
- provide Unitholders with predictable and sustainable distributions; and
- expand the REIT's asset base across Canadian urban centres through intensification programs, acquisitions and developments.

Management believes it can accomplish these objectives given that it operates a high quality portfolio in an attractive asset class with compelling supply and demand characteristics. Furthermore, the REIT has several strategic avenues for growth and benefits from its strategic alliance with Minto Properties Inc. ("MPI").

Declaration of Trust

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

As of March 8, 2022, the REIT was in compliance with its investment guidelines and operating policies.

Basis of Presentation

The following Management's Discussion and Analysis of the REIT's results of operations and financial condition should be read in conjunction with the REIT's consolidated financial statements and accompanying notes for the years ended December 31, 2021 and 2020, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

The REIT's Board of Trustees approved the content of this Management's Discussion and Analysis on March 8, 2022. Disclosure in this document is current to that date unless otherwise stated. Additional information relating to the REIT can be found on SEDAR at www.sedar.com and also on the REIT's website at www.mintoapartments.com.

Forward-Looking Statements

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

Use of Estimates

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

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

Financial and Operating Highlights

Financial Performance

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

At the start of 2021, Canada experienced a surge in COVID-19 cases, along with challenges to secure vaccine supply, which prompted provincial governments to implement stricter restrictions to slow the spread of COVID-19. The measures implemented, including border and business closures, negatively impacted the REIT's operating results. As more and more Canadians were vaccinated, provincial governments eased lockdowns and proceeded with re-opening plans. The Canadian rental market continues to benefit from the lifting of lockdowns, increase in immigration and resumption of international travel. The REIT continuously refined and adjusted its targeted marketing efforts and initiatives to optimize leasing, occupancy and rents.

For Q4 2021, revenue, NOI[1], FFO[1] and AFFO[1] for the Total Portfolio were higher by 4.8%, 5.2%, 10.2% and 11.4%%, respectively, compared to Q4 2020. Average monthly rent[1] for unfurnished suites increased to $1,641 at December 31, 2021, compared to $1,623 for December 31, 2020, however it declined compared to $1,651 at September 30, 2021. The quarterly sequential decline in average monthly rent for unfurnished suites was due to the acquisition of Le-Hill Park in Montreal. Average monthly rent for unfurnished suites excluding Le Hill-Park was $1,664 at December 31, 2021. Average occupancy for the period[1] improved to 95.04% for Q4 2021, compared to 92.29% for Q4 2020 and up from 92.87% for Q3 2021. Move-ins[1] continued to trend higher than move-outs[1]: there were 514 move-ins during the quarter, outpacing the 420 move-outs. This made Q4 2021 the third sequential quarter with positive net move-ins, driving occupancy growth and building strong momentum into 2022.

Furnished suites revenue increased 6.7% compared to Q4 2020 as business travel continued to increase and strategies to change the client mix achieved positive results. Furnished suite occupancy[1] was 80.50% in Q4 2021, an improvement from 77.29% in Q4 2020. Average monthly rent for furnished suites[1] reached $4,078 in Q4 2021 compared to $3,571 in Q4 2020.

Performance for the full year was impacted by COVID-related restrictions and lockdowns in the early part of the year. For FY 2021, revenue, NOI, FFO and AFFO for the Total Portfolio were lower by 1.1%, 3.0%, 2.9% and 3.4% respectively, compared to FY 2020. Average occupancy was 92.49% for FY 2021, compared to 94.75% for FY 2020.

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

The REIT continued to execute its strategy to create organic growth by realizing on the gain-to-lease potential[1] in the portfolio and by repositioning suites in properties where there is demand for renovated units. The REIT was able to realize, on average, an increase of 7.2% and 5.4% on the 444 and 2,003 new leases it signed in Q4 2021 and FY 2021, respectively, which represent annualized revenue growth of approximately $472 and $1,815, respectively. The REIT repositioned 113 and 367 suites in Q4 2021 and FY 2021, respectively, generating an average annual unlevered return[1] of 9.4% and 9.1%, respectively.

NAV per unit[1] grew by 7.8% from $22.26 as at December 31, 2020 to $24.00 at December 31, 2021. Fair value gain on investment properties of $89,188 was recognized in the year mainly as a result of compression of capitalization rates for properties located in Ottawa and Toronto.

Further Expansion into the Montreal Market

Consistent with the REIT's growth initiatives, the REIT closed on its acquisition of a 261-suite multi-residential rental property in Montreal, Quebec ("Le Hill-Park") on December 7, 2021. Le Hill-Park is centrally located in Montreal, Quebec and in close proximity to the Université de Montreal, McGill University, three major hospitals, Mont-Royal Park and the Côte-des-Neiges metro station. Le Hill-Park is the REIT's fourth acquisition in Montreal, which is also the largest rental market in the country, and provides a significant repositioning opportunity. Additionally, Le Hill-Park is located near the REIT's existing Montreal properties (Rockhill, Haddon Hall and Le 4300), which may offer opportunities for operating synergies. The addition of Le Hill-Park is on point with the REIT's long-term strategy and provides further geographic diversification for the portfolio.

Convertible Development Loans

Convertible development loans provide the REIT with an option to purchase new, high-quality purpose-built rental properties in attractive urban locations. The financing structure insulates the REIT from development and construction risks, while the REIT earns an attractive return during the development period. These transactions highlight the unique benefits of the REIT's relationship with MPI and its affiliates.

On April 29, 2021, the REIT committed to advance up to $51,400 including interest thereon to an affiliate of MPI for the development of a nine-storey mixed-use multi-residential property on Beechwood Avenue and Barrette Street in Ottawa, Ontario ("Beechwood"). The property will comprise 227 suites and 6,039 square feet of retail space. The REIT has an option to acquire the property upon stabilization at 95% of its then-appraised fair market value.

On November 30, 2021, the REIT committed to advance up to $19,650 including interest thereon to finance MPI's 85% interest in a joint venture for the development of a six-storey mixed-use multi-residential property at 810 Kingsway in Vancouver, British Columbia ("810 Kingsway"). The property will comprise 108 suites and 11,500 square feet of at-grade retail. The REIT has an option to acquire MPI's 85% interest in the joint venture upon stabilization at 95% of its then-appraised fair market value.

Bought Deal Offers Liquidity and Flexibility

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

Distribution Increase

On November 9, 2021, the Board of Trustees approved a 4.4% increase to the REIT's annual distribution, resulting in an increase from $0.4550 per Unit on an annualized basis to $0.4750 per Unit. The monthly distribution of $0.03958 per Unit, an increase from $0.03792 per Unit, was effective for the REIT's November 2021 cash distribution paid on December 15, 2021. The distribution increase reflects the REIT's low AFFO payout ratio[1], strong liquidity position and Management's view of future growth prospects. The increase is also an indication of Trustee's confidence in the REIT's business model, execution of its long-term strategy and it's future outlook. The REIT expects to maintain a low AFFO payout ratio, allowing it to continue to reinvest capital to fuel future growth.

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

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Organic Growth — Gain-to-Lease[1]

The REIT realized on organic growth for the three months ended December 31, 2021 through effective leasing activities and revenue management strategies. As new tenants take occupancy, the REIT is able to move rental rates from older in-place levels to current market rates. During the period, new leases resulted in annualized revenue growth of approximately $472. A summary of leasing activities and the gains to be realized from new leases signed for Q4 2021 is set out in the table below:

Geographic Node	New Leases Signed[1]	Average Monthly Expiring Rent per Suite	Average Monthly New Rent per Suite	Percentage Gain-to-Lease	Annualized Gain-to-Lease[2,3]
Toronto	152	$2,045	$2,167	5.9%	$144
Ottawa	173	1,513	1,651	9.1%	273
Alberta	63	1,249	1,325	6.1%	21
Montreal	56	1,946	2,030	4.3%	34
Total/Average	**444**	**$1,652**	**$1,770**	**7.2%**	**$472**

The REIT realized an average gain-to-lease of 7.2% on the 444 new leases it signed in Q4 2021. The REIT realized gains in all markets, with the majority of the contributions stemming from the Ottawa and Toronto markets. As the Canadian economy continued to recover from the impacts of the pandemic and immigration surpassed pre-pandemic levels, the need for special pricing discounts to drive occupancy was reduced. This resulted in an increase in percentage gain-to-lease in all geographic nodes, except for Montreal where select discounts continue to be used in order to optimize rental performance. The REIT realized an annualized gain-to-lease of $34 in Montreal which was lower than the $69 realized in Q3 2021, mainly as a result of lower suite repositionings and the leasing of a different suite mix.

The REIT realized an average gain-to-lease[3] of 5.4% on the 2,003 new leases it signed in FY 2021. The REIT realized gains in all markets. The following table summarizes the leasing activities and the gains to be realized from new leases signed for FY 2021:

Geographic Node	New Leases Signed[1]	Average Monthly Expiring Rent per Suite	Average Monthly New Rent per Suite	Percentage Gain-to-Lease	Annualized Gain-to-Lease[2,3]
Toronto	501	$2,106	$2,193	4.1%	$328
Ottawa	931	1,535	1,627	6.0%	1,029
Alberta	283	1,235	1,255	1.6%	67
Montreal	288	1,902	2,082	9.5%	391
Total/Average	**2,003**	**$1,629**	**$1,717**	**5.4%**	**$1,815**

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

Fiscal Quarter	New Leases Signed[1]	Average Monthly Expiring Rent per Suite	Average Monthly New Rent per Suite	Percentage Gain-to-Lease	Annualized Gain-to-Lease[2,3]
Q1 2021	470	$1,618	$1,741	7.6%	$576
Q2 2021	534	1,593	1,686	5.9%	375
Q3 2021	555	1,630	1,701	4.4%	392
Q4 2021	444	1,652	1,770	7.2%	472
Total/Average	**2,003**	**$1,629**	**$1,717**	**5.4%**	**$1,815**

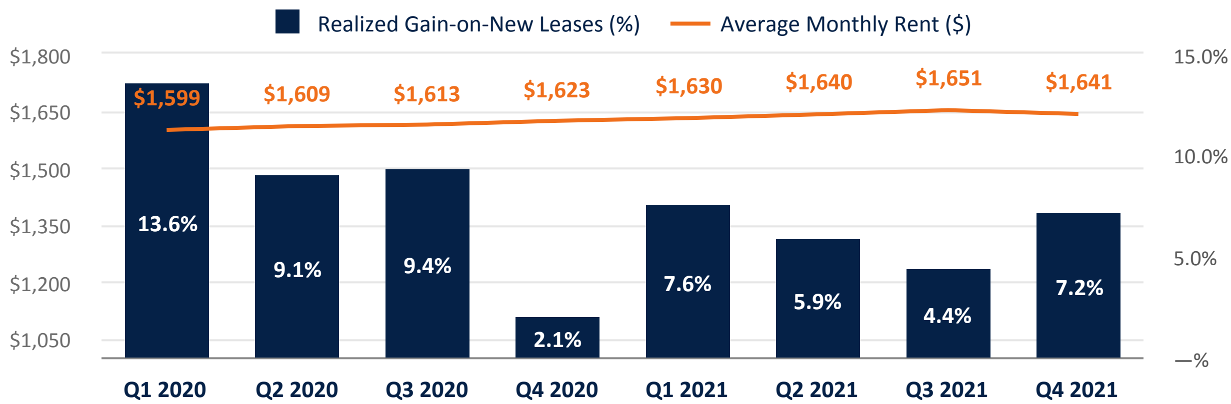
The above table highlights the cyclical nature of the business, with the peak leasing season taking place during the second and third quarters of a calendar year while there is typically less leasing activity through the winter period. This seasonality was slightly distorted through COVID and the REIT had to adapt its strategy accordingly. In response to the leasing challenges brought about by COVID-19, the REIT offered discounts in Q2 and Q3 2021, resulting in a record number of new leases signed but at lower realized gain-to-lease[3]. As occupancy levels continued to stabilize, reduced discounts resulted in a higher gain-to-lease[3] realized during Q4 2021.

[1] New leases signed includes 100% of new leases from co-ownerships and excludes new leases of furnished suites.
[2] For co-owned properties, reflects the REIT's co-ownership interest only.
[3] Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

While rental market conditions continue to improve, the REIT will continue to refine and adjust promotions and discounts to achieve optimal occupancy levels. For more details, see Section II, "Financial Highlights and Performance - Review of Financial Performance - Revenue from Investment Properties".

Gain-to-Lease and Average Monthly Rent[1,2]



The increase in average rent over the past eight quarters is supported by favourable rental market conditions for urban rentals. The slight decrease in average monthly rent for Q4 2021 was due to the addition of Le Hill-Park in Montreal. Excluding Le Hill-Park average monthly rent for the REIT's portfolio was $1,664.

Management continually reviews market conditions and updates its estimates of market rent for the properties in its portfolio. The high level of leasing activity in Q4 2021 reflects an improvement in the rental market conditions as the economy re-opened and restrictions were eased, as supported by the vaccination rollout, increase in immigration and travel resumption. Management is optimistic and anticipates the recovery will accelerate in the coming quarters, with the REIT operating at pre-pandemic levels by mid-2022. However, new COVID variants may disrupt the recovery in the short term.

Management also monitors market conditions for condominium suites being offered as rentals and considers this information when setting its estimate of monthly market rent. The REIT's suites continue to compare favourably to condominiums on a size and rental rate basis. For example, the average size and rental rate of the REIT's Toronto suites is 797 square feet and $2.40 per square foot respectively, compared to 722 square feet and $3.27 per square foot for the average condo rental[3].

Factoring in the new estimates of market rent, the estimated gain-to-lease potential on existing tenancies for the REIT's portfolio as at December 31, 2021 is as follows:

Geographic Node	Total Suites[4]	Average Monthly In-Place Rent per Suite	Management's Estimate of Monthly Market Rent per Suite	Percentage Gain-to-Lease Potential	Annualized Estimated Gain-to-Lease Potential[5]
Toronto	1,800	$1,910	$2,010	5.2%	$1,406
Ottawa	2,895	1,542	1,656	7.4%	3,944
Alberta	633	1,287	1,368	6.4%	621
Montreal	1,663	1,805	1,940	7.5%	1,942
Total/Average	**6,991**	**$1,641**	**$1,753**	**6.8%**	**$7,913**

[1] New leases signed includes 100% of new leases from co-ownerships and excludes new leases of furnished suites.
[2] Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"
[3] Source: Urbanation *Q4 2021 UrbanRental Greater Toronto Area Rental Market Report*.
[4] Excludes 203 furnished suites, 249 vacant suites, 90 suites offline for repositioning and 5 suites offline for enhanced turn.
[5] For co-owned properties, reflects the REIT's co-ownership interest only.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Management currently estimates that the portfolio has annualized estimated gain-to-lease potential of approximately $7,913, compared to $7,271 at September 30, 2021 and $8,049 at December 31, 2020. Earlier in the pandemic, Management opted to preserve value by holding rents, leveraging promotions and spot pricing to manage conversion and occupancy. With discounts being offered by competitors in various markets and potential tenants' tendency to favour discounts compared to promotions, Management adapted its strategy beginning in Q2 2021 to balance discounts and promotions in the Toronto, Ottawa and Montreal markets. In Q4 2021, Management continued to offer discounts and promotions selectively to maintain and improve occupancy. The application of discounts and promotions continues to be tapered as occupancy levels stabilize.

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

Value Creation

Repositionings

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

The REIT has active repositioning programs at: Minto Yorkville, Leslie York Mills, High Park Village, Roehampton and Martin Grove in Toronto; Castle Hill and Carlisle in Ottawa; and Rockhill, Le 4300, Haddon Hall and Le Hill-Park in Montreal. The repositioning of suites at the Edmonton properties remains on hold as lower market rental rates are negatively impacting returns on repositioning activities.

A summary of the repositioning activities for the three months and year ended December 31, 2021 is set out below[1].

		Suites Repositioned and Leased				
Property	**Ownership Interest**	**Three months ended December 31, 2021**	**Year ended December 31, 2021**	**Remaining Suites to Reposition**	**Total Suites in the Program**	**Proportion Complete**
Minto Yorkville	100%	2	10	35	99	65%
Leslie York Mills	50%	25	53	245	409	40%
High Park Village	40%	21	66	292	407	28%
Edmonton properties[2]	100%	—	—	73	171	57%
Carlisle	100%	5	35	94	191	51%
Castle Hill	100%	6	28	79	176	55%
Rockhill	50%	7	56	806	934	14%
Le 4300	100%	7	28	231	261	11%
Haddon Hall	100%	1	29	162	191	15%
Roehampton	100%	36	56	92	148	38%
Martin Grove	100%	3	6	26	32	19%
Le Hill-Park	100%	—	—	180	261	31%
Total		**113**	**367**	**2,315**	**3,280**	**29%**

Le Hill-Park was acquired on December 7, 2021 and was immediately added to the repositioning portfolio. 81 of the 261 suites were renovated prior to the date of acquisition. Management believes that there is a potential to increase average market rents by approximately 20 to 25% over the unrenovated market rents. Eight suites were under renovation as of December 31, 2021.

[1] All suite counts, including co-owned properties, are presented at 100% rather than the REIT's ownership share.
[2] Edmonton repositioning program is currently on hold due to market conditions.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

The REIT completed the feasibility study on the Roehampton suites in early 2021 and 56 suites were repositioned and leased as of December 31, 2021. The REIT plans to reposition the entire property as suites become available, including converting furnished suites to unfurnished suites, subject to turnover and availability of materials and trades.

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

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

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

Fiscal Quarter	Suites Renovated[1]	Average Cost per Suite	Average Annual Rental Increase per Suite	Average Annual Un-Levered Return
Q1 2021	46	$52,277	$4,531	8.7%
Q2 2021	88	51,223	4,279	8.4%
Q3 2021	120	48,432	4,298	8.9%
Q4 2021	113	47,362	4,475	9.4%
Total/Average	**367**	**$49,311**	**$4,465**	**9.1%**

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

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

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

Enhanced Turns

In addition to its repositioning program, the REIT continues to take advantage of turnover at certain properties to make more extensive improvements than typical for a regular turnover (defined as an enhanced turn). An enhanced turn involves replacing carpets with modern flooring, as well as improvements to trim and fixtures and new appliances in some instances. The scope of work is narrower than in the repositioning program but early results reflect un-levered returns consistent with the REIT's broader repositioning program. The timing to complete the enhanced turn depends on the condition of the suite and the specific work being performed, but typically ranges from two to four weeks. For FY 2021, 75 suites were leased after completing enhanced turns and the annualized rental rate increases generated returns in excess of 8% on cost.

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

Environmental, Social and Governance Initiatives

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

Environmental Impact

- Implementation of capital projects to reduce portfolio energy and water use continued including the renewal of internal toilet components, boiler replacements, building automation system upgrades, and installation of lighting controls, suite heating controls and variable frequency drives;
- To support setting energy efficiency targets for new developments, draft energy modelling guidelines were issued and an energy modelling template was developed and circulated to consultants for testing in Q4;
- Pilot project sites for installation of sub-meters and connection to an energy consumption monitoring platform were identified;
- A preliminary report was made by the consultant performing a pilot embodied carbon analysis for a new development project;
- Draft guidelines for renewable energy feasibility studies during preliminary design of new developments were circulated and reviewed;
- A baseline waste intensity for new construction projects was calculated using data from Minto Communities Ottawa and Greater Toronto Area projects completed from 2016 to 2020;
- A partner to support waste reduction and increase diversion for operated properties commenced work at selected REIT properties in December 2021; and
- Plans were developed to support waste diversion and waste data collection for major renovation projects.

Community Impact

- An ESG e-learning course for staff was launched in October 2021 to support expansion of employee ESG competency;
- Roll-out of the ESG communication plan continued with on-going communication to staff on the ESG Strategy and strategic pillars;
- Working with our diversity, equity, and inclusion partner, in November 2021 we launched a survey to collect diversity data and gather input from employees on their experience; the survey results are being analyzed and will guide development of an action plan;
- Work toward certification of One80five in Ottawa to the Fitwel standard is in progress; lessons from this process will inform development of a health and well-being framework for the REIT’s new developments and stabilized properties; and
- Third party resident surveys were conducted in Q4 2021 at select REIT properties to obtain feedback relating to amenities, services, and general tenant experience.

Business Resilience

- Planning for extreme weather resilience continued with updates made to the resilience strategy template which will be used by design teams for new mid- and high-rise developments;
- Existing ESG requirements in procurement partner agreements were inventoried, best practices for considering ESG in procurement of trades were identified, and a gap analysis was conducted;
- Evaluation of lessons learned from pandemic plan implementation continued with an exercise completed in December; and
- An external partner was selected to support business continuity planning.

Governance Framework

The Board receives quarterly updates on ESG and an executive team ESG Steering Committee meets quarterly. ESG training was provided to the Board in Q1 2021. ESG performance targets drive 50% of employee annual incentive compensation.

Reporting and Disclosure Commitments

The REIT participated in the 2021 GRESB Real Estate Assessment. The GRESB benchmark results were released in October 2021 and the REIT received a score of 70, GRESB 2-Star rating and Green Star designation. The REIT's inaugural ESG report was released November 16, 2021. The report is aligned with the Global Reporting Initiative ("GRI") and Sustainability Accounting Standards Board ("SASB") disclosure standards.

Outlook

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

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

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

As the COVID vaccination roll-out progressed, government restrictions on businesses were gradually eased over the course of the year. With a high number of new immigrants entering Canada and reduced restrictions on international travel, the rental market continued to strengthen in Q4 2021. Towards the end of Q4 2021, in the face of soaring COVID-19 cases from the Omicron variant, some restrictions were re-introduced, including putting a limit on indoor gatherings and capacity limits in restaurants and stores. However, these measures were temporary and lifted as the case count started to decline at the end of January 2022. Management believes that 2022 will be centred around living with COVID and expects a return to pre-COVID norms.

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

Overall, Management believes that the favourable supply and demand fundamentals that existed prior to the pandemic remain. With the rising cost of home ownership, the affordability gap between rental housing and home ownership has widened in most Canadian cities. The supply of new housing remains constrained and inelastic to housing demand and population growth. As population growth increases in 2021 and beyond, rental housing demand is expected to strengthen and occupancy rates will gradually improve. Management is optimistic and anticipates the recovery will accelerate in the coming quarters, with the REIT operating at pre-pandemic levels by mid-2022. However, new variants may disrupt the recovery in the short term.

Organic Growth Opportunities

The REIT expects to continue to see organic growth on turnover of suites in the near term in all markets. Management expects to realize on the gap between market rent and average sitting rent on new leases as suites turnover and rent is adjusted to current market rates. The average gain-to-lease potential for the portfolio is 6.8% (as set out in the detailed gain-to-lease table in the previous section). Management expects to realize a much higher gain-to-lease potential as rental markets improve and rental pricing pressures begin to subside.

Value Creation from Repositioning Existing Assets

The REIT has been able to drive higher revenue by investing in in-suite and common area improvements. Management continuously evaluates the existing properties and the need for repositioning. The REIT has an extensive repositioning program with more than 2,300 suites eligible for repositioning. The REIT's ability to execute its repositioning program is highly dependent on the turnover of unrenovated suites and market conditions at the time suite renovations are completed. Subject to unrenovated suites becoming available, the REIT expects to reposition approximately 250 to 300 suites in 2022.

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

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

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

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

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

The Richgrove community includes Richgrove, comprising two mid-rise residential apartment buildings with a total of 258 suites, and a high-rise residential apartment building with a total of 237 suites. The intensification involves the addition of a new tower consisting of approximately 225 suites, including 100 affordable housing suites, and 213 parking stalls. The REIT has a contribution agreement with the City of Toronto to build affordable housing on the surplus land at the property. In connection with the terms of the agreement, development charges and other fees amounting to $3,794 were exempted or waived by the City of Toronto. On November 30, 2021, a construction financing agreement was executed between the REIT and CMHC with a maximum financing of $93,745. The land was fully-zoned in 2021 and demolition and site mobilization commenced in Q4 2021.

Leslie York Mills comprises three 18-storey towers with a total of 409 suites. The intensification entails the development of 192 rental terrace homes on four blocks, creating an indoor pool, gym and recreational area and replacing the existing parking structure with a new two-level underground parking garage. The land was fully-zoned in 2021 and demolition and site mobilization commenced in Q4 2021.

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

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

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

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

On December 7, 2021, the REIT acquired Le Hill-Park in Montreal. The property comprises 261 suites and has a gain-to-lease potential of approximately 20% and significant repositioning potential as only 72 of the 261 suites have undergone a repositioning, potentially providing an additional upside of approximately 20-25% upon completion of renovation. The addition of Le Hill-Park aligns with the REIT's long-term strategy and provides further geographic diversification for the portfolio.

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

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

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

Location and Project Name	Estimated Suites	Estimated Project Costs	Status	Construction Start Date	Estimated Stabilization	Maximum Loan Amount
Ottawa, ON						
Fifth + Bank	163	$91,000	Pre-leasing	Q3 2020	Q2 2022	$30,000
Beechwood	227	123,000	Rezoning complete	Q4 2021	Q4 2024	51,400
North Vancouver, BC						
Lonsdale Square	113	83,000	Under construction	Q2 2021	Q4 2023	14,000
Vancouver, BC						
810 Kingsway	108	77,000	Pre-Construction	Q1 2022	Q3 2024	19,650

Fifth + Bank involves the redevelopment of a commercial property located at 99 Fifth Avenue in Ottawa, Ontario into a mixed-used multi-residential rental and retail property. Construction of 163 rental suites commenced in Q3 2020 and had its first occupants in Q4 2021. The property is approximately 60% leased-up and is expected to be stabilized in the first half of 2022.

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

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

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

The agreements provide the REIT with an exclusive option to purchase the properties or MPI's interest in the project upon stabilization, at 95% of its then-fair market value as determined by independent and qualified third-party appraisers. If all of the purchase options are exercised, these projects will add 611 suites to the REIT's portfolio.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Section II - Financial Highlights and Performance

Key Performance Indicators

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

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

	Three months ended December 31,			Year ended December 31,		
	2021	**2020**	**Change**	**2021**	**2020**	**Change**
Operating						
Number of properties	**30**	29	1	**30**	29	1
Total suites[1]	**7,538**	7,245	293	**7,538**	7,245	293
Average monthly rent per suite[2]	**$ 1,641**	$ 1,623	1.1 %	**$ 1,641**	$ 1,623	1.1 %
Occupancy - end of the period[2]	**95.47 %**	93.52 %	195 bps	**95.47 %**	93.52 %	195 bps
Occupancy - average for the period[2]	**95.04 %**	92.29 %	275 bps	**92.49 %**	94.75 %	(226) bps
Financial						
Revenue	**$ 32,429**	$ 30,930	4.8 %	**$ 123,547**	$ 124,929	(1.1)%
NOI[2]	**$ 19,940**	$ 18,946	5.2 %	**$ 76,247**	$ 78,620	(3.0)%
NOI margin[2]	**61.5 %**	61.3 %	20 bps	**61.7 %**	62.9 %	(120) bps
Net income and comprehensive income	**$ 24,933**	$ 23,010	8.4 %	**$ 94,161**	$ 179,638	(47.6)%
Revenue - Total Portfolio - excluding furnished suites	**$ 30,321**	$ 28,955	4.7 %	**$ 115,869**	$ 117,183	(1.1)%
NOI[2] - Total Portfolio - excluding furnished suites	**$ 18,823**	$ 17,996	4.6 %	**$ 72,412**	$ 74,432	(2.7)%
NOI margin[2] - Total Portfolio - excluding furnished suites	**62.1 %**	62.2 %	(10) bps	**62.5 %**	63.5 %	(100) bps
FFO[2]	**$ 13,245**	$ 12,022	10.2 %	**$ 48,530**	$ 49,981	(2.9)%
FFO per unit[2]	**$ 0.2147**	$ 0.2036	5.5 %	**$ 0.8128**	$ 0.8465	(4.0)%
AFFO[2]	**$ 11,656**	$ 10,459	11.4 %	**$ 42,234**	$ 43,733	(3.4)%
AFFO per unit[2]	**$ 0.1890**	$ 0.1771	6.7 %	**$ 0.7073**	$ 0.7407	(4.5)%
AFFO Payout Ratio[2]	**63.1 %**	64.2 %	(110) bps	**65.1 %**	60.3 %	480 bps
Distribution per unit	**$ 0.1171**	$ 0.1138	2.9 %	**$ 0.4584**	$ 0.4463	2.7 %
Distribution yield[2] based on Unit closing price	**2.14 %**	2.23 %	(9) bps	**2.09 %**	2.19 %	(10) bps

[1] At December 31, 2021, includes 2,163 (December 31, 2020 - 2,163) suites co-owned with institutional partners.
[2] Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

As at		December 31, 2021		December 31, 2020	Change
Leverage					
Debt-to-Gross Book Value ratio[1]		**36.54 %**		38.57 %	203 bps
Debt Service Coverage ratio[1]		**1.76 x**		1.91 x	(0.15)x
Debt-to-Adjusted EBITDA ratio[1]		**12.25 x**		11.51 x	(0.74)x
Weighted average term to maturity on fixed rate debt[1]		**4.69**		5.81	(1.12) years
Weighted average interest rate on fixed rate debt[1]		**2.82 %**		2.94 %	12 bps
Valuation					
NAV[1]	**$**	**1,508,416**	$	1,314,030	14.8 %
NAV per unit[1]	**$**	**24.00**	$	22.26	7.8 %

Review of Financial Performance

The following tables highlight selected financial information for the REIT's Total Portfolio and Total Portfolio - excluding furnished suites for the three months and years ended December 31, 2021 and 2020:

Total Portfolio - excluding furnished suites

	Three months ended December 31,					Year ended December 31,				
		2021		**2020**	**% Change**		**2021**		**2020**	**% Change**
Revenue from investment properties[2]	**$**	**30,321**	$	28,955	4.7 %	**$**	**115,869**	$	117,183	(1.1)%
Property operating costs		**5,451**		5,416	(0.6)%		**21,256**		20,685	(2.8)%
Property taxes		**3,345**		2,987	(12.0)%		**12,644**		12,737	0.7 %
Utilities		**2,702**		2,556	(5.7)%		**9,557**		9,329	(2.4)%
NOI[1]	**$**	**18,823**	$	17,996	4.6 %	**$**	**72,412**	$	74,432	(2.7)%
NOI margin[1]		**62.1 %**		62.2 %	(10) bps		**62.5 %**		63.5 %	(100) bps

Total Portfolio

	Three months ended December 31,					Year ended December 31,				
		2021		**2020**	**% Change**		**2021**		**2020**	**% Change**
Revenue from investment properties	**$**	**32,429**	$	30,930	4.8 %	**$**	**123,547**	$	124,929	(1.1)%
Property operating costs		**6,161**		6,142	(0.3)%		**23,952**		23,221	(3.1)%
Property taxes		**3,508**		3,162	(10.9)%		**13,322**		13,346	0.2 %
Utilities		**2,820**		2,680	(5.2)%		**10,026**		9,742	(2.9)%
NOI[1]		**19,940**		18,946	5.2 %		**76,247**		78,620	(3.0)%
NOI margin[1]		**61.5 %**		61.3 %	20 bps		**61.7 %**		62.9 %	(120) bps
General and administrative expenses		**1,849**		1,598	(15.7)%		**7,602**		6,634	(14.6)%
Finance costs - operations		**7,919**		8,330	4.9 %		**32,181**		33,767	4.7 %
Fair value loss (gain) on:										
Investment properties		**(3,133)**		(61,231)	94.9 %		**(89,188)**		(78,701)	(13.3)%
Class B LP Units		**(10,701)**		47,587	122.5 %		**34,609**		(63,298)	154.7 %
Interest rate swap		**(421)**		(174)	(142.0)%		**(1,625)**		2,429	166.9 %
Unit-based compensation		**(98)**		239	141.0 %		**137**		(249)	155.0 %
Fees and other income		**(408)**		(413)	(1.2)%		**(1,630)**		(1,600)	1.9 %
Net income and comprehensive income	**$**	**24,933**	$	23,010	8.4 %	**$**	**94,161**	$	179,638	(47.6)%

[1] Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"
[2] Includes rental revenue from the lease of unfurnished suites, commercial space, parking revenue and other property income.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Net Operating Income

For Q4 2021, NOI for Total Portfolio and Total Portfolio excluding furnished suites increased by 5.2% and 4.6%, respectively, primarily as a result of higher revenue from improvement in average occupancy[1] of 275 bps and higher average monthly rent by $18, partially offset by higher property taxes stemming from changes in assessed values and rates as well as higher utilities mainly from higher rates.

For FY 2021, NOI for Total Portfolio and Total Portfolio excluding furnished suites decreased by 3.0% and 2.7%, respectively, primarily as a result of lower revenue from reduced average occupancy[1] of 226 bps and higher use of promotions. In addition, NOI was impacted by higher property operating costs and utilities compared to the previous year. The increase in property operating costs was mainly a result of increase in salaries and wages, insurance premiums and advertising expenses while the increase in utilities was mainly due to higher rates. Stabilization of 32 rebuilt suites at Skyline in Q2 2021 and the acquisition of Le Hill-Park in Montreal in December 2021 contributed $487 to NOI.

Revenue from Investment Properties

	Three months ended December 31,			Year ended December 31,		
	2021	2020	% Change	**2021**	2020	% Change
Rental revenue						
Unfurnished suites	**$ 27,420**	$ 26,379	3.9 %	**$ 105,415**	$ 106,925	(1.4)%
Furnished suites	**2,108**	1,975	6.7 %	**7,678**	7,746	(0.9)%
Commercial leases	**644**	557	15.6 %	**2,268**	2,165	4.8 %
Parking revenue	**1,168**	1,064	9.8 %	**4,431**	4,253	4.2 %
Other property income	**1,089**	955	14.0 %	**3,755**	3,840	(2.2)%
	$ 32,429	$ 30,930	4.8 %	**$ 123,547**	$ 124,929	(1.1)%

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

Rental Revenue from Unfurnished Suites

Total Portfolio rental revenue from unfurnished suites for Q4 2021 was 3.9% higher than Q4 2020, mainly as a result of higher occupancy and average rents, additional revenue from the 32 rebuilt suites at Skyline and the acquisition of Le Hill-Park, partially offset by higher promotions. Total portfolio average occupancy[1] for Q4 2021 was 95.04% compared to 92.29% for Q4 2020.

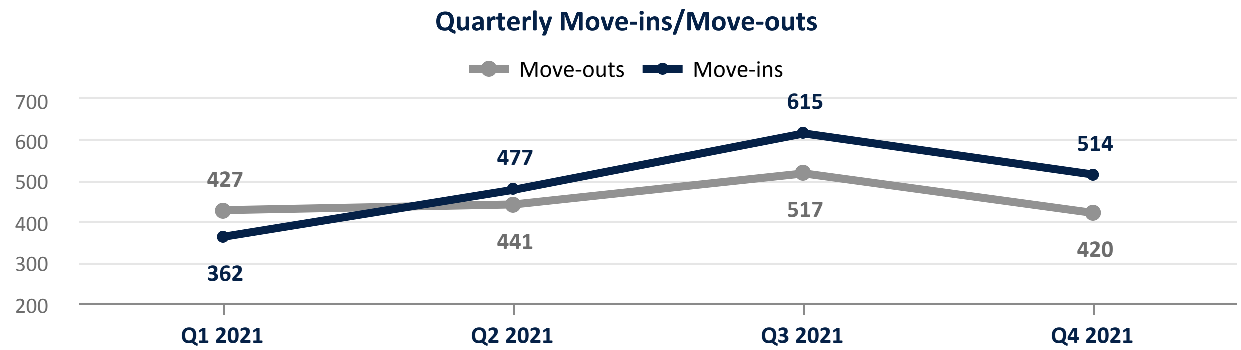
For FY 2021, Total Portfolio rental revenue from unfurnished suites was 1.4% lower than FY 2020, primarily as a result of lower occupancy particularly in the first half of 2021, which pushed average occupancy down by 226 bps, and higher promotions. This was partially offset by a year-over-year increase in average monthly rents. The majority of the revenue decline was attributable to a handful of core urban properties which bore the brunt of the negative impact of COVID-19. Occupancy climbed through the year since the low point in Q1 2021. While the use of promotions tapered as occupancy improved, the amortization of promotions continued to weigh on revenue in the latter half of 2021. Total portfolio average occupancy[1] for FY 2021 was 92.49% compared to 94.75% for FY 2020.

Total Portfolio average monthly rent per suite[1] of $1,641 as at December 31, 2021 was $18 per month higher than the previous year, primarily due to higher rents achieved in Toronto, Ottawa and Alberta.

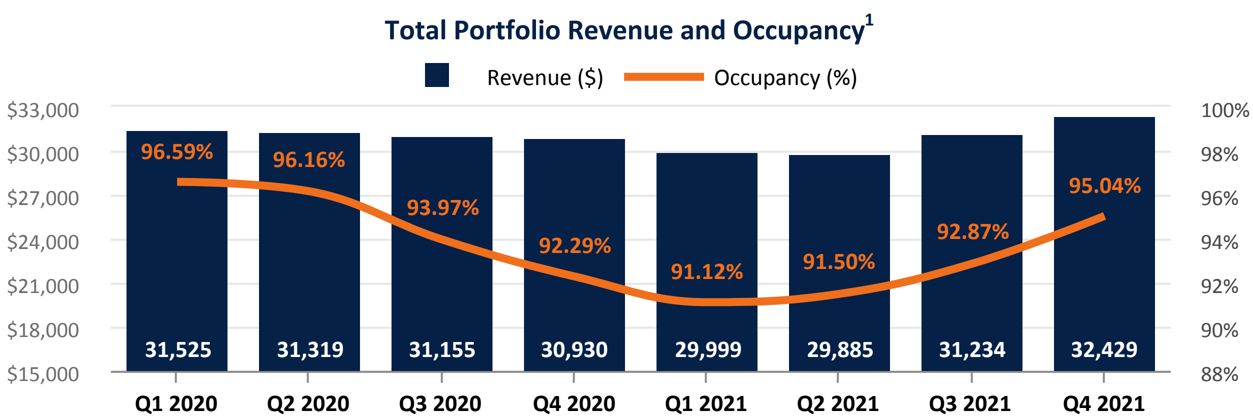
The REIT entered into 444 and 2,003 new leases in Q4 2021 and FY 2021, respectively, which represents a 9% and 33% increase in leasing activity compared to 406 and 1,501 new leases for the comparable periods in the previous year, marking a significant improvement in leasing activity.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

For Q4 2021, there were 420 move-outs and 514 move-ins, compared to 521 move-outs and 435 move-ins for Q4 2020. The graph below sets out the REIT's quarterly move-in/move-out metrics for the past four quarters (100% basis):



In Q4 2021, move-ins continued to outpace move-outs for the third straight quarter, contributing to the improvement in occupancy of 275 bps compared to Q4 2020, reflecting a return towards more normal occupancy levels.



Rental Revenue from Furnished Suites

For Q4 2021, rental revenue from furnished suites was 6.7% higher than Q4 2020, primarily due to the higher average rents and an improvement in occupancy. The improvement in occupancy and average rent comes as a result of the recovery in demand from business travel, corporate relocations and easing restrictions on non-essential travel. This was partially offset by the reduction in number of furnished suites to 203 suites as compared to 232 suites for the same period in previous year. For FY 2021, rental revenue from furnished suites was 0.9% lower primarily due to the reduction in furnished suites in the portfolio, offset by increased average monthly rent and occupancy, compared to FY 2020.

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Suites	**203**	212	215	216	232
Average monthly rent	**$ 4,078**	$ 3,997	$ 3,572	$ 3,540	$ 3,571
Occupancy - average for the period[1]	**80.50 %**	86.30 %	74.44 %	62.49 %	77.29 %

[1] Average for the period based on proportional ownership basis.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Rental Revenue from Commercial Leases

For Q4 2021 and FY 2021, revenue from commercial leases was 15.6% and 4.8% higher as compared to the same periods in 2020. This increase was mainly as a result of higher operating cost recoveries from commercial tenants which include property taxes, insurance and other costs, partially offset by lower base rent revenue.

Parking Revenue

For Q4 2021 and FY 2021, parking revenue increased by 9.8% and 4.2% compared to the same periods in 2020, mainly as a result of increases in parking use and rates charged to tenants and higher visitor parking revenue.

Other Property Income

For Q4 2021, the Total Portfolio other property income increased by 14.0% primarily as a result of increase in utility recoveries, energy rebates, laundry revenue, and guest suite, party room and storage rental revenue. For FY 2021, the decrease of 2.2% was mainly as a result of lower revenue from fitness centres, laundry and a one-time hydro rebate received in prior year, partially offset by an increase in energy rebates from implementation of sustainability projects.

Property Operating Costs

	Three months ended December 31,			Year ended December 31,		
	2021	**2020**	**% Change**	**2021**	**2020**	**% Change**
Property operating costs	**$ 6,161**	$ 6,142	(0.3)%	**$ 23,952**	$ 23,221	(3.1)%

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

For Q4 2021, property operating costs for the Total Portfolio were 0.3% higher compared to Q4 2020, primarily as a result of additional property operating costs for the rebuilt Skyline property and the Le Hill-Park acquisition, an increase in insurance premiums, advertising expenses, repairs and maintenance. The increase was offset by lower furnished suite expenses, bad debt expense, interest on tenant deposits, legal and administrative expenses.

For FY 2021, property operating costs for the Total Portfolio were 3.1% higher compared to FY 2020, mainly as a result of higher salaries and wages, insurance premiums, advertising expenses and additional property operating costs for the rebuilt Skyline suites and Le Hill-Park acquisition, partially offset by lower repairs and maintenance, bad debts expense, legal and administrative expenses and interest on tenant deposits. The increase in salaries was mainly a result of increased staffing at certain properties and annual salary increases. Higher insurance premiums were driven by increases in insurance rates across the portfolio. Higher advertising and marketing expenses were incurred to generate new leads and higher expenses on resident promotions were incurred to maintain existing tenants. The reduction in repairs and maintenance is mainly due to reduced snow removal, landscaping, recreation and limited repairs and maintenance work done in the earlier part of the year due to the pandemic.

For Q4 2021 and FY 2021, Total Portfolio property operating costs were 19.0% and 19.4% of revenue, compared to 19.9% and 18.6% for the same periods in 2020.

Property Taxes

	Three months ended December 31,			Year ended December 31,		
	2021	**2020**	**% Change**	**2021**	**2020**	**% Change**
Property taxes	**$ 3,508**	$ 3,162	(10.9)%	**$ 13,322**	$ 13,346	0.2 %

For Q4 2021, Total Portfolio property taxes were 10.9% higher as compared to Q4 2020, mainly as a result of changes in assessed values and changes in tax rates across the portfolio, the additional property taxes for the rebuilt Skyline property in Ottawa which stabilized in Q2 2021 and the acquisition of Le Hill-Park in Montreal.

For FY 2021, Total Portfolio property taxes were 0.2% lower as compared to FY 2020, mainly as a result of successful property tax appeals resulting in refunds of taxes relating to certain properties in Ottawa, partially offset by changes in assessed values and tax rates across the portfolio, additional property taxes for the rebuilt Skyline property and the acquisition of Le Hill-Park.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Total Portfolio property taxes were 10.8% of revenue for Q4 2021 and FY 2021, compared to 10.2% and 10.7% for 2020.

Utilities

	Three months ended December 31,			Year ended December 31,		
	2021	**2020**	**% Change**	**2021**	**2020**	**% Change**
Electricity	**$ 941**	$ 976	3.6 %	**$ 3,943**	$ 3,958	0.4 %
Natural gas	**1,154**	1,021	(13.0)%	**3,106**	2,866	(8.4)%
Water	**725**	683	(6.1)%	**2,977**	2,918	(2.0)%
	$ 2,820	$ 2,680	(5.2)%	**$ 10,026**	$ 9,742	(2.9)%

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

Total Portfolio utilities for Q4 2021 and FY 2021 were 5.2% and 2.9% higher than 2020 as a result of higher natural gas and water expense partially offset by lower electricity expense. Natural gas expense was higher mainly as a result of higher gas rates due to federal carbon taxes, partially offset by lower consumption from milder weather as compared to the same periods in 2020. Water expense was also higher primarily due to an increase in rates partially offset by lower consumption. The additional suites at Skyline and the acquisition of Le Hill-Park also contributed to higher utilities costs. The slight decrease in electricity was mainly as a result of savings from sustainability projects, including LED lighting and building automation systems, and milder weather partially offset by higher rates.

Total Portfolio utilities for Q4 2021 and FY 2021 represent 8.7% and 8.1% of revenue, compared to 8.7% and 7.8% for 2020.

General and Administrative Expenses

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

The general and administrative expenses of $1,849 for Q4 2021 were 15.7% higher compared to Q4 2020, primarily due to an increase in the amount charged under the ASA by $141, unit-based compensation expense, salaries and benefits, professional fees, travel expenses and directors and officers insurance.

For FY 2021, general and administrative expenses were 14.6% higher compared to FY 2020, primarily as a result of an increase in the amount charged under the ASA by $565, unit-based compensation expense, salaries and benefits, professional fees, directors and officers insurance and investor relations costs.

Finance Costs - Operations

	Three months ended December 31,			Year ended December 31,		
	2021	**2020**	**% Change**	**2021**	**2020**	**% Change**
Interest expense on mortgages	**$ 4,161**	$ 4,281	2.8 %	**$ 16,605**	$ 16,735	0.8 %
Interest expense and standby fees on credit facility	**410**	288	(42.4)%	**1,750**	1,838	4.8 %
Amortization of financing charges	**145**	165	12.1 %	**640**	548	(16.8)%
Amortization of mark-to-market adjustments	**(192)**	(194)	1.0 %	**(769)**	(770)	0.1 %
Interest income	**(879)**	(520)	69.0 %	**(3,129)**	(1,653)	89.3 %
Capitalized interest expense	**(68)**	—	— %	**(95)**	—	— %
Interest expense and other financing charges	**3,577**	4,020	11.0 %	**15,002**	16,698	10.2 %
Distributions on Class B LP Units	**2,665**	2,591	(2.9)%	**10,436**	10,162	(2.7)%
Distributions on Class C LP Units	**1,677**	1,719	2.4 %	**6,743**	6,907	2.4 %
	$ 7,919	$ 8,330	4.9 %	**$ 32,181**	$ 33,767	4.7 %

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

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

Finance costs for Q4 2021 were lower by $411 compared to Q4 2020, primarily as a result of higher interest income earned on convertible development loans, lower interest expense on mortgages mainly due to lower interest rates on refinanced mortgages, capitalized interest relating to development projects, and a decrease in distributions on Class C LP Units. This was partially offset by additional interest expense and standby fees on the credit facility and an increase in distributions on Class B LP Units.

Finance costs for FY 2021 were $1,586 lower compared to FY 2020, primarily as a result of higher interest income from convertible development loans, lower interest expense on refinanced mortgages, lower interest expense and standby fees on the credit facility, lower distributions on Class C LP Units and capitalized interest relating to development projects. This was partially offset by increased distributions on Class B LP Units and higher amortization of financing charges from additional mortgages obtained.

Fair Value Gain (Loss) on Investment Properties

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

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

The fair value gain on investment properties of $3,133 and $89,188 for the three months and the year ended December 31, 2021 was a result of movement in the following:

	Three months ended December 31,		Year ended December 31,	
	2021	2020	**2021**	2020
Forecast NOI	**$ 6,605**	$ 10,400	**$ 11,682**	$ 51,697
Capitalization rates	**10,262**	62,771	**122,753**	59,442
Capital expenditure reserve	**(13,734)**	(13,096)	**(47,928)**	(29,757)
COVID-19 reserve	**—**	1,156	**2,681**	(2,681)
	$ 3,133	$ 61,231	**$ 89,188**	$ 78,701

The fair value gain for Q4 2021 was due to capitalization rate compression primarily driven by properties located in Ottawa and Toronto and higher forecast NOI as a result of higher revenues. The increase was partially offset by increased capital expenditure reserve primarily due to ongoing capital expenditure requirements and the advancement of various repositioning programs. The capital expenditure reserve as of December 31, 2021 was $83,852 representing an increase of $1,751 over Q3 2021 after consideration of actual capital expenditures incurred in Q4 2021.

The fair value gain on investment properties for FY 2021 was a result of compression in capitalization rates for properties located in Ottawa and Toronto, increase in forecast NOI as a result of higher rental rates on turnover and on newly leased repositioned suites in properties in Ottawa and Toronto and the elimination of the COVID-19 valuation reserve. The weighted average capitalization rate for the portfolio decreased to 3.60% as at December 31, 2021 compared to 3.81% for December 31, 2020. See Section III - "Assessment of Financial Position - Investment Properties" for changes in capitalization rates by market. This was partially offset by increased capital expenditure reserve primarily due to ongoing capital expenditure requirements and the advancement of various repositioning programs. The capital expenditure reserve as of December 31, 2021 was $83,852 representing an increase of $12,363 for 2021 after consideration of actual capital expenditures incurred in FY 2021.

Fair Value Loss (Gain) on Class B LP Units

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

For Q4 2021, the Unit price decreased from $22.36 to $21.89, resulting in a fair value gain of $10,701. For the same period in 2020, the Unit price increased from $18.28 to $20.37, resulting in a fair value loss of $47,587.

For FY 2021, the Unit price increased from $20.37 to $21.89, resulting in a fair value loss of $34,609. For the previous year, the opening Unit price was $23.15 and the closing Unit price was $20.37, resulting in a fair value gain of $63,298.

Fair Value Loss (Gain) on Interest Rate Swap

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

For Q4 2021 and FY 2021, the REIT recognized a fair value gain of $421 and $1,625 compared to a fair value gain of $174 and a fair value loss of $2,429 for the same periods in 2020. The fair value gains were primarily a result of an increase in variable interest rates whereas the fair value loss mainly resulted from a decrease in variable interest rates.

Fair Value Loss (Gain) on Unit-Based Compensation

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

For Q4 2021, the REIT recognized a fair value gain of $98 from the decrease in Unit price from $22.36 to $21.89. For the same period in 2020, the Unit price increased from $18.28 to $20.37, resulting in a fair value loss of $239.

For FY 2021, the REIT experienced a fair value loss of $137 from an increase in the Unit price for Deferred Units outstanding from $20.37 at December 31, 2020 to $21.89 at December 31, 2021, and the Deferred Units issued and redeemed during the period. For the previous year, the Unit price decreased from $23.15 to $20.37, resulting in a fair value gain of $249.

Fees and Other Income

Fees and other income represent revenue from asset, project and property management services provided by the REIT in connection with three properties co-owned with institutional partners. For Q4 2021, these fees were 1.2% lower compared to Q4 2020. The decrease is mainly due to a small decrease in property and project management fees.

For FY 2021, these fees were 1.9% higher compared to FY 2020 mainly as a result of an increase in project management fees and asset management fees, partially offset by a decrease in property management fees. Project management fees increased due to the ramping up of repositioning projects in 2021 as government-imposed COVID restrictions were relaxed, whereas asset management fees increased due to the increase in the value of the assets compared to 2020. The decrease in property management fees is mainly due to a decrease in revenues from properties compared to prior year.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Summary of Quarterly Results

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Total assets	**$ 2,440,714**	$ 2,326,515	$ 2,286,697	$ 2,211,191	$ 2,203,284	$ 2,123,708	$ 2,085,271	$ 2,166,295
Investment properties	**$ 2,360,565**	$ 2,252,643	$ 2,206,078	$ 2,145,174	$ 2,138,101	$ 2,063,520	$ 2,036,213	$ 2,020,748
Total liabilities	**$ 1,430,713**	$ 1,419,443	$ 1,456,426	$ 1,385,520	$ 1,353,060	$ 1,292,367	$ 1,306,479	$ 1,396,196
Total non-current liabilities	**$ 1,248,071**	$ 1,331,990	$ 1,394,275	$ 1,273,525	$ 1,243,761	$ 1,202,911	$ 1,141,192	$ 1,219,829
Revenue from investment properties	**$ 32,429**	$ 31,234	$ 29,885	$ 29,999	$ 30,930	$ 31,155	$ 31,319	$ 31,525
NOI[1]	**$ 19,940**	$ 19,405	$ 19,018	$ 17,884	$ 18,946	$ 20,161	$ 20,024	$ 19,489
NOI margin[1]	**61.5%**	62.1%	63.6%	59.6%	61.3%	64.7%	63.9%	61.8%
Net income (loss) and comprehensive income (loss)	**$ 24,933**	$ 80,928	$ 8,727	$ (20,427)	$ 23,010	$ 56,630	$ 12,054	$ 87,944
FFO[1]	**$ 13,245**	$ 12,453	$ 11,941	$ 10,891	$ 12,022	$ 13,183	$ 12,659	$ 12,117
FFO per unit[1]	**$ 0.2147**	$ 0.2109	$ 0.2022	$ 0.1845	$ 0.2036	$ 0.2233	$ 0.2144	$ 0.2052
AFFO[1]	**$ 11,656**	$ 10,883	$ 10,373	$ 9,322	$ 10,459	$ 11,619	$ 11,097	$ 10,558
AFFO per unit[1]	**$ 0.1890**	$ 0.1842	$ 0.1757	$ 0.1579	$ 0.1771	$ 0.1968	$ 0.1879	$ 0.1788
Distributions declared[2]	**$ 7,356**	$ 6,718	$ 6,717	$ 6,716	$ 6,718	$ 6,642	$ 6,496	$ 6,495
AFFO Payout Ratio[1]	**63.11%**	61.73%	64.75%	72.04%	64.23%	57.16%	58.54%	61.52%
Distribution per unit	**$ 0.1171**	$ 0.1138	$ 0.1138	$ 0.1138	$ 0.1138	$ 0.1125	$ 0.1100	$ 0.1100

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

With the COVID-19 outbreak in early 2020, conditions in the REIT's markets began to be impacted by reduced immigration and travel, government restrictions and uncertain market and economic conditions. The social and economic realities of the pandemic led to reduced demand for rentals in urban centres, thus reducing occupancy and resulting in lower revenue and NOI[1] for the REIT with the full impact to the REIT's operating results beginning in Q4 2020. In addition to the reduced occupancy for the Total Portfolio, furnished suites which have historically enhanced yield and property returns were negatively impacted by business and travel restrictions and contributed to the decrease in revenue and NOI[1]. Management further implemented targeted marketing efforts and initiatives in an effort to turn suites, including incentives and focused leasing promotions, which also contributed to reduced revenues and NOI[1].

Market conditions bottomed out in late Q1 2021 and early Q2 2021. The REIT's operating performance began to slowly improve in Q2 2021 as reflected in the sequential quarterly improvement in NOI[1], with a more pronounced improvement noted in Q3 and Q4 2021 as reflected by higher revenues and NOI[1] from improved occupancy and average rents both on the furnished and unfurnished suite portfolio. The REIT also added Le Hill-Park in Montreal to its portfolio in Q4 2021.

[1] Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"
[2] Includes distributions on Units and Class B LP Units.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Summary of Annual Results

As at and for the year ended December 31,		2021		2020		2019
Total assets	$	**2,440,714**	$	2,203,284	$	2,050,300
Investment properties	$	**2,360,565**	$	2,138,101	$	2,016,328
Total liabilities	$	**1,430,713**	$	1,353,060	$	1,363,525
Total non-current liabilities	$	**1,248,071**	$	1,243,761	$	1,306,124
Revenue from investment properties	$	**123,547**	$	124,929	$	104,438
NOI[1]	$	**76,247**	$	78,620	$	65,297
NOI margin[1]		**61.7%**		62.9%		62.5%
Net income and comprehensive income	$	**94,161**	$	179,638	$	19,966
FFO[1]	$	**48,530**	$	49,981	$	39,632
FFO per unit[1]	$	**0.8128**	$	0.8465	$	0.8414
AFFO[1]	$	**42,234**	$	43,733	$	34,142
AFFO per unit[1]	$	**0.7073**	$	0.7407	$	0.7248
Distributions declared[2]	$	**27,507**	$	26,351	$	19,994
AFFO Payout Ratio[1]		**65.13%**		60.25%		58.56%
Distribution per unit	$	**0.4584**	$	0.4463	$	0.4225
NAV[1]	$	**1,508,416**	$	1,314,030	$	1,213,879
NAV per unit[1]	$	**24.00**	$	22.26	$	20.56

The REIT commenced 2019 with a portfolio of 23 multi-residential rental properties with a valuation of $1,197,811, comprising 4,350 suites across Ottawa, Toronto, Calgary and Edmonton. Six new properties were added to the portfolio in 2019: two in Toronto, three in Montreal and one in Calgary. Repositioning and gain-to-lease continued to be realized providing significant organic growth to the REIT. Despite the challenges presented in 2020 with the onset of the pandemic, the REIT continued to generate rental revenue gains on suite turnovers as new leases were set to market rates, albeit at a slower pace than pre-pandemic.

While COVID-19 impacts continued to weigh on rental demand in early 2021, with the strong momentum on vaccinations, reduced COVID case counts and improved market outlook, rental market conditions began rebounding. Revenues and NOI[1] increased from improved occupancy and average rents in the latter half of the year.

[1] Refer to "Section VI - Supplemental Information - Non-IFRS and Other Financial Measures"
[2] Includes distributions on Units and Class B LP Units.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Section III - Assessment of Financial Position

Investment Properties

The following table summarizes the changes in investment properties:

		$
Balance, December 31, 2020	$	2,138,101
Additions		
Acquisition of investment property		82,604
Development expenditures		14,219
Capital expenditures		36,453
Fair value gain		89,188
Balance, December 31, 2021	$	2,360,565

Acquisition of Investment Property

On December 7, 2021, the REIT completed the acquisition of Le Hill-Park, a multi-residential property in Montreal, Quebec for a total acquisition cost of $82,604. The acquisition was financed from the proceeds of issuance of Units and mortgage financing. The acquisition was accounted for as an asset acquisition and contributed to the operating results effective from the acquisition date.

Capital and Development Expenditures

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

	Three months ended December 31,				Year ended December 31,			
		2021		2020		2021		2020
Total expenditures	$	22,185	$	13,350	$	50,672	$	41,467
Development expenditures		11,835		1,417		14,219		12,087
Value-enhancing capital expenditures								
Building improvements		6,039		6,647		15,518		15,775
Suite upgrades		2,523		3,314		14,640		8,442
		8,562		9,961		30,158		24,217
Maintenance capital expenditures		1,788		1,972		6,295		5,163
Maintenance capital expenditures per suite	$	288	$	324	$	1,025	$	848

Development expenditures are a component of the REIT's growth and value-creation strategy. These include projects which add to the REIT's existing suite count through intensification or redevelopment of existing assets in order to deliver NAV growth to Unitholders. There are currently three intensification projects on going, as discussed under Section I, "Outlook - Development of Purpose-Built Rental Properties and Intensification on Existing Sites".

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

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Value-enhancing capital expenditures consist of either building improvements or suite upgrades. Building improvements include common area and amenity space upgrades, energy conservation projects, building envelope enhancements and suite enhancements performed, when necessary, as suites turn over. Suite upgrades represent capital expenditures incurred on larger repositioning programs that are designed to generate incremental returns. The repositioning programs include full-scale suite renovations that strategically target certain properties or certain geographic locations, as discussed previously in this Management's Discussion and Analysis under Section I, "Overview - Financial and Operating Highlights - Value Creation - Repositioning" and Section I, "Overview - Outlook". The REIT's active repositioning programs for FY 2021 included Minto Yorkville, Roehampton, Leslie York Mills, Martin Grove and High Park Village in Toronto, Castle Hill and Carlisle in Ottawa, and Rockhill, Le 4300, Haddon Hall and Le Hill-Park in Montreal. The repositioning of suites at its Edmonton properties remains on hold as lower rental rates are negatively impacting returns on repositioning activities.

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

The actual maintenance capital expenditures for Q4 2021 and FY 2021 were $1,788 and $6,295, or $288 and $1,025 and per suite, and primarily related to maintenance of fire-life safety systems, roofing, parking garages and mechanical, plumbing and electrical work at various buildings, including common areas.

Due to the various government restrictions imposed during 2020, certain projects were deferred which resulted in 2020's annual per suite expenditure being slightly below target. As provincial restrictions continued to ease in 2021, maintenance capital expenditure projects were accelerated in order to complete projects that were previously deferred in addition to current year projects, resulting in per suite spend exceeding the general target of $900 per suite.

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

Valuation

Fair value for residential properties is determined using the direct capitalization approach. Estimated 12 month stabilized forecasted net operating income is based on the respective property's forecasted results, less estimated aggregate future capital expenditures. Capitalization rates reflect the characteristics, location and market of each property. Fair value is determined based on internal valuation models incorporating market data and valuations performed by external appraisers.

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

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

As at	December 31, 2021		December 31, 2020	
	Low	High	Low	High
Ottawa, Ontario	3.63%	4.00%	4.00%	4.25%
Toronto, Ontario	3.13%	3.25%	3.25%	3.75%
Edmonton, Alberta	4.25%	4.25%	4.25%	4.25%
Calgary, Alberta	4.15%	4.50%	4.15%	4.25%
Montreal, Quebec	3.50%	3.75%	3.50%	3.75%
Weighted-average capitalization rate		3.60%		3.81%

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Class B LP Units

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

As at December 31, 2021, there were 22,769,073 (December 31, 2020 - 22,769,073) Class B LP Units outstanding.

Class C LP Units

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

As at December 31, 2021, there were 22,978,700 (December 31, 2020 - 22,978,700) Class C LP Units outstanding.

The mortgages of investment properties to which the distributions on the Class C LP Units relate bear a weighted average contractual interest rate of 3.16% (December 31, 2020 - 3.16%) and mature at various dates between 2023 and 2030.

Secured Debt

Secured debt includes mortgages and the REIT's revolving credit facility. The REIT maintains mortgages with both fixed and variable interest rates that are secured by investment properties. The fixed rate mortgages bear interest at a weighted average contractual interest rate of 2.71% (December 31, 2020 - 2.85%) and mature at various dates between 2022 to 2030. The REIT's fixed rate mortgages include a variable rate mortgage that is fixed at 3.38% through an interest rate swap.

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

On November 30, 2021, the REIT entered into an agreement with CMHC for a non-revolving construction loan of $93,745 to finance the development at Richgrove. On February 24, 2022, the interest rate for the construction loan was locked at 2.39% with a maturity of March 1, 2032. On March 1, 2022, a first draw of $0.7 million was made on the construction loan.

On December 7, 2021, in connection with the acquisition of Le Hill-Park, the REIT secured conventional mortgage financing of $41,000, bearing interest at 1.22% and maturing on April 1, 2022. Management is in the process of obtaining CMHC insurance for this mortgage.

On February 10, 2022, the REIT refinanced its existing mortgages on its properties in Edmonton with CMHC-insured mortgages of $32,975, bearing interest at 2.85% and maturing on September 1, 2032.

The REIT has a committed revolving credit facility of $200,000 (December 31, 2020 - $200,000) that is secured by several investment properties, matures on July 3, 2024 and is used to fund working capital requirements, acquisitions, letters of credit and for general corporate purposes. The credit facility bears interest at bankers' acceptance rate plus 175 bps or prime plus 75 bps and as at December 31, 2021, the weighted average variable interest rate was 2.19% (December 31, 2020 - 2.25%).

	December 31, 2021	December 31, 2020
Committed	**$ 200,000**	$ 200,000
Utilized		
Amounts drawn	**51,754**	31,948
Letter of credit	**442**	—
	52,196	31,948
Amount available	**$ 147,804**	$ 168,052

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Units

The following table presents the change in and outstanding amount of Units for the year ended December 31, 2021:

	Units	$
Authorized	Unlimited	
Units issued and outstanding:		
Balance, December 31, 2020	36,274,839	631,434
Issued, October 29, 2021, net	3,795,000	$ 82,687
Balance, December 31, 2021	40,069,839	$ 714,121

On October 29, 2021, the REIT completed the issuance of 3,795,000 Units from treasury through a bought deal offering at a price of $22.85 per Unit for net proceeds of $82,687. The issuance included 495,000 Units sold pursuant to the full exercise of an over-allotment option granted to the underwriters. Underwriters' fees and expenses relating to the issuance were $4,029.

Distributions

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

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

For the year ended December 31, 2021, distributions to Unitholders of $17,071 (December 31, 2020 - $16,189) were declared based on approved monthly distributions of $0.03792 per Unit for the months of January to October and $0.03958 for the month of November and December 2021 (December 31, 2020 - $0.03667 per Unit for the months of January to July 2020 and $0.03792 per Unit for the months of August to December 2020).

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Section IV - Liquidity, Capital Resources and Contractual Commitments

Liquidity and Capital Resources

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

As at	December 31, 2021	December 31, 2020
Liabilities (principal amounts outstanding):		
Class B LP Units	$ 498,415	$ 463,806
Class C LP Units	212,183	217,524
Mortgages	627,534	599,413
Credit facility	51,754	31,948
	1,389,886	1,312,691
Unitholders' equity	1,010,001	850,224
	$ 2,399,887	**$ 2,162,915**

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

The objective of the REIT's capital strategy is to arrange capital at the lowest possible cost while maintaining diversity in its lending base, balance in its maturity schedule and sufficient liquidity to fund the ongoing operations of the REIT and pay distributions. At December 31, 2021, 72% (December 31, 2020 - 77%) of the REIT's total debt is CMHC insured and approximately 94% (December 31, 2020 - 96%) is fixed rate including variable rate debt fixed through an interest rate swap.

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

As at	December 31, 2021	December 31, 2020
Class C LP Units	$ 214,069	$ 219,885
Mortgages	626,120	598,079
Credit facility	51,754	31,948
Total debt[1]	891,943	849,912
Total assets	2,440,714	2,203,284
Debt-to-Gross Book Value ratio[1]	**36.5%**	**38.6%**
Total liquidity	150,655	170,659
Liquidity as a percentage of total debt	**16.9%**	**20.1%**

The REIT continues to maintain a conservative overall leverage position with a Debt-to-Gross Book Value ratio of 36.5% at December 31, 2021, a slight improvement from December 31, 2020.

The REIT has sufficient liquidity and is well positioned to capture potential growth opportunities. The REIT's liquidity ratio (total liquidity as a percentage of total debt) was 16.9% at December 31, 2021, compared to 20.1% at December 31, 2020 and 14.26% at September 30, 2021.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

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

As at	December 31, 2021	December 31, 2020
NOI[1]	$ 76,247	$ 78,620
General and administrative expenses	(7,602)	(6,634)
Fees and other income	1,630	1,600
	70,275	73,586
Impact on NOI of stabilized earnings from acquisitions and new developments	2,286	—
Adjusted EBITDA[1]	**72,561**	**73,586**
Total debt, net of cash	889,092	847,305
Debt-to-Adjusted EBITDA ratio[1]	**12.25x**	**11.51x**

The REIT's Debt-to-Adjusted EBITDA ratio increased by 0.74x compared to December 31, 2020. The REIT finances the intensification of existing sites and the extension of convertible loans for development of investment properties (refer to Section I - "Overview - Outlook") with a combination of equity and debt. Any increased debt arising from these investments is not immediately matched by increased NOI[1] until the investments stabilize, resulting in temporary increase to the Debt-to-Adjusted EBITDA ratio.

The REIT has staggered the maturities of its debt financings, including distributions payable on the Class C LP Units, to reduce interest rate risk and its risk related to refinancing. As at December 31, 2021, the weighted average term to maturity on the REIT’s fixed rate debt[1] was 4.69 years (December 31, 2020 - 5.81) and the weighted average interest rate on fixed rate debt[1] was 2.82% (December 31, 2020 - 2.94%). The contractual payments under the REIT’s debt financing is summarized in the table below.

	Principal Repayments		Principal at Maturity					
Year	Mortgages	Class C LP Units	Mortgages	Credit facility	Class C LP Units	Total	% of Total	Interest Rate[1]
2022	$ 12,771	$ 5,510	$ 127,876	$ —	$ —	$ 146,157	16.4 %	2.59 %
2023	11,262	5,298	47,620	—	44,936	109,116	12.2 %	3.05 %
2024	9,689	4,321	48,182	51,754	46,178	160,124	18.0 %	2.74 %
2025	8,668	3,067	41,016	—	60,474	113,225	12.7 %	2.91 %
2026	7,536	1,283	32,651	—	—	41,470	4.7 %	3.38 %
2027	7,343	1,327	—	—	21,425	30,095	3.4 %	3.31 %
Thereafter	18,571	1,596	254,349	—	16,768	291,284	32.7 %	2.46 %
	$ 75,840	**$ 22,402**	**$ 551,694**	**$ 51,754**	**$ 189,781**	**$ 891,471**	**100 %**	

As of December 31, 2021, current liabilities of $182,642 (December 31, 2020 - $109,299) exceeded current assets of $38,909 (December 31, 2020 - $15,854), resulting in a net working capital deficit of $143,733 (December 31, 2020 - $93,445). 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, 2021, liquidity was $150,655 (December 31, 2020 - $170,659) consisting of cash of $2,851 (December 31, 2020 - $2,607) and $147,804 (December 31, 2020 - $168,052) of available borrowing capacity under the credit facility. Management believes that there is sufficient liquidity to meet the REIT’s financial obligations for the foreseeable future.

The REIT has a short form base shelf prospectus, allowing for the issuance, from time to time, of Units, debt securities and subscription receipts, or any combination thereof, for an aggregate amount of up to $800,000. This prospectus is effective for a 25-month period from the date of issuance on December 8, 2020. The net proceeds from the sale of securities for cash may be used for potential future acquisitions, capital expenditures, to repay indebtedness and general working capital purposes. On October 29, 2021, the REIT raised gross proceeds of $86,716 from the issuance of Units under the short form base shelf prospectus. As at December 31, 2021, the amount available to be raised pursuant to the short form base shelf prospectus is $713,284.

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

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Cash Flows

The REIT held a cash balance of $2,851 as at December 31, 2021 (December 31, 2020 - $2,607). The sources and use of cash flow for the three months and years ended December 31, 2021 and 2020 are as follows:

	Three months ended December 31,		Year ended December 31,	
	2021	**2020**	**2021**	**2020**
Operating activities	**$ 27,295**	$ 24,652	**$ 72,119**	$ 69,857
Financing activities	**80,401**	983	**81,238**	(17,939)
Investing activities	**(107,932)**	(26,033)	**(153,113)**	(51,239)

Cash provided by operating activities and cash distributions

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

	Three months ended December 31,		Year ended December 31,	
	2021	**2020**	**2021**	**2020**
Net income and comprehensive income	**$ 24,933**	$ 23,010	**$ 94,161**	$ 179,638
Add: distributions on Class B LP Units	**2,665**	2,591	**10,436**	10,162
	27,598	25,601	**104,597**	189,800
Less: distributions paid	**(7,109)**	(6,717)	**(27,260)**	(26,277)
Excess of net income and comprehensive income over total distributions paid	**$ 20,489**	$ 18,884	**$ 77,337**	$ 163,523
Cash provided by operating activities	**$ 27,295**	$ 24,652	**$ 72,119**	$ 69,857
Add: interest received	**603**	578	**1,829**	1,775
Less: interest paid	**(6,153)**	(6,291)	**(25,150)**	(25,286)
	21,745	18,939	**48,798**	46,346
Less: distributions paid	**(7,109)**	(6,717)	**(27,260)**	(26,277)
Excess of cash provided by operating activities over total distributions and interest paid	**14,636**	12,222	**21,538**	20,069
Distributions declared	**$ 7,356**	$ 6,718	**$ 27,507**	$ 26,351

For Q4 2021 and FY 2021, net income and comprehensive income was in excess of total distributions paid. Distributions are better evaluated in the context of operating cash flows rather than net income as it is impacted by several non-cash items, including fair value gains or losses on investment properties, Class B LP Units, Unit-based compensation and an interest rate swap.

While cash flows provided by operating activities are generally sufficient to cover distribution requirements, the timing of expenses and fluctuations in non-cash working capital may result in a temporary shortfall. In these cases, some portion of distributions may come from the REIT's capital or financing sources other than cash flows provided by operating activities. For Q4 2021 and FY 2021, cash generated by operating activities exceeded total distributions and interest paid.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Cash provided by (used in) financing activities

	Three months ended December 31,		Year ended December 31,	
	2021	**2020**	**2021**	**2020**
Proceeds from issuance of Units, net of issue costs	**$ 82,726**	$ —	**$ 82,726**	$ —
Proceeds from mortgage financing	**41,000**	3,370	**49,558**	225,576
Net (repayments) proceeds on credit facility	**(25,246)**	15,112	**19,806**	(59,061)
Financing costs	**(199)**	(30)	**(222)**	(5,117)
Principal repayments on mortgages	**(3,265)**	(3,150)	**(12,879)**	(122,597)
Distributions paid on various classes of units	**(8,462)**	(8,028)	**(32,601)**	(31,454)
Interest paid	**(6,153)**	(6,291)	**(25,150)**	(25,286)
	$ 80,401	$ 983	**$ 81,238**	$ (17,939)

For Q4 2021, cash flow from financing activities included net proceeds from the Unit offering in October 2021 and proceeds from new mortgage financing associated with the Le Hill-Park acquisition, partially offset by repayments on the credit facility, payments of principal and interest on mortgages, payment of distributions on various classes of units and payments of interest on credit facility.

For FY 2021, cash flow from financing activities included net proceeds from the Unit offering in October 2021, proceeds from new mortgage financing associated with Le Hill-Park, the release of funds held in escrow since July 2020 in connection with Minto one80five and draws on the credit facility, partially offset by payments of principal and interest on mortgages, payments of interest on credit facility and payment of distributions on various classes of units.

Cash used in investing activities

	Three months ended December 31,		Year ended December 31,	
	2021	**2020**	**2021**	**2020**
Acquisition of investment property	**$ (80,007)**	$ —	**$ (80,007)**	$ —
Capital additions to investment properties	**(10,842)**	(10,582)	**(37,429)**	(27,095)
Development expenditures	**(6,742)**	(1,417)	**(17,482)**	(3,731)
Convertible development loans advanced to related parties	**(10,944)**	(14,612)	**(20,024)**	(22,188)
Interest received	**603**	578	**1,829**	1,775
	$ (107,932)	$ (26,033)	**$ (153,113)**	$ (51,239)

Cash flows used in investing activities for Q4 2021 and FY 2021 include the acquisition of Le Hill-Park, capital expenditures on investment properties, development expenditures on the three intensification projects at Richgrove, Leslie York Mills and High Park Village in Toronto and advances on the convertible development loans for the Beechwood and 810 Kingsway developments, partially offset by interest received primarily from the loans advanced to related parties.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Reconciliation of Non-IFRS Financial Measures and Ratios

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

FFO and AFFO

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

	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Net income and comprehensive income	$ 24,933	$ 80,928	$ 8,727	$ (20,427)	$ 23,010	$ 56,630	$ 12,054	$ 87,944
Distributions on Class B LP Units	2,665	2,591	2,590	2,590	2,591	2,561	2,505	2,505
Fair value loss (gain) on:								
Investment properties	(3,133)	(34,663)	(50,478)	(914)	(61,231)	(8,831)	(11,402)	2,763
Class B LP Units	(10,701)	(35,976)	50,775	30,511	47,587	(36,886)	9,108	(83,107)
Interest rate swap	(421)	(145)	3	(1,062)	(174)	(57)	361	2,299
Unit-based compensation	(98)	(282)	324	193	239	(234)	33	(287)
Funds from operations (FFO)	**$ 13,245**	**$ 12,453**	**$ 11,941**	**$ 10,891**	**$ 12,022**	**$ 13,183**	**$ 12,659**	**$ 12,117**
Maintenance capital expenditure reserve	(1,397)	(1,377)	(1,377)	(1,376)	(1,369)	(1,370)	(1,369)	(1,370)
Amortization of mark-to-market adjustments	(192)	(193)	(191)	(193)	(194)	(194)	(193)	(189)
Adjusted funds from operations (AFFO)	**$ 11,656**	**$ 10,883**	**$ 10,373**	**$ 9,322**	**$ 10,459**	**$ 11,619**	**$ 11,097**	**$ 10,558**
Distributions on Class B LP Units	2,665	2,591	2,590	2,590	2,591	2,561	2,505	2,505
Distributions on Units	4,691	4,127	4,127	4,126	4,127	4,081	3,991	3,990
	7,356	6,718	6,717	6,716	6,718	6,642	6,496	6,495
AFFO Payout Ratio	**63.1%**	**61.7%**	**64.8%**	**72.0%**	**64.2%**	**57.2%**	**58.5%**	**61.5%**
Weighted average number of Units and Class B LP Units issued and outstanding	61,683,912	59,043,912	59,043,912	59,043,912	59,043,912	59,043,912	59,043,912	59,043,912
FFO per unit	**$ 0.2147**	**$ 0.2109**	**$ 0.2022**	**$ 0.1845**	**$ 0.2036**	**$ 0.2233**	**$ 0.2144**	**$ 0.2052**
AFFO per unit	**$ 0.1890**	**$ 0.1843**	**$ 0.1757**	**$ 0.1579**	**$ 0.1771**	**$ 0.1968**	**$ 0.1879**	**$ 0.1788**

For Q4 2021, FFO was higher as compared to Q4 2020, reflecting a 5.2% increase in NOI driven mainly by improvement in occupancy and average rent and the additional revenues from the 32 rebuilt suites at Skyline and the acquisition of Le Hill-Park. AFFO was higher as compared to the same period in previous year, primarily as a result of higher FFO, partially offset by an increase in maintenance capital expenditure reserve from the addition of the 32 rebuilt Skyline suites and the Le Hill-Park acquisition. The 32 rebuilt Skyline suites and the Le Hill-Park acquisition added $198 and $171 to the FFO and AFFO for Q4 2021.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

For the year ended December 31,	2021	2020	2019
Net income and comprehensive income	$ 94,161	$ 179,638	$ 19,966
Distributions on Class B LP Units	10,436	10,162	9,195
Fair value loss (gain) on:			
Investment properties	(89,188)	(78,701)	(93,216)
Class B LP Units	34,609	(63,298)	104,241
Interest rate swap	(1,625)	2,429	(879)
Unit-based compensation	137	(249)	325
Funds from operations (FFO)	**$ 48,530**	**$ 49,981**	**$ 39,632**
Maintenance capital expenditure reserve	(5,527)	(5,478)	(4,712)
Amortization of mark-to-market adjustments	(769)	(770)	(778)
Adjusted funds from operations (AFFO)	**$ 42,234**	**$ 43,733**	**$ 34,142**
Distributions on Class B LP Units	10,436	10,162	9,195
Distributions on Units	17,071	16,189	10,799
	27,507	26,351	19,994
AFFO Payout Ratio	**65.1%**	**60.3%**	**58.6%**
Weighted average number of Units and Class B LP Units issued and outstanding	59,709,337	59,043,912	47,103,691
FFO per unit	**$ 0.8128**	**$ 0.8465**	**$ 0.8414**
AFFO per unit	**$ 0.7073**	**$ 0.7407**	**$ 0.7248**

For FY 2021, FFO was lower as compared to FY 2020, reflecting a 3.0% decrease in NOI driven mainly by lower occupancy. AFFO was lower for FY 2021 as compared to FY 2020, primarily as a result of lower FFO and an increase in the maintenance capital expenditure reserve from the addition of the 32 rebuilt Skyline suites and Le Hill-Park. The 32 rebuilt Skyline suites and the Le Hill-Park acquisition added $453 and $405 to the FFO and AFFO for FY 2021.

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

NOI and NOI Margin

Total Portfolio - excluding furnished suites

	Three months ended December 31,		Year ended December 31,	
	2021	**2020**	**2021**	**2020**
Revenue from investment properties	$ 30,321	$ 28,955	$ 115,869	$ 117,183
Property operating costs	11,498	10,959	43,457	42,751
NOI	**18,823**	17,996	**$ 72,412**	$ 74,432
NOI margin	**62.1 %**	62.2 %	**62.5 %**	63.5 %

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Total Portfolio

	Three months ended December 31,		Year ended December 31,	
	2021	**2020**	**2021**	**2020**
Revenue from investment properties	$ 32,429	$ 30,930	$ 123,547	$ 124,929
Property operating costs	12,489	11,984	47,300	46,309
NOI	**19,940**	18,946	**$ 76,247**	$ 78,620
NOI margin	**61.5 %**	61.3 %	**61.7 %**	62.9 %

Debt-to-Gross Book Value Ratio

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

Debt Service Coverage Ratio

The Debt Service Coverage ratio is calculated as follows:

	Year ended December 31, 2021	**Year ended December 31, 2020**
NOI	**$ 76,247**	$ 78,620
Interest expense and standby fees on credit facility	**1,750**	1,838
Distributions on Class C LP Units:		
Principal repayments	**5,341**	5,177
Finance costs	**6,743**	6,907
Mortgages:		
Principal repayments	**12,879**	10,503
Finance costs	**16,605**	16,735
Total debt service	**$ 43,318**	$ 41,160
Debt Service Coverage ratio	**1.76x**	1.91x

The decline in the FY2021 Debt Service Coverage ratio compared to FY2020 was primarily a result of lower NOI due to lower occupancy, and higher mortgage principal repayments.

Debt-to-Adjusted EBITDA Ratio

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

NAV and NAV per unit

As at	**December 31, 2021**	**December 31, 2020**	**December 31, 2019**
Net assets (Unitholders' equity)	$ 1,010,001	$ 850,224	$ 686,775
Add: Class B LP Units	498,415	463,806	527,104
NAV	$ 1,508,416	$ 1,314,030	$ 1,213,879
Number of Units and Class B LP Units	62,838,912	59,043,912	59,043,912
NAV per unit	**$ 24.00**	**$ 22.26**	**$ 20.56**

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

Critical Judgments in Applying Accounting Policies

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

Investment property acquisitions

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

Income taxes

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

Interest in joint operations

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

Recognition of government grants

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

Critical Accounting Estimates and Assumptions

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

The REIT has used the best information available as at December 31, 2021, in determining the potential impact of the COVID-19 outbreak on the carrying amounts of assets and liabilities, earnings for the period and risks disclosed in the consolidated financial statements for the years ended December 31, 2021 and 2020. The estimates that could be most significantly impacted by COVID-19 include those underlying the valuation of investment properties and the estimated credit losses on accounts receivable. Actual results may differ from those estimates.

Risks and Uncertainties

The REIT faces a variety of diverse risks, many of which are inherent in the business conducted by the REIT. They include the following:

COVID-19 - Contagious Disease Risk

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

Management implemented a business continuity plan in early 2020, continues to monitor the situation and proactively adjust its plans as the COVID-19 pandemic evolves.

Changes in Legislation

The REIT is subject to laws and regulations governing the ownership and leasing of real property, zoning, building standards, landlord/tenant relationships, construction, employment standards, environmental matters, taxes and other matters, including laws and regulations imposing restrictions relating to or arising from the COVID-19 pandemic, which at times have included laws and regulations limiting rent increases and imposing a moratorium on the ability of landlords to evict tenants for the non-payment of rent a result of the economic disruption caused by the COVID-19 pandemic. It is possible that future changes in applicable federal, provincial, municipal or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting the REIT (including with retroactive effect). Any changes in the laws to which the REIT is subject could materially adversely affect the REIT's rights and title to its assets or its ability to carry on its business in the ordinary course.

Rent Control Risk

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

Real Estate Industry Risk

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

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

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

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

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

Current Economic Environment

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

Access to Capital

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

Competition for Real Property Investments

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

Cyber Security Risks

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

Property Acquisition Risk

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

Increased Supply Risk

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

Risks Associated with the Administrative Support Agreement

The REIT relies upon Minto with respect to the provision of certain services as described under "*Arrangements with Minto - Administrative Support Agreement*". If the REIT were to lose the services provided by Minto, or if Minto fails to perform its obligations under the Administrative Support Agreement, the REIT may experience an adverse impact on its business operations. The REIT may be unable to duplicate the quality and depth or the cost of the services available to it by handling such services internally or by retaining another service provider.

Utility and Property Tax Risk

Utility and property tax risk relates to the potential additional costs the REIT may experience as a result of higher commodity prices as well as its exposure to significant increases in property taxes. Over the past few years, property taxes have increased as a result of higher property assessments of municipal properties and property tax rates. Utility expenses, mainly consisting of natural gas and electricity service charges, have been subject to considerable price fluctuations over the past several years. Any significant increase in these resource costs that the REIT cannot pass on to the tenant may have a negative material impact on the REIT. The REIT mitigates part of this risk by submetering many of its suites to measure the consumption of electricity and passing on the cost to tenants. Currently, approximately 95% of the suites in the Portfolio are submetered or directly metered for electricity and approximately 81% of tenants pay the cost of electricity consumed in their suites. The REIT will seek to pass on the cost of electricity for those suites that are submetered but where the tenants do not currently pay for electricity, as the suites' tenancies turn over.

Rental Income Risks

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

Renovation and Development Risk

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

Environmental Risk

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

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

Climate-Related Risk

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

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

Joint Venture Risk

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

Potential Conflicts of Interest with Minto

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

Social Media Risk

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

Appraisals of Properties

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

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

General Litigation Risks

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

General Uninsured Losses

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

Key Personnel

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

Tax-Related Risks

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

ii) The REIT Exception - Canadian tax legislation relating to the federal income taxation of Specified Investment Flow Through trusts or partnerships provide that certain distributions from a SIFT will not be deductible in computing the SIFT's taxable income and that the SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. However, distributions paid by a SIFT as return of capital should generally not be subject to tax. Under the SIFT rules, the taxation regime will not apply to a real estate investment trust that meets prescribed conditions relating to the nature of its assets and revenue (the "REIT Exception"). The REIT Exception is comprised of a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made with certainty at the end of that taxation year. The REIT expects to qualify for the REIT Exception in 2021 and subsequent taxation years, such that it will be exempt from the SIFT rules. However, no assurances can be given that the REIT will satisfy the REIT Exception in any particular year. If the SIFT rules apply to the REIT, they may adversely affect the marketability of the Units, the amount of cash available for distributions and the after-tax return to investors.

iii) Non-Resident Ownership - Under current law, a trust may lose its status under the Tax Act as a mutual fund trust if it can reasonably be considered that the trust was established or is maintained primarily for the benefit of Non-Residents, except in limited circumstances. Accordingly, the DOT provides that Non-Residents may not be the beneficial owners of more than 49% of the Units (determined on a basic or a fully-diluted basis). The Trustees also have various powers that can be used for the purpose of monitoring and controlling the extent of Non-Resident ownership of the Units.

iv) Tax-Basis of Acquired Properties - The Partnership has acquired, and may from time to time in the future acquire, certain properties on a fully or partially tax-deferred basis, such that the tax cost of these properties will be less than their fair market value. If one or more of such properties are disposed of, the gain realized by the Partnership for tax purposes (including any income inclusions arising from the recapture of previously claimed CCA on depreciable property) will be in excess of that which it would have realized if it had acquired the properties at a tax cost equal to their fair market values. For the purpose of claiming CCA, the UCC of such properties acquired by the Partnership will be equal to the amounts jointly elected by the Partnership and the transferor on the tax-deferred acquisition of such property. The UCC of such property will be less than the fair market value of such property. As a result, the CCA that the Partnership may claim in respect of such properties will be less than it would have been if such properties had been acquired with a tax cost basis equal to their fair market values.

v) Eligibility for Investment - The Tax Act imposes penalties for the acquisition or holding of investments that are not "qualified investments" within the meaning of the Tax Act by registered retirement savings plans, registered education savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans or tax-free savings accounts (collectively, "Exempt Plans"). Although the REIT will endeavour to ensure that the Units continue to be qualified investments for Exempt Plans, any property distributed to a Unitholder on an in specie redemption of Units may not be qualified investments under the Tax Act.

vi) Non-Residents of Canada - The Tax Act may impose additional withholding or other taxes on distributions made by the REIT to Unitholders who are Non-Residents. These taxes and any reduction thereof under a tax treaty between Canada and another country may change from time to time. The tax consequences under the Tax Act for Non-Resident Unitholders may be more adverse than the consequences to other Unitholders. Non-Resident Unitholders should consult their own tax advisors.

vii) General Taxation - There can be no assurance that Canadian federal or provincial tax laws, the judicial interpretation thereof, or the administrative and assessing practices and policies of the CRA, the Department of Finance (Canada) and any other tax authority or tax policy agency will not be changed in a manner that adversely affects the REIT, its affiliates or Unitholders, or that any such taxing authority will not challenge tax positions adopted by the REIT and its affiliates. Any such change or challenge could increase the amount of tax payable by the REIT or its affiliates or could otherwise adversely affect Unitholders by reducing the amount available to pay distributions or changing the tax treatment applicable to Unitholders in respect of such distributions.

Financial Risk Management

The REIT's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk.

Market Risk

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

Interest rate risk

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

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

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

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

As at December 31, 2021, the REIT has a committed variable rate credit facility of $200,000 (December 31, 2020 - $200,000) with an outstanding balance of $51,754 (December 31, 2020 - $31,948). A 100 bps change in prevailing variable interest rates would change annualized interest charges incurred by $518 (December 31, 2020 - $319).

Currency risk

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

Other price risk

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

The REIT is exposed to other price risk on its Class B LP Units. A 1% change in the prevailing market price of the Units as at December 31, 2021 would have a $4,984 (December 31, 2020 - $4,638) change in the fair value of the Class B LP Units.

Credit Risk

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

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

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

Liquidity Risk

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

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

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

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

As of December 31, 2021, liquidity was $150,655 (December 31, 2020 - $170,659) consisting of cash of $2,851 (December 31, 2020 - $2,607) and $147,804 (December 31, 2020 - $168,052) of available borrowing capacity under the credit facility.

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

	2022	2023	2024	2025	2026	2027 and thereafter	Total
Mortgages	$ 140,647	$ 58,882	$ 57,871	$ 49,684	$ 40,187	$ 280,263	$ 627,534
Credit facility	—	—	51,754	—	—	—	51,754
	140,647	58,882	109,625	49,684	40,187	280,263	679,288
Class C LP Units	5,510	50,234	50,499	63,541	1,283	41,116	212,183
Interest obligation	23,304	19,646	14,808	11,745	9,126	26,179	104,808
Tenant rental deposits	10,100	—	26	—	10	—	10,136
Due to related parties	1,922	—	—	—	—	—	1,922
Accounts payable and accrued liabilities	23,776	501	172	54	—	3,794	28,297
	$ 205,259	$ 129,263	$ 175,130	$ 125,024	$ 50,606	$ 351,352	$ 1,036,634

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

Related Party Transactions

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

Administrative Support Agreement

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

For the year ended December 31, 2021, the REIT incurred $2,260 (December 31, 2020 - $1,695) for services rendered by MPI and its affiliates under the ASA.

The REIT monitors the administrative support fee, ensuring adherence with the requirements established under the ASA. For the year ended December 31, 2021, annualized general and administrative expenses, excluding public company costs, represent 23 bps of Gross Book Value (December 31, 2020 - 21 bps).

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Loans Receivable from Related Parties

Project	Related Party	Commitment[1]	Interest Rate and Maturity	Amount Receivable as of December 31, 2021	Amount Receivable as of December 31, 2020
Fifth + Bank	Affiliate of MPI	$ 30,000	6% per annum March 31, 2022	$ 30,000	$ 30,000
Lonsdale Square	Limited partnership jointly owned by MPI and a subsidiary of Darwin Properties Limited	$ 14,000	7% per annum May 30, 2024	$ 12,855	$ 11,988
Beechwood	Affiliate of MPI	$ 51,400	6% per annum December 31, 2025	$ 10,094	$ —
810 Kingsway	MPI	$ 19,650	6% per annum August 1, 2024	$ 10,363	$ —

In connection with these financings, the REIT will have the exclusive option to purchase the property or MPI's ownership interest in the project upon stabilization at 95% of its then-fair market value as determined by independent and qualified third-party appraisers.

Due to Related Parties

Included in due to related parties are the following:

- Distribution payable of $901 and $561 (December 31, 2020 - $863 and $575) to limited partnerships wholly owned by MPI on Class B LP Units and Class C LP Units, respectively.
- Working capital receivable of $110 (December 31, 2020 - payable of $211) from MPI and its affiliates.
- Development and construction management fee payable of $535 (December 31, 2020 - payable of $nil) to an affiliate of MPI.
- Distribution payable of $35 (December 31, 2020 - $34) on Units to MPI.

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

Revenue and Expense

- Included in rental revenue for the year ended December 31, 2021 is $716 (December 31, 2020 - $723) of revenue from MPI and its affiliates as rent for office space, furnished suites, parking and other revenue at certain REIT properties.
- Included in property operating expenses for the year ended December 31, 2021 is $713 (December 31, 2020 - $713) paid to MPI and its affiliates for repairs and maintenance and other expenses at certain REIT properties.
- For the year ended December 31, 2021, compensation to key management personnel includes $635 (December 31, 2020 - $642) paid to executives, Unit-based compensation expense of $1,304 (December 31, 2020 - $1,160) for executives and Unit-based compensation expense for the grant of Deferred Units to Trustees in lieu of annual retainer and meeting fees of $560 (December 31, 2020 - $513), respectively. Additional compensation to key management personnel for services provided to the REIT was paid by MPI and its affiliate.
- Included in finance costs for the year ended December 31, 2021 are distributions on Class B LP Units of $10,436 paid or payable to a limited partnership wholly-owned by MPI. For the year ended December 31, 2020, distributions on Class B LP Units of $10,162 were paid or payable to MPI and a limited partnership wholly-owned by MPI.
- Included in finance costs for the year ended December 31, 2021 are distributions on Class C LP Units of $6,743 (December 31, 2020 - $6,907), paid or payable to a limited partnership wholly-owned by MPI.
- Included in finance costs for the year ended December 31, 2021 is interest income of $3,100 (December 31, 2020 - $1,617) earned from the loans advanced to related parties.

[1] All commitments include amounts to fund interest costs.

Distributions

- For the year ended December 31, 2021, distributions of $5,341 (December 31, 2020 - $5,177) were made to a limited partnership wholly-owned by MPI in order to repay principal on Class C LP Units.
- For the year ended December 31, 2021, distributions on Units to MPI of $411 (December 31, 2020 - $401) were declared and recorded as a reduction to Unitholders' equity.

Contingencies and Commitments

The REIT is subject to claims and legal actions that arise in the ordinary course of business. It is the opinion of Management that any ultimate liability that may arise from such matters would not have a significant adverse effect on the consolidated financial statements of the REIT. The contingencies and commitments of the REIT are set out in Note 17 of the consolidated financial statements for the years ended December 31, 2021 and 2020.

Future Changes in Accounting Standards

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

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

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

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

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

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

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

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

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

Definition of Accounting Estimates (Amendments to IAS 8)

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

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

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

Disclosure Controls and Internal Controls Over Financial Reporting

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

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with IFRS. In designing such controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives and may not prevent or detect misstatements. Additionally, Management is required to use judgment in evaluating controls and procedures.

The Chief Executive Officer and the Chief Financial Officer have evaluated, or caused an evaluation under their direct supervision of, the design of disclosure controls and procedures and internal controls over financial reporting (as defined in National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*) as at December 31, 2021.

In accordance with the provisions of National Instrument 52-109 *Certification of Disclosures in Issuers' Annual and Interim Filings*, the REIT's Management, including the Chief Executive Officer and the Chief Financial Officer, have limited the scope of their assessment of the REIT's DC&P and ICFR to exclude controls, policies and procedures of Le Hill-Park acquired on December 7, 2021.

For the year ended and as at December 31, 2021, Le Hill-Park accounts for approximately 0.2% of revenue and 3.4% of investment properties. The scope limitation is primarily based on the time required to integrate the acquired business into the REIT's existing DC&P and ICFR effectiveness. The assessment of the design effectiveness of DC&P and ICFR of the acquired business, and the implementation of any changes determined by Management to be desirable, is expected to be completed by the fourth quarter of 2022. Further details related to the acquisition are disclosed in Note 5, "Acquisition of Investment Properties", in the REIT's consolidated financial statements for the year ended December 31, 2021.

Without contradiction of the scope limitation of Management's assessment and after evaluating the effectiveness of the REIT's DC&P, it is Management's belief that as of December 31, 2021, the design and operation of the REIT's DC&P were effective to ensure that material information relating to the REIT would have been known to them and that information required to be disclosed by the REIT is recorded, processed, summarized, and reported on a timely basis and within the time period specified in securities legislation. Without contradiction of the scope limitation of Management's assessment of the design and operating effectiveness of the REIT's ICFR, Management has determined that as of December 31, 2021, the REIT's internal controls over financial reporting were appropriately designed and operating effectively in accordance with the 2013 COSO framework as published by the Committee of Sponsoring Organizations of the Treadway Commission. There were no significant changes to the REIT's ICFR during the year ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, the REIT's ICFR.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Section VI - Supplemental Information

Property Portfolio

	Property	Total Suites	REIT Ownership Interest	Effective Ownership Interest (Suites)
Toronto				
1	High Park Village	750	40%	300
2	Leslie York Mills	409	50%	205
3	Richgrove	258	100%	258
4	Martin Grove	237	100%	237
5	Minto Yorkville[1]	181	100%	181
6	Roehampton[1]	148	100%	148
		1,983		1,329
Ottawa				
7	Minto one80five[1]	417	100%	417
8	Parkwood Hills Garden Homes & Townhomes	393	100%	393
9	Aventura	354	100%	354
10	Huron	251	100%	251
11	Seneca	251	100%	251
12	Castleview	241	100%	241
13	Skyline Garden Homes, Maisonettes & Walkups	259	100%	259
14	The Carlisle	193	100%	193
15	Castle Hill	176	100%	176
16	Grenadier	158	100%	158
17	Tanglewood	122	100%	122
18	Eleanor	117	100%	117
19	Frontenac	104	100%	104
20	Stratford	59	100%	59
		3,095		3,095
Montreal				
21	Rockhill	1,004	50%	502
22	Le 4300	318	100%	318
23	Haddon Hall	210	100%	210
24	Le Hill-Park	261	100%	261
		1,793		1,291
Edmonton				
25	The Lancaster House	98	100%	98
26	York House	92	100%	92
27	Hi-Level Place	64	100%	64
		254		254
Calgary				
28	The Quarters	199	100%	199
29	The Laurier[1]	144	100%	144
30	Kaleidoscope	70	100%	70
		413		413
Portfolio Total		**7,538**		**6,382**

[1] Suite counts for Minto Yorkville, Roehampton, Minto one80five and The Laurier include furnished suites, representing approximately 23% of the total suites at these properties.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

Average Rent Per Square Foot

Geographic Node	Average monthly rent per suite	Average sq. ft. per suite	Average rent per sq. ft per suite
Toronto	$ 1,910	797	$ 2.40
Ottawa	1,542	835	1.85
Alberta	1,287	714	1.80
Montreal	1,805	976	1.85
Average	**$ 1,641**	**843**	**$ 1.95**

Non-IFRS and Other Financial Measures

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

Non-IFRS Financial Measures and Ratios

- "FFO" is defined as IFRS consolidated net income adjusted for items such as unrealized changes in the fair value of investment properties, effects of puttable instruments classified as financial liabilities and changes in fair value of financial instruments and derivatives. FFO should not be construed as an alternative to net income or cash flows provided by or used in operating activities determined in accordance with IFRS. The REIT's method of calculating FFO is in accordance with REALPAC’s recommendations under the revised publication titled ‘‘REALPAC Funds from Operations (FFO) & Adjusted Funds from Operations (AFFO) for IFRS’’ published in January 2022, but may differ from other issuers’ methods and, accordingly, may not be comparable to FFO reported by other issuers. The REIT regards FFO as a key measure of operating performance. For reconciliation refer to Section IV – “Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios”.

- "FFO per unit" is calculated as FFO divided by the weighted average number of Units of the REIT and Class B LP Units of the Partnership outstanding over the period. The REIT regards FFO per unit as a key measure of operating performance. For reconciliation refer to Section IV – “Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios”.

- "AFFO" is defined as FFO adjusted for items such as maintenance capital expenditures and straight-line rental revenue differences. AFFO should not be construed as an alternative to net income or cash flows provided by or used in operating activities determined in accordance with IFRS. The REIT’s method of calculating AFFO is in accordance with REALPAC’s recommendations under the revised publication titled ‘‘REALPAC Funds from Operations (FFO) & Adjusted Funds from Operations (AFFO) for IFRS’’ published in January 2022, except that it adjusts for certain non-cash items (such as adjustments for the amortization of mark-to-market adjustments related to debt), but may differ from other issuers’ methods and, accordingly, may not be comparable to AFFO reported by other issuers. The REIT regards AFFO as a key measure of operating performance. The REIT also uses AFFO in assessing its capacity to make distributions. For reconciliation refer to Section IV – “Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios”.

- "AFFO per unit" is calculated as AFFO divided by the weighted average number of Units of the REIT and Class B LP Units of the Partnership outstanding over the period. The REIT regards AFFO per unit as a key measure of operating performance. For reconciliation refer to Section IV – “Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios”.

- "AFFO Payout Ratio" is the proportion of the total distributions on Units and Class B LP Units to AFFO. The REIT uses AFFO Payout Ratio in assessing its capacity to make distributions. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Reconciliation of Non-IFRS Financial Measures and Ratios".
- "Debt-to-Adjusted EBITDA ratio" is calculated by dividing interest-bearing debt (net of cash) by Adjusted EBITDA. Adjusted EBITDA is a non-IFRS Financial Measure and used for evaluation of the REIT's financial health and liquidity. Adjusted EBITDA is calculated as the trailing twelve-month NOI adjusted for a full year of stabilized earnings, fees and other income and general and administrative expenses from recently completed acquisitions, but excluding fair value adjustments. The REIT regards Debt-to-Adjusted EBITDA ratio as a measure of financial health and liquidity. For reconciliation refer to Section IV – "Liquidity, Capital Resources and Contractual Commitments – Liquidity and Capital Resources".

Capital Management Measures

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

Supplementary Financial Measures

- "NOI" is defined as revenue from investment properties less property operating costs, property taxes and utilities (collectively referred to as "property operating expenses") prepared in accordance with IFRS. NOI should not be construed as an alternative to net income determined in accordance with IFRS. The REIT's method of calculating NOI may differ from other issuers' methods and, accordingly, may not be comparable to NOI reported by other issuers. The REIT regards NOI as an important measure of the income generated from income-producing properties and is used by Management in evaluating the performance of the REIT's properties. It is also a key input in determining the value of the REIT's properties.
- "NOI margin" is defined as NOI divided by revenue.
- "Gross Book Value" is defined as the total assets of the REIT as at the balance sheet date.
- "Debt-to-Gross Book Value ratio" is calculated by dividing total interest-bearing debt consisting of mortgages, credit facility and Class C LP Units of the Partnership by gross book value and is used as the REIT's primary measure of its leverage.
- "Total debt service" is calculated as the sum of interest expense recorded as finance costs and principal payments on mortgages, credit facility and distributions on Class C LP Units.
- "Debt Service Coverage ratio" is the ratio of NOI to total debt service.
- "NAV" is calculated as the sum of the value of Unitholders' equity and Class B LP Units as at the balance sheet date.
- "NAV per unit" is calculated by dividing NAV by the number of Units and Class B LP Units outstanding as at the balance sheet date.
- "Property operating costs as a percentage of revenue" is calculated as property operating costs for the period, divided by revenue from investment properties for the period.
- "Property taxes as a percentage of revenue" is calculated as property taxes for the period, divided by revenue from investment properties for the period.
- "Utilities as a percentage of revenue" is calculated as Utilities expense for the period, divided by revenue from investment properties for the period.
- "Total debt" is calculated as the sum of value of interest bearing debt consisting of mortgages, credit facility and Class C LP Units.

(in thousands of Canadian dollars, except Unit and per Unit amounts, per suite amounts and other non-financial data)

- "Total debt, net of cash" is calculated as Total debt, reduced by cash balance.
- "Distribution yield per unit" is calculated as the annualized distribution per Unit and Class B LP Units, divided by the Unit closing price.
- "Gain-to-lease" refers to the gap between rents achieved on new leases as compared to expiring leases.
- "Gain to lease potential" refers to the gap between Management's estimate of monthly market rent and average monthly in-place rent per suite.
- "Average annual unlevered return" refers to the return on repositioning activities, and is calculated by dividing the average annual rental increase per suite by the average cost per suite, excluding the impact of financing costs.

Operating Performance Measures

- "Average monthly rent per suite for unfurnished suites" - Represents the average monthly rent for occupied unfurnished suites at the end of the period.
- "Occupancy for unfurnished suites, end of the period" - Effective from Q1 2021, Management revised its definition of occupancy for unfurnished suites to include the number of suites not available due to renovation in the denominator when calculating the ratio of occupied unfurnished suites to the total unfurnished suites in the portfolio. The numerator and denominator used in the revised definition continues to exclude furnished suites. The revised definition is the ratio of occupied unfurnished suites to the total unfurnished suites in the portfolio at the end of the period. See below for revised calculations of occupancy at December 31, 2021 and 2020 determined using a consistent denominator.

Occupancy - end of the period	December 31, 2021	December 31, 2020
Occupancy - based on revised definition	**95.47 %**	93.52 %
Occupancy - as previously reported	**not applicable**	95.57 %

- "Occupancy for unfurnished suites, average of the period" - Effective from Q1 2021, Management decided that it would also disclose the average occupancy for the period in addition to occupancy for unfurnished suites as of the end of the period. Occupancy as an average for the period is a useful indicator to evaluate the unfurnished rental revenue results. It is defined as the ratio of occupied unfurnished suites to the total unfurnished suites in the portfolio for the period.
- "Average monthly rent per suite for furnished suites" - Represents the average daily rent for furnished suites for the period multiplied by 30.
- "Occupancy for furnished suites" - The ratio of occupied furnished suites to the total furnished suites in the portfolio for the period.

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

INDEPENDENT AUDITORS' 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, 2021 and December 31, 2020
- the consolidated statements of net income and comprehensive income 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 significant accounting policies

(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, 2021 and December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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, 2021. 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 matters described below to be the key audit matters to be communicated in our auditors' report.

Evaluation of the fair value of residential investment properties

Description of the matter

We draw attention to Note 2(f), Note 2(r) 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 $2,306,493 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:

- 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 auditors' report thereon, included in a document entitled "2021 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 2021 Annual Report as of the date of the auditors' 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 auditors' 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 International Financial Reporting Standards (IFRS), 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

- 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.

- 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 auditors' 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditors' report is Thomas Rothfischer.

Toronto, Canada

March 8, 2022

Minto Apartment Real Estate Investment Trust
Consolidated Balance Sheets

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

	Note		December 31, 2021		December 31, 2020
Assets					
Investment properties	3	$	2,360,565	$	2,138,101
Loans receivable from related parties	11		63,312		41,988
Prepaid expenses and other assets	6		11,898		18,538
Resident and other receivables	7		2,088		2,050
Cash			2,851		2,607
		$	2,440,714	$	2,203,284
Liabilities and Unitholders' Equity					
Liabilities					
Class B LP Units	8	$	498,415	$	463,806
Class C LP Units	9		214,069		219,885
Mortgages	10		626,120		598,079
Credit facility	10		51,754		31,948
Tenant rental deposits			10,136		8,965
Due to related parties	11		1,922		10,039
Accounts payable and accrued liabilities	12		28,297		20,338
		$	1,430,713	$	1,353,060
Unitholders' equity			1,010,001		850,224
Contingencies and commitments	17				
		$	2,440,714	$	2,203,284

See accompanying notes to the consolidated financial statements.

Minto Apartment Real Estate Investment Trust
Consolidated Statements of Net Income and Comprehensive Income
For the years ended December 31, 2021 and 2020

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

	Note	December 31, 2021	December 31, 2020
Revenue from investment properties	15	$ 123,547	$ 124,929
Property operating expenses			
Property operating costs		23,952	23,221
Property taxes		13,322	13,346
Utilities		10,026	9,742
		47,300	46,309
Property operating income		76,247	78,620
Other expenses (income)			
General and administrative		7,602	6,634
Finance costs - operations	16	32,181	33,767
Fair value loss (gain) on:			
Investment properties	3	(89,188)	(78,701)
Class B LP Units	8, 16	34,609	(63,298)
Interest rate swap	6, 16	(1,625)	2,429
Unit-based compensation	21	137	(249)
Fees and other income		(1,630)	(1,600)
		(17,914)	(101,018)
Net income and comprehensive income		$ 94,161	$ 179,638

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, 2021 and 2020

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

	Note	Units	Distributions	Retained earnings	Total
Balance, December 31, 2019		$ 631,434	$ (14,015)	$ 69,356	$ 686,775
Net income and comprehensive income		—	—	179,638	179,638
Distributions	13	—	(16,189)	—	(16,189)
Balance, December 31, 2020		$ 631,434	$ (30,204)	$ 248,994	$ 850,224
Net income and comprehensive income		—	—	94,161	94,161
Units issued, net of issue costs	13	82,687	—	—	82,687
Distributions	13	—	(17,071)	—	(17,071)
Balance, December 31, 2021		$ 714,121	$ (47,275)	$ 343,155	$ 1,010,001

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, 2021 and 2020

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

	Note	December 31, 2021	December 31, 2020
Cash provided by (used in):			
Operating activities			
Net income		$ 94,161	$ 179,638
Adjustments for:			
Finance costs - operations	16	32,181	33,767
Fair value loss (gain) on:			
Investment properties	3	(89,188)	(78,701)
Class B LP Units	8, 16	34,609	(63,298)
Interest rate swap	6, 16	(1,625)	2,429
Unit-based compensation	21	137	(249)
Change in non-cash working capital	20	1,844	(3,729)
Cash provided by operating activities		72,119	69,857
Financing activities			
Proceeds from issuance of Units, net of issue costs		82,726	—
Proceeds from mortgage financing	10	49,558	225,576
CMHC premiums paid		—	(3,360)
Financing costs		(222)	(1,757)
Principal repayments on mortgages	10	(12,879)	(122,597)
Net proceeds (repayments) from credit facility	10	19,806	(59,061)
Distributions on Class B LP Units		(10,399)	(10,133)
Distributions on Class C LP Units, used to repay principal	9	(5,341)	(5,177)
Distribution on Units		(16,861)	(16,144)
Interest paid		(25,150)	(25,286)
Cash provided by (used in) financing activities		81,238	(17,939)
Investing activities			
Acquisition of investment property	4	(80,007)	—
Capital additions to investment properties		(37,429)	(27,095)
Development of investment properties		(17,482)	(3,731)
Loans advanced to related parties	11	(20,024)	(22,188)
Interest received		1,829	1,775
Cash used in investing activities		(153,113)	(51,239)
Change in cash during the year		244	679
Cash, beginning of the year		2,607	1,928
Cash, end of the year		$ 2,851	$ 2,607

See accompanying notes to the consolidated financial statements.

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

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 is 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, 2021, the REIT's portfolio consists of interests in 30 multi-residential rental properties, including three 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. Significant 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 LP Units (Note 2g), 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 COVID-19 outbreak has resulted in the federal and provincial governments enacting emergency measures to combat the spread of the virus. These measures have included the implementation of travel bans, self-imposed quarantine periods and social distancing, and have caused material disruption to businesses globally, resulting in an economic slowdown. With the vast majority of the Canadian population vaccinated, businesses, offices and post-secondary institutions have slowly resumed operations, albeit at a lower-than-normal pace. Government agencies continue to monitor COVID-19 case counts and for the presence of variants which could pose significant risks to the public and require the imposition of new restrictions to minimize the outbreak. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy remains unknown. The REIT continues to monitor and assess the impact that COVID-19 will have on its business activities and financial results, including: rental income, occupancy, turnover, cash collections from tenants, future demand and market rents, all of which impact the valuation of investment properties.

The REIT has used all information available as at December 31, 2021 that it considers relevant in determining the potential impact of the COVID-19 pandemic on the carrying amounts of assets and liabilities, earnings for the year and risks disclosed in the consolidated financial statements for the years ended December 31, 2021 and 2020. The estimates and judgements that could be most significantly impacted by COVID-19 include those underlying the valuation of investment properties and the estimated credit losses on accounts receivable. Actual results could differ from those estimates. Investment properties (Note 3) and risk management (Note 18) include disclosures of the potential impacts of COVID-19 on fair value of investment properties and liquidity risk.

(b) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting 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 8, 2022.

(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.

(d) Business combinations

At the time of acquisition of property, whether through a controlling share investment or directly, the REIT considers whether a transaction results in an asset acquisition or a business combination. The amendments to IFRS 3, *Business Combinations* ("IFRS 3"), adopted on January 1, 2020, include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If the REIT chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. If no substantive processes are acquired, the acquisition is treated as an asset acquisition rather than a business combination.

The cost of a business combination is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. The REIT recognizes assets or liabilities, if any, resulting from a contingent consideration arrangement at their acquisition date fair value and such amounts form part of the cost of the business combination.

Subsequent changes in the fair value of contingent consideration arrangements are recognized in the consolidated statements of net income and comprehensive income. The difference between the purchase price and the fair value of the acquired identifiable net assets and liabilities is goodwill. On the date of acquisition, positive goodwill is recorded as an asset. A bargain purchase gain is recognized immediately in the consolidated statements of net income and comprehensive income. The REIT expenses transaction costs associated with business combinations in the period incurred.

When an acquisition does not meet the criteria for business combination accounting treatment, it is accounted for as an acquisition of a group of assets and liabilities, the cost of which includes transaction costs that are allocated upon initial recognition to the assets and liabilities acquired based upon their relative fair values.

Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period”, which cannot exceed one year from the acquisition date, about facts and circumstances that existed at the acquisition date. Subsequent changes in fair value of contingent consideration classified as assets or liabilities that do not qualify as measurement period adjustments are recognized as a gain or loss in the consolidated statements of net income and comprehensive income.

(e) Joint arrangements

The REIT has joint arrangements in and 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.

(f) 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 determined using the direct capitalization approach by applying 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 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 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.

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 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.

(g) 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	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, canceled 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.

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 units of the Partnership ("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.

Derivative financial instruments

The REIT uses derivative financial instruments to manage risks from fluctuations in interest rates. All derivative instruments are designated and valued at FVTPL in the consolidated financial statements.

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.

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).

(h) 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.

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 re-assessing 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 period presented herein.

(i) CMHC premiums

CMHC mortgage insurance premiums provide coverage over the loan amortization period, typically 25 to 40 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) Restricted cash

Restricted cash consists of tenant security deposits and a capital asset replacement reserve fund held in trust accounts. The capital asset replacement reserve fund was established as a condition of a forgivable loan provided by the City of Toronto to support affordable housing at a certain Toronto property.

(k) Cash

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

(l) 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.

(m) 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.

(n) Expenses

Operating expenses and general and administrative expenses are recognized in the consolidated statements of net income and comprehensive income in the period in which they are incurred.

(o) Finance costs

Finance costs are comprised of interest expense on secured debt and unsecured debt, amortization of mark-to-market adjustments and financing charges, 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. Finance costs also includes interest income which is recognized as earned.

(p) 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 Board of Trustees, cash payable upon settlement. The grant date value of the amount payable 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. Market price is defined as the volume weighted average closing price of the Units on the Toronto Stock Exchange for the five trading days immediately preceding such date. The liability is remeasured at each reporting date and settlement date using the closing market price of the Units as defined in the Plan 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.

(q) 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.

(r) 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. This assessment requires the REIT to make judgments on whether the assets acquired and liabilities assumed constitute a business as defined in IFRS 3 and if the integrated set of activities, including inputs and processes acquired, are capable of being conducted and managed as a business and the REIT obtains control of the business.

Income taxes

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

Interest in joint operations

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

Recognition of government grants

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

(s) 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.

(t) Adoption of new standards, amendments and interpretations

Interest Rate Benchmark Reform

In August 2020, the IASB issued Interest Rate Benchmark Reform ("IBOR") and the Effects on Financial Reporting – Phase II (amendments to IFRS 9 – *Financial Instruments*, IFRS 7 – *Financial Instruments: Disclosures*, IAS 39 – *Financial Instruments: Recognition and Measurement*, IFRS 4 – *Insurance Contracts* and IFRS 16 – *Leases* ("IFRS 16")). The objective of the second phase of the IASB's project was to assist entities in providing useful information about the effects of the transition to alternative benchmark rates and support preparers in applying the requirements of the IFRS Standards when changes are made to contractual cash flows or hedging relationships as a result of the transition to an alternative benchmark interest rate. The amendments affect the basis for determining the contractual cash flows as a result of benchmark interest rate reform, hedge accounting and disclosures.

The amendments were adopted by the REIT when they became effective on January 1, 2021. The adoption of this standard did not have a material impact on the REIT's consolidated financial statements.

(u) Future changes in accounting standards

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

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

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

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

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

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

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

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

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

Definition of Accounting Estimates (Amendments to IAS 8)

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

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

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

3. Investment properties

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

	Residential properties	Commercial properties	Land under development	Total
Balance, December 31, 2019	$ 1,979,657	$ 22,840	$ 13,831	**$ 2,016,328**
Additions				
Capital expenditures	29,302	78	—	**29,380**
Development expenditures	9,444	—	2,643	**12,087**
Fair value gain (loss)	79,649	(428)	(520)	**78,701**
Other	—	—	1,605	**1,605**
Balance, December 31, 2020	$ 2,098,052	$ 22,490	$ 17,559	**$ 2,138,101**
Additions				
Acquisition (Note 4)	82,604	—	—	**82,604**
Capital expenditures	36,404	49	—	**36,453**
Development expenditures	—	—	14,219	**14,219**
Fair value gain (loss)	89,433	(3,689)	3,444	**89,188**
Balance, December 31, 2021	$ 2,306,493	$ 18,850	$ 35,222	**$ 2,360,565**

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

Development expenditures in residential properties for 2020 include costs relating to the reconstruction of the Skyline Maisonettes following a fire.

For the year ended December 31, 2021, the REIT capitalized $95 (December 31, 2020 - $nil) in interest costs associated with the REIT's general borrowings to the respective developments using the REIT's weighted average borrowing rate of 2.21%.

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, 2021, the entire portfolio was internally valued. The REIT's internal valuation team consists of qualified individuals who hold recognized relevant professional qualifications and have recent 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, 2021, the REIT obtained external property appraisals representing approximately 52% (December 31, 2020 - 54%) 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 the COVID-19 pandemic (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, 2021. It is not possible to forecast with certainty the duration or full scope of the economic impact COVID-19 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 and future demand would ultimately impact the underlying valuation of investment properties and such impact may be material.

Fair value for residential properties is determined using the direct capitalization approach and includes a deduction for the estimated aggregate future capital expenditures. For the year ended December 31, 2021, the aggregate future capital expenditures deducted was $83,852 (December 31, 2020 - $71,489) 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, 2021			December 31, 2020		
	Min	Max	Weighted average	Min	Max	Weighted average
Capitalization rate	3.13%	4.50%	3.60%	3.25%	4.25%	3.81%

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

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, 2021:

December 31, 2021	-3%	-1%	NOI	+1%	+3%
Capitalization rate					
-50 basis points	$ 2,608,163	$ 2,663,669	$ 2,691,421	$ 2,719,174	$ 2,774,679
-25 basis points	2,407,561	2,458,930	2,484,615	2,510,300	2,561,669
Base rate	2,234,782	2,282,589	2,306,493	2,330,396	2,378,203
+25 basis points	2,084,414	2,129,120	2,151,474	2,173,827	2,218,533
+50 basis points	1,952,361	1,994,345	2,015,337	2,036,329	2,078,312

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, 2020:

December 31, 2020	-3%	-1%	NOI	+1%	+3%
Capitalization rate					
-50 basis points	$ 2,350,915	$ 2,400,916	$ 2,425,917	$ 2,450,918	$ 2,500,920
-25 basis points	2,180,741	2,227,234	2,250,481	2,273,727	2,320,221
Base rate	2,032,885	2,076,329	2,098,052	2,119,774	2,163,218
+25 basis points	1,903,225	1,943,997	1,964,382	1,984,768	2,025,539
+50 basis points	1,788,598	1,827,006	1,846,210	1,865,414	1,903,821

4. Acquisition of investment property

The REIT completed the following investment property acquisition for the year ended December 31, 2021, which was accounted for as an asset acquisition and has contributed to the operating results effective from the acquisition date.

Property	Date of acquisition	Total acquisition cost	Mortgage financing	Interest rate and maturity	Ownership interest
4530 Chemin de la Côte-des-Neiges Montreal, QC ("Le Hill-Park")	December 7, 2021	$ 82,604	$ 41,000	1.22% April 1, 2022	100%

Cash used in the acquisition of investment property was as follows:

	December 31, 2021
Total acquisition cost	$ (82,604)
Transaction costs payable	2,431
Working capital assumed	166
Cash consideration paid on close	$ (80,007)

There were no acquisitions for the year ended December 31, 2020.

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

5. Joint operations

The REIT jointly owns and operates three investment properties. The REIT has determined them to be joint operations. Accordingly, the consolidated financial statements of the REIT include its share of revenues, expenses, assets and liabilities from the 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%

6. Prepaid expenses and other assets

		December 31, 2021		December 31, 2020
Prepaid expenses	$	2,305	$	1,467
Prepaid CMHC premiums		6,940		6,940
Restricted cash		1,218		1,180
Funds held in escrow (Note 10)		—		8,558
Deposits and other prepayments		1,128		393
Interest rate swap		307		—
	$	11,898	$	18,538
Current		3,970		11,197
Non-current		7,928		7,341
	$	11,898	$	18,538

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

Instrument	Maturity	Fixed rate	Original notional amount	Notional amount		December 31, 2021		December 31, 2020
Interest rate swap[1]	April 2026	3.38%	$42,360	$37,262	$	307	$	(1,318)

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 following table summarizes the beginning and ending fair value of the swap for the periods presented:

		December 31, 2021		December 31, 2020
Opening balance	$	(1,318)	$	1,111
Non-cash movement				
Fair value gain (loss)		1,625		(2,429)
Closing balance	$	307	$	(1,318)

[1] The REIT has a 40% ownership interest in this contract through the ownership of a joint operation.

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

7. Resident and other receivables

	December 31, 2021	December 31, 2020
Current		
Resident receivables	$ 1,388	$ 1,240
Other receivables	1,294	1,422
Less: Allowance for credit losses	(594)	(612)
	$ 2,088	$ 2,050

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.

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, 2019	22,769,073	$ 527,104
Non-cash movement		
Fair value gain	—	(63,298)
Balance, December 31, 2020	22,769,073	$ 463,806
Non-cash movement		
Fair value loss	—	34,609
Balance, December 31, 2021	22,769,073	$ 498,415

For the year ended December 31, 2021, distributions of $10,436 (December 31, 2020 - $10,162) to Class B LP Unitholders were declared.

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, 2021	December 31, 2020
Class C LP Units	$ 212,183	$ 217,524
Unamortized mark-to-market adjustments	1,886	2,361
	$ 214,069	$ 219,885
Current	5,982	5,816
Non-current	208,087	214,069
	$ 214,069	$ 219,885

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

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

	Class C LP Units	$
Balance, December 31, 2019	22,978,700	$ 225,537
Cash flows		
Distributions used to repay principal	—	(5,177)
Non-cash movement		
Amortization of mark-to-market adjustments	—	(475)
	—	(5,652)
Balance, December 31, 2020	22,978,700	$ 219,885
Cash flows		
Distributions used to repay principal	—	(5,341)
Non-cash movement		
Amortization of mark-to-market adjustments	—	(475)
	—	(5,816)
Balance, December 31, 2021	22,978,700	$ 214,069

For the year ended December 31, 2021, the REIT made distributions of $6,743 (December 31, 2020 - $6,907) to the Class C LP Unitholder that were accounted for as finance costs.

The mortgages of investment properties to which the distributions on the Class C LP Units relate bear a weighted average contractual interest rate of 3.16% (December 31, 2020 - 3.16%) and mature at various dates between 2023 and 2030 (December 31, 2020 - 2023 and 2030).

Distributions on Class C LP Units as at December 31, 2021, excluding unamortized mark-to-market adjustments, are due as follows:

2022	$ 5,510
2023	50,234
2024	50,499
2025	63,541
2026	1,283
2027 and thereafter	41,116

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, 2021, the current market rates plus risk-adjusted spreads ranged from 1.65% to 3.26% (December 31, 2020 - 1.06% to 2.49%) and the fair value of the Class C LP Units was $218,599 (December 31, 2020 - $232,188) and is considered level 2 within the fair value hierarchy.

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

10. Secured Debt

	December 31, 2021	December 31, 2020
Mortgages - fixed rate[1]	$ 627,534	$ 599,413
Unamortized mark-to-market adjustment	1,152	1,446
Unamortized deferred financing costs	(2,566)	(2,780)
Total mortgages	626,120	598,079
Credit facility[2]	51,754	31,948
	$ 677,874	$ 630,027
Current	140,862	66,105
Non-current	537,012	563,922
	$ 677,874	$ 630,027

[1] Fixed rate mortgages are secured by investment properties, bear interest at a weighted average contractual interest rate of 2.71% (December 31, 2020 - 2.85%) and mature at various dates from 2022 through 2030 (December 31, 2020 - 2021 through 2030). The fixed rate mortgages include a $37,262 (December 31, 2020 - $38,234) variable interest mortgage fixed through an interest rate swap.

[2] The REIT has a committed revolving credit facility of $200,000 (December 31, 2020 - $200,000) that is secured by several investment properties, matures on July 3, 2024 and is used to fund working capital requirements, acquisitions, letters of credit and for general corporate purposes. At December 31, 2021, $52,196 (December 31, 2020 - $31,948) was utilized and the remaining amount of $147,804 (December 31, 2020 - $168,052) of this facility was available in accordance with its terms and conditions. The credit facility bears interest at one month bankers' acceptance plus 175 bps or prime plus 75 bps and as at December 31, 2021, the weighted average variable interest rate was 2.19% (December 31, 2020 - 2.25%).

The secured debt balances at December 31, 2021, excluding unamortized mark-to-market adjustments and unamortized deferred financing costs, are due as follows:

2022	$ 140,647
2023	58,882
2024	109,625
2025	49,684
2026	40,187
2027 and thereafter	280,263

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

The following tables reconcile the changes in cash flows for secured debt:

	Mortgages	Unamortized mark-to-market adjustments	Unamortized deferred financing costs	Credit facility	Total
Balance, December 31, 2019	$ 487,876	$ 1,741	$ (310)	$ 91,009	$ 580,316
Cash flows					
Issued	225,576	—	(1,757)	56,939	280,758
Repayments	(122,597)	—	—	(116,000)	(238,597)
	102,979	—	(1,757)	(59,061)	42,161
Non-cash movement					
Funds held in escrow[1]	8,558	—	—	—	8,558
Financing costs	—	—	(968)	—	(968)
Deferred financing amortization	—	—	255	—	255
Amortization of mark-to-market adjustment	—	(295)	—	—	(295)
	8,558	(295)	(713)	—	7,550
Balance, December 31, 2020	$ 599,413	$ 1,446	$ (2,780)	$ 31,948	$ 630,027
Cash flows					
Issued[1]	49,558	—	(138)	102,806	152,226
Repayments	(12,879)	—	—	(83,000)	(95,879)
	36,679	—	(138)	19,806	56,347
Non-cash movement					
Funds held in escrow[1]	(8,558)	—	—	—	(8,558)
Deferred financing amortization	—	—	352	—	352
Amortization of mark-to-market adjustment	—	(294)	—	—	(294)
	(8,558)	(294)	352	—	(8,500)
Balance, December 31, 2021	$ 627,534	$ 1,152	$ (2,566)	$ 51,754	$ 677,874

As at December 31, 2021 and December 31, 2020, the REIT was in compliance with all financial covenants relating to its debt obligations.

Fair value of fixed rate mortgages is calculated based on current market rates plus risk-adjusted spreads on discounted cash flows. As at December 31, 2021, the current market rates plus risk-adjusted spreads ranged from 1.03% to 3.46% (December 31, 2020 - 0.95% to 2.81%) and the fair value of fixed rate mortgages was $634,412 (December 31, 2020 - $629,898) and is considered level 2 within the fair value hierarchy. Given the variable nature of the credit facility, its carrying value approximates its fair value.

[1] Proceeds of $8,558 from a fixed rate mortgage that were held in escrow since July 2020 were released in September 2021.

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

11. Related-party transactions

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

(a) Administrative Support Agreement

On July 3, 2018, the REIT and Minto Properties Inc. ("MPI") entered into a five-year renewable Administrative Support Agreement ("ASA"). The ASA provides the REIT with certain advisory, transaction and support services, including clerical and administrative support, operational support for the administration of day-to-day activities of the REIT and office space. These services are provided on a cost recovery basis, subject to a maximum for all general and administrative expenses, excluding public company costs, of 32 bps of the gross book value of the REIT's assets.

For the year ended December 31, 2021, the REIT incurred $2,260 (December 31, 2020 - $1,695) for services rendered by MPI and its affiliates under the ASA.

(b) Loans receivable from related parties

Project	Related Parties	Commitment[1]	Interest Rate and Maturity	December 31, 2021	December 31, 2020
99 Fifth Avenue, Ottawa, ON ("Fifth and Bank")	Affiliate of MPI	$ 30,000	6% per annum March 31, 2022	$ 30,000	$ 30,000
Lonsdale Avenue, North Vancouver, BC ("Lonsdale Square")	Limited partnership jointly owned by MPI and a subsidiary of Darwin Properties	$ 14,000	7% per annum May 30, 2024	$ 12,855	$ 11,988
Beechwood Avenue, Ottawa, ON ("Beechwood")	Affiliate of MPI	$ 51,400	6% per annum December 31, 2025	$ 10,094	$ —
810 Kingsway, Vancouver, BC ("810 Kingsway")	MPI	$ 19,650	6% per annum August 1, 2024	$ 10,363	$ —

In connection with these financings, the REIT will have the exclusive option to purchase the property at Fifth and Bank, Lonsdale Square and Beechwood, and MPI's ownership interest in 810 Kingsway upon project stabilization at 95% of its then-appraised fair market value as determined by independent and qualified third-party appraisers.

[1] All commitments include amounts to fund interest costs.

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

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

	December 31, 2021	December 31, 2020
Opening balance	$ 41,988	$ 19,922
Cash flows		
Advances	20,024	22,188
Interest received	(1,800)	(1,739)
Non-cash movement		
Interest earned	3,100	1,617
	21,324	22,066
Closing balance	$ 63,312	$ 41,988

The fair value of the loans receivable from related parties is determined by reference to current market rates that could be obtained for similar instruments with similar terms and maturities. As at December 31, 2021 and December 31, 2020, the carrying value of the loans approximates their fair value and is considered level 2 within the fair value hierarchy.

(c) Due to related parties

Included in due to related parties are the following:

- Distribution payable of $901 and $561 (December 31, 2020 - $863 and $575) to limited partnerships wholly owned by MPI on Class B LP Units and Class C LP Units, respectively.
- Working capital receivable of $110 (December 31, 2020 - payable of $211) from MPI and its affiliates.
- Development and construction management fee payable of $535 (December 31, 2020 - payable of $nil) to an affiliate of MPI.
- Distribution payable of $35 (December 31, 2020 - $34) on Units to MPI.

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

(d) Revenue and expenses

- Included in rental revenue for the year ended December 31, 2021 is $716 (December 31, 2020 - $723) of revenue from MPI and its affiliates as rent for office space, furnished suites, parking and other revenue at certain REIT properties.
- Included in property operating expenses for the year ended December 31, 2021 is $713 (December 31, 2020 - $713) paid to MPI and its affiliates for repairs and maintenance and other expenses at certain REIT properties.
- For the year ended December 31, 2021, compensation to key management personnel includes $635 (December 31, 2020 - $642) paid to executives, Unit-based compensation expense of $1,304 (December 31, 2020 - $1,160) for executives and Unit-based compensation expense for the grant of Deferred Units to Trustees in lieu of annual retainer and meeting fees of $560 (December 31, 2020 - $513), respectively. Additional compensation to key management personnel for services provided to the REIT was paid by MPI and its affiliate.
- Included in finance costs for the year ended December 31, 2021 are distributions on Class B LP Units of $10,436 paid or payable to a limited partnership wholly-owned by MPI. For the year ended December 31, 2020, distributions on Class B LP Units of $10,162 were paid or payable to MPI and a limited partnership wholly-owned by MPI.
- Included in finance costs for the year ended December 31, 2021 are distributions on Class C LP Units of $6,743 (December 31, 2020 - $6,907), paid or payable to a limited partnership wholly-owned by MPI.

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

- Included in finance costs for the year ended December 31, 2021 is interest income of $3,100 (December 31, 2020 - $1,617) earned from the loans advanced to related parties.

(e) Distributions

- For the year ended December 31, 2021, distributions of $5,341 (December 31, 2020 - $5,177) were made to a limited partnership wholly-owned by MPI in order to repay principal on Class C LP Units.
- For the year ended December 31, 2021, distributions on Units to MPI of $411 (December 31, 2020 - $401) were declared and recorded as a reduction to Unitholders' equity.

12. Accounts payable and accrued liabilities

		December 31, 2021		December 31, 2020
Accounts payable	$	9,154	$	8,348
Accrued liabilities		8,884		6,295
Distributions payable		1,550		1,342
Unit-based compensation		4,915		3,035
Forgivable loan		3,794		—
Interest rate swap (Note 6)		—		1,318
	$	28,297	$	20,338
Current		23,776		18,410
Non-current		4,521		1,928
	$	28,297	$	20,338

During the year ended December 31, 2021, the REIT commenced construction of a new 225-suite residential rental property on surplus land at its Richgrove property in Toronto, Ontario (the "Richgrove Development"). 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. As at December 31, 2021, $3,794 of development charges and other fees were exempt or waived and have been recorded as forgivable loan payable in connection with the terms of the contribution agreement.

13. Units

The following table presents the change in and outstanding amount of Units:

	Units		$
Authorized	Unlimited		
Units issued and outstanding:			
Balance, December 31, 2019 and 2020	36,274,839	$	631,434
Issued, October 29, 2021, net	3,795,000	$	82,687
Balance, December 31, 2021	40,069,839	$	714,121

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

On October 29, 2021, the REIT completed the issuance of 3,795,000 Units from treasury at a price of $22.85 per Unit for net proceeds of $82,687. The issuance included 495,000 Units sold pursuant to the full exercise of an over-allotment option granted to the underwriters. Underwriters' fees and expenses relating to the issuance were $4,029.

For the year ended December 31, 2021, distributions to Unitholders of $17,071 (December 31, 2020 - $16,189) were declared. This represents monthly distributions of $0.03792 per Unit for the months of January to October 2021 and $0.03958 for the months of November and December 2021 (2020 - monthly distributions of $0.03667 per Unit for the months of January to July 2020 and $0.03792 per Unit for the months of August to December 2020).

14. Segment reporting

The REIT owns, manages and operates 30 multi-residential rental properties located in Canada, including three 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.

15. Revenue from investment properties

The components of revenue from investment properties are as follows:

		December 31, 2021		December 31, 2020
Rental revenue	$	100,150	$	102,268
Revenue from services		23,397		22,661
	$	123,547	$	124,929

16. Finance costs

Finance costs are comprised of the following:

		December 31, 2021		December 31, 2020
Interest expense on mortgages	$	16,605	$	16,735
Interest expense & standby fees on credit facility		1,750		1,838
Amortization of financing charges		640		548
Amortization of mark-to-market adjustments		(769)		(770)
Interest income		(3,129)		(1,653)
Capitalized interest		(95)		—
Interest expense & other financing charges		15,002		16,698
Distributions on Class B LP Units (Note 8)		10,436		10,162
Distributions on Class C LP Units (Note 9)		6,743		6,907
Finance costs - operations	$	32,181	$	33,767
Fair value loss (gain) on Class B LP Units (Note 8)		34,609		(63,298)
Fair value loss (gain) on interest rate swap (Note 12)		(1,625)		2,429
Finance costs	$	65,165	$	(27,102)

17. 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, 2021, the remaining unforgiven balance of the loan is $14,688 (December 31, 2020 - $15,912). 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, 2021, the remaining unforgiven balance of the loan is $3,696 (December 31, 2020 - $4,032). To date, the REIT has met all conditions related to this forgivable loan and Management has assessed that throughout the remaining term of the loan the REIT is likely to continue to meet the conditions for forgiveness and that the outflow of economic resources to settle the loan is not probable. As such, no liability has been recorded by the REIT.

As at December 31, 2021, the REIT has committed to advance an additional $40,926 to related parties in order to support the development of several projects and an additional $10,812 to fund interest costs.

The REIT is a guarantor on a joint and several basis for mortgage debt held through one of its joint operations. As at December 31, 2021, the maximum potential obligation resulting from this guarantee is $13,042 (December 31, 2020 - $13,382).

18. 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, 2021, the REIT has a committed variable rate credit facility of $200,000 (December 31, 2020 - $200,000) with an outstanding balance of $51,754 (December 31, 2020 - $31,948). A 1% change in prevailing interest rates would change annualized interest charges incurred by $518 (December 31, 2020 - $319).

(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, 2021 would have a $4,984 (December 31, 2020 - $4,638) change in the fair value of the Class B LP Units.

Credit Risk

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

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

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

Liquidity risk

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

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

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

As of December 31, 2021, current liabilities of $182,642 (December 31, 2020 - $109,299) exceeded current assets of $38,909 (December 31, 2020 - $15,854), resulting in a net working capital deficit of $143,733 (December 31, 2020 - $93,445). 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, 2021, liquidity was $150,655 (December 31, 2020 - $170,659) consisting of cash of $2,851 (December 31, 2020 - $2,607) and $147,804 (December 31, 2020 - $168,052) of available borrowing capacity under the credit facility. Management believes that there is sufficient liquidity to meet the REIT's financial obligations for the foreseeable future.

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

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

	December 31, 2021	December 31, 2020
Committed	$ 200,000	$ 200,000
Utilized		
Amounts drawn	51,754	31,948
Letter of credit	442	—
	52,196	31,948
Amount available	$ 147,804	$ 168,052

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

	2022	2023	2024	2025	2026	2027 and thereafter	Total
Mortgages	$ 140,647	$ 58,882	$ 57,871	$ 49,684	$ 40,187	$ 280,263	$ 627,534
Credit facility	—	—	51,754	—	—	—	51,754
	140,647	58,882	109,625	49,684	40,187	280,263	679,288
Class C LP Units	5,510	50,234	50,499	63,541	1,283	41,116	212,183
Interest obligation	23,304	19,646	14,808	11,745	9,126	26,179	104,808
Tenant rental deposits	10,100	—	26	—	10	—	10,136
Due to related parties	1,922	—	—	—	—	—	1,922
Accounts payable and accrued liabilities	23,776	501	172	54	—	3,794	28,297
	$ 205,259	$ 129,263	$ 175,130	$ 125,024	$ 50,606	$ 351,352	$ 1,036,634

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

19. Capital risk management

The REIT's capital consists of Class B LP Units, Class C LP Units, mortgages, 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 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.

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

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

	December 31, 2021	December 31, 2020
Liabilities (principal amounts outstanding):		
Class B LP Units	$ 498,415	$ 463,806
Class C LP Units	212,183	217,524
Mortgages	627,534	599,413
Credit facility	51,754	31,948
	1,389,886	1,312,691
Unitholders' equity	1,010,001	850,224
	$ 2,399,887	$ 2,162,915

20. Supplemental cash flow disclosures

Change in non-cash working capital comprises the following:

Year ended	December 31, 2021	December 31, 2020
Prepaid expenses and other assets	$ (1,795)	$ 811
Resident and other receivables	(9)	(223)
Tenant rental deposits	1,146	252
Due to related parties	769	(170)
Accounts payable and accrued liabilities	1,733	(4,399)
	$ 1,844	$ (3,729)

21. Unit-based compensation

Executives

Deferred Units granted to executives generally vest on the second, third or fourth anniversaries of the grant date and are settled 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, if so elected by the participant and subject to the approval of the Plan Administrator, cash payable upon 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.

A summary of the Deferred Unit plan activity and the value of Unit-based compensation expense for the executives is presented below:

	December 31, 2021	December 31, 2020
Opening balance	$ 1,660	$ 655
Unit-based compensation expense	1,304	1,160
Settlement	(121)	—
Fair value loss (gain)	47	(155)
Closing balance	$ 2,890	$ 1,660

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

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

	December 31, 2021	December 31, 2020
Opening balance	161,091	108,421
Granted	56,000	49,500
Redeemed	(5,499)	—
Forfeited	(5,499)	—
Distribution equivalents	4,059	3,170
Closing balance	210,152	161,091

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 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, if so elected by the participant and subject to the approval of the Plan Administrator, cash payable upon the participant's separation from service with the REIT.

A summary of the Deferred Units granted and the value of Unit-based compensation expense recorded for the Trustees is presented below.

	Deferred Units	$
Balance, December 31, 2019	41,322	$ 956
Granted and vested	25,048	490
Distribution equivalents	1,139	23
Fair value gain	—	(94)
Balance, December 31, 2020	67,509	$ 1,375
Granted and vested	23,438	525
Distribution equivalents	1,591	35
Fair value loss	—	90
Balance, December 31, 2021	92,538	$ 2,025

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

22. 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 1 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, 2021 and 2020. The total future contractual minimum rent lease payments expected to be received under residential and commercial leases are as follows:

	December 31, 2021	December 31, 2020
Less than 1 year	$ 31,654	$ 25,913
Between 1 to 5 years	2,930	4,623
5 years and thereafter	574	637
	$ 35,158	$ 31,173

Unitholder Information

Board of Trustees

Roger Greenberg
Chairman of Minto Apartment REIT, the Minto Group and Ottawa Sports and Entertainment Group

Allan Kimberley(1,3)
Lead Trustee, Director of Orlando Corporation, former Vice Chairman of Investment Banking, Real Estate at CIBC World Markets

Heather Kirk(1,2,3)

Jacqueline Moss(2,3)
Chair of the Compensation, Governance and Nominating Committee, Chair of the Human Resources Committee of Investment Management Corporation Ontario

Simon Nyilassy(1,2,3)
Chair of the Audit Committee, Founder and CEO of Marigold & Associates Inc.

Philip Orsino
President and CEO of Brightwaters Strategic Solutions Inc., Director of the Minto Group and former CEO of Jeld-Wen Inc. and Masonite International Corp.

Michael Waters
CEO and President of Minto Apartment REIT and CEO of The Minto Group

Officers

Michael Waters
CEO and President

Julie Morin
Chief Financial Officer

Glen MacMullin
Chief Investment Officer

John Moss
General Counsel and Corporate Secretary

Paul Baron
Senior Vice President, Operations

Ben Mullen
Senior Vice President, Asset Management

Martin Tovey
Senior Vice President, Investments

Edward Fu
Vice President, Finance

Head Office
Minto Apartment REIT
180 Kent Street, Suite 200
Ottawa, Ontario K1P 0B6
T: 613-230-7051

Investor Information
www.mintoapartments.com
info@mintoapartmentreit.com
T: 613-230-7051

Auditor
KPMG LLP

Legal Counsel
Goodmans LLP

Transfer Agent
TSX Trust Company
PO Box 700, Postal Station B
Montreal, QC H3B 3K3

Unit Listing
TSX: MI.UN

Unit Distributions
January 2021 – October 2021
$0.03792 per Unit per month

November 2021 – December 2021
$0.03958 per Unit per month

Annual Meeting
The Annual General Meeting of Unitholders will be held virtually on Thursday, May 26, 2022 at 11:00am.

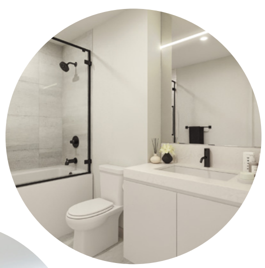
(1) Member of the Audit Committee
(2) Member of the Compensation, Governance and Nominating Committee
(3) Independent

810 Kingsway Rendering · Vancouver, BC

Expansion Through Convertible Development Loans

Investment in development projects through convertible development loans ("CDLs") provide the REIT with an option to purchase new, high-quality properties in attractive urban locations at a discount to their then-appraised fair market value. CDLs also generate an attractive return during the development period without taking any construction or lease-up risk. In addition to the two existing CDLs advanced by the REIT in 2019 and 2020, two further investments were made in 2021 (Beechwood in Ottawa and 810 Kingsway in Vancouver).

Beechwood Rendering · Ottawa, ON



Repositioning Program

The REIT continually monitors local market demand and competing product offerings to determine an appropriate strategy for each of our properties. In certain locations there are opportunities to renovate and strategically reposition suites. Improvements to suites and common areas improve the quality and desirability of our properties. Strong demand for repositioned suites creates growth in rental revenues and produces accretive financial returns on invested capital. Given the predictable costs and revenue associated with suite repositioning and the ability to meter out capital in small increments, our repositioning program offers superior risk-adjusted returns.

Beechwood (Rendering) · Ottawa, Ontario

1.613.230.7051
info@mintoapartmentreit.com

Minto Apartment REIT
200-180 Kent Street
Ottawa, ON K1P 0B6

minto
Apartment REIT

www.mintoapartments.com