

Financial Statements of

**MARWEST APARTMENT REAL
ESTATE INVESTMENT TRUST**

**For the period from July 2, 2020 (date of formation) to December 31,
2020**

And Independent Auditors' Report Thereon

(Expressed in Canadian Dollars)



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Marwest Apartment Real Estate Investment Trust

Opinion

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

- statement of financial position as at December 31, 2020;
- statement of loss and comprehensive loss from July 2, 2020 (date of formation) to December 31, 2020;
- statement of changes in unitholders' equity for the period from July 2, 2020 (date of formation) to December 31, 2020;
- statement of cash flows for the period from July 2, 2020 (date of formation) to December 31, 2020; and
- notes to the 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 financial position of the Trust as at December 31, 2020, and its financial performance and its cash flows for the period from July 2, 2020 (date of formation) to December 31, 2020, 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 Trust 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.

Other Information

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

- Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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 Management's Discussion and Analysis to be filed with the relevant Canadian Securities Commissions as at the date of this 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 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 Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust'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 Trust'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 Trust'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 Trust 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.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

February 11, 2021

Marwest Apartment Real Estate Investment Trust

Statement of Financial Position

December 31, 2020

(Expressed in Canadian Dollars)

	Note	
Assets		
Current:		
Cash		\$ 471,975
Total Assets		\$ 471,975
Liabilities		
Accounts payable and accrued liabilities		\$ 15,383
Total Liabilities		\$ 15,383
Unitholders' equity		
Unitholders' equity	3	\$ 456,592
Total Equity and Liabilities		\$ 471,975

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Trustees

(signed) "Kim Riley"
Kim Riley, Trustee

(signed) "Luke Cain"
Luke Cain, Trustee

Marwest Apartment Real Estate Investment Trust

Statement of Net Loss and Comprehensive Loss

For the period from July 2, 2020 (date of formation) to December 31, 2020
(Expressed in Canadian Dollars)

Revenue	
Interest income	\$ 297
Expenses	
Administration and sundry	\$ 3,220
Audit and accounting	18,300
Filing and listing fees	23,206
Legal	57,772
Total expenses	102,498
Net loss and comprehensive loss	\$ (102,201)

The accompanying notes are an integral part of these financial statements.

Marwest Apartment Real Estate Investment Trust

Statement of Changes in Unitholders' Equity

For the period from July 2, 2020 (date of formation) to December 31, 2020
(Expressed in Canadian Dollars)

	Note	Trust Units	Unitholders' capital	Accumulated deficit	Total
Unitholders' equity, beginning of period		-	\$ -	\$ -	-
Issuance of units on formation - July 2, 2020	3	800,000	200,000	-	200,000
Issuance of units on initial public offering - September 22, 2020	3	1,000,000	500,000	-	500,000
Unit issue costs	3	-	(141,207)	-	(141,207)
Net loss and comprehensive loss		-	-	(102,201)	(102,201)
Unitholders' equity - December 31, 2020		1,800,000	\$ 558,793	\$ (102,201)	\$ 456,592

The accompanying notes are an integral part of these financial statements.

Marwest Apartment Real Estate Investment Trust

Statement of Cash Flows

For the period from July 2, 2020 (date of formation) to December 31, 2020
 (Expressed in Canadian Dollars)

	Note	
Cash provided by (used in):		
Operating activities		
Net loss and comprehensive loss		\$ (102,201)
Increase in accounts payable and accrued liabilities		15,383
		<u>\$ (86,818)</u>
Financing activities		
Units issued	3	\$ 700,000
Unit issue costs	3	(141,207)
		<u>\$ 558,793</u>
Net increase in cash		471,975
Cash, beginning of period		-
Cash, end of period		<u>\$ 471,975</u>

The accompanying notes are an integral part of these financial statements.

Marwest Apartment Real Estate Investment Trust

Notes to the Financial Statements

Period from July 2, 2020 (date of formation) to December 31, 2020
(Expressed in Canadian Dollars)

1. Description of the entity

Marwest Apartment Real Estate Investment Trust (the "Trust") is an unincorporated, closed ended real estate investment trust established pursuant to a declaration of trust dated July 2, 2020 where 800,000 Trust Units were issued for \$200,000 in cash. On September 4, 2020, the Trust filed its final prospectus and received final approval. The Trust completed its initial public offering ("IPO") on September 22, 2020, by issuing 1,000,000 Trust Units for \$500,000 in cash. The Trust is classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4.

The Trust was established under the laws of the Province of Manitoba. The principal and registered office of the Trust is Suite 500-220 Portage Avenue, Winnipeg, Manitoba.

The Trust is currently focused on acquiring multi-family residential real estate in Western Canada. The principal undertaking of the Trust is to identify assets to complete a qualifying transaction no later than 24 months from being listed on the TSX Venture Exchange ("TSX-V").

These financial statements have been prepared with the assumption that the Trust will be able to realize its assets and discharge its liabilities in the normal course of business. There are material uncertainties that may cast significant doubt about the appropriateness of the going concern assumption as the Trust incurred a net loss of \$102,201 (July 2, 2020 (date of formation) to December 31, 2020) and has not generated any revenues. The Trust's continuing operations, as intended, are dependent upon its ability to identify, evaluate, negotiate and complete a direct or indirect acquisition of one or more properties, within 24 months of listing on the TSX-V, which will constitute the Trust's "qualifying transaction" under Policy 2.4 of the TSX-V. Such a transaction will be subject to regulatory approval and may be subject to Unitholder approval. Management believes the Trust has sufficient working capital to maintain its activities up to the qualifying transaction. There is no assurance that the Trust will complete a qualifying transaction within the 24 months from the date the Trust Units are listed on the TSX-V, at which time the TSX-V may suspend or de-list the Trust's Units from trading.

2. Significant accounting policies

a) Basis of presentation
These financial statements have been prepared on a historical cost basis and have been presented in Canadian dollars which is the Trust's functional and presentation currency.

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

These financial statements were approved by the Board of Trustees of the Trust and authorized for issuance on February 11, 2021.

c) Unitholders' equity
The Trust is a closed ended real estate investment trust and the Trust Units are not redeemable.

Marwest Apartment Real Estate Investment Trust

Notes to the Financial Statements

Period from July 2, 2020 (date of formation) to December 31, 2020
(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

d) Income taxes
The Trust currently qualifies as a mutual fund trust as defined in the Income Tax Act (Canada) (the "Act"). Management expects that the Trust will qualify as a "real estate investment trust" as defined in the Act on or before December 31, 2021. Under current tax legislation, a real estate investment trust and a mutual fund 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 Trust expects to qualify as a real estate investment trust and mutual fund trust and intends on making distributions prior to the fiscal year end not less than the amount necessary to ensure that the Trust will not be liable to pay income taxes.

e) Financial instruments
Financial instruments are generally measured at fair value on initial recognition. Classification and subsequent measurement 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 statement of net loss and comprehensive loss.

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 loss, and the remaining amount of change in fair value recognized in the statement of net loss and comprehensive loss.

The following summarizes the Trust's classification and measurement of financial assets and liabilities:

Account	Measurement
Cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

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 and fees and commissions paid to agents, brokers and advisers.

Marwest Apartment Real Estate Investment Trust

Notes to the Financial Statements

Period from July 2, 2020 (date of formation) to December 31, 2020
(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

- f) Use of estimates and judgments
The preparation of the financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities. Actual results may vary from these estimates.

3. Unitholders' equity

- (i) Authorized:

In accordance with the declaration of trust, the Trust may issue an unlimited number of Trust Units and Special Voting Units.

Each Trust Unit represents an equal undivided beneficial interest and voting right in the Trust and an equal interest in any distributions of the Trust. All Trust Units are of the same class with equal rights and restrictions.

Each Special Voting Unit has no economic entitlement in the Trust or in the distributions or assets of the Trust, but shall entitle the holder to one vote at any meeting of the Unitholders. Special Voting Units shall attach to exchangeable securities (if any) or deferred Trust Units (if any) and are not transferrable from the exchangeable securities to which they are attached. Upon exchange or surrender of an exchangeable security for a Trust Unit, the Special Voting Unit attached to such exchangeable security will automatically be redeemed and cancelled for no consideration.

- (ii) Unitholders' equity of the Trust is as follows:

Trust Units

	Number of Units	Amount
Authorized	Unlimited	
Issued and outstanding Units	1,800,000	\$ 700,000
Unit issue costs	-	(141,207)
	1,800,000	\$ 558,793

Special Voting Units

	Number of Units	Amount
Authorized	Unlimited	
Issued and outstanding Units	-	\$ -

On July 2, 2020 (date of formation) the Trust issued 800,000 Trust Units at a price of \$0.25 per Trust Unit for gross proceeds of \$200,000 in cash.

On September 22, 2020, the Trust issued 1,000,000 Trust Units at a price of \$0.50 per Trust Unit, for gross proceeds of \$500,000, by way of an initial public offering pursuant to the policies of the TSX-V. The Trust paid the offering agent, Canaccord Genuity Corp. a commission of 10 percent of the gross proceeds of the offering. The Agent was reimbursed for certain Agent's expenses, including legal fees.

Marwest Apartment Real Estate Investment Trust

Notes to the Financial Statements

Period from July 2, 2020 (date of formation) to December 31, 2020
(Expressed in Canadian Dollars)

3. Unitholders' equity (continued)

The Trust incurred unit issue costs of \$141,207 for the period ended December 31, 2020, which are included in Unitholders' equity.

4. Capital management

The Trust's objective when managing capital is to safeguard the ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire a direct or indirect interest in one or more properties. The Trust's capital consists of Trust Units.

The Trust's declaration of trust permits the Trust to incur indebtedness of not more than 75 percent of the gross book value of the Trust once the gross book value reaches \$300,000,000. Gross book value as defined in the declaration of trust means, at any time, the greater of (a) the value of the assets of the Trust and its consolidated subsidiaries (if any), as shown on its then most recent statement of financial position prepared in accordance with IFRS; and (b) the historical cost of the investment properties, plus (i) the carrying value of cash and cash equivalents; (ii) the carrying value of mortgages receivable; and (iii) the historical cost of other assets and investments used in operations. As at the date of these financial statements the Trust has no indebtedness.

As a Capital Pool Company ("CPC"), The Trust will be subject to externally imposed capital requirements as outlined in the TSX-V Policy 2.4 and summarized below:

1. No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Trust or a related party of a qualifying transaction;
2. Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain unitholder approval for a qualifying transaction;
3. No more than the lesser of \$210,000 and 30% of the gross proceeds from the sale of securities issued by a CPC may be used for purposes other than to identify and evaluation the qualifying transaction;
4. After completion of its initial public offering and until the completion of the qualifying transaction, a CPC may not issue any securities unless written acceptance of the TSX-V is obtained before the issuance of the securities.

5. Risk management

Risk disclosures and fair values

The carrying value of the Trust's financial instruments, consisting of cash and accounts payable and accrued liabilities, approximate their fair values due to the relatively short-term maturities of the instruments. It is management's opinion that the Trust is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they become due. The Trust manages this risk by ensuring it has sufficient cash on hand to meet obligations as they come due by forecasting cash flows from operations, cash required for investing activities and cash from financing activities. As at December 31, 2020, the Trust had cash of \$471,975 and accounts payable and accrued liabilities of \$15,383 due within 12 months. The Trust is not subject to significant liquidity risk.

Marwest Apartment Real Estate Investment Trust

Notes to the Financial Statements

Period from July 2, 2020 (date of formation) to December 31, 2020
(Expressed in Canadian Dollars)

5. Risk management (continued)

COVID-19 risk

In the month of March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Trust is not known at this time. The Trust is required to complete its qualifying transaction no later than 24 months from being listed on the TSX-V and there is no assurance that the Trust will be able raise capital or complete its qualifying transaction during the COVID-19 pandemic.

6. Related party transactions

As at July 2, 2020, the Trust issued 800,000 Trust Units to certain seed Unitholders, including Trustees, Officers and related parties of the Trust, at \$0.25 per Trust Unit for gross proceeds of \$200,000.

No compensation has been paid to the Trustees or key management personnel of the Trust as at the date of these financial statements, and no compensation will be provided until after the completion of a qualifying transaction by the Trust as defined under the policies of the TSX-V.