NOTICE OF SPECIAL MEETING OF UNITHOLDERS

NOTICE IS HEREBY GIVEN that a special meeting (the "**Meeting**") of the holders ("**Unitholders**") of participating voting Class A trust units ("**Trust Units**") and special voting units ("**Special Voting Units**" and collectively with the Trust Units as it relates to voting matters, the "**Units**") of Marwest Apartment Real Estate Investment Trust (the "**REIT**") will be conducted at the offices of MLT Aikins LLP 30TH Floor, 360 Main Street in Winnipeg, Manitoba on the 12th day of November, 2021, at 1:00 p.m. (Winnipeg Time) for the following purposes:

1. to consider and, if deemed advisable, to pass, on a "majority of the minority" basis, a resolution, the full text of which is set forth in Appendix 1 to the accompanying management information circular dated the date hereof (the "**Circular**"), with or without variation, approving the REIT's proposed indirect acquisition, through MAR REIT LP (the "**Partnership**"), of all of the issued and outstanding limited partnership units of Marwest (Element) Apartments L.P. (the "**Element Acquisition**"), which owns two apartment properties totaling 112 units located in Winnipeg, Manitoba, from the current owners thereof, which include certain persons who are "related party" (within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") and TSX Venture Exchange Policy 5.9 ("**TSXV Policy 5.9**") of the REIT, and related transactions as more particularly described in the Circular; and

2. to transact such other business as may properly come before the Meeting or any adjournment thereof.

As of the date of this Notice, management of the REIT is not aware of any changes to the foregoing items and does not expect any other items to be brought forward at the Meeting. If there are changes or new items, you or your proxyholder can vote your Trust Units on these items as you or they see fit.

The specific details of the matters proposed to be put before the Meeting are set forth in the Circular.

Unitholders are encouraged to access and review all information contained in the accompanying Circular prior to voting or returning a proxy.

Instructions for Attending the Meeting

Although the Meeting will be held in person, due to the ongoing COVID-19 pandemic, there is a possibility that public health orders may be in effect on the date of the Meeting which restrict the number of persons who may be permitted to attend the Meeting in person and/or whether persons attending the Meeting in person must meet certain vaccination requirements. The ability of a Unitholder to attend and vote at the Meeting in person is subject to provincial health orders in effect on the date of the Meeting. Accordingly, Unitholders are strongly encouraged to complete and delivery a proxy prior to the proxy deadline noted below.

Record Date

The record date for determination of Unitholders entitled to receive notice of and attend and vote at the Meeting is October 11, 2021. Only Unitholders whose names have been entered in the register of Unitholders at the close of business on that date will be entitled to receive notice of and vote at the Meeting.

Information for Registered Unitholders

Subject to compliance with any public health orders which may be in effect on the date of the Meeting, Unitholders may attend the Meeting (or any adjournment thereof) in person or, alternatively, may be represented by proxy. Due to the possibility that public health orders which restrict public gatherings may be in effect, Unitholders are strongly encouraged to vote their Trust Units online at www.astvotemyproxy.com, by mail or fax. To vote by mail or fax, Unitholders are requested to date, sign, and return the accompanying form of proxy to TSX Trust Company, the transfer agent of the REIT, TSX Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, ON M1S 0A1, or by faxing the proxy (both sides) at 1-866-781-3111, or by scanning and email the proxy (both sides) to proxyvote@astfinancial.com for use at the Meeting or any adjournment thereof. To be effective, votes must be received by TSX Trust Company by 1:00 p.m. (Winnipeg Time) on November **[10]**, 2021, or in the case of an adjourned Meeting, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the adjourned Meeting.

Information for Non-Registered Unitholders

If you are a non-registered holder of Trust Units (for example, if you hold your Trust Units in an account with a broker, dealer or other intermediary), whether or not you plan to attend the Meeting in person, you should follow the voting procedures described in the voting instruction form or other document accompanying this Notice. Non-registered Unitholders who received a proxy through an intermediary must deliver the proxy in accordance with the instructions given by such intermediary.

Questions Regarding Voting

Any questions regarding voting your Trust Units should be directed to TSX Trust Company at 1-800-387-0825.

DATED at the City of Winnipeg, Manitoba this 11th day of October, 2021.

ON BEHALF OF THE BOARD OF TRUSTEES

"*Luke Cain*"

Luke Cain, Trustee

MARWEST
APARTMENT REIT

NOTICE OF SPECIAL MEETING OF UNITHOLDERS OF MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

to be held on November 12, 2021

and

MANAGEMENT INFORMATION CIRCULAR

with respect to the special business of approving the proposed acquisition of

MARWEST (ELEMENT) APARTMENTS L.P.

October 11, 2021

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the proposed transactions described in this Information Circular.

NOTICE OF SPECIAL MEETING OF UNITHOLDERS

NOTICE IS HEREBY GIVEN that a special meeting (the "**Meeting**") of the holders ("**Unitholders**") of participating voting Class A trust units ("**Trust Units**") and special voting units ("**Special Voting Units**" and collectively with the Trust Units as it relates to voting matters, the "**Units**") of Marwest Apartment Real Estate Investment Trust (the "**REIT**") will be conducted at the offices of MLT Aikins LLP 30TH Floor, 360 Main Street in Winnipeg, Manitoba on the 12th day of November, 2021, at 1:00 p.m. (Winnipeg Time) for the following purposes:

1. to consider and, if deemed advisable, to pass, on a "majority of the minority" basis, a resolution, the full text of which is set forth in Appendix 1 to the accompanying management information circular dated the date hereof (the "**Circular**"), with or without variation, approving the REIT's proposed indirect acquisition, through MAR REIT LP (the "**Partnership**"), of all of the issued and outstanding limited partnership units of Marwest (Element) Apartments L.P. (the "**Element Acquisition**"), which owns two apartment properties totaling 112 units located in Winnipeg, Manitoba, from the current owners thereof, which include certain persons who are "related party" (within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") and TSX Venture Exchange Policy 5.9 ("**TSXV Policy 5.9**") of the REIT, and related transactions as more particularly described in the Circular; and

2. to transact such other business as may properly come before the Meeting or any adjournment thereof.

As of the date of this Notice, management of the REIT is not aware of any changes to the foregoing items and does not expect any other items to be brought forward at the Meeting. If there are changes or new items, you or your proxyholder can vote your Trust Units on these items as you or they see fit.

The specific details of the matters proposed to be put before the Meeting are set forth in the Circular.

Unitholders are encouraged to access and review all information contained in the accompanying Circular prior to voting or returning a proxy.

Instructions for Attending the Meeting

Although the Meeting will be held in person, due to the ongoing COVID-19 pandemic, there is a possibility that public health orders may be in effect on the date of the Meeting which restrict the number of persons who may be permitted to attend the Meeting in person and/or whether persons attending the Meeting in person must meet certain vaccination requirements. The ability of a Unitholder to attend and vote at the Meeting in person is subject to provincial health orders in effect on the date of the Meeting. Accordingly, Unitholders are strongly encouraged to complete and delivery a proxy prior to the proxy deadline noted below.

Record Date

The record date for determination of Unitholders entitled to receive notice of and attend and vote at the Meeting is October 11, 2021. Only Unitholders whose names have been entered in the register of Unitholders at the close of business on that date will be entitled to receive notice of and vote at the Meeting.

Information for Registered Unitholders

Subject to compliance with any public health orders which may be in effect on the date of the Meeting, Unitholders may attend the Meeting (or any adjournment thereof) in person or, alternatively, may be represented by proxy. Due to the possibility that public health orders which restrict public gatherings may be in effect, Unitholders are strongly encouraged to vote their Trust Units online at www.astvotemyproxy.com, by mail or fax. To vote by mail or fax, Unitholders are requested to date, sign, and return the accompanying form of proxy to TSX Trust Company, the transfer agent of the REIT, TSX Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, ON M1S 0A1, or by faxing the proxy (both sides) at 1-866-781-3111, or by scanning and email the proxy (both sides) to proxyvote@astfinancial.com for use at the Meeting or any adjournment thereof. To be effective, votes must be received by TSX Trust Company by 1:00 p.m. (Winnipeg Time) on November **[10]**, 2021, or in the case of an adjourned Meeting, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the adjourned Meeting.

Information for Non-Registered Unitholders

If you are a non-registered holder of Trust Units (for example, if you hold your Trust Units in an account with a broker, dealer or other intermediary), whether or not you plan to attend the Meeting in person, you should follow the voting procedures described in the voting instruction form or other document accompanying this Notice. Non-registered Unitholders who received a proxy through an intermediary must deliver the proxy in accordance with the instructions given by such intermediary.

Questions Regarding Voting

Any questions regarding voting your Trust Units should be directed to TSX Trust Company at 1-800-387-0825.

DATED at the City of Winnipeg, Manitoba this 11th day of October, 2021.

ON BEHALF OF THE BOARD OF TRUSTEES

"*Luke Cain*"

Luke Cain, Trustee

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GLOSSARY

"**Affiliate"** has the meaning set forth in National Instrument 45-106 - *Prospectus Exemptions*, as replaced or amended from time to time (including any successor rule or policy thereto) and, for the purposes of the Management Agreement, in respect of the Manager, "**Affiliate**" shall also be deemed to include Marwest Management Canada Ltd. or any corporation owned or controlled by the directors and officers of the Manager or other members of the Martens family;

"**Aggregate Element LP Purchase Price**" means the aggregate purchase price in respect of all of the outstanding Element LP Units, in an amount equal to $27,000,000, less (i) the aggregate mortgage indebtedness of Element LP, including accrued interest, as at Closing; and (ii) any other indebtedness or liabilities of Element LP or relating to the Element Property as at Closing, including loans to current limited partners or their Associates or Affiliates outstanding at Closing, currently estimated to be $1,200,000 under the Element LP Promissory Note; and (iii) any unpaid payables relating to the construction of the Element Property, subject to any other reasonable adjustments that the Partnership and the holders of Element LP Units may agree to on Closing;

"**Asset Management Services**" means the asset management services described in the Management Agreement;

"**Associate**" has the meaning set forth in TSXV Policy 1.1 – *Interpretation*;

"**Board of Trustees**" or "**Board**" means, at a particular time, the board of trustees of the REIT at such time;

"**Brio**" or the "**Brio Property**" means, collectively: (i) the 74 unit multi-family rental apartment property located at 160 Eaglewood Drive in Winnipeg, Manitoba; and (ii) the 74 unit multi-family rental apartment property located at 140 Eaglewood Drive in Winnipeg, Manitoba, both of which were acquired indirectly by the REIT as part of the Qualifying Transaction and are currently owned by the REIT;

"**Brio GP**" means Marwest Apartments VII G.P. Ltd., a corporation incorporated under *The Corporations Act* (Manitoba), the general partner of Brio LP and a wholly-owned subsidiary of the Partnership;

"**Brio LP**" means Marwest Apartments VII L.P., a limited partnership formed under the laws of Manitoba and a wholly-owned subsidiary of the Partnership;

"**CBCA**" means the *Canada Business Corporations Act*;

"**Circular**" or "**Information Circular**" means this management information circular dated October 11, 2021 sent to Unitholders in connection with the Meeting;

"**Class A LP Unit**" means a Class A limited partnership unit of the Partnership;

"**Closing**" means the closing of the Element Acquisition and related transactions;

"**Control Person**" means, in respect of an issuer, any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer, except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

"**CRA**" means Canada Revenue Agency;

"**Declaration of Trust**" means the amended and restated declaration of trust of the REIT dated as of April 30, 2021 governing the REIT as a trust established under the laws of the Province of Manitoba, as may be amended and restated from time to time;

"**Deferred Units**" means deferred units of the REIT which entitle the holder thereof to receive one (1) Trust Unit, or cash in lieu thereof, upon the redemption thereof in accordance with the terms and conditions of the Equity Incentive Plan;

"**Disinterested Unitholders**" means all Unitholders other than Unitholders whose votes are required to be excluded under MI 61-101 and TSXV Policy 5.9 for the purpose of determining whether Majority of Minority Approval has been obtained, as more particularly described in this Information Circular under "*Particulars of Matters to be Acted Upon – Approval of the Element Acquisition Resolution – Securities Eligible to Vote*";

"**Element Acquisition**" means the indirect acquisition by the REIT through the Partnership of the Element Properties through the acquisition by the Partnership of all of the issued and outstanding Element LP Units and related transactions pursuant to the Element LP Purchase Agreements;

"**Element Acquisition Resolution**" means the resolution of Unitholders in the form attached as Appendix "1" to this Circular, which must receive Majority of Minority Unitholder Approval in order to be effective, as more particularly described herein;

"**Element GP**" means Marwest (Element) Apartments G.P. Inc., a corporation incorporated under the laws of the Province of Manitoba and the general partner of Element LP;

"**Element LP**" means Marwest (Element) Apartments L.P., a limited partnership formed under the laws of the Province of Manitoba;

"**Element LP Promissory Note**" means the promissory note in the aggregate amount of $1,200,000 from Element LP in favour of the Element LP Unitholders or Associated or Affiliates thereof, which will be repaid by Element LP immediately following the Closing;

"**Element LP Purchase Agreement(s)**" means the agreement(s) between the Partnership and the Element LP Unitholder(s) pursuant to which, among other things, the Element LP Unitholders agreed to sell to the Partnership, and the Partnership agreed to purchase, from the Element LP Unitholders, all of the Element LP Unit(s) for a purchase price per Element LP Unit equal to the Element LP Unit Purchase Price;

"**Element LP Purchase Price**" means the Aggregate Element LP Purchase Price divided by 2,000, being the number of issued and outstanding Element LP Units;

"**Element LP Unitholders**" means the holders of Element LP Units;

"**Element LP Unit(s)**" means limited partnership unit(s) of Element LP;

"**Element Phase I Property**" means the forty (40) unit multi-family rental apartment property located at 85 Fiorentino Street in Winnipeg, Manitoba;

"**Element Phase II Property**" means the seventy-two (72) unit multi-family rental apartment property located at 30 El Tassi Drive in Winnipeg, Manitoba;

"**Element Properties**" or "**Element Property**" means, collectively, the Element Phase I Property and the Element Phase II Property;

"**Element Property Appraisal**" means the appraisal conducted by the Element Property Appraiser with respect to the value of the Element Properties, effective as at July 20, 2021;

"**Element Property Appraised Value**" means $27,410,000, being the fair market value of the Element Properties set forth in the Element Property Appraisal;

"**Element Property Appraiser**" means Colliers International Valuation & Advisory Services;

"**Equity Incentive Plan**" means the equity incentive plan of the REIT dated April 30, 2021;

"**Escrow Agent**" means TSX Trust Company, in its capacity as escrow agent under the Escrow Agreements;

"**Escrow Agreement – Element**" means the escrow agreement to be entered into on Closing among the REIT, the Escrow Agent and the former Element LP Unitholders who receive Exchangeable Units pursuant to the Element Acquisition;

"**Escrow Agreement - IPO**" means the escrow agreement dated September 4, 2020 among the REIT, the Escrow Agent and the Seed Unitholders;

"**Escrow Agreement – Qualifying Transaction**" means the escrow agreement dated as of April 30, 2021 among the REIT, the Escrow Agent and certain holders of Exchangeable Units and REIT Units who were former limited partners of Brio LP;

"**Exchange Agreement**" means the exchange agreement dated April 30, 2021 entered into by or on behalf of the REIT, the Partnership and the holders of Exchangeable Units, as may be amended from time to time;

"**Exchange Rights**" means the right of holders of Exchangeable Units to exchange such Exchangeable Units for Trust Units in accordance with the Partnership Agreement and the Exchange Agreement;

"**Exchangeable Unit**" means a Class B limited partnership unit of the Partnership, exchangeable on a one-for-one basis (subject to customary anti-dilution adjustments) for a Trust Unit of the REIT at the election of the holder thereof;

"**Fiscal Year**" means the fiscal year of the REIT ending December 31;

"**GAAP**" means Canadian generally accepted accounting principles, consistently applied and, in respect of the REIT, means IFRS;

"**Gross Book Value**" means, at any time, the greater of: (a) the value of the assets of the Trust and its consolidated subsidiaries, as shown on its then most recent consolidated balance sheet 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;

"**IFRS**" means International Financial Reporting Standards;

"**Independent Trustees**" means, at a particular time, those Trustees who are independent within the meaning of National Instrument 58-101 - *Corporate Governance Disclosure Practices* at such time;

"**Insider**" has the meaning set forth under *The Securities Act* (Manitoba) and the rules and regulations made thereunder, including Nation Instrument 55-104 – *Insider Reporting Requirements and Exemptions*

"**IPO**" means the initial public offering of Trust Units which closed on September 22, 2020;

"**Kenwood**" or "**Kenwood Property**" means the 103 unit multi-family rental apartment property known as "Kenwood Court" located at 333-337 Warde Avenue in Winnipeg, Manitoba;

"**Kenwood GP**" means Marwest Apartments I G.P. Ltd., a corporation incorporated under *The Corporations Act* (Manitoba), the general partner of Kenwood LP and a wholly-owned subsidiary of the Partnership;

"**Kenwood LP**" means Marwest Apartments I L.P., a limited partnership formed under the laws of Manitoba and a wholly-owned subsidiary of the Partnership;

"**Limited Partnership Agreement**" or "**Partnership Agreement**" means the limited partnership agreement dated as of April 19, 2021 between MAR REIT GP Inc., as general partner, and the REIT, as initial limited partner, pursuant to which the Partnership was formed as a limited partnership under the laws of the province of Manitoba and to which the holders of Exchangeable Units have agreed to be bound as limited partners;

"**Majority of the Minority Approval**" means, in respect of the Element Acquisition Resolution, a majority of the votes cast at the Meeting by Disinterested Unitholders in respect of such resolution who are present or represented by proxy at the Meeting;

"**Management Agreement**" means the asset management and property management agreement dated April 30, 2021 between the REIT, the Partnership and the Manager pursuant to which the Manager is engaged by the REIT and the Partnership to provide Asset Management Services and Property Management Services, subject to the right to delegate such services to an Affiliate;

"**Management Nominees**" means, Mr. James Green or, failing him, Mr. Jason Pellaers, the individuals nominated by management of the REIT to serve as proxy for Unitholders at the Meeting;

"**Manager**" means Marwest Asset Management Inc. in its capacity as the manager of the REIT pursuant to the Management Agreement;

"**Marwest Asset Management Group**" means, for the purposes of the Management Agreement, the Manager and its Affiliates and the individuals who control the Manager and its Affiliates, being William Martens, Armin W. Martens, Cornelius W.V. Martens and Karl Martens, their immediate family members and Associates of any of the foregoing;

"**Meeting**" means the special meeting of the Unitholders to be held on November [12], 2021 or any adjournment thereof;

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

"**Non-Resident**" means any person that is neither a resident of Canada nor a Canadian partnership for the purposes of the Tax Act;

"**Notice of Meeting**" means the notice of the Meeting dated October 11, 2021 accompanying this Circular;

"**Open Ended Trust**" means an *inter vivos* trust the interest of each beneficiary under which is described by reference to units of the trust which qualifies as a "unit trust" under paragraph 108(2)(a) of the Tax Act.

"**Partnership**" means MAR REIT LP, a limited partnership under the laws of Manitoba pursuant to the Limited Partnership Agreement;

"**Person**" includes any individual, firm, partnership, limited partnership, limited liability partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, trust, unincorporated association or organization, governmental authority, syndicate or other entity, whether or not having legal status;

"**Property**" or "**Properties**" means any property or properties owned directly or indirectly by the REIT from time to time or a particular property or properties owned directly or indirectly by the REIT as the context requires;

"**Property Management Services**" means the property management services to be provided by the Manager to the REIT and its Affiliates pursuant to the Management Agreement;

"**Proxy**" means the form of proxy accompanying this Circular for use by Unitholders which may be completed, dated, signed and delivered by or on behalf of a Unitholder to the registrar and transfer agent, as specified in the Notice of Meeting;

"**Qualifying Transaction**" means the REIT's qualifying transaction which was completed on April 30, 2021 comprised of, among other things, the REIT's private placement of 1,000,000 Trust Units for gross proceeds of $1,000,000 and the REIT's indirect acquisition of the Brio Properties and the Kenwood Property through the Partnership's acquisition of all of the issued and outstanding limited partnership units of Brio LP and Kenwood LP;

"**Record Date**" means October 11, 2021, being the date determined by the REIT for determining the Unitholders entitled to receive notice of and to attend and vote at the Meeting;

"**REIT**" or "**Trust**" means Marwest Apartment Real Estate Investment Trust, a trust governed under the laws of the Province of Manitoba pursuant to the Declaration of Trust;

"**REIT Exception**" has the meaning ascribed to it under "*Principal Canadian Federal Income Tax Considerations – The SIFT Rules*" in the QT Information Circular;

"**Registered Plan(s)**" means any trust(s) governed by a registered retirement savings plan, registered retirement income fund, a registered disability savings plan, a registered education savings plan, deferred profit sharing plan or tax-free savings account, each as more particularly defined and/or described in the Tax Act;

"**Resident**" means a person who is not a Non-Resident;

"**Restricted Units**" means restricted units of the REIT which are issuable only to individuals who serve as officers of the REIT from time to time and which entitle the holder thereof to receive one (1) Trust Unit upon the vesting thereof, or cash in lieu thereof, in accordance with the terms and conditions of the Equity Incentive Plan;

“**Securities-Based Compensation Component**” means the component of the Equity Incentive Plan which provides for the creation and awarding of Deferred Units and/or Restricted Units;

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval;

“**Seed Unitholders**” means the holders of the Seed Units;

“**Seed Units**” means the 800,000 Units issued to the Seed Unitholders prior to the IPO;

“**Short Form Prospectus**” means the short form prospectus of the REIT dated August 3, 2021 pursuant to which the REIT issued an aggregate of 4,271,891 offered units, each offered unit comprised of one (1) Trust Unit and one (1) Warrant for aggregate gross proceeds to the REIT of approximately $4,700,000 and, where the context requires, includes all documents incorporated by reference therein;

“**SIFT Rules**” has the meaning ascribed to it under “*Principal Canadian Federal Income Tax Considerations – The SIFT Rules*” in the QT Information Circular;

“**SIFT Tax**” means the tax payable pursuant to section 122 of the Tax Act by a “SIFT Trust” or pursuant to section 197 of the Tax Act by a “SIFT partnership”;

“**SIFT Trust**” has the meaning ascribed to it under “*Principal Canadian Federal Income Tax Considerations – The SIFT Rules*” in the QT Information Circular;

“**Special Voting Unit(s)**” means non-participating special voting unit(s) of the REIT and, for greater certainty, does not mean Trust Unit(s);

“**Subsidiary**” includes, with respect to any person, any company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such person;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

“**Taxation Year**” means the taxation year of the REIT for the purposes of the Tax Act;

“**Transfer Agency Services Agreement**” means the transfer agency services agreement between the REIT and the Transfer Agent dated September 4, 2020;

“**Transfer Agent**” means TSX Trust Company, in its capacity as transfer agent of the Units;

“**Trustee(s)**” means, at a particular time, the trustee(s) of the REIT at such time;

“**Trust Property**” means any and all property of the Trust;

“**Trust Unit(s)**” means a Class A participating voting unit(s) of the REIT and, for greater certainty, does not include Special Voting Unit(s);

“**TSXV**” means the TSX Venture Exchange Inc.;

“**TSXV Policy 5.9**” or “**Policy 5.9**” means TSX Venture Exchange Policy 5.9 - *Insider Bids, Issuer Bids, Business Combinations and Related Party Transactions*;

“**Unit(s)**” means Trust Unit(s) and, where the context requires, Special Voting Unit(s);

“**Unitholder(s)**” means the holder(s) of Trust Units and, where the context requires (including as it relates to the right to receive notice of, attend and vote at a meeting), the holder(s) of Special Voting Units;

“**Warrant**” means a Trust Unit purchase warrant, issued pursuant to the Warrant Indenture, giving the holder thereof the right to purchase one Trust Unit at any time up to August 10, 2022; and

“**Warrant Indenture**” means the warrant indenture dated August 10, 2021 between the REIT and TSX Trust Company providing for the creation and issuance of Warrants.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Circular from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the REIT at 500 – 220 Portage Avenue, Winnipeg, Manitoba R3C 0A5, telephone (204) 947-1200 and are also available electronically at www.sedar.com.

Except to the extent that their contents are modified or superseded by a statement contained in this Circular or in any other subsequently filed document that is also incorporated by reference in this Circular, the following documents, filed with applicable securities regulatory authorities in Canada, are specifically incorporated by reference herein and form an integral part of this Circular:

(a) the Short Form Prospectus;

(b) the REIT's annual financial statements for the fiscal period commencing July 2, 2020 and ended December 31, 2020, together with the notes thereto and the auditors' report thereon;

(c) the REIT's management discussion and analysis for the fiscal period commencing July 2, 2020 and ended December 31, 2020;

(d) the REIT's interim financial statements for the interim period ended June 30, 2021, together with the notes thereon;

(e) the REIT's management discussion and analysis for the interim period ended June 30, 2021;

(f) the REIT's QT Information Circular which was prepared and sent to Unitholders in connection with the annual and special meeting of Unitholders held on April 30, 2021;

(g) the REIT's material change report dated February 24, 2021 announcing the REIT's agreement in principle relating to the Qualifying Transaction;

(h) the REIT's material change report dated May 3, 2021 relating to the closing of the Qualifying Transaction;

(i) the REIT's material change report dated August 10, 2021 relating to the closing of the offering of offered units comprised of Trust Units and Warrants pursuant to the Short Form Prospectus;

(j) the REIT's material change report dated October 4, 2021 relating to the entering into of the Element LP Purchase Agreements;

(k) the REIT's business acquisition report dated May 3, 2021 relating to the REIT's acquisition of Kenwood LP and Brio LP on April 30, 2021 pursuant to the Qualifying Transaction;

(l) the template version of the investor presentation dated July 2021 used in connection with the REIT's public offering of offered units comprised of Trust Units and Warrants (the "**Investor Presentation**"); and

(m) the template version of the term sheet dated July 2021 used in connection with the REIT's public offering of offered units comprised of Trust Units and Warrants.

Notwithstanding anything herein to the contrary, any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained herein which also is incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue

statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular.

FORWARD-LOOKING STATEMENTS

This Circular contains forward-looking information within the meaning of applicable securities laws. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “does not expect”, “is expected”, “estimates”, “intends”, “anticipates”, “does not anticipate”, or “believes”, or variations of such words and phrases, or states that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken to occur or be achieved. Forward-looking information may include financial and other projections, as well as statements regarding future plans, objectives or economic performance, or the assumptions underlying any of the foregoing.

This forward-looking information is not based on historical facts, but, rather, on the expectations of the REIT regarding future growth, its results of operations, performance and business prospects and opportunities. Such forward-looking information reflects the current beliefs of the REIT, based on information currently available to it and is also based, in part, on certain assumptions made by the REIT, including, but not limited to, assumptions relating to:

- interest rates;
- the availability of credit markets to the REIT;
- inflationary pressures;
- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada or other jurisdictions in which the REIT may own properties;
- the REIT achieving, sustaining or increasing profitability and its ability to raise additional capital to fund operations;
- the REIT’s ability to pay distributions;
- the Manager and the REIT being able to attract and retain key personnel;
- the REIT being able to acquire any additional properties in furtherance of its mandate and effectively integrate such acquisitions;
- occupancy levels of the REIT’s properties;
- the real estate industry generally (including liquidity of real estate investments, competition, government regulation, environmental matters, and costs and expenses);
- the tax treatment of the REIT remaining constant;
- the REIT not becoming subject to any material legal proceedings; and
- the impact of COVID-19 on the REIT, its properties and its tenants, as well as the overall economy in the markets where the REIT’s properties are located.

In addition, the REIT's estimate of run-rate AFFO per Trust Unit that was set forth in the Short Form Prospectus was made as at the date of the Short Form Prospectus and was based on the assumptions disclosed in the Short Form Prospectus under the heading "*Use of Proceeds*".

The REIT estimate of run-rate AFFO per Trust Unit set forth in the Circular under the heading "*Information Concerning the REIT following the Completion of the Element Acquisition – Impact of the Element Acquisition on the REIT*" assumes, among other things, that: (i) Unitholders will approve the Element Acquisition Resolution by Majority of Minority Approval; (ii) the Element Acquisition will be completed on or about November 15, 2021 or in any event prior to the end of 2021.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the REIT to differ materially from any future results, performance or achievements expressed or implied by the forward-looking information. Actual results, performance or achievement could differ materially from that expressed in, or implied by, any forward-looking information contained in or incorporated by reference in this Circular, and, accordingly, Unitholders should not place undue reliance on any such forward-looking information. In particular, the REIT's estimate of its run-rate AFFO per Trust Unit set out under "*Use of Proceeds*" in the Short Form Prospectus and in this Circular are subject to a number of risks including the risk that one or more of the assumptions underlying the REIT's estimate prove to be incorrect. Certain factors that may affect the future results, performance or achievements of the REIT are referenced or summarized in the Short Form Prospectus under the heading "*Risk Factors*" and in this Circular under the heading "*Information Concerning the REIT After Giving Effect to the Element Acquisition – Risk Factors*". Further, any forward-looking information speaks only as of the date on which such statement is made and the REIT undertakes no obligation to update any forward-looking information to reflect the occurrence of unanticipated events, except as required by law including applicable securities laws. New factors emerge from time to time and the importance of current factors may change from time to time and it is not possible for management of the REIT to predict all of such factors, changes in such factors and to assess in advance the impact of each such factor on the business of the REIT, respectively, or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking information contained or incorporated by reference in this short form prospectus.

INFORMATION CONTAINED IN THIS CIRCULAR

The information contained in this Circular is given as at the date hereof, except where otherwise noted.

No Person has been authorized to give any information or to make any representation in connection with the proposed Element Acquisition described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by the REIT or Element LP and should not be relied upon.

The information concerning the REIT contained in this Circular has been provided by the REIT. Although neither Element LP and Element GP has no specific knowledge that would indicate that any of such information is untrue or incomplete, neither assumes any responsibility for the accuracy or completeness of such information or the failure by the REIT to disclose any facts which may affect the completeness or accuracy of such information but which are unknown to Element LP.

The information concerning Element LP, Element GP and the Element Properties contained in this Circular has been provided by Element GP on behalf of Element LP. Although the REIT has no specific knowledge that would indicate that any of such information is untrue or incomplete, the REIT assumes no responsibility for the accuracy or completeness of such information or the failure by Element LP or Element GP to disclose any facts which may affect the completeness or accuracy of such information but which are unknown to the REIT.

Except as referenced below, all financial information in this Circular has been prepared in accordance with IFRS. The financial year end for each of the REIT and Element LP is December 31.

In this Circular (including documents incorporated by reference herein), the REIT uses certain real estate industry metrics, including "run-rate AFFO", "Price / FFO", "Price / AFFO", "AFFO Payout", "Debt/GBV", "NAV", "NOI" and "Premium (Discount) to NAV", to measure, compare and explain its operating results and financial performance. These measures are commonly used by entities in the real estate industry as useful metrics for measuring performance. However, they do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other publicly traded entities. These measures should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS.

This Circular does not constitute the solicitation of an offer to purchase any securities by any Person in any jurisdiction.

Information contained in this Circular should not be construed as legal, tax or financial advice and readers are urged to consult their own professional advisers in connection therewith.

Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

SUMMARY OF THE INFORMATION CIRCULAR

The following is a summary of information relating to the REIT, Element LP and the Element Properties, including information concerning the REIT assuming: (i) the approval of the Element Acquisition Resolution at the Meeting; and (ii) the completion of the Element Acquisition and should be read together with the more detailed information and financial data and statements contained elsewhere in this Information Circular or incorporated herein by reference. Capitalized terms are defined in the Glossary.

The Meeting

The Meeting will be held at the offices of MLT Aikins LLP in Winnipeg, Manitoba at 1:00 p.m. (Winnipeg Time) on the 12th day of November, 2021. At the Meeting, Unitholders will be asked to consider and, if deemed advisable, pass the Element Acquisition Resolution authorizing the Element Acquisition.

The Element Acquisition is a "related party transaction" within the meaning of MI 61-101 and TSXV Policy 5.9. Accordingly, each of the foregoing resolutions requires Majority of the Minority Approval, as more particularly described herein.

The Proposed Element Acquisition

Element LP Purchase Agreements

The Element LP Purchase Agreements were entered into on September 23, 2021 by and among the REIT, the Partnership, the Element LP Unitholders and the shareholders of Element GP, pursuant to which the Partnership agreed to acquire all of the Element LP Units held by each Element LP Unitholder for the applicable Element LP Purchase Price and all of the issued and outstanding shares of Element GP for nominal consideration.

Element LP is a limited partnership formed under the laws of Manitoba. Element LP's sole business is the ownership and operation of the Element Properties which comprise a total of 112 multi-family residential units located in Winnipeg, Manitoba.

The Aggregate Element LP Purchase Price is an amount equal to the aggregate purchase price in respect of all of the outstanding Element LP Units, in an amount equal to $27,000,000, less (i) the aggregate mortgage indebtedness of Element LP, including accrued interest, as at Closing; and (ii) any other indebtedness or liabilities of Element LP or relating to the Element Property as at Closing, including loans to current limited partners or their Associates or Affiliates outstanding at Closing, currently estimated to be $1,200,000 under the Element LP Promissory Note; and (iii) any unpaid payables relating to the construction of the Element Property, subject to any other reasonable adjustments that the Partnership and the holders of Element LP Units may agree to on Closing.

Assuming that the Element Acquisition closes on November 15, 2021, the Aggregate Element Purchase Price is currently estimated to be $2,368,393 and will be satisfied by way of cash of $1,184,197 and $1,184,196 in Exchangeable Units (i.e. 1,029,736 Exchangeable Units priced at $1.15 per Exchangeable Unit).

The anticipated purchase price of $2,368,393 is calculated by deducting the following from the $27,000,000 value of the Element Properties:

(a) mortgages and accrued interest of $23,431,607; and

(b) $1,200,000 under the Element LP Promissory Note.

The REIT is anticipating that all construction payables that Element LP is responsible for, which would adjust the purchase price in favour of the Partnership will be fully paid by Element LP at the anticipated time of Closing on November 15, 2021.

The REIT and the Partnership have agreed to cause Element LP to repay the $1,200,000 anticipated to be owed under the Element LP Promissory Note to Element LP Unitholders or their Affiliates or Associates immediately following the Closing.

The Exchangeable Units issued pursuant to the Element Agreement will be issued at a price equal to $1.15 per Exchangeable Unit and will be accompanied by an equivalent number of Special Voting Units issued by the REIT for no additional consideration. To the extent elected by Element LP Unitholders who receive Exchangeable Units as a portion of the Element LP Purchase Price, the sale and purchase of the applicable Element LP Units will be made pursuant to section 97 of the Tax Act and as such, will be sold by the applicable Element LP Unitholder on a tax deferred basis.

Related Party Transaction

The proposed Element Acquisition is a "related party transaction" within the meaning of MI 61-101 and TSXV Policy 5.9. Accordingly, the completion of the Element Acquisition is subject to the Element Acquisition Resolution receiving Majority of Minority Approval.

See "*Particulars of Matters to be Acted Upon – Approval of Element Acquisition Resolution*".

MANAGEMENT INFORMATION CIRCULAR
GENERAL PROXY MATTERS

Management Solicitation

This Information Circular is furnished in connection with the solicitation of proxies by the management of the REIT for use at the Meeting to be held at the offices of MLT Aikins LLP in Winnipeg, Manitoba at 1:00 p.m. (Winnipeg Time) on November 12, 2021, and any adjournment thereof.

This proxy solicitation is made by the management of the REIT.

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, telegraph or personal interview by officers of the REIT, at a nominal cost. In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Units held of record by such persons and the REIT may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the REIT.

Except as otherwise stated, the information contained herein is given as of the date of this Information Circular.

Appointment of Proxies

Accompanying this Information Circular is the Proxy for use by the Unitholders in connection with the Meeting. The persons named in the attached proxies are two of the current Independent Trustees of the REIT (in such capacity, the "**Management Nominees**").

A Unitholder has the right to designate a person (who need not be a Unitholder) other than the Management Nominees to represent him or her at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the Proxy the name of the person to be designated and striking out the names of the Management Nominees, or by completing another proper instrument of proxy. Such Unitholder should notify the nominee of the appointment, obtain his or her consent to act as proxy and should provide instructions on how the Unitholder's Units are to be voted. In any case, an instrument of proxy should be dated and executed by the Unitholder or an attorney authorized in writing, with proof of such authorization attached where an attorney has executed the instrument of proxy.

Each person who is a holder of record of Units at the close of business on the Record Date is entitled to receive notice of, and to attend and vote at, the Meeting and any adjournment thereof.

Unitholders unable to attend the Meeting in person are requested to read the accompanying Information Circular and the Proxy and to complete, sign and date the appropriate proxy together with the power of attorney or other authority, if any, under which it was signed or a notarially certified copy thereof and deposit the documents with the REIT's transfer agent, TSX Trust Company. To be effective, the Proxies must be received by TSX Trust Company not later than 1:00 p.m. (Winnipeg Time) on November 10, 2021 or, if the Meeting is adjourned, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the adjourned meeting, or any further adjournment thereof. Unregistered Unitholders who received a proxy through an intermediary must deliver their Proxy in accordance with the instructions given by such intermediary.

Revocation of Proxies

A proxy given by a Unitholder for use at the Meeting may be revoked at any time prior to its use. In addition to revocation in any other manner permitted by law, a Proxy may be revoked by an instrument in writing executed by the Unitholder or by his or her attorney authorized in writing or, if the Unitholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the head office of the REIT at any time up to and including the last business day preceding the day of the applicable meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of such meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits the proxy is revoked. The head office of the REIT is located at Suite 500-220 Portage Avenue, Winnipeg Manitoba R3C 0A5.

Advice to Beneficial Unitholders

The information set forth in this section is of significant importance to Unitholders who do not hold Units in their own name ("**Beneficial Unitholders**"). Beneficial Unitholders should note that only proxies deposited by Unitholders whose name appears on the records of the REIT as the registered holder of Units can be recognized and acted upon at the Meeting. If Units are listed in an account statement provided to a Unitholder by a broker, then in almost all cases, those Units will not be registered in the Unitholders' name on the records of the REIT. Such Units will more likely be registered in the name of the Unitholder's broker or the agent of that broker. Units held by brokers or their agents can only be voted (for or against resolutions) upon the instructions of the Beneficial Unitholder. Without specific instructions, brokers or agents for that broker are prohibited from voting Units for their clients. **Therefore, Beneficial Unitholders should ensure that instructions respecting the voting of their Units are properly communicated to the appropriate person**.

Applicable laws and policy require intermediaries and brokers to send voting instructions to Beneficial Unitholders in advance of meetings of Unitholders. Every intermediary and broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Unitholders to ensure that their Units are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Unitholder by its broker is identical to the form of Proxy provided to registered Unitholders; however, its purpose is limited to instructing the registered Unitholders on how to vote on behalf of the Beneficial Unitholders. A Beneficial Unitholder receiving a proxy from an intermediary or broker cannot use that proxy to vote Units directly at the Meeting; rather, the proxy must be returned to the intermediary or broker well in advance of the Meeting in order to have the Units voted.

Although a Beneficial Unitholder may not be recognized directly at the Meeting for the purpose of voting Units registered in the name of the Beneficial Unitholders' broker (or agent of the broker), a Beneficial Unitholder may attend at the Meeting as proxyholder for the registered Unitholder to vote Units in that capacity. Beneficial Unitholders who wish to attend the Meeting and indirectly vote their Units as proxyholder for the registered Unitholder should enter their own names in the blank space on the form of proxy provided to them by their broker and return the same to their broker (or their broker's agent) in accordance with the instructions provided by such broker (or broker's agent) well in advance of the Meeting.

All references to Unitholders in this Information Circular and the accompanying Proxy and Notice of Meeting are references to Unitholders of record, unless specifically stated otherwise.

Provisions Relating to Voting of Proxies

The Trust Units represented by the Proxy will be voted by the designated holder in accordance with the direction of the Unitholder. **If there is no direction by the Unitholder, those Trust Units will be voted "FOR" the Element Acquisition Resolution**.

The Proxy confers discretionary authority upon the designated holder of the proxy to vote as they see fit with respect to any amendments or variations to matters identified in the Notice of Meeting or any other matters which may properly come before the applicable meeting. At the time of printing of this Information Circular, management of the REIT knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting. If such should occur, the Management Nominees will vote the Trust Units represented by the proxy "FOR" each matter identified in the proxy and for the nominees for Trustees and auditor.

Voting Securities

The REIT is authorized to issue an unlimited number of Trust Units and an unlimited number of Special Voting Units. As of the Record Date, there were 8,831,564 Trust Units and 9,843,434 Special Voting Units issued and outstanding. All issued and outstanding Trust Units of the REIT carry the right to one vote.

Record Date

The Record Date for determination of Unitholders entitled to receive notice of and to attend and vote at the Meeting is October 11, 2021. Only Unitholders whose names have been entered in the register of Trust Unitholders and holders of Special Voting Units at the close of business on the Record Date will be entitled to receive notice of and vote at the Meeting.

Principal Holders of Securities

To the knowledge of the Trustees and executive officers of the REIT, as of the Record Date, no person beneficially owned, directly or indirectly, or exercised control or direction 10% or more of the issued and outstanding Units of the REIT.

Interests of Certain Persons or Companies in Matters to be Acted Upon

An aggregate of 1,000 Element LP Units, or 50% of the outstanding Element LP Units are owned by certain Associates or Affiliates of Trustees or officers of the REIT or of the Manager (or other Persons with an interest in the Manager). For further particulars, see "*Particulars of Matters to be Acted Upon – Approval of the Element Acquisition Resolution – Related Party Transaction*".

Marwest Asset Management Inc., referred to herein as the Manager, is the exclusive asset and property manager of the REIT, the REIT's subsidiary entities and the properties owned by them from time to time, with the right to delegate to an Affiliate. The Manager is indirectly owned and controlled by: (i) William Martens, CEO of the REIT; (ii) Armin W. Martens, Executive Vice-President of the REIT; (iii) Cornelius W.V. Martens, a director and executive officer; (iv) Karl Martens, an executive officer and a relative of William Martens, Armin W. Martens and Cornelius W.V. Martens; and (v) family holding corporations and family trusts that are Associates of the foregoing individuals.

PARTICULARS OF MATTERS TO BE ACTED UPON

Approval of the Element Acquisition Resolution

Background

The REIT is focused on identifying target properties that fit its investment mandate to add to its portfolio. During the identification process the REIT considered potentially acquiring properties other than the Element Property and ultimately determined to proceed with the Element Acquisition on the terms and conditions described in this Circular.

The Independent Trustees reviewed, negotiated and approved the Element Acquisition independently from management of the REIT who own or control Element LP Units. See "*Particulars of Matters to be Acted Upon – Approval of the Element Acquisition Resolution – Board Approval Process*".

Particulars of the Element Acquisition

Pursuant to the Element Acquisition, the REIT will indirectly acquire, through the Partnership, all of the issued and outstanding Element LP Units for the Element Property Purchase Price.

Assuming that the Element Acquisition closes on November 15, 2021, the Aggregate Element Purchase Price is currently estimated to be $2,368,393 and will be satisfied by way of cash of $1,184,197 and $1,184,196 in Exchangeable Units (i.e. 1,029,736 Exchangeable Units priced at $1.15 per Exchangeable Unit).

The anticipated purchase price of $2,368,393 is calculated by deducting the following from the $27,000,000 value of the Element Properties:

(a) mortgages and accrued interest of $23,431,607; and

(b) $1,200,000 owing under the Element LP Promissory Note.

The REIT is anticipating that all construction payables that Element LP is responsible for, which would adjust the purchase price in favour of the Partnership will be fully paid by Element LP at the anticipated time of Closing on November 15, 2021.

The REIT and the Partnership have agreed to cause Element LP to repay the $1,200,000 anticipated to be owed under the Element LP Promissory Note to Element LP Unitholders or their Affiliates or Associates immediately following the Closing.

The guarantees of existing mortgage indebtedness given by the holders of Element LP Units whose Element LP Units are purchased by the Partnership will remain in place immediately following the closing of the Element Acquisition. The Partnership will provide its own guarantee of such mortgage indebtedness and, in addition, the REIT and the Partnership will jointly and severally indemnify the holders of Element LP Units in respect of their guarantees of such mortgage indebtedness to the extent that such guarantees are not discharged following the closing of the Element Acquisition.

Related Party Transaction

Consideration

The proposed Element Acquisition involves the REIT's indirect purchase, through the Partnership, of all of the outstanding Element LP Units for a purchase price that is anticipated to be $2,368,393, assuming the Closing occurs on November 15, 2021. The details of the purchase price calculation is set forth below under "*Particulars of Matters to be Acted Upon – Approval of Element Acquisition Resolution - Particulars of the Element Acquisition*".

Purpose of the Element Transaction

The REIT and its Trustees believe that the Element Acquisition will assist the REIT in achieving its objectives, which are (a) to grow Unitholder value through capital investment strategies, and active asset and property management; (b) to provide Unitholders with stable and predictable cash distributions that grow over the long term; and (c) to grow the REIT's asset base across strategic markets through intensification and acquisition programs. See "*Particulars of Matters to be Acted Upon – Approval of the Element Acquisition Resolution – Board Approval Process*" below.

Trading in Securities to be Acquired

Element LP is a private issuer and the Element LP Units are not listed or quoted for trading on any stock exchange, quotation system or other public market. The Element Acquisition does not involve the acquisition or transfer of any of the current outstanding Trust Units, Exchangeable Units and Special Voting Units.

Ownership of Securities

The number of Trust Units, Exchangeable Units and Special Voting Units currently beneficially owned or over which control or direction is exercised by the Trustees and officers of the REIT and their Associates is set forth under "*Information Concerning the REIT – Trustees and Officers*". The number of Trust Units, Exchangeable Units and Special Voting Units anticipated to be beneficially owned or over which control or direction is exercised by the Trustees and officers of the REIT and their Associates following Closing is set forth under "*Information Concerning the REIT After Giving Effect to the Element Acquisition – Ownership of Securities by Trustees and Officers*".

The following is a summary of the interests of "interested parties" (within the meaning of MI 61-101 and TSXV Policy 5.9) in respect of the Element Acquisition and their "associated entities" (within the meaning of MI 61-101) and other Element LP Unitholders and the anticipated effect of the Element Acquisition on the percentage of Trust Units and Special Voting Units beneficially owned or controlled by such persons, based upon the anticipated purchase price on the date hereof:

(i) WCM Holdings Inc., a corporation owned and controlled by Mr. William Martens, CEO and a Trustee of the REIT, owns 125 Element LP Units, or 6.25% of the outstanding Element LP Units. It is expected to receive 128,717 Exchangeable Units, each accompanied by a Special Voting Unit, in connection with the Element Acquisition, which would result in Mr. William Martens and his associated entities beneficially owning an aggregate of 180,000 Trust Units, 1,177,519 Exchangeable Units and 1,177,519 Special Voting Units, representing beneficial ownership and control 6.90% of the equity securities of the REIT and the Partnership and 6.89% of the outstanding voting securities of the REIT;

(ii) Zugspitze Holdings Ltd., a corporation owned and controlled by Mr. Armin W. Martens, Executive Vice-President of the REIT, owns 250 Element LP Units, or 12.5% of the issued and outstanding Element LP Units. It is expected to receive 257,434 Exchangeable Units, each accompanied by a Special Voting Unit, in connection with the Element Acquisition, which would result in Mr. Armin W. Martens and his associated entities beneficially owning an aggregate of 180,000 Trust Units, 426,399 Exchangeable Units and 426,399 Special Voting Units, representing beneficial ownership and control 3.08% of the equity securities of the REIT and the Partnership and 3.08% of the outstanding voting securities of the REIT. In addition, Mr. Armin W. Martens is one of several beneficiaries under a discretionary family trust established by a family member which indirectly owns and controls 168,965 Exchangeable Units and 168,965 Special Voting Units;

(iii) TALL Family Holdings Inc., a corporation controlled by Mr. Cornelius W.V. Martens, a director and officer of Marwest Asset Management Inc., the Manager, and owned by his associated entities, owns 250 Element LP Units, or 12.5% of the outstanding Element LP Units. It is expected to receive 257,434 Exchangeable Units, each accompanied by a Special Voting Unit, in connection with the Element Acquisition, which would result in Mr. Cornelius W.V. Martens and his associated entities beneficially owning an aggregate of 180,000 Trust Units, 257,434 Exchangeable Units and 257,434 Special Voting Units, representing beneficial ownership and control 2.22% of the equity securities of the REIT and the Partnership and 2.22% of the outstanding voting securities of the REIT;

(iv) Jakorp Investments Inc., a corporation owned and controlled by Mr. Karl Martens, a director and officer of the Manager, owns 250 Element Units, or 12.5% of the outstanding Element LP Units. It is expected to receive 257,434 Exchangeable Units, each accompanied by a Special Voting Unit, in connection with the Element Acquisition, which would result in Mr. Karl Martens and his associated entities beneficially owning an aggregate of 180,000 Trust Units, 426,399 Exchangeable Units and 426,399 Special Voting Units, representing beneficial ownership and control 3.08% of the equity securities of the REIT and the Partnership and 3.08% of the outstanding voting securities of the REIT; In addition, Mr. Karl Martens is one of several beneficiaries under a discretionary family trust established by a family member which indirectly owns and controls 168,965 Exchangeable Units and 168,965 Special Voting Units;

(v) VEM Holdings Inc., a corporation owned and controlled by Mr. Victor Martens, a family member of the foregoing individuals who owns and controls a corporation that has indirect beneficial interest in the Manager, owns 125 Element LP Units, or 6.25% of the outstanding Element LP Units. It is expected to receive 128,717 Exchangeable Units, each accompanied by a Special Voting Unit, in connection with the Element Acquisition, which would result in Mr. Victor Martens and his associated entities beneficially owning an aggregate of 2,500 Trust Units, 1,093,036 Exchangeable Units and 1,093,036 Special Voting Units, representing beneficial ownership and control 5.57% of the equity securities of the REIT and the Partnership and 5.56% of the outstanding voting securities of the REIT; and

(vi) Unison Homes Ltd. is a vendor that owns 1,000 Element LP Units, or 50% of the outstanding Element LP Units. Unison Homes is affiliated with 2323810 Alberta Ltd. and Banded Peak Holdings Ltd., each of which owns 844,827 Exchangeable Units and 844,827 Special Voting Units. Unison Homes Ltd. will receive cash consideration pursuant to the Element Acquisition and will not acquire any additional Trust Units, Exchangeable Units or Special Voting Units pursuant to the Element Acquisition.

For a summary of votes attaching to Trust Units and Special Voting Units that will be excluded by the REIT for the purpose of determining whether the Element Acquisition Resolution receives Majority of Minority Approval, see "*Particulars of Matters to be Voted Upon – Approval of the Element Acquisition Resolution – Securities Eligible to Vote*".

Commitments to Acquire Securities of the REIT

To the knowledge of the Trustees and officers of the REIT, the REIT has no agreement, commitment or understanding to acquire any of its securities.

Element LP Purchase Agreements

Each of the Element LP Unitholders, including the Associates of the officers of the REIT and of the Manager identified above under "*Particulars of Matters to be Acted Upon – Approval of Element Acquisition Resolution – Related Party Transactions – Ownership of Securities*."

Benefits of the Element Acquisition

The Associates of the officers (and in the case of William Martens, a Trustee) of the REIT and of the Manager who are Element LP Unitholders will benefit from the Element Acquisition by virtue of receiving Exchangeable Units (accompanied by Special Voting Units). The officers (and in the case of William Martens, a Trustee) of the REIT and of the Manager, and their Associates which beneficially own the shares of the Manager, will also indirectly benefit through the payment by the REIT of the Acquisition Fee payable under the Management Agreement in respect of the Element Acquisition as well as the ongoing fees payable to the Manager under the Management Agreement.

Material Changes in the Affairs of the REIT

There are no plans or proposals for material changes in the affairs of the REIT.

Arrangements between the REIT and its Securityholders

Other than the satisfaction of the Element LP Purchase Price, the repayment of the Promissory Note and the indemnification by the REIT and the Partnership of the Element LP Unitholders or their Associates or Affiliates in respect of their guarantees of the mortgage indebtedness secured against the Element Properties which will remain in place for a period of time following Closing, there are no agreements, commitments or understandings between the REIT, the Partnership or any securityholder thereof in respect of the Element Acquisition.

Previous Purchases and Sales

The REIT has not purchased any of its securities during the twelve (12) month period preceding the date of this Information Circular. For a summary of securities of the REIT sold during the twelve (12) month period preceding the date of this Information Circular, see "*Information Concerning the REIT – Prior Sales*".

Financial Statements

The most recently available financial statements and management discussion and analysis of the REIT for the six-month period ended June 30, 2021 are incorporated by reference in this Information Circular and will be sent without charge to any securityholder of the REIT who requests them. Copies of such documents are also available on the REIT's profile on SEDAR at www.sedar.com.

Valuation

Although no "formal valuation" of Element LP or the Element LP Units was obtained or required to be obtained in connection with the execution and delivery of the Element LP Purchase Agreements, the Element Property Appraisal, being an independent appraisal of the Element Property was obtained by the REIT, and reviewed and considered by the Independent Trustees in negotiating the Element LP Purchase Price.

The Aggregate Element LP Purchase Price is an amount equal to $27,000,000, less (i) the aggregate mortgage indebtedness of Element LP, including accrued interest, as at Closing; and (ii) any other indebtedness or liabilities of Element LP or relating to the Element Property as at Closing, including loans to current limited partners or their Associates or Affiliates outstanding at Closing, currently estimated to be $1,200,000 under the Element LP Promissory Note; and (iii) any unpaid payables relating to the construction of the Element Property, subject to any other reasonable adjustments that the Partnership and the holders of Element LP Units may agree to on Closing.

The REIT, through the Chair of the Board of Trustees, Luke Cain, obtained the Element Property Appraisal which is an independent third party appraisal of the Element Property which appraised the fair market value of the Element Property at $27,410,000 (on a debt free basis) as at July 20, 2021. The Element Property Appraisal was conducted by the Element Property Appraiser at the expense to the REIT of $2,625 inclusive of GST which was paid by the REIT. The Element Property Appraisal is subject to a number of qualifications and assumptions including the assumption that the Element Property is free and clear of any and all soil or other environmental contamination. The valuation of the Element Property is predicated on an exposure period of three to six months, assuming the basis of a transaction involved cash being paid to the vendor. The appraisal uses the direct income capitalization approach to estimate the market value of the Element Property, assuming stabilized net operating income of $1,370,614, a vacancy allowance of 1.5% and an overall capitalization rate of 5.00% to arrive at the appraised value of $27,410,000. A copy of the appraisal is available on the REIT's profile on SEDAR.

Prior Valuations

To the knowledge of the Trustees and officers of the REIT, other than the Element Property Appraisal, there are no prior valuations of the Element LP Units, Element LP or the Element Property within the 24 months prior to the date of this Circular.

Board Approval Process

Background to the Proposed Element Acquisition

The REIT was formed on July 2, 2020 and was listed as a "capital pool company" under TSXV Policy 2.4 – Capital Pool Companies following completion of its initial public offering on September 22, 2020. On April 30, the REIT completed the Qualifying Transaction, following which it was listed as a Tier 2 real estate issuer on the TSXV. The REIT's objectives of the REIT are: (a) to grow Unitholder value through capital investment strategies, and active asset and property management; (b) to provide Unitholders with stable and predictable cash distributions that grow over the long term; and (c) to grow the REIT's asset base across strategic markets through intensification and acquisition programs.

The REIT is managed by the Manager and Associates of the principals of the Manager have an interest in a number of multi-family properties that could be potentially acquired by the REIT.

Following the closing of the REIT's public offering of offered units comprised of Trust Units and Warrants, the Independent Trustees assessed which developed property or properties (or entities which owned such property or properties) that are indirectly owned by Associates of the principal of the Manager were available for acquisition and/or funding by the REIT using the net proceeds of such public offering.

On September 3, 2021, at a meeting of the Independent Trustees was held to consider two related party potential transactions, one of which was the Element Acquisition. After reviewing and considering the potential transactions (including the Element Property Appraisal), the Independent Trustees approved further approved the Element Acquisition and determined not to proceed with the other potential transaction at such time.

On September 23, 2021, after thorough review and careful consideration of the proposed Element Acquisition and a number of other factors, including those discussed below and having received the Element Property Appraisal and the advice of legal counsel to the REIT, the Independent Trustees unanimously determined that the proposed Element Acquisition is in the best interest of the REIT and recommended that the Board of Trustees approve the proposed Element Acquisition and recommend that Unitholders vote for the Element Acquisition Resolution at the Meeting.

On September 23, 2021, upon the recommendation of the Independent Trustees and after receiving advice from legal counsel to the REIT, the Board of Trustees (other than Mr. William Martens, Chief Executive Officer of the REIT who indirectly owns and controls Element LP Units and Mr. Cornelius Martens who also abstained from voting) unanimously determined the proposed Element Acquisition is in the best interests of the REIT, unanimously approved the proposed Element Acquisition and unanimously recommended that Unitholders vote in favour of the Element Acquisition Resolution at the Meeting.

On September 23, 2021, the Element LP Purchase Agreements were executed and delivered by and on behalf of all of the holders of Element LP Units, as well as by the REIT and the Partnership.

Review and Approval Process

The Board of Trustees is of the view that its review and approval process which resulted in the approval of the Element Acquisition appropriately managed the inherent conflicts of interests and resulted in the Independent Trustees and the Board of Trustees fairly considering the interests of Unitholders. The review and approval process included the following:

1. Independent Trustee Deliberations

   The Independent Trustees meet regularly to discuss the affairs of the REIT separate and apart from the management of the REIT. The Independent Trustees deliberated on the proposed Element Acquisition separately from management of the REIT, including at meetings held on September 3, 2021 and September 23, 2021.

2. Robust Consideration by Independent Trustees

   The Independent Trustees considered other alternatives to the Element Acquisition, including another transaction involving the potential acquisition of another multi-family property located in Winnipeg, Manitoba, as well as the status quo, and whether to pursue a third party acquisition.

3. Active Engagement

   The Independent Trustees were actively engaged, with the Chair of the Board of Trustees engaging the Element Property Appraiser on behalf of the REIT and the Independent Trustees discussing and deliberating the proposed terms and conditions of the Element Acquisition independently of members of REIT management who indirectly own and/or control Element LP Units, and with legal counsel to the REIT which resulted in deliberations that were free from interference, coercive conduct and undue influence by persons who had an actual or perceived material conflict of interest.

4. Negotiations

   The Independent Trustees took an active role in negotiating (and directing the negotiation of) the terms and conditions of the Element Acquisition.

5. Element Property Appraisal

   The Chair of the Board of Trustees retained the Element Property Appraiser on behalf of the REIT to prepare and deliver the Element Property Appraisal. The Element Property Appraisal provides that the fair market value of the Element Properties is $27,410,000 (on a debt-free basis). The Independent Trustees negotiated the Aggregate Element LP Purchase Price at $27,000,000, less outstanding indebtedness and liabilities, subject to other reasonably adjustments mutually agreed to by the holders of Element LP Units and the Independent Trustees on behalf of the REIT. Accordingly, the Board of Trustees are of the view that the Element Property Appraisal provides support for the Aggregate Element LP Purchase Price.

6. Legal Advice

   The Independent Trustees (and the Board of Trustees) received legal advice as to the legal duties owed by the Trustees, legal requirements applicable to the Element Acquisition (including compliance with MI 61-101 and TSXV Policy 5.9) and the expectations of securities regulatory authorities with respect to the review and approval process of the Board of Trustees, and the disclosure relating thereto.

Recommendation to Approve the Element Acquisition

After a thorough review and consideration of information concerning the Element Acquisition and having received and considered the Element Property Appraisal and advice from legal counsel, the Independent Trustees unanimously determined that the proposed Element Acquisition is in the best interest of the REIT and recommended that the Board of Trustees approve the proposed Element Acquisition and recommend that Unitholders vote for the Element Acquisition Resolution at the Meeting.

Upon the recommendation of the Independent Trustees and after receiving advice from legal counsel to the REIT, the Board of Trustees (other than Mr. William Martens, Chief Executive Officer of the REIT who indirectly owns and controls Element LP Units) unanimously determined the proposed Element Acquisition is in the best interests of the REIT, unanimously approved the proposed Element Acquisition and unanimously recommended that Unitholders vote in favour of the Element Acquisition Resolution at the Meeting.

The following is a summary of the principal reasons why the Independent Trustees and the Board of Trustees decided to approve the proposed Element Acquisition:

1. ***The Aggregate Element LP Purchase Price is supported by the Element Property Appraisal***

   The Element Property Appraiser provided the Element Property Appraisal which states that, as at July 20, 2021, the fair market value of the Element Property was $27,410,000 (on a debt-free basis). The Independent Trustees negotiated the Aggregate Element LP Purchase Price, which resulted in the Element LP Units being attributed a value of $27,000,000 on a debt-free basis.

2. ***The Element Acquisition will assist the REIT in furthering its stated objectives.***

   The Element Acquisition will assist the REIT in growing its asset base through acquisitions and the Trustees anticipate that it will increase the REIT's ability to provide stable and predictable cash distributions that grow over the long term.

3. ***The Element Acquisition will enable the REIT to acquire an attractive multi-family property and use a significant portion of the net proceeds of its public offering which closed on August 10, 2021 in a timely manner.***

   On August 10, 2021, the REIT completed a public offering of offered units comprised of Trust Units and Warrants on August 10, 2021 for gross proceeds of $4,699,080.10. The Element Acquisition will enable the REIT to use a significant portion of the net proceeds of the offering in a timely manner.

4. **The Element Properties are newly constructed**.

   The Element Properties are newly constructed with construction of the Element Phase I Property completed in 2019 and the Element Phase II Property expected to be completed in October 2021 and, as a result, the REIT is not anticipating having to incur significant capital expenditures in respect of the Element Properties for the foreseeable future.

5. **Continuity of Management**.

   The Element Properties are currently managed by an Affiliate of the Manager, thereby providing continuity and a seamless transition upon acquisition by the Partnership.

6. **No Special Risks**

Although the Element Properties are subject to the risks associated with investing in real estate and an entity that obtains debt financing and other risks as more particularly described in this Circular and the documents incorporated by reference herein, the Trustees and officers of the REIT are not aware of any special risks associated with the Element LP or the Element Properties.

The foregoing discussion of the factors and risks considered by the Independent Trustee and the Board of Trustees (other than Mr. William Martens and Mr. Cornelius Martens) is not intended to be exhaustive but includes the material factors and risks considered by such individuals in assessing the proposed Element Acquisition. None of the Trustees considered it practical, nor did any of them attempt, to quantify, rank or otherwise assign relative weights to the foregoing factors that it considered in reaching the determination that the Element Acquisition is in the best interests of the REIT. In addition, in considering the factors and risks described above, individual Trustees may have applied different analysis to each of the foregoing material factors considered.

Unitholder Approval

At the Meeting, Unitholders will be asked to approve the Element Acquisition Resolution.

Unitholders are recommended to vote in favour of the Element Acquisition Resolution. Unless a Unitholder instructs the Management Nominees to vote against the Element Acquisition Resolution, the Management Nominees will vote any completed proxy received "for" the Element Acquisition Resolution at the Meeting. To be effective, the resolution must be passed by Unitholders on a Majority of Minority Basis.

Securities Eligible to Vote

For the purpose of determining whether the Element Acquisition Resolution receives Majority of Minority Approval, the votes cast by all holders of Trust Units and Special Voting Units will be counted, other than the holders of Trust Units and Special Voting Units held by Element LP Unitholders, "interested parties" (within the meaning of MI 61-101) in respect of the Element Acquisition, and Affiliates and Associates of such Persons (such excluded holders being referred to as the "**Disinterested Unitholders**").

To the knowledge of the Trustees and management of the REIT after reasonable inquiry, Disinterested Unitholders own or control an aggregate of 5,702,714 Trust Units and/or Special Voting Units, the votes of which will be excluded for the purposes of determining whether the Element Acquisition Resolution receives Majority of Minority Approval at the Meeting, as more particularly set forth below:

(a) 180,000 Trust Units held by Mr. William Martens, Chief Executive Officer of the REIT and of the Manager and a Trustee;

(b) 180,000 Trust Units held by Mr. Armin W. Martens, Executive Vice-President of the REIT and of the Manager;

(c) 180,000 Trust Units held by Mr. Cornelius W.V. Martens, a director and executive officer of the Manager;

(d) 180,000 Trust Units held by Mr. Karl Martens, a director and executive officer of the Manager;

(e) 20,000 Trust Units held by Ms. Jennifer Nazimek, Chief Financial Officer of the REIT and of the Manager;

(f) 1,048,802 Special Voting Units held by WCM Holdings Inc., an Associate of Mr. William Martens, Chief Executive Officer of the REIT and of the Manager and a Trustee, and which is an Element LP Unitholder;

(g) 168,965 Special Voting Units held by Zugspitze Holdings Ltd., an Associate of Mr. Armin W. Martens, Executive Vice-President of the REIT and of the Manager, and which is an Element LP Unitholder;

(h) 919,509 Special Voting Units held by TESC Enterprises Inc., a corporation which is controlled by an Associate of Mr. Cornelius Martens, a Trustee;

(i) 168,965 Special Voting Units held by Jakorp Investments Inc., an Associate of Mr. Karl Martens, a director and executive officer of the Manager, and which is an Element LP Unitholder;

(j) 964,319 Special Voting Units held by VEM Holdings Inc., an Associate of Victor Martens, a sibling of Mr. William Martens, Chief Executive Officer of the REIT and of the Manager, and who has an indirect interest in the Manager as a discretionary trust beneficiary;

(k) 2,500 Trust Units held by Victor Martens, a sibling of Mr. William Martens, Chief Executive Officer of the REIT and of the Manager, and who has an indirect interest as a discretionary trust beneficiary in the Manager;

(k) 844,827 Special Voting Units held by 2323810 Alberta Ltd., an Affiliate of Unison Homes Ltd. (or which is an Element LP Unitholder): and

(l) 844,827 Special Voting Units held by Banded Peak Holdings Ltd., an Affiliate of Unison Homes Ltd.(which is an Element LP Unitholder).

INFORMATION CONCERNING THE REIT

REIT Structure

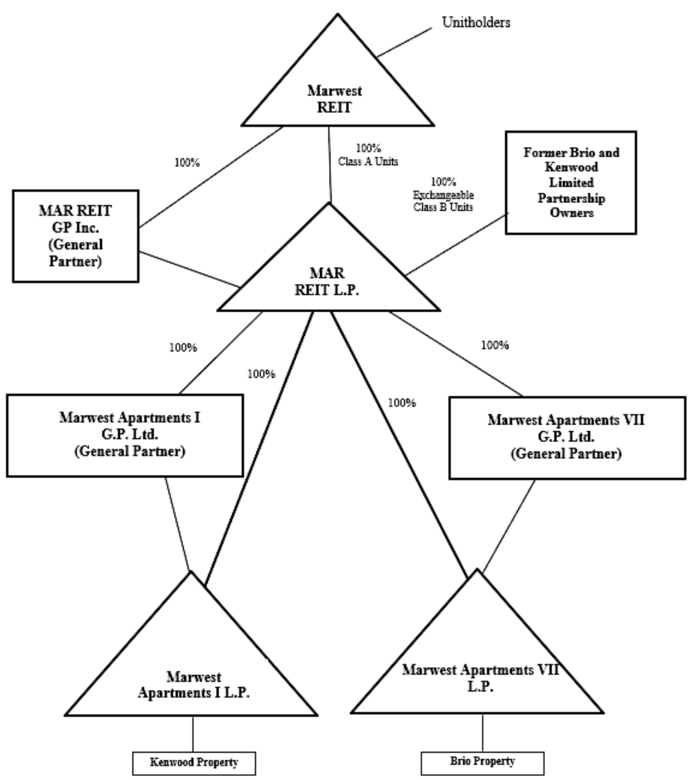
The REIT is an unincorporated real estate investment trust governed by the Declaration of Trust and by the laws of the Province of Manitoba. The REIT was formed on July 2, 2020 under the name "Marwest Apartment Real Estate Investment Trust" and converted to an Open Ended Trust effective April 30, 2021. The Trust Units are listed and posted for trading on the TSXV under the symbol "MAR.UN".

The REIT was formed to provide Unitholders with the opportunity to invest in the Canadian multi-family rental sector through the ownership of high-quality income-producing properties, with an initial focus on stable markets throughout Western Canada. Although the REIT is currently focused on acquiring properties located in primary and growing secondary markets in Western Canada, it may acquire multi-family properties in other jurisdictions of Canada or the United States. The REIT currently owns its properties indirectly through the Partnership, which properties are more particularly described under "*Description of the Business*" hereinafter.

The REIT is not a "mutual fund" or an "investment fund" as defined by applicable securities legislation. The head office of the REIT is located at 500 – 220 Portage Avenue, Winnipeg, Manitoba, R3C 0A5.

Intercorporate Relationships

Below is the current organizational chart of the REIT.



Description of the Business

General

The REIT provides Unitholders with the opportunity to invest in high-quality, income-producing multi-family rental properties with an initial focus on assets strategically located in strong markets throughout Western Canada.

The objectives of the REIT are:

(a) to grow Unitholder value through capital investment strategies, and active asset and property management;

(b) to provide Unitholders with stable and predictable cash distributions that grow over the long term; and

(c) to grow the REIT's asset base across strategic markets through intensification and acquisition programs.

Rationale for the REIT's Multi-Family Rental Property Mandate

The Canadian multi-family rental sector withstood the worst of the COVID-19 global pandemic better than most other property sectors in 2020. The fundamentals driving the sector's strong performance prior to lockdowns as a result of the COVID-19 global pandemic included robust population growth, a limited supply pipeline and rising home ownership costs, and in the view of REIT management, such fundamentals currently remain intact. Management of the REIT is confident that such fundamentals will continue throughout 2021 and beyond, given the continued rise of home prices in most major Canadian markets and the federal government's recent announcement of increased immigration targets through 2023. The positive outlook and countercyclical nature of the multi-family asset class is attracting a significant amount of investment capital.

Current Property Portfolio

As at the date hereof, the REIT's portfolio is comprised of two (2) properties located in Winnipeg, Manitoba, being the Kenwood Property and the Brio Property, both of which were acquired by the REIT pursuant to the Qualifying Transaction. For additional information concerning the Qualifying Transaction, see the QT Information Circular, which is incorporated by reference herein and for additional information concerning the business of the REIT, see "*Investment Highlights*" in the Additional Summary Information attached as Appendix "A" to the Short Form Prospectus, which is incorporated by reference herein.

The Kenwood Property

The Kenwood Property is a 103 unit multi-family rental apartment property known as "Kenwood Court" located at 333-337 Warde Avenue in Winnipeg, Manitoba. The Kenwood Property consists of two (2) three (3) storey buildings comprising 103 units situated on 3.72 acres of land. The Kenwood Property consists of 94,920 square feet of living space with a suite mix of 101 two-bedroom suites and two (2) three-bedroom suites. Construction of the Kenwood Property was completed in 2006.

For additional information on the Kenwood Property, see "*Information Concerning Kenwood LP and the Kenwood Property*" in the QT Information Circular, which is incorporated by reference herein and "*Kenwood Court – Property Overview*" in the Additional Summary Information attached as Appendix "A" to the Short Form Prospectus, which is incorporated by reference herein.

The Brio Property

The Brio Property consists of a 74 unit multi-family rental apartment property known as "Brio I" located at 160 Eaglewood Drive and a 74 unit multi-family rental apartment property known as "Brio II" located at 140 Eaglewood Drive in Winnipeg, Manitoba. Brio I consists of five (5) two (2) storey buildings comprising 74 units situated on 1.99 acres of land. Construction of Brio I was completed in 2018. Brio II consists of five (5) two (2) storey buildings comprising 74 units situated on 1.98 acres of land. Construction of Brio II was completed in 2019. The Brio Property totals 141,171 square feet of living space and has a suite mix of 40 one-bedroom suites, 58 two-bedroom suites, 44 three-bedroom suites and six (6) four-bedroom suites.

For additional information on the Brio Property, see "*Information Concerning Brio LP and the Brio Property"* in the REIT's QT Information Circular, which is incorporated by reference herein and "*Brio Brownstones – Property Overview*" in the Additional Summary Information attached as Appendix "A" to the Short Form Prospectus, which is incorporated by reference herein.

Management of the REIT

The asset manager and property manager of the REIT is Marwest Asset Management Inc. (the "**Manager**"), which has delegated the property management of its first two properties to Marwest Management Canada Ltd., its Affiliate. The Manager is a corporation incorporated under the laws of the Province of Manitoba. The Manager is indirectly controlled by: (i) William Martens, a Trustee and Chief Executive Officer of the REIT; (ii) Armin W. Martens, Executive Vice-President of the REIT; (iii) Cornelius W.V. Martens, a director and executive officer of the Manager; and (iv) Karl Martens, a director and executive officer of the Manager, and is owned by Associates of the foregoing.

The Marwest group of companies are engaged in the development, construction and management of income-producing properties, including office buildings, shopping centres, residential and mixed-use properties both in Canada and the United States. The REIT has access to the Marwest group of companies' experienced real estate team, broad network of relationships in Western Canada, and commercial property and financing expertise. The Marwest group of companies has developed and/or built over $1 billion of commercial, industrial and residential real estate over the past 60 years. The activities of the Marwest group of companies have been focused on Western Canada, with some development also taking place in the cities of Minneapolis, Minnesota and Phoenix, Arizona in the United States. For additional information, see "*Overview of the Marwest Group*" in the Additional Summary Information in Appendix "A" attached hereto.

As the asset manager of the REIT, the Manager provides, among other things, advisory, asset management and administrative services to the REIT and the Partnership. As property manager of the REIT, the Property Manager has responsibility for the day-to-day management of properties. The Property Manager is entitled to engage third party property managers or leasing agents where appropriate.

For more information regarding the compensation of the Manager, see "*Information Concerning the Resulting Issuer – Material Contracts – The Management Agreement*" in the QT Information Circular, which is incorporated by reference in this Information Circular.

Recent Developments

The following is a summary of recent developments with respect to the REIT since June 30, 2021, the last financial period for which financial statements and management discussion and analysis of the REIT have been filed on SEDAR.

Completion of Public Offering of Trust Units and Warrants

On August 10, 2021, the REIT sold an aggregate of 4,271,891 offered units at a price of $1.10 per offered unit. Each offered units was comprised of: (i) one Trust Unit; and (ii) one Warrant entitling the holder thereof to purchase one additional Trust Unit at any time up to and including August 10, 2022 at a price of $1.20. The REIT intends to use all or substantially all of the net proceeds of the Offering to fund the purchase price and associated costs of one or more property acquisitions. The offering was managed by a syndicate of agents led by Canaccord Genuity Corp. and including CIBC World Markets Inc., National Bank Financial Inc., Desjardins Securities Inc., iA Private Wealth Inc., Raymond James Ltd., Richardson Wealth Limited and Wellington-Altus Private Wealth Inc.

Policy regarding Automatic Grants of Deferred Units in satisfaction of Trustee Compensation

On August 24, 2021, the REIT's board of trustees unanimously adopted a policy pursuant to which, at the election of each Trustee, the compensation payable to such Trustee (other than meeting fees, which shall be paid in cash) in respect of each calendar quarter shall accrue and be payable at the beginning of the last day of the calendar quarter (or, if the REIT establishes a distribution record date for the last month of the quarter which is other than the last calendar day of the month, at the beginning of such distribution record date) (the "**Grant Date**"). Effective on each Grant Date on or following September 30, 2021, Deferred Units shall be issued to each Trustee to whom accrued compensation is payable, at a price determined in accordance with the Equity Incentive Plan in such number so as to satisfy the accrued compensation amount in full, provided that no fractional deferred units shall be issued and any balance shall be payable in cash.

Each of the Trustees has elected to have all of their compensation (other than meeting fees) paid in Deferred Units pursuant to the policy. The policy provides that neither the policy, nor any election of a particular Trustee to receive compensation in Deferred Units, may be revoked, amended or changed during a general or special blackout period or, in the case of an individual Trustee, at any time when such individual Trustee has knowledge of a material fact or material change in respect of the REIT which has not been generally disclosed.

Pursuant to the policy, effective September 30, 2021, an aggregate of 31,371 Deferred Units of the REIT were awarded to the Trustees at a price of $1.10 per Deferred Unit. Each Deferred Unit awarded was accompanied by a Special Voting Units in accordance with the terms of the Equity Incentive Plan.

Appointment of Additional Trustee

Effective August 25, 2021, Mr. James Green, CPA, CA, was appointed to the Board of Trustees. Prior to joining the Board of Trustees of the REIT, Mr. Green, served as Chief Financial Officer of Artis Real Estate Investment Trust from its inception in 2004 until 2021, where he was responsible for financial reporting, internal controls, pension plan and direct tax functions.

With Mr. Green's appointment, the REIT's current Board of Trustees is comprised of Mr. Luke Cain (Chair of the Board of Trustee), Mr. Jason Pellaers and Mr. James Green, each of whom is "independent" within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, as well as Mr. William Martens and Mr. Cornelius Martens. Effective August 25, 2021, the Audit Committee of the REIT was reconstituted to be comprised of Mr. Pellaers (chair), Mr. Cain and Mr. Green.

Proposed Element Acquisition

On September 23, 2021, the REIT and the Partnership entered into the Element LP Purchase Agreement(s) whereby the REIT agreed to acquire all of the issued and outstanding Element LP Units for the Aggregate

Element LP Purchase Price, which will be paid in a combination of cash and Exchangeable Units. To the extent elected by Element LP Unitholders who receive Exchangeable Units as a portion of the Element LP Purchase Price, the sale and purchase of the applicable Element LP Units will be made pursuant to section 97 of the Tax Act and as such, will be sold by the applicable Element LP Unitholder on a tax deferred basis.

For additional details regarding the proposed Element Acquisition, see "*Particulars of Matters to be Acted Upon – Approval of the Element Acquisition Resolution*" and "*Information Concerning Element LP and the Element Property*".

Capitalization

For a summary of the capitalization of the REIT as at June 30, 2021 prior to the completion of the REIT's public offering of offered units described above under "*Recent Developments – Completion of Public Offering of Offered Units comprised of Trust Units and Warrants*" and see "*Liquidity, Capital Resources and Contractual Commitments*" in the REIT's management discussion and analysis for the interim period ended June 30, 2021, which is incorporated by reference herein.

Distribution Policy

To date, the REIT has not paid any distributions on its outstanding Trust Units.

The REIT has announced its intention to adopt a distribution policy, as permitted under the Declaration of Trust, pursuant to which it will make monthly cash distributions to Unitholders (with the Partnership making an equivalent distribution to holders of Exchangeable Units), initially in the amount equal to, on an annualized basis, $0.015 per Trust Unit ($0.00125 per Trust Unit on a monthly basis), representing a distribution of approximately 20% of the REIT's estimated run-rate AFFO. Management of the REIT believes that the initial cash distribution policy of the REIT should allow the REIT to meet its internal funding needs, while being able to support stable growth in cash distributions. However, subject to compliance with the Declaration of Trust, cash distributions and the resulting AFFO payout ratio, will be determined by the Trustees in their sole discretion. Pursuant to the Declaration of Trust, the Trustees have full discretion respecting the timing and amounts of distributions, including the adoption, amendment or revocation of any distribution policy.

Distributions will be paid on the Distribution Date. The first distribution is expected to be in the amount of $0.00125 per Trust Unit and have a record date of December 31, 2021 with payment being made on or about January 15, 2022.

The future payment of distributions will be dependent upon the financial requirements of the REIT to fund further growth, financial condition of the REIT and other factors which the Trustees of the REIT may consider in the circumstances. The REIT's objective is to pay a stable and sustainable cash distribution to Unitholders which grows over time. The REIT intends to make distributions in amounts necessary to ensure that the REIT will not be liable to pay income taxes in each fiscal year.

Description of Capital Structure

Trust Units

The REIT is authorized to issue an unlimited number of Trust Units and Special Voting Units.

Each Trust Unit represents a proportionate, undivided beneficial ownership interest in the REIT and confers the following rights on the holder thereof: (i) the right to one (1) vote at any meeting of Unitholders; (ii) the right to participate *pro rata* in any distributions by the REIT; and (iii) in the event of termination or winding up of the REIT, the right to participate in the net assets of the REIT remaining after satisfaction of all liabilities. No Unitholder has or is deemed to have any right of ownership in any of the assets of the REIT. The Trust Units are redeemable as the REIT is an Open Ended Trust.

Special Voting Units have no economic entitlement in the REIT or in the distributions or assets of the REIT but entitle the holder to one (1) vote per Special Voting Unit at any meeting of the Unitholders. Special Voting Units may only be issued in connection with or in relation to securities exchangeable into or redeemable for Trust Units for the purpose of providing voting rights with respect to the REIT to the holders of such securities.

A more detailed summary of the attributes of the Trust Units and Special Voting Units, including the limitations on non-resident ownership of Trust Units, is set forth in the QT Information Circular under the headings "*Information Concerning the Resulting Issuer – The Units*" and "*Summary of Declaration of Trust*", which is incorporated by reference herein.

Warrants

The REIT issued Warrants pursuant to the terms of the Warrant Indenture.

A detailed summary of the attributes of the Warrants is set forth in the Short Form Prospectus under the heading "*Description of Offered Units – Warrants*", which is incorporated by reference herein.

Equity Incentive Plan

Pursuant to the Equity Incentive Plan, the REIT is authorized to issue Deferred Units, Restricted Units and/or options to purchase Trust Units in accordance with the terms thereof.

A detailed summary of the Equity Incentive Plan is set forth in the QT Information Circular under the heading "*Information Concerning the Resulting Issuer – Material Contracts – Equity Incentive Plan*".

Market for Securities

The Trust Units are the only securities of the REIT which are listed for trading on a stock exchange. The outstanding Trust Units are listed on the TSXV under the trading symbol "MAR.UN". The table below sets out the high and low trading price for the Trust Units on the TSXV in the twelve months preceding this Circular.

Month	High	Low	Volume
October 2020	$0.75	$0.70	10,300
November 2020	$0.72	$0.70	2,200
December 2020	$0.75	$0.75	8,810
January 2021	$0.95	$0.80	10,460
February 2021	$0.95	$0.95	8,980
March 2021	n/a	n/a	n/a
April 2021	n/a	n/a	n/a
May 2021	$1.25	$0.82	132,131
June 2021	$1.10	$0.78	33,846
July 2021	$1.30	$0.98	87,528
August 2021	$1.30	$1.00	137,408
September 2021	$1.07	$0.91	113,424
October 2021 (to October 8)	$0.95	$0.95	15,141

Prior Sales

In the twelve months prior to the date of this Circular, the REIT has sold or issued Trust Units or securities convertible into Trust Units as follows:

(a) on April 30, 2021, the REIT issued 1,000,000 Trust Units to purchasers under the QT Private Placement at a price of $1.00 per Trust Unit for gross proceeds of $1,000,000;

(b) on April 30, 2021, 1,759,673 Trust Units and 9,812,063 Exchangeable Units, each convertible into Trust Units of the REIT on a one-for-one basis (subject to customary anti-dilution adjustments) at the election of the holder thereof, at a deemed price of $1.00 per Trust Unit or Exchangeable Unit, as the case may be as consideration for the purchase price for Kenwood LP and Brio LP acquired pursuant to the Qualifying Transaction;

(c) on August 10, the REIT issued 4,271,891 offered units, comprised of an aggregate of 4,271,891 Trust Units and 4,271,891 Warrants, at a price of $1.10 per offered unit. Each Warrant entitles the holder thereof to purchase one additional Trust Unit at any time up to and including August 10, 2022 at a price of $1.20; and

(d) on September 30, 2021, the REIT awarded an aggregate of 31,371 Deferred Units of the REIT at a price of $1.10 per Deferred Unit in accordance with its Equity Incentive Plan.

In accordance with the Declaration of Trust and the Equity Incentive Plan, respectively, Special Voting Units accompanied the issuance of Exchangeable Units and Deferred Units.

Escrowed Securities

Of the 800,000 Seed Units issued prior to the IPO at a price of $0.25 per Unit and escrowed under the Escrow Agreement, of which 720,000 remain in escrow on the date hereof.

In connection with the Qualifying Transaction, 28,163 Trust Units and 2,672,646 Exchangeable Units were escrowed pursuant to the Escrow Agreement – Qualifying Transaction, of which 25,347 Trust Units and 2,405,381 Exchangeable Units remain in escrow on the date hereof.

For more information regarding the release schedule relating to such escrowed securities, see "*Information Concerning the Resulting Issuer – Escrowed Securities*" in the QT Information Circular, which is incorporated by reference herein.

Trustees and Officers

The following is a list of the Trustees and officers of the Trust, their municipalities of residence, their current positions with the Trust, and the number of Trust Units of the Trust which they currently beneficially own, directly or indirectly, or over which control or direction is exercised including securities held by their Associates.

Name and Municipality of Residence of Trustee	Principal Occupation for the previous 5 Years	Positions and Offices Held	Number of Trust Units Beneficially Owned or Controlled	Number of Exchangeable Units Beneficially Owned or Controlled	Number of Special Voting Units [(2)]
William Martens Winnipeg, MB	Director and Officer of the Manager	Chief Executive Officer, Trustee since July 2, 2020	180,000	1,048,802	1,048,802
Jennifer Nazimek Winnipeg, MB	Chief Financial Officer of the Manager	Chief Financial Officer, Secretary of Trust since July 2, 2020	20,000	-	-
Armin W. Martens Winnipeg, MB	Director and Officer of the Manager	Executive Vice President since July 2, 2020	180,000	168,965	168,965
Luke Cain Winnipeg, MB (1)	Senior Director of Mortgage Origination at Canada ICI Capital Corporation	Trustee since July 2, 2020	20,000	-	12,411[(2)]
Cornelius Martens Winnipeg, MB	President and Chief Executive Officer of Marwest Properties Ltd.	Trustee since July 2, 2020	20,000	919,509[(2)]	926,279[(2)(3)]
Jason Pellaers Winnipeg, MB (1)	Vice-President, Finance at NFI Group Inc.	Trustee since February 16, 2021	20,000	-	10,531[(2)]
James Green Winnipeg, MB (1)	Chief Executive Officer of Artis Real Estate Investment Trust	Trustee since August 25, 2021	20,000	-	1,659[(2)]

(1) Member of the Audit Committee
(2) Comprises Special Voting Units accompanying Exchangeable Units and/or Deferred Units, as applicable.
(3) Includes Exchangeable Units indirectly owned by the spouse of Cornelius Martens through TESC Enterprises Inc.

For a brief biography of the Trustees and officers of the REIT, see the "*QT Information Circular*" and, in respect of Mr. Green, see "*Recent Developments*".

Indebtedness of Trustees and Executive Officers

As at the date hereof, none of the Trustees, senior officers, executive officers, promoters, other members of management, proposed nominees for election as a director or their respective Associates or Affiliates, of the REIT, is or has been indebted to the REIT or its subsidiaries.

Promoter

William Martens was disclosed as a promoter of the REIT in connection with the REIT's initial public offering of Trust Units. Further details as set forth under the heading "*Promoter*" in the Short Form Prospectus, which is incorporated by reference herein.

Legal Proceedings

There are no legal proceedings that the REIT or any Subsidiary is or was a party to, or that any of its property is or was the subject of, that is material to the REIT.

Interest of Management and Others in Material Transactions

The Qualifying Transaction was a "related party transaction" within the meaning of MI 61-101 and TSXV Policy 5.9 and a "Non-Arm's Length Qualifying Transaction" within the meaning of TSXV Policy 2.4 – *Capital Pool Companies* that had a material effect on the REIT. For the particulars of the interests of management and others in the Qualifying Transaction, see "*Summary of the Qualifying Transaction – Non-Arm's Length Qualifying Transaction*" in the QT Information Circular.

The proposed Element Acquisition is a "related party transaction" within the meaning of MI 61-101 and TSXV Policy 5.9 that could be reasonably expected to have a material effect on the REIT. For the particulars of interests of management and others in the proposed Element Acquisition, see "*Particulars of Matters to be Acted Upon – Approval of the Element Acquisition Resolution – Related Party Transaction*".

Auditors, Transfer Agent and Registrar

KPMG LLP, Chartered Professional Accountants of Winnipeg, Manitoba is the current auditor of the REIT.

The registrar and transfer agent of the REIT is TSX Trust Company located at 600 The Dome Tower, 333-7th Avenue, Calgary, Alberta T2P 2Z1.

Material Contracts

The material contracts to which the REIT is a party are as follows:

(a) the Declaration of Trust;

(b) the Equity Incentive Plan;

(c) the Escrow Agreement – IPO;

(d) the Escrow Agreement – Qualifying Transaction;

(e) the Limited Partnership Agreement;

(f) the Exchange Agreement;

(g) the Management Agreement; and

(h) the Transfer Agency Services Agreement.

For a summary of material contracts of the REIT, see "*Information Concerning the REIT – Material Contracts*" and "*Information Concerning the Resulting Issuer – Material Contracts*" in the QT Information Circular. Copies of these agreements will be available for inspection at the office of the Trust as its registered office located at Suite 500 - 220 Portage Avenue, Winnipeg, MB R3C 0A5, during ordinary business hours. Copies of these agreements are also available for inspection on the Trust's profile on SEDAR at www.sedar.com and the information contained therein is incorporated herein by reference through its inclusion in the Short Form Prospectus and the REIT's QT Information Circular.

Interest of Experts

The auditors of the REIT are KPMG LLP. KPMG LLP has advised that it is independent with respect to the REIT within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Canada. The appraisal firm which provided the appraisals of the Kenwood Property and the Brio Property was Colliers International Valuation & Advisory Services.

MLT Aikins LLP is legal counsel to the REIT and: (i) provided the opinion set forth under "*Certain Canadian Federal Income Tax Considerations*" in the QT Information Circular; and (ii) together with Goodmans LLP, legal counsel to the agents, provided the opinion set forth under "*Certain Canadian Federal Income Tax Considerations*" in the Short Form Prospectus; and (ii) provided the opinion set forth under "*Certain Canadian Federal Income Tax Considerations*" in this Circular.

The direct or indirect interest of any expert or any designated professional of any such expert in securities of the REIT on the date that each of the foregoing opinions was given represented less than one percent of the REIT's outstanding securities.

For the purposes hereof, "expert" means any person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a part of this short form prospectus or any document incorporated by reference herein, or prepared or certified a report or valuation described or included in this short form prospectus or any document incorporated by reference herein and "designated professional" has the meaning set forth in subsection 16(2) of National Instrument 51-102 – *Continuous Disclosure Obligations*.

Risk Factors

There are certain risks inherent in an investment in the securities of the REIT and in the activities of the REIT, including risks relating to forward-looking statements as described in this Circular as well as risks relating to the short operating history of the REIT, general business risks, real property ownership, lease renewals, rental increases, lease termination rights and other lease matters, investment concentration, capital expenditures and other fixed costs, change in governmental regulation, COVID-19, reliance on key personnel, conflicts of interest, liquidity, uninsured losses, competition, the acquisition and integration of additional properties, potential undisclosed liabilities associated with acquisitions, litigation, environmental matters, access to capital, financing risk, debt refinancing, interest rate risk, dilution, potential volatility of Trust Unit prices, no guaranteed return, limited prior public market for the Trust Units, no public market for the Warrants, SIFT Rules, other tax related factors and the use of proceeds of the REIT's prior public offering.

Reference is made to: (i) the section entitled "*Risk Factors*" in the QT Information Circular; (ii) the section entitled "Risk Factors" in the Short Form Prospectus; and (iii) the section entitled "Risks and Uncertainties" in the REIT's management discussion and analysis for the six month period ended June 30, 2021, each of which is incorporated by reference in this short form prospectus, for a discussion of the risks inherent in an investment in the REIT.

Although as of the date hereof management of the REIT believes that the REIT meets and will be able to meet the requirements of the REIT Exception throughout 2021, there can be no assurance that the REIT will be able to qualify for the REIT Exception throughout 2021 such that the REIT and the Unitholders will not be subject to the tax imposed by the SIFT Rules in 2021 or in future years. Please refer to the discussion under "*Certain Canadian Federal Income Tax Considerations - SIFT Rules*".

INFORMATION CONCERNING ELEMENT LP AND THE ELEMENT PROPERTY

Structure of Element LP

Element LP is a limited partnership formed under the laws of Manitoba for the purpose of developing and owning the Element Property which consists of the Element Properties located at 85 Fiorentino Street and 30 El Tassi Drive in Winnipeg, Manitoba, respectively.

Element GP is the general partner of Element LP and is responsible for the management of the affairs of Element LP.

The head office of Element LP and Element GP is 500-220 Portage Avenue, Winnipeg, MB R3C 0A5 and the registered office of each is 30th Floor, 360 Main Street, Winnipeg, MB R3C 4G1.

Intercorporate Relationships

Element GP, the general partner of Element LP. 50% of the shares of Element GP are owned by associates of the directors and officers of the REIT or of the Manager, with the remaining 50% of the shares of Element GP owned by third parties.

The only subsidiaries of Element LP are Unison Developments Winnipeg Two Ltd. and Unison Developments Winnipeg Three Ltd., which are bare trustee corporations which hold legal title to Element Phase I and Element Phase II, respectively.

Description of the Element Property

The only business of Element LP is the development, ownership and operation of the Element Property, which consists of a multi-family rental apartment property completed in 2019 known as "Element I" located at 85 Fiorentino Street and a multi-family rental apartment property known as "Element II" located at 30 El Tassi Drive in Winnipeg, Manitoba to be completed in October 2021. Collectively, the Element Property consists of 112 units. The Element Property totals 104,028 square feet. The Element Property is well maintained and visually attractive and includes modern materials and finishings in the suites and common areas.

The Element Property contains on-site parking for residents and is in close proximity to numerous grocery stores and other essential businesses. The Element Property is located in the residential subdivision of Transcona, an established residential area that is expected to continue to develop well into the future. As at the date hereof, the Element Property has a <1% vacancy rate, which is lower than the Winnipeg market rate of 3.8% according to Canada Housing and Mortgage Corporation's latest report published in January 2021.

Assuming the completion of the Element Acquisition, Element LP intends to carry on business in the ordinary course.

Selected Financial Information and Management Discussion and Analysis

Selected Financial Information of Marwest (Element) Marwest Apartments L.P. and the Marwest Property and Management's Discussion and Analysis for the years ended December 31, 2020 and 2019

The selected financial information below should be read in conjunction with: (i) the audited annual financial statements of Element LP, as at and for the year ended December 31, 2020, which are appended to this Information Circular as Appendix 2; and (ii) the audited carve-out financial statements of Element Townhomes (also referred to as the Element Property) as at and the year ended December 31, 2019, which are appended to this Information Circular as Appendix 3 (together with the financial statements referred to in clause (i) above, referred to in this section as the "**Element Annual Financial Statements**"). The Element Annual Financial Statements were prepared in accordance with IFRS and are reported in Canadian dollars.

Property operating income

		2020		2019
Revenue from investment property	$	696,140	$	627,775
Property operating expenses		170,662		148,089
Realty taxes		81,931		85,209
		252,593		233,298
	$	443,547	$	394,477

Rental revenues for the Element Property for the twelve months ended December 31, 2020 were $696,140 compared to $627,775 in the previous year. The occupancy rate for the year ended December 31, 2020 was 94.31 percent (December 31, 2019 – 93.94 percent) with an average rental rate of $1,437 (2019 - $1,391). Realty taxes for the twelve months ended December 31, 2020 were $81,931 compared to $85,209 in the previous year. Property operating expenses for the twelve months ended December 31, 2020 were $170,662 compared to $148,089 in the previous year. The increase in revenue and property operating expenses for the year ended December 31, 2020 compared to the same period 2019 is due to rental units under construction and available for occupancy in late 2020.

Other expenses (income)

		2020		2019
Interest and finance costs	$	272,102	$	249,212
Fair value adjustment on investment property		(2,906,799)		1,463,294
	$	(2,634,697)	$	1,712,506

Interest and finance costs represent $469,340 less $194,871 of interest costs capitalized (2019 - $272,670 less $41,774 of interest costs capitalized) of long-term debt interest costs, $nil (2019 - $21,050) of amortization of deferred financing costs, and $2,367 (2019 - $2,734) of interest income.

The fair value adjustment on investment property is disclosed in note 4 of the Element Annual Financial Statements attached to this Information Circular as Appendices 2 and 3.

Net income (loss) and comprehensive income (loss)

		2020		2019
Property operating income	$	443,547	$	394,477
Other expenses		(2,634,697)		1,712,506
	$	3,078,244	$	(1,318,029)

Net income (loss) and comprehensive income (loss) was $3,078,244 for the year ended December 31, 2020 and ($1,318,029) for the year ended December 31, 2019. The increase is due to the fair value adjustment to the investment property discussed above.

Outlook

As discussed in this Information Circular, the REIT has agreed to acquire Element LP Subject to regulatory approval and the requisite Unitholder approval, closing of the Element Acquisition is expected to occur in Q4 2021.

Risk Factors

For a discussion of the risks that will affect the REIT after the Element Acquisition, see *"Information Concerning the REIT after giving effect to the Element Acquisition – Risk Factors*".

Further, in the normal course of business the REIT will be exposed to a number of risks that can affect its operating performance. These risks and the actions expected to be taken to manage them are as follows:

Credit Risk

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

Element LP is and will continue to be exposed to credit risk on all financial assets with its exposure generally limited to amounts receivable from tenants subsequent to the closing of the Element Acquisition. Element LP monitors risk exposure in respect of the Element Property by monitoring the collection of residential rent receivables on a regular basis with strict procedures that fall within the provincial regulations designed to minimize credit loss in the case of non-payment.

Liquidity Risk

Liquidity risk is the risk that Element LP may encounter difficulty in meeting its financial obligations when they come due. Element LP's strategy in managing liquidity risk is to ensure, to the extent possible, that it always has sufficient financial assets to meet its financial liabilities when they come due, by forecasting cash flows from operations.

Market Risk

Market risk is the risk that the fair value of the 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. Element LP is not exposed to currency risk or other price risk.

Interest rate risk is the risk that changes in market interest rates will affect the partnership's financial instruments. At December 31, 2019, the mortgage relating to the Element Property bore interest at a fixed rate and the construction loans bore interest at variable rates. At December 31, 2020, Element LP's mortgage ore interest at a fixed rate and the construction loan bore interest at the minimum annual interest rate.

Significant Accounting Policies

A summary of the significant accounting policies used in the preparation of the Element Annual Financial Statements is described in Note 3 to the Element Annual Financial Statements appended to this Information Circular as Appendices 2 and 3.

Use of Estimates

A summary of the significant accounting, estimates, assumptions and judgments in the preparation of the Element Annual Financial Statements are described in Note 2 to Element Annual Financial Statements appended to this Information Circular as Appendices 2 and 3.

Selected Financial Information of Marwest (Element) Marwest Apartments L.P., and Management's Discussion and Analysis for the six-month periods ended June 30, 2021 and 2020

This information in this section should be read in conjunction with the unaudited interim financial statements of Marwest (Element) Apartments L.P. as at and periods ended June 30, 2021 and 2020 (referred to in this section as the "**Element Interim Financial Statements**") appended to this Information Circular as Appendix 4. The Element Interim Financial Statements were prepared in accordance with IFRS and are reported in Canadian dollars.

Property operating income

	Three months ended June 30, 2021	Three months ended June 30, 2020
Revenue from investment property	$ 417,206	$ 165,985
Property operating expenses	89,480	28,521
Realty taxes	42,701	19,441
	132,181	47,962
	$ 285,025	$ 118,023

	Six months ended June 30, 2021	Six months ended June 30, 2020
Revenue from investment property	$ 708,953	$ 326,379
Property operating expenses	158,205	71,569
Realty taxes	90,970	40,743
	249,175	112,312
	$ 459,778	$ 214,067

Rental revenues for the Element Property for the three months ended June 30, 2021 were $417,206 compared to $165,985 in the previous year. The occupancy rate for the three months ended June 30, 2021 was 86.25 percent (June 30, 2020 – 98.19 percent) with an average rental rate of $1,451 (June 30, 2020 - $1,419). Realty Taxes for the three months ended June 30, 2021 were $42,701 compared to $19,441 in the previous year. Property operating expenses for the three months ended June 30, 2021 were $89,480 compared to $28,521 in the previous year. The increase in revenue, property operating expenses, and realty taxes for the three months ended June 31, 2021 compared to the same period 2020 is due to rental units under construction and available for occupancy in late 2020.

Rental revenues for the Element Property for the six months ended June 30, 2021 were $708,953 compared to $326,379 in the previous year. The occupancy rate for the six months ended June 30, 2021 was 85.83 percent (June 30, 2020 – 95.22 percent) with an average rental rate of $1,445 (2020 - $1,428). Realty Taxes for the six months ended June 30, 2021 were $90,970 compared to $40,743 in the previous year. Property operating expenses for the six months ended June 30, 2021 were $158,205 compared to $71,569 in the previous year. The increase in revenue, property operating expenses, and realty taxes for the six months ended June 31, 2021 compared to the same period 2020 is due to rental units under construction and available for occupancy in late 2020.

Other expenses (income)	**Three months ended June 30, 2021**	**Three months ended June 30, 2020**
Interest and finance costs	$ 135,363	$ 56,496
Fair value adjustment on investment property	(86,591)	-
	$ 48,772	$ 56,496

	Six months ended June 30, 2021	**Six months ended June 30, 2020**
Interest and finance costs	$ 257,534	$ 131,651
Fair value adjustment on investment property	(1,613,659)	(1,665,922)
	$ (1,356,125)	$ (1,534,271)

Interest and finance costs for the three months ended June 30, 2021 represent $201,155 less $64,711 of interest costs capitalized (three months ended June 30, 2020 - $99,722 less $42,992 of interest costs capitalized) of long-term debt interest costs, and $1,081 (2019 - $234) of interest income.

Interest and finance costs for the six months ended June 30, 2021 represent $379,985 less $119,368 of interest costs capitalized (six months ended June 30, 2020 - $193,797 less $60,979 of interest costs capitalized) of long-term debt interest costs, and $3,083 (2019 - $1,167) of interest income.

The fair value adjustment on investment property is disclosed in note 4 of the Element Interim Financial Statements appended to this Information Circular as Appendix 4.

Net income and comprehensive income

		Three months ended June 30, 2021		Three months ended June 30, 2020
Property operating income	$	285,025	$	118,023
Other expenses		48,772		56,496
	$	236,253	$	61,527

		Six months ended June 30, 2021		Six months ended June 30, 2020
Property operating income	$	459,778	$	214,067
Other expenses		(1,356,125)		(1,534,271)
	$	1,815,903	$	1,748,338

Net income and comprehensive income was $236,253 for the three months ended June 30, 2021 and $61,527 for the three months ended June 30, 2020.

Net income and comprehensive income was $1,815,903 for the six months ended June 30, 2021 and $1,748,338 for the six months ended June 30, 2020.

Outlook

As discussed in this Management's Information Circular, the REIT has agreed to acquire Marwest (Element) Apartments L.P. Subject to regulatory approval and receipt of the requisite Unitholder approval, closing of the Element Acquisition is expected to occur in Q4 2021.

Risk Factors

For a discussion of the risks that will affect the REIT after it acquires the Element Property, see *"Information Concerning the REIT after giving effect to the Element Acquisition – Risk Factors*".

Further, in the normal course of business the REIT will be exposed to a number of risks that can affect its operating performance. These risks and the actions expected to be taken to manage them are as follows:

<u>Credit Risk</u>

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

Element LP will be exposed to credit risk on all financial asset with its exposure generally limited to amounts receivable from tenants subsequent to the closing of the proposed Element Acquisition. Element LP monitors risk exposure in respect of the Element Property by monitoring the collection of residential rent receivables on a regular basis with strict procedures that fall within the provincial regulations designed to minimize credit loss in the case of non-payment.

Liquidity Risk

Liquidity risk is the risk that Element LP may encounter difficulty in meeting its financial obligations when they come due. Element LP's strategy in managing liquidity risk is to ensure, to the extent possible, that it always has sufficient financial assets to meet its financial liabilities when they come due, by forecasting cash flows from operations.

Market Risk

Market risk is the risk that the fair value of the 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. Element LP is not exposed to currency risk or other price risk.

Interest rate risk is the risk that changes in market interest rates will affect the partnership's financial instruments. At June 30, 2021 and 2020, the Element LP's mortgage bore interest at a fixed rates and the construction loan bore interest at the minimum annual interest rate.

Significant Accounting Policies

A summary of the significant accounting policies of the Element LP is described in Note 3 to the Element Interim Financial Statements appended to this Information Circular as Appendix 4.

Use of Estimates

A summary of the significant accounting, estimates, assumptions and judgments in the preparation of the Element Interim Financial Statements are described in Note 2 to Element Interim Financial Statements appended to this Information Circular as Appendix 4.

Distributions

To date, Element LP has not paid any distributions on the Element LP Units.

Securities of Element LP and Element GP

Element LP's capital structure consists of one class of limited partnership units, being the Element LP Units. Each Element LP Unit entitles the holder thereof: (i) to receive notice of, attend and cast one vote at a meeting of holders of Element LP Units; and (ii) to be allocated income and losses (including tax income and tax losses), and to receive any cash distributions, on a pro rata basis with the other holders thereof.

Element GP has issued a single class of common voting shares. Each share of Element GP entitles the holder thereof to receive notice of, attend and cast one vote at meetings of shareholders of Element GP and to receive dividends if, as and when declared by the directors of Element GP.

Capitalization

The capitalization of Element LP is comprised of the nominal interest of Element GP, plus an aggregate of $800,000 in equity contributions by the holders of Element LP Units.

In addition, Element LP has outstanding debt financing as follows:

At June 30, 2021

(a) Mortgages outstanding of: (i) $6,380,185 at an interest rate of 3.502% which matures January 2024 in respect of the Element Phase I Property (the "**Phase I Mortgage**"); and (ii) a construction mortgage in the amount of $15,201,838 at an interest rate of prime plus 0.15% which matures November 1, 2021 in respect of the Element Phase II Property; and

(b) the Element LP Promissory Note.

On or about November 1, 2021

Assuming the completion of an anticipated refinancing in respect of Element I, Element LP is anticipated to have debt financing as follows:

(a) a balance of $6,333,927 remaining in respect of the Phase I Mortgage.

(b) in respect of the Element Phase II Property, a Canada Mortgage and Housing Corporation (CMHC) insured mortgage in the amount of $17,082,468 with a 10 year term and 40 year amortization commencing November 1, 2021.

(c) the Element LP Promissory Note.

Options to Purchase Element LP Units

There are no outstanding options, right or other entitlements to purchase Element LP Units, other than the right of the Partnership (or a Subsidiary) to purchase the Element LP Units pursuant to the Element LP Purchase Agreement.

Prior Sales

No Element LP Units have been sold in the twelve month period prior to the date of this Circular.

Escrowed Securities

No Element LP Units are currently subject to escrow.

Principal Securityholders

A summary of all of the holders of Element LP Units and the consideration proposed to be paid or delivered to them pursuant to the Element Acquisition is set forth in the Circular under the heading "*Particulars of Matters to be Acted Upon – Approval of Element Acquisition Resolution – Related Party Transaction*".

Directors and Officers

As the general partner of Element LP, Element GP has authority for management of the affairs of Element LP. The directors and officers of Element GP are as follows:

(i) Neil Braun – Director and Treasurer

(ii) Robert Butler – Director and Chief Executive Officer

(iii) Cornelius W.V. Martens – Director and President

(iv) Armin W. Martens – Director and Secretary

In connection with the Element Acquisition (including the purchase of the shares of Element GP by the Partnership or a Subsidiary thereof), Mr. Robert Butler and Neil Braun have agreed to resign as the directors and officers of Element GP.

Indebtedness of Directors and Officers of Element GP to Element LP

No director or officer of Element GP is indebted to Element LP. As at the date hereof, Element LP is indebted an aggregate amount of $1,200,000 under the Element LP Promissory Note to the Element LP Unitholders or certain entities that are Associates or Affiliates of holders of Element LP Units, including an aggregate amount of $600,000 to certain entities that are also Associates or Affiliates of the Trustees and officers of the REIT. The formula for calculating the Element Property Purchase Price factors in such indebtedness by deducting the amount of such indebtedness from the Aggregate Element LP Purchase Price.

The Partnership has agreed to contribute or advance sufficient funds to Element LP immediately following the Closing in order for Element LP to repay such indebtedness in full.

Legal Proceedings

There are no outstanding legal proceedings to which Element LP or Element GP is a party, nor have any such proceedings been threatened, to the knowledge of Element GP.

Interest of Management and Others in Material Transactions

Cornelius W.V. Martens and Armin W. Martens, each of whom is a director and officer of Element GP, are also directors and officers of Marwest Management Canada Ltd., which is the property manager of the Element Properties pursuant to the property management agreement(s) with Element LP. Marwest Management Canada Ltd. is controlled by William Martens, Cornelius W.V. Martens, Armin W. Martens and Karl Martens and owned by Associates of such individuals and members of their immediate families.

Mr. Rob Butler and Mr. Neil Braun, each of whom is a director and officer of Element GP, are also directors and officers of Porchlight Developments Ltd., which developed the Element Properties pursuant to the development agreement(s) with Element LP. Porchlight Developments Ltd. is owned and controlled by Associates of such individuals.

Auditors, Transfer Agent and Registrar

The auditors of Element LP are KPMG LLP in Winnipeg, Manitoba. Element GP acts as the transfer agent and registrar for the Element LP Units.

Material Contracts

The only material contracts to which Element LP or Element GP is a party are:

(a) the limited partnership agreement dated July 3, 2019 between Element GP, as general partner, and the holders of Element LP Units, as limited partners;

(b) the development / construction agreement dated August 1, 2019 between Element LP and Porchlight Development Ltd. relating to the development and construction of the Element Properties;

(c) the existing mortgage loan and financing agreements relating to outstanding mortgage indebtedness secured against the Element Properties;

(d) the Element LP Promissory Note; and

(e) the property management agreement(s) with Marwest Management Canada Ltd., which will be terminated upon the completion of the Element Acquisition and replaced by the Management Agreement.

Element LP has entered into a commitment letter with Equitable Bank relating to a Canada Mortgage and Housing Corporation insured take-out financing secured by Element I, the 72 unit townhome project constructed located at 30 El Tassi Drive, Winnipeg, Manitoba. The financing is currently anticipated to close on or about October 31, 2021 in the principal amount of $17,082,468, and which would result in Element LP having the aggregate mortgage indebtedness and accrued interest of $23,431,607 on the proposed November 15, 2021 closing date.

Risk Factors

For a discussion of the risks that will affect the REIT after it acquires the Element LP, see "*Information Concerning the REIT After Giving Effect to the Transactions – Risk Factors*".

Further, Element LP and the Element Property are subject to a number of risks that can affect its operating performance, including the risks set forth below.

Credit Risk

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

Element LP is exposed to credit risk, with its exposure generally limited to amounts receivable from tenants. Management monitors risk exposure in respect of the Element Property by monitoring the collection of residential rent receivables on a regular basis in accordance with strict procedures that fall within the provincial regulations designed to minimize credit loss in the case of non-payment.

Liquidity Risk

Liquidity risk is the risk that Element LP may encounter difficulty in meeting its financial obligations when they come due. Element LP's strategy in managing liquidity risk is to ensure, to the extent possible, that it always has sufficient financial assets to meet its financial liabilities when they come due, by managing cash flows from operations and having a prudent cash distribution policy. To date, Element LP has not paid any distributions.

Market Risk

Market risk is the risk that the fair value of the 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. Element LP is not exposed to currency risk or other price risk.

Interest rate risk is the risk that changes in market interest rates will affect the partnership's financial instruments. Element LP currently has mortgage loans and other long term indebtedness which bear interest at a fixed rate.

Significant Accounting Policies

A summary of the significant accounting policies of the Element LP is described in Note 3 to the Element Annual Financial Statements.

Use of Estimates

A summary of the significant accounting, estimates, assumptions and judgments in the preparation of the Element Annual Financial Statements and the Element Interim Financial Statements are set forth in Note 2 of such financial statements.

Financial Statements

The following financial statements of Element LP and/or the Element Properties are appended to and form part of this Circular:

Appendix 2: annual financial statements of Element LP for the year ended December 31, 2020, together with the auditors' report thereon and notes thereto;

Appendix 3: carve-out annual financial statements of Element Townhomes (also referred to as the Element Properties) for the year ended December 31, 2019, together with the auditors' report thereon and notes thereto; and

Appendix 4: unaudited interim financial statements of Element LP for the six-month period ended June 30, 2021, together with the notes thereto.

INFORMATION CONCERNING THE REIT AFTER GIVING EFFECT TO THE ELEMENT ACQUISITION

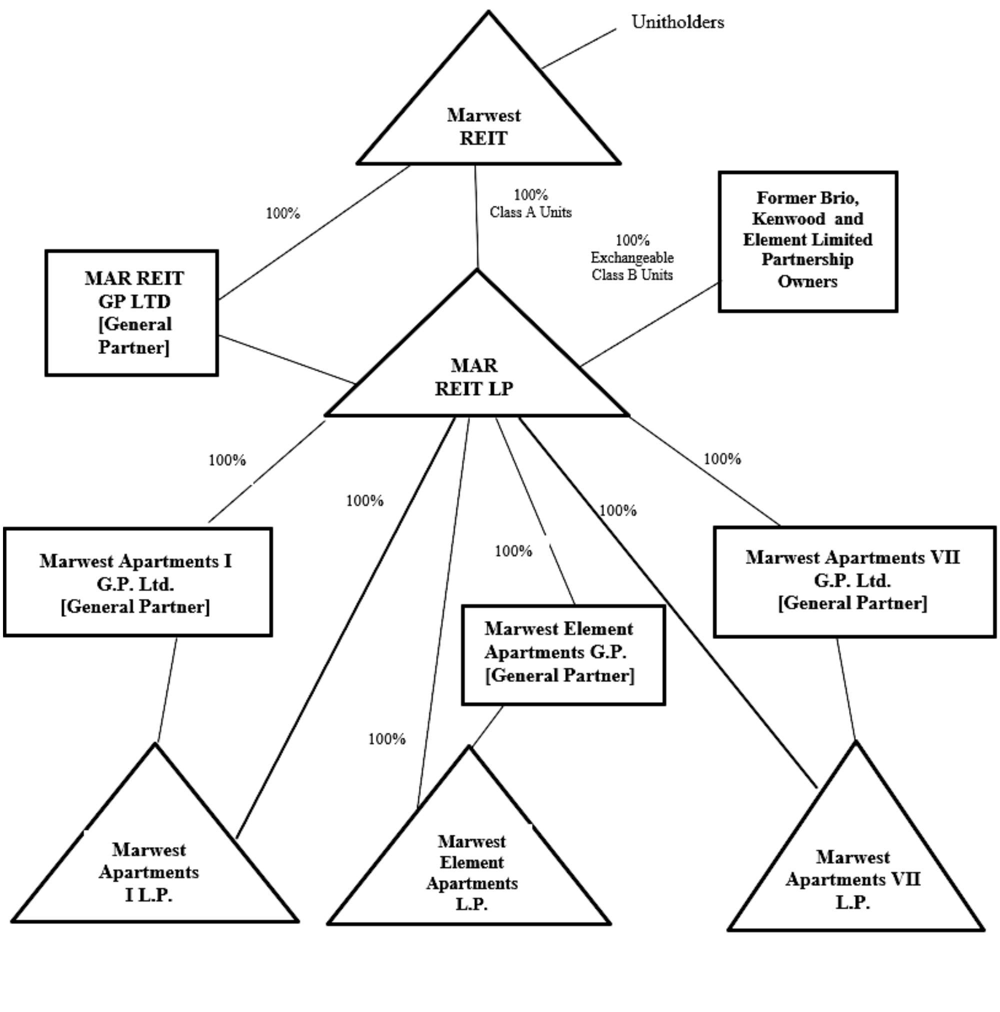
Structure of the REIT

There will be no change to the structure of the REIT as a result of the Element Acquisition. For more information regarding the REIT and the structure thereof, see "*Information Concerning the REIT*".

The registered and head office of the REIT is located at Suite 500-220 Portage Avenue, Winnipeg, Manitoba.

Intercorporate Relationships

The Partnership is a subsidiary of the REIT through which the REIT indirectly owns Kenwood LP, Brio LP, Element LP and each of the Kenwood Property, Brio Property and Element Property after completion of the Element Acquisition which is anticipated to occur reasonably promptly following the Meeting, assuming that the Element Acquisition Resolution is approved at the Meeting.



Business of the REIT

The Element Acquisition is anticipated to occur reasonably promptly following the Meeting. Following the completion of the Element Acquisition, the REIT will indirectly own the Brio Property, the Kenwood Property and the Element Property. Subsequent the Element Acquisition, the REIT will continue to search for, identify and invest in high-quality multi-family rental apartment properties to further its investment mandate.

The mandate of the REIT will continue to be to provide Unitholders with stable cash distributions from a portfolio of quality multi-family rental properties. The REIT intends to make prudent investments in residential real estate with a long-term goal of maximizing Unitholder value through continued acquisitions and management of existing and future properties. The REIT will seek to draw upon its management's experience and relationships in the industry to expand its portfolio through project development arrangements and other property acquisitions with the ultimate goal of providing Unitholders with stable distributions as well as appreciation in property values.

The Partnership

Following the completion of the Element Acquisition, the Partnership shall continue to be a Subsidiary of the REIT. The Partnership will directly own all of the Brio LP Units and Kenwood LP Units acquired pursuant to the Qualifying Transaction and all of the Element LP Units acquired pursuant to the Element Acquisition.

The Partnership is a limited partnership formed under the laws of the Province of Manitoba and governed by the Limited Partnership Agreement. The Partnership, directly or indirectly through other entities, beneficially owns of all of REIT's properties from time to time.

The general partner of the Partnership (in this section, the "**General Partner**") is a corporation incorporated under the laws of the Province of Manitoba and is wholly-owned by the REIT. The General Partner has a nominal interest in the Partnership and will have no significant assets or financial resources other than its general partnership interest in the Partnership.

The Partnership has two classes of limited partnership units, being the Class A LP Units, all of which are owned by the REIT, and Exchangeable Units, all of which are currently held by certain former holders of Kenwood LP Units and Brio LP Units. The Exchangeable Units are, in all material respects, economically equivalent to the Trust Units on a per unit basis. Under the Limited Partnership Agreement and the Exchange Agreement, the Exchangeable Units are exchangeable on a one-for-one basis for Trust Units (subject to customary anti-dilution adjustments) at any time at the option of their holder, unless the exchange would jeopardize the REIT's status as a ''mutual fund trust'' or ''real estate investment trust'' for purposes of the Tax Act or cause or create a substantial risk that the REIT would be subject to tax under paragraph 122(1)(b) of the Tax Act and subject to satisfaction of conditions set out therein.

The business and affairs of the Partnership are managed and controlled by the General Partner which will be bound by the investment guidelines and operating policies applicable to the REIT pursuant to the Declaration of Trust. The limited partners of the Partnership are not entitled to take part in the management or control of the business or affairs of the Partnership. Except as provided below, the Partnership will reimburse the General Partner for all direct costs and expenses incurred by the General Partner in the performance of its duties as the general partner of the Partnership. The Board of Trustees of the REIT determines the composition of the General Partner's board of directors from time to time. The General Partner operates the Partnership in a manner to ensure, to the greatest extent possible, the limited liability of the limited partners of the Partnership. The limited partners of the Partnership may lose their limited liability in certain circumstances. If the limited liability of any limited partner is lost by reason of the negligence of the General Partner in performing its duties and obligations under the Limited Partnership Agreement, the General Partner will indemnify the applicable limited partner against all claims arising from assertions that its liabilities are not limited as intended by the Limited Partnership Agreement. The General Partner has no significant assets or financial resources other than its distribution entitlement from the Partnership. Accordingly, this indemnity may only be of nominal value.

For further information regarding the Partnership, the Limited Partnership Agreement and the Exchange Agreement, see "*Information Concerning the Resulting Issuer – The Partnership*" in the QT Information Circular.

Pro Forma Consolidated Capitalization

The following table sets forth the pro forma capitalization of the REIT on a consolidated basis as at June 30, 2021, and as adjusted to give effect only to: (i) the closing of the public offering of offered units comprised of Trust Units and Warrants; and (ii) the closing of the Element Acquisition described herein (based upon the assumptions set forth herein). The table below should be read in conjunction with the financial statements of the REIT, including the notes thereto, incorporated by reference in this Information Circular and the pro forma financial statements of the REIT incorporated by reference in this Information Circular.

	As at June 30, 2021	**As at June 30, 2021 after giving effect to the Offering and the Element Acquisition**
Indebtedness		
Mortgages and Bank Indebtedness...	42,651,077	66,187,317
Warrants	-	427,189
Exchangeable Units…………………...	10,793,269	11,977,465
Total Indebtedness	53,444,346	78,591,971
Unitholders' Equity	3,131,763 (1)	6,767,468 (1)
TOTAL CAPITALIZATION........	**56,576,109**	**85,359,439**

Effect of the Element Acquisition on the REIT

The REIT has prepared pro forma financial statements for the year ended December 31, 2020 and for the six-month period ended June 30, 2021 which are attached at Appendix 5 to this Information Circular.

Assuming that: (i) the Partnership acquires the Element LP Units for aggregate consideration of $2,368,393, comprised of cash consideration of $1,184,197 and 1,029,736 Exchangeable Units (which assumes a price of $1.15 per Exchangeable Unit); (ii) the Partnership contributes or advances $1,200,000 on Closing to Element LP which repays the outstanding indebtedness under the Element LP Promissory Note; the Element Property and Element LP perform in line with management's current expectations; (iii) the Element Property and Element LP are operated and perform in the ordinary course of business; (iv) estimated expenses of $260,200 for the Element Acquisition; and (iv) the payment of fees set out in the Management Agreement and management's expectations for other general & administrative expenses of the REIT, the REIT estimates that its run-rate FFO and run-rate AFFO per Trust Unit for the 2022 financial year would be approximately $0.0873 and $0.0784 per Trust Unit. See "*Forward-Looking Statements*" and "*Risk Factors*".

Trustees and Officers of the REIT

The Element Acquisition will not result in any changes to the Board of Trustees and management of the REIT as at the date hereof.

Ownership of Securities of the REIT by Trustees and Officers

The following table sets forth the ownership of Trust Units, Exchangeable Units and Special Voting Units expected to be owned or controlled, directly or indirectly, by the current Trustees and officers of the REIT and Associates and Affiliates thereof following the completion of the proposed Element Acquisition:

Name and Municipality of Residence of Trustee	Principal Occupation for the previous 5 Years	Positions and Offices Held	Number of Trust Units Beneficially Owned or Controlled	Number of Exchangeable Units Beneficially Owned or Controlled	Number of Special Voting Units (2)
William Martens Winnipeg, MB	Director and Officer of the Manager	Chief Executive Officer, Trustee since July 2, 2020	180,000	1,177,519	1,177,519
Jennifer Nazimek Winnipeg, MB	Chief Financial Officer of the Manager	Chief Financial Officer, Secretary of Trust since July 2, 2020	20,000	-	-
Armin W. Martens Winnipeg, MB	Director and Officer of the Manager	Executive Vice President since July 2, 2020	180,000	426,399	426,399
Luke Cain Winnipeg, MB (1)	Senior Director of Mortgage Origination at Canada ICI Capital Corporation	Trustee since July 2, 2020	20,000	-	12,411(2) (3)
Cornelius Martens Winnipeg, MB	President and Chief Executive Officer of Marwest Properties Ltd.	Trustee since July 2, 2020	20,000	919,509(2)	926,279(2)
Jason Pellaers Winnipeg, MB (1)	Vice-President, Finance at NFI Group Inc.	Trustee since February 16, 2021	20,000	-	10,531(3)
James Green Winnipeg, MB (1)	Chief Executive Officer of Artis Real Estate Investment Trust	Trustee since August 25, 2021	20,000	-	1,659(3)

(1) Member of the Audit Committee
(2) Comprises Special Voting Units accompanying Exchangeable Units and/or Deferred Units
(3) Includes Exchangeable Units indirectly owned by the spouse of Cornelius Martens through TESC Enterprises Inc.

Directors and Officers of the Manager

The Manager of the REIT which provides the Asset Management Services and Property Management Services pursuant to the Management Agreement is controlled by Mr. William Martens, Chief Executive Officer and a Trustee, and Mr. Armin W. Martens, Executive Vice-President, Cornelius W. V. Martens and Karl Martens and owned equally by their respective families. The directors and executive officers of the Manager are William Martens (Director and Chief Executive Officer), Armin W. Martens (Director and Executive Vice-President), Jennifer Nazimek (Chief Financial Officer), Cornelius W.V. Martens (Executive Vice-President) and Karl Martens (Executive Vice-President). For more information regarding the foregoing individuals, see "*Information Concerning the Resulting Issuer – Directors and Officers of the Manager*" in the QT Information Circular.

For information regarding the securities of the REIT and the Partnership beneficially owned, or of which control or direction is exercised, by the directors and officers of the Manager who are not also officers of the REIT, including their Associates, see "*Particulars of Matters to be Acted Upon – Approval of Element Acquisition – Ownership of Securities*".

Conflicts of Interest

There are conflicts of interest to which the executive officers and/or Trustees of the REIT and of the Manager are subject to in connection with the Element Acquisition and the operations of the REIT. See "*Particulars of Matters to be Voted Upon – Approval of the Element Acquisition Resolution – Related Party Transaction – Benefits of the Element Acquisition*".

Certain officers of the REIT have a conflict of interest resulting from the indirect ownership interest in the Manager, which provides Asset Management Services and Property Management Services to the REIT and is entitled to receive compensation for such services. For more information regarding the Management Agreement and the compensation payable to the Manager, see "*Information Concerning the Resulting Issuer – Material Contracts – The Management Agreement*" in the QT Information Circular, which is incorporated by reference in this Information Circular.

In addition, Trustees and officers of the REIT may be subject to actual or perceived conflicts of interest relating to the REIT, including those described under "Information Concerning the Resulting Issuer – Conflicts of Interest" in the QT Information Circular, which is incorporated by reference in this Information Circular.

Indebtedness of Trustees and Officers

None of the Trustees or officers of the REIT have been indebted to the REIT at any time nor has the REIT guaranteed or otherwise supported the indebtedness of any such person during that period.

Escrowed Securities

Of the 800,000 Seed Units issued prior to the IPO at a price of $0.25 per Unit and escrowed under the Escrow Agreement, of which 600,000 will remain in escrow following the Element Acquisition.

In connection with the Qualifying Transaction, 28,163 Trust Units and 2,672,646 Exchangeable Units were escrowed pursuant to the Escrow Agreement – Qualifying Transaction, of which 21,122 Trust Units and 2,004,485 Exchangeable Units will remain in escrow following the Element Acquisition.

For more information regarding such escrowed securities, see "*Information Concerning the Resulting Issuer – Escrowed Securities*" in the QT Information Circular.

All Exchangeable Units issued in connection with the Element Acquisition will be escrowed pursuant to the Escrow Agreement – Element and released as follows:

(i) 10% on the date of the Exchange Bulletin;

(ii) 15% on the date 6 months after the Exchange Bulletin;

(iii) 15% on the date 12 months after the Exchange Bulletin;

(iv) 15% on the date 18 months after the Exchange Bulletin;

(v) 15% on the date 24 months after the Exchange Bulletin;

(vi) 15% on the date 30 months after the Exchange Bulletin; and

(vii) 15% on the date 36 months after the Exchange Bulletin.

Assuming the closing of the Element Acquisition in 2021 and the release of escrowed securities in accordance with the applicable escrow release schedules, the total number of escrowed Trust Units and Exchangeable Units following the Element Acquisition is anticipated to be 621,122 and 3,034,221, respectively.

Material Contracts

The material contracts to which the REIT is, or will upon Closing be, a party are as follows:

(a) the Declaration of Trust;

(b) the Equity Incentive Plan;

(c) the Escrow Agreement – IPO;

(d) the Escrow Agreement – Qualifying Transaction;

(e) the Escrow Agreement – Element;

(f) the Limited Partnership Agreement;

(g) the Exchange Agreement;

(h) the Management Agreement; and

(i) the Transfer Agency Services Agreement.

For a summary of material contracts of the REIT, see "*Information Concerning the REIT – Material Contracts*" herein and "*Information Concerning the Resulting Issuer – Material Contracts*" in the QT Information Circular, which is incorporated by reference herein. Copies of such material contracts are available for inspection at the office of the Trust as its head office located at Suite 500 - 220 Portage Avenue, Winnipeg, MB R3C 0A5, during ordinary business hours and upon reasonable notice. Copies of material contracts filed with applicable securities regulatory authorities are also available for inspection on the Trust's profile on SEDAR at www.sedar.com.

Risk Factors

General

The following information is a summary only of certain risks and is qualified in its entirety by reference to, and should be read in conjunction with, the detailed information appearing elsewhere in this Information Circular. These risks and uncertainties are not the only ones facing the REIT. Additional risks and uncertainties not presently known to the REIT, or that the REIT currently deems immaterial, may also impair the operations of the REIT. If any such risks actually occur, the financial condition, liquidity and results of operations of the REIT could be materially adversely affected and the ability of the REIT to implement its growth plans could be adversely affected.

Operating History

The REIT has limited history of operations and earnings, nor has it paid any distributions to date. The success of the REIT depends on the expertise, judgment, discretion and management of the Trustees and the Manager. Such factors may have an impact on the market price of the Trust Units.

General Business Risks

The REIT is subject to general risks associated with business and those inherent to the real estate industry. The underlying value of the Kenwood Property, the Brio Property and the Element Property, as well as future investments, and the REIT's income and ability to generate stable returns from its operations will depend on the ability of the REIT to maintain revenues and generate income in excess of operating expenses. Income derived from the Kenwood Property, the Brio Property and the Element Property, as well as future investments, may be adversely affected by changes in local or national economic conditions, changes in interest rates and in the availability, cost and terms of any mortgage or other financing, the ongoing need for capital improvements, changes in real estate assessed values and taxes payable on such values and other operating expenses, changes in laws, regulations rules and fiscal policy, zoning laws, environmental legislation and compliance with such regulations and acts of God, including natural disasters (which may result in uninsured losses). Any of the foregoing events could adversely the value of the Properties of the REIT and the ability of the REIT to generate positive cash flows and make distributions.

Real Property Ownership

All real property investments are subject to elements of risk. Such investments are affected by general economic conditions (such as the availability, terms and cost of mortgage financings and other types of financings), local real estate markets and conditions (such as oversupply of available rental units or a reduction in demand for real estate in the area), the attractiveness of the properties to residents or tenants, supply and demand for space, competition from other available space and various other factors.

The performance of the economy in areas in which properties are located affects occupancy, market rental rates, property sale prices and expenses. These factors consequently can have an impact on revenues generated from properties and their underlying values.

The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants. The REIT's financial performance would be adversely effected if tenants at the REIT's Properties were to become unable to meet their obligations under their leases. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and costs incurred in protecting the REIT's investment may be incurred.

Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to the REIT than the existing lease.

Other factors may further adversely affect revenues from, and the value of, the REIT's Properties. These factors include local conditions in the areas which Properties may be located, the attractiveness of the Properties to tenants or future purchasers, competition from neighbouring or other properties and the REIT's ability to provide adequate facilities, maintenance, services, and amenities. Operating costs including real estate taxes, insurance and maintenance costs and mortgage payments, if any, do not, in general, decline when circumstances cause a reduction in income from a property. The REIT could sustain a loss as a result of foreclosure on a property, if a Property is mortgaged to secure payment of indebtedness and the REIT is unable to meet its payment obligations. In addition, applicable laws, including tax laws, interest rate levels and the availability of financing also affect revenues from properties and real estate values.

Lease Renewals, Rental Increases, Lease Termination Rights and Other Lease Matters

The expiration of leases for the Properties will occur from time to time. No assurance can be provided that the REIT will be able to renew any or all of the leases upon the expiration thereof or that rental increases will occur or be achieved upon any such renewals. The failure to renew leases or achieve rental rate increases may adversely impact the REIT's financial condition and results of operations.

Although certain, but not all, leases contain a provision requiring tenants to maintain continuous occupancy of premises, there can be no assurance that such tenants will continue to occupy such premises. Any cessation of occupancy by tenants may have an adverse effect on the REIT and could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distributions.

Investment Concentration

Upon the completion of the proposed Element Acquisition, the Kenwood Property, Brio Property and Element Property will comprise all of the REIT's total real property assets. Accordingly, the REIT will initially be susceptible to any adverse developments in the City of Winnipeg. These factors may differ from those affecting the real estate markets in other regions of Canada. If real estate conditions in the City of Winnipeg decline relative to real estate conditions in other regions of Canada, the REIT's cash flows, operating results and financial condition may be more adversely affected than those of companies that have more geographically diversified portfolios of properties.

The principal business of the REIT is investing in quality multi-family residential real estate in Canada. Any adverse economic or real estate developments in the areas in which the Properties are located, now or in the future, could adversely affect the REIT's rental revenues, which could impair its ability to satisfy its debt service obligations and generate stable positive cash flow from its operations.

Capital Expenditures and Other Fixed Costs

Certain significant expenditures, including property taxes, maintenance costs, mortgage and leasehold payments, insurance costs and related charges, must be made throughout the period of ownership of real property, regardless if whether the property is producing sufficient income to pay such expenses. In order to retain desirable rentable space and to generate adequate revenue over the long term, the REIT is expected to maintain or, in some cases, improve the condition of its Properties to meet market demand. Maintaining a rental property in accordance with market standards can entail significant costs, which the REIT may not be able to generate from its tenants. Numerous factors, including the age of the relevant building structure, the material and substances used at the time of construction or currently unknown building code violations, could result in substantial unbudgeted costs for refurbishment or modernization.

If the actual costs of maintaining or upgrading the Properties exceed the reasonable estimates of the REIT, or if construction defects are discovered during the course of maintenance or upgrading which are not covered by insurance or other contractual warranties or if the REIT is not permitted to raise the rents due to other legal constraints, the REIT may incur additional and unexpected costs. If competing properties of a similar type are built or refurbished in the area where the REIT's properties are located, the net operating income derived from, and the value of, the REIT's properties could be reduced.

Any failure of the REIT to undertake appropriate maintenance and refurbishment work in response to the factors described above could adversely affect the rental income the REIT earns from its properties. For example, such a failure could entitle tenants to withhold or reduce rental payments or even to terminate existing contractual arrangements. Any such event could have a material adverse effect on the REIT's cash flows, financial condition and results of operations.

Changes in Government Regulation

The REIT is subject to the laws and regulations governing the ownership and leasing of real property, employment standards, environmental and energy efficiency matters, taxes and other matters. It is possible that future changes in applicable Canadian 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 will be subject in the jurisdictions in which it operates could materially affect the rights and title to the Properties of the REIT. It is not possible to predict whether there will be any further changes in the regulatory regime(s) to which the REIT is subject or the effect of any such change on the REIT's investments.

COVID-19

The COVID-19 pandemic has resulted in governments enacting emergency measures, including travel restrictions, physical distancing and temporary closure of non-essential businesses. These changes have caused a disruption in the global, country-wide and local economic conditions which may have an impact of the business of the REIT. While governments are reacting with significant interventions designed to stabilize economic conditions, the efficacy of these interventions remains unknown at this time. As the situation is continually evolving, the duration and impact of the COVID-19 pandemic is unknown. Any estimate of the length and potential severity of the risks associated with the COVID-19 pandemic is subject to significant uncertainty. The extent to which the COVID-19 pandemic may adversely affect the REIT's operations, financial results and capital resources following the completion of the Element Acquisition is also subject to significant uncertainty. Specific risks related to the COVID-19 pandemic include, but are not limited to:

(a) the impact of additional government regulation in response to the COVID-19 pandemic;

(b) the collection of rents receivable due to economic challenges faced by tenants as a result of the COVID-19 pandemic and related government measures;

(c) delays, costs and availability of resources required to complete capital projects; and

(d) market volatility and associated changes related to the ability to access capital.

Reliance on Key Personnel

The REIT relies on the expertise, skill, judgment, integrity and good faith of the Manager and the Trustees and management of the REIT. In particular, Unitholders rely on the discretion and ability of the Manager and management of the REIT in determining the composition of the REIT's portfolio, the real estate markets in which the REIT acquires properties and in negotiating purchase price and other material terms of agreements to which the REIT is or becomes a party. The ability of the Manager and management of the REIT to successfully implement investment strategies of the REIT will depend in large part on the continued services of its key management personnel. If the services of key management personnel were lost, the REIT may be adversely affected in a material manner.

Conflicts of Interest

Certain Trustees and executive officers of the REIT are engaged, and may continue to be engaged, in activities that may put them in conflict with the REIT's investment strategy. In addition, these individuals may hold equity in or positions with other companies and, accordingly, these individuals may not devote the requisite time and attention to the REIT. See "*Information Concerning the REIT – Management of the REIT*".

Liquidity

Real estate investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may tend to limit the REIT's ability to vary its portfolio promptly in response to changing economic or investment conditions.

Uninsured Losses

The REIT will carry comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles that are customarily obtained for properties of a similar size and function to the Properties of the REIT. There are, however, certain types of risks, generally of a catastrophic nature, such as wars or environmental contamination, which are uninsurable or not insurable on an economically viable basis. Should an uninsured loss occur, the REIT could lose its investment in, and anticipated profits and cash flows from, its investments and Properties, while still being obligated to repay the indebtedness in respect thereof.

Competition

The REIT will compete with various owners, operators and developers in the Canadian real estate industry, including other properties located within proximity to the Properties of the REIT. Some of these parties own, and may acquire in the future, properties that compete directly with the Properties of the REIT, and some of these parties may have greater capital resources than the REIT. If the competitors of the REIT build new properties or re-develop older properties that compete with the REIT's Properties, the REIT may lose tenants or potential tenants and it may be pressured to discount its rental rates below those it would otherwise charge in order to retain tenants. As a result of the foregoing, the REIT's rental revenues could decrease, which could impair the REIT's ability to satisfy any debt service obligations and to generate stable positive cash flows from its operations. In addition, increased competition for tenants may require the REIT to make capital improvements to facilities it would not have otherwise made. Any unbudgeted capital improvements which the REIT undertakes may reduce cash flow generated by the REIT's operations.

Acquisition and Integration of Additional Properties

The REIT intends to acquire additional properties in the future and its future growth will depend on its ability to successfully acquire new properties on favourable terms. Future acquisition opportunities may not be available to the REIT on terms that meet the investment criteria or it may be unsuccessful in capitalizing on such opportunities. The REIT's ability to capitalize on acquisition opportunities will also depend on the availability of external capital resources which may not be available to the REIT on favourable terms or at all. The REIT's ability to acquire properties on favourable terms and successfully operate such properties involved the following risks:

(a) competition from other real estate investors in acquiring desired properties that may significantly increase the purchase price and decrease the expected yields for those properties;

(b) the REIT may be unable to finance an acquisition on favourable terms or at all;

(c) the REIT may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into its existing operations;

(d) requiring the REIT to use a substantial portion of its cash flows from operations to pay principal and interest which will reduce the amount of cash available for other purposes;

(e) market conditions may result in higher than expected costs and vacancy rates and lower than expected rental rates; and

(f) the REIT may acquire properties subject to liabilities without any recourse, or with only limited recourse, to the sellers of such properties, or with liabilities that are unknown to it, such as liabilities for clean-up of undisclosed environmental contamination, claims by tenants, vendors or other persons dealing with the former owners of its Properties and claims for indemnification by members, trustees, directors, officers and others indemnified by the former owners of its properties.

Newly developed and recently acquired properties may not perform as expected and may have characteristics or deficiencies unknown at the time of development or acquisition. The REIT cannot guarantee that it will be able to successfully integrate acquired properties without operating disruptions or unanticipated costs. As the REIT acquires additional properties, the REIT will be subject to risks associated with integrating and managing new properties, including tenant lease-up and retention and mortgage default. In addition, acquisitions may cause disruptions on the REIT's operations and divert management's attention away from day-to-day operations. Furthermore, the REIT's profitability may suffer because of acquisition-related costs or amortization costs for acquired intangible assets. The REIT's failure to successfully integrate any future properties could have an adverse effect on the REIT's operating costs and its ability to generate stable positive cash flow from its operations.

Potential Undisclosed Liabilities Associated with Acquisitions

The REIT expects to acquire properties that may be subject to existing liabilities, some of which may be unknown at the time of the acquisition or which the REIT may fail to uncover in its due diligence to be accounted for through contractual indemnification. Unknown liabilities may include liabilities for claims by tenants, vendors or other persons dealing with the vendor or predecessor entities (including claims that have not been asserted or threatened as of the acquisition date), tax liabilities, accrued and unpaid liabilities incurred in the ordinary course of business and cleanup and remediation of undisclosed environmental conditions. While, in some instances, the REIT may have the right to seek reimbursement against an insurer or another third party for certain of these liabilities, the REIT may not have recourse to the vendor of the property for any of these liabilities.

Litigation

The REIT may become subject to disputes with tenants or other commercial parties with whom it maintains relationships or other parties with whom it does business. Any such dispute could result in litigation between the REIT and such other parties. Whether or not any dispute actually proceeds to litigation, the REIT may be required to devote significant resources, including management time and attention, to the successful resolution of such disputes (including through litigation, settlement or otherwise), which would detract from management's ability to focus on the REIT's business. Any such resolution could involve the payment of damages or expenses by the REIT, which may be significant. In addition, any such resolution could involve the REIT's agreement to settlement terms that restrict the operation of its business.

Environmental Matters

As an owner of real estate, the REIT is subject to various federal, provincial and municipal laws relating to environmental matters. Such laws provide that the REIT could be liable for the costs of removal of certain hazardous substances and repair of certain hazardous locations. The failure to remove or remediate such substances or locations, if any, could adversely affect the REIT's ability to sell such real estate or to borrow using such real estate as collateral and could potentially result in claims against the REIT. Management is not aware of any material non-compliance with environmental laws with respect to the its current properties or the Element Properties. However, the REIT cannot guarantee that any material environmental conditions do not or will not otherwise exist with respect to the Properties or any other real property it may own in the future or developments that it may finance.

Access to Capital and Financing Risk

The real estate industry is highly capital intensive. The REIT requires access to capital to fund its growth strategy and significant capital expenditures from time to time. There can be no assurance 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.

Global financial markets have experienced a sharp increase in volatility during recent years. Underlying market conditions may continue or become worse, and unexpected volatility and illiquidity in financial markets may inhibit the REIT's access to long-term financing in the Canadian capital markets. As a result it is possible that financing required by the REIT to grow and expand its operations may not be available to the REIT on favourable terms or at all.

Debt Refinancing

The REIT intends to incur indebtedness in connection with future investments and acquisitions of Properties and the expansion of its business. The REIT's debt may harm its business and operating results by:

(a) requiring the REIT to use a substantial portion of its cash flow from operations to pay principal and interest, which will reduce the amount of cash available for other purposes;

(b) limiting the REIT's ability to borrow more money for operating or capital needs or to finance investments or acquisitions in the future; and

(c) making the REIT more vulnerable to economic and industry downturns and reducing its flexibility in responding to changing economic and business conditions.

In addition to the risks discussed above and those normally associated with debt financing, including the risk that the REIT's cash flow will be insufficient to meet required payments of principal and interest to service the debt, the REIT will also be subject to the risk that it will not be able to refinance any existing indebtedness on its Properties and that the terms of any refinancing it obtains will not be as favourable as the terms of its existing indebtedness. If the REIT is not successful in refinancing debt when it becomes due, it may be forced to dispose of properties on disadvantageous terms, which may adversely affect its ability to service other debt and meet its other obligations.

Interest Rate Risk

The REIT intends to finance future investments and property acquisitions in part with debt borrowings, which could bear interest at fixed or variable rates. The interest expense on any variable rate indebtedness of the REIT will increase if and when short-term interest rates increase. A significant increase in interest expense could adversely affect the REIT's results of operations.

Dilution

The number of Trust Units the REIT is authorized to issue is unlimited. The REIT may, in its sole discretion, issue additional Trust Units from time to time, and the ownership interests if Unitholders may be diluted as a result.

Potential Volatility of Trust Unit Prices

It is not possible to predict the price at which Trust Units will trade and there can be no assurance that an active trading market for the Trust Units will develop or be sustained. The market price of the Trust Units may be volatile and could be subject to wide fluctuations due to a number of factors, including, but not limited to: actual or anticipated fluctuations in the REIT's results of operations; changes in estimates of the REIT's future results of operations by management or securities analysts; introduction of new products or services by the REIT or its competitors; and general industry changes.

In addition, the financial markets have in the past experienced significant price and value fluctuations that have particularly affected the market prices of equity securities of many real estate issuers and that have, in some cases, been unrelated to the operating performance of these companies. Broad market fluctuations as well as economic conditions generally and in the real estate industry may adversely affect the market price of the Trust Units.

No Guaranteed Return

There is no guarantee that an investment in the Trust Units will earn any positive return in the short or long term. Moreover, the interest rates being charged for debt financing, and other similar financing transactions in which the REIT will be engaged reflect the general level of interest rates, and as interest rates fluctuate, the REIT's aggregate yield on investments will also be expected to change.

Limited Prior Public Market

The Trust Units have a very limited record of trading publicly on the TSXV. 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.

Risks Associated with the Element Acquisition

The completion of the Element Acquisition is subject to the satisfaction of a number of conditions, including the final approval of the TSXV. There can be no assurance that all of the necessary regulatory approvals will be obtained. If the Element Acquisition is not completed for these reasons, or any other reason, the REIT will have incurred significant costs associated with pursuing the unsuccessful Element Acquisition.

The sole remedy of the REIT against Element LP Unitholders in connection with any breach of a representation or warranty under the respective agreements requires that the REIT pursue legal action against such Element LP Unitholders who have made limited representations and warranties in their respective agreements.

SIFT Rules

The Tax Act contains the SIFT Rules, which are applicable to publicly traded income trusts unless such trusts satisfy the REIT Exception. The REIT Exception to the SIFT Rules comprises 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. Management of the REIT believes that, upon the completion of the Element Acquisition, the REIT will meet the requirements of the REIT Exception, and intends for the REIT to qualify for the REIT Exception at all future times. However, there can be no assurance that, upon completion of the Element Acquisition, the REIT will meet the requirements of the REIT Exception in any such year or that it will be able to qualify for the REIT Exception in future years such that the REIT and Unitholders will not be subject to the tax imposed by the SIFT Rules. If the REIT is subject to the SIFT Rules, the SIFT Rules may, depending on the nature of distributions from the REIT, including what portion of its distributions are income and what portion are returns of capital, have a material adverse effect on the after-tax returns of the REIT. Also, in the event that the SIFT Rules apply to the REIT, they may adversely affect the marketability of the Trust Units, the amount of cash available for distributions and, among other things, there can be no assurance that the REIT will be able to maintain the portion of distributions that is treated as a non-taxable return of capital.

Other Tax Related Risk Factors

There can be no assurance that Canadian federal income tax laws (or the judicial interpretation thereof or the administrative and/or assessing practices of the CRA) respecting the treatment of mutual fund trusts will not be changed in a manner which will adversely affect the REIT or the holders of Trust Units. If the REIT ceases to qualify as a mutual fund trust under the Tax Act, the income tax consideration Unitholders would be materially and adversely different in certain respects, including that Trust Units may cease to be qualified investments for deferred income plans. The Tax Act imposes penalties on the controlling individual of a deferred income plan for the acquisition or holding of non-qualified investments and the plan will be subject to income tax on any income earned on such investments.

Principal Canadian Federal Income Tax Considerations

The summary of the principal Canadian federal income tax considerations relating to the REIT and the Trust Units as set forth under the heading "Principal Canadian Federal Income Tax Considerations" in the Short Form Prospectus is incorporated by reference herein**.**

Other Material Facts

MI 61-101 provides a number of circumstances in which a transaction between an issuer and a related party may be subject to the formal valuation and minority approval requirements under MI 61-101. An exemption from such requirements is available where the fair market value of the transaction is not more than 25% of the market capitalization of the issuer. The REIT has been granted exemptive relief from the requirements of MI 61-101 that, subject to certain conditions, permits it to be exempt from the formal valuation and minority approval requirements that would have a value of less than 25% of the REIT's market capitalization, if the indirect equity interest in the REIT, which is held in the form of Exchangeable Units is included in the calculation of the REIT's market capitalization. As a result, the 25% threshold, above which the formal valuation and minority approval requirements apply, is increased to include the indirect interest in the REIT held in the form of Exchangeable Units at the applicable time. As at the date of this Information Circular, the indirect interest in the REIT held in the form of Exchangeable Units is approximately 53%.

Pro Forma Financial Statements

The following pro forma financial statements of the REIT are appended to and form part of this Circular:

Appendix 5: *pro forma* annual financial statements for the year ended December 31, 2020 with the notes thereto and *pro forma* interim financial statements for the six-month period ended June 30, 2021, with the notes thereto.

Board Approval

The Board of Trustees has reviewed and approved the contents of this Circular.

APPENDIX 1
FORM OF ELEMENT ACQUISTION RESOLUTION

BE IT RESOLVED THAT:

1. the proposed indirect acquisition of all of the issued and outstanding limited partnership units ("**Element LP Units**") of Marwest (Element) Apartments L.P. ("**Element LP**") by Marwest Apartment Real Estate Investment Trust (the "**REIT**") through its subsidiary MAR REIT LP (the "**Partnership**") for a combination of cash and Class B limited partnership units of the Partnership, and the related transactions, including the repayment by Element LP of outstanding indebtedness owing to the holders of Element LP Units and/or their associated entities or affiliated entities and the indemnification by the REIT and the Partnership of guarantors of the mortgage indebtedness of Element LP, all as more particularly described in the management information circular of the REIT dated October 11, 2021, be and is hereby approved;

2. all advances of funds by the REIT to the Partnership from time to time, and return of funds from the Partnership to the REIT from time to time, which are incidental to and in furtherance of the objectives of the REIT and the Partnership, be and are hereby approved;

3. any one Trustee or officer of the REIT be and is hereby authorized and directed to do all such acts and things and to execute and deliver on behalf of the REIT or otherwise all such deeds, documents, instruments and assurances as in the opinion of such trustee or officer may be necessary or desirable to complete the Element Acquisition.

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APPENDIX 2

ANNUAL FINANCIAL STATEMENTS OF ELEMENT LP
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

Financial Statements of

MARWEST (ELEMENT) APARTMENTS L.P.

And Independent Auditors' Report thereon

Year ended December 31, 2020

KPMG LLP
1900 - 360 Main Street
Winnipeg MB
R3C 3Z3

Telephone (204) 957-1770
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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 (Element) Apartments L.P. (the "Entity"), which comprise the statements of financial position as at December 31, 2020 and January 1, 2020 and the statements of income and comprehensive income, unitholders' equity and cash flows for the year ended 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 Entity as at December 31, 2020 and January 1, 2020 and its financial performance and its cash flows for the year ended December 31, 2020 in accordance with International Financial Reporting Standards.

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 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

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 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 International Financial Reporting Standards, 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.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

October 11, 2021

MARWEST (ELEMENT) APARTMENTS L.P.

Statements of Financial Position

As at December 31, 2020 and January 1, 2020

	Note	December 31, 2020	January 1, 2020
Assets			
Non-current assets:			
Investment property	4, 6	$ 18,255,542	$ –
Investment property under development	4, 6	4,476,285	–
Prepaid expenses		440,848	–
		23,172,675	–
Current assets:			
Accounts and other receivable	11	76,750	21,172
Prepaid expenses		9,786	123,649
Cash		729,028	190
		815,564	145,011
Total assets		$ 23,988,239	$ 145,011
Liabilities and Unitholders' Equity (Deficiency)			
Non-current liabilities:			
Long-term debt	5	$ 7,510,598	$ 145,000
Current liabilities:			
Accounts payable and accrued liabilities		1,023,652	30,645
Security deposits and prepaid rent		82,325	–
Current portion of long-term debt	5	11,524,055	–
		12,630,032	30,645
Total liabilities		20,140,630	175,645
Unitholders' equity (deficiency)		3,847,609	(30,634)
Total liabilities and unitholders' equity		$ 23,988,239	$ 145,011

The related notes form an integral part of these financial statements.

MARWEST (ELEMENT) APARTMENTS L.P.

Statement of Income and Comprehensive Income

Year ended December 31, 2020

	Note	2020
Revenue from investment property	7	$ 696,140
Property operating expenses	6	170,662
Realty taxes		81,931
		252,593
Property operating income		443,547
Other expenses (income):		
Interest and finance costs	8	272,102
Fair value adjustment on investment property	4	(2,906,799)
		(2,634,697)
Net income and comprehensive income		$ 3,078,244

The related notes form an integral part of these financial statements.

MARWEST (ELEMENT) APARTMENTS L.P.

Statement of Unitholders' Equity

Year ended December 31, 2020

	Equity	Retained earnings (deficit)	Total
Balance, January 1, 2020	$ 11	$ (30,645)	$ (30,634)
Net income and comprehensive income	–	3,078,244	3,078,244
Units issued	800,000	–	800,000
Unit repurchased and cancelled	(1)	–	(1)
Balance, December 31, 2020	$ 800,010	$ 3,047,599	$ 3,847,609

The related notes form an integral part of these financial statements.

MARWEST (ELEMENT) APARTMENTS L.P.
Statement of Cash Flows

Year ended December 31, 2020

	Note	2020
Cash provided by (used in):		
Operations:		
Net income and comprehensive income	4, 7	$ 3,078,244
Adjustments for:		
Straight-line rent	4	(4,661)
Fair value adjustment on investment property	4	(2,906,799)
Interest and finance costs	8	272,102
Interest paid		(412,748)
Interest received		2,367
Change in non-cash operating working capital:		
Accounts receivable		(37,988)
Prepaid expenses		131,523
Accounts payable and accrued liabilities		438,752
Security deposits and prepaid rent		31,998
		592,790
Investing:		
Acquisition of investment property, net of cash acquired	4	(3,346,353)
Capital expenditures	4	(8,767,397)
Leasing commissions	4	(12,528)
		(12,126,278)
Financing:		
Debt financing advanced	4, 5	12,581,921
Financing fees paid	5	(140,841)
CMHC premiums paid	5	(445,488)
Repayment of long-term debt	5	(133,265)
Units issued	4	400,000
Units repurchased and cancelled		(1)
		12,262,326
Increase in cash		728,838
Cash, beginning of year		190
Cash, end of year		$ 729,028

The related notes form an integral part of these financial statements.

1. **General:**

These financial statements reflect the financial position and results of Marwest (Element) Apartments L.P. (the “Partnership”), the owner of a 112-unit townhouse-style residential income property known as Element Townhomes (the “property”) which is located at 85 Fiorentino Street & 30 El Tassi Drive, Winnipeg, Manitoba. The Partnership was formed on July 3, 2019 under the laws of the Province of Manitoba. On January 1, 2020, Marwest (Element) Apartments L.P. acquired the assets and assumed the mortgage of the property (note 4).

2. **Basis of preparation:**

(a) Statement of compliance:

The financial statements of the Partnership have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements were authorized for issue on October 11, 2021.

(b) Basis of measurement:

The financial statements have been prepared on a going concern and historical cost basis, with the exception of investment property which is measured at fair value.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Partnership’s functional currency.

(d) Use of estimates and judgment:

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 could differ from those estimates.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts reported in the financial statements are as follows:

Capitalized cost of investment property under development

The accounting policy relating to investment property under development is described in note 3(a). Judgment is applied in identifying the point at which all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2. Basis of preparation (continued):

Business combinations

The Partnership acquires real estate properties. At the time of the acquisition, the Partnership considers whether or not the acquisition represents the acquisition of a business. The Partnership accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to a property.

Consideration is made to the extent to which significant processes are acquired and the extent of ancillary services provided by a property, for example, maintenance, cleaning, security, bookkeeping, etc.

When the acquisition of a property does not represent a business, it is accounted for as an acquisition of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill is recognized. The purchase of Element Townhomes is considered an asset purchase and not a business combination (note 4).

Information about assumptions and estimation uncertainties that are critical to the determination of the amounts reported in the financial statements are as follows:

Valuation of investment property

The fair value of the investment property is determined by management using recognized valuation techniques. The determination of the fair value of the investment property requires the use of estimates such as capitalization and discount rates applicable to the investment property. These estimates are based on local market conditions existing at the reporting date. Further information about assumptions and key inputs used to measure fair value of investment properties are described in note 4.

COVID-19

The COVID-19 outbreak has resulted in the federal and provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the property is unknown.

2. Basis of preparation (continued):

The Partnership continues to monitor and assess the impact that COVID-19 will have on its business activities and financial results that could potentially be impacted, including: cash collections from tenants, rental income, occupancy, turnover, future demand and market rents, all of which impact the valuation of investment property.

The estimates that could be most significantly impacted by COVID-19 include those underlying the valuation of investment property (note 4). Actual results could differ from those estimates.

3. Significant accounting policies:

(a) Investment property:

Investment property includes properties held to earn rental income and properties that are being constructed or developed for future use as investment properties. Investment property is measured at fair value with any changes therein recognized in profit or loss for the year.

Investment property is classified as investment property under development once construction at the investment property has commenced. Investment property under development includes initial acquisition costs and other direct costs during the period of development.

Borrowing costs associated with direct expenditures on investment properties under development are capitalized from the commencement of the construction until the date all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

The investment property is measured at fair value which is determined based on available market evidence at each reporting date. Fair value is determined using the direct capitalization approach. Estimated stabilized net operating income is based on the investment property's forecasted results. Capitalization rates reflect the characteristics, location and market of the investment property. Fair value is determined based on internal valuation models incorporating market data and valuations performed by external appraisers.

Tenant incentives, leasing commissions and straight-line rent receivables are included in the carrying amount of investment property.

3. Significant accounting policies (continued):

(b) Revenue recognition:

The Partnership has retained substantially all of the risks and benefits of ownership of its investment property and therefore accounts for leases with its tenants as operating leases.

Revenue from investment property includes base rents earned from tenants related to 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.

The Partnership uses the straight-line method of rental revenue recognition whereby any contractual free-rent periods or rent increases over the term of a lease are recognized as earning evenly over the lease term. Lease incentives provided to tenants 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 Partnership’s leases. These services consistent primary of the recovery of utility, property maintenance and amenity costs where the Partnership has determined it is acting as a principal and is recognized over time when the services are provided.

(c) Financial instruments:

Financial instruments are generally measured at fair value on initial recognition. Classification and subsequent measurement consist 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 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 loss, and the remaining amount of change in fair value recognized in the statements of net income and comprehensive income.

3. Significant accounting policies (continued):

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

Account	Measurement
Cash	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost
Security deposits	Amortized cost

The Partnership derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the financial assets and substantially all of the risks and rewards of ownership of the asset to another entity. The Partnership derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

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 and duties.

Financial assets and liabilities are offset, and the net amount presented on the statements of financial position only when the Partnership has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. At January 1, 2020 and December 31, 2020 no amounts have been offset on the statements of financial position.

(d) Impairment:

For financial assets measured at amortized cost, the Partnership uses an expected credit loss (ECL) impairment model. The ECL model uses an allowance for expected credit losses being recorded regardless of whether or not there has been an actual loss event. The Partnership measures the loss allowance at an amount equal to lifetime ECL for trade and other receivables. Lifetime ECL's are the ECL's that result from all possible default events over the expected life of the trade and other receivables.

ECL's are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls being the difference between the cash flows due to the Partnership in accordance with the contract and the cash flows that the Partnership expects to receive. ELC's are discounted at the effective interest rate of the financial asset.

3. Significant accounting policies (continued):

(e) Expenses:

Property operating expenses are recognized in net income in the period in which they are incurred.

(f) Interest and finance costs:

Interest and finance costs are comprised of interest expense on long-term debt and amortization of financing costs. Finance costs associated with liabilities presented at amortized cost are presented in the statements of net income and comprehensive income using the effective interest method.

(g) Prepaid CMHC premiums:

Insurance premiums and fees paid to the Canada Mortgage and Housing Corporation (CMHC) are presented within prepaid expenses and other assets. The insurance premiums and fees are amortized over the loan amortization period, amortization expense is included in finance costs in the consolidated statements of net income and comprehensive income.

(h) Future changes in accounting standards:

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

4. Investment property:

	Under Development	Completed
Balance, January 1, 2020	$ –	$ –
Acquisition	3,463,633	7,381,938
Capital expenditures	8,767,397	–
Capitalized interest	194,871	–
Transfer from under development to completed	(7,949,616)	7,949,616
Change in straight-line rent receivable	–	4,661
Leasing commissions	–	12,528
Fair value gain	–	2,906,799
Balance, December 31, 2020	$ 4,476,285	$ 18,255,542

On January 1, 2020, the Partnership completed the acquisition of the property for total consideration of $3,840,518, which includes land, buildings, existing tenant leases, and all working capital balances of the property.

The allocation of the acquisition price is as follows:

Cash	$ 94,165
Investment property	10,845,571
Working capital	(517,380)
Mortgage assumed	(6,581,838)
Acquisition price	$ 3,840,518

Consideration for the acquisition price was provided as follows:

Units issued	$ 400,000
Cash	3,440,518
Total	$ 3,840,518

The investment property is comprised of five individual buildings. At January 1, 2020, two buildings were complete (“Phase 1”) and three were under development (“Phase 2”). For the year ended December 31, 2020, $194,871 of interest on borrowings was capitalized relating to these three buildings. Two of these buildings were completed during 2020, with the third building expected to be completed in 2021.

The fair value methodology for the Partnership’s investment property is considered level 3, as significant unobservable inputs are required to determine fair value.

4. Investment property (continued):

An internal valuation was prepared at December 31, 2020. Internal valuations are prepared by management. The internal valuations team consists of qualified individuals who hold recognized relevant professional qualifications and have recent experience in the location and category of the respective properties.

Management determined the fair value of investment property based on the direct income capitalization approach using stabilized net operating income and capitalized at a rate that reflects the characteristics, location and market of the investment property. The capitalization rate was estimated using market surveys, available appraisals and market comparables.

The carrying value of the investment property reflects management's best estimate of fair value in terms of the assessed highest and best use at December 31, 2020. It is not possible to forecast with certainty the duration or full scope of the economic impact COVID-19 will have on the investment property, both in the short and long-term. Any long-term effects on market rents, occupancy, turnover and other factors could impact the underlying valuation of the investment property and such impact could be material.

A change in the capitalization rate used could have a material impact on the fair value of the investment property. When capitalization rates compress, the estimated fair value of the investment property increases. When capitalization rates expand, the estimated fair value of the investment property decreases. The capitalization rate at December 31, 2020 was 5.25 percent.

At December 31, 2020, a 25-basis point increase in the capitalization rate would decrease the estimated fair value of the investment property by approximately $829,790. A 25-basis point decrease in the capitalization rate would increase the estimated fair value of the investment property by approximately $912,770.

At December 31, 2020, the investment property was pledged as security under mortgage and loan agreements.

5. Long-term debt:

	December 31, 2020	January 1, 2020
Mortgage	$ 6,448,573	$ –
Construction loan	11,526,921	–
Promissory note	1,200,000	145,000
Unamortized deferred financing costs	(140,841)	–
Total long-term debt	19,034,653	145,000
Current	11,524,055	–
Non-current	7,510,598	145,000
Total	$ 19,034,653	$ 145,000

5. Long-term debt (continued):

As at December 31, 2020, the Partnership was financed through a construction loan, a mortgage payable, and a promissory note.

The mortgage payable was entered into with a third party and bears interest at fixed rate of 3.50 percent, repayable monthly and maturing in January 2024. The mortgage is secured by Phase 1 of the investment property, and is guaranteed, on a joint and several basis, by companies owned by certain unitholders, as well as personal guarantees by individuals who control certain unitholders.

The construction loan is a CHMC insured loan entered into with a third-party lender. During the construction period, payments are interest only at prime plus 0.15 percent, with a minimum annual interest rate of 4.10 percent. The loan had an original maturity date of August 1, 2021. Effective June 24, 2021 the maturity date was extended to November 1, 2021. At the maturity date, the loan provides for conversion to a mortgage payable with a term of 10 years and an amortization period of 40 years. The mortgage will bear interest at a fixed rate with a maximum of 3.50 percent. The loan is secured by Phase 2 of the investment property, and is guaranteed, on a joint and several basis, by companies owned by certain unitholders.

The promissory note is due to related parties and is non-interest bearing. It is repayable on the earlier of (a) the sale of 25 percent or greater interest in the property or the sale of partnership units of the Partnership; (b) refinancing of the property; (c) twelve months from the date of substantial completion of construction of the property

The weighted average interest rate was 3.64 percent at December 31, 2020.

The following table reconciles the change in cash flows for long-term debt:

	Mortgage	Construction loan	Promissory note	Deferred financing costs	Total
Balance, January 1, 2020	$ –	$ –	$ 145,000	$ –	$ 145,000
Cash flows:					
Debt issuance	6,581,838	11,526,921	1,055,000	–	19,163,759
Debt repayments	(133,265)	–	–	–	(133,265)
Financing costs incurred	–	–	–	(140,841)	(140,841)
Non-cash changes:					
Amortization of deferred financing costs	–	–	–	–	–
Balance, December 31, 2020	$ 6,448,573	$ 11,526,921	$ 1,200,000	$ (140,841)	$ 19,034,653

5. Long-term debt (continued):

The fair value of the property's mortgage is calculated based on current market rates plus risk-adjusted spreads on discounted cash flows and therefore is a level 2 fair value measurement. At December 31, 2020 the fair value of the mortgage is approximately $6,660,000, the fair value of the promissory note is approximately $1,160,000, the fair value of the construction loan approximates its carrying value given the variable interest rate nature of this financial instruments.

Principal payments, excluding unamortized deferred financing costs, are due as follows:

2021	$ 11,664,896
2022	1,342,848
2023	147,894
2024	6,019,856
	$ 19,175,494

6. Related party transactions:

The Partnership entered into a Management Agreement with Marwest Management Canada Ltd. Marwest Management Canada Ltd. is owned by related parties of certain unitholders.

The development and construction work of the investment property is performed by a company which is owned by related parties of certain unitholders.

The following fees and expenses were incurred for the above services.

	2020
Project management fees	$ 116,146
Property management fees	59,560
Construction fees	673,825
General and admin	173,028
	$ 1,022,559

7. Revenue:

	2020
Basic rent	$ 565,222
Straight-line rent	4,661
Property operating expense recoveries	126,257
	$ 696,140

7. Revenue (continued):

The Partnership has entered into operating leases with tenants residing in the investment property.

Future minimum rentals receivable under non-cancellable operating leases as at December 31, 2020 are as follows:

		2020
Within 1 year	$	675,957
Year 2		6,375
	$	682,332

8. Interest and finance costs:

Interest and finance costs are comprised of:

		2020
Long-term debt interest costs	$	469,340
Less interest capitalized		(194,871)
Interest income		(2,367)
	$	272,102

Interest was capitalized during the year ended December 31, 2020 at a weighted average rate of 4.10 percent.

9. Capital management:

The Partnership's objectives when managing capital are to safeguard the ability to continues as a going concern and to generate sufficient returns to provide owners with stable distributions. The Partnership's capital is comprised of unitholders' equity and long-term debt. The Partnership manages anticipated investing and financing activities by staggering maturity dates of its borrowing.

9. Capital management (continued):

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

	December 31, 2020	January 1, 2020
Unitholders' equity (deficiency)	$ 3,847,609	$ (30,634)
Long-term debt	19,034,653	145,000
	$ 22,882,262	$ 114,366

10. Fair value measurement:

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 Partnership 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.

The Partnership uses a three-level hierarchy that reflects the significance of the inputs used in making fair value measurements and disclosures of its financial instruments and its investment property. Level 1 of the fair value hierarchy uses quoted market prices in active markets for identical assets or liabilities to determine the fair value of assets and liabilities. Level 2 includes valuations using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 valuations are based on inputs for the asset or liability that are not based on observable market data.

The Partnership determines whether transfers have occurred between levels in the hierarchy by reassessing categorization at the time of transfer. There were no transfer of assets or liabilities between hierarchy levels during the year ended December 31, 2020.

The fair value of the Partnership's accounts receivable and other receivables, cash, accounts payable and other liabilities and security deposits approximate their carrying amounts due to the relatively short periods to maturity of these financial instruments.

The fair value measurement of investment property is categorized as a Level 3 fair value based on the inputs to the valuation techniques used. The valuation methods used, and the key inputs are described in note 4.

The fair value measurement of long-term debt, as described in note 5, are categorized as level 2 on the fair value hierarchy and is estimated at fair value based on the rates that could be obtained for similar debt instruments with similar terms and maturities.

11. Financial risk management:

In the normal course of business, the Partnership is exposed to a number of risks that can affect is operating performance. These risks and the actions taken to manage them are as follows:

(i) Market risk:

Market risk is the risk that the fair value of 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 is the risk that changes in market interest rates will affect the Partnership's financial instruments. As of December 31, 2020, the Partnership did not have material interest rate risk as the Partnership's mortgage bore interest at a fixed rate and the construction loan bore interest at the minimum annual interest rate (note 5).

Management monitors anticipated interest rate changes and mitigates the negative impact of interest rate increases by locking in interest rates early where applicable.

The Partnership is not exposed to currency risk or other price risk.

(ii) Credit risk:

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

Management mitigates this risk by carrying out appropriate due diligence on the prospective tenant and obtaining security deposits. Management monitors the collection of residential rent receivables on a regular basis with strict procedures that fall within the provincial regulations designed to minimize credit loss in the case of non-payment. The risk of exposure to credit risk is generally limited to the carrying amount of the financial statements.

The Partnership's maximum exposure to credit risk is equivalent to the carrying value of each class of financial asset as separately presented in cash and accounts and other receivable.

Management assesses the impairment of tenant receivables on an individual basis and uses the simplified approach measure expected credit losses; this will be at the lifetime expected credit losses associated with the arrangement.

Management determines that an amount receivable is credit impaired based upon previous collection history, as well as forward looking information where available regarding economic trends in the tenant's industry and the region the tenant is in. Impairment losses are recognized in the statement of income and comprehensive income within investment properties operating expenses.

11. Financial risk management (continued):

Accounts and other receivables at December 31 are as follows:

	December 31, 2020	January 1, 2020
Tenant receivables	$ 11,119	$ –
Other receivables	65,631	21,172
Less allowance for expected credit losses	–	–
	$ 76,750	$ 21,172

(iii) Liquidity risk:

Liquidity risk is the risk that the Partnership may encounter difficulty in meeting its financial obligations when they come due. Management's strategy of managing liquidity risk is to ensure, to the extent possible, that it always has sufficient financial assets to meet its financial liabilities when they come due, by forecasting cash flows from operations.

As described in note 5, the construction loan matures on November 1, 2021, at which point the loan agreement provides for conversion to a mortgage with a term of 10 years and an amortization period of 40 years.

An analysis of the contractual cash flows at December 31, 2020 associated with the Partnership's material financial liabilities is set out below:

	2021	2022	2023	2024	2025 and thereafter	Total
Long-term debt	$ 11,664,896	$ 1,342,848	$ 147,894	$ 6,019,856	$ –	$ 19,175,494
Interest obligation	525,285	217,140	212,093	17,441	–	971,959
Accounts payable and accrued liabilities	1,023,652	–	–	–	–	1,023,652
Security deposits	74,652	–	–	–	–	74,652
Total	$ 13,288,485	$ 1,559,988	$ 359,987	$ 6,037,297	$ –	$ 21,245,757

12. Subsequent events:

On September 23, 2021, pursuant to purchase and sale agreements entered into between the partnership unitholders of the Partnership, Marwest (Element) Apartments G.P. Ltd. and Marwest Apartment Real Estate Investment Trust (the “Trust”), the Trust will cause its wholly owned subsidiary, MAR REIT L.P. to acquire 100 percent of the issued and outstanding partnership units of Marwest (Element) Apartments L.P. for $2,368,393. The aggregate purchase price reflects the value attributable to the investment property of $27,000,000 less the estimated outstanding long-term debt balances at November 1, 2021 of $24,631,607 which will be assumed by the Trust. The current partnership unitholders of Marwest (Element) Apartments L.P. can elect to receive Exchangeable units in MAR REIT L.P. at a price of $1.15 per Exchangeable unit or receive Trust units of the Trust at a price of $1.15 per unit in satisfaction of the purchase price. The acquisition is anticipated to close in November 2021.

APPENDIX 3

CARVE-OUT ANNUAL FINANCIAL STATEMENTS OF ELEMENT TOWNHOMES AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2019

Carve-out Financial Statements of

ELEMENT TOWNHOMES

And Independent Auditors' Report thereon

Year ended December 31, 2019

KPMG LLP
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Winnipeg MB
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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the carve-out financial statements of Element Townhomes (the "Entity"), which comprise the carve-out statements of financial position as at December 31, 2019 and January 1, 2019 and the carve-out statements of loss and comprehensive loss, owner's equity and cash flows for the year ended December 31, 2019, and notes to the carve-out financial statements, including a summary of significant accounting policies (hereinafter referred to as the "carve-out financial statements").

In our opinion, the accompanying carve-out financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019 and its financial performance and its cash flows for the year ended December 31, 2019 in accordance with International Financial Reporting Standards.

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 Carve-Out 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 carve-out financial statements in Canada and we have fulfilled our other 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.

Emphasis of Matter – Basis of Preparation

We draw attention to Note 2 to the carve-out financial statements which describes the basis of preparation of these carve-out financial statements and the purpose of the carve-out financial statements.

Our opinion is not modified in respect of this matter.

Other Information

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

- Management's Discussion and Analysis

Our opinion on the carve-out 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 carve-out 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 carve-out 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 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 Carve-Out Financial Statements

Management is responsible for the preparation and fair presentation of the carve-out financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of carve-out financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the carve-out 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 Carve-Out Financial Statements

Our objectives are to obtain reasonable assurance about whether the carve-out 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 carve-out 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 carve-out 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 carve-out 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 carve-out financial statements, including the disclosures, and whether the carve-out 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

October 11, 2021

ELEMENT TOWNHOMES

Carve-out Statements of Financial Position

As at December 31, 2019 and January 1, 2019

	Note	December 31, 2019	January 1, 2019
Assets			
Non-current assets:			
Investment property	4, 6	$ 7,381,738	$ 8,729,906
Investment property under development	4, 6	3,463,633	1,419,788
Investment in bare trustee		200	200
		10,845,571	10,149,894
Current assets:			
Accounts and other receivable	11	17,590	11,750
Prepaid expenses		13,020	–
Cash		94,165	69,130
		124,775	80,880
Total assets		$ 10,970,346	$ 10,230,774
Liabilities and Owner's Equity			
Non-current liabilities:			
Long-term debt	5	$ 7,372,295	$ 7,381,681
Current liabilities:			
Accounts payable and accrued liabilities		655,168	187,728
Security deposits and prepaid rent		50,327	44,446
Current portion of long-term debt	5	154,385	121,598
Due to related parties	6	1,831,980	271,101
		2,691,860	624,873
Total liabilities		10,064,155	8,006,554
Owner's equity		906,191	2,224,220
Total liabilities and owner's equity		$ 10,970,346	$ 10,230,774

The related notes form an integral part of these carve-out financial statements.

ELEMENT TOWNHOMES

Carve-out Statement of Loss and Comprehensive Loss

Year ended December 31, 2019

	Note	2019
Revenue from investment property	7	$ 627,775
Property operating expenses	6	148,089
Realty taxes		85,209
		233,298
Property operating income		394,477
Other expenses:		
Interest and finance costs	8	249,212
Fair value adjustment on investment property	4	1,463,294
		1,712,506
Net loss and comprehensive loss		$ (1,318,029)

The related notes form an integral part of these carve-out financial statements.

ELEMENT TOWNHOMES

Carve-out Statement of Owner's Equity

Year ended December 31, 2019

	Equity	Retained earnings	Total
Balance, January 1, 2019	$ –	$ 2,224,220	$ 2,224,220
Net loss and comprehensive loss	–	(1,318,029)	(1,318,029)
Balance, December 31, 2019	$ –	$ 906,191	$ 906,191

The related notes form an integral part of these carve-out financial statements.

ELEMENT TOWNHOMES

Carve-out Statement of Cash Flows

Year ended December 31, 2019

	Note	2019
Cash provided by (used in):		
Operations:		
Net loss and comprehensive loss		$ (1,318,029)
Adjustments for:		
Straight-line rent	4, 7	786
Fair value adjustment on investment property	4	1,463,294
Interest and finance costs	8	249,212
Interest paid		(253,654)
Interest received		2,734
Change in non-cash operating working capital:		
Accounts receivable		(5,840)
Prepaid expenses		(13,020)
Accounts payable and accrued liabilities		448,424
Security deposits and prepaid rent		5,881
		579,788
Investing:		
Capital expenditures (net of change in amounts due to related parties)	4	(557,104)
Financing:		
Debt financing advanced	5	145,000
Repayment of long-term debt	5	(142,649)
		2,351
Increase in cash		25,035
Cash, beginning of year		69,130
Cash, end of year		$ 94,165

The related notes form an integral part of these carve-out financial statements.

1. General:

These carve-out financial statements reflect the financial position and results of 85 Fiorentino Street & 30 El Tassi Drive, Winnipeg, Manitoba, a 112-unit townhouse-style residential income property operating as Element Phase 1 (fully leased) and Element Phase 2 (under construction) collectively known as Element Townhomes (the “property”).

2. Basis of preparation:

(a) Statement of compliance:

These carve-out financial statements (or the “financial statements”) have been prepared in accordance with International Financial Reporting Standards (IFRS).

These carve-out financial statements reflect the carve-out financial position and the related results of the property in a manner consistent with the operation and ownership of the property and as though the property had been a stand-alone business for the year presented. Assets and liabilities specifically identified to the property have been presented in the carve-out balance sheet. All material revenues and operating expenses specifically identified to the property have been presented in the carve-out statement of loss and comprehensive loss.

These carve-out financial statements were authorized for issue on October 11, 2021.

(b) Basis of measurement:

The financial statements have been prepared on a going concern and historical cost basis, with the exception of investment property which is measured at fair value.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the property’s functional currency.

(d) Use of estimates and judgment:

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 could differ from those estimates.

2. Basis of preparation (continued):

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts reported in the financial statements are as follows:

Capitalized cost of investment property under development

The accounting policy relating to investment property under development is described in note 3(a). Judgment is applied in identifying the point at which all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Information about assumptions and estimation uncertainties that are critical to the determination of the amounts reported in the financial statements are as follows:

Valuation of investment property

The fair value of the investment property is determined by management using recognized valuation techniques. The determination of the fair value of the investment property requires the use of estimates such as capitalization and discount rates applicable to the investment property. These estimates are based on local market conditions existing at the reporting date. Further information about assumptions and key inputs used to measure fair value of investment properties are described in note 4.

COVID-19

The COVID-19 outbreak has resulted in the federal and provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the property is unknown.

The property continues to monitor and assess the impact that COVID-19 will have on its business activities and financial results that could potentially be impacted, including: cash collections from tenants, rental income, occupancy, turnover, future demand and market rents, all of which impact the valuation of investment property.

The estimates that could be most significantly impacted by COVID-19 include those underlying the valuation of investment property (note 4). Actual results could differ from those estimates.

3. Significant accounting policies:

(a) Investment property:

Investment property includes properties held to earn rental income and properties that are being constructed or developed for future use as investment properties. Investment property is measured at fair value with any changes therein recognized in profit or loss for the year.

Investment property is classified as investment property under development once construction at the investment property has commenced. Investment property under development includes initial acquisition costs and other direct costs during the period of development.

Borrowing costs associated with direct expenditures on investment properties under development are capitalized from the commencement of the construction until the date all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Management considers practical completion to have occurred when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

The investment property is measured at fair value which is determined based on available market evidence at each reporting date. Fair value is determined using the direct capitalization approach. Estimated stabilized net operating income is based on the investment property's forecasted results. Capitalization rates reflect the characteristics, location and market of the investment property. Fair value is determined based on internal valuation models incorporating market data and valuations performed by external appraisers.

Tenant incentives, leasing commissions and straight-line rent receivables are included in the carrying amount of investment property.

(b) Revenue recognition:

The property has retained substantially all of the risks and benefits of ownership of its investment property and therefore accounts for leases with its tenants as operating leases.

Revenue from investment property includes base rents earned from tenants related to 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.

3. Significant accounting policies (continued):

The property uses the straight-line method of rental revenue recognition whereby any contractual free-rent periods or rent increases over the term of a lease are recognized as earning evenly over the lease term. Lease incentives provided to tenants 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 property's leases. These services consistent primary of the recovery of utility, property maintenance and amenity costs where the property has determined it is acting as a principal and is recognized over time when the services are provided.

(c) Financial instruments:

Financial instruments are generally measured at fair value on initial recognition. Classification and subsequent measurement consist 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 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 loss, and the remaining amount of change in fair value recognized in the statements of loss and comprehensive loss.

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

Account	Measurement
Cash	Amortized cost
Accounts and other receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost
Due to related parties	Amortized cost
Security deposits	Amortized cost

3. **Significant accounting policies (continued):**

The property derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the financial assets and substantially all of the risks and rewards of ownership of the asset to another entity. The property derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

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 and duties.

Financial assets and liabilities are offset, and the net amount presented on the statements of financial position only when the property has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. At January 1, 2019 and December 31, 2019 no amounts have been offset on the statements of financial position.

(d) Impairment:

For financial assets measured at amortized cost, the property uses an expected credit loss (ECL) impairment model. The ECL model uses an allowance for expected credit losses being recorded regardless of whether or not there has been an actual loss event. The property measures the loss allowance at an amount equal to lifetime ECL for trade and other receivables. Lifetime ECL's are the ECL's that result from all possible default events over the expected life of the trade and other receivables.

ECL's are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls being the difference between the cash flows due to the property in accordance with the contract and the cash flows that the property expects to receive. ELC's are discounted at the effective interest rate of the financial asset.

(e) Expenses:

Property operating expenses are recognized in net income in the period in which they are incurred.

(f) Interest and finance costs:

Interest and finance costs are comprised of interest expense on long-term debt and amortization of financing costs.

3. Significant accounting policies (continued):

Finance costs associated with liabilities presented at amortized cost are presented in the statements of net income and comprehensive income using the effective interest method.

(g) Future changes in accounting standards:

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

4. Investment property:

	Under Development	Completed
Balance, January 1, 2019	$ 1,419,788	$ 8,729,906
Capital expenditures	2,002,071	115,912
Change in straight-line rent receivable	–	(786)
Capitalized interest	41,774	–
Fair value loss	–	(1,463,294)
Balance, December 31, 2019	$ 3,463,633	$ 7,381,738

The investment property is comprised of five individual buildings. At January 1, 2019 and December 31, 2019 three of the buildings were under development ("Phase 2"). For the year ended December 31, 2019, $41,774 of interest on borrowings was capitalized relating to these three buildings.

4. Investment property (continued):

The fair value methodology for the property's investment property is considered level 3, as significant unobservable inputs are required to determine fair value.

At November 30, 2018 an external appraisal was obtained for the two individual buildings that had been completed ("Phase 1"). Internal valuations were prepared at January 1, 2019 and December 31, 2019. Internal valuations are prepared by management. The internal valuations team consists of qualified individuals who hold recognized relevant professional qualifications and have recent experience in the location and category of the respective properties.

Management determined the fair value of the completed buildings based on the direct income capitalization approach using stabilized net operating income and capitalized at a rate that reflects the characteristics, location and market of the investment property. The capitalization rate was estimated using market surveys, available appraisals and market comparables.

The carrying value of the investment property reflects management's best estimate of fair value in terms of the assessed highest and best use at January 1, 2019 and December 31, 2019. It is not possible to forecast with certainty the duration or full scope of the economic impact COVID-19 will have on the investment property, both in the short and long-term. Any long-term effects on market rents, occupancy, turnover and other factors could impact the underlying valuation of the investment property and such impact could be material.

A change in the capitalization rate used could have a material impact on the fair value of the investment property. When capitalization rates compress, the estimated fair value of the investment property increases. When capitalization rates expand, the estimated fair value of the investment property decreases. The capitalization rate at January 1, 2019 was 5.25 percent.

At January 1, 2019, management determined that the construction costs incurred for the buildings under development approximate fair value.

At January 1, 2019, a 25-basis point increase in the capitalization rate would decrease the estimated fair value of the completed investment property by approximately $397,500. A 25-basis point decrease in the capitalization rate would increase the estimated fair value of the completed investment property by approximately $437,250.

Pursuant to the sale of the property on January 1, 2020 (note 12), management determined the purchase price for both the completed buildings and those under development of $10,845,371 approximates the fair value of the investment property at December 31, 2019.

At January 1, 2019, and December 31, 2019, the investment property was pledged as security under the mortgage and loan agreements.

5. Long-term debt:

	December 31, 2019	January 1, 2019
Mortgage	$ 6,581,838	$ 6,700,000
Construction loans	900,863	925,350
Promissory note	145,000	–
Unamortized deferred financing costs	(101,021)	(122,071)
Total long-term debt	7,526,680	7,503,279
Current	154,385	121,598
Non-current	7,372,295	7,381,681
Total	$ 7,526,680	$ 7,503,279

As at January 1, 2019 the property was financed through a construction loan and a mortgage payable, and a promissory note.

The initial construction loan was entered into with a third party and bears interest at prime plus 0.4 percent, repayable monthly. The loan is secured by Phase 2 of the investment property and is guaranteed by individuals who control the property owner. This construction loan was subsequently repaid in full during January 2020.

During the year ended December 31, 2019, a commitment letter related to a CMHC insured construction loan with a third-party lender was entered into. During the construction period, payments are interest only at prime plus 0.15 percent, with a minimum annual interest rate of 4.1 percent. The commitment letter has a maturity date of August 1, 2021. Effective June 24, 2021 the maturity date was extended to November 1, 2021. At the maturity date, the loan provides for conversion to a mortgage payable with a term of 10 years and an amortization period of 40 years. The mortgage payable will bear interest at a fixed rate with a maximum of 3.5 percent. The loan is secured by Phase 2 of the investment property, and is guaranteed, on a joint and several basis, by companies owned by individuals who control the property owner. The loan was drawn upon in January 2020 due to the repayment of the initial construction loan.

The mortgage payable was entered into with a third party and bears interest at fixed rate of 3.5 percent, repayable monthly and maturing in January 2024. The mortgage is secured by Phase 1 of the investment property, and is guaranteed, on a joint and several basis, by companies owned by individuals who control the property owner, as well as personal guarantees by individuals who control the property owner.

The promissory note is due to related parties and is non-interest bearing.

5. Long-term debt (continued):

It is repayable on the earlier of (a) the sale of 25 percent or greater interest in the property or the sale of partnership units of Marwest (Element) Apartments L.P.; (b) refinancing of the property; (c) twelve months from the date of substantial completion of construction of the property.

The weighted average interest rate was 3.63 percent at December 31, 2019.

The following table reconciles the change in cash flows for the long-term debt:

	Mortgage	Construction loans	Promissory note	Deferred financing costs	Total
Balance, January 1, 2019	$ 6,700,000	$ 925,350	$ –	$ (122,071)	$ 7,503,279
Cash flows:					
Debt issuance	–	–	145,000	–	145,000
Debt repayments	(118,162)	(24,487)	–	–	(142,649)
Non-cash changes:					
Amortization of deferred financing costs	–	–	–	21,050	21,050
Balance, December 31, 2019	$ 6,581,838	$ 900,863	$ 145,000	$ (101,021)	$ 7,526,680

The fair value of the property's mortgage is calculated based on current market rates plus risk-adjusted spreads on discounted cash flows and therefore is a level 2 fair value measurement. At December 31, 2019, and January 1, 2019, the fair values of the mortgage, construction loan, and promissory note approximates their carrying values.

Principal payments, excluding unamortized deferred financing costs, are due as follows:

2020	$ 176,267
2021	328,010
2022	190,015
2023	197,293
2024	6,071,590
Thereafter	664,526
	$ 7,627,701

6. Related party transactions:

Property management services for the property are performed by Marwest Management Canada Ltd.

The development and construction work on the investment property is performed by a company which is owned by related parties of the property owner.

The following expenses were incurred for the above service.

		2019
Project management fees	$	67,752
Property management fees		31,768
Construction management fees		430,833
General and administration		34,000
	$	564,353

As at December 31, 2019, amounts due to related parties were $1,831,980 (January 1, 2019 - $271,101) are owing to related parties of the property owner. These amounts are due on demand with no specific terms of repayment.

7. Revenue:

		2019
Basic rent	$	504,367
Straight-line rent		(786)
Property operating expense recoveries		124,194
	$	627,775

The property has entered into operating leases with tenants residing in the investment property.

Future minimum rentals receivable under non-cancellable operating leases as at December 31, 2019 are as follows:

		2019
Within 1 year	$	439,277
Year 2		15,492
	$	454,769

8. Interest and finance costs:

Interest and finance costs are comprised of:

	2019
Long-term debt interest costs	$ 272,670
Less interest capitalized	(41,774)
Amortization of deferred financing costs	21,050
Interest income	(2,734)
	$ 249,212

Interest was capitalized during the year ended December 31, 2019 at a weighted average rate of 4.55 percent.

9. Capital management:

The property's objectives when managing capital are to safeguard the ability to continue as a going concern and to generate sufficient returns to provide owners with stable distributions. The property's capital is comprised of owner's equity and long-term debt. The property manages anticipated investing and financing activities by staggering maturity dates of its borrowing.

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

	December 31, 2019	January 1, 2019
Owner's equity	$ 906,191	$ 2,224,220
Long-term debt	7,526,680	7,503,279
	$ 8,432,871	$ 9,727,499

10. Fair value measurement:

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 property 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.

The property uses a three-level hierarchy that reflects the significance of the inputs used in making fair value measurements and disclosures of its financial instruments and its investment property.

10. Fair value measurement (continued):

Level 1 of the fair value hierarchy uses quoted market prices in active markets for identical assets or liabilities to determine the fair value of assets and liabilities. Level 2 includes valuations using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 valuations are based on inputs for the asset or liability that are not based on observable market data.

The property determines whether transfers have occurred between levels in the hierarchy by reassessing categorization at the time of transfer. There were no transfer of assets or liabilities between hierarchy levels during the year ended December 31, 2019.

The fair value of the property's accounts receivable and other receivables, cash, accounts payable and other liabilities, security deposits and due to related parties approximate their carrying amounts due to the relatively short periods to maturity of these financial instruments.

The fair value measurement of investment property is categorized as a Level 3 fair value based on the inputs to the valuation techniques used. The valuation methods used, and the key inputs are described in note 4.

The fair value measurement of long-term debt, as described in note 5, are categorized as level 2 on the fair value hierarchy and is estimated at fair value based on the rates that could be obtained for similar debt instruments with similar terms and maturities.

11. Financial risk management:

In the normal course of business, the property is exposed to a number of risks that can affect is operating performance. These risks and the actions taken to manage them are as follows:

(i) Market risk:

Market risk is the risk that the fair value of 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 is the risk that changes in market interest rates will affect the property's financial instruments. As of January 1, 2019 and December 31, 2019, the property's mortgage bore interest at a fixed rate and the construction loans bore interest at variable interest rates.

If the variable interest rates on the construction loans had been 100 base points (1 percent) higher/lower, and all other variables were held constant, the amount of interest capitalized would have increased/decreased by $9,944.

11. Financial risk management (continued):

Management monitors anticipated interest rate changes and mitigates the negative impact of interest rate increases by locking in interest rates early where applicable.

The property is not exposed to currency risk or other price risk.

(ii) Credit risk:

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

Management mitigates this risk by carrying out appropriate due diligence on the prospective tenant and obtaining security deposits. Management monitors the collection of residential rent receivables on a regular basis with strict procedures that fall within the provincial regulations designed to minimize credit loss in the case of non-payment. The risk of exposure to credit risk is generally limited to the carrying amount of the financial statements.

The property's maximum exposure to credit risk is equivalent to the carrying value of each class of financial asset as separately presented in cash and accounts and other receivable.

Management assesses the impairment of tenant receivables on an individual basis and uses the simplified approach measure expected credit losses; this will be at the lifetime expected credit losses associated with the arrangement.

Management determines that an amount receivable is credit impaired based upon previous collection history, as well as forward looking information where available regarding economic trends in the tenant's industry and the region the tenant is in. Impairment losses are recognized in the statement of income and comprehensive income within investment properties operating expenses.

Accounts and other receivables at January 1 and December 31 are as follows:

	December 31, 2019	January 1, 2019
Tenant receivables	$ 970	$ 4,431
Other receivables	16,620	7,319
Less allowance for expected credit losses	–	–
	$ 17,590	$ 11,750

11. Financial risk management (continued):

(iii) Liquidity risk:

Liquidity risk is the risk that the property may encounter difficulty in meeting its financial obligations when they come due. Management's strategy of managing liquidity risk is to ensure, to the extent possible, that it always has sufficient financial assets to meet its financial liabilities when they come due, by forecasting cash flows from operations.

An analysis of the contractual cash flows at December 31, 2019 associated with the property's material financial liabilities is set out below:

	2020	2021	2022	2023	2024 and thereafter	Total
Long-term debt	$ 176,267	$ 328,010	$ 190,015	$ 197,293	$ 6,736,116	$ 7,627,701
Interest obligation	267,540	260,798	253,793	246,515	214,718	1,243,364
Accounts payable and accrued liabilities	655,168	–	–	–	–	655,168
Security deposits	42,499	–	–	–	–	42,499
Due to related parties	1,831,980	–	–	–	–	1,831,980
Total	$ 2,973,454	$ 588,808	$ 443,808	$ 443,808	$ 6,950,834	$ 11,400,712

12. Subsequent events:

On January 1, 2020, Marwest (Element) Apartments L.P. (the "Partnership") acquired the property for $3,840,518. As part of the purchase price, the mortgage principal balance of $6,581,838 was assumed by the Partnership. Consideration was satisfied through the issuance of $400,000 in units of the Partnership to related parties of the property and $3,440,518 was paid in cash to the previous owner of the property.

On September 23, 2021, pursuant to purchase and sale agreements entered into between the partnership unitholders of the Partnership, Marwest (Element) Apartments G.P. Ltd. and Marwest Apartment Real Estate Investment Trust (the "Trust"), the Trust will cause its wholly owned subsidiary, MAR REIT L.P. to acquire 100 percent of the issued and outstanding partnership units of Marwest (Element) Apartments L.P. for $2,368,393. The aggregate purchase price reflects the value attributable to the investment property of $27,000,000 less the estimated outstanding long-term debt balances at November 1, 2021 of $24,631,607 which will be assumed by the Trust. The current partnership unitholders of Marwest (Element) Apartments L.P. can elect to receive Exchangeable units in MAR REIT L.P. at a price of $1.15 per Exchangeable unit or receive Trust units of the Trust at a price of $1.15 per unit in satisfaction of the purchase price. The acquisition is anticipated to close in November 2021.

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APPENDIX 4

INTERIM FINANCIAL STATEMENTS OF ELEMENT LP
AS AT AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021 AND JUNE 30, 2020

Interim financial Statements of

MARWEST (ELEMENT) APARTMENTS L.P.

And Independent Auditors' Report thereon

Three and six months ended June 30, 2021 and 2020

KPMG LLP
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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the interim financial statements of Marwest (Element) Apartments L.P. (the "Entity"), which comprise:

- the interim statements of financial position as at June 30, 2021 and December 31, 2020;
- the interim statements of income and comprehensive income for the three months and six months ended June 30, 2021 and June 30, 2020;
- the interim statements of unitholders' equity for the six months ended June 30, 2021 and June 30, 2020;
- the interim statements of cash flows for the six months ended June 30, 2021 and June 30, 2020;
- and notes to the interim financial statements, including a summary of significant accounting policies (hereinafter referred to as the "interim financial statements").

In our opinion, the accompanying interim financial statements present fairly, in all material respects, the interim financial position of the Entity as at June 30, 2021 and June 30, 2020 and its financial performance and its cash flows for the three months and six months ended June 30, 2021 and June 30, 2020 in accordance with International Financial Reporting Standards.

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 Interim 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 interim financial statements in Canada and we have fulfilled our other 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

Our opinion on the interim 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 interim 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 interim 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 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 Interim Financial Statements

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

In preparing the interim 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 Interim Financial Statements

Our objectives are to obtain reasonable assurance about whether the interim 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 interim 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 interim 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.

KPMG

- 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 interim 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 interim financial statements, including the disclosures, and whether the interim 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

October 11, 2021

MARWEST (ELEMENT) APARTMENTS L.P.

Interim Statements of Financial Position

As at June 30, 2021 and December 31, 2020

	Note		June 30, 2021		December 31, 2020
Assets					
Non-current assets:					
Investment property	4, 6	$	27,410,000	$	18,255,542
Investment property under development	4, 6		–		4,476,285
Prepaid expenses			568,677		440,848
			27,978,677		23,172,675
Current assets:					
Accounts and other receivable	11		53,460		76,750
Prepaid expenses			13,343		9,786
Cash			872,390		729,028
			939,193		815,564
Total assets		$	28,917,870	$	23,988,239
Liabilities and Unitholders' Equity					
Non-current liabilities:					
Long-term debt	5	$	6,239,795	$	7,510,598
Current liabilities:					
Accounts payable and accrued liabilities			492,522		1,023,652
Security deposits and prepaid rent			120,654		82,325
Current portion of long-term debt	5		16,401,387		11,524,055
			17,014,563		12,630,032
Total liabilities			23,254,358		20,140,630
Unitholders' equity			5,663,512		3,847,609
Total liabilities and unitholders' equity		$	28,917,870	$	23,988,239

The related notes form an integral part of these interim financial statements.

MARWEST (ELEMENT) APARTMENTS L.P.

Interim Statements of Income and Comprehensive Income

Three and six months ended June 30, 2021 and 2020

	Note	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Revenue from investment property	7	$ 417,206	$ 165,985	$ 708,953	$ 326,379
Property operating expenses	6	89,480	28,521	158,205	71,569
Realty taxes		42,701	19,441	90,970	40,743
		132,181	47,962	249,175	112,312
Property operating income		285,025	118,023	459,778	214,067
Other expenses (income):					
Interest and finance costs	8	135,363	56,496	257,534	131,651
Fair value adjustment on investment property	4	(86,591)	–	(1,613,659)	(1,665,922)
		48,772	56,496	(1,356,125)	(1,534,271)
Net income and comprehensive income		$ 236,253	$ 61,527	$ 1,815,903	$ 1,748,338

The related notes form an integral part of these interim financial statements.

MARWEST (ELEMENT) APARTMENTS L.P.

Interim Statements of Unitholders' Equity

Six months ended June 30, 2021 and 2020

	Equity	Retained earnings (deficit)	Total
Balance, January 1, 2020	$ 11	$ (30,645)	$ (30,634)
Net income and comprehensive income	–	1,748,338	1,748,338
Units issued	800,000	–	800,000
Units repurchased and cancelled	(1)	–	(1)
Balance, June 30, 2020	$ 800,010	$ 1,717,693	$ 2,517,703
Balance, January 1, 2021	$ 800,010	$ 3,047,599	$ 3,847,609
Net income and comprehensive income	–	1,815,903	1,815,903
Balance, June 30, 2021	$ 800,010	$ 4,863,502	$ 5,663,512

The related notes form an integral part of these interim financial statements.

MARWEST (ELEMENT) APARTMENTS L.P.

Interim Statements of Cash Flows

Six months ended June 30, 2021 and 2020

	Note	2021	2020
Cash provided by (used in):			
Operations:			
Net income and comprehensive income		$ 1,815,903	$ 1,748,338
Adjustments for:			
Straight-line rent	4, 7	(3,674)	(2,774)
Fair value adjustment on investment properties	4	(1,613,659)	(1,665,922)
Interest and finance costs	8	257,534	131,651
Interest paid		(368,331)	(158,209)
Interest received		3,083	1,167
Change in non-cash operating working capital:			
Accounts receivable		23,290	(57,806)
Prepaid expenses		1,442	7,657
Accounts payable and accrued liabilities		(542,784)	582,508
Security deposits and prepaid rent		38,329	(10,376)
		(388,867)	576,234
Investing:			
Acquisition of investment property, net of cash acquired	4	–	(3,346,353)
Capital expenditures	4	(2,937,482)	(3,417,642)
Leasing commissions	4	(3,990)	(5,197)
		(2,941,472)	(6,769,192)
Financing:			
Debt financing advanced	5	3,674,917	6,460,111
Financing fees paid	5	–	(140,841)
CMHC premiums paid	5	(132,828)	(221,886)
Repayment of long-term debt	5	(68,388)	(66,055)
Units issued		–	400,000
Unit purchased and cancelled		–	(1)
		3,473,701	6,431,328
Increase in cash		143,362	238,370
Cash, beginning of year		729,028	145,011
Cash, end of year		$ 872,390	$ 383,381

The related notes form an integral part of these interim financial statements.

1. General:

These interim financial statements reflect the financial position and results of Marwest (Element) Apartments L.P. (the “Partnership”), the owner of a 112-unit townhouse-style residential income property known as Element Townhomes (the “property”) which is located at 85 Fiorentino Street & 30 El Tassi Drive, Winnipeg, Manitoba. The Partnership was formed on July 3, 2019 under the laws of the Province of Manitoba.

2. Basis of preparation:

(a) Statement of compliance:

The interim financial statements (or the “financial statements”) of the Partnership have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements were authorized for issue on October 11, 2021.

(b) Basis of measurement:

The interim financial statements have been prepared on a going concern and historical cost basis, with the exception of investment property which is measured at fair value.

(c) Functional and presentation currency:

These interim financial statements are presented in Canadian dollars, which is the Partnership’s functional currency.

(d) Use of estimates and judgment:

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 could differ from those estimates.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts reported in the financial statements are as follows:

Capitalized cost of investment property under development

The accounting policy relating to investment property under development is described in note 3(a). Judgment is applied in identifying the point at which all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2. Basis of preparation (continued):

Business combinations

The Partnership acquires real estate properties. At the time of the acquisition, the Partnership considers whether or not the acquisition represents the acquisition of a business. The Partnership accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to a property.

Consideration is made to the extent to which significant processes are acquired and the extent of ancillary services provided by a property, for example, maintenance, cleaning, security, bookkeeping, etc.

When the acquisition of a property does not represent a business, it is accounted for as an acquisition of assets and liabilities. The cost of the acquisition is allocated to the assets and labilities acquired based upon their relative fair values, and no goodwill is recognized. The purchase of Element Townhomes is considered an asset purchase and not a business combination (note 4).

Information about assumptions and estimation uncertainties that are critical to the determination of the amounts reported in the financial statements are as follows:

Valuation of investment property

The fair value of the investment property is determined by management using recognized valuation techniques. The determination of the fair value of the investment property requires the use of estimates such as capitalization and discount rates applicable to the investment property. These estimates are based on local market conditions existing at the reporting date. Further information about assumptions and key inputs used to measure fair value of investment properties are described in note 4.

COVID-19

The COVID-19 outbreak has resulted in the federal and provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Partnership is unknown.

2. Basis of preparation (continued):

The Partnership continues to monitor and assess the impact that COVID-19 will have on its business activities and financial results that could potentially be impacted, including: cash collections from tenants, rental income, occupancy, turnover, future demand and market rents, all of which impact the valuation of investment property.

The estimates that could be most significantly impacted by COVID-19 include those underlying the valuation of investment property (note 4). Actual results could differ from those estimates.

3. Significant accounting policies:

(a) Investment property:

Investment property includes properties held to earn rental income and properties that are being constructed or developed for future use as investment properties. Investment property is measured at fair value with any changes therein recognized in profit or loss for the year.

Investment property is classified as investment property under development once construction at the investment property has commenced. Investment property under development includes initial acquisition costs and other direct costs during the period of development.

Borrowing costs associated with direct expenditures on investment properties under development are capitalized from the commencement of the construction until the date all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Management considers practical completion to have occurred when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

The investment property is measured at fair value which is determined based on available market evidence at each reporting date. Fair value is determined using the direct capitalization approach. Estimated stabilized net operating income is based on the investment property's forecasted results. Capitalization rates reflect the characteristics, location and market of the investment property. Fair value is determined based on internal valuation models incorporating market data and valuations performed by external appraisers.

Tenant incentives, leasing commissions and straight-line rent receivables are included in the carrying amount of investment property.

3. Significant accounting policies (continued):

(b) Revenue recognition:

The Partnership has retained substantially all of the risks and benefits of ownership of its investment property and therefore accounts for leases with its tenants as operating leases.

Revenue from investment property includes base rents earned from tenants related to 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.

The Partnership uses the straight-line method of rental revenue recognition whereby any contractual free-rent periods or rent increases over the term of a lease are recognized as earning evenly over the lease term. Lease incentives provided to tenants 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 Partnership's leases. These services consistent primary of the recovery of utility, property maintenance and amenity costs where the Partnership has determined it is acting as a principal and is recognized over time when the services are provided.

(c) Financial instruments:

Financial instruments are generally measured at fair value on initial recognition. Classification and subsequent measurement consist 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 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 loss, and the remaining amount of change in fair value recognized in the statements of net income and comprehensive income.

3. Significant accounting policies (continued):

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

Account	Measurement
Cash	Amortized cost
Accounts and other receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost
Security deposits	Amortized cost

The Partnership derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the financial assets and substantially all of the risks and rewards of ownership of the asset to another entity. The Partnership derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

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 and duties.

Financial assets and liabilities are offset, and the net amount presented on the statements of financial position only when the Partnership has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. At December 31, 2020 and June 30, 2021 no amounts have been offset on the statements of financial position.

(d) Impairment:

For financial assets measured at amortized cost, the Partnership uses an expected credit loss (ECL) impairment model. The ECL model uses an allowance for expected credit losses being recorded regardless of whether or not there has been an actual loss event. The Partnership measures the loss allowance at an amount equal to lifetime ECL for trade and other receivables. Lifetime ECL's are the ECL's that result from all possible default events over the expected life of the trade and other receivables.

ECL's are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls being the difference between the cash flows due to the Partnership in accordance with the contract and the cash flows that the Partnership expects to receive. ELC's are discounted at the effective interest rate of the financial asset.

3. Significant accounting policies (continued):

(e) Expenses:

Property operating expenses are recognized in net income in the period in which they are incurred.

(f) Interest and finance costs:

Interest and finance costs are comprised of interest expense on long-term debt and amortization of financing costs. Finance costs associated with liabilities presented at amortized cost are presented in the statements of net income and comprehensive income using the effective interest method.

(g) Prepaid CMHC premiums:

Insurance premiums and fees paid to the Canada Mortgage and Housing Corporation (CMHC) are presented within prepaid expenses and other assets. The insurance premiums and fees are amortized over the loan amortization period, amortization expense is included in finance costs in the consolidated statements of net income and comprehensive income.

(h) Future changes in accounting standards:

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

4. Investment property:

	Under Development	Completed
Balance, January 1, 2020	$ –	$ –
Acquisition	3,463,633	7,381,938
Capital expenditures	8,767,397	–
Capitalized interest	194,871	–
Transfer from under development to completed	(7,949,616)	7,949,616
Change in straight-line rent receivable	–	4,661
Leasing commissions	–	12,528
Fair value gain	–	2,906,799
Balance, December 31, 2020	$ 4,476,285	$ 18,255,542

	Under Development	Completed
Balance, January 1, 2021	$ 4,476,285	$ 18,255,542
Capital expenditures	2,937,482	–
Capitalized interest	119,368	–
Transfer from under development to completed	(7,533,135)	7,533,135
Change in straight-line rent receivable	–	3,674
Leasing commissions	–	3,990
Fair value gain	–	1,613,659
Balance, June 30, 2021	$ –	$ 27,410,000

On January 1, 2020, the Partnership completed the acquisition of the property for total consideration of $3,840,518, which includes land, buildings, existing tenant leases, and all working capital balances of the property.

The allocation of the acquisition price is as follows:

Cash	$ 94,165
Investment property	10,845,571
Working capital	(517,380)
Mortgage assumed	(6,581,838)
Acquisition price	$ 3,840,518

4. Investment property (continued):

Consideration for the acquisition price was provided as follows:

Units issued	$ 400,000
Cash	3,440,518
Total	$ 3,840,518

The investment property is comprised of five individual buildings. At December 31, 2020, one of the buildings was under development (at December 31, 2019, three of the buildings were under development “Phase 2”). For the period ended June 30, 2021, $119,368 of interest on borrowings was capitalized relating to this building (June 30, 2020 - $60,979 of interest on borrowings capitalized relating to three buildings). The last building was completed during the six months ended June 30, 2021.

The fair value methodology for the Partnership’s investment property is considered level 3, as significant unobservable inputs are required to determine fair value.

At June 30, 2021, an external appraisal was obtained for the investment property. An internal valuation was prepared at June 30, 2021. Internal valuations are prepared by management. The internal valuations team consists of qualified individuals who hold recognized relevant professional qualifications and have recent experience in the location and category of the respective properties.

Management determined the fair value of investment property based on the direct income capitalization approach using stabilized net operating income and capitalized at a rate that reflects the characteristics, location and market of the investment property. The capitalization rate was estimated using market surveys, available appraisals and market comparables.

The carrying value of the investment property reflects management’s best estimate of fair value in terms of the assessed highest and best use at June 30, 2021. It is not possible to forecast with certainty the duration or full scope of the economic impact COVID-19 will have on the investment property, both in the short and long-term. Any long-term effects on market rents, occupancy, turnover and other factors could impact the underlying valuation of the investment property and such impact could be material.

A change in the capitalization rate used could have a material impact on the fair value of the investment property. When capitalization rates compress, the estimated fair value of the investment property increases.

When capitalization rates expand, the estimated fair value of the investment property decreases. The capitalization rate at June 30, 2021 was 5 percent (December 31, 2020 - 5.25 percent).

4. Investment property (continued):

At June 30, 2021, a 25-basis point increase in the capitalization rate would decrease the estimated fair value of the investment property by approximately $1,305,240. A 25-basis point decrease in the capitalization rate would increase the estimated fair value of the investment property by approximately $1,442,630.

At June 30, 2021, the investment property was pledged as security under mortgage and loan agreements.

5. Long-term debt:

	June 30, 2021	December 31, 2020
Mortgage	$ 6,380,185	$ 6,448,573
Construction loan	15,201,838	11,526,921
Promissory note	1,200,000	1,200,000
Unamortized deferred financing costs	(140,841)	(140,841)
Total long-term debt	22,641,182	19,034,653
Current	16,401,387	11,524,055
Non-current	6,239,795	7,510,598
Total	$ 22,641,182	$ 19,034,653

As at June 30, 2021, the Partnership was financed through a construction loan, a mortgage payable, and a promissory note.

The mortgage payable was entered into with a third party and bears interest at fixed rate of 3.50 percent, repayable monthly and maturing in January 2024. The mortgage is secured by Phase 1 of the investment property, and is guaranteed, on a joint and several basis, by companies owned by certain unitholders, as well as personal guarantees by individuals who control certain unitholders.

The construction loan is a CHMC insured loan entered into with a third-party lender. During the construction period, payments are interest only at prime plus 0.15 percent, with a minimum annual interest rate of 4.10 percent. At the maturity date of November 1, 2021, the loan provides for conversion to a mortgage payable with a term of 10 years and an amortization period of 40 years. The mortgage will bear interest at a fixed rate with a maximum of 3.50 percent. The loan is secured by Phase 2 of the investment property, and is guaranteed, on a joint and several basis, by companies owned by certain unitholders.

5. Long-term debt (continued):

The promissory note is due to related parties and is non-interest bearing. It is repayable on the earlier of (a) the sale of 25 percent or greater interest in the property or the sale of partnership units of the Partnership; (b) refinancing of the property; (c) twelve months from the date of substantial completion of construction of the property.

The weighted average interest rate was 3.72 percent at June 30, 2021.

The following table reconciles the change in cash flows for long-term debt:

	Mortgage	Construction loan	Promissory note	Deferred financing costs	Total
Balance, December 31, 2020	$ 6,448,573	$ 11,526,921	$ 1,200,000	$ (140,841)	$ 19,034,653
Cash flows:					
Debt issuance	–	3,674,917	–	–	3,674,917
Debt repayments	(68,388)	–	–	–	(68,388)
Non-cash changes:					
Amortization of deferred financing costs	–	–	–	–	–
Balance, June 30, 2021	$ 6,380,185	$ 15,201,838	$ 1,200,000	$ (140,841)	$ 22,641,182

The fair value of the property's mortgage is calculated based on current market rates plus risk-adjusted spreads on discounted cash flows and therefore is a level 2 fair value measurement. At June 30, 2021 the fair value of the mortgage is approximately $6,495,000, the fair value of the promissory note is approximately $1,170,000, the fair value of the construction loan approximates its carrying value given the variable interest rate nature of this financial instruments.

Principal payments, excluding unamortized deferred financing costs, are due as follows:

Remainder of 2021	$ 15,271,424
2022	1,342,848
2023	147,894
2024	6,019,857
	$ 22,782,023

6. Related party transactions:

The Partnership entered into a Management Agreement with Marwest Management Canada Ltd. Marwest Management Canada Ltd. is owned by related parties of certain unitholders.

The development and construction of the investment property was performed by a company which is owned by related parties of certain unitholders.

The following fees and expenses were incurred for the above services for the three and six months ended June 30, 2020 and 2021.

	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Project management fees	$ 112,027	$ 29,036	$ 141,063	$ 58,073
Property management fees	40,270	10,203	70,848	19,379
Construction fees	31,667	137,500	191,166	255,000
General and administrative	18,263	48,513	44,151	97,026
	$ 202,227	$ 225,252	$ 447,228	$ 429,478

7. Revenue:

	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Basic rent	$ 348,380	$ 140,397	$ 574,628	$ 263,294
Straight-line rent	2,612	1,337	3,674	2,774
Property operating expense recoveries	66,214	24,251	130,651	60,311
	$ 417,206	$ 165,985	$ 708,953	$ 326,379

The Partnership has entered into operating leases with tenants residing in the investment property.

Future minimum rentals receivable under non-cancellable operating leases as at June 30, 2021 are as follows:

	2021
Within 1 year	$ 1,319,487
Year 2	12,400
	$ 1,331,887

8. Interest and finance costs:

Interest and finance costs are comprised of:

	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Long-term debt interest costs	$ 201,155	$ 99,722	$ 379,985	$ 193,797
Less interest capitalized	(64,711)	(42,992)	(119,368)	(60,979)
Interest income	(1,081)	(234)	(3,083)	(1,167)
	$ 135,363	$ 56,496	$ 257,534	$ 131,651

Interest was capitalized during the period ended June 30, 2021 at a weighted average rate of 4.10 percent.

9. Capital management:

The Partnership's objectives when managing capital are to safeguard the ability to continue as a going concern and to generate sufficient returns to provide owners with stable distributions. The Partnership's capital is comprised of owners' equity and long-term debt. The Partnership manages anticipated investing and financing activities by staggering maturity dates of its borrowing.

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

	June 30, 2021	December 31, 2020
Unitholders' equity	$ 5,663,512	$ 3,847,609
Long-term debt	22,641,182	19,034,653
	$ 28,304,694	$ 22,882,262

10. Fair value measurement:

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 Partnership 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.

10. Fair value measurement (continued):

The Partnership uses a three-level hierarchy that reflects the significance of the inputs used in making fair value measurements and disclosures of its financial instruments and its investment property. Level 1 of the fair value hierarchy uses quoted market prices in active markets for identical assets or liabilities to determine the fair value of assets and liabilities. Level 2 includes valuations using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 valuations are based on inputs for the asset or liability that are not based on observable market data.

The Partnership determines whether transfers have occurred between levels in the hierarchy by reassessing categorization at the time of transfer. There were no transfer of assets or liabilities between hierarchy levels during the period ended June 30, 2021.

The fair value of the Partnership's accounts receivable and other receivables, cash, accounts payable and other liabilities and security deposits approximate their carrying amounts due to the relatively short periods to maturity of these financial instruments.

The fair value measurement of investment property is categorized as a Level 3 fair value based on the inputs to the valuation techniques used. The valuation methods used, and the key inputs are described in note 4.

The fair value measurement of long-term debt, as described in note 5, are categorized as level 2 on the fair value hierarchy and is estimated at fair value based on the rates that could be obtained for similar debt instruments with similar terms and maturities.

11. Financial risk management:

In the normal course of business, the Partnership is exposed to a number of risks that can affect is operating performance. These risks and the actions taken to manage them are as follows:

(i) Market risk:

Market risk is the risk that the fair value of 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 is the risk that changes in market interest rates will affect the Partnership's financial instruments. As of June 30, 2021, the Partnership did not have a material interest rate risk as the Partnership's mortgage bore interest at a fixed rate and the construction loan bore interest at the minimum annual interest rate (note 5).

11. Financial risk management (continued):

Management monitors anticipated interest rate changes and mitigates the negative impact of interest rate increases by locking in interest rates early where applicable.

The Partnership is not exposed to currency risk or other price risk.

(ii) Credit risk:

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

Management mitigates this risk by carrying out appropriate due diligence on the prospective tenant and obtaining security deposits. Management monitors the collection of residential rent receivables on a regular basis with strict procedures that fall within the provincial regulations designed to minimize credit loss in the case of non-payment. The risk of exposure to credit risk is generally limited to the carrying amount of the financial statements.

The Partnership's maximum exposure to credit risk is equivalent to the carrying value of each class of financial asset as separately presented in cash and accounts and other receivable.

Management assesses the impairment of tenant receivables on an individual basis and uses the simplified approach measure expected credit losses; this will be at the lifetime expected credit losses associated with the arrangement.

Management determines that an amount receivable is credit impaired based upon previous collection history, as well as forward looking information where available regarding economic trends in the tenant's industry and the region the tenant is in. Impairment losses are recognized in the statement of income and comprehensive income within investment properties operating expenses.

Accounts and other receivables at June 30, 2021 are as follows:

	June 30, 2021	December 31, 2020
Tenant receivables	$ 12,703	$ 11,119
Other receivables	40,757	65,631
Less allowance for expected credit losses	–	–
	$ 53,460	$ 76,750

11. Financial risk management (continued):

(iii) Liquidity risk:

Liquidity risk is the risk that the Partnership may encounter difficulty in meeting its financial obligations when they come due. Management's strategy of managing liquidity risk is to ensure, to the extent possible, that it always has sufficient financial assets to meet its financial liabilities when they come due, by forecasting cash flows from operations.

As described in note 5, the construction loan matures on November 1, 2021, at which point the loan agreement provides for conversion to a mortgage with a term of 10 years and an amortization period of 40 years.

An analysis of the contractual cash flows at June 30, 2021 associated with the Partnership's material financial liabilities is set out below:

	Remainder of 2021	2022	2023	2024	2025 and thereafter	Total
Long-term debt	$ 15,271,424	$ 1,342,848	$ 147,894	$ 6,019,857	$ –	$ 22,782,023
Interest obligation	367,928	217,140	212,093	17,441	–	814,602
Accounts payable and accrued liabilities	492,522	–	–	–	–	492,522
Security deposits	108,479	–	–	–	–	108,479
Total	$ 16,240,353	$ 1,559,988	$ 359,987	$ 6,037,298	$ –	$ 24,197,626

12. Subsequent events:

On September 23, 2021, pursuant to purchase and sale agreements entered into between the partnership unitholders of the Partnership, Marwest (Element) Apartments G.P. Ltd. and Marwest Apartment Real Estate Investment Trust (the "Trust"), the Trust will cause its wholly owned subsidiary, MAR REIT L.P. to acquire 100 percent of the issued and outstanding partnership units of Marwest (Element) Apartments L.P. for $2,368,393. The aggregate purchase price reflects the value attributable to the investment property of $27,000,000 less the estimated outstanding long-term debt balances at November 1, 2021 of $24,631,607 which will be assumed by the Trust. The current partnership unitholders of Marwest (Element) Apartments L.P. can elect to receive Exchangeable units in MAR REIT L.P. at a price of $1.15 per Exchangeable unit or receive Trust units of the Trust at a price of $1.15 per unit in satisfaction of the purchase price. The acquisition is anticipated to close in November 2021.

APPENDIX 5

PRO FORMA FINANCIAL STATEMENTS OF REIT
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020
AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021

Unaudited Pro Forma Consolidated Financial Statements of

MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

As at and for the six month period ended June 30, 2021
and for the year ended December 31, 2020

MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

Pro Forma Consolidated Statement of Financial Position
(Unaudited)

As at June 30, 2021

	Marwest Apartment Real Estate Investment Trust	Element Townhomes	Pro Forma Adjustments	Notes	Pro Forma Marwest Real Estate Investment Trust
Assets					
Non-current assets:					
Investment property	$ 54,200,000	$ 27,410,000	$ (924,151)	3(a)	$ 80,685,849
Prepaid expenses and other assets	973,728	568,677	–		1,542,405
	55,173,728	27,978,677	(924,151)		82,228,254
Current assets:					
Cash	1,254,079	872,390	1,677,987	3(b)	3,804,456
Accounts and other receivable	9,289	53,460	–		62,749
Prepaid expenses and other assets	136,361	13,343	–		149,704
	1,399,729	939,193	1,677,987		4,016,909
Total assets	$ 56,573,457	$ 28,917,870	$ 753,836		$ 86,245,163
Liabilities and Unitholders' Equity					
Non-current liabilities:					
Mortgages payable	$ 41,532,950	$ 6,239,795	$ 16,854,179	3(d)	$ 64,626,924
Current liabilities:					
Accounts payable and accrued liabilities	260,426	492,522	275,200	3(c)	1,028,148
Security deposits and prepaid rent	349,994	120,654	–		470,648
Exchangeable units	10,793,269	–	1,184,196	3(a)	11,977,465
Warrants	–	–	427,189	3(e)	427,189
Current portion of mortgages payable	1,118,127	16,401,387	(15,959,121)	3(d)	1,560,393
	12,521,816	17,014,563	(14,072,536)		15,463,843
Total liabilities	54,054,766	23,254,358	2,781,643		80,090,767
Unitholders' equity:					
Unitholders' capital	3,131,763	800,010	2,835,695	3(e), 5	6,767,468
Retained earnings (deficit)	(613,072)	4,863,502	(4,863,502)	3(e)	(613,072)
	2,518,691	5,663,512	(2,027,807)		6,154,396
Total liabilities and unitholders' equity	$ 56,573,457	$ 28,917,870	$ 753,836		$ 86,245,163

The related notes form an integral part of these pro forma consolidated financial statements.

MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

Pro Forma Consolidated Statement of Income and Comprehensive Income
(Unaudited)

For the six months ended June 30, 2021

	Marwest Apartment Real Estate Investment Trust	Kenwood Court (note 1)	Brio Brownstones (note 1)	Element Townhomes	Pro Forma Adjustments	Notes	Pro Forma Marwest Real Estate Investment Trust
Revenue from investment properties	$ 778,955	$ 614,865	$ 904,550	$ 708,953	$ –		$ 3,007,323
Expenses:							
Property operating expenses	203,542	192,006	260,727	158,205	–		814,480
Realty taxes	82,536	63,767	95,529	90,970	–		332,802
Total operating expenses	286,078	255,773	356,256	249,175	–		1,147,282
Net property operating income	492,877	359,092	548,294	459,778	–		1,860,041
Other expenses (income):							
General and administrative	105,109	–	–	–	–		105,109
Finance costs	175,213	73,927	381,843	257,534	(113,655)	4(a)	774,862
Fair value loss (gain) on investment properties	(257,780)	1,998,673	8,839	(1,613,659)	(136,073)	4(b)	–
Fair value loss (gain) on Exchangeable Units	981,206	–	–	–	(981,206)	4(c)	–
Fair value loss (gain) on warrants	–	–	–	–	–	4(d)	–
	1,003,748	2,072,600	390,682	(1,356,125)	(1,230,934)		879,971
Net income (loss) and comprehensive income (loss)	$ (510,871)	$(1,713,508)	$ 157,612	$ 1,815,903	$ 1,230,934		$ 980,070

The related notes form an integral part of these pro forma consolidated financial statements.

MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

Pro Forma Consolidated Statement of Income and Comprehensive Income
(Unaudited)

For the year ended December 31, 2020

	Marwest Apartment Real Estate Investment Trust	Kenwood Court (note 1)	Brio Brownstones (note 1)	Element Townhomes	Pro Forma Adjustments	Notes	Pro Forma Marwest Real Estate Investment Trust
Revenue from investment properties	$ –	$ 1,810,202	$ 2,648,321	$ 696,140	$ –		$ 5,154,663
Expenses:							
Property operating expenses	–	608,623	620,869	170,662	–		1,400,154
Realty taxes	–	222,178	334,497	81,931	–		638,606
Total operating expenses	–	830,801	955,366	252,593	–		2,038,760
Net property operating income	–	979,401	1,692,955	443,547	–		3,115,903
Other expenses (income):							
General and administrative	102,498	–	–	–	–		102,498
Finance costs	(297)	353,588	1,105,578	272,102	(223,732)	4(a)	1,507,239
Fair value loss (gain) on investment properties	–	(40,802)	(46,737)	(2,906,799)	2,994,338	4(b)	–
Fair value loss (gain) on Exchangeable Units	–	–	–	–	–	4(c)	–
Fair value loss (gain) on warrants	–	–	–	–	–	4(d)	–
	102,201	312,786	1,058,841	(2,634,697)	2,770,606		1,609,737
Net income (loss) and comprehensive income (loss)	$ (102,201)	$ 666,615	$ 634,114	$ 3,078,244	$(2,770,606)		$ 1,506,166

The related notes form an integral part of these pro forma consolidated financial statements.

1. Description of the transaction and Organization:

Marwest Apartment Real Estate Investment Trust (the "REIT) is an unincorporated, open-ended real estate investment trust established pursuant to a declaration of trust dated July 2, 2020, which was amended and restated on April 30, 2021.

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

Pursuant to purchase and sale agreements entered into between the REIT, the partnership unitholders of Marwest (Element) Apartments L.P. and Marwest (Element) Apartments G.P., the REIT will cause its wholly owned subsidiary, MAR REIT L.P., to acquire 100 percent of the issued and outstanding partnership units in Marwest (Element) Apartments L.P. ("Element Townhomes") and the shares of Marwest (Element) Apartments G.P.

Marwest (Element) Apartments L.P. owns the multi-family residential real estate property located at 85 Fiorentino Street and 30 El Tassi Drive, Winnipeg, Manitoba. Subject to TSX Venture Exchange ("TSX-V") approval, the REIT intends to satisfy the purchase price with cash on hand of $1,184,197 and a portion of the existing unitholders of Marwest (Element) Apartments L.P. will receive exchangeable limited partnership units in Marwest Apartment REIT L.P. of $1,184,196 comprised of 1,029,736 units at $1.15 per unit.

The accompanying unaudited pro forma consolidated statement of financial position has been prepared from the following financial statements:

- Audited Marwest Apartments I L.P. financial statements as at and for the year ended December 31, 2020.
- Internally prepared Marwest Apartments I L.P financial information for the period from January 1, 2021 to April 29, 2021
- Audited Marwest Apartments VII L.P. financial statements as at and for the year ended December 31, 2020.
- Internally prepared Marwest Apartments VII L.P. financial information for the period from January 1, 2021 to April 29, 2021
- Audited Marwest (Element) Apartments L.P. interim financial statements as at and for the three and six months period ended June 30, 2021.
- Audited REIT consolidated financial statements as at and for the period from inception (July 2, 2020) to June 30, 2021.
- Unaudited REIT condensed consolidated interim financial statements as at and for the three and six months ended June 30, 2021.

1. Description of the transaction and Organization (continued):

The pro forma statement of financial position gives effect to the acquisition of Element Townhomes as if it had occurred on June 30, 2021. The pro forma consolidated statements of income (loss) and comprehensive income (loss) give effect to the acquisition for the year ended December 31, 2020 and the six month period ended June 30, 2021 as if it had occurred on January 1, 2020.

The REIT acquired Marwest Apartments I L.P. ("Kenwood Court") and Marwest Apartments VII L.P. ("Brio Brownstones") on April 30, 2021 as disclosed in the unaudited REIT's condensed consolidated interim financial statements as at and for the three and six months ended June 30, 2021. These acquisitions have been included in the pro forma consolidated statements of income (loss) and comprehensive income (loss) for the six months ended June 30, 2021 and for the year ended December 31, 2020 as if they had occurred on January 1, 2020. For the pro forma consolidated statement of income (loss) and comprehensive income (loss) for the six months ended June 30, 2021, the REIT's management has utilized the internally prepared financial information of Kenwood Court and Brio Brownstones for the period from January 1, 2021 to April 29, 2021.

Additionally, as disclosed in the unaudited REIT's condensed consolidated interim financial statements as at and for the three and six months ended June 30, 2021, the REIT issued 4,271,891 Trust Units of the REIT on August 10, 2021 in connection with a short-form prospectus dated August 3, 2021. Each Trust Unit was issued with a warrant attached, whereby the warrant holder may purchase one Trust Unit for each warrant held at a price of $1.20 per Trust Unit. The warrant is exercisable for 12 months from the date of initial issuance. The issuance of these Trust Units and warrants is included on the pro forma statement of financial position as if it had occurred on June 30, 2021.

These pro forma consolidated financial statements are not necessarily indicative of the results that would have actually occurred had the transactions been consummated at the dates indicated, nor are they necessarily indicative of future operating results or the financial position of the REIT.

2. Summary of significant accounting policies:

(a) Basis of presentation:

The unaudited pro forma financial statements of the REIT has been prepared using accounting policies that are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS) and, in the opinion of management, includes all adjustments necessary for fair presentation.

2. Summary of significant accounting policies (continued):

Except as described below, the accounting policies applied to the unaudited pro forma consolidated financial statements are consistent with those applied in the audited consolidated financial statements of the REIT as at the year ended December 31, 2021 and the REIT's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2021.

Warrants

Each whole warrant entitles the holder to purchase one Trust Unit of the REIT for $1.20 upon exercise. As the Trust Units of the REIT are puttable instruments, the warrants meet the definition of a financial liability under IAS 32, *Financial Instruments: presentation*. The warrants are derivatives and therefore classified as fair value through profit or loss. The fair value of the warrants is measured at the end of each reporting period with changes in fair value recorded in profit or loss. Upon exercise, the carrying amount of the liability representing the fair value of the warrants on exercise date is reclassified to unitholders' equity.

3. Pro forma adjustments - consolidated statement of financial position:

The pro forma adjustments to the pro forma consolidated statement of financial position have been prepared to account for the acquisition of Element Townhomes, and the impact of the purchase of the property (note 1).

(a) Acquisition:

The acquisition includes the purchase of the partnership units in Marwest (Element) Apartments L.P. which includes land, buildings, existing tenant leases and all working capital balances of the limited partnership. The REIT assumed the mortgages and the promissory note payable of the limited partnership.

The purchase price of the partnership units of Marwest (Element) Apartments L.P is $2,368,393 whereby the current unitholders of Marwest (Element) Apartments L.P. can elect to receive Exchangeable units in Marwest REIT L.P. at a price of $1.15 per Exchangeable unit or receive Trust Units of the REIT at a price of $1.15 per unit. It has been assumed that 1,029,735 Exchangeable units ($1,184,196) will be issued in satisfaction of the purchase price. The remainder of the purchase price of $1,184,197 will be satisfied utilizing cash on hand from the August 10, 2021 public offering (note 3[e]).

3. Pro forma adjustments - consolidated statement of financial position (continued):

The mortgage principal balances at November 1, 2021 of $6,333,927 and $17,082,468 of Marwest (Element) Apartment L.P. and promissory notes of $1,200,000 will be assumed by the REIT, with a mark to market adjustment of $134,555. Per the terms of the purchase and sale agreement, the REIT will repay the promissory notes payable immediately following the closing of the acquisition.

It is the assumption of management that the construction loan held by Marwest (Element) Apartment L.P. at June 30, 2021, will be converted to a mortgage payable with a 10 year term and a 40 year amortization period prior to the acquisition of the limited partnership units by the REIT. The anticipated mortgage payable on conversion is anticipated to be $17,082,468 on November 1, 2021. The increase in the construction loan from the balance at June 30, 2021 is a result of the payment of construction related payables and the remaining construction costs of the Element Townhomes investment property.

Element Townhomes is comprised of five individual buildings. At January 1, 2020, two buildings (“Phase 1”) were complete and three buildings were under development (“Phase 2”). Two of the three buildings that were under development at January 1, 2020 were completed during the year ended December 31, 2020, with the third building completed during the six months ended June 30, 2021.

The allocation of the purchase price to each of the limited partnership acquired is as follows:

	Element
Cash	$ 872,390
Investment property	26,485,849
Working capital	21,304
Debt	(24,750,950)
Total	$ 2,628,593

Included in investment property are aggregate transaction costs incurred of $260,200. A pro forma adjustment of ($924,151) has been recognized in the statement of financial position at June 30, 2021 which represents the difference between the $27,410,000 recognized in investment property in the Element Townhomes interim financial statements as at and for three and six months ended June 30, 2021 and the amount determined in the allocation of the purchase price of $26,485,849.

3. Pro forma adjustments - consolidated statement of financial position (continued):

(b) Cash:

On August 10, 2021, 4,271,891 Trust Units were issued at a price of $1.10 per unit, net of issue costs of $636,186 for $4,062,184 in net cash proceeds (note 3[e]). Cash anticipated to complete the acquisition of Element Townhomes is $1,184,197 (note 3[a]) and it has been assumed that $1,200,000 in cash will be utilized to repay the promissory note assumed on acquisition.

(c) Accounts payable and accrued liabilities:

The estimated total acquisition costs of $260,200 (note 3[a]) and mortgage fees of $15,000 (note 3[d]) are included in accounts payable and accrued liabilities.

(d) Mortgages payable:

A preliminary adjustment to the fair value of Element Townhomes mortgages payable was recognized on acquisition in the amount of $134,555 (note 3[a]). As a result of assuming the mortgages on acquisition, the estimated deferred financing fees are $15,000 which are capitalized to the mortgages payable acquired and amortized using the effective interest method. Original unamortized deferred financing costs incurred by the limited partnership acquired were reversed in the amount of $140,841. The promissory note of $1,200,000 to related parties has been reflected as paid.

The increase in mortgages payable described in note 3(a) from June 30, 2021 to November 1, 2021 of $1,834,662.

The total adjustment to mortgages payable is $895,058 of which $16,854,179 is included in the non-current portion of mortgages payable and ($15,959,121) is included in the current portion of mortgages payable.

(e) Unitholders equity:

Unitholders capital was increased by $4,271,891 of Trust Units, with an assumed $427,189 attributable to warrants for gross proceeds of $4,699,080, issued under a public offering on August 10, 2021. Aggregate unit issue costs of $636,186 were incurred resulting in a net adjustment to Unitholder’s capital of $3,635,705. Unitholders’ capital was reduced by $800,010 representing the previous unitholders’ capital of Marwest (Element) Apartments L.P. Retained Earnings was reduced by $4,863,502 representing the previous retained earnings of Marwest (Element) Apartments L.P.

4. Pro forma adjustments - consolidated statements of income (loss) and comprehensive income (loss):

(a) Finance costs:

As described in note 1, the acquisitions of Kenwood Court and Brio Brownstones have been included in the pro forma financial statements of income (loss) and comprehensive income (loss) for the six months ended June 30, 2021 and the year ended December 31, 2020. As a result, pro forma adjustments are required to adjust previously recorded finance costs of Kenwood Court and Brio Brownstones.

Included in the twelve months ended December 31, 2020 there were pro forma adjustments to finance costs of ($223,732). Kenwood Court recognized a reversal of ($20,282) of financing costs and a mark-to-market adjustment of $30,123. Brio Brownstones recognized a reversal of ($51,610) of financing costs and actual financing costs incurred by the REIT of $12,042 and a mark-to-market adjustment of ($164,660). Element Townhomes recognized an increase in financing fees of $3,607 and a mark-to-market adjustment of ($32,952).

In the period ended June 30, 2021 there were pro forma adjustments representing a decrease in financing costs of ($113,655). Kenwood Court recognized a decrease in financing cost amortization of ($13,575) and a mark-to-market adjustment of $22,592. Brio Brownstones recognized a reversal of financing costs of ($31,787) and $6,101 of financing costs that the REIT incurred and a mark-to-market adjustment of ($82,330). Marwest (Element) Apartment L.P. recognized financing cost amortization of $1,820 and a mark-to-market adjustment of ($16,476).

(b) Fair value loss (gain) on investment properties:

For purposes of the pro forma consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31, 2020 and the six month period ended June 30, 2021, the acquisition of the Marwest (Element) Apartment L.P. was assumed to occur on January 1, 2020. Accordingly, the change in fair value of investment properties that was previously recognized has been reversed.

Similarly, the acquisitions of Brio Brownstones and Kenwood Court were also assumed to occur on January 1, 2020, accordingly the change in fair value of investment properties that was previously recognized, both before and after their acquisition by the REIT on April 30, 2021, has been reversed.

4. Pro forma adjustments - consolidated statements of income (loss) and comprehensive income (loss) (continued):

Subsequent to initial recognition, investment properties will be adjusted to their fair values at each reporting period with changes in fair value recorded in net income and comprehensive income. For the purposes of the pro forma consolidated statements of income and comprehensive income no changes in fair value of the investment properties has been assumed for that which was recorded in the year ended December 31, 2020 or the six month period ended June 30, 2021. Future changes in fair value may differ materially from that recorded historically.

(c) Fair value loss (gain) on Exchangeable Units:

For the six month period ended June 30, 2021, the fair value loss on Exchangeable Units of $981,206 has been reversed as the Exchangeable Units were issued April 30, 2021 and the fair value adjustment is only representative of the period from April 30, 2021 to June 30, 2021.

The pro forma consolidated statements of income (loss) and comprehensive income (loss) for the six month period ended June 30, 2021 and for the year ended December 31, 2020 do not adjust for changes in the fair value of the Exchangeable Units as a pro forma assumption for such a change is not objectively determinable. The actual consolidated financial statements of the REIT will include fair value changes and the effects may have a material impact on the financial results.

(d) Fair value loss (gain) on warrants:

The pro forma consolidated statements of income (loss) and comprehensive income (loss) for the six month period ended June 30, 2021 and for the year ended December 31, 2020 do not adjust for changes in the fair value of the warrants as a pro forma assumption for such a change is not objectively determinable. The actual consolidated financial statements of the REIT will include fair value changes and the effects may have a material impact on the financial results.

5. Pro forma capital:

Trust Units

Date of transaction	Units	Unit price	Proceeds (costs)
July 2, 2020	800,000	$ 0.25	$ 200,000
September 22, 2020	1,000,000	0.50	500,000
Unit issue costs			(141,207)
Units issued on April 30, 2021	1,000,000	1.00	1,000,000
Unit issue costs			(186,703)
Units issued on April 30, 2021	1,759,673	1.00	1,759,673
June 30, 2021	4,559,673		3,131,763
Units issued on August 10, 2021 (note 3[e])	4,271,891	1.00	4,271,891
Unit issue costs			(636,186)
	4,271,891		3,635,705
June 30, 2021 - Pro forma	8,831,564		$ 6,767,468

Exchangeable Units

Date of transaction	Units	Unit price	Balance
April 30, 2021	9,812,063	$ 1.00	$ 9,812,063
Fair value change			981,206
June 30, 2021	9,812,063		10,793,269
Units issued for Element Townhomes (note 3[a])	1,029,736	1.15	1,184,196
June 30, 2021 - Pro forma	10,841,799		$ 11,977,465

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MARWEST
APARTMENT REIT

The undersigned holder of trust units and/or special voting units ("**Units**") of **Marwest Apartment Real Estate Investment Trust** ("**Marwest**" or the "**Trust**"), hereby appoints James Green, a trustee of the Trust, or failing him, Jason Pellaers, a trustee of the Trust, or, instead of either of the foregoing:

____

(Print the name of the person you are appointing if this person is someone other than the individuals listed above)

as proxy of the undersigned, to attend, act and vote in respect of all registered Units in the name of the undersigned at the Special Meeting of Unitholders of the Trust to be held at 1:00 p.m. (CT) on November 12, 2021 at the offices of MLT Aikins LLP, 30th Floor, 360 Main Street in Winnipeg, Manitoba (the "**Meeting**") and at any and all adjournments or postponements thereof in the same manner, to the same extent and with the same powers as if the undersigned were personally present, with full power of substitution. Without limiting the general powers and authority hereby conferred on the form of proxy, the holdings represented by this proxy are specifically directed to be voted or withheld from being voted as follows:

This proxy is solicited by Management of Marwest.

Trustees and Management recommend voting FOR the Resolution. Please use a dark black pencil or pen.

	FOR	AGAINST
1. Element Acquisition Resolution: The resolution approving the Element Acquisition, the full text of which is set forth in the Trust's management information circular dated October 11, 2021.	☐	☐

The Units represented by this proxy will be voted, or withheld from voting, on any motion, by ballot or otherwise, in accordance with any indicated instructions. **In the absence of any instructions above, this proxy will be voted at the Meeting FOR the resolution referred to in the items above. If any amendment or variation to the matters identified in the notice of meeting (the "Notice of Meeting") which accompanies this proxy is proposed at the Meeting, or at any adjournment thereof, or if any other matters properly come before the Meeting or any adjournment thereof, this proxy confers discretionary authority to vote on any such amendment or variation or such other matters according to the best judgment of the appointed proxy holder.**

At the discretion of the said proxyholders, upon any amendment or variation of the above matters or any other matter that may be properly brought before the Meeting or any adjournment or postponement thereof in such manner as such proxy, in such proxyholder's sole judgment, may determine.

Dated ____________________ , 2021 ______________________________

(signature of Unitholder)

____

(name of Unitholder – please print)

All Proxies must be received by 1:00 p.m. (CT) on November 10, 2021.

MARWEST
APARTMENT REIT

NOTES

1. **Each Unitholder has the right to appoint a proxy, other than the persons designated above, who need not be a unitholder, to attend and act and vote for him or her and on his or her behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided. The person appointed proxy must be present at the Meeting to vote.**
2. If the Unitholder is a corporation, its corporate seal must be affixed or this Instrument of Proxy must be signed by an officer or attorney thereof duly authorized.
3. This Instrument of Proxy must be dated and the signature hereon should be exactly the same as the name in which the Units are registered. If this Instrument of Proxy is undated, it will be deemed to be dated the date on which it was received by or on behalf of Marwest.
4. Persons signing this Instrument of Proxy as executors, administrators, trustees, etc. should so indicate and give their full title as such.
5. This Instrument of Proxy will not be valid and not be acted upon or voted unless it is completed as outlined herein and submitted to TSX Trust Company at any time up to 1:00 p.m. (CT) on November 10, 2021 or not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of any adjournment(s) or postponement(s) of the Meeting (the "**Proxy Deadline**")
6. If you appoint a proxy holder and submit your voting instructions and subsequently wish to change your appointment or voting instructions you may resubmit your proxy, any time up to the Proxy Deadline. When resubmitting a proxy, the latest proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that your latest proxy is submitted any time up to the Proxy Deadline.
7. This Instrument of Proxy should be read in conjunction with the accompanying documentation provided by Management.
8. **This proxy is solicited on behalf of the management of the Trust.**
9. Your name and address are registered as shown. Please notify TSX Trust Company of any change in your address.
10. If you have any questions with respect to the delivery of this proxy, call TSX Trust Company at 1-800-387-0825.

HOW TO VOTE

INTERNET

Go to www.astvotemyproxy.com
Cast your vote online
View meeting documents

To vote using your smartphone, please scan this QR Code

To vote by internet you will need your 13 digit control number. If you vote by internet or telephone, do not return this Proxy.

MAIL, FAX or EMAIL

- Complete and return your signed proxy in the envelope provided or send to:
  TSX Trust Company,
  P.O. Box 721
  Agincourt, ON, M1S 0A1
- You may alternatively fax your proxy (**both sides**) toll free to 1-866-781-3111 or scan and email (**both sides**)to proxyvote@astfinancial.com

All Proxies must be received by 1:00 p.m. (CT) on November 10, 2021.