Marwest Apartment Real Estate Investment Trust

Management's Discussion and Analysis

For the three months ended March 31, 2022

(Expressed in Canadian Dollars)

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The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Marwest Apartment Real Estate Investment Trust (the "Trust" or the "REIT") should be read in conjunction with the Trust's unaudited condensed consolidated interim financial statements ("interim financial statements") and notes thereto for the three months ended March 31, 2022 and 2021, prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB") and the REIT's audited consolidated financial statements and the notes thereto for the year ended December 31, 2021 and 2020, which are available on the Trust's profile on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. The financial information contained in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Trust was established on July 2, 2020 and had no commercial operations in the period ended March 31, 2021, therefore there is limited comparative information presented in this MD&A.

The Trust's Board of Trustees approved the content of this Management's Discussion and Analysis on May 11, 2022. Disclosure in this document is current to that date unless otherwise stated. Additional information relating to the Trust can be found on the SEDAR and also on the Trust's website at www.marwestreit.com.

Forward-Looking Disclaimer

Certain statements contained in this MD&A constitute forward-looking statements within the meaning of applicable Canadian securities laws which reflect the Trust's current expectations and projections about future results. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Trust to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Risk Factors

Risks include the risks identified in this MD&A as well as those identified in the REIT's latest annual information form available on the REIT's profile on SEDAR. The forward-looking statements made in this MD&A relate only to events or information as of the date on which the statements are made in this MD&A. Actual results and developments are likely to differ, and may differ materially from those expressed or implied by the forward-looking statements contained in this MD&A. Such forward-looking statements are based on a number of assumptions that may prove to be incorrect. Except as specifically required by applicable Canadian securities law, the Trust undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. These forward-looking statements should not be relied upon as representing the Trust's views as of any date subsequent to the date of this MD&A. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Trust. The MD&A may contain certain statements of current estimates, expectations, forecasts and projections.

ABOUT MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

The Trust's objectives are to grow Unitholder value through capital investment strategies, active asset and property management, to provide Unitholders with stable and predictable cash distributions that grow over the long term, and to grow the Trust's asset base across strategic markets through intensification and acquisition programs.

Since inception the Trust has completed the acquisition of 363 new generation apartment units in Winnipeg, Manitoba. The Marwest Group of Companies (the "Marwest Group"), companies under common control with the Marwest Asset Management Inc. (the "Manager"), the asset manager of the REIT, have operated within Western Canada for over 50 years. Winnipeg is a relatively stable multi-family rental market with relatively low vacancy rates and is friendly to immigration. Manitoba, like many other provinces, has rent control, whereby rents are capped at a government specified percentage increase each year. For 2022 and 2023 those rental rate increases are zero (0) percent. However, 291 rental units of the Trust are exempt from rent control as they were constructed within the last 20 years. In addition, the Trust added 72 brand new units financed through the Canada Mortgage and Housing Corporation ("CMHC") Affordable Flex program, which will be subject to rent control for 10 years, in November 2021, showcasing the first CMHC affordable building in the Trust's portfolio.

Exchangeable Units were issued on November 15, 2021 to related parties of the Manager at a price of $1.15 when the market price of the REIT's Trust Units ("Trust Units") on the market was $0.90. The development and construction of multi-family properties by the Marwest Group gives the Trust a potential opportunity to purchase newly developed real estate in locations of interest to the Trust.

OVERVIEW

The Trust is an unincorporated, open-ended real estate investment trust established pursuant to a Declaration of Trust dated July 2, 2020, which was amended on April 30, 2021 pursuant to an amended and restated declaration of trust (the “Declaration of Trust”). The Trust was a closed-ended trust at December 31, 2020 and converted to an open-ended trust on April 30, 2021 pursuant to a resolution passed by the Board of Trustees.

The Trust owns and operates a portfolio of income-producing multi-family rental properties located in Western Canada. Marwest Apartment REIT is focused on becoming a leading Western Canadian multi-family REIT specializing in high quality, income producing properties. Headquartered in Winnipeg, Manitoba, the Trust targets favourable markets and leverages strong, active asset management and property management to drive Unitholder returns.

The REIT’s management team, the officers of the Manager, and the Trustees have over 100 years of combined experience in multi-residential real estate and collectively bring a strong combination of development, construction, management, and financing experience, along with significant governance expertise. The REIT has an external asset and property management agreement through the Marwest Group. The REIT will continue to benefit from the expertise and strong infrastructure that is currently in place through the Marwest Group.

The Trust Units are listed on the Toronto Venture Exchange (“TSX-V”) under the symbol “MAR.UN”.

The Trust's portfolio consists of three multi-family residential rental properties located in Winnipeg, Manitoba, comprising an aggregate of 363 rental units. 251 units were purchased on April 30, 2021 and are indirectly owned by MAR REIT L.P. (the “Partnership”), a wholly owned subsidiary of the Trust which purchased all of the units of Marwest Apartments I L.P. and Marwest Apartments VII L.P. by issuing 1,759,673 Trust Units and 9,812,063 Exchangeable Units at $1.00. Following the public offering which closed on August 10, 2021, the Trust completed the purchase of all the limited partnership units of Marwest (Element) Apartments L.P. which owns a 112 unit building in Winnipeg, Manitoba on November 15, 2021. The newly acquired property is indirectly owned by the Partnership and was settled by issuing 1,029,211 Exchangeable Units at $1.15 to related parties of the Manager, and associates thereof, and cash of $1,183,602 to third parties.

The Trust did not have any investment operations in the comparable period as operations had yet to commence.

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

Current Portfolio

The Trust's current portfolio consists of newer generation investment properties that were constructed in 2006 (103 units), 2017-2019 (148 units) and 2018-2021 (112 units). Newer generation portfolios typically require fewer maintenance expenses and capital expenditures compared to older generation portfolios and, in Manitoba, new generation rentals are generally exempt from rent control. The Manitoba Government has enacted a rental freeze in 2022 and 2023, whereby landlords are not permitted to increase rental rates outside of the rental guidelines, subject to certain exemptions. 291 of the 363 rental units that the Trust has acquired in 2021 are exempt from the rental freeze due to the date of construction of the buildings, and unrestricted financing agreements, and as such, the Trust will continue to adjust rental rates as the market allows.

Future Acquisitions

The relationship with the Marwest Group affords the Trust the potential opportunity to purchase properties developed by the Marwest Group. The independent Trustees will be responsible for the negotiation of the purchase price and other terms and conditions relating to the acquisition of any properties from the Marwest Group and/or any related parties or third parties with an interest in the asset.

The Trust will also seek third party acquisitions from other developers or owners of multi-family properties in target markets across Western Canada.

Distribution

The Board of Trustees approved an ongoing cash distribution policy which provides for a monthly distribution in the amount of $0.00125 per Trust Unit ($0.015 per unit annually) payable on or about the 15th day of the month to Unitholders of record on the last day of the prior month, commencing December 31, 2021. The cash distribution policy may be amended, suspended or discontinued at any

Business Strategy and Objectives

The objectives of the Trust 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 Trust's asset base across strategic markets through intensification and acquisition programs.

Management believes it can accomplish these objectives given access to the capital markets and the relationship that the Trust has with the Marwest Group.

Declaration of Trust

The investment policies of the Trust are outlined in the Declaration of Trust, a copy of which is available on SEDAR. Some of the principal investment guidelines and operating policies set out in the Declaration of Trust are set out below:

- The Trust will focus on acquiring, holding, developing, maintaining, improving, leasing and managing income-producing rental assets within Canada and other jurisdictions the Trustees may determine from time to time;
- The Trust may make its investments and conduct its activities directly or indirectly, through an investment by way of joint ventures, co-ownerships, partnerships (general or limited) and limited liabilities companies;
- The Trust may invest in mortgages and mortgage bonds and similar instruments where: (i) the real property which is security for such mortgages and similar instruments is income producing real property which otherwise meets the other investment guidelines of the Trust; or (ii) the aggregate book value of the investments of the Trust in mortgages, after giving effect to the proposed investment, will not exceed 15% of Gross Book Value;
- Once the Gross Book Value reaches $300,000,000, the Trust shall not incur or assume any indebtedness if, after giving effect to the incurring or assumption of the indebtedness, the total indebtedness of the Trust would be more than 75% of Gross Book Value or, if determined by the Independent Trustees, in their sole and absolute discretion, more than 75% of the appraised value of the assets and properties of the Trust and its Subsidiaries instead of Gross Book Value;
- The Trust will follow prudent business practices when looking to acquire an investment property by way of obtaining appraisals, environmental reports, and sufficient insurance coverage.

As of May 11, 2022, the Trust was in compliance with its investment guidelines and operating policies.

The foregoing is a general summary only and is qualified entirely by the terms of the Declaration of Trust.

Non-IFRS Measures

The Trust's financial statements are prepared in accordance with IFRS. The Trust's MD&A also contains certain non-IFRS measures commonly used by entities in the real estate industry as useful metrics for measuring performance. The non-IFRS measures used by the Trust as described below are not standardized measures under IFRS. Such non-IFRS measures disclosed by the Trust may not be comparable to similar financial measures disclosed by others. Readers are cautioned to not place undue reliance on such non-IFRS measures. Reconciliations of these non-IFRS measures to the most directly comparable financial measures calculated and presented in accordance with IFRS are included within the Financial Operations and Results Section.

Net Operating Income ("NOI")
The Trust calculates net operating income as revenue less property operating expenses such as utilities, repairs and maintenance and realty taxes. Charges for interest or other expenses not specific to the day-to-day operations of the Trust's properties are not included. The Trust regards NOI as an important measure of the income generated by income-producing properties and is used by management in evaluating the performance of the Trust's properties. NOI is also a key input in determining the value of the Trust's properties.

Funds from Operations ("FFO")
The Trust calculates FFO substantially in accordance with the guidelines set out in the white paper titled "White Paper on Funds from Operations & Adjusted Funds from Operations for IFRS" by the Real Property Association of Canada ("REALpac") as revised in January 2022. FFO is defined as IFRS consolidated net income adjusted for items such as unrealized changes in the fair value of the investment properties, effects of puttable instruments classified as financial liabilities and changes in fair value of financial instruments and derivatives. FFO should not be construed as an alternative to net income or cash flows provided by or used in operating activities determined in accordance with IFRS. The Trust regards FFO as a key measure of operating performance.

[1] See Non-IFRS Measures

Adjusted Funds from Operations ("AFFO")
The Trust calculates AFFO substantially in accordance with the guidelines set out in the white paper titled "White Paper on Funds from Operations & Adjusted Funds from Operations for IFRS" by REALpac as revised in January 2022. AFFO is defined as FFO adjusted for items such as maintenance capital expenditures and straight-line rental revenue differences. AFFO should not be construed as an alternative to net income or cash flows provided by or used in operating activities determined in accordance with IFRS. The Trust regards AFFO as a key measure of operating performance. The Trust also uses AFFO in assessing its capacity to make distributions.

The following other non-IFRS measures are defined as follows:

- "FFO per unit" is calculated as FFO divided by the weighted average number of Trust Units and Exchangeable Units of the Partnership outstanding over the period.
- "AFFO per unit" is calculated as AFFO divided by the weighted average number of Trust Units and Exchangeable Units of the Partnership outstanding over the period.
- "Run-rate FFO per unit" is defined as the forecasted FFO for 2022 divided by the weighted average number of Trust Units and Exchangeable Units of the Partnership outstanding over the period. Forecasted FFO for 2022 is based on management's best estimate of 2022 operating performance of the REIT based on the historical operating results and expected results of 2022 for the same properties.
- "Run-rate AFFO per unit" is defined as the forecasted AFFO for 2022 divided by the weighted average number of Units of the Trust and Exchangeable Units of the Partnership outstanding over the period.
- "AFFO Payout Ratio" is the proportion of the total distributions on Trust Units and Exchangeable Units of the Partnership to AFFO per Unit.
- "Net Asset Value per Unit" or "NAV per Unit" is calculated as the sum of Unitholders' Equity and Exchangeable Units divided by the sum of Trust Units, Exchangeable Units and Deferred Units outstanding at the end of the period.
- "Debt-to-Gross Book Value ratio" is calculated by dividing total interest-bearing debt consisting of mortgages by total assets and is used as the REIT's primary measure of its leverage.
- "Debt Service Coverage ratio" is the ratio of NOI to total debt service consisting of interest expenses recorded as finance costs and principal payments on mortgages.
- "Liquidity ratio" is the ratio of current assets to current liabilities excluding Exchangeable Units.
- "Stabilized net operating income" is the estimated 12-month property potential net operating income that it could generate at full occupancy, less a vacancy rate and stable operating expenses.

SUMMARY OF 2022 RESULTS AND OPERATIONS

Occupancy Rates

The REIT has reported an average 94.78% occupancy for the three months ended March 31, 2022. Occupancy for the first three months of the year was lower than anticipated. January through March was particularly difficult in 2022 due to excessive cold spells and above average snowfall resulting in limited interest in the viewing of vacant units. Management has seen an increase in potential resident viewings subsequent to Q1 2022.

Mortgage Interest Rates and Future Renewals

Two of the five mortgages that are held within the portfolio are currently financed without CMHC insurance, and they have terms expiring in October 2023 and January 2024. Management is optimistic that the REIT will be able to refinance these mortgages using CMHC-insured mortgages, which may provide more attractive mortgage terms compared to traditional lending metrics at the time of renewal.

NAV per Trust Unit[1]

The REIT reported a NAV per Unit[1] of $1.44 (December 31, 2022 - $1.27). The increase in NAV per Trust Unit is due to the increase in the valuation of the Element property at March 31, 2022, which was higher than the acquisition price.

Asset Management Fees and Trustee Compensation

For the three months ending March 31, 2022, the Manager, has agreed to charge 50 percent of the allowable asset management fee to the Trust. During the three months ended March 31, 2022, asset management fees of $28,053 were charged inclusive of GST. Trustees were remunerated their three month share of their annual compensation, 50 percent in Deferred Units, in accordance with the Equity Incentive Plan, with the remainder being paid in cash, in addition meeting fees were paid in cash. See Note 9 of the interim financial statements for further details.

[1] See Non-IFRS Measures

(Expressed in Canadian Dollars)

OUTLOOK

Demand for Rental Units

The REIT expects the demand for rental housing to continue and potentially grow, as does the industry evidenced by 2022 CBRE Canada Real Estate Market Outlook, with the return of immigration and rising home prices. The REIT operates 260 townhome rental units, which are a differentiator compared to other rental units available in the market. Key features include exterior access doors for each unit, no common area hallways, one to four-bedroom units, which fit a wide range of renters from students to large families.

Age of Construction of Rental Units

The portfolio includes new generation rental units, which are exempt from rent control, excluding 72 units which were financed using the CMHC Affordable Flex program. Rental units exempt from rent control have the ability to continue increasing rents in periods where rental freezes are in effect and increase rents higher than rental guidelines where the market supports these increases. The age of the portfolio also results in lower capital expenditures than older buildings with more intensive capital repairs such as elevator replacement and exterior remediation. The REIT does renovate suites that require an upgrade, such as flooring, painting and modern appliances.

Future acquisitions

Future acquisitions are dependent on the availability of accretive acquisitions in target markets as well as the ability to raise capital to close on an acquisition. The relationship with the Marwest Group provides the REIT with direct acquisition opportunities.

FINANCIAL OPERATIONS AND RESULTS

Valuation

Fair value of residential properties is typically determined using the direct capitalization approach. Stabilized net operating income[1] for each property is capitalized at an appropriate capitalization rate and then a deduction is made for certain capital expenditures that each property may require. Stabilized net operating income[1] for each property is estimated as the 12-month property potential net operating income that it could generate at full occupancy, less a vacancy rate and stable operating expenses. Capitalization rates reflect the characteristics, location and market of each property. Fair value is determined based on external appraisals obtained and internal valuation models incorporating market data and valuations performed by external appraisers. At March 31, 2022, all of the properties were valued internally. The weighted-average capitalization rate used at March 31, 2022 was 5 percent.

The Trust's investment properties are recorded at a fair value of $88,670,000 at March 31, 2022 (December 31, 2021 - $85,495,008), the Trust recorded a fair value gain of $3,127,296 for the three months ended March 31, 2022. The fair value gain was attributable to the compression in the capitalization rate from the implied capitalization rate at the date of purchase of the Element Property to 5 percent at March 31, 2022 due to market factors.

Performance Measures

The following outlines the IFRS and non-IFRS measures that the Trust uses to measure performance for the three months ended March 31, 2022:

Operations		
Number of properties		3
Total multi-family units		363
Total rentable square feet		339,995
Average monthly rent per suite	$	1,511
Weighted average occupancy rate		94.78%
Rent collection at March 31, 2022		97.51%

[1] See Non-IFRS Measures

(Expressed in Canadian Dollars)

Financial Measures		
Revenue	$	1,618,740
NOI [1]		910,601
NOI Margin [1]		56.25%
FFO [1]		
Net income and comprehensive income		1,878,723
Distributions on Exchangeable Units		40,671
Fair value gain on properties		(3,127,296)
Fair value loss on unit-based compensation		5,839
Fair value loss on w arrant liability		12,815
Fair value loss on exchangeable units		1,517,778
FFO [1]		328,530
Weighted average number of Units		19,726,674
FFO/unit [1]	$	0.0272
AFFO [1]		
FFO [1]	$	328,530
Capital expenditures		(43,285)
Leasing costs		(4,411)
AFFO [1]		280,834
Weighted average number of Units		19,726,674
AFFO/unit [1]	$	0.0232
AFFO payout ratio [1]		16.15%

The Trust's updated estimated run-rate FFO per Unit[1] and AFFO per Unit[1] for 2022 is $0.0834 per Unit and $0.0755 per Unit, respectively. The decrease in the Trust's estimate of run-rate FFO per Unit[1] and AFFO per Unit[1] for 2022 is due primarily to due to changes in the properties operating budget and minor occupancy assumptions, as well as the fact that the Manager has agreed to waive 50 percent of its base asset management fee for 2022.

The Trust previously disclosed in the December 31, 2021 Management's Discussion and Analysis an estimated run-rate FFO per Unit[1] and AFFO per Unit[1] for 2022 as $0.0906 and $0.0832 , respectively. The variance between the December 31, 2021 estimate and the estimate included in the current MD&A is due to lower occupancy rates in the first quarter. In addition, the REIT increased the annual compensation and meeting fees of Trustees from previously estimated amounts and there were unbudgeted legal fees relating to the first time preparation of the Annual Information Form.

The Trust previously disclosed in its Management Information Circular dated October 11, 2021 that it estimated that its run-rate FFO per Unit[1] and run-rate AFFO per Unit[1] for 2022 would be approximately $0.0873 and $0.0784, respectively, in the event that the Trust were to close on the Element acquisition. The Trust's prior estimate of run-rate AFFO per Unit[1] for 2022 was based upon a number of assumptions, including: (i) that the Brio and Kenwood properties perform in line with management's expectations at the time; (ii) the payment of fees set out in management agreement with the Manager and management's expectations for other general and administrative expenses of the Trust.

***NAV* [1]**	At March 31, 2022	At December 31, 2021
Unitholders' Equity	$17,738,780	$15,893,174
Exchangeable Units	10,624,449	9,106,671
***NAV* [1]**	28,363,229	24,999,845
Trust Units	8,831,564	8,831,564
Exchangeable Units	10,841,274	10,841,274
Deferred Units	67,444	67,444
Total Units oustanding	19,740,282	19,740,282
***NAV per unit* [1]**	$1.44	$1.27

[1] See Non-IFRS Measures

(Expressed in Canadian Dollars)

At March 31, 2022, NAV[1] was $28,363,229 representing a NAV per Unit[1] of $1.44 (December 31, 2021 - $24,999,845 representing a NAV per Unit of $1.27).

Leverage		At March 31, 2022
Debt-to-Gross Book Value ratio [1]:		
Total interest-bearing debt	$	65,160,817
Total assets on balance sheet		94,510,578
Debt-to-Gross Book Value ratio [1]		68.95%
Debt Service Coverage ratio [1]:		
Net Operating Income for the three months ended March 31, 2022	$	910,601
Mortgage payments for the three months ended March 31, 2022		789,962
Debt Service Coverage ratio [1]		1.15
Weighted average term to maturity on fixed rate debt		79.49 months
Weighted average interest rate on fixed debt		2.82%

Total assets at March 31, 2022 are $94,510,578, the increase from December 31, 2021 is due to the increase in fair value of the investment properties.

Total liabilities at March 31, 2022 include mortgages payable of $65,160,817 and $10,624,449 relating to outstanding Exchangeable Units. During the first three months of 2022, mortgages decreased by $385,636 due to principal payment and amortization of mark-to-market adjustments, CMHC premiums and financing costs.

Review of Financial Performance

The following tables highlight selected information for the Trust's portfolio for the three months ended March 31, 2022 and 2021:

Summary of Statement of Net Loss		March 31, 2022		March 31, 2021
Revenue from investment properties	$	1,618,740	$	-
Property operating expenses		(580,269)		-
Realty taxes		(127,870)		-
Net Operating Income [1]	$	910,601	$	-
NOI Margin [1]		56.25%		0.00%
General and administrative		(170,112)		(14,557)
Finance income (costs)		(452,630)		358
Fair value gain (loss) on:				
Investment properties		3,127,296		-
Unit-based compensation		(5,839)		-
Warrants liability		(12,815)		-
Exchangeable Units		(1,517,778)		-
Net Income and Comprehensive Income	$	1,878,723	$	(14,199)

Net operating income[1]
For the three months ended March 31, 2022 the Trust generated $910,601 of NOI[1] (March 31, 2021 - $nil). The Trust acquired investment properties in the second quarter of 2021 thus there is no comparative NOI[1] to report.

Revenue from investment properties consists of **rental** revenue from residential lease agreements, parking revenue and other property revenue.

General and administrative expenses
General and administrative expenses relate to the administration of the Trust, including: legal fees, audit fees, Trustee compensation, other public company costs.

[1] See Non-IFRS Measures

(Expressed in Canadian Dollars)

Finance costs (income)

Finance costs (income) are comprised of interest expense on mortgages payable; amortization of financing charges and mark-to-market adjustments on the mortgages payable, and is offset by interest income.

Summary of Finance costs (income)		Three months ended March 31, 2022		Three months ended March 31, 2021
Interest on mortgages	$	455,643	$	-
Amortization of financing charges		5,988		-
Amortization of CMHC fees		11,501		-
Amortization of mark-to-market adjustments		(57,739)		-
Distribution on Exchangeable Class B Units		40,671		-
Interest income		(3,434)		(348)
Total	$	452,630	$	(348)

Fair value gain on Exchangeable Units

The Exchangeable Units are issued by the Partnership. The Exchangeable Units are economically equivalent to Trust Units, in that a holder is entitled to receive cash distributions from the Partnership equal to the cash distributions paid on Trust Units and are exchangeable into Trust Units at the holder's option on a one-for-one basis (subject to customary anti-dilution adjustments). The Exchangeable Units are classified as financial liabilities of the Trust and measured at fair value with any changes in fair value recorded in net income. The fair value gain or loss on the Exchangeable Units is measured every period by reference to the closing trading price of the Trust Units. An increase in the Trust Unit closing price over the period results in a fair value loss, whereas a decrease in the Trust Unit closing price results in a fair value gain.

During the three months ended March 31, 2022, the market price of the Trust Units increased from the December 31, 2021 market price of $0.84 per Trust Unit to $0.98 per Trust Unit at March 31, 2022. The increase in market value for the period resulted in a fair value loss on the Exchangeable Units of $1,517,778.

Fair value loss on unit-based compensation

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

During the quarter the Trust experienced a fair value loss of $5,839 from changes in the Trust Unit price for the Deferred Units outstanding at December 31, 2021 and the Deferred Units issued in the Quarter. For the three months ended March 31, 2022, the Unit price increased from $0.84 to $0.98.

Fair value loss on warrants liability

The Trust has issued warrants which are exercisable by August 10, 2022 at $1.20. Using the Black-Scholes model, and the inputs as described in Note 7 of the interim financial statements, a fair value loss of $12,815 was recognized on the warrants liability.

Assessment of Financial Position

Investment Properties

The following table summarizes the changes in investment properties for the period ended March 31, 2022 and the year ended December 31, 2021:

Summary of Changes in Investment Properties		March 31, 2022		December 31, 2021
Opening balance	$	85,495,008	$	-
Additions:				
Acquisitions of investment properties		-		79,279,342
Capital expenditures		43,285		96,466
Direct leasing costs		4,411		23,334
Fair value gain		3,127,296		6,095,866
Closing balance	$	88,670,000	$	85,495,008

Capital expenditures incurred related to suite upgrades.

(Expressed in Canadian Dollars)

Valuation
Under the direct capitalization approach the estimated 12 month stabilized net operating income[1] is utilized on the individual properties, less estimated aggregate future capital expenditures to determine fair value. Capitalization rates fluctuate based on market conditions, such as the demand for rental housing and interest rates. The weighted-average capitalization rates for the properties were 5 percent at March 31, 2022 and December 31, 2021.

Exchangeable Units
The holders of Exchangeable Units are entitled to receive cash distributions from MAR REIT L.P. equivalent to the cash distributions that the Trust pays to the holders of Trust Units and are exchangeable into Trust Units at the holder's option on a one-for-one basis (subject to customary anti-dilution adjustments). One Special Voting Unit in the Trust is issued to the holder of Exchangeable Units for each Exchangeable Unit held. The limited IAS 32 exception for presentation as equity does not extend to Exchangeable Units. As a result, the Exchangeable Units are classified as financial liabilities.

At March 31, 2022 there were 10,841,274 Exchangeable Units and 10,894,987 Special Voting Units outstanding. The outstanding Special Voting Units include:

- Special Voting Units accompanying Deferred Units issued on or before March 31, 2022
- Special Voting Units accompanying Exchangeable Units of MAR REIT L.P. issued on or before March 31, 2022

During the three months ended March 31, 2022, distributions to Exchangeable Unitholders of $40,671 were declared based on approved monthly distributions of $0.00125 per Trust Unit.

Mortgages Payable
The Trust's mortgages are at fixed interest rates that are secured by the investment properties. The mortgages bear interest at a weighted average contractual interest rate of 2.82 percent and mature at dates between October 2023 and December 2031, resulting in a weighted average maturity of 79.49 months. The REIT's mortgages that mature in October 2023 and January 2024 are conventional mortgages which the REIT anticipates will be replaced with CMHC debt offering more favourable rates and terms.

Trust Units
The Declaration of Trust authorizes the issue of an unlimited number of Trust Units. As at March 31, 2022, there were 8,831,564 Trust Units outstanding with a carrying value of $6,791,350 and 4,271,891 warrants outstanding. On March 31, 2022, the Trust commenced a normal course issuer bid ("NCIB") which allows the Trust to purchase up to 787,956 of the Trust Units for cancellation. The NCIB is in effect until March 30, 2023.

Distributions
Distributions are paid monthly to Unitholders of record at the close of business on the last day of a month on or about the 15th day of the following month. Distributions must be approved by the Board of Trustees and are subject to change depending on the general economic outlook and financial performance of the Trust. During the three months ended March 31, 2022, distributions to Unitholders of $33,117 were declared based on approved monthly distributions of $0.00125 per Trust Unit.

Liquidity, Capital Resources and Contractual Commitments

The Trust's capital structure at March 31, 2022 and December 31, 2021 is set out in the table below:

	March 31, 2022	December 31, 2021
Exchangeable Units	$ 10,624,449	$ 9,106,671
Warrants	34,174	21,359
Unit based compensation liability	66,093	45,020
Mortgages	65,160,817	65,546,453
Unitholders' equity	17,738,780	15,893,174
Total	$ 93,624,313	$ 90,612,677

Exchangeable Units are not indebtedness for the purposes of Debt-to-Gross Book Value ratio[1] and therefore are not included in the determination of Debt-to-Gross Book Value ratio.

Management feels it has access to capital markets and future cash flows that are sufficient to finance future acquisitions.

[1] See Non-IFRS Measures

(Expressed in Canadian Dollars)

Cash Flows and Use of Funds

During the three months ended March 31, 2022 and 2021 the Trust reported the following changes in cash.

	March 31, 2022	March 31, 2021
Cash provided by operating activities	$ 223,561	$ (182,196)
Cash provided by investing activities	(47,696)	-
Cash provided by financing activities	(333,885)	-
Change in cash during the period	$ (158,020)	$ (182,196)

Until April 30, 2021, the Trust was a "capital pool company" under the policies of the TSX Venture Exchange ("TSX-V") with limited operating activities before completing the qualifying transaction on that date.

QUARTERLY RESULTS AND DISCUSSION OF Q1 OPERATIONS

A four-quarter trend highlighting key operating results since commencing commercial operations is shown below:

	2022	2021		
	Q1	Q4	Q3	Q2
Property revenue	$ 1,618,740	$ 1,407,298	$ 1,153,245	$ 778,955
NOI[1]	910,601	816,075	713,676	492,877
Net Income	1,878,723	4,374,004	5,366,130	(510,871)
FFO[1]	328,530	384,929	240,720	212,555
FFO per Unit[1]	$ 0.03	$ 0.02	$ 0.01	$ 0.03
AFFO[1]	280,834	365,244	184,030	169,130
AFFO per Unit[1]	$ 0.02	$ 0.02	$ 0.01	$ 0.03
Weighted average number of Units outstanding	19,726,674	19,158,233	16,786,283	10,365,358

Variations in property revenue is due to the closing of the qualifying transaction on April 30, 2021, thus Q2 2021 reported only 2 months of operations, the acquisition of Element on November 15, thus, Q4 2021 reported only 46 days of operations with the acquired property. Q1 2022 represents one complete quarter of operations of all acquired properties

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ACCOUNTING ESTIMATES AND POLICIES, CONTROLS AND PROCEDURES AND RISK ANALYSIS

Critical Judgments in Applying Accounting Policies

Significant areas of judgment, estimates and assumptions are set out in Note 3 to the annual audited consolidated financial statements for the years ended December 31, 2021 and 2022.

Risks and Uncertainties

The REIT faces a variety of diverse risks, many of which are inherent in the business conducted by the REIT. These are described in detail under the heading "Risks and Uncertainties" in the REIT's Management's Discussion and Analysis for the years ended December 31, 2021 and 2020, filed on SEDAR (www.sedar.com). These factors still exist at the end of this quarter and remain relatively unchanged.

Financial Risk Management

In the normal course of business, the Trust is exposed to a number of risks that can affect its 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 Trust's financial instruments. As of March 31, 2022 and December 31, 2021, the Trust's mortgages bore interest at fixed rates

[1] See Non-IFRS Measures

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

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

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

The Trust is exposed to other price risk on its Exchangeable Units and warrants. A one percent change in the prevailing market price of the Exchangeable Units as at March 31, 2022 would have a $106,244 (December 31, 2021 - $91,067) change in the fair value of the Exchangeable Units. A one percent change in the prevailing market price of the Trust Units at March 31, 2022 and December 31, 2021 would have a nominal impact on the fair value of the warrants.

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 Trust'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 receivables.

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 consolidated statement of income and comprehensive income within investment properties operating expenses.

(iii) Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they become due. The Trust manages this risk by ensuring it has sufficient cash on hand to meet obligations as they come due by forecasting cash flows from operations, cash required for investing activities and cash from financing activities, such as refinancing mortgages as they become due.

An analysis of the contractual cash flows at March 31, 2022 associated with the Trust's material financial liabilities is set out below:

	Year 1	Year 2	Year 3	Year 4	Year 5 and thereafter	Total
Mortgages payable - principal and interest	$ 3,159,849	$ 20,992,269	$ 2,028,236	$ 2,028,236	$ 46,678,160	$ 74,886,750
Accounts payable and accrued liabilities	465,472	-	-	-	-	465,472
Security deposits and prepaid rent	357,641	63,152	-	-	-	420,793
	$ 3,982,962	$ 21,055,421	$ 2,028,236	$ 2,028,236	$ 46,678,160	$ 75,773,015

(Expressed in Canadian Dollars)

RELATED PARTY TRANSACTIONS

In the normal course of operations, the Trust enters into various transactions with related parties. In addition to the related party transaction disclosed elsewhere in the consolidated financial statements, related party transactions for the period ended March 31, 2022 include:

Related Party Transactions		For the three months ended March 31, 2022
Property management fees	$	67,176
Salary reimbursement		32,363
Asset management fees		28,053
Board compensation		37,100

On April 30, 2021, the Trust and the Manager entered into a management agreement with a term of ten years, with subsequent renewal periods for further five-year terms, relating to various asset management and property management services. On April 30, 2021, a sub-agreement between the Manager and Marwest Management Canada Ltd., a company under common control, was entered into for the property management of Marwest Apartments I L.P. and Marwest Apartments VII L.P. On November 15, 2021, a sub-agreement between the Manager and Marwest Management Canada Ltd. was entered into for the property management of Marwest (Element) Apartments L.P.

For the year ending December 31, 2022, the Manager has waived 50% of the Asset Management Fees eligible under the Asset Management Agreement. The period ending March 31, 2022 was the first quarter in which Asset Management Fees were charged.

During the period ended March 31, 2022, the Board of Trustees were issued an aggregate of 13,849 Deferred Units at an aggregated value of $15,234 along with $15,760 in cash as part of the Trustee annual remuneration. The Trustees were also remunerated $1,500 per board the three months ended March 31, 2022 (March 31, 2021 - $nil).

INCOME TAXES

The Income Tax Act (Canada) (the “Act”) contains legislation affecting the tax treatment of specified investment flow-through (SIFT) trusts which include publicly-listed income trusts (the “SIFT Rules”). Under the SIFT Rules, certain distributions from a SIFT are not deductible in computing a SIFT’s taxable income, and the SIFT is subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to a Canadian corporation.

However, distributions paid by a SIFT as returns of capital are generally not subject to tax. The SIFT Rules do not apply to a real estate investment trust that meets prescribed conditions relating to the nature of its assets and revenue (the “REIT Conditions”). Instead, a real estate investment trust that meets the REIT Conditions is not liable to pay Canadian Income taxes provided that its taxable income is fully distributed to unitholders during the period.

The REIT has reviewed the SIFT Rules and has assessed their application to the REIT’s assets and revenues. While there are uncertainties in the interpretation and application of the SIFT Rules, the REIT believes that it has met the REIT Conditions for the three months ended March 31, 2022, and accordingly is not subject to current income taxes. Accordingly, no provision for current income taxes payable is required.

CONTINGENCIES AND COMMITMENTS

The Trust is subject to claims and legal actions that arise in the ordinary course of business. It is the opinion of Management that any ultimate liability that may arise from such matters would not have a significant adverse effect on the consolidated financial statements of the Trust.

FUTURE CHANGES IN ACCOUNTING STANDARDS

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

Classification of Liabilities as Current or Non-Current

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

SUBSEQUENT EVENTS

The following events occurred subsequent to March 31, 2022:

i. On April 18, 2022 the REIT paid monthly distributions of $0.00125 per Trust Unit. Holders of the Exchangeable Units were also paid a distribution of $0.00125 per Unit.
ii. On April 18, 2022, the REIT declared a distribution of $0.00125 per Trust Unit, payable on May 15, 2022 to Unitholders of record as of the close of business on April 30, 2022. Holders of the Exchangeable Units will also be paid a distribution of $0.00125 per Unit.
iii. The REIT purchased through the NCIB 140,500 Trust Units at a weighted-average price of $0.9313 per Trust Unit.