Marwest Apartment Real Estate Investment Trust

Management's Discussion and Analysis

For the year ended December 31, 2023

(Expressed in Canadian Dollars)

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 audited consolidated financial statements ("financial statements") and notes thereto for the years ended December 31, 2023 and 2022, which are available on the Trust's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR+") at www.sedarplus.ca. The financial information contained in this MD&A derived from the financial statements has been prepared in accordance with IFRS Accounting Standards ("IFRS").

The Trust's board of trustees (the "Board") approved the content of this MD&A on March 15, 2024. 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 the holder ("Unitholder") of trust units ("Trust Units") 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 516 new generation apartment units in Winnipeg, Manitoba, 363 units were acquired in 2021 and 153 units were acquired in 2022. The Marwest Group of Companies (the "Marwest Group"), which are companies under common control with Marwest Asset Management Inc. (the "Manager"), the asset manager of the REIT, have operated within Western Canada for over 50 years. Management believes 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. The legislated increase for 2024 is three (3) percent. While all 516 rental units of the Trust are exempt from rent control as they were constructed within the last 20 years, the exempt period in Manitoba, 225 of the 516 units have restrictive financing agreements with the Canada Mortgage and Housing Corporation relating to affordable housing programs.

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 REIT is an unincorporated real estate investment trust governed by the amended and restated declaration of trust dated April 30, 2021 (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. On April 30, 2021, the REIT completed its' Qualifying Transaction and as such commenced commercial operations.

The authorized equity and voting securities of the REIT are comprised of Trust Units and special voting units ("Special Voting Units"). The Trust Units are listed and posted for trading on the TSX Venture Exchange under the symbol "MAR.UN".

The Trust's portfolio consists of four multi-family residential rental properties located in Winnipeg, Manitoba, comprising an aggregate of 516 rental units (i) the 74 unit multi-family rental apartment property located at 160 Eaglewood Drive in Winnipeg, Manitoba (the "Brio Phase I Property") and the 74 unit multi-family rental apartment property located at 140 Eaglewood Drive in Winnipeg, Manitoba (the "Brio Phase II Property") (collectively, the "Brio Property"); (ii) the 103 unit multi-family rental apartment property known as "Kenwood Court" located at 333-337 Warde Avenue in Winnipeg, Manitoba (the "Kenwood Property"); (iii) the forty (40) unit multi-family rental apartment property located at 85 Fiorentino Street in Winnipeg, Manitoba (the "Element Phase I Property"); and the seventy-two (72) unit multi-family rental apartment property located at 30 El Tassi Drive in Winnipeg, Manitoba (the "Element Phase II Property") (collectively, the "Element Property") and (iv) the 153 unit multi-family rental apartment located at 2766 Main Street in Winnipeg, Manitoba (the "Prairie View Pointe Property").

MAR REIT LP (the "Partnership") beneficially owns the Prairie View Pointe Property directly and indirectly beneficially owns the Brio Property, the Kenwood Property and the Element Property through Marwest Apartments VII L.P. ("Brio LP"), Marwest Apartments I L.P. ("Kenwood LP") and Marwest (Element) Apartments L.P. ("Element LP"), respectively, each of which is a limited partnership formed under the laws of the Province of Manitoba. The Partnership also owns all of the shares of Marwest Apartments VII G.P. Ltd., Marwest Apartments I G.P. Ltd. and Marwest (Element) Apartments G.P. Inc., which are the general partners of Brio LP, Kenwood LP and Element LP, respectively. Legal title to each of the REIT's properties is held through separate bare trustee corporations owned by the Partnership (in the case of the Prairie View Pointe Property) and, in respect of the Brio Property, the Kenwood Property and the Element Property, owned by Brio LP, Kenwood LP and Element LP, respectively.

The Partnership is a limited partnership formed under the laws of the Province of Manitoba and governed by the limited partnership agreement dated April 19, 2021. The authorized equity and voting securities of the Partnership are comprised of Class A limited partnership units of the Partnership, all of which are owned by the REIT, and 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 ("Exchangeable Units"), which are held by certain former owners of securities or other property acquired by the Partnership.

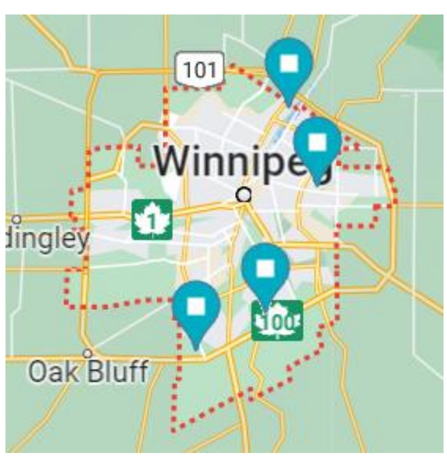
The Trust's management team, the officers of the Manager, and the trustees of the Trust ("Trustees") have over 100 years of combined experience in multi-family residential real estate and collectively bring a strong combination of development, construction, management, and financing experience, along 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 owns and operates a portfolio of income-producing multi-family rental properties located in Western Canada. The REIT is focused on becoming a leading Western Canadian multi-family REIT specializing in high quality, income-producing properties.

On October 31, 2022, the Trust completed the accretive acquisition of 153 units in Winnipeg, Manitoba, the Prairie View Pointe Property. The Trust assumed the existing mortgage which had an interest rate of 2.99 percent, significantly lower than interest rates at the time of acquisition.

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 (265 units). Newer generation portfolios typically require lower 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 enacted a rental freeze in 2023, whereby landlords were not permitted to increase rental rates outside of the rental guidelines, subject to certain exemptions. In 2024 the government approved rental increase is a maximum of three (3) percent. 56.40% of the rental units that the Trust has acquired since inception are exempt from the rental freeze due to the age of the buildings, and unrestricted financing agreements, and as such, the Trust will continue to adjust rental rates as the market allows.



Location of Investment Properties owned by the Trust at December 31, 2023

The Trust's investment properties include thoughtfully designed resident centred amenities, including clubhouses and on-site fitness facilities.

Brio Brownstones Clubhouse featured below

Prairie View Pointe Property games and movie room featured below

At December 31, 2023, the Trust's portfolio included 260 townhome units which differ from standard apartment units. These townhomes are characterized by private exterior entrances to each suite, eliminating all common hallways; Townhome residences have more of a "homeownership" feel. Modern finishings appeal to renters, with prime locations along transit routes, near shopping and schools. The rental suites owned by the Trust are pet-friendly, appealing to a broad section of renters within in the market.

2022 Acquisition

On October 31, 2022, the Trust completed the acquisition of the Prairie View Pointe Property. This culminated the Trust's first third-party acquisition. The Trust was able to transact on the property through assumption of the existing mortgage, refinancing of current debt and utilizing cash on hand. The Trust's ability to close on an acquisition during an economic environment with rising interest, inflation at a 40-year high and decreased activity in the equity capital markets, supports the Board and Management's intent to continue to grow the Trust and increase Unitholder value.

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 are 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

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. Commencing January 15, 2022 through July 31, 2023, the Board of Trustees declared distributions in the amount of $0.00125 per Trust Unit ($0.015 per unit annualized) payable on or about the 15th day of the following month to Unitholders of record on the last day of the prior month. On August 10, 2023, the Board of Trustees approved an increase in the amount of the monthly distribution by 2% to $0.001275 per Trust Unit ($0.0153 per unit annualized), commencing with the distribution payable on September 15, 2023 to Unitholders of record on August 31, 2023. The cash distribution policy of the Trust may be further amended, suspended or discontinued at any time, at the discretion of the Board of Trustees.

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 future potential 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 liability 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 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 ("**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.

At December 31, 2023, 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 (including non-IFRS ratios) 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 (loss) 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.

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:

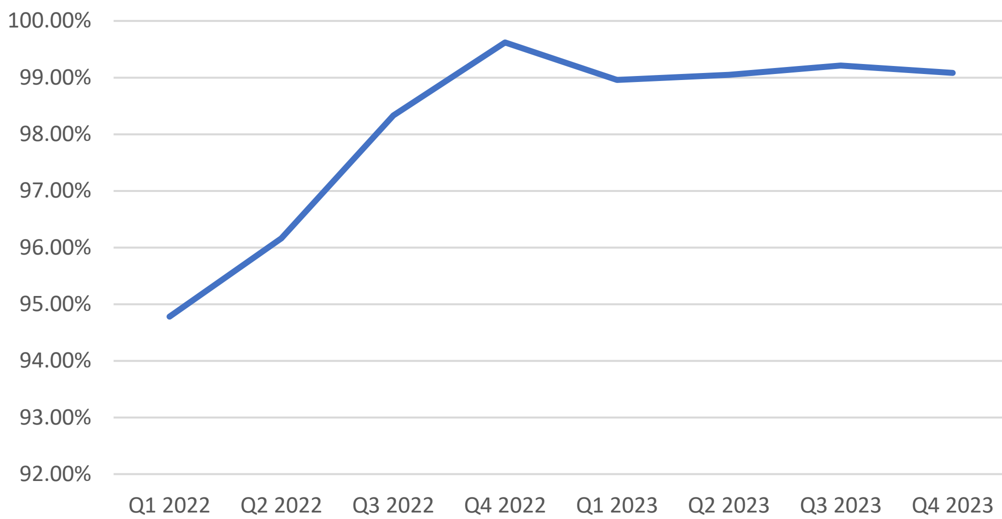
- "FFO per unit" is calculated as FFO divided by the weighted average number of Trust Units and Exchangeable Units of the Partnership outstanding over the period.
- "AFFO per unit" is calculated as AFFO divided by the weighted average number of Trust Units and Exchangeable Units of the Partnership outstanding over the period.
- "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" is calculated as the sum of Unitholders' Equity and Exchangeable Units
- "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 of the Partnership.
- "Stabilized net operating income" is the estimated 12-month net operating income that a property could generate at full occupancy, less a vacancy rate and stable operating expenses.
- "Average occupancy rate" is defined as the ratio of occupied suites to the total suites in the portfolio for the period.
- "Same Property NOI" is defined as Net Operating Income from properties owned by the REIT throughout comparative periods, which removes the impact of situations that result in the comparative period to be less meaningful, such as acquisitions, or properties going through a lease-up period

SUMMARY OF 2023 RESULTS AND OPERATIONS

Occupancy Rates

The REIT has reported an average 99.08% occupancy for the three months ended December 31, 2023 (99.62% for the three months ended December 31, 2022) and 99.00% for the year ended December 31, 2023 (97.23% for the year ended December 31, 2022). Management expects occupancy rates to remain stable for the next 12 months.

Occupancy Summary by Quarter



The average occupancy rate[1] for the year ended December 31, 2022 was lower than anticipated due to a lower renewal rate at the end of Q4 2021, resulting in vacancies in Q1 2022 which management believes resulted from excessive cold spells and above average snowfall resulting in limited interest in the leasing of vacant units.

Mortgage Interest Rates and Future Renewals

In Q3 2022, the conventional mortgage, secured by the Brio Phase 1 Property, was refinanced with a CMHC-insured mortgage at a rate of 3.92% and a 40 year amortization period. In Q4 2022 a second mortgage, secured by the Kenwood Property, with conventional financing was obtained with a rate of 5.59% and a 25 year amortization period and maturing November 1, 2027. Upon closing the acquisition of the Prairie View Pointe Property, on October 21, 2022, the REIT assumed the CMHC-insured mortgage that was in place. The assumed mortgage has a rate of 2.99% and a 40 year amortization period, maturing July 1, 2027.

At December 31, 2023 five of the seven mortgages held within the portfolio are financed with CMHC insurance.

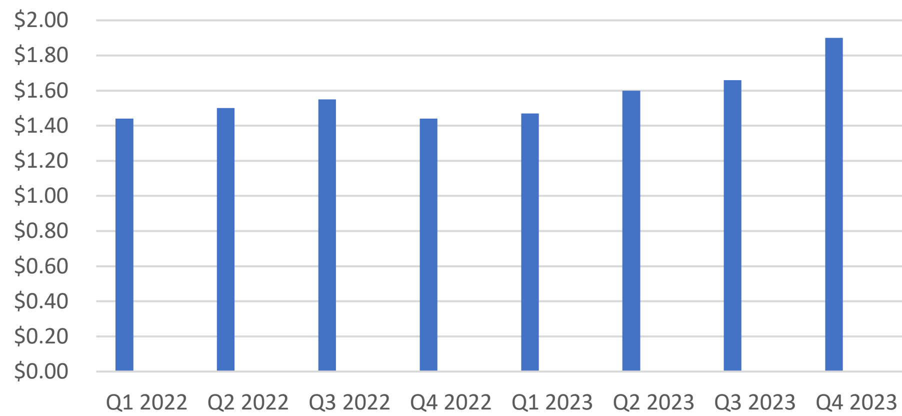
The conventional mortgage, secured by the Element Phase I Property, was set to mature on January 1, 2024 and was extended on December 1, 2023 with the original lender to mature on or before March 1, 2024 at an interest rate of 7.5%. On February 29, 2024, Management completed the refinancing of the Element Phase I Property with a CMHC insured mortgage in the amount of $8,387,700, with an amortization period of 40 years and a term of 10 years at a rate of 4.30%

[1] See Non-IFRS Measures

NAV per Trust Unit[1]

The REIT reported a NAV per Unit[1] of $1.90 (December 31, 2022 - $1.44). The overall increase in NAV[1] was due the compression of capitalization rates in the valuation of the portfolio compared to 2022, as well as market conditions throughout all properties and net operating income less finance costs and general and administrative expenses exceeding distributions.

NAV per Unit[1] by Quarter



Asset Management Fees and Trustee Compensation

For the year ending December 31, 2022, the Manager agreed to charge 50 percent of the allowable asset management fees to the Trust. Asset management fees of $86,034 and $336,283, inclusive of GST, were charged in the three months and year ended December 31, 2023 respectively, (December 31, 2022 - $40,726 and $124,885 respectively). An Incentive fee of $90,600, inclusive of GST was charged pursuant to the Asset Management Agreement. Trustees were remunerated approximately 50 percent of their pro-rated annual compensation in Deferred Units, in accordance with the Trust's equity incentive plan, with the remaining 50 percent and meeting fees paid in cash (December 31, 2022 - 50 percent of annual compensation, other than meeting fees, was paid in Deferred Units as agreed upon by the Trustees, with meeting fees paid in cash). See Note 11 of the financial statements for further details.

OUTLOOK

Management anticipates the demand for rental housing to continue to grow, as evidenced in the 2024 CMHC Rental Market Report, which noted that Canada is experiencing record-low vacancy rates and record-high average rent growth, creating competitive rental conditions across major markets for renters. Continued higher interest rates have made homebuying less affordable, putting more pressure on the rental market. For Winnipeg the average rent grew modestly compared to other cities in the prairies, however two-bedroom units that were exempt from rent increase guidelines achieved an average rental growth of 4.4%. Lower housing starts in Winnipeg indicate potentially fewer rental units added to the rental market in the near future which when combined with strong population growth, due to the Government of Canada's immigration targets of 485,000 in 2024 and 500,000 in 2025, which REIT Management believes may cause the demand for multifamily rentals to continue to grow.

Management is focused on growing the portfolio and unitholder value, as evidenced through the August 2023 2% distribution increase, through increasing rental rates where the market allows, future acquisition opportunities that will increase the overall size and improve the performance of the Trust, as well as maintaining a manageable debt structure. The current debt of the Trust is all at fixed terms with an average remaining mortgage term of over five years and a weighted average interest rate of 3.01%, with one mortgage maturing January 2024. As discussed under "Mortgage Interest Rates and Future Renewals", this mortgage was refinanced on February 29, 2024 for a 10 year term. With the next mortgage maturing in July 2027, Management believes that this places the REIT in a unique position during the current interest rate environment providing the REIT time for interest rates to decrease for future refinancings. In addition, over 900 billion of residential mortgages, as estimated by RBC Capital Markets, mature in just under the next three years creating more pressure on the Bank of Canada to reduce interest rates.

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.

[1] See Non-IFRS Measures

(Expressed in Canadian Dollars)

The real estate industry is highly capital intensive. The REIT requires access to capital to fund its growth strategy and any 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. Management believes the increase in the number of transactions in the multifamily market over the last 12 months could translate into opportunities for a future capital raise. Management is continually reviewing opportunities to complete accretive acquisitions for the REIT Unitholders.

FINANCIAL OPERATIONS AND RESULTS

Valuation

The 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 net operating income that a property could generate at full occupancy, less a vacancy rate and stable operating expenses. The Province of Manitoba has a school tax rebate which is not included in stabilized operating expenses for valuation purposes. 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 December 31, 2023, one of the properties had an external valuation prepared, the remainder of the portfolio was valued internally. The weighted-average capitalization rate used at December 31, 2023 was 5.00 percent (December 31, 2022 – 5.25 percent).

The Trust’s investment properties are recorded at a fair value of $134,380,000 at December 31, 2023 (December 31, 2022 - $126,803,030), the Trust recorded a fair value gain of $4,337,052 and $7,510,095 for the three months and year ended December 31, 2023 (three months and year ended December 31, 2022 – loss of $2,561,638 and gain of $2,079,396, respectively). The fair value gain was attributable to the compression in the capitalization rates in the fourth quarter of 2023 and improved market conditions throughout all properties, such as increases in estimated 12-month stabilized NOI due to market rent increases in properties where allowable.

Performance Measures

The following outlines the portfolio metrics:

	Three months ended December 31		Year ended December 31	
Operations	2023	2022	2023	2022
Number of properties	4	4	4	4
Total multi-family units	516	516	516	516
Total rentable square feet	463,812	463,812	463,812	463,812
Average monthly rent per suite	$ 1,557	$ 1,524	$ 1,540	$ 1,511
Average occupancy rate[1]	99.08%	99.62%	99.00%	97.23%
Rent collection	99.91%	99.33%	99.78%	99.61%

2023 was the first year of full operations after the acquisition of the 153 unit property Prairie View Pointe in October 2022. The higher rental rates at Prairie View Pointe primarily account for the increase in average monthly rent per suite to the comparable period, combined with rental rate increases across the portfolio where allowable. The first quarter of 2023 reported higher occupancy levels compared to the prior year which REIT Management believes was due to below average temperatures and above average snowfall that resulted in reduced interest in available units on the market during that period.

[1] See Non-IFRS Measures

(Expressed in Canadian Dollars)

Financial Measures	Three months ended December 31 2023	2022	Year ended December 31 2023	2022
Revenue	$ 2,521,270	$ 2,253,104	$ 9,958,861	$ 7,170,916
NOI [1]	1,619,429	1,396,583	6,359,930	4,304,812
NOI Margin [1]	64.23%	61.98%	63.86%	60.03%
FFO [1]				
Net income (loss) and comprehensive income (loss)	979,998	(2,862,894)	8,701,278	3,401,418
Distributions on Exchangeable Units	41,468	40,607	163,968	162,617
Fair value (gain) loss on properties	(4,337,052)	2,561,638	(7,510,095)	(2,079,396)
Fair value loss (gain) on unit-based compensation	49,067	2,170	(5,944)	(13,575)
Fair value gain on warrant liability	-	-	-	(21,359)
Fair value loss on Exchangeable Units	3,686,033	650,476	542,063	108,412
FFO [1]	419,514	391,997	1,891,270	1,558,117
Weighted average number of Units	19,498,838	19,508,838	19,501,276	19,565,490
FFO/unit [1]	$ 0.0215	$ 0.0201	$ 0.0970	$ 0.0796
AFFO [1]				
FFO [1]	$ 419,514	$ 391,997	$ 1,891,270	$ 1,558,117
Capital expenditures[2]	(10,560)	(65,702)	(52,729)	(167,845)
Leasing costs	(2,388)	(368)	(14,146)	(32,183)
AFFO [1]	406,566	325,927	1,824,395	1,358,089
Weighted average number of Units	19,498,838	19,508,838	19,501,276	19,565,490
AFFO/unit [1]	$ 0.0209	$ 0.0167	$ 0.0936	$ 0.0694
AFFO payout ratio [1]	18.34%	22.45%	16.17%	21.61%

For the years ended December 31, 2023 and 2022 the Trust reported $0.0970 and $0.0796 of FFO/unit[1] respectively. This increase in FFO/unit[1] was due to the addition of the Prairie View Pointe Property and increased NOI[1] reported on same properties. The Trust reported FFO/unit[1] of $0.0215 the three months ended December 31, 2023 compared to $0.0201 the three months ended December 31, 2022, this increase is due to a full quarter of operations of Prairie View Pointe Property compared to 62 days in the Q4 2022.

At December 31, 2023, NAV[1] was $37,335,477 representing a NAV per Unit[1] of $1.90 (December 31, 2022 - $28,229,106 representing a NAV per Unit[1] of $1.44). The overall increase in NAV[1] was due the compression of capitalization rates in the valuation of the portfolio compared to 2022, as well as market conditions throughout all properties and net operating income less finance costs and general and administrative expenses exceeding distributions.

NAV [1]	At December 31, 2023	At December 31, 2022
Unitholders' equity	$27,578,331	$19,014,023
Exchangeable Units	9,757,146	9,215,083
NAV [1]	37,335,477	28,229,106
Trust Units	8,657,564	8,667,564
Exchangeable Units	10,841,274	10,841,274
Deferred Units	167,265	110,036
Total Units oustanding	19,666,103	19,618,874
NAV per unit [1]	$1.90	$1.44

[1] See Non-IFRS Measures
[2] Capital expenditures include upgrades to suites upon turnover

(Expressed in Canadian Dollars)

Leverage		At December 31, 2023
Debt-to-Gross Book Value ratio [1]:		
Total interest-bearing debt	$	100,767,840
Total assets on balance sheet		139,770,463
Debt-to-Gross Book Value ratio [1]		72.10%
Debt Service Coverage ratio [1]:		
Net Operating Income[1] for the year ended December 31, 2023	$	6,359,930
Mortgage payments for the year ended December 31, 2023		4,899,297
Debt Service Coverage ratio [1]		1.30
Weighted average term to maturity on fixed rate debt		67.30 months
Weighted average interest rate on fixed debt		3.01%

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[1].

Total assets at December 31, 2023 are $139,770,463, the increase from December 31, 2022 is due to the increase in market value of the Investment Properties and positive cash flow generated during the year. Total interest-bearing debt includes mortgages payable of $100,767,840. During the year ending December 31, 2023, mortgages decreased due to principal payments and amortization of mark-to-market adjustments, and financing costs.

Review of Financial Performance

The following tables highlight selected information for the Trust's portfolio for the three months and year ended December 31, 2023 and 2022:

Summary of Statement of Net Income		Three months ended December 31 2023		2022		Year ended December 31 2023		2022
Revenue from investment properties	$	2,521,270	$	2,253,104	$	9,958,861	$	7,170,916
Property operating expenses		(675,977)		(620,091)		(2,695,493)		(2,144,127)
Realty taxes		(225,864)		(236,430)		(903,438)		(721,977)
Net Operating Income [1]	$	1,619,429	$	1,396,583	$	6,359,930	$	4,304,812
NOI Margin [1]		64.23%		61.98%		63.86%		60.03%
General and administrative		(308,952)		(208,624)		(887,564)		(715,467)
Finance costs		(932,431)		(836,569)		(3,745,064)		(2,193,845)
Fair value gain (loss) on:								
Investment properties		4,337,052		(2,561,638)		7,510,095		2,079,396
Unit-based compensation		(49,067)		(2,170)		5,944		13,575
Warrants liability		-		-		-		21,359
Exchangeable Units		(3,686,033)		(650,476)		(542,063)		(108,412)
Net income (loss) and comprehensive income (loss)	$	979,998	$	(2,862,894)	$	8,701,278	$	3,401,418

Net operating income[1]

For the three months and year ended December 31, 2023 the Trust earned NOI[1] of $1,619,429 and $6,359,930 respectively (three months and year ended December 31, 2022 – NOI[1] of $1,396,583 and $4,304,812). The Trust acquired the Prairie View Pointe Property on October 31, 2022, resulting in 62 days of comparative NOI[1] to report for the year ended December 31, 2022. For the three month period and year ended December 31, 2023 due to operations throughout the properties.

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

[1] See Non-IFRS Measures

(Expressed in Canadian Dollars)

General and administrative expenses
General and administrative expenses relate to the administration of the Trust, including: legal fees, audit fees, asset management fees, incentive fees, Trustee compensation, other public company costs. General and administrative expenses increased over the prior year mainly due to 2022 having a 50 percent reduction in base Asset Management Fees as agreed upon the Manager. The year ended December 31, 2023 reported a full year of base Asset Management Fees and an Incentive Fee of $90,600, inclusive of GST.

Finance costs
Finance costs increased due to a full year of property level operations of the Prairie View Pointe property, and a full year of the refinanced Brio Phase I mortgage, contributing to higher mortgage interest, financing, CMHC and mark-to-market amortization. Distributions increased by 2 percent in August 2023 accounting for the year over year increase in distributions on Exchangeable Units.

	Three months ended December 31				Year ended December 31			
Summary of Finance costs	2023		2022		2023		2022	
Interest on mortgages payable	$	772,857	$	704,278	$	3,097,261	$	2,064,201
Loan and financing charges		7,507		17,918		27,367		215,402
Amortization of financing charges		15,304		13,248		60,681		48,581
Amortization of CMHC fees		23,295		21,081		93,180		55,586
Amortization of mark-to-market adjustments		96,624		57,080		386,501		(304,238)
Distribution on Exchangeable Units		41,468		40,607		163,968		162,617
Interest income		(24,624)		(17,643)		(83,894)		(48,304)
Total	$	932,431	$	836,569	$	3,745,064	$	2,193,845

Fair value loss 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 year ended December 31, 2023, the market price of the Trust Units increased from a market price of $0.85 per Trust Unit on December 31, 2022 market price to $0.90 per Trust Unit at December 31, 2023. The increase in market value for the period resulted in a fair value loss on the Exchangeable Units of $542,063.

Fair value gain on unit-based compensation liability
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 three months and year ended December 31, 2023, the Trust experienced a fair value loss of $49,067 and $5,944 gain from changes in the Trust Unit price for the Deferred Units outstanding at December 31, 2022 and the Deferred Units issued in the period. For the year ended December 31, 2023, the Unit price increased from $0.85 to $0.90.

Assessment of Financial Position

Investment Properties
The following table summarizes the changes in investment properties for the three months and year ended December 31, 2023 and 2022:

	Three months ended December 31				Year ended December 31			
Summary of Changes in Investment Properties	2023		2022		2023		2022	
Opening balance	$	130,030,000	$	90,270,000	$	126,803,030	$	85,495,008
Additions:								
Acquisitions of investment properties		-		39,028,598		-		39,028,598
Capital expenditures [2]		10,560		65,702		52,729		167,845
Direct leasing costs		2,388		368		14,146		32,183
Fair value gain (loss)		4,337,052		(2,561,638)		7,510,095		2,079,396
Closing balance	$	134,380,000	$	126,803,030	$	134,380,000	$	126,803,030

[1] See Non-IFRS Measures
[2] Capital expenditures include upgrades to suites upon turnover

(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 rate for the properties was 5.00 percent at December 31, 2023 and 5.25 percent at December 31, 2022.

Exchangeable Units
The holders of Exchangeable Units are entitled to receive cash distributions from the Partnership 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 December 31, 2023 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 the Partnership issued on or before December 31, 2023

During the three months and year ended December 31, 2023, distributions to holders of Exchangeable Units of $41,468 and $163,968 were declared based on approved monthly distributions of $0.00125 per Trust Unit and increased to $0.001275 per Trust Unit effective to Unitholders of record on August 31, 2023.

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 3.01 percent and mature at dates between January 2024 and September 2032, resulting in a weighted average maturity of 67.30 months. The REIT's mortgage with an original maturity in January 2024 is a conventional mortgage, bearing interest at 3.502%. This mortgage was extended to March 31, 2024 at a rate of 7.5 percent while Management negotiated a new CMHC insured mortgage. On February 29, 2024, Management completed the refinancing of the Element Phase I Property with a CMHC insured mortgage of $8,387,700 with a 40 year amortization period, term of 10 years and a fixed interest rate of 4.30%. Subsequent to the February 29, 2024 refinancing the next mortgage matures in July 2027.

Trust Units
The Declaration of Trust authorizes the issue of an unlimited number of Trust Units. As at December 31, 2023, there were 8,657,564 Trust Units outstanding with a carrying value of $6,657,710. On March 31, 2022, the Trust commenced a NCIB which allows the Trust to purchase up to 787,956 of the Trust Units for cancellation. The NCIB was in effect until March 30, 2023. During the year ended December 31, 2023, 10,000 (2022 – 164,000) Trust units were purchased and cancelled, respectively.

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 and are subject to change depending on the general economic outlook and financial performance of the Trust. During the three months and year ended December 31, 2023, distributions to Unitholders of $33,115 and $130,970 were declared based on approved monthly distributions of $0.00125 per Trust Unit, increasing to $0.001275 per Trust Unit to Unitholders on August 31, 2023.

Liquidity, Capital Resources and Contractual Commitments

The Trust's capital structure at December 31, 2023 and 2022 is set out in the table below:

	December 31, 2023	December 31, 2022
Exchangeable Units	$ 9,757,146	$ 9,215,083
Unit based compensation liability	150,539	93,531
Mortgages	100,767,840	102,118,460
Unitholders' equity	27,578,331	19,014,023
Total	$ 138,253,856	$ 130,441,097

The objective of the REIT's capital strategy is to arrange capital at the lowest possible cost while balancing mortgage maturities and having sufficient liquidity to fund ongoing operations of the REIT and pay distributions. 100 percent of the REIT's debt is at fixed interest rates.

The REIT uses a significant amount of debt financing in its capital structure. Pursuant to the Declaration of Trust, additional indebtedness may not be incurred if overall indebtedness (excluding convertible debt) would exceed more than 75 percent of the gross book value of the REIT once gross book value reaches $300,000,000.

[1] See Non-IFRS Measures

(Expressed in Canadian Dollars)

The REIT's liquidity ratio is calculated as follows:

As at	At December 31, 2023	At December 31, 2022
Current Assets	$ 2,114,475	$ 1,637,673
Current Liabilities	8,704,348	2,720,791
Liquidity Ratio[1]	24.29%	60.19%

As of December 31, 2023, current liabilities of $8,704,348 (December 31, 2022 - $2,720,791) exceeded current assets of $2,114,475 (December 31, 2022 - $1,637,673), resulting in a net working capital deficit of $6,589,873 and a liquidity ratio[1] of 24.29% (December 31, 2022 – 60.19%). The decrease in the liquidity ratio from December 31, 2022 is due to the Element Phase I mortgage maturing on January 1, 2024, with a balance of $6,019,855 at December 31, 2023. On February 29, 2024, Management completed the refinancing of the Element Phase I Property with a CMHC insured mortgage of $8,387,700 with a 40 year amortization period, term of 10 years and interest rate of 4.30%.

The REIT's immediate liquidity needs are met through cash flow from operations and refinancing of maturing mortgages. Management believes there is sufficient liquidity to meet the REIT's financial obligations for the foreseeable future. For purposes of calculating the liquidity ratio[1], current liabilities exclude Exchangeable Units.

Cash Flows and Use of Funds

During the three months and year ended December 31, 2023 and 2022 the Trust reported the following changes in cash.

	Three months ended December 31		Year ended December 31	
	2023	2022	2023	2022
Cash provided by operating activities	$ 467,879	$ 934,356	$ 2,369,915	$ 1,988,729
Cash used in investing activities	(12,948)	(8,622,506)	(66,875)	(9,406,464)
Cash provided by (used in) financing activities	(495,880)	3,463,838	(1,961,936)	4,624,628
Change in cash during the period	$ (40,949)	$ (4,224,312)	$ 341,104	$ (2,793,107)

During Q4 2022, the Trust acquired the Prairie View Pointe Property and obtained a second mortgage on the Kenwood Property.

Cash provided by operating activities and cash distributions

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

	Three months ended December 31		Year ended December 31	
	2023	2022	2023	2022
Net income (loss) and comprehensive income (loss)	$ 979,998	$ (2,862,894)	$ 8,701,278	$ 3,401,418
Add: distributions on Exchangeable Units	41,795	40,607	163,968	162,617
	1,021,793	(2,822,287)	8,865,246	3,564,035
Less: distributions paid	(74,583)	(73,172)	(294,407)	(293,564)
Excess of net income (loss) and comprehensive income (loss) over total distributions paid	947,210	(2,895,459)	8,570,839	3,270,471
Cash provided by operating activities	467,879	934,356	2,369,915	1,988,729
Less: distributions paid	(74,583)	(73,172)	(294,407)	(293,564)
Excess of cash provided by operating activities over total distributions and interest paid	393,296	861,184	2,075,508	1,695,165
Distributions declared	$ 74,521	$ 73,111	$ 294,876	$ 293,297

For Q4 2023 and the year ended December 31, 2023, net income and comprehensive income was in excess of total distributions paid. For Q4 2022, total distributions increased the net loss and comprehensive loss, whereas for the year ended December 31, 2022 net income and comprehensive income was in excess of total distributions paid. Distributions are better evaluated in the context of operating cash flows rather than net income as net income is impacted by several non-cash items, including fair value gains or losses on investment properties, Exchangeable Units and Unit-based compensation.

[1] See Non-IFRS Measures

(Expressed in Canadian Dollars)

While cash flows provided by operating activities are generally sufficient to cover distribution requirements, the timing of expenses and fluctuations in non-cash working capital may result in a temporary shortfall. In these cases, some portion of distributions may come from the REIT's capital or financing sources other than cash flows provided by operating activities. For the quarter and year ended December 31, 2023 and 2022, cash provided by operating activities was in excess of total distributions and interest paid.

QUARTERLY RESULTS AND DISCUSSION OF QUARTERLY OPERATIONS

An eight-quarter trend highlighting key operating results since commencing commercial operations is shown below:

	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Property revenue	$ 2,521,270	$ 2,496,143	$ 2,487,043	$ 2,454,405	$ 2,253,104	$ 1,679,767	$ 1,619,305	$ 1,618,740
NOI[1]	1,619,429	1,660,158	1,633,688	1,446,655	1,396,583	1,042,689	954,939	910,601
Net Income (Loss)	979,998	1,664,263	2,839,458	3,217,559	(2,862,894)	1,237,561	3,148,015	1,878,723
FFO[1]	419,514	580,147	558,020	333,589	391,997	487,104	350,486	328,530
FFO per Unit[1]	$ 0.0215	$ 0.0298	$ 0.0286	$ 0.0171	$ 0.0201	$ 0.0250	$ 0.0179	$ 0.0167
AFFO[1]	406,566	568,420	527,410	321,999	325,927	444,597	306,731	280,834
AFFO per Unit[1]	$ 0.0209	$ 0.0292	$ 0.0270	$ 0.0165	$ 0.0167	$ 0.0228	$ 0.0157	$ 0.0143
Weighted average number of Units outstanding	19,498,838	19,498,838	19,498,838	19,508,727	19,508,838	19,508,838	19,572,918	19,726,674

In Q4 2022 the Prairie View Pointe Property was acquired thus representing 62 days of operations reported in 2022. Seasonal variations in operating expenses, such as snow clearing expenses and higher utility costs in winter and summer months also contribute to quarterly fluctuations in NOI[1], Net Income, AFFO[1] and FFO[1].

SAME PROPERTY PORTFOLIO PERFORMANCE

Same property results for the three months ended December 31, 2023 are defined as all properties owned and operated by the REIT throughout the comparative periods being reported, and therefore do not take into account the impact on performance of acquisitions, dispositions, including the Prairie View Pointe Property which was acquired on October 31, 2022. The same property portfolio represents 363 units or 70.35% of the total portfolio at December 31, 2023.

	Three months ended December 31		Year ended December 31	
	2023	2022	2023	2022
Revenue from investment properties	$ 1,916,224	$ 1,781,187	$ 7,093,994	$ 6,698,998
Expenses:				
Property operating expenses	551,655	503,809	1,878,301	2,025,945
Realty taxes	145,066	162,967	601,238	650,414
Total operating expenses	696,721	666,776	2,479,539	2,676,359
Same Property Net Operating Income[1]	$ 1,219,503	$ 1,114,411	$ 4,614,455	$ 4,022,639

For the three months ended December 31, 2023, rental revenues for same property increased by 7.58% compared to Q4 2022. Property operating costs increased by 0.50% as a percentage of operating revenues, respectively, whereas property taxes decreased by 1.58% as a percentage of operating revenues, due to higher occupancy and increased school tax rebates year over year. This resulted in an overall decrease in operating expenses, as a percentage of operating revenues of 108 basis points as compared to the same period last year.

During the three months ended December 31, 2023, operating expense growth of 4.49% was more than offset by revenue growth of 7.58%, achieved through increasing market rents on turnover and rental increase on renewals. This resulted in an increase in same property NOI[1] of $105,092, or 9.43% as compared to the same period last year. NOI margin for Q4 2023 was 63.64% as compared to 62.57% for Q4 2022, a 107 basis point increase.

The average monthly rent for the three months ended December 31, 2023 for same property increased to $1,563 per suite from $1,525 same period 2022, an increase of 2.45%. Occupancy for the three months ended December 31, 2023 for same property was 99.38%, compared to 99.63% for the three months ended December 31, 2022.

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, 2023 and 2022.

[1] See Non-IFRS Measures

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

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

Critical Accounting Estimates and Assumptions

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

Risks and Uncertainties

The REIT faces a variety of risks, many which are inherent in the real estate business. They include, but are not limited to, the following:

Operating History
The Trust has a limited history of operations and earnings. The success of the REIT depends on the expertise, judgments, discretion and management of the Trustees and the Manager. Such factors may have an impact on the market price of the Trust Units and the ability of the REIT to pay cash distributions to its Unitholders.

Real Estate Industry Risk
Risks in the real estate industry include changes in general economic conditions (such as the availability and cost of mortgage financing), local conditions (such as an oversupply of space or a reduction in the demand for real estate in the area), government regulations (such as new or revised residential tenancies legislation), the attractiveness of the properties to tenants, competitors in the area, as well as the ability to find and maintain tenancies where the tenants have stable employment.

Real estate is relatively illiquid, with the degree of liquidity fluctuating in relation to demand for the perceived desirability of the assets. Such illiquidity may limit the Trust's ability to vary its portfolio promptly in response to changing economic, investment or other conditions. If it were necessary to accelerate the liquidation of the Trust's investment properties, the proceeds may be significantly less than the fair market value of its properties. The Trust is currently operating in a concentrated geographic area, which increases the risk if a downturn in the local conditions of the area in which the Trust's investment properties are located.

The Trust is exposed to significant expenditures, such as property taxes, utilities, insurance and mortgage payments. These cost have very little fluctuations based on occupancy rates of the investment properties. As stated, the Trust's properties require significant mortgage payments, and if the Trust were unable to meet the mortgage payment obligations, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or of sale.

The Trust owns newer generation properties which require ongoing maintenance and enhancements for the benefit of our residents. Due to the age of the properties, Management does not expect to incur significant capital expenditures over the coming twelve months, other than an anticipated roof replacement on the Kenwood Property in the next 12 to 24 months.

Property Acquisition Risk and Access to Capital
The Trust's growth is dependent on identifying and acquiring additional investment properties. If the Trust cannot complete further acquisitions it may have a negative impact on the ability to generate stable cash flows and will likely impact the ability of the Trust to increase cash distributions in the future. The current market to acquire multi-family properties is very competitive, thereby increasing purchase prices and decreasing yields. Competitors may have access to greater financial resources than those of the Trust. The Trust may require additional financing or capital raises to complete acquisitions which may or may not be available.

The Trust requires access to capital markets in order to continue to acquire properties and/or restructure mortgage debt. There can be no assurances that the Trust will have access to sufficient capital or access to capital on favourable terms for future property acquisitions, financing or refinancing purposes, or funding operating expenses. Failure of the Trust to access required capital could have a material adverse effect on the Trust's business, cash flows, financial condition and financial performance and ability to make distributions to Unitholders.

Changes in Legislation

The Trust is subject to laws and regulations governing the ownership and leasing of real property, landlord/tenant relationships, employment standards, environmental matters, taxes and other matters. It is possible that future changes in applicable federal, provincial, municipal or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirement affecting the Trust (including with retroactive effect). Any changes in the laws to which the Trust is subject could materially adversely affect the Trust's rights and title to its assets or its ability to carry on its business in the ordinary course.

Risks Associated with External Asset and Property Management Agreement

The Trust relies on the Manager and it's affiliates with respect to the management of the Trust's assets and the management of the Trust's properties. If the Trust were to lose the services provided by the Manager and it's affiliates, the Trust may experience an adverse impact on its business operations. The Trust may be unable to duplicate the quality and depth of the services available to it by handling such services internally or by retaining another service provider.

Litigation

The Trust may become directly or indirectly involved in legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to the Trust and as a result could have a material adverse effect on the Trust's assets, liabilities, business, financial condition and performance. Even if the Trust prevails in such proceedings, the cost and diverted time of management could negatively impact the Trust.

Valuations of Properties

The valuation of Investment Properties by internal valuation techniques or externally acquired appraisals is an estimate of market value and caution should be used in evaluating data with respect to appraisals. It is an estimate of value based on information gathered in the investigation, internal valuation/appraisal techniques employed and reasoning both quantitative and qualitative, leading to an opinion of value. Internal valuations and appraisals are based on various assumptions of future expectations of property performance and while the internal valuation team/appraiser's internal forecast of net income for the properties appraised are considered to be reasonable at that time, some of the assumptions may not materialize or may differ materially from actual experience in the future. Internal valuations and/or appraisals are not guarantees of future value and there is no assurance that an internally derived or appraised value reflects an amount that would be realized upon a current or future sale of any of the properties or that any projections included in the internal valuation or appraisal will be attainable. In addition, as prices in the real estate market fluctuate over time in response to numerous factors, the value of the property as shown in an internal valuation or appraisal may be an unreliable indication of its disclosed market value.

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

General Uninsured Losses

The Trust carries comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are certain types of risks which are uninsurable or not economically insurable. Should an uninsured or underinsured loss occur, the Trust could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, and would continue to be obligated to repay any recourse mortgage indebtedness on such properties. There is a risk that any significant increase in insurance costs will impact negatively upon the profitability of the Trust.

Key Personnel

The Trust's executive officers have a significant role in the Trust's success and oversee the execution of the Trust's strategy. The Trust's ability to retain its management team or attract suitable replacements should any members of the management team leave is dependent on, among other things, the competitive nature of the employment market.

Tax-related Risks

1. Mutual Fund Trust Status – The Trust intends to qualify at all relevant times as a "mutual fund trust" for purposes of the Tax Act. There can be no assurance that Canadian federal income tax laws and the administrative policies and practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the Unitholders.
2. The REIT Exception – Canadian tax legislation relating to the federal income taxation of "specified investment flow through" trusts or partnerships provided that certain distributions from a SIFT will not be deductible in computing the SIFT's taxable income and that the SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. However, distributions paid by a SIFT as return of capital should generally not be subject to tax. Under the SIFT rules, the taxation regime will not apply to a real estate investment trust that meets prescribed conditions relating to the nature of its assets and revenue (the "REIT Exception"). The REIT Exception is comprised of a number of technical tests and the determination as to whether the Trust qualifies for the REIT Exception in an particular taxation year can only be made with certainty at the end of that taxation year. The Trust expects to qualify for the REIT Exception in 2021 and subsequent taxation years, such that it will be exempt from the SIFT rules. However, no assurances can be given that the Trust will satisfy the REIT Exception in any particular year. If the SIFT rules apply to the Trust, they may adversely affect the marketability of the Units, the amount of cash available for distributions and the after-tax return to investors.

3. Non-resident ownership – Under current law, a trust may lose its status under the Tax Act as a mutual fund trust if it can reasonably considered that the trust was established or is maintained primarily for the benefit on Non-Residents, except in limited circumstances. Accordingly, the Declaration of Trust provides that Non-Residents may not be the beneficial owners of more than 49% of the Trust Units (determined on a basic or fully-diluted basis). The Trustees also have various powers that can be used for the purpose of monitoring and controlling the extent of a Non-Resident ownership of the Trust Units.
4. Tax-Basis of Acquired Properties – The partnership has acquired, and may from time to time in the future acquire, certain properties on a fully or partially tax-deferred basis, such that the tax cost of these properties will be less than their fair market value. If one or more of such properties are disposed of, the gain realized by the Partnership for tax purposes (including any income inclusions arising from the recapture of previously claimed CCA on depreciable property) will be in excess of that which it would have realized if it had acquired the properties at a tax cost equal to their fair market values. For the purpose of claiming CCA, the UCC of such properties acquired by the Partnership will be equal to the amounts jointly elected by the Partnership and the transferor on a tax-deferred acquisition of such property. The UCC of such property will be less than the fair market value of such property. As a result, the CCA that the Partnership may claim in respect of such properties will be less than it would have been if such properties had been acquired with a tax cost basis equal to their fair market values.
5. General taxation – There can be no assurance that Canadian federal or provincial tax laws, the judicial interpretation thereof, or the administrative and assessing practices and policies of the Canada Revenue Agency, the Department of Finance (Canada) and any other tax authority or tax policy agency will not be changed in a manner that adversely affects the Trust, its affiliates or Unitholders, or that any such taxing authority will not challenge tax positions adopted by the Trust and its affiliates. Any such change or challenge could increase the amount of tax payable by the Trust or its affiliates or could otherwise adversely affect Unitholders by reducing the amount available to pay distributions or changing the tax treatment applicable to Unitholders in respect of such distributions.

Financial Risk Management

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 include the following:

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 December 31, 2023 and 2022, the Trust's mortgages bore interest at fixed rates

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 December 31, 2023 would have a $97,571 (December 31, 2022 - $92,150) change in the fair value of the Exchangeable Units. The warrants expired on August 10, 2022.

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 statement.

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.

(Expressed in Canadian Dollars)

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(loss) and comprehensive income(loss) 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.

An analysis of the contractual cash flows at December 31, 2023 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	$ 10,576,606	$ 4,539,310	$ 4,539,312	$ 38,169,037	$ 61,207,736	$ 119,032,001
Accounts payable and accrued liabilities	800,097	-	-	-	-	800,097
Security deposits and prepaid rent	677,456	39,054	-	-	-	716,510
	$ 12,054,159	$ 4,578,364	$ 4,539,312	$ 38,169,037	$ 61,207,736	$ 120,548,608

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Trust's financial instruments consist solely of cash and cash equivalents, trade and other receivables, accounts payable, accrued liabilities and amounts due to related parties. As of December 31, 2023, there were no significant differences between the carrying value of these items and their estimated fair values because of the short-term nature of these instruments.

DISCLOSURE OF OUTSTANDING UNIT DATA

The following table sets forth the Trust’s capitalization as of the date hereof.

Type of Security	Number Outstanding
Trust Units	8,657,564
Exchangeable Units	10,841,274
Deferred Units(1)	167,265
Total securities outstanding	**19,666,103**

Voting Securities

Type of Security	Number Outstanding
Trust Units	8,657,564
Special Voting Units(2)	10,894,987
Total Voting Units	**19,552,551**

Notes:

(1) The Deferred Units entitle the holder thereof to receive: (i) additional deferred units of the REIT upon payment of cash distributions to Unitholders; and (ii) one (1) Trust Unit, or cash in lieu thereof, upon the redemption thereof in accordance with the terms and conditions of the Trust’s equity incentive plan.

(2) The 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.

(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 year ended December 31, 2023 include:

	Three months ended December 31		Year ended December 31	
Related Party Transactions	2023	2022	2023	2022
Property management fees	$ 107,509	$ 95,559	$ 426,207	$ 302,403
Salary reimbursement	39,629	29,577	216,261	116,179
Asset management fees	86,034	40,726	336,283	124,885
Incentive fee	90,600	-	90,600	-
Board compensation	38,167	39,077	151,499	149,996

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 and October 31, 2022, a sub-agreement between the Manager and Marwest Management Canada Ltd. was entered into for the property management of Marwest (Element) Apartments L.P. and the Prairie View Pointe Property respectively.

As part of the agreement, the Manager is entitled to an incentive fee of 15 percent increase in the REIT's AFFO per Unit in excess of the AFFO per Unit determined as at December 31 of the prior fiscal year, provided that the maximum Incentive Fee that may be paid in any fiscal year is up to 100 percent of the base Asset Management Fee.

For the year ending December 31, 2022, the Manager waived 50% of the Asset Management Fees eligible under the Asset Management Agreement. The full Asset Management Fees were charged in 2023.

During the three months and year ended December 31, 2023, the Board of Trustees were issued an aggregate of 14,449 and 57,229 (December 31, 2022 – 14,296 and 56,441) Deferred Units respectively at an aggregated value of $15,895 and $62,952 (December 31, 2022 - $15,675 and $62,086) respectively along with $16,142 and $64,042 (2022 - $16,110 and $63,914) respectively in cash as part of the Trustee annual remuneration. The Trustees were also remunerated $1,500 per board meeting in the three and twelve months ended December 31, 2023 (December 31, 2022 - $1,500).

During the three months and year ended December 31, 2023, there were no loan financing fees (December 31, 2022 - $48,000 and $163,198), paid to Canada ICI Capital Corporation, of which a member of the Board of Trustees provides services to.

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 has met the REIT Conditions for the years ended December 31, 2023 and 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* (the 2020 amendments), to clarify the classification of liabilities as current or non-current. The 2020 amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

For the purposes of non-current classification, the 2020 amendments removed the requirement for a right to defer settlement or roll over a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period. The 2020 amendments also clarify how a company *classifies* a liability that includes a counterparty conversion option. The amendments stated that: a settlement of a liability includes transferring a company's own equity instruments to the counterparty; and, when classifying liabilities as current or non-current a company can ignore those conversion options that are recognized as equity.

The 2020 amendments are subject to future developments. Certain application issues resulting from the 2020 amendments have been raised with the IFRS Interpretations Committee, which referred them to the IASB. In November 2021, the IASB published the exposure draft *Non-current Liabilities with Covenants* (proposed amendments to IAS 1). The exposure draft aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions, in addition to addressing concerns about the classification of such a liability as current or non-current. The IASB proposed to defer the effective date of the 2020 amendments to no earlier than January 1, 2024. The REIT has assessed that there is no material impact on the financial statements.

SUBSEQUENT EVENTS

The following events occurred subsequent to December 31, 2023:

(i) On each of January 15, 2024, February 15, 2024 and March 15, 2024, the REIT paid monthly distributions of $0.001275 per Trust Unit. Holders of the Exchangeable Units were also paid a distribution of $0.001275 per Unit.

(ii) On February 29, 2024 the Element Phase I mortgage was refinanced with a CMHC insured mortgage on a 10 year term, with a 4.30 percent interest rate and a 40 year amortization period.

(iii) On March 15, 2024, the REIT declared a distribution of $0.001275 per Trust Unit, payable on April 15, 2024 to Unitholders of record as of the close of business on March 31, 2024. Holders of the Exchangeable Units will also be paid a distribution of $0.001275 per Unit.