



**MARWEST**  
APARTMENT REIT

**Marwest Apartment Real Estate Investment Trust**

**Management's Discussion and Analysis**

**For the three months ended March 31, 2025**

**(Expressed in Canadian Dollars)**

## **Management's Discussion and Analysis For the three months ended March 31, 2025 (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 unaudited condensed consolidated interim financial statements ("interim financial statements") and notes thereto for the three months ended March 31, 2025 and 2024 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, 2024 and 2023, which are available on the Trust's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR+") at [www.sedarplus.ca](http://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 May 22, 2025. Disclosure in this document is current to that date unless otherwise stated. Additional information relating to the Trust can be found on SEDAR+ and also on the Trust's website at [www.marwestreit.com](http://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. This 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, of which 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 2025 is one point seven (1.7) 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.

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**OVERVIEW**

The REIT is an unincorporated real estate investment trust governed by the amended and restated declaration of trust of the REIT dated April 30, 2021 (the "Declaration of Trust") and by the laws of the Province of Manitoba. 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 consisting of (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 100% 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.

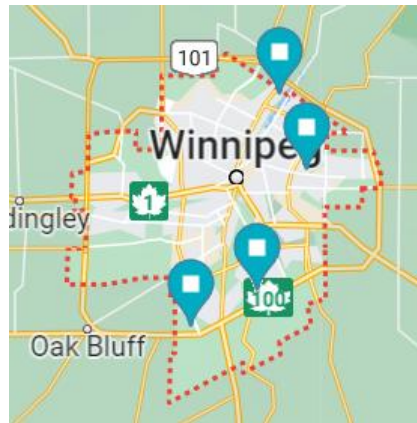
The Trust's management team, the officers of the Manager, and the trustees of the Trust ("Trustees") have over 100 years of combined experience in multi-family residential real estate and collectively bring a strong combination of development, construction, management and financing experience, along 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.

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**Current Portfolio**

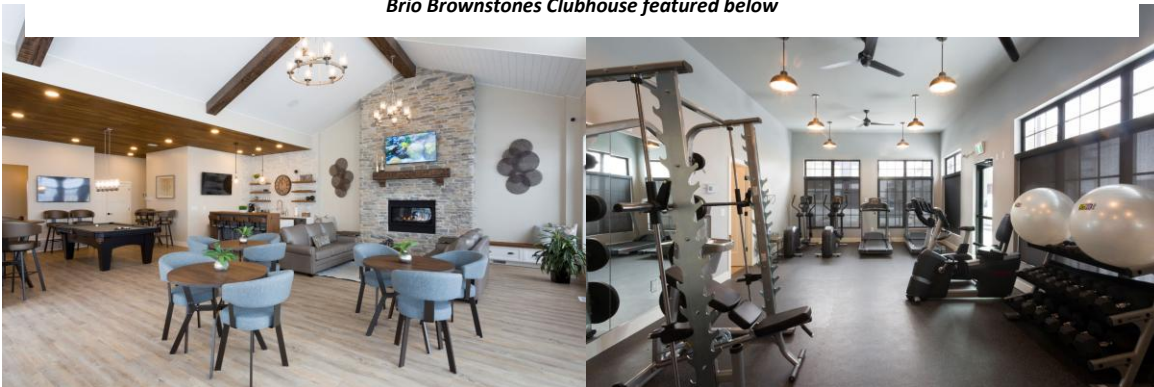
The Trust's current portfolio consists of newer generation investment properties that were constructed in 2006 (103 units) and 2017-2021 (413 units). Newer generation portfolios typically require lower maintenance expenses and capital expenditures compared to older generation portfolios and, in Manitoba, new generation rentals are generally exempt from rent control. In 2025, the Government of Manitoba approved a rental increase of a maximum of one-point-seven (1.7) percent. 56.40 percent 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. Based on current rent control legislation, the Kenwood property will no longer be exempt from rent control beginning in 2026 as the property will exceed the 20-year exemption period. However, if rental rates for the property are higher than the exempted amount, the units may be exempt from rent control. At March 31, 2025, exempt rentals were units renting higher than \$1,640 per month. The Kenwood Property would have 45 of 103 units exempt if it were subject to rent control as of the date of this MD&A.



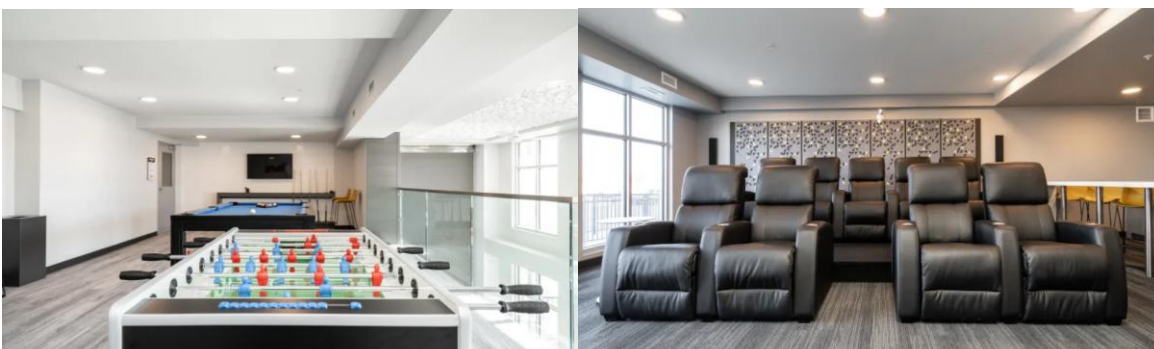
*Location of Investment  
Properties owned by the Trust  
at March 31, 2025*

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*



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At March 31, 2025, the Trust's portfolio included 260 townhome rental units. These townhomes are characterized by private exterior suite entrances, 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.



**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, with payment made on or about the 15<sup>th</sup> 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. The REIT has increased distributions twice since its inception, with each increase being approximately two (2) percent since the first payment of distributions in January 2022.

<b>Date distributions paid</b>	<b>Monthly per Unit Distribution</b>	<b>Annualized per Unit Distribution</b>	<b>Increase over prior Distribution</b>
January 15, 2022 – August 15, 2023	\$0.00125	\$0.015	
September 15, 2023 – June 15, 2024	\$0.001275	\$0.0153	2.00%
July 15, 2024 – Current	\$0.0013	\$0.0156	1.96%

**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.

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**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 as 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 March 31, 2025, 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.

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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

NOI<sup>1</sup>, FFO<sup>1</sup> and AFFO<sup>1</sup> are not intended to represent operating profits for the year, or from a property, nor should any of such measures be viewed as an alternative to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. Readers are cautioned not to place undue reliance on such non-IFRS financials measures.

**FINANCIAL HIGHLIGHTS**

The year-to-date highlights of the REIT's operations are summarized below and discussed in further detail in the remainder of the REIT's Q1 MD&A:

	<b>Q1 2025</b>	<b>Q1 2024</b>
Average Occupancy Rate <sup>1</sup>	98.14%	99.01%
NAV per Unit <sup>1</sup> at March 31	\$2.39	\$1.93
AFFO per Unit <sup>1</sup>	\$0.0224	\$0.0264
AFFO Payout Ratio <sup>1</sup>	17.39%	14.50%
Increase in cash in the period	\$104,185	\$1,827,655
Liquidity Ratio <sup>1</sup>	156.74%	141.90%
Same Property NOI <sup>1</sup>	\$1,623,418	\$1,656,566

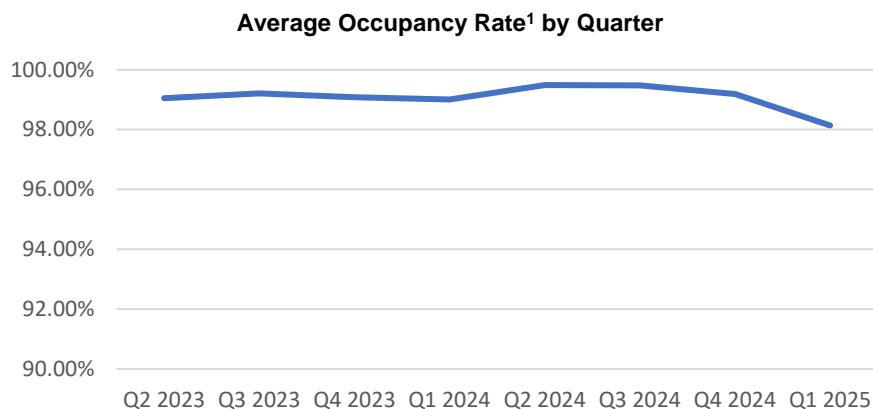
In 2025, the Province of Manitoba removed the fifty (50) percent school tax rebate that had been applicable in 2024 (March 31, 2024 – property taxes were reduced by \$72,164 due to the school tax rebate), which is reflected in the decrease in Same Property NOI<sup>1</sup>. NAV per Unit<sup>1</sup> has increased by \$0.46 per unit or 23.83 percent since March 31, 2024.

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**SUMMARY OF 2025 RESULTS AND OPERATIONS**

**Occupancy Rates**

The REIT has reported an average 98.14% occupancy for the three months ended March 31, 2025 (99.01% for the three months ended March 31, 2024). Management expects occupancy rates to remain stable for the next 12 months.



The average occupancy rate<sup>1</sup> for the trailing eight quarters was strong due to immigration, elevated interest rates causing home ownership to be less affordable, the slowing of construction development for multi-family and single-family developments due to increased interest rates, increases in construction costs and tariff uncertainty.

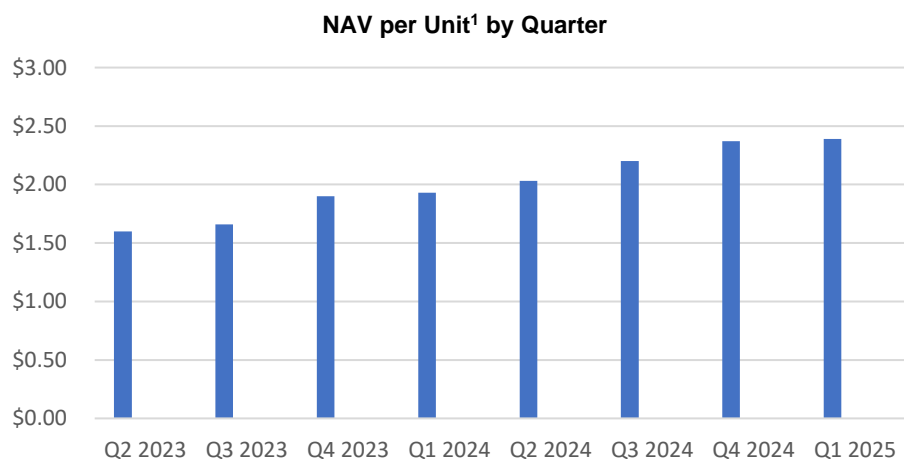
**Mortgage Interest Rates and Future Renewals**

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 ten years at a rate of 4.30%.

At March 31, 2025, six of the seven mortgages held within the portfolio were financed with CMHC insurance.

**NAV per Unit<sup>1</sup>**

The REIT reported a NAV per Unit<sup>1</sup> of \$2.39 at March 31, 2025 (December 31, 2024 - \$2.37). The overall increase in NAV<sup>1</sup> was due to net operating income less finance costs and general and administrative expenses exceeding distributions.



**Asset Management Fees**

For the three months ended March 31, 2025, the REIT incurred asset management fees of \$92,593, inclusive of GST, (March 31, 2024 - \$87,477).

<sup>1</sup> See Non-IFRS Measures

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**OUTLOOK**

Management anticipates that the demand for rental housing in Winnipeg will continue to be strong, as evidenced in the 2025 CMHC Rental Market Report, which noted that the vacancy rates in Winnipeg will increase between 2025 and 2027, from 1.8 to 2.1 percent but will remain below historical averages. In Manitoba, non-permanent-resident permits have begun to flatten and face slight decline with the changes in immigration policies and may contribute to the increase in vacancy expected in the 2025 CMHC Rental Market Report.

The REIT's next mortgage matures in Q3 2027. Current interest rates are higher than the in-place interest rate on the mortgage, Management continues to monitor interest rates and the impact the uncertainty of U.S. trade policy has on rates. Colliers Interest Rate Outlook – Q1 2025 notes differing views by economists on interest rates, with threats of trade war, tariffs and renegotiation of trade agreements potentially impacting interest rates in Canada.

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.

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<sup>1</sup> 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<sup>1</sup> 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 had a school tax rebate of 50 percent in 2024 which is no longer in effect as of January 1, 2025. The rebate was 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. The weighted-average capitalization rate used at March 31, 2025 was 5.03 percent (December 31, 2024 – 5.00 percent).

The Trust's investment properties are recorded at a fair value of \$142,000,000 at March 31, 2025 (December 31, 2024 - \$142,000,000), the Trust recorded a fair value loss of \$38,785 for the three months ended March 31, 2025 (three months ended March 31, 2024 – gain of \$128,630). The fair value loss was attributable to capital repairs incurred in the portfolio.

**Performance Measures**

The following outlines the portfolio metrics:

<i>Operations</i>	Three months ended	
	March 31	
	2025	2024
Number of properties	4	4
Total multi-family units	516	516
Total rentable square feet	463,812	463,812
Average monthly rent per suite	\$ 1,727	\$ 1,648
Average occupancy rate <sup>1</sup>	98.14%	99.01%
Rent collection	99.99%	98.02%

Average monthly rent per suite increased in Q1 2025 over Q1 2024 due to market conditions permitting rental increases throughout the portfolio. Average monthly rent per suite has been restated in the prior year to include parking.

<sup>1</sup> See Non-IFRS Measures

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<i>Financial Measures</i>	Three months ended	
	2025	2024
Revenue	\$ 2,635,142	\$ 2,540,498
NOI <sup>1</sup>	1,623,418	1,656,566
NOI Margin <sup>1</sup>	61.61%	65.21%
FFO <sup>1</sup>		
Net (loss) income and comprehensive (loss) income	(752,265)	618,024
Distributions on Exchangeable Units	40,730	41,467
Fair value loss (gain) on properties	38,785	(128,630)
Fair value loss (gain) on unit-based compensation	18,454	(115)
Fair value loss on Exchangeable Units	1,148,795	-
FFO <sup>1</sup>	494,499	530,746
Weighted average number of Units	19,498,838	19,498,838
FFO/unit <sup>1</sup>	\$ 0.0254	\$ 0.0272
<b>AFFO<sup>1</sup></b>		
FFO <sup>1</sup>	\$ 494,499	\$ 530,746
Capital expenditures <sup>2</sup>	(38,785)	(14,348)
Leasing costs	-	(2,022)
AFFO <sup>1</sup>	455,714	514,376
Weighted average number of Units	19,498,838	19,498,838
AFFO/unit <sup>1</sup>	\$ 0.0234	\$ 0.0264
AFFO payout ratio <sup>1</sup>	16.69%	14.50%

For the three months ended March 31, 2025 and 2024, the Trust reported \$0.0254 and \$0.0272 of FFO/unit<sup>1</sup> respectively. The majority of the decrease in FFO/unit<sup>1</sup> is due to increase in rental rates offset by the removal of the provincial school tax rebate.

At March 31, 2025, NAV<sup>1</sup> was \$47,050,685 representing a NAV per Unit<sup>1</sup> of \$2.39 (December 31, 2024 - \$46,689,470 representing a NAV per Unit<sup>1</sup> of \$2.37). The overall increase in NAV<sup>1</sup> was due to net operating income less finance costs and general and administrative expenses exceeding distributions.

<i>NAV<sup>1</sup></i>	At March 31, 2025	At December 31, 2024
Unitholders' equity	\$39,113,552	\$39,901,132
Exchangeable Units	7,937,133	6,788,338
<b>NAV<sup>1</sup></b>	<b>47,050,685</b>	<b>46,689,470</b>
Trust Units	9,055,242	9,055,242
Exchangeable Units	10,443,596	10,443,596
Deferred Units	170,206	169,608
Total Units outstanding	19,669,044	19,668,446
<b>NAV per unit<sup>1</sup></b>	<b>\$2.39</b>	<b>\$2.37</b>

<sup>1</sup> See Non-IFRS Measures

<sup>2</sup> Capital expenditures include upgrades to suites upon turnover

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<i>Leverage</i>	At March 31, 2025	At December 31, 2024
<i>Debt-to-Gross Book Value ratio<sup>1</sup>:</i>		
Total interest-bearing debt	\$ 101,347,592	\$ 101,678,601
Total assets on balance sheet	150,132,730	150,093,432
<b>Debt-to-Gross Book Value ratio<sup>1</sup></b>	<b>67.51%</b>	<b>67.74%</b>
<i>Debt Service Coverage ratio<sup>1</sup>:</i>		
Net Operating Income <sup>1</sup> for the three months ended March 31, 2025	\$ 1,623,418	\$ 6,875,434
Mortgage payments for the three months ended March 31, 2025	1,244,130	4,959,081
<b>Debt Service Coverage ratio<sup>1</sup></b>	<b>1.30</b>	<b>1.39</b>
Weighted average term to maturity on fixed rate debt	60.57 months	63.56 months
Weighted average interest rate on fixed debt	3.09%	3.09%

Exchangeable Units are not indebtedness for the purposes of Debt-to-Gross Book Value ratio<sup>1</sup> and therefore are not included in the determination of Debt-to-Gross Book Value ratio<sup>1</sup>.

Total assets at March 31, 2025 are \$150,132,730, the increase from December 31, 2024 is due to the increase in cash on hand from positive cash flow from operations generated during the period. Total interest-bearing debt includes mortgages payable of \$101,347,592. During the three months ended March 31, 2025, mortgages had an overall decrease of \$331,009 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 ended March 31, 2025 and 2024:

<i>Summary of Statement of Net (Loss) Income</i>	Three months ended March 31	
	2025	2024
Revenue from investment properties	\$ 2,635,142	\$ 2,540,498
Property operating expenses	(694,292)	(653,557)
Realty taxes	(317,432)	(230,375)
<b>Net Operating Income<sup>1</sup></b>	<b>\$ 1,623,418</b>	<b>\$ 1,656,566</b>
<b>NOI Margin<sup>1</sup></b>	<b>61.61%</b>	<b>65.21%</b>
General and administrative	(224,660)	(189,091)
Interest income	33,920	31,175
Finance costs	(978,909)	(1,009,371)
Fair value (loss) gain on:		
Investment properties	(38,785)	128,630
Unit-based compensation	(18,454)	115
Exchangeable Units	(1,148,795)	-
<b>Net (loss) income and comprehensive (loss) income</b>	<b>\$ (752,265)</b>	<b>\$ 618,024</b>

**Net operating income<sup>1</sup>**

For the three months ended March 31, 2025 the Trust earned NOI<sup>1</sup> of \$1,623,418 (three months ended March 31, 2024 – NOI<sup>1</sup> of \$1,656,566). Net operating income for the three months ended March 31, 2025 decreased over the prior period due the elimination of the provincial school tax rebate, offset by higher rental rates.

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

## Management's Discussion and Analysis For the three months ended March 31, 2025 (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, Trustee compensation and other public company costs. General and administrative expenses increased over the same period 2024 due to audit accruals and legal fees.

### Finance costs

Finance costs decreased due to the refinancing of the Element Phase I mortgage on February 29, 2024, at a lower interest rate. Distributions increased by 2 percent in June 2024, accounting for the increase over the comparative period in distributions on Exchangeable Units.

Summary of Finance costs	Three months ended March 31	
	2025	2024
Interest on mortgages payable	\$ 785,771	\$ 817,121
Loan and financing charges	315	3,515
Amortization of financing charges	18,787	15,410
Amortization of CMHC fees	25,468	24,019
Amortization of mark-to-market adjustments	107,838	107,839
Distribution on Exchangeable Units	40,730	41,467
<b>Total</b>	<b>\$ 978,909</b>	<b>\$ 1,009,371</b>

### 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, 2025, the market price of the Trust Units increased to \$0.76 per Trust Unit on March 31, 2025 from \$0.65 at December 31, 2024. A fair value loss was reported of \$1,148,795 on the Exchangeable Units for the three months ended March 31, 2025.

### 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 ended March 31, 2025, the Trust experienced a fair value loss of \$18,454 from changes in the Trust Unit price for the Deferred Units outstanding at March 31, 2025. Monthly distributions on Deferred Units are issued at \$1.10 per Unit and are adjusted to the market price of the Trust Units of \$0.76 per Trust Unit at March 31, 2025.

## Assessment of Financial Position

### Investment Properties

The following table summarizes the changes in investment properties for the three months ended March 31, 2025 and year ended December 31, 2024:

Summary of Changes in Investment Properties	Three months ended March 31	Year ended December 31
	2025	2024
Opening balance	\$ 142,000,000	\$ 134,380,000
Additions:		
Capital expenditures <sup>2</sup>	38,785	377,718
Direct leasing costs	-	15,803
Fair value gain	(38,785)	7,226,479
<b>Closing balance</b>	<b>\$ 142,000,000</b>	<b>\$ 142,000,000</b>

<sup>1</sup> See Non-IFRS Measures

<sup>2</sup> Capital expenditures include upgrades to suites upon turnover

**Management's Discussion and Analysis  
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**Valuation**

Under the direct capitalization approach the estimated 12 month stabilized net operating income<sup>1</sup> 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 5.03 percent at March 31, 2025 and 5.00 percent at December 31, 2024.

**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.

As at March 31, 2025 there were 10,443,596 Exchangeable Units and 10,497,309 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 March 31, 2025

During the three months ended March 31, 2025, distributions to holders of Exchangeable Units of \$40,730 were declared based on approved monthly distributions of \$0.0013 per Trust Unit. Distributions increased to \$0.0013 per Trust Unit, from \$0.001275 per Trust Unit, effective to Unitholders of record on June 30, 2024.

**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 3.09 percent and mature between July 2027 and March 2034, resulting in a weighted average maturity of 60.57 months. 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%.

**Trust Units**

The Declaration of Trust authorizes the issue of an unlimited number of Trust Units. As at March 31, 2025, there were 9,055,242 Trust Units outstanding with a carrying value of \$6,961,933.

**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 15<sup>th</sup> 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 ended March 31, 2025, distributions to Unitholders of \$35,315 were declared based on approved monthly distributions of \$0.0013 per Trust Unit, which increased from \$0.001275 per Trust Unit to Unitholders on June 30, 2024.

**Liquidity, Capital Resources and Contractual Commitments**

The Trust's capital structure at March 31, 2025 and December 31, 2024 is set out in the table below:

	March 31, 2025	December 31, 2024
Exchangeable Units	\$ 7,937,133	\$ 6,788,338
Unit based compensation liability	129,356	110,245
Mortgages	101,347,592	101,678,601
Unitholders' equity	39,113,552	39,901,132
<b>Total</b>	<b>\$ 148,527,633</b>	<b>\$ 148,478,316</b>

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.

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The REIT's liquidity ratio<sup>1</sup> is calculated as follows:

<i>As at</i>	March 31, 2025	December 31, 2024
Current Assets	\$ 4,643,626	\$ 4,578,860
Current Liabilities	2,962,562	3,009,775
Liquidity Ratio <sup>1</sup>	156.74%	152.13%

As of March 31, 2025, current assets of \$4,643,626 exceeded current liabilities of \$2,962,562 (at December 31, 2024 – current liabilities of \$4,578,860 exceeded current assets of \$3,009,775) resulting in a net working capital surplus of \$1,681,064 (December 31, 2024 – \$1,569,085) and a liquidity ratio<sup>1</sup> of 156.74% (December 31, 2024 – 152.13%). The increase in the liquidity ratio<sup>1</sup> from December 31, 2024 is due to the principal paydown of mortgages.

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<sup>1</sup>, current liabilities exclude Exchangeable Units.

**Cash Flows and Use of Funds**

During the three months ended March 31, 2025 and 2024 the Trust reported the following changes in cash.

	Three months ended March 31	
	2025	2024
Cash provided by operating activities	\$ 636,234	\$ 485,290
Cash used in investing activities	(38,785)	(16,370)
Cash provided by (used in) financing activities	(493,264)	1,358,735
Change in cash during the period	\$ 104,185	\$ 1,827,655

**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 March 31	
	2025	2024
Net (loss) income and comprehensive (loss) income	\$ (752,265)	\$ 618,024
Add: distributions on Exchangeable Units	40,730	41,467
	(711,535)	659,491
Less: distributions paid	(76,045)	(74,582)
(Shortfall) excess of net (loss) income and comprehensive (loss) income over total distributions paid	(787,580)	584,909
Cash provided by operating activities	636,234	485,290
Less: distributions paid	(76,045)	(74,582)
Excess of cash provided by operating activities over total distributions and interest paid	560,189	410,708
Distributions declared	\$ 76,045	\$ 74,582

For the three months ended March 31, 2025 there was a shortfall of net loss and comprehensive loss over distributions paid. For the three months ended March 31 2024, 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.

## Management's Discussion and Analysis For the three months ended March 31, 2025 (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 ended March 31, 2025 and 2024, 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:

	2025		2024				2023		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	
Property revenue	\$ 2,635,142	\$ 2,631,643	\$ 2,607,394	\$ 2,566,572	\$ 2,540,498	\$ 2,521,270	\$ 2,496,143	\$ 2,487,043	
NOI <sup>1</sup>	1,623,418	1,716,765	1,748,039	1,754,064	1,656,566	1,619,429	1,660,158	1,633,688	
Net Income	(752,265)	4,814,188	4,217,974	2,505,206	618,024	979,998	1,664,263	2,839,458	
FFO <sup>1</sup>	494,499	590,149	623,958	641,533	530,746	419,514	580,147	558,020	
FFO per Unit <sup>1</sup>	\$ 0.0254	\$ 0.0303	\$ 0.0320	\$ 0.0329	\$ 0.0272	\$ 0.0215	\$ 0.0298	\$ 0.0286	
AFFO <sup>1</sup>	455,714	575,012	507,528	395,949	514,376	406,566	568,420	527,410	
AFFO per Unit <sup>1</sup>	\$ 0.0234	\$ 0.0295	\$ 0.0260	\$ 0.0203	\$ 0.0264	\$ 0.0209	\$ 0.0292	\$ 0.0270	
Weighted average number of Units outstanding	19,498,838	19,498,838	19,498,838	19,498,838	19,498,838	19,498,838	19,498,838	19,498,838	

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<sup>1</sup>, Net Income, AFFO<sup>1</sup> and FFO<sup>1</sup>.

### SAME PROPERTY PORTFOLIO PERFORMANCE

Same property results for the three months ended March 31, 2025 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 or dispositions. The same property portfolio represents 516 units or 100% of the total portfolio at March 31, 2025.

	Three months ended March 31	
	2025	2024
Revenue from investment properties	\$ 2,635,142	\$ 2,540,498
Expenses:		
Property operating expenses	694,292	653,557
Realty taxes	317,432	230,375
Total operating expenses	1,011,724	883,932
Same Property Net Operating Income <sup>1</sup>	\$ 1,623,418	\$ 1,656,566

For the three months ended March 31, 2025, rental revenues for same property increased by 3.73% compared to Q1 2024. Property operating costs increased by 0.62% as a percentage of operating revenues, whereas property taxes increased by 2.98% as a percentage of operating revenues due to the removal of the provincial school tax rebate effective January 1, 2025. This resulted in an overall increase in operating expenses, as a percentage of operating revenues of 360 basis points as compared to the same period 2024.

During the three months ended March 31, 2025, operating expenses increased by 14.46% while revenue grew by 3.73%, achieved through increasing market rents on turnover and rental increase on renewals. This resulted in a decrease in same property NOI<sup>1</sup> of \$33,148, or 2.00% as compared to the same period 2024. NOI margin for Q1 2025 was 61.61% as compared to 65.21% for Q1 2024, a 360 basis point decrease.

The average monthly rent for the three months ended March 31, 2025 for same property, including parking, increased to \$1,727 per suite from \$1,648 as compared to the same period 2024, an increase of 4.79%. Occupancy for the three months ended March 31, 2025 for same property was 98.14%, compared to 99.01% for the three months ended March 31, 2024.

### 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, 2024 and 2023.

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**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, 2024 and 2023 and in the REIT's Annual Information Form for the year ended December 31, 2024, each filed on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)). 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 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 March 31, 2025 and December 31, 2024, 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. A one percent change in the prevailing market price of the Exchangeable Units as at March 31, 2025 would have a \$79,371 (December 31, 2024 - \$67,883) change in the fair value of the Exchangeable Units.

*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 to 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(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.

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An analysis of the contractual cash flows at March 31, 2025 for the following 12 month period associated with the Trust's financial liabilities is set out below:

	Year 1	Year 2	Year 3	Year 4	Year 5 and thereafter	Total
Mortgages payable - principal and interest	\$ 4,976,521	\$ 4,976,521	\$ 38,179,618	\$ 3,269,994	\$ 67,247,831	\$ 118,650,485
Accounts payable and accrued liabilities	880,424	-	-	-	-	880,424
Security deposits	495,434	104,179	-	-	-	599,613
	<b>\$ 6,352,379</b>	<b>\$ 5,080,700</b>	<b>\$ 38,179,618</b>	<b>\$ 3,269,994</b>	<b>\$ 67,247,831</b>	<b>\$ 120,130,522</b>

**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 March 31, 2025, 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	9,055,242
Exchangeable Units	10,443,596
Deferred Units <sup>(1)</sup>	170,205
<b>Total securities outstanding</b>	<b>19,669,043</b>

**Voting Securities**

Type of Security	Number Outstanding
Trust Units	9,055,242
Special Voting Units <sup>(2)</sup>	10,497,309
<b>Total Voting Units</b>	<b>19,552,551</b>

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.

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**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 condensed consolidated financial statements, related party transactions for the three months ended March 31, 2025 and 2024 include:

Related Party Transactions	Three months ended March 31	
	2025	2024
Property management fees	\$ 111,947	\$ 109,336
Salary reimbursement	68,854	38,634
Asset management fees	92,593	87,477
Board compensation	39,269	40,180

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. The Manager is entitled to earn an incentive fee commencing December 31, 2023 of 15 percent of the excess AFFO per Unit in excess of the prior fiscal year. No incentive fee amount was accrued as at March 31, 2025 and March 31, 2024.

During the three months ended March 31, 2025, the Board of Trustees were issued an aggregate of 597 (March 31, 2024 – 576) Deferred Units respectively at an aggregated value of \$657 (March 31, 2024 - \$633) respectively along with \$33,158 (2024 - \$33,434) respectively in cash as part of the Trustee annual remuneration. Prior to January 1, 2024, the Trustees elected to receive 50 percent of their annual compensation, excluding meeting fees, in Deferred Units. The Trustees were also remunerated \$1,500 per board meeting in the three months ended March 31, 2025 (March 31, 2024 - \$1,500).

During the three months ended March 31, 2025, there were nil financing fees (March 31, 2024 - \$37,745), 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 three months ended March 31, 2025 and 2024, 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 condensed consolidated interim financial statements of the Trust.

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**SUBSEQUENT EVENTS**

The following events occurred subsequent to March 31, 2025:

- (i) On each of April 15, 2025 and May 15, 2025, the REIT paid monthly distributions of \$0.0013 per Trust Unit. Holders of the Exchangeable Units were also paid a distribution of \$0.0013 per Unit.
- (ii) On May 15, 2025, the REIT declared a distribution of \$0.0013 per Trust Unit, payable on June 16, 2025 to Unitholders of record as of the close of business on May 31, 2025. Holders of the Exchangeable Units will also be paid a distribution of \$0.0013 per Unit.