

Condensed Consolidated Interim Financial Statements of

**MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST**

(Expressed in Canadian Dollars)

Three months ended March 31, 2026 and 2025  
(Unaudited)

# MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Statements of Financial Position  
(Expressed in Canadian Dollars)

As at March 31, 2026 and December 31, 2025  
(Unaudited)

	Note	March 31, 2026	December 31, 2025
<b>Assets</b>			
Non-current assets:			
Investment properties	5	\$ 142,220,000	\$ 142,530,000
Prepaid expenses and other assets	6	3,387,232	3,412,700
		145,607,232	145,942,700
Current assets:			
Prepaid expenses and other assets	6	303,907	307,873
Accounts and other receivables		21,429	14,035
Cash		4,431,057	4,323,498
		4,756,393	4,645,406
		\$ 150,363,625	\$ 150,588,106
<b>Liabilities and Unitholders' Equity</b>			
Non-current liabilities:			
Mortgages payable	8	\$ 98,632,140	\$ 98,987,979
Security deposits and prepaid rent		106,283	46,802
		98,738,423	99,034,781
Current liabilities:			
Accounts payable and accrued liabilities	9	792,957	798,075
Security deposits and prepaid rent		608,074	667,783
Exchangeable Units	7	7,618,069	7,519,133
Mortgages payable	8	1,383,168	1,370,370
Unit based compensation liability	11	183,327	158,711
		10,585,595	10,514,072
Total liabilities		109,324,018	109,548,853
Unitholders' equity	10	41,039,607	41,039,253
		\$ 150,363,625	\$ 150,588,106

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Approved on behalf of the Trustees:

(signed) "*Jason Pellaers*" \_\_\_\_\_ Jason Pellaers, Trustee

(signed) "*Luke Cain*" \_\_\_\_\_ Luke Cain, Trustee

## MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Statements of Net Income (Loss) and Comprehensive Income (Loss)  
(Expressed in Canadian Dollars)

For the Three months ended March 31, 2026 and 2025  
(Unaudited)

	Note	March 31, 2026	March 31, 2025
Revenue from investment properties	12	\$ 2,694,078	\$ 2,635,142
Expenses:			
Property operating expenses	9	693,151	694,292
Realty taxes		357,204	317,432
Total operating expenses		1,050,355	1,011,724
Net property operating income		1,643,723	1,623,418
Other expenses (income):			
General and administrative	9	224,114	224,660
Interest income		(26,066)	(33,920)
Finance costs	13	968,990	978,909
Fair value loss on investment properties	5	330,233	38,785
Fair value loss on unit-based compensation	11	6,100	18,454
Fair value loss on Exchangeable Units	7	98,936	1,148,795
		1,602,307	2,375,683
Net income (loss) and comprehensive income (loss)		\$ 41,416	\$ (752,265)

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

# MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Statements of Changes in Unitholders' Equity  
(Expressed in Canadian Dollars)

For the three months ended March 31, 2026 and 2025  
(Unaudited)

	Note	Trust Units	Unitholders' capital	Accumulated surplus	Total
Unitholders' equity, December 31, 2024		9,055,242	\$ 6,961,933	\$ 32,939,199	\$ 39,901,132
Distributions	10	–	–	(35,315)	(35,315)
Net loss and comprehensive loss		–	–	(752,265)	(752,265)
Unitholders' equity - March 31, 2025		9,055,242	\$ 6,961,933	\$ 32,151,619	\$ 39,113,552
Unitholders' equity, December 31, 2025		9,605,242	7,385,433	33,653,820	41,039,253
Distributions	10	–	–	(41,062)	(41,062)
Net income and comprehensive income		–	–	41,416	41,416
Unitholders' equity - March 31, 2026		9,605,242	\$ 7,385,433	\$ 33,654,174	\$ 41,039,607

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

# MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Statements of Cash Flows  
(Expressed in Canadian Dollars)

For the three months ended March 31, 2026 and 2025  
(Unaudited)

	Note	March 31, 2026	March 31, 2025
Cash provided by (used in):			
Operating activities:			
Net income (loss) and comprehensive income (loss)		\$ 41,416	\$ (752,265)
Adjustments for:			
Unit-based compensation expense	11	18,516	657
Fair value loss on investment properties	5	330,233	38,785
Fair value loss on unit-based compensation	11	6,100	18,454
Fair value loss on Exchangeable Units	7	98,936	1,148,795
Finance costs	13	968,990	978,909
Interest paid		(773,969)	(785,771)
Distributions paid on Exchangeable Units	7	(43,134)	(40,730)
Change in non-cash working capital	14	(36,371)	29,400
		610,717	636,234
Investing activities:			
Capital expenditures	5	(20,233)	(38,785)
		(20,233)	(38,785)
Financing activities:			
Distributions paid on Trust Units		(41,062)	(35,315)
Financing fees	8,13	–	(315)
Debt principal payments	8	(470,161)	(457,634)
		(511,223)	(493,264)
Increase in cash		79,261	104,185
January 1, 2026 opening balance prior to restatement for amendments to IFRS 9		4,322,898	–
Adjustment on initial application of amendment to IFRS 9 on January 1, 2026 (note 3)		28,898	–
Cash, beginning of period		4,351,796	4,238,250
Cash, end of period		\$ 4,431,057	\$ 4,342,435

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

# MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian Dollars)

For the three months ended March 31, 2026 and 2025  
(Unaudited)

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## 1. Description of the entity:

Marwest Apartment Real Estate Investment Trust (the "REIT") is an unincorporated, open-ended real estate investment trust established pursuant to a declaration of trust dated July 2, 2020, which was amended and restated on April 30, 2021. The REIT owns and operates a portfolio of multi-family investment properties located in Western Canada.

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

At March 31, 2026 and December 31, 2025, the REIT's portfolio consisted of four multi-family investment properties, all of which are held by its subsidiary, MAR REIT L.P. (the "Partnership"). Three of the investment properties are held through Marwest Apartments I L.P. ("Kenwood Court"), Marwest Apartments VII L.P. ("Brio Brownstones") and Marwest (Element) Apartments L.P. ("Element") which are owned 100 percent by the Partnership and Prairie View Pointe which is owned directly by the Partnership.

## 2. Basis of presentation:

### (a) Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the REIT's audited consolidated financial statements for the years ended December 31, 2025 and 2024 (the "Annual 2025 Financial Statements"), which have been prepared in accordance with IFRS Accounting Standards.

These condensed consolidated interim financial statements were approved by the Board of Trustees of the REIT and authorized for issuance on May 21, 2026.

### (b) Basis of measurement:

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for investment properties, Exchangeable Limited Partnership Units (Exchangeable Units) and unit-based compensation, which have been measured at fair value.

# MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian Dollars)

For the three months ended March 31, 2026 and 2025  
(Unaudited)

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## 2. Basis of presentation (continued):

### (b) Basis of measurement (continued):

The condensed consolidated interim financial statements have been presented in Canadian dollars which is the REIT's functional currency.

The operating results for the three months ended March 31, 2026 are not necessarily indicative of results that may be expected for the year ending December 31, 2026 due to seasonal variations in property expenses and other factors, including the impacts of macroeconomic events, if any.

The accounting policies applied by the REIT in these condensed consolidated interim financial statements are consistent with those applied in the Annual 2025 Financial Statements.

## 3. Change in accounting policy:

The REIT has adopted *Classification and Measurement of Financial Instruments* (Amendments to IFRS 9, *Financial Instruments*, and IFRS 7, *Financial Instruments: disclosures*) from January 1, 2026. The amendments clarify when a financial asset or a financial liability is recognized and derecognized. They also introduce an exception that permits an entity to derecognize a financial liability before the settlement date when the financial liability is settled with cash, using an electronic payment system that meets the specific criteria. In addition, the amendments clarify the classification of financial assets with features linked to environmental, social, and corporate governance. The amendments also required additional disclosures for financial instruments with contingent features and investments in equity instruments classified at fair value through other comprehensive income.

In its consolidated financial statements for periods beginning before January 1, 2026, as per its previous accounting policy, the REIT adjusted cash balances at the reporting period end to reflect incoming and outgoing cash payments 'in transit' and derecognized trade receivables at the date it received a cheque from tenants or tenants initiated payments via electronic transfer, and derecognized trade payables at the date it wrote a cheque to suppliers or sent electronic payment instructions to its bank to transfer funds to suppliers.

# MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian Dollars)

For the three months ended March 31, 2026 and 2025  
(Unaudited)

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### 3. Change in accounting policy (continued):

As a result of adoption of these amendments, the REIT chose to apply the change in accounting policy prospectively in accordance with the transitional provisions of the amendments, and comparatives have not been restated. The change in accounting policy had no impact on net income (loss) and comprehensive income (loss). The impact on the statement of financial position at January 1, 2026 was an increase in accounts payable and accrued liabilities of \$28,898 and an increase in cash of \$28,898. The impact on the statement of cash flows was to increase the opening balance of cash at January 1, 2026 by \$28,898.

### 4. Future changes in accounting standards:

IFRS 18, *Presentation and Disclosure in Financial Statements* will replace IAS 1, *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following key new requirements:

- (i) Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profits will not change;
- (ii) Management-defined performance measures ("MPMs") are disclosed in a single note in the financial statements; and
- (iii) Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The REIT is currently assessing the impact of the new standard, particularly with respect to the structure of the REIT's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs.

# MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian Dollars)

For the three months ended March 31, 2026 and 2025  
(Unaudited)

## 5. Investment properties:

The following table presents the change in investment properties for the three months ended March 31, 2026 and 2025:

	March 31, 2026	March 31, 2025
Balance, beginning of period	\$ 142,530,000	\$ 142,000,000
Additions:		
Capital expenditures	20,233	38,785
Fair value loss	(330,233)	(38,785)
Balance, end of period	\$ 142,220,000	\$ 142,000,000

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

Internal valuations were prepared at March 31, 2026 for each property in the REIT's portfolio by management (December 31, 2025 – an external appraisal was obtained for one property and internal valuations were performed to determine the fair value of the remaining three investment properties).

The internal valuations team consists of qualified individuals who are experienced in the location and category of the respective properties.

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

The carrying value of the investment properties reflects management's best estimate of fair value in terms of the assessed highest and best use at March 31, 2026 and December 31, 2025.

A change in the capitalization rate used could have a material impact on the fair value of the investment properties. When capitalization rates compress, the estimated fair value of the investment properties increases. When capitalization rates expand, the estimated fair value of the investment properties decreases. The weighted-average capitalization rate utilized at March 31, 2026 was 5.00 percent (December 31, 2025 - 5.00 percent).

# MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to Condensed Consolidated Interim Financial Statements  
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For the three months ended March 31, 2026 and 2025  
(Unaudited)

## 5. Investment properties (continued):

The following table reconciles how a 25-basis point and 50-basis point expansion and compression in the weighted-average capitalization rate would decrease or increase the estimated fair value of investment properties:

Increase (decrease) in capitalization rate	Change in fair value of investment property (March 31, 2026)	Change in fair value of investment property (December 31, 2025)
- 50 bps	\$ 15,791,000	\$ 15,824,000
-25 bps	7,480,000	7,496,000
+25 bps	(6,768,000)	(6,782,000)
+50 bps	(12,922,000)	(12,949,000)

At March 31, 2026 and December 31, 2025, the investment properties were pledged as security under mortgage agreements.

## 6. Prepaid expenses and other assets:

	March 31, 2026	December 31, 2025
Prepaid expenses	\$ 202,035	\$ 206,000
Prepaid CMHC premiums	3,489,104	3,514,573
	\$ 3,691,139	\$ 3,720,573
Current	\$ 303,907	\$ 307,873
Non-current	3,387,232	3,412,700
	\$ 3,691,139	\$ 3,720,573

# MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to Condensed Consolidated Interim Financial Statements  
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For the three months ended March 31, 2026 and 2025  
(Unaudited)

## 7. Exchangeable Units:

The following table reconciles the change in Exchangeable Units for the three months ended March 31, 2026 and 2025:

	Three months ended March 31, 2026		Three months ended March 31, 2025	
	Units	Amount	Units	Amount
Balance, beginning of period	9,893,596	\$ 7,519,133	10,443,596	\$ 6,788,338
Fair value change	–	98,936	–	1,148,795
Balance, end of period	9,893,596	\$ 7,618,069	10,443,596	\$ 7,937,133

For the three months ended March 31, 2026, distributions of \$43,555 (March 31, 2025 - \$40,730) were declared on the Exchangeable Units and are included in finance costs (note 13).

## 8. Mortgages payable:

	March 31, 2026	December 31, 2025
Mortgages	\$ 101,012,570	\$ 101,482,731
Unamortized mark-to-market adjustment	(544,873)	(652,711)
Unamortized deferred financing costs	(452,389)	(471,671)
Total mortgages	\$ 100,015,308	\$ 100,358,349

	March 31, 2026	December 31, 2025
Current	\$ 1,383,168	\$ 1,370,370
Non-current	98,632,140	98,987,979
	\$ 100,015,308	\$ 100,358,349

At March 31, 2026, mortgages are secured by investment properties, bear interest at a weighted average contractual interest rate of 3.10 percent (December 31, 2025 - 3.09 percent) and mature at various dates from 2027 - 2034 (December 31, 2025 - 2027 - 2034).

# MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian Dollars)

For the three months ended March 31, 2026 and 2025  
(Unaudited)

## 8. Mortgages payable (continued):

The fair value of the REIT's mortgages payable is calculated based on current market rates plus risk-adjusted spreads on discounted cash flows and therefore is a Level 2 fair value measurement. At March 31, 2026, the fair value of mortgages was \$98,316,533 (December 31, 2025 - \$99,116,760).

The mortgages payable balances at March 31, 2026, excluding unamortized mark-to-market adjustments and unamortized deferred financing costs, are due as follows:

2026 (remainder of year)	\$ 1,409,442
2027	35,960,948
2028	1,375,609
2029	1,412,420
2030	23,791,235
2031 and thereafter	37,062,916
	\$ 101,012,570

The following table reconciles the changes in cash flows for the mortgages payable:

	Mortgages	Unamortized mark-to-market adjustments	Unamortized deferred financing costs	Total
Balance, December 31, 2024	\$ 103,310,228	\$ (1,084,065)	\$ (547,562)	\$ 101,678,601
Repayments	(1,827,497)	–	–	(1,827,497)
Deferred financing amortization	–	–	75,891	75,891
Amortization of mark-to market adjustment	–	431,354	–	431,354
Balance, December 31, 2025	\$ 101,482,731	\$ (652,711)	\$ (471,671)	\$ 100,358,349
Repayments	(470,161)	–	–	(470,161)
Deferred financing amortization	–	–	19,282	19,282
Amortization of mark-to market adjustment	–	107,838	–	107,838
Balance, March 31, 2026	\$ 101,012,570	\$ (544,873)	\$ (452,389)	\$ 100,015,308

# MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian Dollars)

For the three months ended March 31, 2026 and 2025  
(Unaudited)

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## 9. Related party transactions:

In the normal course of operations, the REIT enters into various transactions with related parties.

On April 30, 2021, the REIT and Marwest Asset Management Inc. (“MAM” or the “Manager”) entered into an Asset Management and Property Management Agreement (the “Agreement”) with a term of ten years, with automatic renewal periods for further five-year terms unless terminated in accordance with the Agreement. Under the terms of the Agreement, MAM as the REIT’s manager provides the REIT with the strategic, administrative, property management, leasing, acquisition, financing, development and construction management services necessary to manage the strategy, day-to-day operations and assets of the REIT.

The Manager has entered into sub management agreements with Marwest Management Canada Ltd., a company under common control, to perform the property management functions of the Agreement. In addition, the Manager has entered into a sub management agreement with Marwest Construction Ltd., a company under common control, to perform the construction management functions of the Agreement.

These transactions are incurred in the normal course of operations and measured at the exchange amount agreed upon.

The Agreement provides for the following fees:

Type	Basis
Base asset management <sup>1</sup>	0.25 percent of gross book value
Property management	4 percent of gross receipts
Acquisition <sup>2</sup>	variable
Construction management <sup>3</sup>	variable
Incentive fees <sup>4</sup>	15 percent of growth in AFFO

<sup>1</sup> Gross book value is defined as the greater of (a) the value of the assets of the REIT as shown on its then most recent consolidated statements of financial position; 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.

<sup>2</sup> Acquisition fees are 1 percent on the first \$100 million of acquisitions; 0.75 percent on the next \$100 million of acquisition and 0.50 percent for acquisitions in excess of \$200 million in a fiscal year.

<sup>3</sup> Construction management fees are 5 percent on the first \$1 million of all hard construction costs incurred on each capital project and 4 percent on all hard construction costs above \$1 million on each capital project.

<sup>4</sup> Incentive fees are 15 percent of the REIT’s adjusted funds from operations per unit (“AFFO Per Unit”) as defined in Agreement, 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 100 percent of the base asset management fee.

# MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian Dollars)

For the three months ended March 31, 2026 and 2025  
(Unaudited)

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## 9. Related party transactions (continued):

The asset management fee is payable in cash or, at the election of the Manager, up to 50 percent of each payment in Trust Units based upon the volume weighted average price of the 20-day period ending on the trading day prior to the payment date. The asset management fee is included in general and administrative expenses in the condensed consolidated interim statements of net income and comprehensive income.

The Incentive Fee is payable in cash or, at the election of the Manager, up to 50 percent of each payment in Trust Units based upon the volume weighted average price of the 20-day period ending on the trading day prior to the payment date. No incentive fee amount was accrued as at March 31, 2026 and 2025.

The Agreement also provides for the Manager to be reimbursed by the REIT for actual out of pocket costs and expenses incurred by the Manager in connection with performance of the services described in the Agreement including caretakers, janitors and other personnel devoted to specific investment properties.

In addition to the related party transactions disclosed elsewhere in these condensed consolidated interim financial statements, related party transactions include:

	Three months ended March 31, 2026	Three months ended March 31, 2025
Property management fees	\$ 113,292	\$ 111,947
Salary reimbursement	84,052	68,854
Base asset management fees	92,254	92,593
	<u>\$ 289,598</u>	<u>\$ 273,394</u>

At March 31, 2026, included in accounts payable and accrued liabilities are amounts owing to the Manager, and related parties of the Manager, of \$191,666 (December 31, 2025 - \$169,559) related to property management fees, asset management fees, and salary reimbursements. Expense reimbursements for day-to-day operating expenses were \$32,503 for the three months ended March 31, 2026 (March 31, 2025 - \$37,452).

During the three months ended March 31, 2026, the Board of Trustees were issued \$912 in Deferred Units (March 31, 2025 - \$657) related to distributions on outstanding units at the 5-day VWAP (March 31, 2025 – at a price of \$1.10 per unit). The Trustees were also remunerated \$1,500 (2025 - \$1,500) per board meeting and paid the balance of their quarterly compensation of \$17,604 in Deferred Units and \$15,932 in cash (March 31, 2025 - \$33,158 in cash).

# MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian Dollars)

For the three months ended March 31, 2026 and 2025  
(Unaudited)

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## 10. Unitholders' equity:

The Declaration of Trust authorizes the issue of an unlimited number the Trust Units and Special Voting Units. As of March 31, 2026 there were 9,605,242 Trust Units and 9,936,391 Special Voting Units (December 31, 2025 – 9,605,242 Trust Units and 9,936,391 Special Voting Units).

For the three months ended March 31, 2026, distributions to Unitholders of \$41,062 (March 31, 2025 - \$35,315) were declared. This represents monthly distributions of \$0.001425 per Trust Unit (\$0.0013 per Unit for the three months ended March 31, 2025).

## 11. Unit-based compensation:

As at and for the three months ended March 31, 2026 and 2025, no Restricted Units have been granted under the Plan.

The following table reconciles the change in the unit-based compensation liability for the three months ended March 31, 2026 and 2025:

	Three months ended March 31, 2026		Three months ended March 31, 2025	
	Units	Amount	Units	Amount
Balance, beginning of period	214,040	\$ 158,711	169,608	\$ 110,245
Issued	24,046	18,516	597	657
Fair value change	–	6,100	–	18,454
Balance, end of period	238,086	\$ 183,327	170,205	\$ 129,356

# MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to Condensed Consolidated Interim Financial Statements  
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For the three months ended March 31, 2026 and 2025  
(Unaudited)

## 12. Revenue from investment properties:

The components of revenue from investment properties for the three months ended March 31, 2026 and 2025 are as follows:

	Three months ended March 31, 2026	Three months ended March 31, 2025
Basic rent	\$ 2,164,455	\$ 2,172,226
Property operating expense recoveries	529,623	462,916
	<u>\$ 2,694,078</u>	<u>\$ 2,635,142</u>

Future minimum rents receivable under non-cancellable operating leases as at March 31, 2026 are as follows:

Within 1 year	\$ 6,112,036
Year 2	252,328
	<u>\$ 6,364,364</u>

## 13. Finance costs:

Finance costs for the three months ended March 31, 2026 and 2025 are comprised of the following:

	Note	March 31, 2026	March 31, 2025
Interest expense on mortgages		\$ 772,847	\$ 785,771
Mortgage and financing charges	8	-	315
Amortization of financing charges		19,282	18,787
Amortization of CMHC fees		25,468	25,468
Amortization of mark-to-market adjustments		107,838	107,838
Distributions on Exchangeable Units		43,555	40,730
Finance costs		<u>\$ 968,990</u>	<u>\$ 978,909</u>

# MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian Dollars)

For the three months ended March 31, 2026 and 2025  
(Unaudited)

## 14. Changes in non-cash working capital:

Changes in non-cash balances included in the statements of cash flows are comprised as follows:

	March 31, 2026	March 31, 2025
Accounts receivable	\$ (7,394)	\$ 12,153
Prepaid expenses and other assets	3,965	27,266
Accounts payable and accrued liabilities	(32,715)	10,627
Security deposits and prepaid rent	(227)	(20,646)
	<u>\$ (36,371)</u>	<u>\$ 29,400</u>

## 15. Capital management:

The REIT's objective when managing capital is to safeguard the ability to continue as a going concern, to ensure compliance with the REIT's Declaration of Trust and to generate sufficient capital to be able to identify, evaluate and then acquire a direct or indirect interest in future properties and to provide unitholders with a stable distribution. Management monitors compliance with the Declaration of Trust as part of the overall management of the operations of the REIT and it is reviewed periodically by the Board of Trustees.

The REIT's capital consists of Exchangeable Units, unit-based compensation, mortgages payable and unitholders equity. The REIT maintains or adjusts its capital structure by issuing Trust Units or debt, adjusting the amounts of distributions paid to Unitholders, returning capital to Unitholders, or reducing or increasing debt.

The REIT's declaration of trust permits the REIT to incur indebtedness of not more than 75 percent of the gross book value of the REIT once the gross book value reaches \$300,000,000. Trust Units and Exchangeable Units will not constitute indebtedness in this determination. The independent members of the Board of Trustees can elect to utilize the appraised value of assets and properties of the REIT in this determination instead of gross book value.

Gross book value as defined in the declaration of trust means, at any time, the greater of (a) the value of the assets of the REIT as shown on its then most recent statements of financial position; 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. Included within cash is \$625,446 of tenant security deposits which are unavailable for general use.

# MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to Condensed Consolidated Interim Financial Statements  
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For the three months ended March 31, 2026 and 2025  
(Unaudited)

## 15. Capital management (continued):

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

	March 31, 2026	December 31, 2025
Exchangeable Units	\$ 7,618,069	\$ 7,519,133
Unit based compensation liability	183,327	158,711
Mortgages payable	100,015,308	100,358,349
Unitholders' equity	41,039,607	41,039,253
	<u>\$ 148,856,311</u>	<u>\$ 149,075,446</u>

## 16. Fair values:

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

The fair value measurement of investment properties is categorized as a Level 3 fair value based on the inputs to the valuation techniques used. The valuation methods used, and the key inputs are described in note 5.

The fair value measurement of mortgages payable are categorized as Level 2 on the fair value hierarchy and is estimated at fair value based on the rates that could be obtained for similar debt instruments with similar terms and maturities.

The fair value of Exchangeable Units and unit-based compensation is measured every period by reference to the traded value of units and is considered Level 1 in the fair value hierarchy.

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## 16. Fair values (continued):

The following tables summarize the fair value measurements recognized on the condensed consolidated interim statements of financial position or disclosed in the REIT's condensed consolidated interim financial statements, categorized by fair value hierarchy:

March 31, 2026	Note	Carrying amount	Fair value		
			Level 1	Level 2	Level 3
<b>Assets:</b>					
Investment properties	5	\$ 142,220,000	\$ –	\$ –	\$ 142,220,000
<b>Liabilities:</b>					
Exchangeable Units	7	7,618,069	7,618,069	–	–
Unit-based compensation liability	11	183,327	183,327	–	–
Mortgages payable	8	100,015,308	–	98,316,533	–
<b>Total liabilities</b>		<b>\$ 107,816,704</b>	<b>\$ 7,801,396</b>	<b>\$ 98,316,533</b>	<b>\$ –</b>

December 31, 2025	Note	Carrying amount	Fair value		
			Level 1	Level 2	Level 3
<b>Assets:</b>					
Investment properties	5	\$ 142,530,000	\$ –	\$ –	\$ 142,530,000
<b>Liabilities:</b>					
Exchangeable Units	7	7,519,133	7,519,133	–	–
Unit-based compensation liability	11	158,711	158,711	–	–
Mortgages payable	8	100,358,349	–	99,116,760	–
<b>Total liabilities</b>		<b>\$ 108,036,193</b>	<b>\$ 7,677,844</b>	<b>\$ 99,116,760</b>	<b>\$ –</b>

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## 17. Financial risk management:

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

(i) Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk consists of interest rate risk, currency risk and other price risk.

Interest rate risk is the risk that changes in market interest rates will affect the REIT's financial instruments. As of March 31, 2026 and December 31, 2025, the REIT'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 REIT's financial statement presentation currency is in Canadian dollars. Operations are located in Canada and the REIT has limited operational transactions in foreign-denominated currencies. As such, the REIT 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 REIT is exposed to other price risk on its Exchangeable Units and unit based compensation liability. A one percent change in the prevailing market price of the Trust Units as at March 31, 2026 would have a \$76,181 impact on the change in the fair value of the Exchangeable Units (December 31, 2025 - \$75,191). A one percent change in the prevailing market price of the Trust Units as at March 31, 2026 would have a nominal impact on the fair value of the unit based compensation liability (December 31, 2025 - nominal).

(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.

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## 17. Financial risk management (continued):

### (ii) Credit risk (continued):

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

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

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

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

### (iii) Liquidity risk:

Liquidity risk is the risk that the REIT will not be able to meet its financial obligations as they become due. The REIT 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 March 31, 2026, for the following 12 month periods at March 31, 2026, associated with the REIT's financial liabilities is set out below:

	Year 1	Year 2	Year 3	Year 4	Year 5 and thereafter	Total
Mortgages payable	\$ 1,892,905	\$ 35,818,723	\$ 1,386,107	\$ 1,421,548	\$ 60,493,287	\$ 101,012,570
Interest obligation	3,083,616	2,360,895	1,883,887	1,848,446	3,484,550	12,661,394
Accounts payable and accrued liabilities	792,957	–	–	–	–	792,957
Security deposits	519,163	106,283	–	–	–	625,446
	<u>\$ 6,288,641</u>	<u>\$ 38,285,901</u>	<u>\$ 3,269,994</u>	<u>\$ 3,269,994</u>	<u>\$ 63,977,837</u>	<u>\$ 115,092,367</u>

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## 18. Income taxes:

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

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

The REIT has reviewed the SIFT Rules and has assessed their application to the REIT’s assets and revenues. While there are uncertainties in the interpretation and application of the SIFT Rules, the REIT believes that it has met the REIT Conditions for the three months ended March 31, 2026 and 2025, and accordingly is not subject to current income taxes in Canada. Accordingly, no provision for current income taxes payable is required.

## 19. Subsequent events:

The following events occurred subsequent to March 31, 2026:

- i. The REIT implemented a Normal Course Issuer Bid for the purchase of up to 700,025 Trust Units over the 12 month period commencing April 1, 2026.
- ii. On April 15, 2026 and May 15, 2026, the REIT paid monthly distributions of \$0.001425 per Trust Unit. Holders of the Exchangeable Units were also paid a distribution of \$0.001425 per Unit.
- iii. On May 15, 2026, the REIT declared a distribution of \$0.001425 per Trust Unit, payable on June 15, 2026 to Unitholders of record as of the close of business on May 31, 2026. Holders of the Exchangeable Units will also be paid a distribution of \$0.001425 per Unit.