Condensed Consolidated Interim Financial Statements of

MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

(Expressed in Canadian Dollars)

Three and six months ended June 30, 2026 and 2025
(Unaudited)

MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST

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

As at June 30, 2026 and December 31, 2025
(Unaudited)

	Note	June 30, 2026	December 31, 2025
Assets			
Non-current assets:			
Investment properties	5	$ 142,100,000	$ 142,530,000
Prepaid expenses and other assets	6	3,361,763	3,412,700
		145,461,763	145,942,700
Current assets:			
Prepaid expenses and other assets	6	232,783	307,873
Accounts and other receivables		11,937	14,035
Cash		4,619,733	4,323,498
		4,864,453	4,645,406
		$ 150,326,216	$ 150,588,106
Liabilities and Unitholders' Equity			
Non-current liabilities:			
Mortgages payable	8	$ 98,281,278	$ 98,987,979
Security deposits and prepaid rent		98,383	46,802
		98,379,661	99,034,781
Current liabilities:			
Accounts payable and accrued liabilities	9	905,565	798,075
Security deposits and prepaid rent		645,684	667,783
Exchangeable Units	7	7,914,877	7,519,133
Mortgages payable	8	1,396,190	1,370,370
Unit based compensation liability	11	203,808	158,711
		11,066,124	10,514,072
Total liabilities		109,445,785	109,548,853
Unitholders' equity	10	40,880,431	41,039,253
		$ 150,326,216	$ 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 Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

For the three and six months ended June 30, 2026 and 2025
(Unaudited)

		Three months ended		Six months ended	
	Note	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Revenue from investment properties	12	$ 2,680,006	$ 2,579,050	$ 5,374,084	$ 5,214,192
Expenses:					
Property operating expenses	9	727,055	679,926	1,420,206	1,374,218
Realty taxes		358,060	348,040	715,264	665,472
Total operating expenses		1,085,115	1,027,966	2,135,470	2,039,690
Net property operating income		1,594,891	1,551,084	3,238,614	3,174,502
Other expenses (income):					
General and administrative	9	272,998	238,582	497,112	463,242
Interest income		(26,762)	(31,176)	(52,828)	(65,096)
Finance costs	13	969,036	981,066	1,938,026	1,959,975
Fair value loss (gain) on investments properties	5	193,615	(472,047)	523,848	(433,262)
Fair value loss on unit-based compensation	11	1,666	9,998	7,766	28,452
Fair value loss on Exchangeable Units	7	296,808	835,487	395,744	1,984,282
		1,707,361	1,561,910	3,309,668	3,937,593
Net loss and comprehensive loss		$ (112,470)	$ (10,826)	$ (71,054)	$ (763,091)

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 and six months ended June 30, 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	–	–	(71,762)	(71,762)
Net loss and comprehensive loss		–	–	(763,091)	(763,091)
Unitholders' equity - June 30, 2025		9,055,242	$ 6,961,933	$ 32,104,346	$ 39,066,279
Unitholders' equity, December 31, 2025		9,605,242	7,385,433	33,653,820	41,039,253
Distributions	10	–	–	(82,388)	(82,388)
Net loss and comprehensive loss		–	–	(71,054)	(71,054)
Units acquired and cancelled through normal course issued bid	10	(7,500)	(5,767)	387	(5,380)
Unitholders' equity - June 30, 2026		9,597,742	$ 7,379,666	$ 33,500,765	$ 40,880,431

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 and six months ended June 30, 2026 and 2025
(Unaudited)

	Note	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Cash provided by (used in):					
Operating activities:					
Net loss and comprehensive loss		$ (112,470)	$ (10,826)	$ (71,054)	$ (763,091)
Adjustments for:					
Unit-based compensation expense	11	18,815	20,371	37,331	21,028
Fair value loss (gain) on investment properties	5	193,615	(472,047)	523,848	(433,262)
Fair value loss on unit-based compensation	11	1,666	9,998	7,766	28,452
Fair value loss on Exchangeable Units	7	296,808	835,487	395,744	1,984,282
Finance costs	13	969,036	981,066	1,938,026	1,959,975
Interest paid		(779,046)	(792,881)	(1,553,015)	(1,578,652)
Distributions paid on Exchangeable Units	7	(42,295)	(40,731)	(85,429)	(81,461)
Change in non-cash working capital	14	227,675	44,485	191,304	73,885
		773,804	574,922	1,384,521	1,211,156
Investing activities:					
Capital expenditures	5	(73,615)	(77,953)	(93,848)	(116,738)
Financing activities:					
Trust Units acquired and cancelled	10	(5,380)	–	(5,380)	–
Distributions paid on Trust Units		(41,049)	(35,315)	(82,111)	(70,630)
Financing fees	8,13	–	–	–	(315)
Debt principal payments	8	(465,084)	(451,974)	(935,245)	(909,608)
		(511,513)	(487,289)	(1,022,736)	(980,553)
Increase in cash		188,676	9,680	267,937	113,865
January 1, 2026 opening balance prior to restatement for amendments to IFRS 9		–	–	4,323,498	–
Adjustment on initial application of amendment to IFRS 9 on January 1, 2026 (note 3)		–	–	28,298	–
Cash, beginning of period		4,431,057	4,342,435	4,351,796	4,238,250
Cash, end of period		$ 4,619,733	$ 4,352,115	$ 4,619,733	$ 4,352,115

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

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 June 30, 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 August 13, 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.

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 and six months ended June 30, 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, other than as described below..

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 who 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.

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 $28,298 and an increase in cash of $28,298. The impact on the statement of cash flows was to increase the opening balance of cash at January 1, 2026 by $28,298.

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.

(Expressed in Canadian Dollars)

5. Investment properties:

The following table presents the change in investment properties for the three and six months ended June 30, 2026 and 2025:

	Three months ended		Six months ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Balance beginning of period	$ 142,220,000	$ 142,000,000	$ 142,530,000	$ 142,000,000
Additions:				
Capital expenditures	73,615	77,953	93,848	116,738
Fair value gain (loss)	(193,615)	472,047	(523,848)	433,262
Closing balance	$ 142,100,000	$ 142,550,000	$ 142,100,000	$ 142,550,000

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 June 30, 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 June 30, 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 June 30, 2026 was 5.00 percent (December 31, 2025 - 5.00 percent).

(Expressed in Canadian Dollars)

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 (June 30, 2026)	Change in fair value of investment property (December 31, 2025)
- 50 bps	$ 15,801,000	$ 15,824,000
-25 bps	7,485,000	7,496,000
+25 bps	(6,772,000)	(6,782,000)
+50 bps	(12,928,000)	(12,949,000)

At June 30, 2026 and December 31, 2025, the investment properties were pledged as security under mortgage agreements.

6. Prepaid expenses and other assets:

	June 30, 2026	December 31, 2025
Prepaid expenses	$ 130,911	$ 206,000
Prepaid CMHC premiums	3,463,635	3,514,573
	$ 3,594,546	$ 3,720,573
Current	$ 232,783	$ 307,873
Non-current	3,361,763	3,412,700
	$ 3,594,546	$ 3,720,573

(Expressed in Canadian Dollars)

7. Exchangeable Units:

The following table reconciles the change in Exchangeable Units for the three months ended June 30, 2026 and 2025:

	Three months ended June 30, 2026		Three months ended June 30, 2025	
	Units	Amount	Units	Amount
Balance, beginning of period	9,893,596	$ 7,618,069	10,443,596	$ 7,937,133
Fair value change	–	296,808	–	835,487
Balance, end of period	9,893,596	$ 7,914,877	10,443,596	$ 8,772,620

The following table reconciles the change in Exchangeable Units for the six months ended June 30, 2026 and 2025.

	Six months ended June 30, 2026		Six months ended June 30, 2025	
	Units	Amount	Units	Amount
Balance, beginning of period	9,893,596	$ 7,519,133	10,443,596	$ 6,788,338
Fair value change	–	395,744	–	1,984,282
Balance, end of period	9,893,596	$ 7,914,877	10,443,596	$ 8,772,620

For the three and six months ended June 30, 2026, distributions of $42,592 and $86,147 (June 30, 2025 - $42,035 and $82,765) were declared on the Exchangeable Units and are included in finance costs (note 13).

8. Mortgages payable:

	June 30, 2026	December 31, 2025
Mortgages	$ 100,547,486	$ 101,482,731
Unamortized mark-to-market adjustment	(437,036)	(652,711)
Unamortized deferred financing costs	(432,982)	(471,671)
Total mortgages	$ 99,677,468	$ 100,358,349

(Expressed in Canadian Dollars)

8. Mortgages payable (continued):

	June 30, 2026	December 31, 2025
Current	$ 1,396,190	$ 1,370,370
Non-current	98,281,278	98,987,979
	$ 99,677,468	$ 100,358,349

At June 30, 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).

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 June 30, 2026, the fair value of mortgages was $98,338,448 (December 31, 2025 - $99,116,760).

The mortgages payable balances at June 30, 2026, excluding unamortized mark-to-market adjustments and unamortized deferred financing costs, are due as follows:

2026 (remainder of year)	$ 944,358
2027	35,960,948
2028	1,375,609
2029	1,412,420
2030	23,791,235
2031 and thereafter	37,062,916
	$ 100,547,486

(Expressed in Canadian Dollars)

8. Mortgages payable (continued):

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	(935,245)	–	–	(935,245)
Deferred financing amortization	–	–	38,689	38,689
Amortization of mark-to market adjustment	–	215,675	–	215,675
Balance, June 30, 2026	$ 100,547,486	$ (437,036)	$ (432,982)	$ 99,677,468

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.

(Expressed in Canadian Dollars)

9. Related party transactions (continued):

The Agreement provides for the following fees:

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

[1] 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.

[2] 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.

[3] 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.

[4] 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.

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. An incentive fee of $12,439 was accrued as at June 30, 2026 and was nil at June 30, 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.

(Expressed in Canadian Dollars)

9. Related party transactions (continued):

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

	Three months ended		Six months ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Property management fees	$ 113,715	$ 108,970	$ 227,007	$ 220,917
Salary reimbursement	74,668	91,616	158,720	160,470
Base asset management fees	93,076	92,932	185,330	185,525
Incentive fees	12,439	–	12,439	–
	$ 293,898	$ 293,518	$ 583,496	$ 566,912

At June 30, 2026, included in accounts payable and accrued liabilities are amounts owing to the Manager, and related parties of the Manager, of $273,487 (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 $25,759 and $58,262 for the three and six months ended June 30, 2026 (June 30, 2025 - $51,049 and $88,501).

During the three and six months ended June 30, 2026, the Board of Trustees were issued $1,015 and $1,927 in Deferred Units (June 30, 2025 - $660 and $1,317) related to distributions on outstanding units at the 5-day VWAP (June 30, 2025 - at a price of $1.10 per unit on distributions paid to June 15, 2025, subsequent distributions on Deferred Units at the 5 day VWAP). The Trustees were also remunerated $1,500 (2025 - $1,500) per board meeting and paid the balance of their quarterly compensation of $17,800 and $35,404 in Deferred Units, and $14,510 and $30,442 in cash ($19,711 for the three and six months ended June 30, 2025 in Deferred Units, and $12,226 and $45,384 in cash respectively).

During the three and six months ended June 30, 2025, $23,780 of deferred units vested and were paid in cash to a retired trustee of the board.

10. Unitholders' equity:

The Declaration of Trust authorizes the issue of an unlimited number the Trust Units and Special Voting Units. As of June 30, 2026 there were 9,597,742 Trust Units and 9,936,391 Special Voting Units (December 31, 2025 - 9,605,242 Trust Units and 9,936,391 Special Voting Units).

(Expressed in Canadian Dollars)

10. Unitholders' equity (continued):

For the three and six months ended June 30, 2026, distributions to Unitholders of $41,326 and $82,388 (June 30, 2025 - $36,447 and $71,762) were declared. This represents monthly distributions of $0.001425 per Trust Unit for the five months ended May 31, 2026 and $0.001455 per Trust Unit for the month ended June 30, 2026. ($0.0013 per Trust Unit for the five months ended May 31, 2025 and $0.001425 per Trust Unit for the month ended June 30, 2025).

On April 1, 2026 the REIT commenced a normal course issuer bid ("NCIB") which allows the REIT to purchase up to 700,025 Trust Units for cancellation, representing approximately 10 percent of the REIT's public float of issued and outstanding Trust Units. The Trust Units may be repurchased up to a maximum not to exceed 2 percent of the total issued and outstanding Trust Units when aggregated with the total of all other purchases in the preceding 30 days.

The price which the REIT will pay for Trust Units repurchased under the plan will be the market price at the time of acquisition. The NCIB is in effect until April 1, 2027. The REIT repurchased and cancelled 7,500 Trust Units at an average price of $0.72 in the three months ended June 30, 2026. The cost of the units was $5,767 with $387 charged to retained earnings representing the shortfall of the purchase price below cost.

11. Unit-based compensation:

As at and for the three and six months ended June 30, 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 June 30, 2026 and 2025:

	Three months ended June 30, 2026		Three months ended June 30, 2025	
	Units	Amount	Units	Amount
Balance, beginning of period	238,086	$ 183,327	170,205	$ 129,356
Issued	24,216	18,815	24,441	20,371
Redeemed	–	–	(30,204)	(23,780)
Fair value change	–	1,666	–	9,998
Balance, end of period	262,302	$ 203,808	164,442	$ 135,945

(Expressed in Canadian Dollars)

11. Unit-based compensation (continued):

The following table reconciles the change in the unit-based compensation liability for the six months ended June 30, 2026 and 2025:

	Six months ended June 30, 2026		Six months ended June 30, 2025	
	Units	Amount	Units	Amount
Balance, beginning of period	214,040	$ 158,711	169,608	$ 110,245
Issued	48,262	37,331	25,038	21,028
Redeemed	–	–	(30,204)	(23,780)
Fair value change	–	7,766	–	28,452
Balance, end of period	262,302	$ 203,808	164,442	$ 135,945

12. Revenue from investment properties:

The components of revenue from investment properties for the three and six months ended June 30, 2026 and 2025 are as follows:

	Three months ended		Six months ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Basic rent	$ 2,115,927	$ 2,083,451	$ 4,280,382	$ 4,255,678
Property operating expense recoveries	564,079	495,599	1,093,702	958,514
	$ 2,680,006	$ 2,579,050	$ 5,374,084	$ 5,214,192

Future minimum rents receivable under non-cancellable operating leases as at June 30, 2026 are as follows:

Within 1 year	$ 7,548,428
Year 2	238,371
	$ 7,786,799

(Expressed in Canadian Dollars)

13. Finance costs:

Finance costs for the three and six months ended June 30, 2026 and 2025 are comprised of the following:

	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30 2025
Interest on mortgages payable	$ 773,732	$ 786,816	$ 1,546,579	$ 1,572,587
Mortgage and financing charges	–	–	–	315
Amortization of financing charges	19,407	18,909	38,689	37,696
Amortization of CMHC fees	25,468	25,468	50,936	50,936
Amortization of mark-to-market adjustments	107,837	107,838	215,675	215,676
Distribution on Exchangeable Units	42,592	42,035	86,147	82,765
	$ 969,036	$ 981,066	$ 1,938,026	$ 1,959,975

14. Changes in non-cash working capital:

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

	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30 2025
Accounts receivable	$ 9,492	$ (9,625)	$ 2,098	$ 2,529
Prepaid expenses and other assets	71,124	71,711	75,089	98,978
Accounts payable and accrued liabilities	117,350	(9,815)	84,635	809
Security deposits and prepaid rent	29,709	(7,786)	29,482	(28,431)
	$ 227,675	$ 44,485	$ 191,304	$ 73,885

(Expressed in Canadian Dollars)

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 $660,588 of tenant security deposits which are unavailable for general use.

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

	June 30, 2026	December 31, 2025
Exchangeable Units	$ 7,914,877	$ 7,519,133
Unit based compensation liability	203,808	158,711
Mortgages payable	99,677,468	100,358,349
Unitholders’ equity	40,880,431	41,039,253
	$ 148,676,584	$ 149,075,446

(Expressed in Canadian Dollars)

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.

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:

			Fair value		
June 30, 2026	Note	Carrying amount	Level 1	Level 2	Level 3
Assets:					
Investment properties	5	$ 142,100,000	$ –	$ –	$ 142,100,000
Liabilities:					
Exchangeable Units	7	7,914,877	7,914,877	–	–
Unit-based compensation liability	11	203,808	203,808	–	–
Mortgages payable	8	99,677,468	–	98,338,448	–
Total liabilities		$ 107,796,153	$ 8,118,685	$ 98,338,448	$ –

16. Fair values (continued):

December 31, 2025	Note	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3
Assets:					
Investment properties	5	$ 142,530,000	$ –	$ –	$ 142,530,000
Liabilities:					
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	–
Total liabilities		$ 108,036,193	$ 7,677,844	$ 99,116,760	$ –

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 June 30, 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.

17. Financial risk management (continued):

(i) Market risk (continued):

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 June 30, 2026 would have a $79,149 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 June 30, 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.

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.

(Expressed in Canadian Dollars)

17. Financial risk management (continued):

(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 June 30, 2026, for the following 12 month periods at June 30, 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	$ 1,906,434	$ 35,682,110	$ 1,394,820	$ 24,182,348	$ 37,381,774	$ 100,547,486
Interest obligation	3,070,088	2,070,876	1,875,174	1,827,217	3,038,994	11,882,349
Accounts payable and accrued liabilities	905,565	–	–	–	–	905,565
Security deposits	562,205	98,383	–	–	–	660,588
	$ 6,444,292	$ 37,851,369	$ 3,269,994	$ 26,009,565	$ 40,420,768	$ 113,995,988

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 and six months ended June 30, 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 June 30, 2026:

i. On July 15, 2026, the REIT paid monthly distributions of $0.001455 per Trust Unit. Holders of the Exchangeable Units were also paid a distribution of $0.001455 per Unit.

ii. On July 15, 2026, the REIT declared a distribution of $0.001455 per Trust Unit, payable on August 17, 2026 to Unitholders of record as of the close of business on July 31, 2026. Holders of the Exchangeable Units will also be paid a distribution of $0.001455 per Unit.

iii. In the month ended July 31, 2026, the REIT repurchased and cancelled 1,000 Trust Units at an average price of $0.785 under the NCIB. The cost of the units was $769 with $16 charged to retained earnings representing the excess of the purchase price over cost.