2022 FIRST QUARTER REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS AND CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MORGUARD NORTH AMERICAN RESIDENTIAL REIT

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Morguard

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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PART I

Morguard North American Residential Real Estate Investment Trust ("Morguard Residential REIT" or the "REIT") is pleased to provide this review of operations and update on our financial performance for the three months ended March 31, 2022. Unless otherwise noted, dollar amounts are stated in thousands of Canadian dollars, except per suite and REIT trust unit ("Unit") amounts.

The following Management's Discussion and Analysis ("MD&A") sets out the REIT's strategies and provides an analysis of the financial performance for the three months ended March 31, 2022, and significant risks facing the business. Historical results, including trends that might appear, should not be taken as indicative of future operations or results.

This MD&A should be read in conjunction with the REIT's unaudited condensed consolidated financial statements and accompanying notes for the three months ended March 31, 2022 and 2021. This MD&A is based on financial information prepared in accordance with International Financial Reporting Standards ("IFRS") IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and is dated April 26, 2022. Disclosure contained in this document is current to that date unless otherwise noted.

Additional information relating to Morguard Residential REIT, including the REIT's Annual Information Form, can be found at www.sedar.com and www.morguard.com.

FORWARD-LOOKING STATEMENTS DISCLAIMER

Statements contained herein that are not based on historical or current fact, including without limitation, statements containing the words "anticipates", "believes", "may", "continue", "estimate", "expects" and "will" and words of similar expression, constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, both nationally and in the regions in which the REIT operates; changes in business strategy or development/acquisition plans; environmental exposures; financing risk; existing governmental regulations and changes in, or the failure to comply with, governmental regulations; liability and other claims asserted against the REIT; risk and uncertainties relating to the outbreak of the novel strain of the coronavirus identified as COVID-19 and other factors referred to in the REIT's filings with Canadian securities regulators. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Morguard Residential REIT does not assume the obligation to update or revise any forward-looking statements.

Given the impact of the changing circumstances surrounding the COVID-19 pandemic and the related response from the REIT, governments (federal, state, provincial and municipal), regulatory authorities, businesses and customers, there is inherently more uncertainty associated with the REIT's assumptions as compared to prior periods. These assumptions and related risks, include but are not limited to management's expectations with respect to the factors above as well as general economic conditions, such as the impact on the economy and financial markets of the COVID-19 pandemic and other health risks.

SPECIFIED FINANCIAL MEASURES

Morguard Residential REIT reports its financial results in accordance with IFRS. However, this MD&A also uses specified financial measures that are not defined by IFRS, which follow the disclosure requirements established by National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure*. Specified financial measures are categorized as non-GAAP financial measures, non-GAAP ratios, and other financial measures, which are capital management measures, supplementary financial measures, and total of segments measures.

NON-GAAP FINANCIAL MEASURES

Non-GAAP financial measures do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. These measures should be considered as supplemental in nature and not as substitutes for related financial information prepared in accordance with IFRS. The REIT's management uses these measures to aid in assessing the REIT's underlying core performance and provides these additional measures so that investors may do the same. Management believes that the non-GAAP financial measures described below, which supplement the IFRS measures, provide readers with a more comprehensive understanding of management's perspective on the REIT's operating results and performance.

The following discussion describes the non-GAAP financial measures the REIT uses in evaluating its operating results:

PROPORTIONATE SHARE BASIS

The REIT's balance sheet and statements of income prepared in accordance with IFRS have been adjusted (as described below) to derive the REIT's proportionately owned financial results ("Proportionate Basis"). The Proportionate Basis adjustment excludes the impact of realty taxes accounted for under IFRIC 21 (described below) and records realty taxes for all properties on a *pro rata* basis over the entire fiscal year. Management believes that the Proportionate Basis non-GAAP financial measures, which supplement the IFRS measures, provide readers with a more comprehensive understanding of management's perspective on the REIT's operating results and performance.

Non-Controlling Interest Share ("NCI Share")

NCI Share adjusts for three Canadian properties and two U.S. properties whereby the REIT controls but does not own a 100% interest in the subsidiary and, as a result, the REIT fully consolidates their financial results within its consolidated financial statements. The adjustment removes the non-controlling interest portion that is consolidated under IFRS. The presentation of *pro rata* assets, liabilities, revenue and expenses represents a non-GAAP financial measure and may not accurately depict the legal and economic implications of the REIT's interest in the joint ventures.

Equity-Accounted Investments ("Equity Interest")

Equity Interest adjusts interests in joint arrangements that are accounted for using the equity method of accounting. The financial results of two U.S. properties under IFRS are presented on a single line within the consolidated balance sheet and statements of income and have been adjusted on a proportionately owned basis to each respective financial statement line presented within the balance sheet and statements of income. The presentation of *pro rata* assets, liabilities, revenue and expenses represents a non-GAAP financial measure and may not accurately depict the legal and economic implications of the REIT's interest in the joint venture.

IFRIC 21

Net operating income ("NOI") includes the impact of realty taxes accounted for under the International Financial Reporting Interpretations Committee ("IFRIC") Interpretation 21, Levies ("IFRIC 21"). IFRIC 21 states that an entity recognizes a levy liability in accordance with the relevant legislation. The obligating event for realty taxes for the U.S. municipalities in which the REIT operates is ownership of the property on January 1 of each year for which the tax is imposed and, as a result, the REIT records the entire annual realty tax expense for its U.S. properties on January 1, except for U.S. properties acquired during the year in which the realty taxes are not recorded in the year of acquisition.

A reconciliation of the REIT's proportionately owned financial results from the IFRS financial statement presentation is presented under the section Part IX, "Reconciliation of Non-GAAP Financial Measures."

PROPORTIONATE SHARE NOI ("PROPORTIONATE NOI")

NOI and Proportionate NOI are important measures in evaluating the operating performance of the REIT's real estate properties and are a key input in determining the fair value of the REIT's properties. Proportionate NOI represents NOI (an IFRS measure) adjusted for the following: i) to exclude the impact of realty taxes accounted for under IFRIC 21 as noted above. Proportionate NOI records realty taxes for all properties on a *pro rata* basis over the entire fiscal year; ii) to exclude the non-controlling interest share of NOI for those properties that are consolidated under IFRS; and iii) to include equity-accounted investments NOI at the REIT's ownership interest.

In addition, included in Proportionate Share NOI is the composition of revenue from real estate properties (an IFRS measure) in three categories: i) gross rental revenue (before vacancy and ancillary revenue); ii) vacancy; and iii) ancillary revenue. The presentation of revenue from real estate properties in these three categories (on a Proportionate Share Basis) represents a non-GAAP financial measure and is presented in this MD&A because management considers this non-GAAP financial measure to be an important measure of the REIT's operating performance that provides a more comprehensive understanding of revenue from real estate properties.

A reconciliation of Proportionate NOI from the IFRS financial statement presentation of NOI (revenue from real estate properties (and the composition of revenue), property operating costs, realty taxes and utilities) is presented under the section Part IX, "Reconciliation of Non-GAAP Financial Measures."

SAME PROPERTY PROPORTIONATE NOI

Same Property Proportionate NOI is presented in this MD&A because management considers this non-GAAP financial measure to be an important measure of the REIT's operating performance for properties owned by the REIT continuously for the current and comparable reporting period and does not take into account the impact of the operating performance of property acquisitions and dispositions as well as development properties until reaching stabilized occupancy. In addition, Same Property Proportionate NOI is presented in local currency and by country, isolating any impact of foreign exchange fluctuations. A reconciliation of the components of Same Property Proportionate NOI is presented under the section Part III, "Review of Operational Results."

A reconciliation of Same Property Proportionate NOI from the IFRS financial statement presentation of NOI (revenue from real estate properties (and the composition of revenue), property operating costs, realty taxes and utilities) is presented under the section Part IX, "Reconciliation of Non-GAAP Financial Measures."

FUNDS FROM OPERATIONS ("FFO")

FFO (and FFO per Unit) is a non-GAAP financial measure widely used as a real estate industry standard that supplements net income and evaluates operating performance but is not indicative of funds available to meet the REIT's cash requirements. FFO can assist with comparisons of the operating performance of the REIT's real estate between periods and relative to other real estate entities. FFO is computed by the REIT in accordance with the current definition of the Real Property Association of Canada ("REALPAC") and is defined as net income attributable to Unitholders adjusted for fair value adjustments, distributions on the Class B LP Units, realty taxes accounted for under IFRIC 21, deferred income taxes (on the REIT's U.S. properties), gains/losses on the sale of real estate properties (including income taxes on the sale of real estate properties) and other non-cash items. The REIT considers FFO to be a useful measure for reviewing its comparative operating and financial performance. FFO per Unit is calculated as FFO divided by the weighted average number of Units outstanding (including Class B LP Units) during the period.

A reconciliation of net income attributable to Unitholders (an IFRS measure) to FFO is presented under the section Part III, "Funds From Operations."

INDEBTEDNESS

Indebtedness (as defined in the Declaration of Trust) is a measure of the amount of debt financing utilized by the REIT. Indebtedness is presented in this MD&A because management considers this non-GAAP financial measure to be an important measure of the REIT's financial position.

A reconciliation of indebtedness from the IFRS financial statement presentation is presented under the section Part IX, "Reconciliation of Non-GAAP Financial Measures."

GROSS BOOK VALUE

Gross book value (as defined in the Declaration of Trust) is a measure of the value of the REIT's assets. Gross book value is presented in this MD&A because management considers this non-GAAP financial measure to be an important measure of the REIT's asset base and financial position.

A reconciliation of the gross book value from the IFRS financial statement presentation is presented under the section Part IX, "Reconciliation of Non-GAAP Financial Measures."

TOTAL DISTRIBUTIONS (INCLUDING CLASS B LP UNITS)

Total distributions (including Class B LP Units) is a non-GAAP financial measure calculated by combining distributions to Unitholders and distributions on the Class B LP Units that originate from different IFRS financial statement line items. Under IFRS, the Class B LP Units are classified as financial liabilities, and the corresponding distributions paid to the unitholders are classified as interest expense. Total distributions (including Class B LP Units) is presented in this MD&A because management believes these distribution payments do not represent financing charges because these amounts are payable only if the REIT declares distributions and only for the amount of any distributions declared, both of which are at the discretion of the Board of Trustees as outlined in the Declaration of Trust (defined below).

A reconciliation of the IFRS financial statement presentation of Unitholders distribution plus distributions on the Class B LP Units is presented under the section Part III, "Distributions."

NON-GAAP RATIOS

Non-GAAP ratios do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. These measures should be considered as supplemental in nature and not as substitutes for related financial information prepared in accordance with IFRS. The REIT's management uses these measures to aid in assessing the REIT's underlying core performance and provides these additional measures so that investors may do the same. Management believes that the non-GAAP ratios described below, provide readers with a more comprehensive understanding of management's perspective on the REIT's operating results and performance.

The following discussion describes the non-GAAP ratios the REIT uses in evaluating its operating results.

PROPORTIONATE NOI MARGIN

Proportionate NOI margin is calculated as Proportionate NOI divided by revenue (on a Proportionate Basis) and is an important measure in evaluating the operating performance (including the level of operating expenses) of the REIT's real estate properties. Proportionate NOI margin is presented in this MD&A because management considers this non-GAAP ratio to be an important measure of the REIT's operating performance and financial position.

FFO PAYOUT RATIO

FFO payout ratio compares distributions (including Class B LP Units) to FFO. Distributions (including Class B LP Units) is calculated based on the monthly distribution per Unit multiplied by the weighted average number of Units outstanding (including Class B LP Units) during the period and is an important metric in assessing the sustainability of retained cash flow to fund capital expenditures and distributions. FFO payout ratio is presented in this MD&A because management considers this non-GAAP ratio to be an important measure of the REIT's operating performance and financial position.

INDEBTEDNESS TO GROSS BOOK VALUE RATIO

Indebtedness to gross book value ratio is a compliance measure in the Declaration of Trust and establishes the limit for financial leverage of the REIT. Indebtedness to gross book value ratio is presented in this MD&A because management considers this non-GAAP ratio to be an important measure of the REIT's financial position.

INTEREST COVERAGE RATIO

Interest coverage ratio measures the amount of cash flow available to meet annual interest payments on the REIT's indebtedness. Generally, the higher the interest coverage ratio, the lower the credit risk. Interest coverage ratio is presented in this MD&A because management considers this non-GAAP ratio to be an important measure of the REIT's operating performance and financial position.

INDEBTEDNESS COVERAGE RATIO

Indebtedness coverage ratio measures the amount of cash flow available to meet annual principal and interest payments on the REIT's indebtedness. Generally, the higher the indebtedness coverage ratio, the higher the capacity for additional debt. Indebtedness coverage ratio is presented in this MD&A because management considers this non-GAAP ratio to be an important measure of the REIT's operating performance and financial position.

SUPPLEMENTARY FINANCIAL MEASURES

Supplementary financial measures represent a component of a financial statement line item (including ratios that are not non-GAAP ratios) that are presented in a more granular way outside the financial statements, calculated in accordance with the accounting policies used to prepare the line item presented in the financial statements.

The following discussion describes the supplementary financial measures the REIT uses in evaluating its operating results:

SAME PROPERTY NOI

Same Property NOI is presented in this MD&A because management considers this supplementary financial measure to be an important measure of the REIT's operating performance, representing NOI for properties owned by the REIT continuously for the current and comparable reporting period and does not take into account the impact of the operating performance of property acquisitions and dispositions as well as development properties until reaching stabilized occupancy. In addition, Same Property NOI is presented in local currency and by country, isolating any impact of foreign exchange fluctuations. A summary of the components of Same Property NOI is presented under the section Part III, "Review of Operational Results."

Included in Same Property NOI is the composition of revenue from real estate properties (an IFRS measure) in three categories: i) gross rental revenue (before vacancy and ancillary revenue); ii) vacancy; and iii) ancillary revenue. The presentation of revenue from real estate properties in these three categories represent a supplementary financial measure and is presented in this MD&A because management considers this measure to be an important measure of the REIT's operating performance that provides a more comprehensive understanding of revenue from real estate properties.

NOI MARGIN
NOI margin is calculated as NOI divided by revenue and is an important measure in evaluating the operating performance (including the level of operating expenses) of the REIT's real estate properties. NOI margin is presented in this MD&A because management considers this supplementary financial measure to be an important measure of the REIT's operating performance and financial position.

REAL ESTATE PROPERTIES BY REGION
The composition of the REIT's real estate properties by region is presented in this MD&A because management considers this supplementary financial measure to be an important measure of the REIT's asset base and financial position. A summary of the components of real estate properties by region is presented under the section Part IV, "Balance Sheet Analysis."

CAPITAL EXPENDITURES BY COUNTRY
The composition of the REIT's capital expenditures by country is presented in this MD&A because management considers this supplementary financial measure to be an important measure of the REIT's capital expenditures by its Canadian and U.S. portfolios. The REIT is committed to improving its operating performance by incurring appropriate capital expenditures in order to replace and maintain the productive capacity of its property portfolio so as to sustain its rental income generating potential over the portfolio's useful life. A summary of the components of capital expenditures by country is presented under the section Part IV, "Balance Sheet Analysis."

LOAN-TO-VALUE ("LTV")
LTV is calculated by multiplying a rate of leverage by the real estate properties fair value and is presented in this MD&A by year and is plotted against the maturity profile of the REIT's mortgages payable. Included in the analysis are equity-accounted investments at the REIT's interest. The presentation of LTV against its corresponding mortgage maturity profile represents a supplementary financial measure and is presented in this MD&A because management considers this measure to be an important measure of the REIT's financial position. A table illustrating the LTV by year, plotted against the REIT's mortgage maturity profile is presented under the section Part V, "Capital Structure and Debt Profile."

CAPITAL MANAGEMENT MEASURES
The REIT's capital management is designed to maintain a level of capital that allows it to implement its business strategy while complying with investment and debt restrictions pursuant to the Declaration of Trust, as well as existing debt covenants, while continuing to build long-term Unitholder value and maintaining sufficient capital contingencies.

The following discussion describes the REIT capital management measures.

TOTAL CAPITALIZATION
Total capitalization as disclosed in the notes to the REIT's unaudited condensed consolidated financial statements for the three months ended March 31, 2022 and 2021 is calculated as the sum of the principal amount of the REIT's total debt (including mortgages payable, convertible debentures, lease liabilities and amounts drawn under its revolving credit facility with Morguard Corporation), Unitholders' equity and Class B LP Units liability, and is presented in this MD&A because management considers this capital management measure to be an important measure of the REIT's financial position.

LIQUIDITY
Liquidity is calculated as the sum of cash, amounts available under its revolving credit facility with Morguard and any committed net additional mortgage financing proceeds and is presented in this MD&A because management considers this capital management measure to be an important measure of the REIT's financial position as well as determining the annual level of distributions to Unitholders.

PART II

BUSINESS OVERVIEW AND STRATEGY

The REIT is an unincorporated open-ended real estate investment trust established pursuant to a declaration of trust dated March 1, 2012, and as most recently amended and restated on February 16, 2021 (the “Declaration of Trust”), under and governed by the laws of the Province of Ontario. The Units of the REIT trade on the Toronto Stock Exchange (“TSX”) under the symbol “MRG.UN.”

The REIT has been formed to own multi-suite residential rental properties across Canada and the United States. The objectives of the REIT are to: i) generate stable and growing cash distributions on a tax-efficient basis; ii) enhance the value of the REIT’s assets and maximize the long-term value of the Units through active asset and property management; and iii) expand the asset base of the REIT primarily through acquisitions and improvement of its properties through targeted and strategically deployed capital expenditures.

The REIT’s internal growth strategy will focus on maximizing cash flow from its portfolio. The REIT intends to increase cash flows by maximizing occupancy and average monthly rent (“AMR”), taking into account local conditions in each of its regional markets, managing its operating expenses as a percentage of revenues and strengthening its asset base through its building infrastructure improvement and capital expenditure programs.

The REIT’s external growth strategy is focused on opportunities to acquire additional multi-suite residential properties located in urban centres and major suburban regions in Canada and the United States that satisfy the REIT’s investment criteria, as well as generating greater cash flow from acquired properties. The REIT will seek to leverage its relationship with Morguard Corporation (“Morguard”) to access acquisition opportunities that satisfy the REIT’s investment criteria. Additionally, subject to limited exceptions, the REIT has the right of first opportunity to acquire the existing interests in Morguard’s multi-suite residential properties prior to any disposition by Morguard to a third party.

COVID-19 PANDEMIC

Since March 2020, the outbreak of the novel strain of coronavirus (“COVID-19”) has resulted in governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused an economic slowdown and material disruption to business. Government has reacted with interventions intended to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial performance and financial position of the REIT in future periods.

The REIT recognizes the impact COVID-19 has on many of its tenants in North America and its stakeholders, and is committed to taking measures to protect the health of its employees, tenants and communities. At the onset of the COVID-19 pandemic, Morguard initiated its crisis management plan with a team mandated to maintain a safe environment for our residents, employees and stakeholders, coordinating efforts across our portfolio, standardizing communications and responding as circumstances demand.

With the guidance of public health authorities, and at the direction of various levels of government, Morguard continues to implement measures to help reduce the spread of COVID-19. We are actively monitoring the ongoing developments with regards to COVID-19 and are committed to ensuring a healthy and safe environment, adjusting our service model as necessary.

On January 5, 2022, in response to recent trends that show a rapid increase in COVID-19 hospitalizations, Ontario temporarily moved into Step Two of the Roadmap to Reopen with modifications that take into account the province’s successful vaccination efforts. The modified Step Two, which lasted until January 31, 2022, was a time-limited measure to help blunt transmission and prevent hospitals from becoming overwhelmed as the province continues to accelerate its booster dose rollout. Subsequently on March 1, 2022, in the absence of concerning trends in public health and health care indicators, and following a cautious and phased approach, the province of Ontario lifted most public health measures. The Chief Medical Officer of Health and other health experts will continue to monitor data to determine when it is safe to exit the Roadmap and lift the majority of public health and workplace safety measures currently in place.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

As at (In thousands of dollars, except as noted otherwise)	March 31, 2022	December 31, 2021	March 31, 2021
Operational Information			
Number of properties	**43**	43	43
Total suites	**13,275**	13,275	13,275
Occupancy percentage - Canada	**93.8%**	93.6%	93.6%
Occupancy percentage - U.S.	**96.3%**	96.3%	93.7%
AMR - Canada (in actual dollars)	**$1,556**	$1,535	$1,509
AMR - U.S. (in actual U.S. dollars)	**US$1,571**	US$1,525	US$1,429
Summary of Financial Information			
Gross book value(1)	**$3,691,992**	$3,473,287	$3,090,429
Indebtedness(1)	**$1,376,107**	$1,395,438	$1,302,145
Indebtedness to gross book value ratio(1)	**37.3%**	40.2%	42.1%
Weighted average mortgage interest rate(2)	**3.31%**	3.31%	3.45%
Weighted average term to maturity on mortgages payable (years)	**4.7**	5.0	4.6
Exchange rates - United States dollar to Canadian dollar	**$1.25**	$1.27	$1.26
Exchange rates - Canadian dollar to United States dollar	**$0.80**	$0.79	$0.80

(1) Represents a non-GAAP financial measure/ratio that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. This measure should be considered as supplemental in nature and not as substitutes for related financial information prepared in accordance with IFRS. Additional information on this non-GAAP financial measure/ratio can be found under the section Part I, "Specified Financial Measures."

(2) Represents the contractual interest rates on mortgages payable and the Retained Debt (defined below).

For the three months ended March 31 (In thousands of dollars, except per Unit amounts)	2022	2021
Summary of Financial Information		
Interest coverage ratio(1)	**2.48**	2.32
Indebtedness coverage ratio(1)	**1.50**	1.54
Revenue from real estate properties	**$65,257**	$60,322
NOI	**$17,424**	$15,184
Proportionate NOI(1)	**$35,127**	$31,818
Same Property Proportionate NOI(1)	**$34,669**	$32,009
NOI margin - IFRS	**26.7%**	25.2%
NOI margin - Proportionate(1)	**52.8%**	52.2%
Net income	**$171,142**	$27,395
FFO - basic(1)	**$18,307**	$15,619
FFO - diluted(1)	**$19,250**	$16,562
FFO per Unit - basic(1)	**$0.33**	$0.28
FFO per Unit - diluted(1)	**$0.32**	$0.27
Distributions per Unit	**$0.1749**	$0.1749
FFO payout ratio(1)	**53.8%**	63.0%
Weighted average number of Units outstanding (in thousands):		
Basic(2)	**56,293**	56,248
Diluted(2) (3)	**60,526**	60,481
Average exchange rates - United States dollar to Canadian dollar	**$1.27**	$1.27
Average exchange rates - Canadian dollar to United States dollar	**$0.79**	$0.79

(1) Represents a non-GAAP financial measure/ratio that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. This measure should be considered as supplemental in nature and not as substitutes for related financial information prepared in accordance with IFRS. Additional information on this non-GAAP financial measure/ratio can be found under the section Part I, "Specified Financial Measures."

(2) For purposes of calculating FFO per Unit, Class B LP Units are included as Units outstanding on both a basic and diluted basis.

(3) Includes the dilutive impact of the convertible debentures.

REAL ESTATE PROPERTIES

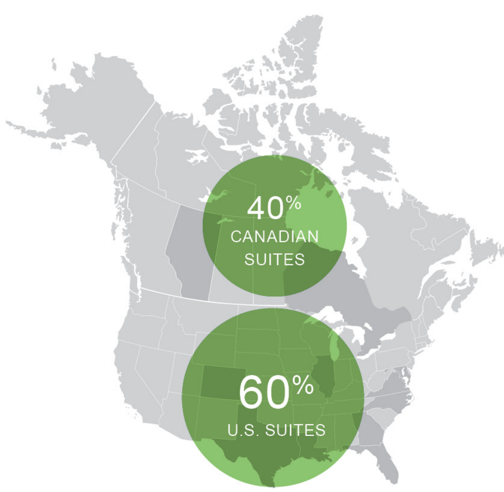
As at March 31, 2022, the REIT's multi-suite residential property portfolio consists of 16 Canadian properties and 27 U.S. properties, having a total of 13,275 residential suites. The properties are primarily located in urban centres and major suburban regions in Alberta, Ontario, Colorado, Texas, Louisiana, Illinois, Georgia, Florida, North Carolina, Virginia and Maryland.

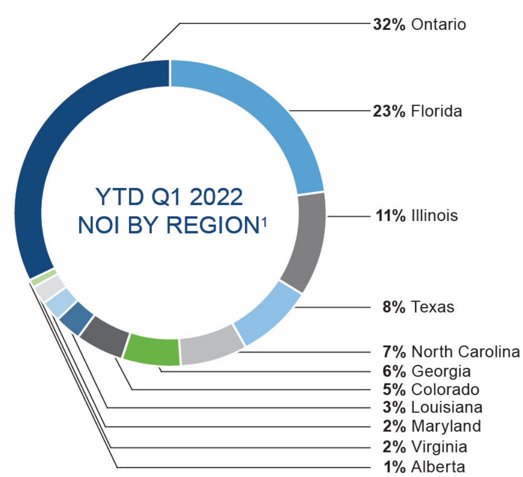
As at March 31, 2022, the REIT classified its two properties located in Georgia and Louisiana as held for sale. Real estate properties held for sale are assets the REIT intends to sell rather than hold on a long-term basis and meet the criteria established in IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations" for separate classification.

The following table details the regional distribution of the REIT's portfolio as at March 31, 2022:

Region (In thousands of dollars, except as otherwise noted)	Number of Properties	Total Suites(1)	% of the Portfolio (based on suites)	Fair Value of Real Estate Properties(1)
Canadian Properties				
Alberta	1	277	2.1%	$56,000
Ontario				
Mississauga	7	2,219	16.7%	803,700
Toronto	6	1,997	15.0%	446,180
Other(2)	2	842	6.4%	227,000
	16	**5,335**	**40.2%**	**$1,532,880**
U.S. Properties				
Colorado	2	454	3.4%	$147,203
Texas	3	1,021	7.7%	246,921
Louisiana	2	249	1.9%	60,356
Illinois	2	1,205	9.1%	548,202
Georgia	2	522	3.9%	133,707
Florida	10	2,593	19.5%	690,529
North Carolina	2	864	6.5%	215,181
Virginia	1	104	0.8%	67,852
Maryland	1	492	3.7%	176,192
	25	**7,504**	**56.5%**	**$2,286,143**
Impact of realty taxes accounted for under IFRIC 21				22,120
Total real estate properties	**41**	**12,839**	**96.7%**	**$3,841,143**
Assets held for sale(3)	2	436	3.3%	122,587
Total including properties held for sale	**43**	**13,275**	**100.0%**	**$3,963,730**

(1) Total suites and fair value of real estate properties include non-controlling interest; the REIT, on a proportionate basis, has ownership of12,255 suites. Fair value of real estate properties represents the sum of real estate properties ($3,355,923), real estate properties held for sale ($122,587) and equity-accounted investment properties ($485,220) inclusive of non-controlling interest share.
(2) Other Ontario includes one property in each of Kitchener, Ontario and Ottawa, Ontario.
(3) Includes two properties located in Georgia and Louisiana.





1 Includes equity-accounted investments at ownership share and excludes the impact of realty taxes under IFRIC 21.

Approximately 79% of suites in Canada are located in Toronto and Mississauga, which form part of the Greater Toronto Area ("GTA"). The GTA is Canada's most significant economic cluster and contains the largest concentration of people. The regional distribution of the remaining suites serves to add stability to the REIT's cash flows because it reduces the REIT's vulnerability to economic fluctuations affecting any particular region.

AVERAGE MONTHLY RENT AND OCCUPANCY BY REGION

The following table details AMR (in actual dollars), stated in local currency, and occupancy of the REIT's portfolio for the following periods and is calculated on a proportionate ownership basis:

Region	AMR/Suite at March 31, 2022	AMR/Suite at March 31, 2021	% Change	Occupancy at March 31, 2022	Occupancy at March 31, 2021
Canadian Properties (in Canadian dollars)					
Alberta	**$1,397**	$1,413	**(1.1%)**	**75.5%**	72.5%
Ontario					
Mississauga	**1,747**	1,686	**3.6%**	**96.4%**	95.3%
Toronto	**1,392**	1,351	**3.0%**	**94.5%**	95.7%
Other[1]	**1,492**	1,439	**3.7%**	**91.2%**	90.9%
Total Ontario	**1,565**	1,514	**3.4%**	**94.8%**	94.7%
Total Canada (in Canadian dollars)	**$1,556**	$1,509	**3.1%**	**93.8%**	93.6%
U.S. Properties (in U.S. dollars)					
Colorado	**$1,578**	$1,425	**10.7%**	**95.8%**	96.0%
Texas	**1,467**	1,322	**11.0%**	**95.0%**	95.7%
Louisiana	**1,338**	1,245	**7.5%**	**99.3%**	97.1%
Illinois	**2,458**	2,404	**2.2%**	**94.7%**	84.7%
Georgia	**1,444**	1,305	**10.7%**	**94.5%**	97.3%
Florida	**1,506**	1,329	**13.3%**	**97.1%**	96.5%
North Carolina	**1,242**	1,120	**10.9%**	**97.1%**	97.0%
Virginia	**2,182**	2,094	**4.2%**	**94.2%**	90.3%
Maryland	**1,906**	1,897	**0.5%**	**97.1%**	88.1%
U.S. Same Property	**1,566**	1,429	**9.6%**	**96.2%**	95.1%
Redevelopment[2]	**1,840**	1,726	**6.6%**	**98.2%**	12.4%
Total U.S. (in U.S. dollars)	**$1,571**	$1,429	**9.9%**	**96.3%**	93.7%
Total (in local currencies)	**$1,564**	$1,464	**6.8%**	**95.2%**	93.7%

(1) Other Ontario includes one property in each of Kitchener, Ontario and Ottawa, Ontario.
(2) Includes a redevelopment property in New Orleans, Louisiana, reaching stabilized occupancy during October 2021.

CANADIAN PROPERTIES

As at March 31, 2022, AMR per suite in Canada increased by 3.1% compared to March 31, 2021. Sequentially, AMR in Canada of $1,556 as at March 31, 2022, increased by 1.4% compared to $1,535 as at December 31, 2021. Effective January 1, 2022, the Ontario guideline rental rate increase in 2022 is 1.2% (2021 - 0.0%), which has contributed to a higher rental rate growth than in previous years. The REIT also experienced rental rate growth from above guideline increases at several properties upon the completion of capital projects, and rental rate increases on suite turnover. Further, a large portion of the REIT's tenants did not receive a rent increase over the past twelve months due to the Ontario guideline rental rate in 2021 being 0.0%, which effectively permitted the REIT to increase rents on January 1, 2022. In order to reduce the burden on our tenants from increasing rents all at once, the REIT selectively staggered rent increases across its Ontario portfolio between the months of January to March, approximately 52% of the portfolio received a rent increase during this timeframe.

In addition, the REIT can apply for an above-guideline increase ("AGI") relating to eligible capital repairs and security services. Although the rental market has softened, the REIT still has the ability to increase rents on turnover and through above-guideline applications. Management is currently reviewing its applications for AGI's and will determine during the second quarter which submissions to file with effective dates during 2022.

As at March 31, 2022, AMR at the REIT's single property in Edmonton, Alberta, decreased by 1.1% compared to March 31, 2021 and was flat compared to December 31, 2021. The AMR decrease compared to March 31, 2021, is due to the lower rents achieved on turnover which is a result of the continued softening rental market in downtown Edmonton. There are no restrictions regarding annual rental increases in Alberta which will provide the flexibility to increase rents to pre-pandemic levels once the market improves.

The REIT continued to experience steady demand, particularly towards the end of last year and into the first quarter of 2022 as Ontario's economy reopened, which allowed the REIT to increase rents from below market rates as suites turned over. During the three months ended March 31, 2022, the REIT's Canadian portfolio turned over 200 suites, or 3.7% of total suites located in Canada and achieved AMR growth of 15.5% on suite turnover. Overall, Canadian turnover is higher compared to 2.1% achieved during the three months ended March 31, 2021.

As at March 31, 2022, occupancy in Canada increased to 93.8%, compared to 93.6% at March 31, 2021 and sequentially, occupancy in Canada increased from 93.6% at December 31, 2021. Overall, occupancy in Canada continues to be impacted by stay-at-home restrictions which disrupted normal leasing patterns. As the administration of vaccinations progressed across the country, and as restrictions were lifted, we began to see increased leasing activity and an increase in the number of suites leased during the second half of 2021 and into the first quarter of 2022. As the Omicron COVID-19 variant surged at the start of the year and subsequently subsided, occupancy remained stable during the first quarter of 2022. Management anticipates leasing activity to increase as the economy and universities reopen and the province of Ontario moves back to Step Three of the Roadmap to Reopen. Occupancy in the GTA was impacted by increased number of suites on the market from existing and new supply, the provincewide stay-at-home order which ended in July 2021, and the subsequent time-limited restrictions put into place with the surge of COVID-19 variants. Management's focus within the GTA has been maintaining rent at or above its existing level under the assumption that vacancy within the REIT's GTA submarket is temporary and we expect to revert to pre-pandemic occupancy levels as the economy reopens.

As at March 31, 2022, occupancy at the REIT's single property located in Edmonton, Alberta, of 75.5% increased from 72.5% at March 31, 2021, due to the high proportion of tenants who attend nearby universities that have resumed in-class learning. Occupancy decreased slightly from 76.6% at December 31, 2021, as additional move outs and slower leasing activity contributed to the decrease in occupancy during the first quarter of 2022. In addition, Other Ontario occupancy increased from 90.9% at March 31, 2021 to 91.2% at March 31, 2022, although slightly improving, occupancy still remains low predominantly due to the REIT's property located in Ottawa, Ontario, which was also impacted by the closure of universities. Rental concessions have been utilized at certain properties in order to stabilize occupancy. As Ontario continues its path to reopening, leasing activity has picked up at both locations. Occupancy is anticipated to stabilize by September as universities reopen and offer a combination of in-class and online learning options.

U.S. PROPERTIES

As at March 31, 2022, Same Property AMR per suite in the U.S. increased by 9.6% compared to March 31, 2021 as the REIT had AMR growth in all U.S. regions. The REIT had double digit percentage AMR growth at five U.S. regions, led by Florida, Texas, North Carolina, Colorado and Georgia, showing signs of continued strong market fundamentals in these regions. As at March 31, 2022, AMR at the REIT's properties located in Chicago's Loop increased by 2.2% compared to March 31, 2021 due to stabilized occupancy and raising rents from reductions experienced during the prior year, stemming from the pandemic. In addition, management's focus has shifted to finding the optimal balance of occupancy and market rent growth in the REIT's Chicago market. Market rents are expected to continue to be strong into the busy spring leasing season, as occupancies have remained strong.

The REIT continues to utilize revenue management tools aimed at balancing rent growth, traffic and renewal exposure. That balance has been maintained as management continues to adapt to evolving pandemic constraints, matching expiring leases with new move-ins, using multiple technologies, including virtual leasing, contactless apartment tours and improved access. The REIT has also maintained Same Property AMR growth during the first quarter within all of its submarkets while enjoying strong occupancies. Though management believes some supply challenges will continue in a few markets, demand continues to be strong and we expect this trend of AMR growth to continue, especially in the Florida and Colorado markets, where demand is outweighing supply.

As at March 31, 2022, Same Property occupancy in the U.S. was 96.2% compared to 95.1% at March 31, 2021, continuing the positive momentum experienced last year. Management's proactive response to the pandemic continues to be successful as we frequently review leasing strategies, including virtual leasing software and other operational adjustments, enabling the portfolio to maintain strong occupancies. Resident retention remains a major driver of occupancy as management focuses on providing excellent customer service as well as tempering renewal increases, which have proven to reduce the supply of available suites during the latter half of 2021. Management is pleased to report that occupancies within most of the REIT's U.S. residential assets are outperforming pre-pandemic levels. In addition, rent collections continue to remain strong, exceeding 99%, underscoring the quality of the assets and the strength in the submarkets. Management expects the leasing activity to keep occupancy levels stable as we move into the busy spring season while we continue to closely monitor public health measures within the REIT's U.S. markets.

Sequentially, Same Property occupancy in the U.S. remained relatively flat at 96.2% compared to 96.3% as at December 31, 2021. In light of the COVID-19 impact, stable and optimum occupancy levels were achieved in part by lower suite turnover, creating reduced supply and higher demand for the available suites. In addition, and across multiple regions, a lack of supply and high demand for single family homes attracted former homeowners to sell their properties and move to rentals.

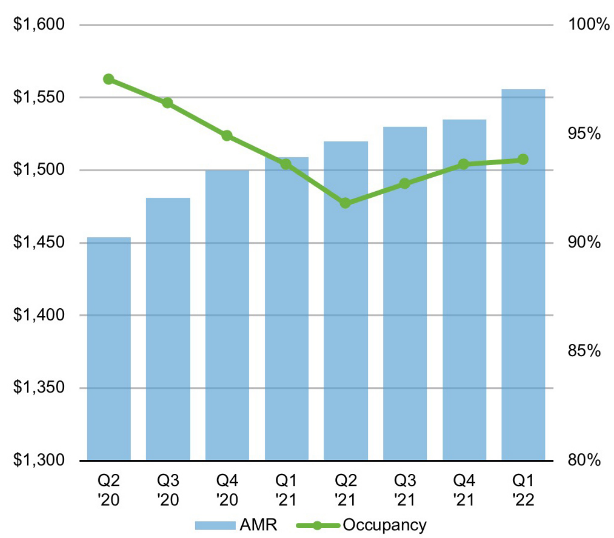
As the Omicron variant waned during the latter part of the first quarter, optimism across the U.S. continued to rise. The federal administration has been successful in fully vaccinating 211 million eligible Americans over the age of 12, 257 million or 82% of the eligible U.S. population have received at least one vaccine dose, and 100 million or 46% of the fully vaccinated U.S. population have received booster doses according to the Centers for Disease Control and Prevention ("CDC"). Management continues to see positive indicators across virtually all of our U.S. markets that point to stability, despite the everchanging landscape of the pandemic. During the first quarter of 2022, the U.S. experienced more normalized business operations including regular air travel and increased in-person meetings. At the same time, our team will remain vigilant as U.S. vaccinations are still not yet at the CDC desired levels and COVID-19 variant infections across the country start to tick upwards heading into the second quarter.

Despite the fact the federal eviction moratorium expired on August 26, 2021, there still remains a significant backlog of eviction filings to process through the court system. The impact of job loss and the necessity to process evictions continues to be a minor issue across all the REIT's U.S. assets. Management will continue to monitor the REIT's immediate submarkets and will strategically increase rents wherever possible to maximize income while maintaining the strong occupancy.

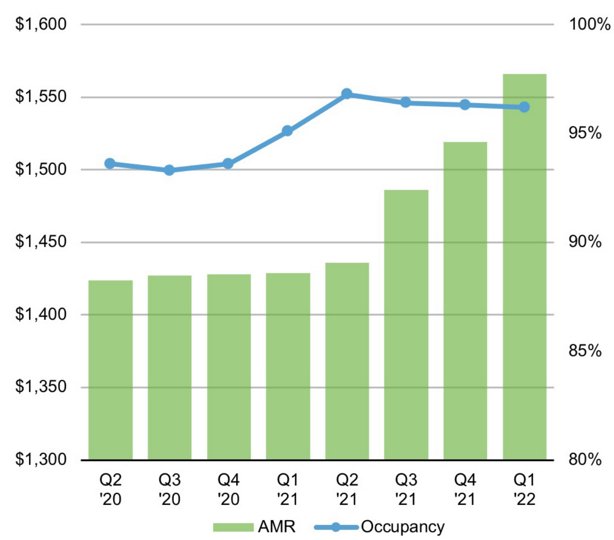
For the three months ended March 31, 2022, the REIT's rental incentives amounted to $216 (2021 - $267), mainly at properties that were impacted by new supply and increased vacancy in urban markets. Incentives were used on an as-needed basis in those limited submarkets to compete with new inventory.

The following table details AMR (in actual dollars), stated in local currency, and occupancy of the REIT's Same Property portfolio at each quarter end since June 30, 2020:

CANADA



U.S.



The REIT's collection of rental income during the three months ended March 31, 2022 is materially in line with historical collection rates. Management will monitor rent collections and compassionately follow up with those accounts in arrears as the impact of the pandemic continues to weigh on the North American economy over the remainder of the year.

PART III

REVIEW OF OPERATIONAL RESULTS

The REIT's operational results are summarized below:

For the three months ended March 31 (In thousands of dollars)	2022	2021
Revenue from real estate properties	**$65,257**	$60,322
Property operating expenses		
Property operating costs	**(17,176)**	(15,426)
Realty taxes	**(25,408)**	(24,759)
Utilities	**(5,249)**	(4,953)
Net operating income	**17,424**	15,184
Other expenses (income)		
Interest expense	**17,701**	14,905
Trust expenses	**4,181**	3,339
Equity loss (income) from investments	**(1,648)**	72
Foreign exchange loss	**15**	23
Other expense (income)	**(409)**	22
Loss before fair value changes and income taxes	**(2,416)**	(3,177)
Fair value gain on real estate properties, net	**246,729**	27,451
Fair value gain (loss) on Class B LP Units	**(32,724)**	6,544
Income before income taxes	**211,589**	30,818
Provision for income taxes		
Current	**32**	32
Deferred	**40,415**	3,391
	40,447	3,423
Net income for the period	**$171,142**	$27,395
Net income attributable to:		
Unitholders	**$162,430**	$27,009
Non-controlling interest	**8,712**	386
	$171,142	$27,395

REVENUE FROM REAL ESTATE PROPERTIES

Higher rental revenue for the three months ended March 31, 2022, is mainly due to rental rate increases, lower vacancy and foreign exchange fluctuations.

NET OPERATING INCOME

The following tables provide the NOI and Proportionate NOI for the REIT's consolidated Canadian and U.S. operations and present the following non-GAAP financial measures/ratios: Proportionate NOI, Same Property Proportionate NOI and Proportionate NOI margin. These Non-GAAP measures do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. These measures should be considered as supplemental in nature and not as substitutes for related financial information prepared in accordance with IFRS. Additional information on these non-GAAP financial measures/ratios can be found under the section Part I, "Specified Financial Measures."

Same Property results for the three months ended March 31, 2022, measures the operating performance for properties owned and have reached stabilization by the REIT continuously since January 1, 2021 and excludes 1643 Josephine, New Orleans, Louisiana, a redevelopment property acquired on April 5, 2018, which reached stabilized occupancy in October 2021.

Same Property and Same Property Proportionate results for the three months ended March 31, 2022, represent 11,979 and 12,141 residential suites, respectively.

Net Operating Income

The following table provides the consolidated net operating income for the REIT's Canadian and U.S. properties:

For the three months ended March 31 (In thousands of dollars)	2022 NOI	2022 Proportionate NOI	2021 NOI	2021 Proportionate NOI
Revenue from properties				
Same Property				
Gross rental revenue (before vacancy and ancillary revenue)	**$63,605**	**$65,088**	$59,425	$61,223
Vacancy	**(3,735)**	**(3,803)**	(3,622)	(4,731)
Ancillary	**4,595**	**4,430**	4,424	4,406
Same Property	**64,465**	**65,715**	60,227	60,898
Acquisition/Development	**792**	**792**	95	95
Total revenue from properties	**65,257**	**66,507**	60,322	60,993
Property operating expenses				
Same Property				
Operating costs	**16,900**	**17,253**	15,198	15,538
Realty taxes	**25,261**	**8,429**	24,602	8,256
Utilities	**5,228**	**5,364**	4,934	5,095
Same Property	**47,389**	**31,046**	44,734	28,889
Acquisition/Development	**444**	**334**	404	286
Total property operating expenses	**47,833**	**31,380**	45,138	29,175
NOI				
Total Same Property	**17,076**	**34,669**	15,493	32,009
Acquisition/Development	**348**	**458**	(309)	(191)
Total NOI	**$17,424**	**$35,127**	$15,184	$31,818
NOI margin	**26.7%**	**52.8%**	25.2%	52.2%

For the three months ended March 31, 2022, NOI from the REIT's properties increased by $2,240 (or 14.8%) to $17,424, compared to $15,184 in 2021. The increase in NOI is due to an increase in Same Property NOI of $1,583 (or 10.2%) and an increase in NOI of $657 from the REIT's redevelopment property in Louisiana, which reached stabilized occupancy in October 2021. The Same Property increase of $1,583 is due to an increase in the U.S. of US$1,579 (or 74.5%), partially offset by a decrease in Canada of $416 (or 3.2%), and the change in foreign exchange rate which increased NOI by $420.

For the three months ended March 31, 2022, Proportionate NOI from the REIT's properties increased by $3,309 (or 10.4%) to $35,127, compared to $31,818 in 2021. The increase in Proportionate NOI is due to an increase in Same Property Proportionate NOI of $2,660 (or 8.3%) and an increase in NOI of $649 from the REIT's redevelopment property in Louisiana, which reached stabilized occupancy in October 2021. The Same Property increase of $2,660 is due to an increase in the U.S. of US$2,429 (or 16.0%), partially offset by a decrease in Canada of $417 (or 3.3%), and the change in foreign exchange rate which increased Proportionate NOI by $648.

The following table provides the consolidated net operating income for the REIT's Canadian and U.S. properties in local currency:

For the three months ended March 31 (In thousands of dollars)	2022 NOI	2022 Proportionate NOI	2021 NOI	2021 Proportionate NOI
Same Property NOI - Canada (local currency)	**$12,388**	**$12,311**	$12,804	$12,728
Same Property NOI - U.S. (local currency)	**3,699**	**17,655**	2,120	15,226
Acquisition/Development (local currency)	**275**	**362**	(244)	(151)
Exchange amount to Canadian dollars	**1,062**	**4,799**	504	4,015
Total NOI	**$17,424**	**$35,127**	$15,184	$31,818

The following table provides the NOI and Proportionate NOI for the REIT's Canadian properties:

For the three months ended March 31 (In thousands of dollars)	2022 NOI	2022 Proportionate NOI	2021 NOI	2021 Proportionate NOI
Revenue from properties				
Gross rental revenue (before vacancy and ancillary revenue)	**$24,685**	**$24,551**	$24,010	$23,880
Vacancy	**(1,695)**	**(1,689)**	(1,836)	(1,828)
Ancillary[(1)]	**1,027**	**1,023**	1,184	1,179
Revenue from properties	**24,017**	**23,885**	23,358	23,231
Property operating expenses				
Operating costs	**5,332**	**5,307**	4,754	4,731
Realty taxes	**2,645**	**2,629**	2,602	2,586
Utilities	**3,652**	**3,638**	3,198	3,186
Total property operating expenses	**11,629**	**11,574**	10,554	10,503
NOI	**$12,388**	**$12,311**	$12,804	$12,728
NOI margin	**51.6%**	**51.5%**	54.8%	54.8%

(1) Ancillary revenue mainly comprises parking, laundry and cable income, amortized rent concessions and storage fees. Ancillary revenue also includes commercial revenue, net of vacancy.

For the three months ended March 31, 2022, NOI from the Canadian properties decreased by $416 (or 3.2%) to $12,388, compared to $12,804 in 2021. The decrease in NOI is primarily due to an increase in operating expenses of $1,075 (or 10.2%), partially offset by an increase in revenue of $659 (or 2.8%) due from a higher gross rental revenue (2.8%) resulting from an increase in AMR (mainly from Ontario guideline rental rate increases implemented throughout the first quarter as well as increases from suite turnover) and lower vacancy due to improved leasing activity. The increase in operating expenses of $1,075 (or 10.2%) was due to an increase in operating costs of $578, higher realty taxes of $43 and an increase in utilities of $454. The increase in operating costs is due to an increase in repairs and maintenance (cleaning and in-suite repairs), insurance expense from higher premiums and an increase in payroll costs. The increase in realty taxes of $43 is mainly due to higher assessed market values which was partially offset by a $131 tax rebate recorded in 2021. The increase in utilities of $454 was mainly due to higher gas rates as well as higher water rates and consumption. In addition, hydro expense increased due to reduced rebates under Ontario's Electricity Rebate program and increase in consumption.

For the three months ended March 31, 2022, Proportionate NOI from the Canadian properties decreased by $417 (or 3.3%) to $12,311, compared to $12,728 in 2021. The decrease in Proportionate NOI is due to an increase in operating expenses of $1,071 (or 10.2%), partially offset by an increase in revenue of $654 (or 2.8%), from higher gross rental revenue (2.8%) resulting from an increase in AMR and lower vacancy for the same reasons described above. The increase in operating expenses was due to an increase in operating costs of $576, higher realty taxes of $43 and utilities of $452 for the same reasons described above.

The REIT's Canadian NOI margin and Proportionate NOI margin were 51.6% and 51.5%, respectively, for the three months ended March 31, 2022, compared to 54.8% and 54.8%, respectively, for the three months ended March 31, 2021. Overall, as noted above, the increase in operating expenses, relative to the increase in revenue, contributed to the decrease in NOI margin.

The following table provides the NOI and Proportionate NOI for the U.S. properties:

For the three months ended March 31 (In thousands of U.S. dollars, unless otherwise noted)	2022 NOI	2022 Proportionate NOI	2021 NOI	2021 Proportionate NOI
Revenue from properties				
Same Property				
Gross rental revenue (before vacancy and ancillary revenue)	**$30,732**	**$32,008**	$27,958	$29,481
Vacancy	**(1,611)**	**(1,671)**	(1,412)	(2,294)
Ancillary[(1)]	**2,820**	**2,696**	2,564	2,553
Same Property	**31,941**	**33,033**	29,110	29,740
Acquisition/Development	**626**	**626**	75	75
Total revenue from properties	**32,567**	**33,659**	29,185	29,815
Property operating expenses				
Same Property				
Operating costs	**9,137**	**9,434**	8,245	8,532
Realty taxes	**17,861**	**4,581**	17,374	4,475
Utilities	**1,244**	**1,363**	1,371	1,507
Same Property	**28,242**	**15,378**	26,990	14,514
Acquisition/Development	**351**	**264**	319	226
Total property operating expenses	**28,593**	**15,642**	27,309	14,740
NOI (in U.S. dollars)				
Same Property	**3,699**	**17,655**	2,120	15,226
Acquisition/Development	**275**	**362**	(244)	(151)
Total NOI (in U.S. dollars)	**3,974**	**18,017**	1,876	15,075
Exchange amount to Canadian dollars	**1,062**	**4,799**	504	4,015
NOI (in Canadian dollars)	**$5,036**	**$22,816**	$2,380	$19,090
NOI margin (in U.S. dollars)	**12.2%**	**53.5%**	6.4%	50.6%

(1) Ancillary revenue mainly comprises parking, laundry and cable income; amortized rent concessions; storage fees; utility chargebacks and other fee income associated with moving in or out (such as application fees and cleaning fees), late rental payment fees from residents under the terms of the lease arrangements. Ancillary revenue also includes commercial revenue, net of vacancy.

For the three months ended March 31, 2022, NOI from the U.S. properties increased by $2,656 (or 111.6%) to $5,036, compared to $2,380 in 2021. The increase in NOI is due to an increase in Same Property NOI of US$1,579 (or 74.5%), an increase in NOI of US$519 from the REIT's redevelopment property in Louisiana, which reached stabilized occupancy in October 2021, and the change in foreign exchange rate which increased NOI by $558. The Same Property NOI increase was due to an increase in revenue of US$2,831 (or 9.7%), from higher gross rental revenue (9.9%) resulting from an increase in AMR, partially offset by an increase in operating expenses of US$1,252 (or 4.6%). The increase in operating expenses is due to higher operating costs of US$892 and realty taxes of US$487, partially offset by a decrease in utilities of US$127. The increase in operating costs is mainly due to an increase in repairs and maintenance, bad debts, payroll costs and insurance expense from higher premiums. The increase in repairs and maintenance was due to higher make-ready expenses, as well as higher common area and landscaping costs. The increase in realty taxes is mainly due to a higher IFRIC 21 adjustment as well as an increase in the assessed market value at certain properties, which was partially offset by a higher tax rebate received during the first quarter of 2022 compared to 2021. The decrease in utilities is mainly due to lower water consumption resulting from a broken irrigation line at a property during the first quarter of 2021.

For the three months ended March 31, 2022, Proportionate NOI from the U.S. properties increased by $3,726 (or 19.5%) to $22,816, compared to $19,090 in 2021. The increase in Proportionate NOI is due to an increase in Same Property Proportionate NOI of US$2,429 (or 16.0%), an increase in Proportionate NOI of US$513 from the REIT's redevelopment property in Louisiana, which reached stabilized occupancy in October 2021, and the change in foreign exchange rate which increased NOI by $784. The Same Property increase was mainly due to an increase in revenue of US$3,293 (or 11.1%), from higher gross rental revenue (8.6%) resulting from an increase in AMR and lower vacancy (mainly from the REIT's two equity-accounted investments), partially offset by an increase in operating expenses of US$864 (or 6.0%). The increase in operating expenses is due to an increase in operating costs of US$902 and higher realty taxes of US$106, partially offset by a decrease in utilities of US$144 for the same reasons described above.

The REIT's U.S. NOI margin and Proportionate NOI margin were 12.2% and 53.5%, respectively, for the three months ended March 31, 2022, compared to 6.4% and 50.6%, respectively, for the three months ended March 31, 2021. The NOI margin was impacted by the Same Property increase in revenue and the positive impact of NOI from the REIT's redevelopment property in Louisiana, which reached stabilized occupancy in October 2021. In addition, the NOI margin was impacted by accounting for realty taxes under IFRIC 21. The REIT's Proportionate NOI margin, in addition to the reasons noted above, was also impacted by an increase in revenue from lower vacancy at the REIT's two equity-accounted properties.

INTEREST EXPENSE

Interest expense consists of the following:

For the three months ended March 31 (In thousands of dollars)	2022	2021
Interest on mortgages	**$10,643**	$9,561
Distributions on Class C LP Units - interest	**—**	745
Interest on mortgages and Retained Debt	**10,643**	10,306
Distributions on Class C LP Units - tax payment	**—**	145
Interest on the convertible debentures	**943**	943
Interest on lease liability	**108**	108
Amortization of deferred financing costs	**664**	642
Amortization of deferred financing costs on the convertible debentures	**181**	172
Fair value loss (gain) on conversion option on the convertible debentures	**2,150**	(423)
Interest expense before distributions on Class B LP Units	**14,689**	11,893
Distributions on Class B LP Units	**3,012**	3,012
	$17,701	$14,905

Interest expense increased by $2,796 during the three months ended March 31, 2022, to $17,701, compared to $14,905 in 2021. The increase is predominantly due to an increase in non-cash fair value loss on the convertible debentures' conversion option of $2,573 and an increase in interest on mortgages and Retained Debt of $337, mainly resulting from additional net mortgage proceeds on the completion of the REIT's refinancing during the fourth quarter of 2021 (described below). The weakening of the Canadian dollar decreased interest expense on U.S. mortgages by $23.

Under IFRS, the Class B LP Units are classified as financial liabilities, and the corresponding distributions paid to the Unitholders are classified as interest expense. The REIT believes these distribution payments do not represent financing charges because these amounts are payable only if the REIT declares distributions and only for the amount of any distributions declared, both of which are at the discretion of the Board of Trustees as outlined in the Declaration of Trust. The total distributions paid and accrued to Class B LP Unitholders for the three months ended March 31, 2022, amounted to $3,012 (2021 - $3,012).

Morguard retained the mortgages and deferred financing costs (the "Retained Debt"), on four Canadian properties that were sold to the REIT. Morguard remained responsible for the interest and principal payments on the Retained Debt, and the Retained Debt was secured by a charge on the properties. In consideration of the Retained Debt, Morguard received Class C LP Units on which distribution payments were made in an amount expected to be sufficient to permit Morguard to satisfy amounts payable with respect to: i) the principal and interest of the Retained Debt; and ii) the amount of tax that is due and payable that is reasonably attributable to any distributions on the Class C LP Units. The portion of the distributions that represent the interest and tax components associated with the Retained Debt that had been classified as interest expense for the three months ended March 31, 2022, amounted to $nil (2021 - $890). During the fourth quarter of 2021, the REIT redeemed its Class C LP Units in connection with the Retained Debt and settled the associated tax obligation on Class C LP Units payable to Morguard after completing the refinancing of the four properties.

TRUST EXPENSES

Trust expenses consist of the following:

For the three months ended March 31 (In thousands of dollars)	2022	2021
Asset management fees and distributions	**$3,548**	$2,860
Professional fees	**281**	132
Public company expenses	**193**	194
Other	**159**	153
	$4,181	$3,339

Trust expenses increased by $842 during the three months ended March 31, 2022, to $4,181, compared to $3,339 in 2021. The increase during the three months ended March 31, 2022 is predominantly due to higher asset management fees and distributions, resulting from an increase in incentive distributions from a higher FFO per Unit as well as an increase in gross book value (see Part VI, “Related Party Transactions”).

EQUITY LOSS (INCOME) FROM INVESTMENTS

The REIT has a 50% interest in two properties comprising 1,182 suites located in Rockville, Maryland, and in Chicago, Illinois, in which the REIT has joint control of the investments.

Equity income from investment for the three months ended March 31, 2022, was $1,648 and included a non-cash fair value gain on real estate properties of $3,748 and an IFRIC 21 expense adjustment of $2,913. For the three months ended March 31, 2021, equity loss from investment was $72 and included a non-cash fair value gain on real estate properties of $2,662, and an IFRIC 21 expense adjustment of $2,827. Excluding the impact of IFRIC 21, NOI increased by $699, predominantly due to an increase in revenue from higher AMR and lower vacancy.

FOREIGN EXCHANGE LOSS

IFRS requires monetary assets and liabilities denominated in foreign currencies to be translated into Canadian dollars at the exchange rate in effect at the reporting date, and any gain or loss is recognized in the consolidated statements of income. The REIT’s foreign exchange loss for the three months ended March 31, 2022, amounted to $15 (2021 - $23), which is mainly the result of the fluctuation of the Canadian dollar against the United States dollar as at March 31, 2022, when compared to December 31, 2021.

OTHER EXPENSE (INCOME)

Other expense (income) mainly represents interest income earned or expense incurred on the Morguard Facility for advances made to/from Morguard and other expenses (income). For the three months ended March 31, 2022, other income amounted to $409 (2021 - other expense of $22). The increase in other income for the three months ended March 31, 2022, was predominantly due to higher interest income on the Morguard Facility resulting from a higher receivable balance during the first quarter of 2022 compared to a payable during the first quarter of 2021.

FAIR VALUE GAIN ON REAL ESTATE PROPERTIES, NET

The REIT elected to adopt the fair value model to account for its real estate properties, and changes in fair value each period have been recognized as fair value gain or loss in the consolidated statements of income. Fair value adjustments are determined based on the movement of various valuation parameters on a quarterly basis, including stabilized NOI and capitalization rates.

For the three months ended March 31, 2022, the REIT recognized a net fair value gain of $246,729 (2021 - $27,451). The fair value gain comprises $30,678 at the REIT’s Canadian properties and $216,051 at the U.S. properties. The fair value gain during the three months ended March 31, 2022 was due to a 25 basis point decrease in capitalization rates at most U.S. properties and an increase in stabilized NOI across most of the properties in the REIT’s portfolio. In addition, the U.S. fair value gain included a $17,402 adjustment on realty taxes accounted for under IFRIC 21.

FAIR VALUE GAIN (LOSS) ON CLASS B LP UNITS

The Class B LP Units are classified as financial liabilities in accordance with IFRS and, as a result, are recorded at their fair value at each reporting date. As at March 31, 2022, the REIT valued the Class B LP Units based on the closing price of the TSX-listed Units, which resulted in a fair value liability of $337,745 (December 31, 2021 - $305,021) (see Part V, “Capital Structure and Debt Profile”).

The REIT recognized a fair value loss for the three months ended March 31, 2022 of $32,724 (2021 - gain of $6,544). The fair value loss for the three months ended March 31, 2022 was due to an increase in the price of the REIT's Units.

INCOME TAXES

The REIT is a "mutual fund trust" pursuant to the *Income Tax Act* (Canada) (the "Act"). Under current tax legislation, a mutual fund trust that is not a Specified Investment Flow-Through ("SIFT") trust pursuant to the Act is entitled to deduct distributions of taxable income such that it is not liable to pay income taxes provided that its taxable income is fully distributed to Unitholders. The REIT intends to continue to qualify as a mutual fund trust that is not a SIFT trust and to make distributions not less than the amount necessary to ensure that the REIT will not be liable to pay income taxes.

Certain of the REIT's operations or a portion thereof are conducted through its taxable U.S. subsidiaries, which are subject to U.S. federal and state corporate income taxes.

For the three months ended March 31, 2022, the REIT recorded current tax expense of $32 (2021 - $32).

For the three months ended March 31, 2022, the REIT has recorded deferred tax expense for U.S. federal and state taxes associated with the U.S. subsidiaries of $40,415 (2021 - $3,391). The deferred tax expense in 2022 is attributable to the fair value increase recorded under IFRS on U.S. properties.

The REIT's provision for income taxes consists of the following:

For the three months ended March 31 (In thousands of dollars)	2022	2021
Current	**$32**	$32
Deferred	**40,415**	3,391
Provision for income taxes	**$40,447**	$3,423

As at March 31, 2022, the U.S. subsidiaries of the REIT have total net operating losses of approximately US$1,110 (December 31, 2021 - US$34,067) of which no deferred tax assets were recognized as it is not probable that taxable profit will be available against such losses of which the deductible temporary difference can be utilized. The net operating losses expire in various years commencing in 2032. The recognition of previously unrecognized tax losses related to the classification of real estate properties held for sale as it is probable that taxable income will be available against which the losses will be utilized.

As at March 31, 2022, the U.S. subsidiaries of the REIT have total net operating losses of approximately US$56,711 (December 31, 2021 - US$27,780) of which deferred tax assets were recognized, comprising US$28,931 (December 31, 2021 - $nil) that will expire in various years commencing in 2032 and US$27,780 (December 31, 2021 - US$27,780) that can be carried forward indefinitely. The increase in total net operating losses of which deferred tax assets were recognized is due to the classification of real estate properties held for sale as described above.

As at March 31, 2022, the REIT's U.S. subsidiaries have a total of US$9,965 (December 31, 2021 - US$6,827) of unutilized interest expense deductions on which deferred tax assets were recognized.

FUNDS FROM OPERATIONS

FFO is a non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. This measure should be considered as supplemental in nature and not as substitutes for related financial information prepared in accordance with IFRS. FFO is computed by the REIT in accordance with the current definition of the Real Property Association of Canada ("REALPAC") and is widely used as a real estate industry standard that supplements net income and evaluates operating performance but is not indicative of funds available to meet the REIT's cash requirements. Additional information on this non-GAAP financial measure can be found under the section Part I, "Specified Financial Measures."

The following table provides a reconciliation of FFO to its closely related financial statement measurement for the following periods:

For the three months ended March 31 (In thousands of dollars, except per Unit amounts)	2022	2021
Net income for the period attributable to Unitholders	**$162,430**	$27,009
Add/(deduct):		
Realty taxes accounted for under IFRIC 21[(1)]	**18,288**	17,720
Fair value loss (gain) on conversion option on the convertible debentures	**2,150**	(423)
Distributions on Class B LP Units recorded as interest expense[(2)]	**3,012**	3,012
Foreign exchange loss	**15**	23
Fair value gain on real estate properties, net[(3)]	**(250,477)**	(30,113)
Non-controlling interests' share of fair value gain on real estate properties	**9,750**	1,544
Fair value loss (gain) on Class B LP Units	**32,724**	(6,544)
Deferred income tax expense	**40,415**	3,391
FFO - basic	**$18,307**	$15,619
Interest expense on the convertible debentures	**943**	943
FFO - diluted	**$19,250**	$16,562
FFO per Unit - basic	**$0.33**	$0.28
FFO per Unit - diluted	**$0.32**	$0.27
Weighted average number of Units outstanding (in thousands):		
Basic[(4)]	**56,293**	56,248
Diluted[(4) (5)]	**60,526**	60,481

(1) Realty taxes accounted for under IFRIC 21 (including equity-accounted investments) and excludes non-controlling interests' share.
(2) Under IFRS, the Class B LP Units are considered financial liabilities and, as a result of this classification, their corresponding distribution amounts are considered interest expense. The REIT believes these distribution payments do not truly represent financing charges because these amounts are payable only if the REIT declares distributions and only for the amount of any distributions declared, both of which are at the discretion of the Board of Trustees as outlined in the Declaration of Trust. Therefore, these distributions are excluded from the calculation of FFO.
(3) Includes fair value adjustment on real estate properties for equity-accounted investments.
(4) For purposes of calculating FFO per Unit, Class B LP Units are included as Units outstanding on both a basic and diluted basis.
(5) Includes the dilutive impact of the convertible debentures.

Basic FFO for the three months ended March 31, 2022, increased by $2,688 (or 17.2%) to $18,307 ($0.33 per Unit), compared to $15,619 ($0.28 per Unit) in 2021. The increase is mainly due to higher Proportionate NOI of $3,309 and an increase in other income of $431, primarily from an increase in interest income on the Morguard Facility, partially offset by an increase in interest expense of $204 (calculated on a Proportionate Basis and excludes distributions on Class B LP Units and fair value adjustments on the conversion option on the convertible debentures) and an increase in trust expenses of $848 (calculated on a Proportionate Basis).

Basic FFO per Unit for the three months ended March 31, 2022, increased by $0.05 to $0.33 per Unit, compared to $0.28 per Unit in 2021 due to the following factors:

i) on a Same Property Proportionate Basis, in local currency, an increase in NOI from higher AMR and lower vacancy, partly offset by an increase in interest expense and trust expenses had a $0.03 per Unit positive impact, and a change in the foreign exchange rate had a $0.01 per Unit positive impact, primarily resulting from an increase in FFO generated from U.S. properties; and
ii) an increase from the contribution of the REIT's development property which reached stabilized occupancy in October 2021 had a $0.01 per Unit positive impact.

DISTRIBUTIONS

Total distributions (including Class B LP Units) is a non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. This measure should be considered as supplemental in nature and not as substitutes for related financial information prepared in accordance with IFRS. Additional information on this non-GAAP financial measure can be found under the section Part I, "Specified Financial Measures."

The Trustees have discretion with respect to the timing and amounts of distributions. For the three months ended March 31, 2022, total distributions (including Class B LP Units) amounted to $9,846 (2021 - $9,838).

For the three months ended March 31 (In thousands of dollars)	2022 Units	 Class B LP Units	 Total	2021 Units	 Class B LP Units	 Total
Distributions paid and declared	**$6,633**	**$3,012**	**$9,645**	$6,654	$3,012	$9,666
Distributions – DRIP	**201**	**—**	**201**	172	—	172
Total	**$6,834**	**$3,012**	**$9,846**	$6,826	$3,012	$9,838

The following table summarizes distributions paid to holders of Units in relation to net income and cash provided by operating activities:

(In thousands of dollars)	Three months ended March 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Net income	**$171,142**	$244,974	$166,805
Cash provided by operating activities	**12,525**	63,696	50,128
Distributions - Units(1)	**$6,834**	$27,315	$27,285
Excess of net income over distributions	**$164,308**	$217,659	$139,520
Excess of cash provided by operating activities over distributions	**$5,691**	$36,381	$22,843

(1) Excludes distributions on Class B LP Units since these were recorded as interest expense and, therefore, were deducted in calculating net income and cash provided by operating activities.

Net income for the three months ended March 31, 2022, includes net income of $157,836 of non-cash components relating to a fair value gain on real estate properties, fair value loss on Class B LP Units, equity income from investments, an IFRIC 21 adjustment to realty taxes and deferred taxes. Net income exceeded distributions when removing the impact of these non-cash items.

In determining the annual level of distributions to Unitholders, the REIT looks at forward-looking cash flow information, including forecasts and budgets, and the future prospects of the REIT. Furthermore, the REIT does not consider periodic cash flow fluctuations resulting from items such as the timing of property operating costs, property tax instalments or semi-annual debenture interest payments in determining the level of distributions to Unitholders in any particular quarter. Additionally, in establishing the level of distributions to the Unitholders, the REIT considers the impact of, among other items, the future growth in the income producing properties, the impact of future acquisitions and capital expenditures related to the income producing properties.

PART IV

BALANCE SHEET ANALYSIS

REAL ESTATE PROPERTIES

The REIT accounts for its real estate properties using the fair value model. The following table provides the regional allocation of real estate properties for the following periods:

As at (In thousands of Canadian dollars, unless otherwise stated)	March 31, 2022	December 31, 2021
Canadian Properties		
Alberta	**$56,000**	$57,200
Ontario	**1,476,880**	1,444,450
Total Canadian Properties	**1,532,880**	1,501,650
U.S. Properties (in US dollars)		
Colorado	**117,800**	107,400
Texas	**197,600**	173,300
Louisiana	**48,300**	58,900
Illinois	**196,000**	196,000
Georgia	**107,000**	149,100
Florida	**552,600**	489,900
North Carolina	**172,200**	157,600
Virginia	**54,300**	51,700
	1,445,800	1,383,900
Assets held for sale[(1)] (in U.S. dollars)	**97,458**	—
Impact of realty taxes accounted for under IFRIC 21	**13,744**	—
Total U.S. Properties (in US dollars)	**1,557,002**	1,383,900
Exchange amount to Canadian dollars	**388,628**	370,608
Total U.S. Properties (in Canadian dollars)	**1,945,630**	1,754,508
Total real estate properties	**$3,478,510**	$3,256,158

(1) Real estate properties include two properties in Georgia and Louisiana, separately classified as held for sale as at March 31, 2022.

The value of real estate properties increased by $222,352 as at March 31, 2022, to $3,478,510, compared to $3,256,158 at December 31, 2021. The increase is mainly the result of the following:

- A net fair value gain on real estate properties of $246,729;
- Capitalization of property enhancements of $3,879; and
- A decrease of $28,058 due to the change in U.S. dollar foreign exchange rate.

APPRAISAL CAPITALIZATION RATES

Morguard's appraisal division consists of Appraisal Institute of Canada ("AIC") designated Accredited Appraiser Canadian Institute ("AACI") members who are qualified to offer valuation and consulting services and expertise for all types of real property, all of whom are knowledgeable and have recent experience in the fair value techniques for investment properties. AACI designated members must adhere to AIC's Canadian Uniform Standards of Professional Appraisal Practice ("CUSPAP") and undertake ongoing professional development. Morguard's appraisal division is responsible for determining the fair value of investment properties every quarter. The team reports to a senior executive, and the internal valuation team's valuation processes and results are reviewed by senior management at least once every quarter, in line with the REIT's quarterly reporting dates.

Due to the COVID-19 pandemic and the ongoing impact on the economy, there is added risk in management's use of judgment relating to the valuation of the REIT's income producing properties. Key assumptions used in determining the valuation of income producing properties include estimates of capitalization rates and stabilized net operating income (which is primarily influenced by revenue growth, vacancy rates, inflation rates and operating costs), pertain to forward-looking assumptions and market evidence, and accordingly could materially and adversely impact the underlying valuation of the REIT's income producing properties.

As at March 31, 2022, and December 31, 2021, the REIT had all its portfolio appraised by Morguard's appraisal division. In addition, the REIT's U.S. portfolio is appraised by independent U.S. real estate appraisal firms on a three-year cycle.

The REIT utilizes the direct capitalization income method to determine the fair value of its income producing properties. This method requires that rental income from current leases and key assumptions about rental income, vacancies and inflation rates, among other factors, are used to determine a one-year stabilized net operating income forecast for each individual property within the REIT's portfolio and also considers any capital expenditures anticipated within the year. A capitalization rate was also determined for each property based on market information related to the external sale of similar properties within a similar location. These factors were used to determine the fair value of income producing properties at each reporting period.

As at March 31, 2022, using the direct capitalization income approach, the properties were valued using capitalization rates in the range of 3.5% to 5.8% (December 31, 2021 - 3.5% to 6.5%), resulting in an overall weighted average capitalization rate of 4.2% (December 31, 2021 - 4.3%).

The average capitalization rates by location are set out in the following table:

	March 31, 2022 Capitalization Rates			December 31, 2021 Capitalization Rates		
As at	**Max.**	**Min.**	**Weighted Average**	Max.	Min.	Weighted Average
Canada						
Alberta	**5.0%**	**5.0%**	**5.0%**	5.0%	5.0%	5.0%
Ontario	**4.3%**	**3.5%**	**3.7%**	4.3%	3.5%	3.7%
United States						
Colorado	**4.5%**	**4.5%**	**4.5%**	4.8%	4.8%	4.8%
Texas	**4.5%**	**4.5%**	**4.5%**	4.8%	4.8%	4.8%
Louisiana(1)	**5.3%**	**5.3%**	**5.3%**	6.5%	5.5%	5.7%
Illinois(2)	**4.8%**	**4.5%**	**4.6%**	4.8%	4.5%	4.6%
Georgia(1)	**5.0%**	**4.5%**	**4.8%**	5.3%	4.8%	5.1%
Florida	**5.8%**	**4.3%**	**4.9%**	6.0%	4.5%	5.1%
North Carolina	**4.8%**	**4.5%**	**4.6%**	5.0%	4.8%	4.9%
Virginia	**4.3%**	**4.3%**	**4.3%**	4.5%	4.5%	4.5%
Maryland(2)	**4.3%**	**4.3%**	**4.3%**	4.3%	4.3%	4.3%

(1) Excludes properties classified as held for sale.
(2) Includes equity-accounted investments.

Fair values are most sensitive to changes in capitalization rates and stabilized net operating income. Generally, an increase in stabilized net operating income will result in an increase in the fair value of the real estate properties, and an increase in capitalization rates will result in a decrease in the fair value of the properties. The capitalization rate magnifies the effect of a change in stabilized net operating income, with a lower capitalization rate resulting in a greater impact on the fair value of the property than a higher capitalization rate. If the weighted average stabilized capitalization rate were to increase or decrease by 25 basis points (assuming no change in stabilized net operating income), the value of the income producing properties as at March 31, 2022, would decrease by $188,083 or increase by $212,337, respectively.

PROPERTY CAPITAL INVESTMENTS

The REIT has a continual capital improvement program with respect to its investment properties. The program is designed to maintain and improve the operating performance of the properties and has enhanced the value of the properties by allowing the REIT to charge higher rents or by enabling it to lower operating expenses. The capital investments have also increased resident retention by ensuring that the properties retain their attractiveness to both existing and prospective tenants.

The REIT is committed to improving its operating performance by incurring appropriate capital expenditures in order to replace and maintain the productive capacity of its property portfolio so as to sustain its rental income generating potential over the portfolio's useful life. In accordance with IFRS, the REIT capitalizes all capital improvement expenditures on its properties which enhance the service potential of the property and extend the useful lives of the asset.

Since March 2020, property capital improvements were impacted by the COVID-19 pandemic due to physical distancing restrictions limiting access to the building and tenant suites. Following appropriate physical distancing protocol, the REIT limited capital expenditures to exterior work and prioritized work to maintain the structural and overall safety of the properties.

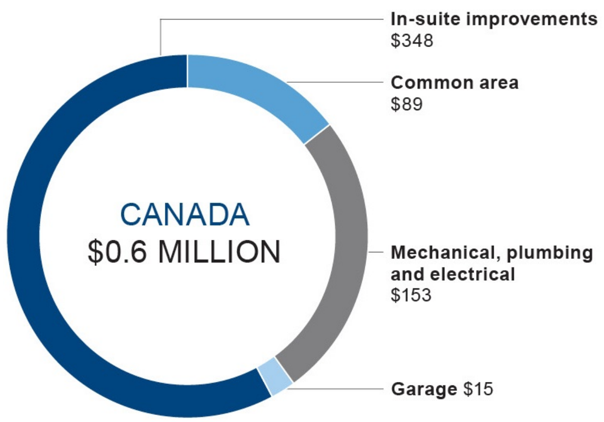
The following table provides additional details on total capital expenditures over the following periods:

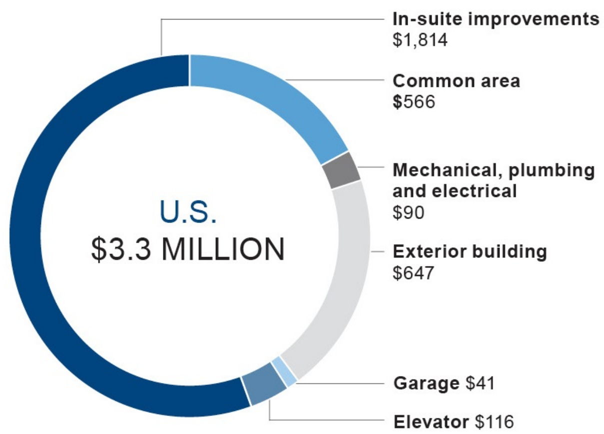
(In thousands of dollars)	Three months ended March 31 2022	2021	Year ended December 31 2021	2020
Common area	**$655**	$193	$3,848	$2,878
Mechanical, plumbing and electrical	**243**	244	1,759	1,674
Exterior building	**647**	3,052	12,341	6,806
Garage	**56**	—	106	360
Elevator	**116**	18	201	961
Energy initiative expenditure	**—**	127	428	1,569
In-suite improvements	**2,162**	2,028	11,329	7,865
Total capital expenditures	**$3,879**	$5,662	$30,012	$22,113

Capital Expenditures by Region

The following details total capital expenditures by region:

For the three months ended March 31, 2022
(In thousands of dollars)





EQUITY-ACCOUNTED INVESTMENTS

The following are the REIT's equity-accounted investments as at March 31, 2022, and December 31, 2021:

			REIT's Ownership		Carrying Value	
Property	Place of Business	Investment Type	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
The Fenestra	Rockville, MD	Joint Venture	**50%**	50%	**$46,975**	$46,721
Marquee at Block 37	Chicago, IL	Joint Venture	**50%**	50%	**49,552**	49,655
					$96,527	$96,376

The Fenestra at Rockville Town Square ("The Fenestra") was constructed in 2008 and comprises 492 suites across three six-storey buildings, featuring condo-quality amenities located in an urban growth market within commuting distance of Washington, D.C.

The Marquee at Block 37 is a newly constructed 38-storey apartment building located in the heart of downtown Chicago and features 690 suites and extensive best-in-class amenities.

The following table presents the change in the balance of the equity-accounted investments:

As at (In thousands of Canadian dollars)	March 31, 2022	December 31, 2021
Balance, beginning of period	**$96,376**	$93,005
Additions	**—**	1,288
Distributions received	**(97)**	(283)
Share of net income	**1,648**	2,691
Foreign exchange loss	**(1,400)**	(325)
Balance, end of period	**$96,527**	$96,376

PART V

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

The REIT has liquidity of $226,500, comprised of approximately $31,000 in cash and $160,000 available under its revolving credit facility with Morguard Corporation and $35,500 of additional net mortgage financing proceeds under commitment, and has approximately $54,000 of unencumbered assets. The REIT has also narrowed down the scope of its capital expenditure program to ensure the availability of resources, allocating an amount that enables the REIT to maintain the structural and overall safety of the properties.

Net cash flows from operating activities represent the primary source of liquidity to fund distributions and maintenance capital expenditures. The REIT's net cash flows from operating activities depend on the occupancy level of its rental properties, rental rates on its leases, collectibility of rent from its tenants, level of operating expenses and other factors. Material changes in these factors may adversely affect the REIT's cash flows from operating activities and liquidity (see Part VII, "Risks and Uncertainties").

The REIT expects to be able to meet all of its obligations, including distributions to Unitholders, maintenance and property capital expenditure commitments as they become due, and to provide for the future growth of the business. The REIT expects to have sufficient liquidity as a result of cash flows from operating activities and financing available through the Morguard Facility. Accordingly, the REIT does not intend to repay maturing debt from cash flow but rather with proceeds from refinancing such debt, subject to certain conditions (see Part V, "Capital Structure and Debt Profile").

CASH FLOWS

The following table details the changes in cash for the following periods:

For the three months ended March 31 **(In thousands of dollars)**	**2022**	2021
Cash provided by operating activities	**$12,525**	$14,725
Cash used in investing activities	**(3,879)**	(5,662)
Cash used in financing activities	**(3,813)**	(16,629)
Net increase (decrease) in cash during the period	**4,833**	(7,566)
Net effect of foreign currency translation on cash balance	**(182)**	61
Cash, beginning of period	**26,562**	27,304
Cash, end of period	**$31,213**	$19,799

Cash Provided by Operating Activities

Cash provided by operating activities during the three months ended March 31, 2022, was $12,525, compared to $14,725 in 2021. The change during the period mainly relates to a net decrease in non-cash operating assets and liabilities of $4,595, an increase in trust expenses of $842, an increase in interest on mortgages and Retained Debt of $337, partially offset by an increase in NOI (excluding IFRIC 21 adjustment) of $2,889 and an increase in other income of $431.

Cash Used in Investing Activities

Cash used in investing activities during the three months ended March 31, 2022, totalled $3,879, compared to $5,662 during the same period in 2021. The cash used in investing activities during the period consists of the capitalization of property enhancements.

Cash Used in Financing Activities

Cash used in financing activities during the three months ended March 31, 2022, totalled $3,813, compared to $16,629 during the same period in 2021. The cash used in financing activities during the period was largely due to mortgage principal instalment repayments of $8,230 and distributions paid to Unitholders of $6,632, partially offset by the net proceeds from Morguard Facility of $10,000 and a decrease in restricted cash of $1,049.

CAPITAL STRUCTURE AND DEBT PROFILE

The REIT's capital management is designed to maintain a level of capital that allows it to implement its business strategy while complying with investment and debt restrictions pursuant to the Declaration of Trust, as well as existing debt covenants, while continuing to build long-term Unitholder value and maintaining sufficient capital contingencies. Total capitalization as disclosed in the notes to the REIT's consolidated financial statements for the three months ended March 31, 2022, and 2021 is calculated as the sum of the principal amount of the REIT's total debt (including mortgages payable, convertible debentures, lease liabilities and amounts drawn under its revolving credit facility with Morguard), Unitholders' equity and Class B LP Units liability.

The total managed capital of the REIT is summarized below:

As at (In thousands of dollars)	March 31, 2022	December 31, 2021
Mortgages payable, principal balance	**$1,281,672**	$1,300,873
Convertible debentures, face value	**85,500**	85,500
Lease liability	**8,935**	9,065
Class B LP Units	**337,745**	305,021
Unitholders' equity	**1,626,390**	1,484,738
Total capitalization	**$3,340,242**	$3,185,197

DEBT PROFILE

As at March 31, 2022, the overall leverage, as represented by the ratio of total indebtedness to gross book value was 37.3%. The requirements of the REIT's operating policies as outlined in the Declaration of Trust include the requirement that the REIT will not incur or assume indebtedness if, after giving effect to the incurring or assumption of the indebtedness, the total indebtedness of the REIT would be more than 70% of the gross book value.

The interest coverage ratio and the indebtedness coverage ratio are calculated based on obligations associated with mortgages payable and Class C LP Units, lease liability, the convertible debentures and the Morguard Facility.

The following tables summarize the key liquidity metrics:

As at	March 31, 2022	December 31, 2021
Total indebtedness to gross book value(1)	**37.3%**	40.2%
Weighted average mortgage interest rate(2)	**3.31%**	3.31%
Weighted average term to maturity on mortgages payable (years)	**4.7**	5.0

(1) A calculation of indebtedness to gross book value (a non-GAAP ratio) and a reconciliation of the ratio's non-GAAP financial measure components from the IFRS financial statement presentation is presented under the section Part IX, "Reconciliation of Non-GAAP Financial Measures."
(2) Represents the contractual interest rates on mortgages payable.

For the three months ended March 31	2022	2021
Interest coverage ratio(1)	**2.48**	2.32
Indebtedness coverage ratio(2)	**1.50**	1.54

(1) A calculation of interest coverage ratio (a non-GAAP ratio) and a reconciliation of the ratio's non-GAAP financial measure components from the IFRS financial statement presentation is presented under the section Part IX, "Reconciliation of Non-GAAP Financial Measures."
(2) A calculation of indebtedness coverage ratio (a non-GAAP ratio) and a reconciliation of the ratio's non-GAAP financial measure components from the IFRS financial statement presentation is presented under the section Part IX, "Reconciliation of Non-GAAP Financial Measures."

MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at (In thousands of dollars)	March 31, 2022	December 31, 2021
Principal balance of mortgages	**$1,281,672**	$1,300,873
Deferred financing costs	**(11,591)**	(12,318)
	$1,270,081	$1,288,555
Range of interest rates	**2.03−4.11%**	2.03−4.11%
Weighted average interest rate	**3.31%**	3.31%
Weighted average term to maturity (years)	**4.7**	5.0
Fair value of mortgages	**$1,251,804**	$1,335,670

As at March 31, 2022, the principal balance on the mortgages payable totalled $1,281,672 (December 31, 2021 - $1,300,873), and the deferred financing costs associated with the mortgages amounted to $11,591 (December 31, 2021 - $12,318).

Mortgages payable decreased by $18,474 as at March 31, 2022, to $1,270,081, compared to $1,288,555 at December 31, 2021. The decrease is mainly due to the following:

- Scheduled principal repayments of $8,230;
- A decrease of $10,908 due to the change in U.S. dollar foreign exchange rate; and
- Amortization of deferred financing cost totalling $664.

The REIT's first mortgages are registered against specific real estate assets and substantially all of the REIT's rental properties and related rental revenue have been pledged as collateral for the mortgages payable.

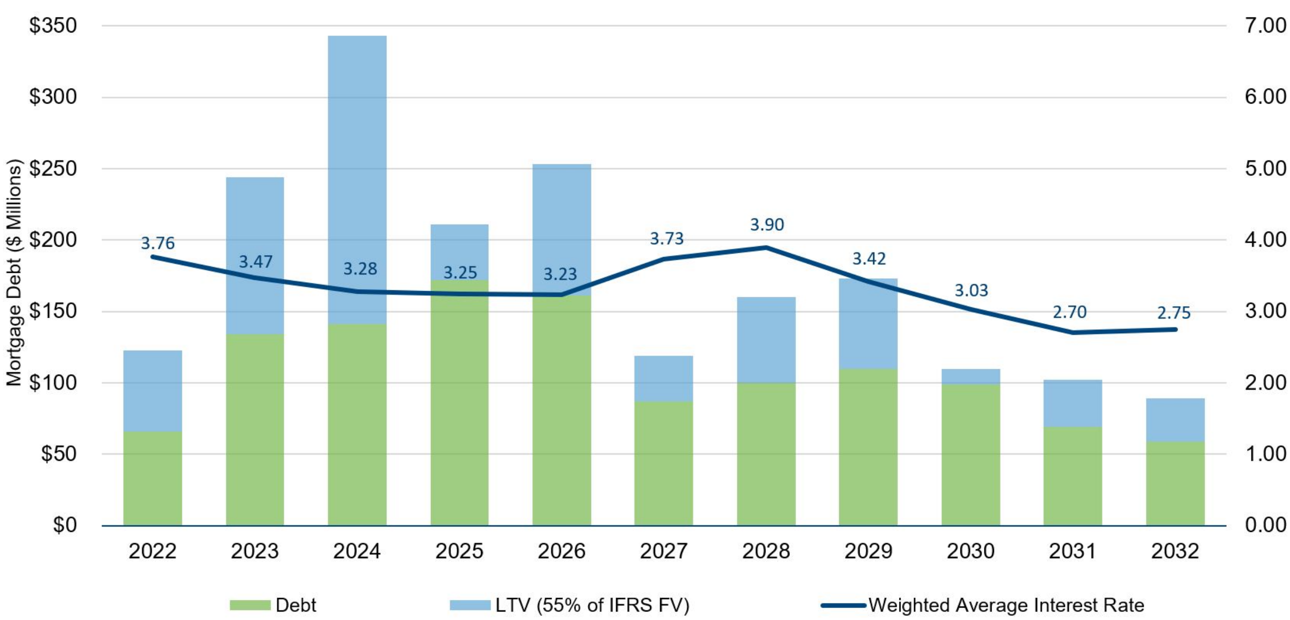
Short-term fluctuations in working capital are funded through the Morguard Facility. The REIT anticipates meeting all future obligations and has no off balance sheet financing arrangements.

The following table details the REIT's mortgages (excluding mortgages payable on real estate properties held for sale) that are scheduled to mature in the next two years.

				2022				2023
Asset Type	Number of Properties	Principal Maturing	Weighted Average Interest Rate	Maturing Loan-to-Value Ratio	Number of Properties	Principal Maturing	Weighted Average Interest Rate	Maturing Loan-to-Value Ratio
Canada	—	$—	—%	—%	1	$24,553	2.96%	23.1%
U.S.	3	65,977	3.76%	26.9%	5	109,408	3.54%	32.4%
	3	**$65,977**	**3.76%**	**26.9%**	**6**	**$133,961**	**3.47%**	**30.2%**

As at March 31, 2022, the following table illustrates the REIT's mortgages (including equity-accounted investments at the REIT's interest and excluding mortgages payable on real estate properties held for sale), along with the IFRS fair value (at a loan-to-value of 55%) secured against the mortgages by year of maturity:

As at March 31, 2022



CONVERTIBLE DEBENTURES

Convertible debentures consist of the following:

(In thousands of dollars)	March 31, 2022	December 31, 2021
4.50% convertible unsecured subordinated debentures	**$85,223**	$85,223
Fair value of conversion option	**4,178**	2,028
Unamortized financing costs	**(751)**	(932)
	$88,650	$86,319

For the three months ended March 31, 2022, interest on the convertible debentures amounting to $943 (2021 - $943) is included in interest expense.

4.50% Convertible Unsecured Subordinated Debentures

On February 13, 2018, the REIT issued $75,000 principal amount of 4.50% convertible unsecured subordinated debentures maturing on March 31, 2023 (the “Maturity Date”). On February 21, 2018, an additional principal amount of $10,500 was issued pursuant to the exercise of the over-allotment option. Interest is payable semi-annually, not in advance, on March 31 and September 30 of each year. The underwriters’ commissions, legal and other issue costs attributable to the 2018 Debentures in the amount of $3,375 have been capitalized and are being amortized over their term to maturity. Morguard owns $5,000 aggregate principal amount of the 2018 Debentures.

As at March 31, 2022, and December 31, 2021, $85,500 of the face value of the 2018 Debentures were outstanding.

Each of the 2018 Debentures can be converted into fully paid, non-assessable and freely tradable Units at the option of the holder at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately preceding the date specified by the REIT for redemption of the 2018 Debentures, at a conversion price of $20.20 per Unit being a ratio of approximately 49.5050 Units per $1,000 principal amount of 2018 Debentures.

From April 1, 2022, and prior to the Maturity Date, the 2018 Debentures will be redeemable, in whole at any time or in part from time to time, at the option of the REIT on not more than 60 days’ and not less than 30 days’ prior written notice at a redemption price equal to the principal amount thereof plus accrued and unpaid interest up to the date fixed for redemption provided that the volume-weighted average trading price of the Units on the TSX (if the Units are then listed on the TSX) for the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given (the “Current Market Price”) is not less than 125% of the conversion price. From April 1, 2022, and prior to the Maturity Date, the 2018 Debentures shall be redeemable, in whole at any time or in part from time to time, at the option of the REIT on not more than 60 days’ and not less than 30 days’ prior written notice at a redemption price equal to the principal amount thereof plus accrued and unpaid interest up to the date fixed for redemption. Subject to regulatory approval and other conditions, the REIT may, at its option, elect to satisfy its obligation to pay, in whole or in part, the principal amount of the 2018 Debentures that are to be redeemed or that have matured by issuing and delivering that number of freely tradable Units to the debentureholders obtained by dividing the principal amount of the 2018 Debentures being repaid by 95% of the Current Market Price on the date of redemption or maturity, as applicable.

MORGUARD FACILITY

The REIT has an unsecured revolving credit facility with Morguard (the “Morguard Facility”) that provides for borrowings or advances that can be drawn or advanced either in Canadian dollars or an equivalent amount in United States dollars subject to the availability of sufficient funds. If in Canadian dollars, interest will be calculated either at the Canadian prime lending rate or at the bankers’ acceptance rate plus 1.8%. If the borrowing or advance is in United States dollars, interest will be calculated either at the United States prime lending rate. The maximum allowable to be borrowed or advanced under the Morguard Facility is $100,000.

As at March 31, 2022, the amount receivable under the Morguard Facility was $60,000 (December 31, 2021 - $70,000).

During the three months ended March 31, 2022, the REIT recorded net interest income of $362 (2021 - net interest expense of $42) on the Morguard Facility.

UNITHOLDERS' EQUITY, SPECIAL VOTING UNITS AND CLASS B LP UNITS

UNITS

The REIT is authorized to issue an unlimited number of Units. Each Unit confers the right to one vote at any meeting of Unitholders and to participate *pro rata* in the distributions by the REIT and, in the event of termination or winding-up of the REIT, in the net assets of the REIT. The Unitholders have the right to require the REIT to redeem their Units on demand subject to certain conditions. The Units have no par value. Upon receipt of the redemption notice by the REIT, all rights to and under the Units tendered for redemption will cease and the holder thereof will be entitled to receive a price per Unit ("Redemption Price") as determined by a formula outlined in the Declaration of Trust. The Redemption Price will be paid in accordance with the conditions provided for in the Declaration of Trust.

The Trustees have discretion with respect to the timing and amounts of distributions.

The following table summarizes the changes in Units for the period from December 31, 2020, to March 31, 2022:

Issued and Fully Paid Units (In thousands, except Unit amounts)	Units	Amount
Balance, December 31, 2020	39,019,827	$469,210
Units issued under DRIP	44,438	749
Balance, December 31, 2021	39,064,265	469,959
Units issued under the DRIP	**10,738**	**201**
Balance, March 31, 2022	**39,075,003**	**$470,160**

NORMAL COURSE ISSUER BIDS

On January 5, 2021, the REIT had the approval of the TSX under its normal course issuer bid ("NCIB") to purchase up to 2,955,913 Units and $8,048 principal amount of the Debentures. The program expired on January 7, 2022. On January 8, 2022, the REIT obtained the approval of the TSX under its NCIB to purchase up to 1,478,869 Units, being approximately 5% of the public float of outstanding Units; the program expires on January 7, 2023. The daily repurchase restriction for the Units is 7,877. Additionally, the REIT may purchase up to $4,024 principal amount of the 2018 Debentures, being 5% of the public float of outstanding 2018 Debentures. The daily repurchase restriction for the 2018 Debentures is $8. The price that the REIT would pay for any such Units or 2018 Debentures would be the market price at the time of acquisition.

There were no repurchases of Units under the REIT's NCIB plan for the three months ended March 31, 2022 and 2021.

DISTRIBUTION REINVESTMENT PLAN

Under the REIT's Distribution Reinvestment Plan ("DRIP"), Unitholders can elect to reinvest cash distributions into additional Units at a weighted average closing price of the Units on the TSX for the five trading days immediately preceding the applicable date of distribution. During the three months ended March 31, 2022, the REIT issued 10,738 Units under the DRIP (year ended December 31, 2021 - 44,438 Units).

SPECIAL VOTING UNITS AND CLASS B LP UNITS

The REIT is authorized to issue an unlimited number of Special Voting Units. The Declaration of Trust and the exchange agreement provide for the issuance of the Special Voting Units, which have no economic entitlement in the REIT or in the distribution of assets of the REIT but are used to provide voting rights proportionate to the votes of the Units to holders of securities exchangeable into Units, including the Class B LP Units. Each Special Voting Unit is not transferable separately from the Class B LP Unit to which it is attached and will be automatically redeemed and cancelled upon exchange of the attached Class B LP Unit into a Unit.

On April 18, 2012, the REIT issued 17,223,090 Class B LP Units to Morguard for $172,231. The Class B LP Units are non-transferable, except under certain circumstances, but are exchangeable on a one-for-one basis into Units of the REIT at any time at the option of the holder. Prior to such exchange, distributions are made on the Class B LP Units in an amount equivalent to the distribution that would have been made had the Units of the REIT been issued. Each Class B LP Unit was accompanied by a Special Voting Unit that entitles the holder to receive notice of, attend and vote at all meetings of the Unitholders. There is no value assigned to the Special Voting Units.

As at March 31, 2022, the REIT valued the Class B LP Units based on the closing price of the TSX-listed Units, which resulted in a fair value liability of $337,745 (December 31, 2021 - $305,021) and a corresponding fair value loss for the three months ended March 31, 2022 of $32,724 (2021 - gain of $6,544). For the three months ended March 31, 2022, distributions on Class B LP Units amounting to $3,012 (2021 - $3,012) are included in interest expense.

As at March 31, 2022, Morguard owned a 44.7% effective interest in the REIT through its ownership of 7,944,166 Units and 17,223,090 Class B LP Units.

As at March 31, 2022, there were 39,075,003 Units and 17,223,090 exchangeable Class B LP Units issued and outstanding.

As at April 26, 2022, there were 39,078,562 Units and 17,223,090 exchangeable Class B LP Units issued and outstanding.

PART VI

RELATED PARTY TRANSACTIONS

Related party transactions that are in the normal course of operations are subject to the same processes and controls as other transactions; that is, they are subject to standard approval procedures and management oversight but are also considered by management for reasonability against fair value. Related party transactions that are found to be material are subject to review and approval by the REIT’s Audit Committee, which consists of independent directors.

AGREEMENTS WITH MORGUARD AFFILIATES

The REIT, Morguard NAR Canada Limited Partnership (the “Partnership”) and its subsidiaries entered into a series of agreements (“Agreements”) with certain Morguard affiliates whereby the following services are provided by Morguard’s affiliates under the direction of the REIT:

Property Management

Pursuant to the Agreements, Morguard’s affiliates administer the day-to-day operations of the Canadian and U.S. income producing properties, for which Morguard’s affiliates receive partnership fees and distributions equal to 3.5% of gross property revenue of the income producing properties, payable monthly. For the three months ended March 31, 2022, fees and distributions amounted to $2,389 (2021 - $2,193) and are included in property operating costs and equity income (loss) from investments.

Asset Management

Pursuant to the Agreements, Morguard’s affiliates have certain duties and responsibilities for the strategic management and administration of the Partnership and its subsidiaries, for which they receive partnership fees and distributions equal to 0.25% of the Partnership’s gross book value defined as acquisition cost of the REIT’s assets plus: (i) fair value adjustments; and (ii) accumulated amortization on property, plant and equipment. In addition, an annual fee and distribution is calculated in arrears, determined by multiplying 15% of the Partnership’s funds from operations in excess of $0.66 per Unit. For the three months ended March 31, 2022, fees and distributions amounting to $3,699 (2021 - $3,010) are included in trust expenses and equity income (loss) from investments.

Acquisition

Pursuant to the Agreements, Morguard’s affiliates are entitled to receive partnership fees with respect to properties acquired, directly or indirectly, by the REIT from third parties, and the fees are to be paid upon the closing of the purchase of each such property. The fees range from 0% of the purchase price paid for properties acquired directly or indirectly from Morguard, including entities controlled by Morguard, up to 0.75% of the purchase price paid for properties acquired from third parties. There were no fees relating to acquisition services for the three months ended March 31, 2022, and 2021.

Financing

Pursuant to the Agreements, with respect to arranging for financing services, Morguard’s affiliates are entitled to receive partnership fees equal to 0.15% of the principal amount and associated costs (excluding mortgage premiums) of any debt financing or refinancing. There were no fees relating to financing services for the three months ended March 31, 2022, and 2021.

Other Services

As at March 31, 2022, the REIT had its portfolio appraised by Morguard’s appraisal division. Fees relating to appraisal services for the three months ended March 31, 2022, amounted to $53 (2021 - $53) and are included in trust expenses.

All the Agreements have an initial term of 10 years and are renewable for further terms of five years each, subject to certain notice provisions or upon the occurrence of an event of default as stipulated in the provisions of the Agreements.

PART VII

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The REIT's condensed consolidated financial statements for the three months ended March 31, 2022 and 2021, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the IASB. The condensed consolidated financial statements use the same accounting policies and methods of their application as the most recent annual audited consolidated financial statements and accompanying notes for the year ended December 31, 2021, which include the significant accounting policies most affected by estimates and judgments, and should be read in conjunction with the most recent annual audited consolidated financial statements.

The MD&A for the year ended December 31, 2021, contains a discussion of the significant accounting policies most affected by estimates and judgments used in the preparation of the consolidated financial statements, being the accounting estimates of fair values of income producing properties and valuation of financial instruments. Management determined that as at March 31, 2022, there is no change to the assessment of the significant accounting policies most affected by estimates and judgments as detailed in the MD&A for the year ended December 31, 2021.

FINANCIAL INSTRUMENTS

The following describes the REIT’s recognized and unrecognized financial instruments.

The REIT’s financial assets and liabilities comprise cash, restricted cash, amounts receivable, the Morguard Facility, accounts payable and accrued liabilities, mortgages payable, Class B LP Units, lease liability and the convertible debentures.

Financial assets must be classified and measured on the basis of both the business model in which the assets are managed and the contractual cash flow characteristics of the asset. Financial assets subsequent to initial recognition are classified and measured based on three categories: amortized cost, fair value through other comprehensive income (“FVTOCI”) and fair value through profit or loss (“FVTPL”). Financial liabilities are classified and measured based on two categories: amortized cost and FVTPL. Fair values of financial assets and liabilities are presented as follows:

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair values of cash, restricted cash, amounts receivable, the Morguard Facility and accounts payable and accrued liabilities approximate their carrying values due to the short-term maturity of those instruments.

Mortgages payable, lease liability and the convertible debentures are carried at amortized cost using the effective interest method of amortization. The estimated fair values of long-term borrowings have been determined based on market information, where available, or by discounting future payments of interest and principal at estimated interest rates expected to be available to the REIT.

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial obligations using March 31, 2022, market rates for debts of similar terms. Based on these assumptions, as at March 31, 2022, the fair value of the mortgages payable before deferred financing costs and present value of tax payment is estimated at $1,251,804 (December 31, 2021 - $1,335,670). The fair value of the mortgages payable vary from their carrying value due to fluctuations in market interest rates since their issue.

The fair values of the convertible debentures are based on their market trading price. As at March 31, 2022, the fair value of the convertible debentures before deferred financing costs has been estimated at $86,355 (December 31, 2021 - $86,868), compared with the carrying value of $85,223 (December 31, 2021 - $85,223).

The fair value of the Class B LP Units is equal to the market trading price of the Units.

RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the Units and activities of the REIT that investors should carefully consider before investing in securities of the REIT. Risks and uncertainties are disclosed in the REIT's MD&A for the year ended December 31, 2021 and in the Risks and Uncertainties section of the latest Annual Information Form dated, February 15, 2022.

Developments since March 2020 regarding the COVID-19 pandemic have resulted in a substantive shift in management's focus towards ensuring the continued health and safety of our employees and service partners, compliance with guidelines and requirements issued by various health authorities and government organizations, and continuity of other critical business operations. We remain focused on delivering our key business operations.

Other outbreaks of pandemics and epidemics may have similar impacts on our business, operations, financial condition and ability to make distributions to Unitholders.

CONTROLS AND PROCEDURES CONCERNING FINANCIAL INFORMATION

The financial certification process project team has documented and assessed the design of the internal controls in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. This undertaking has enabled the Chief Executive Officer and Chief Financial Officer to attest that the design of the internal controls with regard to financial information are effective using the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control - Integrated Framework (2013). In order to ensure that the consolidated financial statements and MD&A present fairly, in all material respects, the financial position of the REIT and the results of its operations, management is responsible for establishing and maintaining disclosure controls and procedures, as well as internal control over financial reporting.

The REIT's management has evaluated the effectiveness of the REIT's disclosure controls and procedures and, based on such evaluation, has concluded that their design is adequate and effective as of and for the three months ended March 31, 2022. The REIT's management has also evaluated the effectiveness of the internal controls over financial reporting and has concluded that their design is effective as of and for the three months ended March 31, 2022.

An information disclosure policy constitutes the framework for the information disclosure process with regard to the annual and interim filings, as well as to other reports filed or submitted under securities legislation. This policy aims in particular at identifying material information and validating the related reporting. Morguard's Disclosure Committee, established in 2005, is responsible for ensuring compliance with this policy for both Morguard and the REIT. Morguard's senior management acts as the Disclosure Committee, ensuring compliance with this policy and reviewing main documents to be filed with regulatory authorities to ensure that all significant information regarding operations is communicated in a timely manner.

PART VIII

SUMMARY OF QUARTERLY INFORMATION

The following table provides a summary of operating results for the last eight quarters.

(In thousands of dollars, except per Unit amounts)	Revenue	NOI	FFO	Net Income Attributable to Unitholders	Net Income Attributable to Unitholders per Unit	
					Basic	Diluted(1)
March 31, 2022	**$65,257**	**$17,424**	**$18,307**	**$162,430**	**$2.89**	**$2.70**
December 31, 2021	63,475	39,796	16,870	112,610	2.00	1.87
September 30, 2021	61,955	37,142	16,153	83,704	1.49	1.40
June 30, 2021	59,814	37,373	16,128	18,765	0.33	0.33
March 31, 2021	60,322	15,184	15,619	27,009	0.48	0.46
December 31, 2020	61,025	38,192	15,429	7,237	0.13	0.13
September 30, 2020	62,159	38,796	16,085	51,908	0.92	0.88
June 30, 2020	63,202	41,255	19,324	19,629	0.35	0.34

(1) Includes the dilutive impact of the convertible debentures.

SUMMARY OF QUARTERLY RESULTS

A significant portion of the REIT's real estate properties are located in the United States. As a result, the REIT is exposed to foreign currency exchange rate fluctuations with respect to its quarterly results derived from its properties located in the U.S.

Quarterly results fluctuate due to acquisitions and dispositions, the impact of foreign exchange rate fluctuations and mortgage refinancing. In addition, net income (loss) includes a number of non-cash components, such as, fair value gain (loss) on Class B LP Units, fair value gain (loss) on real estate properties, an IFRIC 21 adjustment to realty taxes, equity income (loss) from investments and deferred taxes.

Revenue and Net Operating Income

The regional distribution of the REIT's suites serves to add stability to the REIT's cash flows because it reduces the REIT's vulnerability to economic fluctuations affecting any particular region. However, tenant retention and leasing vacant suites are critical to maintaining occupancy levels.

In Canada, certain provinces and territories have enacted residential tenancy legislation that, among other things, imposes rent control guidelines that limit the REIT's ability to raise rental rates at its properties. For the calendar year 2022, the Ontario guideline increase amount was established at 1.2% (0.0% for 2021 and 2.2% for 2020). In addition, overbuilding in the multi-suite residential sector, particularly in the United States, may increase the supply of multi-suite residential properties, further increasing the level of competition in certain markets. Such competition may reduce occupancy rates and rental revenues of the REIT and, consequently, revenue and operating results.

Since the first quarter of 2020, the onset of COVID-19 and stay-at-home orders disrupted normal traffic patterns throughout the Canadian and U.S. portfolios, but remained stable overall with the exception of a few properties directly impacted by university and local business closures.

The REIT has seen steady revenue growth leading up to the third quarter of 2020 resulting from an increase in Same Property revenue, subsequent to the third quarter of 2020 increased vacancy has contributed to lower revenue. The increase in revenue during the fourth quarter of 2021 and first quarter of 2022 is due to improvements in U.S. occupancy as well as the REIT's development property which reached stabilized occupancy during October 2021.

As at March 31, 2022, Same Property occupancy in Canada was 93.8% and, since the third quarter of 2020, occupancy has declined due to continued lower leasing traffic resulting from social distancing restrictions and current economic conditions. Approximately 79% of the suites in Canada are located in the GTA. The GTA is Canada's most significant economic cluster and contains the largest concentration of people.

As at March 31, 2022, Same Property occupancy in the U.S. was 96.2% as the REIT's overall U.S. occupancy maintained optimum levels, continuing its positive momentum from 2020 and during 2021.

Similar to revenue, NOI has profiled steady growth over the last eight quarters resulting from an increase in revenue and the REIT's ability to control expenses as a percentage of revenue. As noted above, the decline in NOI during the third quarter of 2020 is primarily a result of increased vacancy, primarily in Canada. The impact of foreign exchange rates and the REIT's development property which reached stabilized occupancy during the fourth quarter of 2021 also factor into the variance from quarter to quarter. Furthermore, the first quarter results (three months ended March 31) are impacted by IFRIC 21, whereby the REIT records the entire annual realty tax expense for its U.S. properties on January 1, except for U.S. properties acquired during the year in which the realty taxes are not recorded in the year of acquisition. As a result, the second, third and fourth quarters typically have no realty tax expense, which results in higher NOI and NOI margins.

Net Income Attributable to Unitholders

Taking into account the above factors for revenue and NOI variations, the change in net income is predominantly due to a change in non-cash components described below:

- The REIT valued the Class B LP Units based on the closing price of the TSX-listed Units. The volatility of the stock market from the impact of the global health crisis resulted in a significant decline in the REIT's Unit price as at March 31, 2020 resulting in a fair value gain on the Class B LP Units. Subsequent to the first quarter of 2020, there has generally been an upward trend in the trading price of the REIT's Units resulting in a fair value loss on Class B LP Units;
- The REIT has recorded a fair value gain on real estate properties for the three months ended March 31, 2022 and 2021, due to an increase in stabilized NOI and compression in capitalization rates at certain properties. In addition, equity-accounted investments include non-cash fair value changes on real estate properties;
- The REIT has recorded deferred tax expense coinciding with the fair value gains of the REIT's U.S. real estate properties.

SUBSEQUENT EVENTS

Subsequent to March 31, 2022, the REIT entered into a conditional agreement to sell a property located in Atlanta, Georgia, comprising 292 suites, for gross proceeds of $94,345 (US$75,500), excluding closing costs. The REIT expects to close the sale of the property during the second quarter at which time the mortgage payable secured by the property in the amount of $26,901 (US$21,528) will be repaid.

Subsequent to March 31, 2022, the REIT entered into a conditional agreement to sell a property located in Slidell, Louisiana, comprising 144 suites, for gross proceeds of $30,340 (US$24,280), excluding closing costs. The REIT expects to close the sale of the property during the third quarter at which time the mortgage payable secured by the property in the amount of $9,689 (US$7,754) will be repaid.

Subsequent to March 31, 2022, the REIT entered into a binding commitment letter for the refinancing of a multi-suite residential property located in West Palm Beach, Florida, in the amount of $19,088 (US$15,275) at an interest rate of 3.89% and for a term of 10 years. The REIT expects to close the refinancing during the second quarter of 2022. The maturing mortgage amounts to $11,328 (US$9,065), is open and prepayable at no penalty before its scheduled maturity on August 1, 2022, and has an interest rate of 3.96%.

Subsequent to March 31, 2022, the REIT entered into a binding commitment letter for the refinancing of a multi-suite residential property located in Palm Beach County, Florida, in the amount of $57,084 (US$45,682) at an interest rate of 4.19% and for a term of 10 years. The REIT expects to close the refinancing during the second quarter of 2022. The maturing mortgage amounts to $29,096 (US$23,284), is open and prepayable at no penalty before its scheduled maturity on October 1, 2022, and has an interest rate of 3.78%.

PART IX

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

The REIT's proportionate consolidated financial statements are as follows:

BALANCE SHEETS

As at March 31, 2022	IFRS	Non-GAAP Adjustments: NCI Share	Non-GAAP Adjustments: Equity Interest	Non-GAAP Adjustments: IFRIC 21	Proportionate Basis (Non-GAAP)
ASSETS					
Non-current assets					
Real estate properties	$3,355,923	($180,924)	$242,610	($19,246)	$3,398,363
Equity-accounted investments	96,527	—	(96,527)	—	—
	3,452,450	(180,924)	146,083	(19,246)	3,398,363
Current assets					
Morguard Facility	60,000	—	—	—	60,000
Amounts receivable	6,087	(490)	482	—	6,079
Prepaid expenses	9,072	(122)	421	—	9,371
Restricted cash	10,583	(137)	1,298	—	11,744
Cash	31,213	(2,059)	1,811	—	30,965
	116,955	(2,808)	4,012	—	118,159
Real estate properties held for sale	122,587	—	—	(804)	121,783
	$3,691,992	($183,732)	$150,095	($20,050)	$3,638,305
LIABILITIES AND EQUITY					
Non-current liabilities					
Mortgages payable	$1,105,194	($93,518)	$140,099	$—	$1,151,775
Class B LP Units	337,745	—	—	—	337,745
Deferred income tax liabilities	212,598	—	—	—	212,598
Accounts payable and accrued liabilities	8,935	—	—	—	8,935
	1,664,472	(93,518)	140,099	—	1,711,053
Current liabilities					
Mortgages payable	128,518	(105)	2,906	—	131,319
Convertible debentures	88,650	—	—	—	88,650
Accounts payable and accrued liabilities	63,387	(5,903)	7,090	(20,050)	44,524
	280,555	(6,008)	9,996	(20,050)	264,493
Mortgages payable on real estate properties held for sale	36,369	—	—	—	36,369
Total liabilities	1,981,396	(99,526)	150,095	(20,050)	2,011,915
EQUITY					
Unitholders' equity	1,626,390	—	—	—	1,626,390
Non-controlling interest	84,206	(84,206)	—	—	—
Total equity	1,710,596	(84,206)	—	—	1,626,390
	$3,691,992	($183,732)	$150,095	($20,050)	$3,638,305

The following table provides a reconciliation of gross book value and indebtedness as defined in the Declaration of Trust from their IFRS financial statement presentation:

As at March 31, 2022	IFRS	Non-GAAP Adjustments: NCI Share	Non-GAAP Adjustments: Equity Interest	Non-GAAP Adjustments: IFRIC 21	Proportionate Basis (Non-GAAP)
Total Assets / Gross book value[(1)]	$3,691,992	($183,732)	$150,095	($20,050)	$3,638,305
Mortgage payable	$1,270,081	($93,623)	$143,005	$—	$1,319,463
Add: deferred financing costs	11,591	(229)	586	—	11,948
	1,281,672	(93,852)	143,591	—	1,331,411
Convertible debentures, face value	85,500	—	—	—	85,500
Lease liability	8,935	—	—	—	8,935
Indebtedness	$1,376,107	($93,852)	$143,591	$—	$1,425,846
Indebtedness / Gross book value	37.3%				39.2%

(1) Gross book value (as defined in the Declaration of Trust) includes the impact of any fair value adjustments.

STATEMENTS OF INCOME

					2022					2021
		Non-GAAP Adjustments					Non-GAAP Adjustments			
For the three months ended March 31 (In thousands of dollars)	**IFRS**	**NCI Share**	**Equity Interest**	**IFRIC 21**	**Proportionate Basis (Non-GAAP)**	IFRS	NCI Share	Equity Interest	IFRIC 21	Proportionate Basis (Non-GAAP)
Revenue from properties										
Same Property										
Gross rental revenue	**$63,605**	**($3,419)**	**$4,902**	**$—**	**$65,088**	$59,425	($3,222)	$5,020	$—	$61,223
Vacancy	**(3,735)**	**200**	**(268)**	**—**	**(3,803)**	(3,622)	207	(1,316)	—	(4,731)
Ancillary	**4,595**	**(236)**	**71**	**—**	**4,430**	4,424	(215)	197	—	4,406
Same Property	**64,465**	**(3,455)**	**4,705**	**—**	**65,715**	60,227	(3,230)	3,901	—	60,898
Acquisition/Development	**792**	**—**	**—**	**—**	**792**	95	—	—	—	95
Total revenue from properties	**65,257**	**(3,455)**	**4,705**	**—**	**66,507**	60,322	(3,230)	3,901	—	60,993
Property operating expenses										
Same Property										
Operating costs	**16,900**	**(911)**	**1,264**	**—**	**17,253**	15,198	(811)	1,151	—	15,538
Realty taxes	**25,261**	**(2,519)**	**3,865**	**(18,178)**	**8,429**	24,602	(2,496)	3,752	(17,602)	8,256
Utilities	**5,228**	**(135)**	**271**	**—**	**5,364**	4,934	(145)	306	—	5,095
Same Property	**47,389**	**(3,565)**	**5,400**	**(18,178)**	**31,046**	44,734	(3,452)	5,209	(17,602)	28,889
Acquisition/Development	**444**	**—**	**—**	**(110)**	**334**	404	—	—	(118)	286
Total property operating expenses	**47,833**	**(3,565)**	**5,400**	**(18,288)**	**31,380**	45,138	(3,452)	5,209	(17,720)	29,175
NOI										
Same Property	**17,076**	**110**	**(695)**	**18,178**	**34,669**	15,493	222	(1,308)	17,602	32,009
Acquisition/Development	**348**	**—**	**—**	**110**	**458**	(309)	—	—	118	(191)
Total NOI[(1)]	**17,424**	**110**	**(695)**	**18,288**	**35,127**	15,184	222	(1,308)	17,720	31,818
Other expenses (income)										
Interest expense	**17,701**	**(866)**	**1,250**	**—**	**18,085**	14,905	(874)	1,277	—	15,308
Trust expenses	**4,181**	**(62)**	**155**	**—**	**4,274**	3,339	(62)	149	—	3,426
Equity loss (income) from investments	**(1,648)**	**—**	**1,648**	**—**	**—**	72	—	(72)	—	—
Foreign exchange loss	**15**	**—**	**—**	**—**	**15**	23	—	—	—	23
Other expense (income)	**(409)**	**—**	**—**	**—**	**(409)**	22	—	—	—	22
Income (loss) before fair value changes and income taxes	**(2,416)**	**1,038**	**(3,748)**	**18,288**	**13,162**	(3,177)	1,158	(2,662)	17,720	13,039
Fair value gain on real estate properties, net	**246,729**	**(9,750)**	**3,748**	**(18,288)**	**222,439**	27,451	(1,544)	2,662	(17,720)	10,849
Fair value gain (loss) on Class B LP Units	**(32,724)**	**—**	**—**	**—**	**(32,724)**	6,544	—	—	—	6,544
Income before income taxes	**211,589**	**(8,712)**	**—**	**—**	**202,877**	30,818	(386)	—	—	30,432
Provision for income taxes										
Current	**32**	**—**	**—**	**—**	**32**	32	—	—	—	32
Deferred	**40,415**	**—**	**—**	**—**	**40,415**	3,391	—	—	—	3,391
	40,447	**—**	**—**	**—**	**40,447**	3,423	—	—	—	3,423
Net income for the period	**$171,142**	**($8,712)**	**$—**	**$—**	**$162,430**	$27,395	($386)	$—	$—	$27,009
(1) NOI included the following:										
IFRIC 21	**$17,402**	**($2,027)**	**$2,913**	**($18,288)**	**$—**	$16,753	($1,860)	$2,827	($17,720)	$—

The following table provides a reconciliation of interest and indebtedness coverage ratios from their IFRS financial statement presentation:

					2022					2021
		Non-GAAP Adjustments					Non-GAAP Adjustments			
For the three months ended March 31 (In thousands of dollars)	**IFRS**	**NCI Share**	**Equity Interest**	**IFRIC 21**	**Proportionate Basis (Non-GAAP)**	IFRS	NCI Share	Equity Interest	IFRIC 21	Proportionate Basis (Non-GAAP)
NOI	**$17,424**	**$110**	**($695)**	**$18,288**	**$35,127**	$15,184	$222	($1,308)	$17,720	$31,818
IFRIC 21 adjustment	**17,402**	**(2,027)**	**2,913**	**(18,288)**	**—**	16,753	(1,860)	2,827	(17,720)	—
Trust expenses	**(4,181)**	**62**	**(155)**	**—**	**(4,274)**	(3,339)	62	(149)	—	(3,426)
Other income (expense)	**409**	**—**	**—**	**—**	**409**	(22)	—	—	—	(22)
	$31,054	**($1,855)**	**$2,063**	**$—**	**$31,262**	$28,576	($1,576)	$1,370	$—	$28,370
Interest expense	**$17,701**	**($866)**	**$1,250**	**$—**	**$18,085**	$14,905	($874)	$1,277	$—	$15,308
Fair value gain (loss) on conversion option on the convertible debentures	**(2,150)**	**—**	**—**	**—**	**(2,150)**	423	—	—	—	423
Distributions on Class B LP Units	**(3,012)**	**—**	**—**	**—**	**(3,012)**	(3,012)	—	—	—	(3,012)
	$12,539	**($866)**	**$1,250**	**$—**	**$12,923**	$12,316	($874)	$1,277	$—	$12,719
Interest coverage ratio	**2.48**				**2.42**	2.32				2.23
Indebtedness coverage ratio	**1.50**				**1.46**	1.54				1.48

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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BALANCE SHEETS

In thousands of Canadian dollars

As at	Note	March 31, 2022	December 31, 2021
ASSETS			
Non-current assets			
Real estate properties	3	**$3,355,923**	$3,256,158
Equity-accounted investments	4	**96,527**	96,376
		3,452,450	3,352,534
Current assets			
Morguard Facility	8	**60,000**	70,000
Amounts receivable		**6,087**	7,188
Prepaid expenses		**9,072**	5,202
Restricted cash		**10,583**	11,801
Cash		**31,213**	26,562
		116,955	120,753
Real estate properties held for sale	3	**122,587**	—
		$3,691,992	$3,473,287
LIABILITIES AND EQUITY			
Non-current liabilities			
Mortgages payable	5	**$1,105,194**	$1,191,578
Convertible debentures	6	—	86,319
Class B LP Units	7	**337,745**	305,021
Deferred income tax liabilities	15	**212,598**	175,229
Accounts payable and accrued liabilities	9	**8,935**	9,065
		1,664,472	1,767,212
Current liabilities			
Mortgages payable	5	**128,518**	96,977
Convertible debentures	6	**88,650**	—
Accounts payable and accrued liabilities	9	**63,387**	47,713
		280,555	144,690
Mortgages payable on real estate properties held for sale	5	**36,369**	—
Total liabilities		**1,981,396**	1,911,902
EQUITY			
Unitholders' equity		**1,626,390**	1,484,738
Non-controlling interest		**84,206**	76,647
Total equity		**1,710,596**	1,561,385
		$3,691,992	$3,473,287

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF INCOME

In thousands of Canadian dollars

For the three months ended March 31	Note	2022	2021
Revenue from real estate properties	11	**$65,257**	$60,322
Property operating expenses			
Property operating costs		**(17,176)**	(15,426)
Realty taxes		**(25,408)**	(24,759)
Utilities		**(5,249)**	(4,953)
Net operating income		**17,424**	15,184
Other expenses (income)			
Interest expense	12	**17,701**	14,905
Trust expenses	13	**4,181**	3,339
Equity loss (income) from investments	4	**(1,648)**	72
Foreign exchange loss		**15**	23
Other expense (income)		**(409)**	22
Loss before fair value changes and income taxes		**(2,416)**	(3,177)
Fair value gain on real estate properties, net	3	**246,729**	27,451
Fair value gain (loss) on Class B LP Units	7	**(32,724)**	6,544
Income before income taxes		**211,589**	30,818
Provision for income taxes			
Current		**32**	32
Deferred		**40,415**	3,391
		40,447	3,423
Net income for the period		**$171,142**	$27,395
Net income attributable to:			
Unitholders		**$162,430**	$27,009
Non-controlling interest		**8,712**	386
		$171,142	$27,395

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

In thousands of Canadian dollars

For the three months ended March 31	2022	2021
Net income for the period	**$171,142**	$27,395
OTHER COMPREHENSIVE INCOME		
Item that may be reclassified subsequently to net income:		
Unrealized foreign currency translation loss	**(15,298)**	(8,981)
Total comprehensive income for the period	**$155,844**	$18,414
Total comprehensive income (loss) attributable to:		
Unitholders	**$148,285**	$18,918
Non-controlling interest	**7,559**	(504)
	$155,844	$18,414

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY

In thousands of Canadian dollars

	Note	Units	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Total Unitholders' Equity	Non-controlling Interest	Total Equity
Unitholders' equity, December 31, 2020		$469,210	$48,762	$682,824	$69,333	$1,270,129	$77,490	$1,347,619
Changes during the period:								
Net income		—	—	27,009	—	27,009	386	27,395
Other comprehensive loss		—	—	—	(8,091)	(8,091)	(890)	(8,981)
Issue of Units - DRIP		172	—	(172)	—	—	—	—
Distributions		—	—	(6,654)	—	(6,654)	(398)	(7,052)
Unitholders' equity, March 31, 2021		$469,382	$48,762	$703,007	$61,242	$1,282,393	$76,588	$1,358,981
Changes during the period:								
Net income		—	—	215,079	—	215,079	2,500	217,579
Other comprehensive income		—	—	—	7,178	7,178	612	7,790
Issue of Units - DRIP		577	—	(577)	—	—	—	—
Distributions		—	—	(19,912)	—	(19,912)	(3,053)	(22,965)
Unitholders' equity, December 31, 2021		$469,959	$48,762	$897,597	$68,420	$1,484,738	$76,647	$1,561,385
Changes during the period:								
Net income		**—**	**—**	**162,430**	**—**	**162,430**	**8,712**	**171,142**
Other comprehensive loss		**—**	**—**	**—**	**(14,145)**	**(14,145)**	**(1,153)**	**(15,298)**
Issue of Units - DRIP	10(d)	**201**	**—**	**(201)**	**—**	**—**	**—**	**—**
Distributions	10(d)	**—**	**—**	**(6,633)**	**—**	**(6,633)**	**—**	**(6,633)**
Unitholders' equity, March 31, 2022		**$470,160**	**$48,762**	**$1,053,193**	**$54,275**	**$1,626,390**	**$84,206**	**$1,710,596**

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars

For the three months ended March 31	Note	2022	2021
OPERATING ACTIVITIES			
Net income		**$171,142**	$27,395
Add (deduct) items not affecting cash	16(a)	**(154,427)**	(13,052)
Additions to tenant incentives		**(216)**	(267)
Distributions from equity-accounted investments	4	**97**	125
Net change in non-cash operating assets and liabilities	16(b)	**(4,071)**	524
Cash provided by operating activities		**12,525**	14,725
INVESTING ACTIVITIES			
Additions to real estate properties	3	**(3,879)**	(5,662)
Cash used in investing activities		**(3,879)**	(5,662)
FINANCING ACTIVITIES			
Repayment of mortgages			
Principal instalment repayments		**(8,230)**	(6,294)
Proceeds from Morguard Facility		**25,000**	31,238
Advances on and repayments of Morguard Facility		**(15,000)**	(34,000)
Distributions to Unitholders		**(6,632)**	(6,653)
Distributions to non-controlling interest		**—**	(398)
Decrease (increase) in restricted cash		**1,049**	(522)
Cash used in financing activities		**(3,813)**	(16,629)
Net increase (decrease) in cash during the period		**4,833**	(7,566)
Net effect of foreign currency translation on cash balance		**(182)**	61
Cash, beginning of period		**26,562**	27,304
Cash, end of period		**$31,213**	$19,799

See accompanying notes to the condensed consolidated financial statements.

NOTES

For the three months ended March 31, 2022 and 2021
In thousands of Canadian dollars, except Unit and per Unit amounts and where otherwise noted

NOTE 1

NATURE AND FORMATION OF TRUST

Morguard North American Residential Real Estate Investment Trust (the "REIT") is an unincorporated open-ended real estate investment trust established pursuant to a Declaration of Trust dated March 1, 2012, and as most recently amended and restated on February 16, 2021 (the "Declaration of Trust"), under and governed by the laws of the Province of Ontario. The trust units of the REIT ("Units") trade on the Toronto Stock Exchange ("TSX") under the symbol "MRG.UN." The REIT invests in multi-suite residential rental properties in Canada and the United States. The REIT's head office is located at 55 City Centre Drive, Suite 1000, Mississauga, Ontario, L5B 1M3.

The REIT holds its investments in its real estate properties through its ownership in Morguard NAR Canada Limited Partnership (the "Partnership"). As at March 31, 2022, Morguard Corporation ("Morguard"), the parent company of the REIT, holds an indirect 44.7% (December 31, 2021 - 44.7%) interest through its ownership of 7,944,166 Units and 17,223,090 Class B LP Units.

NOTE 2

STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and thus do not contain all the disclosures applicable to the annual audited consolidated financial statements.

The condensed consolidated financial statements were approved and authorized for issue by the Board of Trustees on April 26, 2022.

These condensed consolidated financial statements use the same accounting policies and methods of their application as the most recent annual audited consolidated financial statements and should be read in conjunction with the most recent annual audited consolidated financial statements which include the significant accounting policies most affected by estimates and judgments.

Foreign Exchange

The foreign exchange rates for the current and prior reporting periods are as follows:

	2022	2021
Canadian dollar to United States dollar exchange rates:		
- As at March 31	**$0.8003**	$0.7952
- As at December 31	—	0.7888
- Average for the three months ended March 31	**0.7898**	0.7899
United States dollar to Canadian dollar exchange rates:		
- As at March 31	**1.2496**	1.2575
- As at December 31	—	1.2678
- Average for the three months ended March 31	**1.2662**	1.2660

NOTE 3
REAL ESTATE PROPERTIES

Reconciliations of the carrying amounts for real estate properties at the beginning and end of the current period and prior financial year are set out below:

As at	March 31, 2022	December 31, 2021
Balance, beginning of period	**$3,256,158**	$2,941,241
Additions:		
Capital expenditures	**3,879**	30,012
Fair value gain, net	**246,729**	288,662
Foreign currency translation	**(28,058)**	(4,200)
Other	**(198)**	443
Balance, end of period	**$3,478,510**	$3,256,158
Real estate properties	**$3,355,923**	$3,256,158
Real estate properties held for sale	**122,587**	—
Total	**$3,478,510**	$3,256,158

Real estate properties held for sale are assets that the REIT intends to sell rather than hold on a long-term basis and meet the criteria established in IFRS 5, Non-current Assets Held for Sale and Discontinued Operations (“IFRS 5”) for separate classification.

Subsequent to March 31, 2022, the REIT entered into a conditional agreement to sell a property located in Atlanta, Georgia, comprising 292 suites, for gross proceeds of $94,345 (US$75,500), excluding closing costs. The REIT expects to close the sale of the property during the second quarter at which time the mortgage payable secured by the property in the amount of $26,901 (US$21,528) will be repaid.

Subsequent to March 31, 2022, the REIT entered into a conditional agreement to sell a property located in Slidell, Louisiana, comprising 144 suites, for gross proceeds of $30,340 (US$24,280), excluding closing costs. The REIT expects to close the sale of the property during the third quarter at which time the mortgage payable secured by the property in the amount of $9,689 (US$7,754) will be repaid.

As at March 31, 2022, and December 31, 2021, the REIT had its portfolio appraised by Morguard’s appraisal division. In addition, the REIT’s U.S. portfolio is appraised by independent U.S. real estate appraisal firms on a three-year cycle.

Due to the COVID-19 pandemic and the ongoing impact on the economy, there is added risk in management’s use of judgment relating to the valuation of the REIT’s income producing properties. Key assumptions used in determining the valuation of income producing properties include estimates of capitalization rates and stabilized net operating income (which is primarily influenced by revenue growth, vacancy rates, inflation rates and operating costs), pertain to forward-looking assumptions and market evidence, and accordingly could materially and adversely impact the underlying valuation of the REIT’s income producing properties.

The REIT utilizes the direct capitalization income method to appraise its portfolio. This method requires that rental income from current leases and key assumptions about rental income, vacancies and inflation rates among other factors are used to determine a one-year stabilized net operating income forecast for each individual property within the REIT’s portfolio and also considers any capital expenditures anticipated within the year. A capitalization rate was also determined for each property based on market information related to the external sale of similar properties within a similar location. These factors were used to determine the fair value of income producing properties at each reporting period.

As at March 31, 2022, using the direct capitalization income approach, the properties were valued using capitalization rates in the range of 3.5% to 5.8% (December 31, 2021 - 3.5% to 6.5%), resulting in an overall weighted average capitalization rate of 4.2% (December 31, 2021 - 4.3%).

The average capitalization rates by location are set out in the following table:

	March 31, 2022 Capitalization Rates			December 31, 2021 Capitalization Rates		
	Maximum	**Minimum**	**Weighted Average**	Maximum	Minimum	Weighted Average
Canada						
Alberta	**5.0%**	**5.0%**	**5.0%**	5.0%	5.0%	5.0%
Ontario	**4.3%**	**3.5%**	**3.7%**	4.3%	3.5%	3.7%
United States						
Colorado	**4.5%**	**4.5%**	**4.5%**	4.8%	4.8%	4.8%
Texas	**4.5%**	**4.5%**	**4.5%**	4.8%	4.8%	4.8%
Louisiana(1)	**5.3%**	**5.3%**	**5.3%**	6.5%	5.5%	5.7%
Illinois	**4.5%**	**4.5%**	**4.5%**	4.5%	4.5%	4.5%
Georgia(1)	**5.0%**	**4.5%**	**4.8%**	5.3%	4.8%	5.1%
Florida	**5.8%**	**4.3%**	**4.9%**	6.0%	4.5%	5.1%
North Carolina	**4.8%**	**4.5%**	**4.6%**	5.0%	4.8%	4.9%
Virginia	**4.3%**	**4.3%**	**4.3%**	4.5%	4.5%	4.5%

(1) Excludes real estate properties classified as held for sale.

Fair values are most sensitive to changes in capitalization rates and stabilized net operating income. Generally, an increase in stabilized net operating income will result in an increase in the fair value of the real estate properties, and an increase in capitalization rates will result in a decrease in the fair value of the properties. The capitalization rate magnifies the effect of a change in stabilized net operating income, with a lower capitalization rate resulting in a greater impact on the fair value of the property than a higher capitalization rate. If the weighted average stabilized capitalization rate were to increase or decrease by 25 basis points (assuming no change to stabilized net operating income), the value of the real estate properties as at March 31, 2022 would decrease by $188,083 or increase by $212,337, respectively.

NOTE 4
EQUITY-ACCOUNTED INVESTMENTS

The following are the REIT's equity-accounted investments as at March 31, 2022, and December 31, 2021:

			REIT's Ownership		Carrying Value	
Property	**Principal Place of Business**	**Type**	**March 31, 2022**	December 31, 2021	**March 31, 2022**	December 31, 2021
The Fenestra	Rockville, MD	Joint Venture	**50%**	50%	**$46,975**	$46,721
Marquee at Block 37	Chicago, IL	Joint Venture	**50%**	50%	**49,552**	49,655
					$96,527	$96,376

The following table presents the change in the balance of the equity-accounted investments:

As at	**March 31, 2022**	December 31, 2021
Balance, beginning of period	**$96,376**	$93,005
Additions	**—**	1,288
Distributions received	**(97)**	(283)
Share of net income	**1,648**	2,691
Foreign exchange loss	**(1,400)**	(325)
Balance, end of period	**$96,527**	$96,376

The following tables present the financial results of the REIT's equity-accounted investments on a 100% basis:

As at	March 31, 2022	December 31, 2021
Non-current assets	**$485,220**	$485,315
Current assets	**8,024**	8,675
Total assets	**$493,244**	$493,990
Non-current liabilities	**$280,198**	$285,796
Current liabilities	**19,993**	15,442
Total liabilities	**$300,191**	$301,238
Net assets	**$193,053**	$192,752
Equity-accounted investments	**$96,527**	$96,376

For the three months ended March 31	2022	2021
Revenue	**$9,409**	$7,801
Expenses	**(13,608)**	(13,269)
Fair value gain on income producing properties	**7,495**	5,324
Net income (loss) for the period	**$3,296**	($144)
Income (loss) in equity-accounted investments	**$1,648**	($72)

NOTE 5

MORTGAGES PAYABLE

Mortgages payable consists of the following:

As at	March 31, 2022	December 31, 2021
Principal balance of mortgages	**$1,281,672**	$1,300,873
Deferred financing costs	**(11,591)**	(12,318)
	$1,270,081	$1,288,555
Current	**$128,518**	$96,977
Current - mortgages payable on real estate properties held for sale	**36,369**	—
Non-current	**1,105,194**	1,191,578
	$1,270,081	$1,288,555
Range of interest rates	**2.03−4.11%**	2.03−4.11%
Weighted average interest rate	**3.31%**	3.31%
Weighted average term to maturity (years)	**4.7**	5.0
Fair value of mortgages	**$1,251,804**	$1,335,670

Mortgages payable on real estate properties held for sale are secured by income producing properties that the REIT intends to sell rather than hold on a long-term basis and meet the criteria established in IFRS 5 for separate classification. As at March 31, 2022, mortgages payable includes two mortgages (including unamortized deferred financing costs) classified as current amounting to $36,369.

The aggregate principal repayments and balances maturing of the mortgages payable as at March 31, 2022, together with the weighted average contractual interest rate on debt maturing in the next five years and thereafter, are as follows:

	Principal Instalment Repayments	Balances Maturing	Total	Weighted Average Contractual Rate
2022 (remainder of the year)	$24,068	$102,567	$126,635	3.75%
2023	29,681	133,961	163,642	3.47%
2024	27,144	140,446	167,590	3.28%
2025	19,877	171,496	191,373	3.25%
2026	14,309	161,346	175,655	3.23%
Thereafter	51,992	404,785	456,777	3.24%
	$167,071	$1,114,601	$1,281,672	3.31%

The REIT's first mortgages are registered against specific real estate assets and substantially all of the REIT's rental properties and related rental revenue have been pledged as collateral for the mortgages payable.

NOTE 6

CONVERTIBLE DEBENTURES

Convertible debentures consist of the following:

As at	March 31, 2022	December 31, 2021
4.50% convertible unsecured subordinated debentures	**$85,223**	$85,223
Fair value of conversion option	**4,178**	2,028
Unamortized financing costs	**(751)**	(932)
	$88,650	$86,319
Current	**$88,650**	$—
Non-current	**—**	86,319
	$88,650	$86,319

For the three months ended March 31, 2022, interest on the convertible debentures amounting to $943 (2021 - $943) is included in interest expense (Note 12). As at March 31, 2022, $nil (December 31, 2021 - $980) is included in accounts payable and accrued liabilities.

4.50% Convertible Unsecured Subordinated Debentures

On February 13, 2018, the REIT issued $75,000 principal amount of 4.50% convertible unsecured subordinated debentures (the "2018 Debentures") maturing on March 31, 2023 (the "Maturity Date"). On February 21, 2018, an additional principal amount of $10,500 was issued pursuant to the exercise of the over-allotment option. Interest is payable semi-annually, not in advance, on March 31 and September 30 of each year. The underwriters' commissions, legal and other issue costs attributable to the 2018 Debentures in the amount of $3,375 have been capitalized and are being amortized over their term to maturity. Morguard owns $5,000 aggregate principal amount of the 2018 Debentures.

As at March 31, 2022, and December 31, 2021, $85,500 of the face value of the 2018 Debentures were outstanding.

Each of the 2018 Debentures can be converted into fully paid, non-assessable and freely tradable Units at the option of the holder at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately preceding the date specified by the REIT for redemption of the 2018 Debentures, at a conversion price of $20.20 per Unit, being a ratio of approximately 49.5050 Units per $1,000 principal amount of 2018 Debentures.

From April 1, 2021 to March 31, 2022, the 2018 Debentures will be redeemable, in whole at any time or in part from time to time, at the option of the REIT on not more than 60 days' and not less than 30 days' prior written notice at a redemption price equal to the principal amount thereof plus accrued and unpaid interest up to the date fixed for redemption, provided that the volume-weighted average trading price of the Units on the TSX (if the Units are then listed on the TSX) for the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given (the "Current Market Price") is not less than 125% of the conversion price. From April 1, 2022, and prior to the Maturity Date, the 2018 Debentures shall be redeemable, in whole at any time or in part from time to time, at the option of the REIT on not more than 60 days' and not less than 30 days' prior written notice at a redemption price equal to the principal amount thereof plus accrued and unpaid interest up to the date fixed for redemption. Subject to regulatory approval and other conditions, the REIT may, at its option, elect to satisfy its obligation to pay, in whole or in part, the principal amount of the 2018 Debentures that are to be redeemed or that have matured by issuing and delivering that number of freely tradable Units to the debentureholders obtained by dividing the principal amount of the 2018 Debentures being repaid by 95% of the Current Market Price on the date of redemption or maturity, as applicable.

NOTE 7

CLASS B LP UNITS

On April 18, 2012, the REIT issued 17,223,090 Class B LP Units to Morguard for $172,231. The Class B LP Units are non-transferable, except under certain circumstances, but are exchangeable on a one-for-one basis into Units of the REIT at any time at the option of the holder. Prior to such exchange, distributions are made on the Class B LP Units in an amount equivalent to the distribution that would have been made had the Units of the REIT been issued. Each Class B LP Unit was accompanied by a Special Voting Unit, which entitles the holder to receive notice of, attend and vote at all meetings of the Unitholders. There is no value assigned to the Special Voting Units.

As at March 31, 2022, the REIT valued the Class B LP Units based on the closing price of the TSX-listed Units, which resulted in a fair value liability of $337,745 (December 31, 2021 - $305,021) and a corresponding fair value loss for the three months ended March 31, 2022 of $32,724 (2021 - gain of $6,544).

For the three months ended March 31, 2022, distributions on Class B LP Units amounting to $3,012 (2021 - $3,012) are included in interest expense (Note 12).

As at March 31, 2022, and December 31, 2021, there were 17,223,090 Class B LP Units issued and outstanding.

NOTE 8

MORGUARD FACILITY

The REIT has an unsecured revolving credit facility with Morguard (the “Morguard Facility”) that provides for borrowings or advances that can be drawn or advanced either in Canadian dollars or an equivalent amount in United States dollars subject to the availability of sufficient funds. If in Canadian dollars, interest will be calculated either at the Canadian prime lending rate or at the bankers’ acceptance rate plus 1.8%. If the borrowing or advance is in United States dollars, interest will be calculated at the United States prime lending rate. The maximum allowable to be borrowed or advanced under the Morguard Facility is $100,000.

As at March 31, 2022, the total amount receivable under the Morguard Facility was $60,000 (December 31, 2021 - $70,000).

During the three months ended March 31, 2022, the REIT recorded net interest income of $362 (2021 - net interest expense of $42) on the Morguard Facility.

NOTE 9

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	March 31, 2022	December 31, 2021
Accounts payable and accrued liabilities	**$51,567**	$36,056
Tenant deposits	**11,820**	11,657
Lease liability	**8,935**	9,065
	$72,322	$56,778
Current	**$63,387**	$47,713
Non-current	**8,935**	9,065
	$72,322	$56,778

Future minimum lease payments under the lease liability are as follows:

As at	March 31, 2022	December 31, 2021
Within 12 months	**$427**	$434
2 to 5 years	**1,878**	1,888
Over 5 years	**10,172**	10,445
Total minimum lease payments	**12,477**	12,767
Less: Future interest costs	**(3,542)**	(3,702)
Present value of minimum lease payments	**$8,935**	$9,065

NOTE 10
UNITHOLDERS' EQUITY

(a) Units

The REIT is authorized to issue an unlimited number of Units. Each Unit confers the right to one vote at any meeting of Unitholders and to participate *pro rata* in the distributions by the REIT and, in the event of termination or winding-up of the REIT, in the net assets of the REIT. The Unitholders have the right to require the REIT to redeem their Units on demand subject to certain conditions. The Units have no par value. Upon receipt of the redemption notice by the REIT, all rights to and under the Units tendered for redemption will cease and the holder thereof will be entitled to receive a price per Unit ("Redemption Price") as determined by a formula outlined in the Declaration of Trust. The Redemption Price will be paid in accordance with the conditions provided for in the Declaration of Trust.

The Trustees have discretion with respect to the timing and amounts of distributions.

(b) Normal Course Issuer Bids

On January 5, 2021, the REIT had the approval of the TSX under its normal course issuer bid ("NCIB") to purchase up to 2,955,913 Units and $8,048 principal amount of the Debentures. The program expired on January 7, 2022. On January 8, 2022, the REIT obtained the approval of the TSX under its NCIB to purchase up to 1,478,869 Units, being approximately 5% of the public float of outstanding Units; the program expires on January 7, 2023. The daily repurchase restriction for the Units is 7,877. Additionally, the REIT may purchase up to $4,024 principal amount of the 2018 Debentures, being 5% of the public float of outstanding 2018 Debentures. The daily repurchase restriction for the 2018 Debentures is $8. The price that the REIT would pay for any such Units or 2018 Debentures would be the market price at the time of acquisition.

There were no repurchases of Units under the REIT's NCIB plan for the three months ended March 31, 2022 and 2021.

(c) Special Voting Units

The REIT is authorized to issue an unlimited number of Special Voting Units. The Declaration of Trust and the exchange agreement provide for the issuance of the Special Voting Units, which have no economic entitlement in the REIT or in the distribution or assets of the REIT, but are used to provide voting rights proportionate to the votes of the Units to holders of securities exchangeable into Units, including the Class B LP Units. Each Special Voting Unit is not transferable separately from the Class B LP Unit to which it is attached and will be automatically redeemed and cancelled upon exchange of the attached Class B LP Unit into a Unit.

(d) Units Outstanding

The following table summarizes the changes in Units for the period from December 31, 2020, to March 31, 2022:

Issued and Fully Paid Units	Units	Amount
Balance, December 31, 2020	39,019,827	$469,210
Units issued under the DRIP	44,438	749
Balance, December 31, 2021	39,064,265	469,959
Units issued under the DRIP	**10,738**	**201**
Balance, March 31, 2022	**39,075,003**	**$470,160**

Total distributions declared during the three months ended March 31, 2022, amounted to $6,834, or $0.1749 per Unit (2021 - $6,826, or $0.1749 per Unit), including distributions payable of $2,278 that were declared on March 15, 2022, and paid on April 14, 2022. On April 14, 2022, the REIT declared a distribution of $0.0583 per Unit payable on May 16, 2022.

(e) Distribution Reinvestment Plan

Under the REIT's Distribution Reinvestment Plan ("DRIP"), Unitholders can elect to reinvest cash distributions into additional Units at a weighted average closing price of the Units on the TSX for the five trading days immediately preceding the applicable date of distribution. During the three months ended March 31, 2022, the REIT issued 10,738 Units under the DRIP (year ended December 31, 2021 - 44,438 Units).

NOTE 11
RENTAL INCOME

The components of revenue from real estate properties are as follows:

For the three months ended March 31	2022	2021
Rental income	**$32,842**	$30,369
Property management and ancillary income	**22,743**	20,468
Property tax and insurance	**9,672**	9,485
	$65,257	$60,322

NOTE 12
INTEREST EXPENSE

The components of interest expense are as follows:

For the three months ended March 31	2022	2021
Interest on mortgages	**$10,643**	$9,561
Interest and tax payment on Class C LP Units	**—**	890
Interest on the convertible debentures (Note 6)	**943**	943
Interest on lease liability	**108**	108
Amortization of deferred financing costs	**664**	642
Amortization of deferred financing costs on the convertible debentures (Note 6)	**181**	172
Fair value loss (gain) on conversion option on the convertible debentures (Note 6)	**2,150**	(423)
	14,689	11,893
Distributions on Class B LP Units (Note 7)	**3,012**	3,012
	$17,701	$14,905

NOTE 13
TRUST EXPENSES

The components of trust expenses are as follows:

For the three months ended March 31	2022	2021
Asset management fees and distributions	**$3,548**	$2,860
Professional fees	**281**	132
Public company expenses	**193**	194
Other	**159**	153
	$4,181	$3,339

NOTE 14
RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in Notes 6, 7 and 8, related party transactions also include the following:

Agreements with Morguard Affiliates

The REIT, the Partnership and its subsidiaries entered into a series of agreements (the “Agreements”) with certain Morguard affiliates whereby the following services are provided by Morguard’s affiliates under the direction of the REIT:

Property Management

Pursuant to the Agreements, Morguard’s affiliates administer the day-to-day operations of the Canadian and U.S. income producing properties, for which Morguard’s affiliates receive partnership fees and distributions equal to 3.5% of gross property revenue of the income producing properties, payable monthly. For the three months ended March 31, 2022, fees and distributions amounted to $2,389 (2021 - $2,193) and are included in property operating costs and equity income (loss) from investments. As at March 31, 2022, $678 (December 31, 2021 - $583) is included in accounts payable and accrued liabilities.

Asset Management

Pursuant to the Agreements, Morguard’s affiliates have certain duties and responsibilities for the strategic management and administration of the Partnership and its subsidiaries, for which they receive partnership fees and distributions equal to 0.25% of the Partnership's gross book value defined as acquisition cost of the REIT's assets plus: (i) fair value adjustments; and (ii) accumulated amortization on property, plant and equipment. In addition, an annual fee and distribution is calculated in arrears, determined by multiplying 15% of the Partnership's funds from operations in excess of $0.66 per Unit. For the three months ended March 31, 2022, fees and distributions amounted to $3,699 (2021 - $3,010) and are included in trust expenses and equity income (loss) from investments. As at March 31, 2022, $2,200 (December 31, 2021 - $1,923) is included in accounts payable and accrued liabilities.

Acquisition
Pursuant to the Agreements, Morguard's affiliates are entitled to receive partnership fees with respect to properties acquired, directly or indirectly, by the REIT from third parties, and the fees are to be paid upon the closing of the purchase of each such property. The fees range from 0% of the purchase price paid for properties acquired directly or indirectly from Morguard, including entities controlled by Morguard, up to 0.75% of the purchase price paid for properties acquired from third parties. There were no fees relating to acquisition services for the three months ended March 31, 2022, and 2021.

Financing
Pursuant to the Agreements, with respect to arranging for financing services, Morguard's affiliates are entitled to receive partnership fees equal to 0.15% of the principal amount and associated costs (excluding mortgage premiums) of any debt financing or refinancing. There were no fees relating to financing services for the three months ended March 31, 2022 and 2021.

Other Services
As at March 31, 2022, the REIT had its portfolio appraised by Morguard's appraisal division. For the three months ended March 31, 2022, fees relating to appraisal services amounted to $53 (2021 - $53) and are included in trust expenses.

NOTE 15
INCOME TAXES
(a) Canadian Status
The REIT is a "mutual fund trust" pursuant to the *Income Tax Act* (Canada) (the "Act"). Under current tax legislation, a mutual fund trust that is not a Specified Investment Flow-Through ("SIFT") trust pursuant to the Act is entitled to deduct distributions of taxable income such that it is not liable to pay income taxes provided that its taxable income is fully distributed to Unitholders. The REIT intends to continue to qualify as a mutual fund trust that is not a SIFT trust and to make distributions not less than the amount necessary to ensure that the REIT will not be liable to pay income taxes.

(b) U.S. Status
Certain of the REIT's operations or a portion thereof are conducted through its taxable U.S. subsidiaries, which are subject to U.S. federal and state corporate income taxes.

As at March 31, 2022, the U.S. subsidiaries of the REIT have total net operating losses of approximately US$1,110 (December 31, 2021 - US$34,067) of which no deferred tax assets were recognized as it is not probable that taxable profit will be available against such losses of which the deductible temporary difference can be utilized. The net operating losses expire in various years commencing in 2032. The recognition of previously unrecognized tax losses relates to the classification of real estate properties held for sale (Note 3) as it is probable that taxable income will be available against which the losses will be utilized.

As at March 31, 2022, the U.S. subsidiaries of the REIT have total net operating losses of approximately US$56,711 (December 31, 2021 - US$27,780) of which deferred tax assets were recognized, comprising US$28,931 (December 31, 2021 - $nil) that will expire in various years commencing in 2032 and US$27,780 (December 31, 2021 - US$27,780) that can be carried forward indefinitely.

As at March 31, 2022, the REIT's U.S. subsidiaries have a total of US$9,965 (December 31, 2021 - US$6,827) of unutilized interest expense deductions on which deferred tax assets were recognized.

NOTE 16
CONSOLIDATED STATEMENTS OF CASH FLOWS
(a) Items Not Affecting Cash

For the three months ended March 31	2022	2021
Fair value gain on real estate properties, net	**($229,327)**	($10,698)
Fair value loss (gain) on Class B LP Units	**32,724**	(6,544)
Fair value loss (gain) on conversion option on the convertible debentures	**2,150**	(423)
Equity loss (income) from investments	**(1,648)**	72
Amortization of deferred financing - mortgages	**664**	568
Amortization of deferred financing - Class C LP Units	**—**	74
Amortization of deferred financing - convertible debentures	**181**	172
Present value adjustment of tax liability on Class C LP Units	**—**	145
Amortization of tenant incentives	**414**	191
Deferred income taxes	**40,415**	3,391
	($154,427)	($13,052)

(b) Net Change in Non-cash Operating Assets and Liabilities

For the three months ended March 31	2022	2021
Amounts receivable	**$1,016**	($1,090)
Prepaid expenses	**(3,929)**	644
Accounts payable and accrued liabilities	**(1,158)**	970
	($4,071)	$524

(c) Supplemental Cash Flow Information

For the three months ended March 31	2022	2021
Interest paid	**$12,013**	$12,274

(d) Reconciliation of Liabilities Arising from Financing Activities
The following provides a reconciliation of liabilities arising from financing activities:

As at March 31, 2022	Mortgages Payable	Convertible Debentures	Lease Liability	Total
Balance, beginning of period	$1,288,555	$86,319	$9,065	$1,383,939
Repayments	(8,230)	—	—	(8,230)
Non-cash changes	664	2,331	—	2,995
Foreign exchange	(10,908)	—	(130)	(11,038)
Balance, end of period	**$1,270,081**	**$88,650**	**$8,935**	**$1,367,666**

NOTE 17
MANAGEMENT OF CAPITAL
Refer to the REIT's audited consolidated financial statements as at and for the year ended December 31, 2021 for an explanation of the REIT's capital management policy.

The total managed capital for the REIT as at March 31, 2022, and December 31, 2021, is summarized below:

As at	March 31, 2022	December 31, 2021
Mortgages payable, principal balance	**$1,281,672**	$1,300,873
Convertible debentures, face value	**85,500**	85,500
Lease liability	**8,935**	9,065
Class B LP Units	**337,745**	305,021
Unitholders' equity	**1,626,390**	1,484,738
	$3,340,242	$3,185,197

The REIT's debt ratios compared to its borrowing limits established in the Declaration of Trust are outlined in the table below:

As at	Borrowing Limits	March 31, 2022	December 31, 2021
Total debt to gross book value	70%	**37.3%**	40.2%
Floating-rate debt to gross book value	20%	**—%**	—%

NOTE 18

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Refer to the REIT's audited consolidated financial statements as at and for the year ended December 31, 2021 for an explanation of the REIT's risk management policy as it relates to financial instruments.

Fair Value of Financial Assets and Liabilities

The fair values of cash, restricted cash, amounts receivable, the Morguard Facility and accounts payable and accrued liabilities approximate their carrying values due to the short-term maturity of these instruments.

Mortgages payable, lease liability and the convertible debentures are carried at amortized cost using the effective interest method of amortization. The estimated fair values of long-term borrowings have been determined based on market information, where available, or by discounting future payments of interest and principal at estimated interest rates expected to be available to the REIT.

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial obligations using March 31, 2022, market rates for debts of similar terms (Level 2). Based on these assumptions, as at March 31, 2022, the fair value of the mortgages payable before deferred financing costs is estimated at $1,251,804 (December 31, 2021 - $1,335,670). The fair value of the mortgages payable vary from the carrying value due to fluctuations in market interest rates since their issue.

The fair value of the convertible debentures are based on their market trading price (Level 1). As at March 31, 2022, the fair value of the convertible debentures before deferred financing costs has been estimated at $86,355 (December 31, 2021 - $86,868), compared with the carrying value of $85,223 (December 31, 2021 - $85,223).

The fair value of the Class B LP Units is equal to the market trading price of the Units.

The REIT's convertible debentures have no restrictive covenants.

The fair value hierarchy of real estate properties and financial instruments measured at fair value on the consolidated balance sheets is as follows:

	March 31, 2022			December 31, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets:						
Real estate properties	**$—**	**$—**	**$3,355,923**	$—	$—	$3,256,158
Real estate properties held for sale	**—**	**—**	**122,587**	—	—	—
Financial liabilities:						
Class B LP Units	**337,745**	**—**	**—**	305,021	—	—
Conversion option of the convertible debentures	**—**	**4,178**	**—**	—	2,028	—

NOTE 19

SEGMENTED INFORMATION

All of the REIT's assets and liabilities are in, and their revenue is derived from, the Canadian and U.S. multi-suite residential real estate segments. The Canadian properties are located in the provinces of Alberta and Ontario, and the U.S. properties are located in the states of Colorado, Texas, Louisiana, Illinois, Georgia, Florida, North Carolina and Virginia. No single tenant accounts for 10% or more of the REIT's total revenue. The REIT is separated into two reportable segments, Canada and the United States. The REIT has applied judgment by aggregating its operating segments according to the nature of the property operations. Such judgment considers the nature of operations, types of customers and an expectation that operating segments within a reportable segment have similar long-term economic characteristics.

Additional information with respect to each reportable segment is outlined below:

	March 31, 2022			March 31, 2021		
For the three months ended	**Canada**	**U.S.**	**Total**	Canada	U.S.	Total
Revenue from real estate properties	**$24,017**	**$41,240**	**$65,257**	$23,358	$36,964	$60,322
Property operating expenses	**(11,629)**	**(36,204)**	**(47,833)**	(10,554)	(34,584)	(45,138)
Net operating income	**$12,388**	**$5,036**	**$17,424**	$12,804	$2,380	$15,184

	March 31, 2022			December 31, 2021		
As at	**Canada**	**U.S.**	**Total**	Canada	U.S.	Total
Real estate properties	**$1,532,880**	**$1,823,043**	**$3,355,923**	$1,501,650	$1,754,508	$3,256,158
Mortgages payable	**$521,375**	**$712,337**	**$1,233,712**	$525,905	$762,650	$1,288,555

	March 31, 2022			March 31, 2021		
For the three months ended	**Canada**	**U.S.**	**Total**	Canada	U.S.	Total
Additions to real estate properties	**$605**	**$3,274**	**$3,879**	$944	$4,718	$5,662
Fair value gain on real estate properties	**$30,678**	**$216,051**	**$246,729**	$9,460	$17,991	$27,451

NOTE 20

SUBSEQUENT EVENTS

Subsequent to March 31, 2022, the REIT entered into a binding commitment letter for the refinancing of a multi-suite residential property located in West Palm Beach, Florida, in the amount of $19,088 (US$15,275) at an interest rate of 3.89% and for a term of 10 years. The REIT expects to close the refinancing during the second quarter of 2022. The maturing mortgage amounts to $11,328 (US$9,065), is open and prepayable at no penalty before its scheduled maturity on August 1, 2022, and has an interest rate of 3.96%.

Subsequent to March 31, 2022, the REIT entered into a binding commitment letter for the refinancing of a multi-suite residential property located in Palm Beach County, Florida, in the amount of $57,084 (US$45,682) at an interest rate of 4.19% and for a term of 10 years. The REIT expects to close the refinancing during the second quarter of 2022. The maturing mortgage amounts to $29,096 (US$23,284), is open and prepayable at no penalty before its scheduled maturity on October 1, 2022, and has an interest rate of 3.78%.