Morguard North American Residential REIT

Management's Discussion and Analysis & Consolidated Financial Statements

2025

First Quarter Report

Morguard 50 YEARS

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

TABLE OF CONTENTS

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, 2025. 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, 2025, 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, 2025 and 2024. 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 29, 2025. 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.sedarplus.ca 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 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 failure to comply with, governmental regulations; liability and other claims asserted against the REIT; risks and uncertainties relating to pandemics or epidemics 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.

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 one U.S. property under IFRS is 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 in 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 in 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 in 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 in 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 (loss) 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 (loss) 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 (loss) attributable to Unitholders (an IFRS measure) to FFO is presented in 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 in 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 gross book value from the IFRS financial statement presentation is presented in 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 Class B LP Unit 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' distributions plus distributions on the Class B LP Units is presented in 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 in 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 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 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 in 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 plotted against the balance at maturity of the REIT's mortgages payable. Included in the analysis is an equity-accounted investment at the REIT's interest. The presentation of LTV against its corresponding mortgage maturity balance 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 LTV by year, plotted against the REIT's mortgage maturity profile, is presented in 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's 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, 2025, and 2024 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 flows 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.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

As at (In thousands of dollars, except as noted otherwise)	March 31, 2025	December 31, 2024	March 31, 2024
Operational Information			
Number of properties	**43**	43	43
Total suites	**13,089**	13,089	13,089
Occupancy percentage - Canada	**96.4%**	97.2%	98.4%
Occupancy percentage - U.S.	**95.6%**	93.8%	94.0%
AMR - Canada (in actual dollars)	**$1,801**	$1,772	$1,703
AMR - U.S. (in actual U.S. dollars)	**US$1,887**	US$1,907	US$1,880
Summary of Financial Information			
Gross book value(1)	**$4,652,330**	$4,571,631	$4,212,233
Indebtedness(1)	**$1,856,137**	$1,816,598	$1,598,821
Indebtedness to gross book value ratio(1)	**39.9%**	39.7%	38.0%
Weighted average mortgage interest rate	**3.91%**	3.88%	3.72%
Weighted average term to maturity on mortgages payable (years)	**5.3**	5.2	4.6
Exchange rates - United States dollar to Canadian dollar	**$1.44**	$1.44	$1.35
Exchange rates - Canadian dollar to United States dollar	**$0.70**	$0.69	$0.74

(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 a substitute for related financial information prepared in accordance with IFRS. Additional information on this non-GAAP financial measure/ratio can be found in Part I, "Specified Financial Measures."

For the three months ended March 31 (In thousands of dollars, except per Unit amounts)	2025	2024
Summary of Financial Information		
Interest coverage ratio(1)	**2.27**	2.45
Indebtedness coverage ratio(1)	**1.59**	1.63
Revenue from real estate properties	**$90,274**	$84,756
NOI	**$20,823**	$20,587
Proportionate NOI(1)	**$47,056**	$44,903
NOI margin - IFRS	**23.1%**	24.3%
NOI margin - Proportionate(1)	**52.4%**	53.2%
Net income	**$38,322**	$24,776
FFO - basic(1)	**$23,201**	$22,534
FFO - diluted(1)	**$24,041**	$23,374
FFO per Unit - basic(1)	**$0.44**	$0.41
FFO per Unit - diluted(1)	**$0.43**	$0.41
Distributions per Unit	**$0.18999**	$0.18501
FFO payout ratio(1)	**43.7%**	45.1%
Weighted average number of Units outstanding (in thousands):		
Basic(2)	**53,321**	54,966
Diluted(2) (3)	**55,640**	57,285
Average exchange rates - United States dollar to Canadian dollar	**$1.44**	$1.35
Average exchange rates - Canadian dollar to United States dollar	**$0.70**	$0.74

(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 a substitute for related financial information prepared in accordance with IFRS. Additional information on this non-GAAP financial measure/ratio can be found in 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 convertible debentures.

REAL ESTATE PROPERTIES

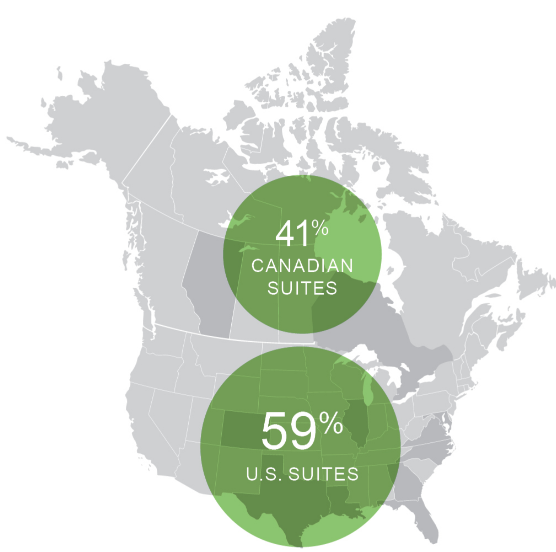
As at March 31, 2025, the REIT's multi-suite residential property portfolio consists of 16 Canadian properties and 27 U.S. properties, having a total of 13,089 residential suites and 239,500 square feet of commercial area. The properties are primarily located in urban centres and major suburban regions in Alberta, Ontario, Colorado, Texas, Louisiana, Illinois, Georgia, Florida, North Carolina, Virginia and Maryland.

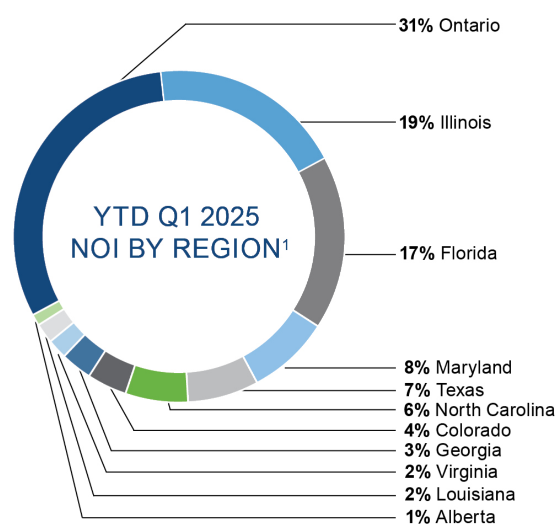
Approximately 79% of the suites in Canada are located in Toronto and Mississauga, which form part of the Greater Toronto Area ("GTA"). The GTA is Canada's most significant economic cluster and contains the largest concentration of people. The regional distribution of the remaining suites serves to add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

The following table details the regional distribution of the REIT's portfolio as at March 31, 2025:

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%	$54,950
Ontario				
Mississauga	7	2,219	17.0%	901,100
Toronto	6	1,997	15.3%	541,920
Other[(2)]	2	842	6.4%	255,600
	16	**5,335**	**40.8%**	**$1,753,570**
U.S. Properties				
Colorado	2	454	3.5%	$179,988
Texas	3	1,021	7.8%	286,370
Louisiana	2	249	1.9%	66,705
Illinois	4	1,795	13.7%	941,917
Georgia	2	522	4.0%	146,779
Florida	9	2,253	17.2%	723,113
North Carolina	2	864	6.6%	268,544
Virginia	1	104	0.8%	72,166
Maryland[(3)]	2	492	3.7%	286,785
	27	**7,754**	**59.2%**	**$2,972,367**
Impact of realty taxes accounted for under IFRIC 21				31,379
Total	**43**	**13,089**	**100.0%**	**$4,757,316**

(1) Total suites and fair value of real estate properties include non-controlling interest; the REIT, on a proportionate basis, has ownership of12,315 suites. Fair value of real estate properties represents the sum of income producing properties ($4,386,294) and an equity-accounted investment properties ($371,022), inclusive of non-controlling interest share.
(2) Other Ontario includes one property in each of Kitchener and Ottawa.
(3) Includes a retail property comprising 186,712 square feet of commercial area.





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

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, 2025	AMR/Suite at March 31, 2024	% Change	Occupancy at March 31, 2025	Occupancy at March 31, 2024
Canadian Properties (in Canadian dollars)					
Alberta	**$1,518**	$1,414	**7.4%**	**98.2%**	97.1%
Ontario					
Mississauga[1]	**2,029**	1,912	**6.1%**	**94.8%**	98.7%
Toronto	**1,610**	1,530	**5.2%**	**97.6%**	98.9%
Other[2]	**1,742**	1,663	**4.8%**	**96.8%**	96.8%
Total Ontario	**1,817**	1,719	**5.7%**	**96.3%**	98.4%
Total Canada (in Canadian dollars)	**$1,801**	$1,703	**5.8%**	**96.4%**	98.4%
U.S. Properties (in U.S. dollars)					
Colorado	**$1,791**	$1,795	**(0.2%)**	**92.4%**	96.2%
Texas	**1,616**	1,658	**(2.5%)**	**95.3%**	92.2%
Louisiana	**1,628**	1,629	**(0.1%)**	**96.7%**	82.4%
Illinois	**2,703**	2,656	**1.8%**	**96.9%**	95.0%
Georgia	**1,565**	1,608	**(2.7%)**	**98.3%**	95.0%
Florida[3]	**1,741**	1,745	**(0.2%)**	**95.6%**	94.4%
North Carolina	**1,455**	1,460	**(0.3%)**	**93.7%**	93.1%
Virginia	**2,590**	2,502	**3.5%**	**98.1%**	97.1%
Maryland	**2,267**	2,148	**5.5%**	**94.9%**	96.9%
Total U.S. (in U.S. dollars)[3]	**$1,887**	$1,880	**0.4%**	**95.6%**	94.0%
Total (in local currencies)	**$1,850**	$1,805	**2.5%**	**95.9%**	95.8%

(1) For periods prior to the second quarter of 2024, excludes 36 suites impacted by a fire at a property during the second quarter of 2022.
(2) Other Ontario includes one property in each of Kitchener and Ottawa.
(3) Excludes 53 suites under renovation at Village Crossing Apartment Homes (West Palm Beach). Including the offline suites at March 31, 2025, Florida and total U.S. occupancy were 93.2% and 94.7%, respectively.

CANADIAN PROPERTIES

As at March 31, 2025, Canadian AMR per suite was $1,801, an an increase of 5.8% compared to March 31, 2024. Sequentially, Canadian AMR at March 31, 2025 increased by 1.6%, compared to $1,772 at December 31, 2024.

Effective January 1, 2025, the Ontario guideline rental rate increase is 2.5% (2024 - 2.5%). The REIT also experienced rental rate growth from above-guideline increases ("AGI") at several properties upon the completion of capital projects as well as rental rate increases on suite turnover. Additionally, within the Ontario portfolio, the REIT has submitted AGI applications related to eligible capital repairs, allowing for rent increases upon approval from the Landlord and Tenant Board. During the first quarter, approximately 40% of leases in the Ontario portfolio renewed, and a combination of the 2.5% guideline increase, AGI and an uplift on rent on turnover contributed to AMR growth.

The REIT continued to experience steady demand, which allowed the REIT to increase rents from below market rates as suites turned over. During the three months ended March 31, 2025, the REIT's Canadian portfolio turned over 92 suites, or 1.7% of total suites, and achieved AMR growth of 16.2% on suite turnover. Overall, Canadian turnover was higher compared to 1.6% achieved during the three months ended March 31, 2024.

As at March 31, 2025, AMR at the REIT's single property in Edmonton, Alberta, increased by 7.4% compared to March 31, 2024. The increase was due to higher market rent on renewals as well as on turnover. Alberta does not have any restrictions on annual rent increases, which provides flexibility to adjust rent according to demand.

Occupancy within the REIT's Ontario region decreased to 96.3% at March 31, 2025, compared to 98.4% at March 31, 2024. The decrease was due to increased competition from new rental buildings, condominium rentals, and seasonally slower leasing activity. Additionally, a property located in Mississauga continued to experience a temporary disruption as the property completes its underground garage renovations which has led to higher than normal move outs. In addition, incentives were offered during winter months as new rental buildings promoted leasing aggressively.

As at March 31, 2025, occupancy at the REIT's single property located in Edmonton, Alberta, at 98.2%, increased from 97.1% at March 31, 2024 and, sequentially, occupancy increased compared to 96.0% at December 31, 2024. The REIT's Edmonton property had stable occupancy resulting from increased demand as economic conditions improved.

As at March 31, 2025, occupancy in Canada decreased to 96.4%, compared to 98.4% at March 31, 2024, and sequentially, occupancy decreased slightly compared to 97.2% at December 31, 2024. The decrease in occupancy was primarily due to increased competition from condominium rentals and newly built apartment rentals entering the market, as well as seasonally slower leasing activity.

U.S. PROPERTIES

As at March 31, 2025, U.S. AMR per suite was US$1,887, an increase of 0.4% compared to March 31, 2024. AMR growth was led by Maryland, Virginia and Illinois as these regions continue to show signs of solid market fundamentals. Specifically, Maryland's AMR rose by 5.5%, primarily due to continued strong rental demand. AMR declined compared to March 31, 2024 in Texas and Georgia by 2.5% and 2.7%, respectively, due to job loss in the technology industry as well as new inventory in Texas, and in Georgia due to job relocations, home buying and financial reasons. Sequentially, U.S. AMR at March 31, 2025 decreased by 1.0%, compared to US$1,907 at December 31, 2024.

The REIT has successfully provided higher than normal AMR growth over the past several years (Same Property AMR growth from 2021 to 2024 averaged 6.3% per annum), which during the second half of 2024 began to normalize. This normalization was specifically tied to the short term decrease in occupancy across the portfolio during that same time frame. Management expects more normalized AMR growth over the next several quarters in light of strong rental demand and higher occupancies. The rebound in occupancy can be correlated to affordable single-family homes remaining in short supply and uncertainty in the U.S. economy, positioning the portfolio for rental growth this year. Steady AMR growth and maintaining optimal occupancy levels continue to be the focus of the REIT moving forward.

As at March 31, 2025, AMR at the REIT's properties located in Chicago increased by 1.8% compared to March 31, 2024, due to stabilized occupancy and sustained rental demand. With limited new inventory coming online in downtown Chicago over the next two years, management's focus will continue to find the optimal balance of occupancy and market rent growth. To that end, market rents for the REIT's Chicago assets are expected to rise as we emerge from the slower winter leasing season.

As at March 31, 2025, AMR at the REIT's properties located in Florida decreased slightly by 0.2% compared to March 31, 2024, and sequentially, AMR decreased by 0.9% compared to December 31, 2024. As a result, occupancy at the REIT's properties in Florida increased to 95.6%, compared to 93.7% at December 31, 2024 as demand remained strong, with the exception of the Pensacola region. In addition, Village Crossing Apartment Homes, a property in West Palm Beach, has begun a major renovation with 53 suites currently offline. These suites are being furnished with new appliances, fixtures, cabinetry, countertops and flooring. This renovation will reposition the asset and generate significant return on investment within the affluent West Palm Beach submarket.

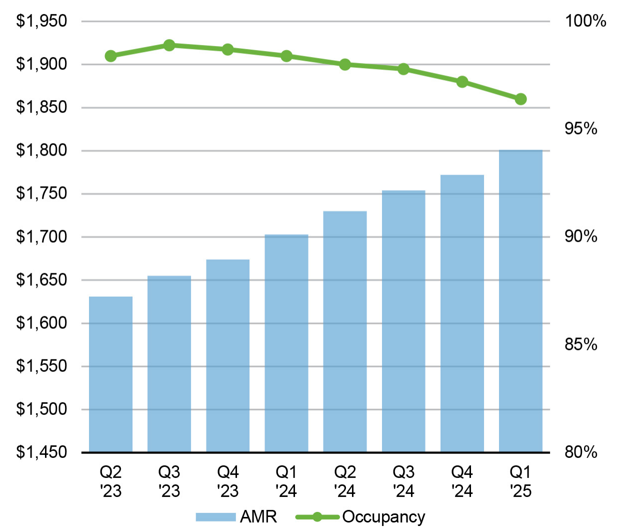
As at March 31, 2025, U.S. occupancy increased to 95.6%, compared to 94.0% at March 31, 2024. This was achieved by reductions of asking rents and limiting renewal increases over the short-term. Now that occupancies have stabilized, the REIT can pivot and return to rent growth, given the strong rental demand. Most recently, significant global tariffs have led to uncertainty in the U.S. economy, including the housing market. The REIT should benefit from this uncertainty with home building costs on the rise, interest rates remaining higher, alongside elevated insurance premiums, making home ownership difficult for many. Renting is likely to remain the more affordable choice. Since March 31, 2024, occupancies rose across the majority of the portfolio with the largest percentage increase coming in Louisiana (14.3%), followed by Georgia (3.3%) and Texas (3.1%). The REIT's capital reinvestment program along with its resident focused management strategy to continue to develop a true sense of community within each asset, will maintain the portfolio's relevance and performance in each of its markets.The REIT's Maryland and Colorado markets saw a decrease in occupancy year over year, due mainly to tenants relocating, whether due to job relocation, commuting, moving out of state or cost of living increases. Currently, Maryland and Colorado properties are occupied at 94.9% and 92.4%, respectively, further evidence that management's strategy of minimizing renewal increases, offering rental incentives and reducing rents on stale vacant suites is driving occupancy higher.

Sequentially, as at March 31, 2025, U.S. occupancy of 95.6% increased compared to 93.8% as at December 31, 2024. The increase in occupancy can be attributed to strategically limiting renewal increases and the use of rental incentives for new leases in select markets. Moving forward, management is well positioned for modest AMR growth, while maintaining stable occupancy throughout the portfolio. Looking ahead, management expects occupancy to remain strong as we move into the busier spring and summer leasing season with a combination of seasonal suite turnover and active leasing within the majority of its markets.

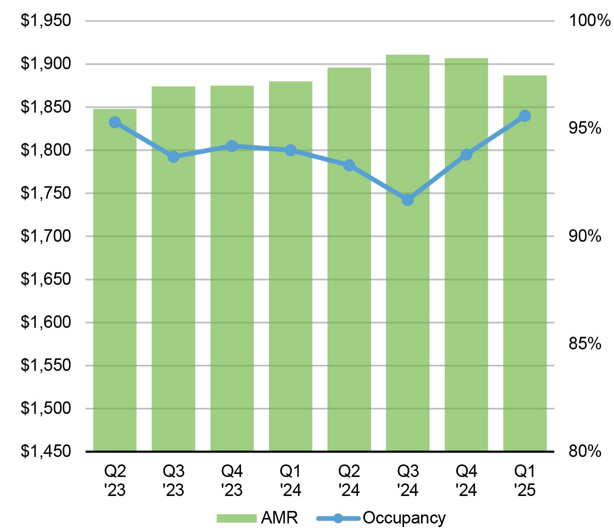
For the three months ended March 31, 2025, the REIT's rental incentives amounted to $176 (2024 - $144), mainly at properties that were impacted by new supply and increased vacancy in urban markets. Incentives were used on an as-needed basis in those limited submarkets to compete with new inventory. The REIT's strong occupancies will eliminate the need for these incentives and allow for steady AMR growth.

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, 2023:

CANADA



U.S.



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)	2025	2024
Revenue from real estate properties	**$90,274**	$84,756
Property operating expenses		
Property operating costs	**(24,586)**	(22,941)
Realty taxes	**(38,034)**	(35,211)
Utilities	**(6,831)**	(6,017)
Net operating income	**20,823**	20,587
Other expenses (income)		
Interest expense	**22,525**	19,578
Trust expenses	**5,818**	5,494
Equity income from investments	**(1,998)**	(1,794)
Foreign exchange loss	**2**	2
Other income	**(1,689)**	(80)
Loss before fair value changes and income taxes	**(3,835)**	(2,613)
Fair value gain on real estate properties, net	**47,930**	52,166
Fair value loss on Class B LP Units	**(3,617)**	(20,323)
Income before income taxes	**40,478**	29,230
Provision for income taxes		
Current	**524**	626
Deferred	**1,632**	3,828
	2,156	4,454
Net income for the period	**$38,322**	$24,776
Net income (loss) attributable to:		
Unitholders	**$38,068**	$25,731
Non-controlling interest	**254**	(955)
	$38,322	$24,776

REVENUE FROM REAL ESTATE PROPERTIES

Higher rental revenue for the three months ended March 31, 2025 is mainly due to rental rate increases 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 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 in Part I, "Specified Financial Measures."

Consolidated and Proportionate results for the three months ended March 31, 2025 represent 12,399 and 12,315 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)	2025 NOI	2025 Proportionate NOI	2024 NOI	2024 Proportionate NOI
Revenue from properties				
Gross rental revenue (before vacancy and ancillary revenue)	**$85,951**	**$85,555**	$80,501	$80,171
Vacancy	**(5,241)**	**(5,175)**	(4,157)	(4,122)
Ancillary	**9,564**	**9,365**	8,412	8,279
Total revenue from properties	**90,274**	**89,745**	84,756	84,328
Property operating expenses				
Operating costs	**24,586**	**24,255**	22,941	22,692
Realty taxes	**38,034**	**11,674**	35,211	10,833
Utilities	**6,831**	**6,760**	6,017	5,900
Total property operating expenses	**69,451**	**42,689**	64,169	39,425
NOI	**$20,823**	**$47,056**	$20,587	$44,903
NOI margin	**23.1%**	**52.4%**	24.3%	53.2%

For the three months ended March 31, 2025, NOI from the REIT's properties increased by $236 (or 1.1%) to $20,823, compared to $20,587 in 2024. The increase in NOI is due to an increase in Canada of $434 (or 2.8%), a decrease in the U.S. of US$357 (or 9.7%) and the change in foreign exchange rate, which increased NOI by $159.

For the three months ended March 31, 2025, Proportionate NOI from the REIT's properties increased by $2,153 (or 4.8%) to $47,056, compared to $44,903 in 2024. The increase in Proportionate NOI is due to an increase in Canada of $436 (or 2.8%), a decrease in the U.S. of US$107 (or 0.5%) and the change in foreign exchange rate, which increased Proportionate NOI by $1,824.

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)	2025 NOI	2025 Proportionate NOI	2024 NOI	2024 Proportionate NOI
Same Property NOI - Canada (local currency)	**$16,072**	**$15,984**	$15,638	$15,548
Same Property NOI - U.S. (local currency)	**3,313**	**21,655**	3,670	21,762
Exchange amount to Canadian dollars	**1,438**	**9,417**	1,279	7,593
Total NOI	**$20,823**	**$47,056**	$20,587	$44,903

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)	2025 NOI	2025 Proportionate NOI	2024 NOI	2024 Proportionate NOI
Revenue from properties				
Gross rental revenue (before vacancy and ancillary revenue)	**$28,479**	**$28,324**	$26,967	$26,820
Vacancy	**(1,511)**	**(1,501)**	(721)	(719)
Ancillary[(1)]	**1,555**	**1,548**	1,358	1,353
Revenue from properties	**28,523**	**28,371**	27,604	27,454
Property operating expenses				
Operating costs	**5,585**	**5,556**	5,526	5,498
Realty taxes	**3,002**	**2,983**	2,857	2,840
Utilities	**3,864**	**3,848**	3,583	3,568
Total property operating expenses	**12,451**	**12,387**	11,966	11,906
NOI	**$16,072**	**$15,984**	$15,638	$15,548
NOI margin	**56.3%**	**56.3%**	56.7%	56.6%

(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, 2025, NOI from the Canadian properties increased by $434 (or 2.8%) to $16,072, compared to $15,638 in 2024. The increase in NOI is primarily due to an increase in revenue of $919 (or 3.3%) from higher gross rental revenue (5.6%) resulting from an increase in AMR and an increase in ancillary revenue (higher parking revenue), net of higher vacancy, partially offset by an increase in operating expenses of $485 (or 4.1%). Higher vacancy is due to increased competition, seasonally slower leasing activity and a large capital project at a property in Mississauga leading to higher than normal move outs. The increase in operating expenses is primarily due to higher operating costs of $59 (1.1%), an increase in realty taxes of $145 (5.1%) and higher utilities of $281 (7.8%). The increase in operating costs is mainly due to an increase in payroll costs (hiring for vacant positions as well as in-house maintenance staff), repairs and maintenance expense and property management fees, partially offset by a decrease in insurance expense and general and administrative expenses (lower legal expense). The increase in realty taxes is mainly due to a higher mill rate as most property assessments continue to be based on 2016 assessed values. The increase in utilities is predominantly due to: i) an increase in gas resulting from higher consumption attributable to a colder winter, net of a decrease in gas rate, and ii) lower hydro rebates under the Ontario Electricity Rebate program and an increase in consumption, net of a decrease in rate, partially offset by iii) a decrease in water expense due to a decrease in consumption, net of an increase in rate.

For the three months ended March 31, 2025, Proportionate NOI from the Canadian properties increased by $436 (or 2.8%) to $15,984, compared to $15,548 in 2024. The increase in Proportionate NOI is due to an increase in revenue of $917 (or 3.3%) from higher gross rental revenue (5.6%) resulting from an increase in AMR and an increase in ancillary revenue, net of higher vacancy, for the same reasons described above, partially offset by an increase in operating expenses of $481 (or 4.0%). The increase in operating expenses is due to higher operating costs of $58, an increase in realty taxes of $143 and higher utilities of $280, for the same reasons described above.

The REIT's Canadian NOI margin and Proportionate NOI margin were 56.3% and 56.3%, respectively, for the three months ended March 31, 2025, compared to 56.7% and 56.6%, respectively, for the three months ended March 31, 2024. Overall, as noted above, the impact of higher vacancy and the increase in operating expenses 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)	2025 NOI	2025 Proportionate NOI	2024 NOI	2024 Proportionate NOI
Revenue from properties				
Gross rental revenue (before vacancy and ancillary revenue)	**$40,054**	**$39,887**	$39,694	$39,558
Vacancy	**(2,598)**	**(2,559)**	(2,547)	(2,523)
Ancillary(1)	**5,575**	**5,441**	5,226	5,131
Total revenue from properties	**43,031**	**42,769**	42,373	42,166
Property operating expenses				
Operating costs	**13,240**	**13,029**	12,912	12,749
Realty taxes	**24,411**	**6,057**	23,987	5,926
Utilities	**2,067**	**2,028**	1,804	1,729
Total property operating expenses	**39,718**	**21,114**	38,703	20,404
NOI (in U.S. dollars)	**3,313**	**21,655**	3,670	21,762
Exchange amount to Canadian dollars	**1,438**	**9,417**	1,279	7,593
NOI (in Canadian dollars)	**$4,751**	**$31,072**	$4,949	$29,355
NOI margin (in U.S. dollars)	**7.7%**	**50.6%**	8.7%	51.6%

(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), and 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, 2025, NOI from the U.S. properties decreased by $198 (or 4.0%) to $4,751, compared to $4,949 in 2024. The decrease in NOI is due to lower NOI of US$357 (or 9.7%) and the change in foreign exchange rate which increased NOI by $159. The decrease in NOI is primarily due to an increase in operating expenses of US$1,015 (or 2.6%), partially offset by an increase in revenue of US$658 (or 1.6%) from higher gross rental revenue (0.9%) resulting from an increase in AMR and an increase in ancillary revenue (from higher utility chargebacks and an increase in cable income). The increase in vacancy of US$51 includes US$293 relating to suites that are offline due to a renovation at Village Crossing Apartment Homes. The increase in operating expenses is due to higher operating costs of US$328 (2.5%), an increase in realty taxes of US$424 (1.8%) and an increase in utilities of US$263 (14.6%). The increase in operating costs is primarily due to payroll costs (hiring for new and vacant positions), repairs and maintenance (higher contract expenses) and higher administrative expenses (higher software fees, net of a decrease in bad debt expense), partially offset by a decrease in insurance expense (lower premiums) and lower commercial bad debt expense. The increase in realty taxes is mainly due to a higher IFRIC 21 adjustment as well as an increase in assessed market value at certain properties. The increase in utilities is mainly due to an increase in gas and water rates, as well as an increase in consumption due to higher occupancy.

For the three months ended March 31, 2025, Proportionate NOI from the U.S. properties increased by $1,717 (or 5.8%) to $31,072, compared to $29,355 in 2024. The increase in Proportionate NOI is due to a lower Proportionate NOI of US$107 (or 0.5%) and the change in foreign exchange rate which increased Proportionate NOI by $1,824. The decrease in Proportionate NOI is due to an increase in operating expenses of US$710 (or 3.5%), partially offset by an increase in revenue of US$603 (or 1.4%) from higher gross rental revenue (0.8%) resulting from an increase in AMR and an increase in ancillary revenue (from higher utility chargebacks and an increase in cable income). The increase in operating expenses is due to higher operating costs of US$280 (2.2%), an increase in realty taxes of US$131 (2.2%) and an increase in utilities of US$299 (17.3%), for the same reasons described above.

The REIT’s U.S. NOI margin and Proportionate NOI margin were 7.7% and 50.6%, respectively, for the three months ended March 31, 2025, compared to 8.7% and 51.6%, respectively, for the three months ended March 31, 2024. The NOI margin and Proportionate NOI margin were both impacted by the increase in operating expenses, relative to the increase in revenue. In addition, the NOI margin was impacted by accounting for realty taxes under IFRIC 21.

INTEREST EXPENSE

Interest expense consists of the following:

For the three months ended March 31 (In thousands of dollars)	2025	2024
Interest on mortgages	**$16,889**	$14,213
Interest on convertible debentures	**840**	840
Interest on lease liabilities	**275**	237
Amortization of mark-to-market adjustment on mortgages	**193**	178
Amortization of deferred financing costs	**830**	748
Amortization of deferred financing costs on convertible debentures	**115**	107
Accretion on convertible debentures	**221**	221
Fair value gain on conversion option on convertible debentures	**(110)**	(152)
Interest expense before distributions on Class B LP Units	**19,253**	16,392
Distributions on Class B LP Units	**3,272**	3,186
	$22,525	$19,578

Interest expense increased by $2,947 during the three months ended March 31, 2025 to $22,525, compared to $19,578 in 2024. The increase is predominantly due to an increase in interest on mortgages of $2,676, an increase in amortization of deferred financing costs of $82 and an increase in distribution on Class B LP Units of $86. The increase in interest on mortgages is largely attributable to the REIT's refinancings at higher interest rates and additional net mortgage proceeds. The change in foreign exchange rate increased interest expense on U.S. mortgages by $569.

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.

TRUST EXPENSES

Trust expenses consist of the following:

For the three months ended March 31 (In thousands of dollars)	2025	2024
Asset management fees and distributions	**$5,156**	$4,814
Professional fees	**316**	353
Public company expenses	**207**	198
Other	**139**	129
	$5,818	$5,494

Trust expenses increased by $324 during the three months ended March 31, 2025 to $5,818, compared to $5,494 in 2024. The increase during the three months ended March 31, 2025 is predominantly due to an increase in asset management fees and distributions, mainly resulting from an increase in gross book value (see Part VI, "Related Party Transactions").

EQUITY INCOME FROM INVESTMENTS

The REIT has a 50% interest in one property comprising 690 suites located in Chicago, Illinois, in which the REIT has joint control of the investment.

Equity income from investments for the three months ended March 31, 2025, was $1,998 and included a non-cash fair value gain on real estate properties of $3,146 and an IFRIC 21 expense adjustment of $2,500. For the three months ended March 31, 2024, equity income from investments was $1,794 and included a non-cash fair value gain on real estate properties of $2,554 and an IFRIC 21 expense adjustment of $2,062. Excluding the impact of IFRIC 21, NOI from the REIT's equity investment increased by $96, predominantly due to a positive impact from a change in foreign exchange rate.

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 recognized in the consolidated statements of income. The REIT's foreign exchange loss for the three months ended March 31, 2025, amounted to $2 (2024 - $2), which is mainly the result of the fluctuation of the Canadian dollar against the United States dollar as at March 31, 2025, compared to December 31, 2024.

OTHER INCOME

Other expense (income) mainly represents interest income earned or expense incurred on the Morguard Facility for advances made to/from Morguard and other expense (income). For the three months ended March 31, 2025, other income amounted to $1,689 (2024 - $80). The increase in other income for the three months ended March 31, 2025 was predominantly due to an increase in interest income earned from excess cash held from additional net refinancing proceeds and higher net interest income earned on the Morguard Facility.

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, 2025, the REIT recognized a net fair value gain of $47,930 (2024 - $52,166). The net fair value gain comprises a $36,771 fair value gain at the Canadian properties and a $11,159 fair value gain at the REIT's U.S. properties. The fair value gain in Canada was predominantly due to an increase in stabilized NOI across the properties in the REIT's Canadian portfolio. The U.S. fair value gain included a $26,327 adjustment on realty taxes accounted for under IFRIC 21 and was partly offset by a decrease in stabilized NOI.

FAIR VALUE 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, 2025, 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 $298,993 (December 31, 2024 - $295,376) and for the three months ended March 31, 2025, a corresponding fair value loss of $3,617 (2024 - $20,323). The fair value loss for the three months ended March 31, 2025 and 2024, was due to an increase in the price of the REIT's Units (see Part V, "Capital Structure and Debt Profile").

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, 2025, the REIT recorded current tax expense of $524 (2024 - $626).

For the three months ended March 31, 2025, the REIT has recorded deferred income tax associated with the U.S. subsidiaries of $1,632 (2024 - $3,828). The decrease in deferred tax is primarily due to a fair value loss 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)	2025	2024
Current	**$524**	$626
Deferred	**1,632**	3,828
Provision for income taxes	**$2,156**	$4,454

As at March 31, 2025, the REIT's U.S. subsidiaries have total net operating losses of approximately US$19,494 (December 31, 2024 - US$22,731) of which deferred income tax assets were recognized as it is probable that taxable income will be available against such losses and can be carried forward indefinitely. Included in the net operating losses is the REIT's portion of net operating losses of a subsidiary where the REIT owns a 51% effective interest in a limited partnership of US$8,699 (December 31, 2024 - US$8,747).

As at March 31, 2025, the REIT's U.S. subsidiaries have a total of US$61,467 (December 31, 2024 - US$57,092) of unutilized interest expense deductions on which deferred income tax assets were recognized and can be carried forward indefinitely.

FUNDS FROM OPERATIONS

FFO (and FFO per Unit) 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 a substitute 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 in 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)	2025	2024
Net income for the period attributable to Unitholders	**$38,068**	$25,731
Add/(deduct):		
Realty taxes accounted for under IFRIC 21[1]	**26,297**	24,234
Fair value gain on conversion option on the convertible debentures	**(110)**	(152)
Distributions on Class B LP Units recorded as interest expense[2]	**3,272**	3,186
Foreign exchange loss	**2**	2
Fair value gain on real estate properties, net[3]	**(51,076)**	(54,720)
Non-controlling interests' share of fair value gain on real estate properties	**1,499**	102
Fair value loss on Class B LP Units	**3,617**	20,323
Deferred income tax expense	**1,632**	3,828
FFO - basic	**$23,201**	$22,534
Interest expense on the convertible debentures	**840**	840
FFO - diluted	**$24,041**	$23,374
FFO per Unit - basic	**$0.44**	$0.41
FFO per Unit - diluted	**$0.43**	$0.41
Weighted average number of Units outstanding (in thousands):		
Basic[4]	**53,321**	54,966
Diluted[4] [5]	**55,640**	57,285

(1) Realty taxes accounted for under IFRIC 21 (including equity-accounted investments) and excluding 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 convertible debentures.

Basic FFO for the three months ended March 31, 2025 increased by $667 (or 3.0%) to $23,201 ($0.44 per Unit), compared to $22,534 ($0.41 per Unit) in 2024. The increase is mainly due to higher Proportionate NOI of $2,153, an increase in other income of $1,609 and a decrease in current tax of $74 (calculated on a Proportionate Basis), partially offset by an increase in interest expense of $2,834 (calculated on a Proportionate Basis and excluding distributions on Class B LP Units and fair value adjustments on the conversion option on convertible debentures), an increase in trust expense of $335 (calculated on a Proportionate Basis).

Basic FFO per Unit for the three months ended March 31, 2025, increased by $0.03 to $0.44 per Unit, compared to $0.41 per Unit in 2024 due to the following factors:

i) on a Proportionate Basis, in local currency, an increase in interest income and an increase in NOI offset an increase in interest expense and trust expenses, had a net $nil per Unit impact. The net $nil impact includes a $0.01 per Unit negative impact relating to suites that are offline due to a renovation at a property located in Florida. In addition, a change in foreign exchange rate had a $0.02 per Unit positive impact, primarily from an increase in the average foreign exchange rate; and
ii) the impact from Units repurchased under the REIT's NCIB 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 a substitute for related financial information prepared in accordance with IFRS. Additional information on this non-GAAP financial measure can be found in 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, 2025, total distributions (including Class B LP Units) amounted to $10,151 (2024 - $10,169).

For the three months ended March 31 (In thousands of dollars)	2025 Units	2025 Class B LP Units	2025 Total	2024 Units	2024 Class B LP Units	2024 Total
Distributions paid and declared	**$6,691**	**$3,272**	**$9,963**	$6,746	$3,186	$9,932
Distributions – DRIP	**188**	**—**	**188**	237	—	237
Total	**$6,879**	**$3,272**	**$10,151**	$6,983	$3,186	$10,169

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, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Net income	**$38,322**	$99,396	$185,281
Cash provided by operating activities	**15,348**	97,503	88,966
Distributions - Units[(1)]	**$6,879**	$27,671	$27,843
Excess of net income over distributions	**$31,443**	$71,725	$157,438
Excess of cash provided by operating activities over distributions	**$8,469**	$69,832	$61,123

(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, 2025 includes $18,352 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 income 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, 2025	December 31, 2024
Canadian Properties		
Alberta	**$54,950**	$54,700
Ontario	**1,698,620**	1,659,240
Total Canadian Properties	**1,753,570**	1,713,940
U.S. Properties (in US dollars)		
Colorado	**125,200**	125,800
Texas	**199,200**	203,300
Louisiana	**46,400**	46,400
Illinois	**400,600**	401,200
Georgia	**102,100**	104,600
Florida	**503,000**	503,700
North Carolina	**186,800**	189,100
Virginia	**50,200**	50,100
Maryland	**199,489**	196,034
	1,812,989	1,820,234
Impact of realty taxes accounted for under IFRIC 21	**18,344**	—
Total U.S. Properties (in US dollars)	**1,831,333**	1,820,234
Exchange amount to Canadian dollars	**801,391**	798,901
Total U.S. Properties (in Canadian dollars)	**2,632,724**	2,619,135
Total real estate properties	**$4,386,294**	$4,333,075

The value of real estate properties increased by $53,219 as at March 31, 2025, to $4,386,294, compared to $4,333,075 at December 31, 2024. The increase is mainly the result of the following:

- Capitalization of property enhancements of $7,621;
- A net fair value gain on real estate properties of $47,930; and
- A decrease of $2,341 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 members must adhere to AIC's Canadian Uniform Standards of Professional Appraisal Practice and undertake ongoing professional development. Morguard's appraisal division is responsible for determining the fair value of investment properties every quarter. Morguard's valuation processes and results are reviewed by the REIT's senior management at least once every quarter, in line with the REIT's quarterly reporting dates.

Key assumptions used in determining the valuation of income producing properties include estimates of capitalization rates and stabilized net operating income (primarily influenced by revenue growth, vacancy rates, inflation rates and operating costs), which 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, 2025, and December 31, 2024, 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 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, 2025, using the direct capitalization income approach, the properties were valued using capitalization rates in the range of 3.8% to 6.3% (December 31, 2024 - 3.8% to 6.3%), resulting in an overall weighted average capitalization rate of 4.5% (December 31, 2024 - 4.5%).

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

	March 31, 2025 Capitalization Rates			December 31, 2024 Capitalization Rates		
As at	**Max.**	**Min.**	**Weighted Average**	Max.	Min.	Weighted Average
Canada						
Alberta	**5.3%**	**5.3%**	**5.3%**	5.3%	5.3%	5.3%
Ontario	**4.8%**	**3.8%**	**3.9%**	4.5%	3.8%	3.9%
United States						
Colorado	**5.0%**	**5.0%**	**5.0%**	5.0%	5.0%	5.0%
Texas	**5.0%**	**5.0%**	**5.0%**	5.0%	5.0%	5.0%
Louisiana	**5.5%**	**5.5%**	**5.5%**	5.5%	5.5%	5.5%
Illinois(1)	**5.3%**	**5.0%**	**5.1%**	5.3%	5.0%	5.1%
Georgia	**5.3%**	**5.0%**	**5.2%**	5.3%	5.0%	5.2%
Florida	**6.3%**	**4.8%**	**5.3%**	6.3%	4.8%	5.3%
North Carolina	**5.0%**	**5.0%**	**5.0%**	5.0%	5.0%	5.0%
Virginia	**4.8%**	**4.8%**	**4.8%**	4.8%	4.8%	4.8%
Maryland	**4.8%**	**4.8%**	**4.8%**	4.8%	4.8%	4.8%

(1) Includes equity-accounted investment.

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 real estate properties as at March 31, 2025 would decrease by $223,644 or increase by $250,016, 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 life of the asset.

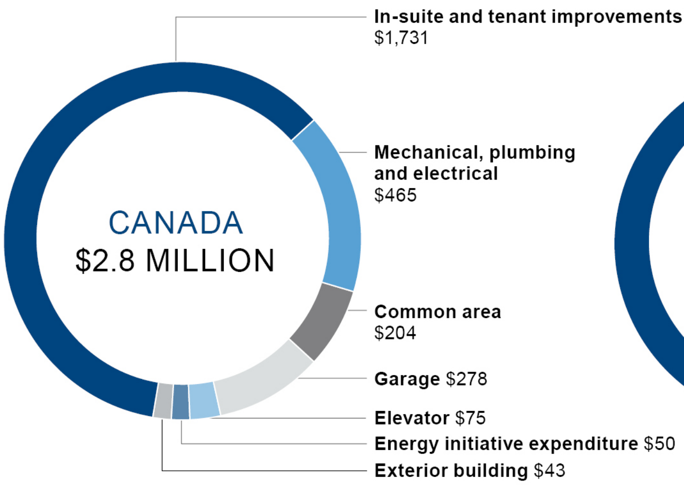
The following table provides additional details on total capital expenditures over the following periods:

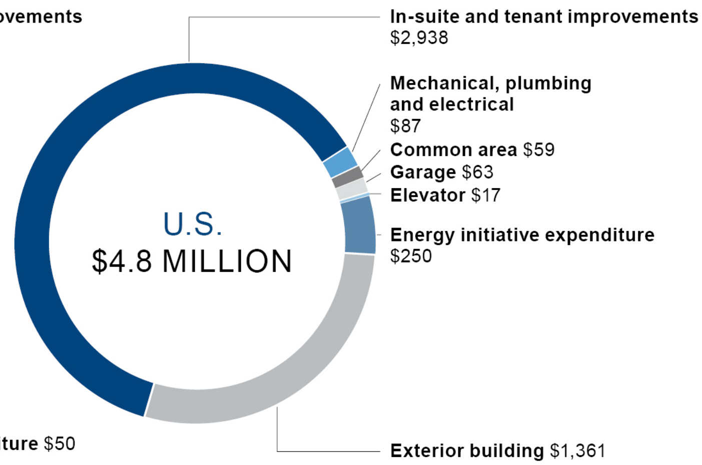
(In thousands of dollars)	Three months ended March 31 2025	2024	Year ended December 31 2024	2023
Common area	**$263**	$694	$9,519	$9,683
Mechanical, plumbing and electrical	**552**	293	3,600	2,912
Exterior building	**1,404**	1,106	7,631	7,209
Garage	**341**	564	10,127	5,041
Elevator	**92**	9	2,930	138
Energy initiative expenditure	**300**	130	5,820	6,263
In-suite and tenant improvements	**4,669**	2,565	19,775	13,053
Total capital expenditures	**$7,621**	$5,361	$59,402	$44,299

Capital Expenditures by Country

The following details total capital expenditures by country:

For the three months ended March 31, 2025
(In thousands of dollars)





EQUITY-ACCOUNTED INVESTMENTS

The following are the REIT's equity-accounted investments as at March 31, 2025, and December 31, 2024:

Property	Place of Business	Investment Type	REIT's Ownership March 31, 2025	December 31, 2024	Carrying Value March 31, 2025	December 31, 2024
Marquee at Block 37	Chicago, IL	Joint Venture	**50%**	50%	**$72,813**	$70,874

Marquee at Block 37 is a 38-storey apartment building located in the heart of downtown Chicago which 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, 2025	December 31, 2024
Balance, beginning of period	**$70,874**	$53,282
Distributions received	**—**	(2,734)
Share of net income	**1,998**	15,116
Foreign exchange gain (loss)	**(59)**	5,210
Balance, end of period	**$72,813**	$70,874

PART V

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

The REIT has liquidity of $320,500, comprised of approximately $49,000 in cash and $271,500 in available credit under its revolving credit facility with Morguard Corporation. In addition, the REIT has approximately $207,500 of unencumbered assets.

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, collectability 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 anticipates meeting all future obligations and has no off-balance sheet financing arrangements. Short-term fluctuations in working capital are funded through the Morguard Facility, and 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)	2025	2024
Cash provided by operating activities	**$15,348**	$18,512
Cash used in investing activities	**(7,621)**	(5,361)
Cash used in financing activities	**(9,853)**	(12,906)
Net increase (decrease) in cash during the period	**(2,126)**	245
Net effect of foreign currency translation on cash balance	**(9)**	319
Cash, beginning of period	**51,258**	17,825
Cash, end of period	**$49,123**	$18,389

Cash Provided by Operating Activities

Cash provided by operating activities during the three months ended March 31, 2025, was $15,348, compared to $18,512 in 2024. The change during the period mainly relates to an increase in interest on mortgages of $2,800, an increase in trust expenses of $324 and a net decrease in non-cash operating assets and liabilities of $3,990, partially offset by an increase in NOI (excluding IFRIC 21 adjustment) of $2,233, an increase in other income of $1,609 and a decrease in current income taxes of $102.

Cash Used in Investing Activities

Cash used in investing activities during the three months ended March 31, 2025, totalled $7,621, compared to $5,361 during the same period in 2024. The cash used in investing activities during the period consists of the capitalization of property enhancements of $7,621.

Cash Used in Financing Activities

Cash used in financing activities during the three months ended March 31, 2025, totalled $9,853, compared to $12,906 during the same period in 2024. Cash used in financing activities during the period was largely due to the net advances on the Morguard Facility of $31,500, repayment of mortgages on maturity of $30,832, mortgage principal instalment repayments of $8,060, the repurchase of Units for cancellation of $10,143, distributions paid to Unitholders of $6,707, partially offset by the net proceeds from new mortgages of $76,938.

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 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, 2025	December 31, 2024
Mortgages payable, principal balance	**$1,782,551**	$1,742,986
Convertible debentures, face value	**56,000**	56,000
Lease liabilities	**17,586**	17,612
Class B LP Units	**298,993**	295,376
Unitholders' equity	**2,021,462**	2,001,337
Total capitalization	**$4,176,592**	$4,113,311

DEBT PROFILE

As at March 31, 2025, the overall leverage, as represented by the ratio of total indebtedness to gross book value, was 39.9%. 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, lease liability, convertible debentures and the Morguard Facility.

The following table summarizes the key debt metrics:

As at	March 31, 2025	December 31, 2024
Total indebtedness to gross book value(1)	**39.9%**	39.7%
Weighted average mortgage interest rate(2)	**3.91%**	3.88%
Weighted average term to maturity on mortgages payable (years)	**5.3**	5.2

(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 in Part IX, "Reconciliation of Non-GAAP Financial Measures."

(2) Represents the contractual interest rates on mortgages payable.

For the three months ended March 31	2025	2024
Interest coverage ratio(1)	**2.27**	2.45
Indebtedness coverage ratio(2)	**1.59**	1.63

(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 in 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 in Part IX, "Reconciliation of Non-GAAP Financial Measures."

MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at (In thousands of dollars)	March 31, 2025	December 31, 2024
Principal balance of mortgages	**$1,782,551**	$1,742,986
Deferred financing costs	**(21,802)**	(20,162)
Mark-to-market adjustment	**(1,550)**	(1,744)
	$1,759,199	$1,721,080
Range of interest rates	**2.03−6.41%**	2.03−6.73%
Weighted average interest rate	**3.91%**	3.88%
Weighted average term to maturity (years)	**5.3**	5.2
Fair value of mortgages	**$1,756,296**	$1,689,869

As at March 31, 2025, the principal balance on the mortgages payable totalled $1,782,551 (December 31, 2024 - $1,742,986), the deferred financing costs associated with the mortgages amounted to $21,802 (December 31, 2024 - $20,162) and the mark-to-market adjustment amounted to $1,550 (December 31, 2024 - $1,744).

Mortgages payable increased by $38,119 as at March 31, 2025 to $1,759,199, compared to $1,721,080 at December 31, 2024. The increase is mainly due to the following:

- The repayment of mortgages of $30,832 on a multi-suite residential property located in Kitchener, Ontario, which was refinanced for an amount of $79,413;
- Financing costs of $2,475;
- Scheduled principal repayments of $8,060;
- A decrease of $950 due to the change in the U.S. dollar foreign exchange rate; and
- Amortization of deferred financing costs and mark-to-market adjustment on mortgages totalling $1,023.

On March 3, 2025, the REIT completed the Canada Mortgage and Housing Corporation (“CMHC”) insured financing of a multi-suite residential property located in Kitchener, Ontario, for an amount of $79,413 at an interest rate of 4.02% and for a term of 10 years. The maturing mortgage amounted to $30,832 and had an interest rate of 2.25%.

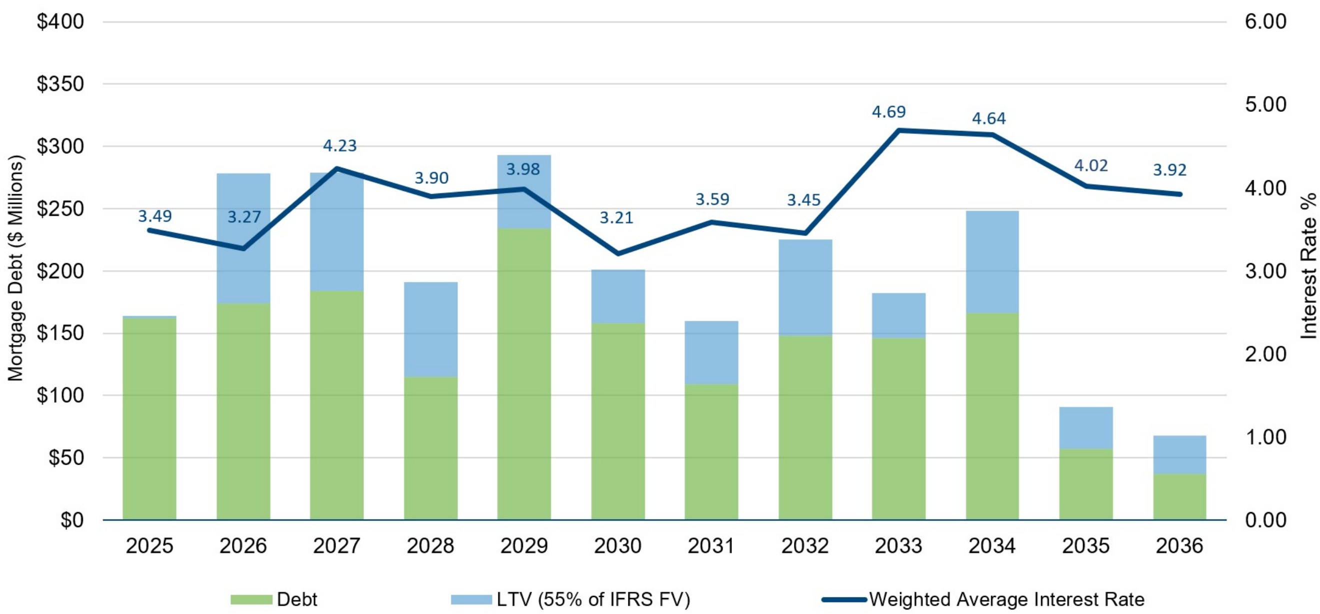
As at March 31, 2025, the REIT’s first mortgages are registered against specific real estate assets, and approximately 95% of the REIT’s real estate properties, and related rental revenue, have been pledged as collateral for the mortgages payable.

The following table details the REIT’s mortgages that are scheduled to mature in the next two years.

	2025				2026			
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	—	$—	—%	—%	3	$77,432	2.88%	29.1%
U.S.	1	161,826	3.49%	54.2%	4	96,538	3.58%	40.4%
	1	**$161,826**	**3.49%**	**54.2%**	**7**	**$173,970**	**3.27%**	**34.4%**

As at March 31, 2025, the following table illustrates the REIT's mortgage balance at maturity (including equity-accounted investment at the REIT's interest), along with the IFRS fair value (at a loan-to-value ratio of 55%) secured against the mortgages by year of maturity:

As at March 31, 2025



CONVERTIBLE DEBENTURES

Convertible debentures consist of the following:

As at (In thousands of dollars)	March 31, 2025	December 31, 2024
6.0% convertible unsecured subordinated debentures	**$53,350**	$53,129
Fair value of conversion option	**1,251**	1,361
Unamortized financing costs	**(1,545)**	(1,660)
	$53,056	$52,830

For the three months ended March 31, 2025, interest on the convertible debentures amounting to $840 (2024 - $840) is included in interest expense.

6.00% Convertible Unsecured Subordinated Debentures

On March 9, 2023, the REIT issued $50,000 principal amount of 6.00% convertible unsecured subordinated debentures (the "2023 Debentures") maturing on March 31, 2028 (the "Maturity Date"). On March 17, 2023, an additional principal amount of $6,000 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. Underwriters' commission, legal and other issue costs attributable to the 2023 Debentures in the amount of $2,410 have been capitalized and are being amortized over their term to maturity. Morguard and Paros Enterprises Limited, related parties, own $5,000 and $2,000 aggregate principal amount of the 2023 Debentures, respectively.

As at March 31, 2025, $56,000 of the face value of the 2023 Debentures were outstanding.

Each of the 2023 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 2023 Debentures, at a conversion price of $24.15 per Unit, being a ratio of approximately 41.4079 Units per $1,000 principal amount of the 2023 Debentures.

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 at the entity's borrowing cost, subject to the availability of sufficient funds. During the first quarter of 2025, the maximum allowable amount to be borrowed or advanced under the Morguard Facility was temporarily increased from $100,000 to $150,000.

As part of Morguard's asset management arrangement, Morguard will make payments on behalf of the REIT and charge the Morguard Facility. These transactions are reflected in the consolidated statements of cash flows. Borrowings under the Morguard Facility are considered to be financing activities.

As at March 31, 2025, the net amount receivable under the Morguard Facility was $121,500 (December 31, 2024 - $90,000).

During the three months ended March 31, 2025, the REIT recorded net interest income of $1,314 (2024 - $80) on the Morguard Facility to other income in the consolidated statements of income.

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, 2023, to March 31, 2025:

Issued and Fully Paid Units (In thousands, except Unit amounts)	Units	Amount
Balance, December 31, 2023	37,735,959	$448,150
Units issued under DRIP	53,757	883
Units repurchased through the REIT's NCIB plan	(1,505,535)	(26,288)
Balance, December 31, 2024	36,284,181	422,745
Units issued under the DRIP	**11,030**	**188**
Units repurchased through the REIT's NCIB plan	**(584,992)**	**(10,143)**
Balance, March 31, 2025	**35,710,219**	**$412,790**

NORMAL COURSE ISSUER BIDS

On January 10, 2024, the REIT had the approval of the TSX under its normal course issuer bid ("NCIB") to purchase up to 2,795,028 Units and $4,900 principal amount of the 2023 Debentures. The program expired on January 11, 2025. On January 8, 2025, the REIT obtained the approval of the TSX under its NCIB, commencing January 12, 2025, to purchase up to 2,648,573 Units, being approximately 10% of the public float of outstanding Units; the program expires on January 11, 2026. The daily repurchase restriction for the Units is 5,522. Additionally, the REIT may purchase up to $4,900 principal amount of the 2023 Debentures, being 10% of the public float of outstanding 2023 Debentures. The daily repurchase restriction for the 2023 Debentures is $8. The price that the REIT would pay for any such Units or 2023 Debentures would be the market price at the time of acquisition.

During the three months ended March 31, 2025, 584,992 Units were repurchased for cash consideration of $10,143 at a weighted average price of $17.34 per Unit. During the year ended December 31, 2024, 1,505,535 Units were repurchased for cash consideration of $26,288 at a weighted average price of $17.46 per Unit.

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, 2025, the REIT issued 11,030 Units under the DRIP (year ended December 31, 2024 - 53,757 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 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.

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, 2025, 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 $298,993 (December 31, 2024 - $295,376) and a corresponding fair value loss for the three months ended March 31, 2025 of $3,617 (2024 - $20,323). For the three months ended March 31, 2025, distributions on Class B LP Units amounting to $3,272 (2024 - $3,186) are included in interest expense.

As at March 31, 2025, Morguard owned a 47.9% effective interest in the REIT through its ownership of 8,120,666 Units and 17,223,090 Class B LP Units.

As at March 31, 2025, there were 35,710,219 Units and 17,223,090 exchangeable Class B LP Units issued and outstanding.

As at April 29, 2025, there were 35,393,318 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 a committee of independent Trustees.

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, 2025, fees and distributions amounted to $3,220 (2024 - $3,028) and are included in property operating costs and equity income 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 are 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, 2025, fees and distributions amounted to $5,270 (2024 - $4,914) and are included in trust expenses and equity income 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, 2025, and 2024.

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. For the three months ended March 31, 2025, fees relating to financing services amounted to $119 (2024 - $nil) and have been capitalized to deferred financing costs.

Other Services

As at March 31, 2025, and 2024, the REIT had its portfolio appraised by Morguard's appraisal division. For the three months ended March 31, 2025, fees relating to appraisal services amounted to $52 (2024 - $52) and are included in trust expenses.

All the Agreements had 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 MATERIAL ACCOUNTING POLICIES AND ESTIMATES

The REIT’s unaudited condensed consolidated financial statements for the three months ended March 31, 2025 and 2024, 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, 2024, which include the material 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, 2024, contains a discussion of the material 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, 2025, there is no change to the assessment of the material accounting policies most affected by estimates and judgments as detailed in the MD&A for the year ended December 31, 2024.

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 liabilities and 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 liabilities and convertible debentures are carried at amortized cost using the effective interest rate 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 values of the mortgages payable have been determined by discounting the cash flows of these financial obligations using March 31, 2025 market rates for debt of similar terms. Based on these assumptions, as at March 31, 2025 the fair value of mortgages payable before deferred financing costs and mark-to-market adjustments is estimated at $1,756,296 (December 31, 2024 - $1,689,869), compared to the carrying value of $1,782,551 (December 31, 2024 - $1,742,986). The fair values of mortgages payable vary from their carrying values due to fluctuations in market interest rates since their issue.

The fair value of the convertible debentures are based on their market trading price. As at March 31, 2025, the fair value of the convertible debentures before deferred financing costs has been estimated at $56,566 (December 31, 2024 - $58,464), compared with the carrying value of $53,350 (December 31, 2024 - $53,129).

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.

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, 2024 and in the Risks and Uncertainties section of the latest Annual Information Form, dated February 11, 2025.

CONTROLS AND PROCEDURES CONCERNING FINANCIAL INFORMATION

The financial certification process project team has documented and assessed the design and effectiveness 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 and effectiveness 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, 2025. 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, 2025.

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	Proportionate NOI	FFO	Net Income (Loss) Attributable to Unitholders	Net Income (Loss) Attributable to Unitholders per Unit	
						Basic	Diluted[1]
March 31, 2025	**$90,274**	**$20,823**	**$47,056**	**$23,201**	**$38,068**	**$0.71**	**$0.70**
December 31, 2024	87,888	54,153	45,554	22,788	48,602	0.90	0.89
September 30, 2024	85,788	52,031	44,353	21,852	(20,791)	(0.38)	(0.35)
June 30, 2024	85,756	54,649	46,401	22,685	48,316	0.88	0.86
March 31, 2024	84,756	20,587	44,903	22,534	25,731	0.47	0.46
December 31, 2023	85,000	55,020	47,675	24,341	25,123	0.47	0.47
September 30, 2023	83,646	52,418	44,179	21,936	40,491	0.73	0.71
June 30, 2023	83,326	53,494	45,238	23,711	81,227	1.45	1.40

(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 2025, the Ontario guideline increase amount was established at 2.5% (2.5% for 2024 and 2.5% for 2023). 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.

As at March 31, 2025, Same Property occupancy in Canada was 96.4%, reflecting stable demand predominantly in Ontario. 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, 2025, Same Property occupancy in the U.S. was 95.6% as the REIT's overall U.S. occupancy maintained optimum levels.

The REIT has seen steady revenue growth resulting from an increase in Same Property revenue due to AMR growth as well as the REIT's acquisition and disposition activity.

Similar to revenue, NOI has profiled stable and 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. The impact of foreign exchange rates and higher utility costs during the winter months also factored 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.

In addition, the REIT incurred higher interest expense mainly due to the increase in mortgages from refinancing activities and higher interest income from excess cash and advances to Morguard on the Morguard Facility.

Net Income (Loss) Attributable to Unitholders

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

- The REIT valued the Class B LP Units based on the closing price of the TSX-listed Units from period to period, resulting in a fair value gain/loss on Class B LP Units due to volatility in the trading price of the REIT's Units;
- The REIT recognized a fair value gain on real estate properties for the three months ended March 31, 2025 and 2024 mainly due to a net increase in stabilized NOI across the REIT's portfolio and an IFRIC 21 adjustment on the REIT's U.S. properties. In addition, the equity-accounted investment includes non-cash fair value changes on real estate properties; and
- The REIT has recorded deferred tax expense/recovery coinciding with the fair value gains/loss of the REIT's U.S. real estate properties.

PART IX

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

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

BALANCE SHEETS

		Non-GAAP Adjustments			
As at March 31, 2025	IFRS	NCI Share	Equity Interest	IFRIC 21	Proportionate Basis (Non-GAAP)
ASSETS					
Non-current assets					
Real estate properties	$4,386,294	($216,973)	$185,511	($28,875)	$4,325,957
Equity-accounted investments	72,813	—	(72,813)	—	—
	4,459,107	(216,973)	112,698	(28,875)	4,325,957
Current assets					
Morguard Facility	121,500	—	—	—	121,500
Amounts receivable	7,830	(474)	48	—	7,404
Prepaid expenses	10,379	(189)	93	—	10,283
Restricted cash	4,391	(1,000)	—	—	3,391
Cash	49,123	(3,073)	831	—	46,881
	193,223	(4,736)	972	—	189,459
	$4,652,330	($221,709)	$113,670	($28,875)	$4,515,416
LIABILITIES AND EQUITY					
Non-current liabilities					
Mortgages payable	$1,516,498	($23,702)	$105,084	$—	$1,597,880
Convertible debentures	53,056	—	—	—	53,056
Class B LP Units	298,993	—	—	—	298,993
Deferred income tax liabilities	300,493	—	—	—	300,493
Lease liabilities	17,586	—	—	—	17,586
	2,186,626	(23,702)	105,084	—	2,268,008
Current liabilities					
Mortgages payable	242,701	(79,843)	2,661	—	165,519
Accounts payable and accrued liabilities	90,731	(7,354)	5,925	(28,875)	60,427
	333,432	(87,197)	8,586	(28,875)	225,946
Total liabilities	2,520,058	(110,899)	113,670	(28,875)	2,493,954
EQUITY					
Unitholders' equity	2,021,462	—	—	—	2,021,462
Non-controlling interest	110,810	(110,810)	—	—	—
Total equity	2,132,272	(110,810)	—	—	2,021,462
	$4,652,330	($221,709)	$113,670	($28,875)	$4,515,416

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:

		Non-GAAP Adjustments			
As at March 31, 2025	IFRS	NCI Share	Equity Interest	IFRIC 21	Proportionate Basis (Non-GAAP)
Total Assets / Gross book value[(1)]	$4,652,330	($221,709)	$113,670	($28,875)	$4,515,416
Mortgage payable	$1,759,199	($103,545)	$107,745	$—	$1,763,399
Add: Deferred financing costs	21,802	(284)	244	—	21,762
Mark-to-market adjustment	1,550	—	—		1,550
	1,782,551	(103,829)	107,989	—	1,786,711
Convertible debentures, face value	56,000	—	—	—	56,000
Lease liabilities	17,586	—	—	—	17,586
Indebtedness	$1,856,137	($103,829)	$107,989	$—	$1,860,297
Indebtedness / Gross book value	39.9%				41.2%

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

STATEMENTS OF INCOME

For the three months ended March 31 (In thousands of dollars)	2025 IFRS	2025 Non-GAAP Adjustments NCI Share	2025 Non-GAAP Adjustments Equity Interest	2025 Non-GAAP Adjustments IFRIC 21	2025 Proportionate Basis (Non-GAAP)	2024 IFRS	2024 Non-GAAP Adjustments NCI Share	2024 Non-GAAP Adjustments Equity Interest	2024 Non-GAAP Adjustments IFRIC 21	2024 Proportionate Basis (Non-GAAP)
Revenue from properties										
Gross rental revenue	**$85,951**	**($4,625)**	**$4,229**	**$—**	**$85,555**	$80,501	($4,246)	$3,916	$—	$80,171
Vacancy	**(5,241)**	**259**	**(193)**	**—**	**(5,175)**	(4,157)	271	(236)	—	(4,122)
Ancillary	**9,564**	**(461)**	**262**	**—**	**9,365**	8,412	(381)	248	—	8,279
Total revenue from properties	**90,274**	**(4,827)**	**4,298**	**—**	**89,745**	84,756	(4,356)	3,928	—	84,328
Property operating expenses										
Operating costs	**24,586**	**(1,267)**	**936**	**—**	**24,255**	22,941	(1,125)	876	—	22,692
Realty taxes	**38,034**	**(3,397)**	**3,334**	**(26,297)**	**11,674**	35,211	(2,910)	2,766	(24,234)	10,833
Utilities	**6,831**	**(235)**	**164**	**—**	**6,760**	6,017	(197)	80	—	5,900
Total property operating expenses	**69,451**	**(4,899)**	**4,434**	**(26,297)**	**42,689**	64,169	(4,232)	3,722	(24,234)	39,425
NOI[(1)]	**20,823**	**72**	**(136)**	**26,297**	**47,056**	20,587	(124)	206	24,234	44,903
Other expense (income)										
Interest expense	**22,525**	**(1,077)**	**898**	**—**	**22,346**	19,578	(1,059)	865	—	19,384
Trust expenses	**5,818**	**(87)**	**114**	**—**	**5,845**	5,494	(85)	101	—	5,510
Equity income from investments	**(1,998)**	**—**	**1,998**	**—**	**—**	(1,794)	—	1,794	—	—
Foreign exchange loss	**2**	**—**	**—**	**—**	**2**	2	—	—	—	2
Other income	**(1,689)**	**—**	**—**	**—**	**(1,689)**	(80)	—	—	—	(80)
Loss before fair value changes and income taxes	**(3,835)**	**1,236**	**(3,146)**	**26,297**	**20,552**	(2,613)	1,020	(2,554)	24,234	20,087
Fair value gain on real estate properties, net	**47,930**	**(1,499)**	**3,146**	**(26,297)**	**23,280**	52,166	(102)	2,554	(24,234)	30,384
Fair value loss on Class B LP Units	**(3,617)**	**—**	**—**	**—**	**(3,617)**	(20,323)	—	—	—	(20,323)
Income before income taxes	**40,478**	**(263)**	**—**	**—**	**40,215**	29,230	918	—	—	30,148
Provision for income taxes										
Current	**524**	**(9)**	**—**	**—**	**515**	626	(37)	—	—	589
Deferred	**1,632**	**—**	**—**	**—**	**1,632**	3,828	—	—	—	3,828
	2,156	**(9)**	**—**	**—**	**2,147**	4,454	(37)	—	—	4,417
Net income for the period	**$38,322**	**($254)**	**$—**	**$—**	**$38,068**	$24,776	$955	$—	$—	$25,731
[(1)] IFRIC 21 included in NOI	**$26,327**	**($2,530)**	**$2,500**	**($26,297)**	**$—**	$24,330	($2,158)	$2,062	($24,234)	$—

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

For the three months ended March 31 (In thousands of dollars)	2025 IFRS	2025 Non-GAAP Adjustments NCI Share	2025 Non-GAAP Adjustments Equity Interest	2025 Non-GAAP Adjustments IFRIC 21	2025 Proportionate Basis (Non-GAAP)	2024 IFRS	2024 Non-GAAP Adjustments NCI Share	2024 Non-GAAP Adjustments Equity Interest	2024 Non-GAAP Adjustments IFRIC 21	2024 Proportionate Basis (Non-GAAP)
NOI	**$20,823**	**$72**	**($136)**	**$26,297**	**$47,056**	$20,587	($124)	$206	$24,234	$44,903
IFRIC 21 adjustment	**26,327**	**(2,530)**	**2,500**	**(26,297)**	**—**	24,330	(2,158)	2,062	(24,234)	—
Trust expenses	**(5,818)**	**87**	**(114)**	**—**	**(5,845)**	(5,494)	85	(101)	—	(5,510)
Other income	**1,689**	**—**	**—**	**—**	**1,689**	80	—	—	—	80
	$43,021	**($2,371)**	**$2,250**	**$—**	**$42,900**	$39,503	($2,197)	$2,167	$—	$39,473
Interest expense	**$22,525**	**($1,077)**	**$898**	**$—**	**$22,346**	$19,578	($1,059)	$865	$—	$19,384
Amortization of mark-to-market adjustment on mortgages	**(193)**	**—**	**—**	**—**	**(193)**	(178)	—	—	—	(178)
Accretion on convertible debentures	**(221)**	**—**	**—**	**—**	**(221)**	(221)	—	—	—	(221)
Fair value gain on conversion option on convertible debentures	**110**	**—**	**—**	**—**	**110**	152	—	—	—	152
Distributions on Class B LP Units	**(3,272)**	**—**	**—**	**—**	**(3,272)**	(3,186)	—	—	—	(3,186)
	$18,949	**($1,077)**	**$898**	**$—**	**$18,770**	$16,145	($1,059)	$865	$—	$15,951
Interest coverage ratio	**2.27**				**2.29**	2.45				2.47
Indebtedness coverage ratio	**1.59**				**1.59**	1.63				1.63

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TABLE OF CONTENTS

BALANCE SHEETS

In thousands of Canadian dollars

As at	Note	March 31, 2025	December 31, 2024
ASSETS			
Non-current assets			
Real estate properties	3	**$4,386,294**	$4,333,075
Equity-accounted investments	4	**72,813**	70,874
		4,459,107	4,403,949
Current assets			
Morguard Facility	8	**121,500**	90,000
Amounts receivable		**7,830**	12,584
Prepaid expenses		**10,379**	8,983
Restricted cash		**4,391**	4,857
Cash		**49,123**	51,258
		193,223	167,682
		$4,652,330	$4,571,631
LIABILITIES AND EQUITY			
Non-current liabilities			
Mortgages payable	5	**$1,516,498**	$1,502,163
Convertible debentures	6	**53,056**	52,830
Class B LP Units	7	**298,993**	295,376
Deferred income tax liabilities	16	**300,493**	299,129
Lease liabilities	9	**17,586**	17,612
		2,186,626	2,167,110
Current liabilities			
Mortgages payable	5	**242,701**	218,917
Accounts payable and accrued liabilities	10	**90,731**	73,614
		333,432	292,531
Total liabilities		**2,520,058**	2,459,641
EQUITY			
Unitholders' equity		**2,021,462**	2,001,337
Non-controlling interest		**110,810**	110,653
Total equity		**2,132,272**	2,111,990
		$4,652,330	$4,571,631

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	2025	2024
Revenue from real estate properties	12	**$90,274**	$84,756
Property operating expenses			
Property operating costs		**(24,586)**	(22,941)
Realty taxes		**(38,034)**	(35,211)
Utilities		**(6,831)**	(6,017)
Net operating income		**20,823**	20,587
Other expense (income)			
Interest expense	13	**22,525**	19,578
Trust expenses	14	**5,818**	5,494
Equity income from investments	4	**(1,998)**	(1,794)
Foreign exchange loss		**2**	2
Other income		**(1,689)**	(80)
Loss before fair value changes and income taxes		**(3,835)**	(2,613)
Fair value gain on real estate properties, net	3	**47,930**	52,166
Fair value loss on Class B LP Units	7	**(3,617)**	(20,323)
Income before income taxes		**40,478**	29,230
Provision for income taxes			
Current		**524**	626
Deferred		**1,632**	3,828
		2,156	4,454
Net income for the period		**$38,322**	$24,776
Net income (loss) attributable to:			
Unitholders		**$38,068**	$25,731
Non-controlling interest		**254**	(955)
		$38,322	$24,776

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	2025	2024
Net income for the period	**$38,322**	$24,776
OTHER COMPREHENSIVE INCOME		
Item that may be reclassified subsequently to net income:		
Unrealized foreign currency translation gain (loss)	**(1,206)**	28,656
Total comprehensive income for the period	**$37,116**	$53,432
Total comprehensive income attributable to:		
Unitholders	**$36,959**	$51,967
Non-controlling interest	**157**	1,465
	$37,116	$53,432

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, 2023		$448,150	$48,762	$1,237,892	$117,974	$1,852,778	$106,873	$1,959,651
Changes during the period:								
Net income (loss)		—	—	25,731	—	25,731	(955)	24,776
Other comprehensive income		—	—	—	26,236	26,236	2,420	28,656
Repurchase of Units		(209)	—	—	—	(209)	—	(209)
Issue of Units - DRIP		237	—	(237)	—	—	—	—
Distributions		—	—	(6,746)	—	(6,746)	(530)	(7,276)
Unitholders' equity, March 31, 2024		$448,178	$48,762	$1,256,640	$144,210	$1,897,790	$107,808	$2,005,598
Changes during the period:								
Net income (loss)		—	—	76,127	—	76,127	(1,507)	74,620
Other comprehensive income		—	—	—	73,541	73,541	6,473	80,014
Repurchase of Units		(26,079)	—	—	—	(26,079)	—	(26,079)
Issue of Units - DRIP		646	—	(646)	—	—	—	—
Distributions		—	—	(20,042)	—	(20,042)	(2,121)	(22,163)
Unitholders' equity, December 31, 2024		$422,745	$48,762	$1,312,079	$217,751	$2,001,337	$110,653	$2,111,990
Changes during the period:								
Net income		**—**	**—**	**38,068**	**—**	**38,068**	**254**	**38,322**
Other comprehensive loss		**—**	**—**	**—**	**(1,109)**	**(1,109)**	**(97)**	**(1,206)**
Repurchase of Units	11(b)	**(10,143)**	**—**	**—**	**—**	**(10,143)**	**—**	**(10,143)**
Issue of Units - DRIP	11(d)	**188**	**—**	**(188)**	**—**	**—**	**—**	**—**
Distributions	11(d)	**—**	**—**	**(6,691)**	**—**	**(6,691)**	**—**	**(6,691)**
Unitholders' equity, March 31, 2025		**$412,790**	**$48,762**	**$1,343,268**	**$216,642**	**$2,021,462**	**$110,810**	**$2,132,272**

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	2025	2024
OPERATING ACTIVITIES			
Net income		**$38,322**	$24,776
Add (deduct) items not affecting cash	17(a)	**(16,936)**	(4,248)
Additions to tenant incentives		**(176)**	(144)
Net change in non-cash operating assets and liabilities	17(b)	**(5,862)**	(1,872)
Cash provided by operating activities		**15,348**	18,512
INVESTING ACTIVITIES			
Additions to real estate properties	3	**(7,621)**	(5,361)
Cash used in investing activities		**(7,621)**	(5,361)
FINANCING ACTIVITIES			
Proceeds from new mortgages	5	**79,413**	—
Financing cost on new mortgages		**(2,475)**	—
Repayment of mortgages			
Principal instalment repayments		**(8,060)**	(8,123)
Repayment on maturity	5	**(30,832)**	—
Principal payment of lease liabilities	9	**(10)**	(9)
Proceeds from Morguard Facility		**11,500**	18,000
Repayments/advances on Morguard Facility		**(43,000)**	(15,652)
Units repurchased for cancellation	11(b)	**(10,143)**	(209)
Distributions to Unitholders		**(6,707)**	(6,747)
Distributions to non-controlling interest		**—**	(530)
Decrease in restricted cash		**461**	364
Cash used in financing activities		**(9,853)**	(12,906)
Net increase (decrease) in cash during the period		**(2,126)**	245
Net effect of foreign currency translation on cash balance		**(9)**	319
Cash, beginning of period		**51,258**	17,825
Cash, end of period		**$49,123**	$18,389

See accompanying notes to the condensed consolidated financial statements.

NOTES

For the three months ended March 31, 2025 and 2024
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, 2025, Morguard Corporation ("Morguard"), the parent company of the REIT, holds an indirect 47.9% (December 31, 2024 - 47.4%) interest through its ownership of 8,120,666 Units and 17,223,090 Class B LP Units.

NOTE 2

STATEMENT OF COMPLIANCE AND MATERIAL 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 29, 2025.

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 material accounting policies most affected by estimates and judgments.

Foreign Exchange

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

	2025	2024
Canadian dollar to United States dollar exchange rates:		
- As at March 31	**$0.6956**	$0.7386
- As at December 31	—	0.6950
- Average for the three months ended March 31	**0.6968**	0.7414
United States dollar to Canadian dollar exchange rates:		
- As at March 31	**1.4376**	1.3540
- As at December 31	—	1.4389
- Average for the three months ended March 31	**1.4352**	1.3488

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, 2025	December 31, 2024
Balance, beginning of period	**$4,333,075**	$3,999,481
Additions:		
Capital expenditures	**7,621**	59,402
Right-of-use assets	**—**	170
Fair value gain, net	**47,930**	60,372
Foreign currency translation	**(2,341)**	212,473
Other	**9**	1,177
Balance, end of period	**$4,386,294**	$4,333,075

As at March 31, 2025, and December 31, 2024, 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.

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, 2025, using the direct capitalization income approach, the properties were valued using capitalization rates in the range of 3.8% to 6.3% (December 31, 2024 - 3.8% to 6.3%), resulting in an overall weighted average capitalization rate of 4.5% (December 31, 2024 - 4.5%).

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

	March 31, 2025 Capitalization Rates			December 31, 2024 Capitalization Rates		
	Maximum	Minimum	Weighted Average	Maximum	Minimum	Weighted Average
Canada						
Alberta	**5.3%**	**5.3%**	**5.3%**	5.3%	5.3%	5.3%
Ontario	**4.8%**	**3.8%**	**3.9%**	4.5%	3.8%	3.9%
United States						
Colorado	**5.0%**	**5.0%**	**5.0%**	5.0%	5.0%	5.0%
Texas	**5.0%**	**5.0%**	**5.0%**	5.0%	5.0%	5.0%
Louisiana	**5.5%**	**5.5%**	**5.5%**	5.5%	5.5%	5.5%
Illinois	**5.3%**	**5.0%**	**5.0%**	5.3%	5.0%	5.1%
Georgia	**5.3%**	**5.0%**	**5.2%**	5.3%	5.0%	5.2%
Florida	**6.3%**	**4.8%**	**5.3%**	6.3%	4.8%	5.3%
North Carolina	**5.0%**	**5.0%**	**5.0%**	5.0%	5.0%	5.0%
Virginia	**4.8%**	**4.8%**	**4.8%**	4.8%	4.8%	4.8%
Maryland	**4.8%**	**4.8%**	**4.8%**	4.8%	4.8%	4.8%

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 fair value of the real estate properties as at March 31, 2025 would decrease by $223,644 or increase by $250,016, respectively.

NOTE 4

EQUITY-ACCOUNTED INVESTMENTS

The following are the REIT's equity-accounted investments as at March 31, 2025, and December 31, 2024:

			REIT's Ownership		Carrying Value	
Property	Principal Place of Business	Type	March 31, 2025	December 31, 2024	March 31, 2025	December 31, 2024
Marquee at Block 37	Chicago, IL	Joint Venture	**50%**	50%	**$72,813**	$70,874

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

As at	March 31, 2025	December 31, 2024
Balance, beginning of period	**$70,874**	$53,282
Distributions received	**—**	(2,734)
Share of net income	**1,998**	15,116
Foreign exchange gain (loss)	**(59)**	5,210
Balance, end of period	**$72,813**	$70,874

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

As at	March 31, 2025	December 31, 2024
Non-current assets	**$371,022**	$364,764
Current assets	**1,944**	2,736
Total assets	**$372,966**	$367,500
Non-current liabilities	**$210,168**	$211,728
Current liabilities	**17,172**	14,024
Total liabilities	**$227,340**	$225,752
Net assets	**$145,626**	$141,748
Equity-accounted investments	**$72,813**	$70,874

For the three months ended March 31	2025	2024
Revenue	**$8,596**	$7,856
Expenses	**(10,892)**	(9,376)
Fair value gain on income producing properties	**6,292**	5,108
Net income for the period	**$3,996**	$3,588
Income in equity-accounted investments	**$1,998**	$1,794

NOTE 5
MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at	March 31, 2025	December 31, 2024
Principal balance of mortgages	**$1,782,551**	$1,742,986
Deferred financing costs	**(21,802)**	(20,162)
Mark-to-market adjustment	**(1,550)**	(1,744)
	$1,759,199	$1,721,080
Current	**$242,701**	$218,917
Non-current	**1,516,498**	1,502,163
	$1,759,199	$1,721,080
Range of interest rates	**2.03−6.41%**	2.03−6.73%
Weighted average interest rate	**3.91%**	3.88%
Weighted average term to maturity (years)	**5.3**	5.2
Fair value of mortgages	**$1,756,296**	$1,689,869

As at March 31, 2025, the REIT's first mortgages are registered against specific real estate assets and approximately 95% of the REIT's real estate properties, and related rental revenue, have been pledged as collateral for the mortgages payable.

On March 3, 2025, the REIT completed the Canada Mortgage and Housing Corporation ("CMHC") insured financing of a multi-suite residential property located in Kitchener, Ontario, for an amount of $79,413 at an interest rate of 4.02% and for a term of 10 years. The maturing mortgage amounted to $30,832 and had an interest rate of 2.25%.

The aggregate principal repayments and balances maturing of the mortgages payable as at March 31, 2025, 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
2025 (remainder of the year)	$23,303	$161,826	$185,129	3.49%
2026	26,769	173,970	200,739	3.27%
2027	24,885	183,546	208,431	4.23%
2028	21,771	115,495	137,266	3.90%
2029	20,852	234,193	255,045	3.98%
Thereafter	69,473	726,468	795,941	4.02%
	$187,053	$1,595,498	$1,782,551	3.91%

NOTE 6
CONVERTIBLE DEBENTURES

Convertible debentures consist of the following:

As at	March 31, 2025	December 31, 2024
6.00% convertible unsecured subordinated debentures	**$53,350**	$53,129
Fair value of conversion option	**1,251**	1,361
Unamortized financing costs	**(1,545)**	(1,660)
	$53,056	$52,830

For the three months ended March 31, 2025, interest on convertible debentures amounting to $840 (2024 - $840) is included in interest expense (Note 13). As at March 31, 2025, $nil (December 31, 2024 - $840) is included in accounts payable and accrued liabilities.

6.00% Convertible Unsecured Subordinated Debentures

On March 9, 2023, the REIT issued $50,000 principal amount of 6.00% convertible unsecured subordinated debentures (the "2023 Debentures") maturing on March 31, 2028 (the "Maturity Date"). On March 17, 2023, an additional principal amount of $6,000 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. Underwriters' commission, legal and other issue costs attributable to the 2023 Debentures in the amount of $2,410 have been capitalized and are being amortized over their term to maturity. Morguard and Paros Enterprises Limited, related parties, own $5,000 and $2,000 aggregate principal amount of the 2023 Debentures, respectively.

As at March 31, 2025, $56,000 of the face value of the 2023 Debentures was outstanding.

Each of the 2023 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 2023 Debentures, at a conversion price of $24.15 per Unit, being a ratio of approximately 41.4079 Units per $1,000 principal amount of the 2023 Debentures.

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, 2025, 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 $298,993 (December 31, 2024 - $295,376) and for the three months ended March 31, 2025, a corresponding fair value loss of $3,617 (2024 - $20,323).

For the three months ended March 31, 2025, distributions on Class B LP Units amounting to $3,272 (2024 - $3,186) are included in interest expense (Note 13).

As at March 31, 2025, and December 31, 2024, 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 at the entity's borrowing cost, subject to the availability of sufficient funds. During the first quarter of 2025, the maximum allowable amount to be borrowed or advanced under the Morguard Facility was temporarily increased from $100,000 to $150,000.

As at March 31, 2025, the net amount receivable under the Morguard Facility was $121,500 (December 31, 2024 - $90,000).

During the three months ended March 31, 2025, the REIT recorded net interest income of $1,314 (2024 - $80) on the Morguard Facility to other income in the consolidated statements of income.

NOTE 9
LEASE LIABILITIES

The following table presents the change in the balance of lease liabilities:

As at	March 31, 2025	December 31, 2024
Balance, beginning of period	**$17,612**	$16,059
Interest on lease liabilities (Note 13)	**275**	987
Payments	**(285)**	(1,025)
Additions	**—**	170
Foreign exchange loss	**(16)**	1,421
Balance, end of period	**$17,586**	$17,612

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

As at	March 31, 2025	December 31, 2024
Within 12 months	**$1,143**	$1,144
2 to 5 years	**14,566**	14,722
Over 5 years	**18,075**	18,235
Total minimum lease payments	**33,784**	34,101
Less: Future interest costs	**(16,198)**	(16,489)
Present value of minimum lease payments	**$17,586**	$17,612

NOTE 10
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	March 31, 2025	December 31, 2024
Accounts payable and accrued liabilities	**$54,707**	$64,056
Accrued liabilities (IFRIC 21, Levies)	**26,371**	—
Tenant deposits	**9,653**	9,558
	$90,731	$73,614

NOTE 11
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 10, 2024, the REIT had the approval of the TSX under its normal course issuer bid ("NCIB") to purchase up to 2,795,028 Units and $4,900 principal amount of the 2023 Debentures. The program expired on January 11, 2025. On January 8, 2025, the REIT obtained the approval of the TSX under its NCIB, commencing January 12, 2025, to purchase up to 2,648,573 Units, being approximately 10% of the public float of outstanding Units; the program expires on January 11, 2026. The daily repurchase restriction for the Units is 5,522. Additionally, the REIT may purchase up to $4,900 principal amount of the 2023 Debentures, being 10% of the public float of outstanding 2023 Debentures. The daily repurchase restriction for the 2023 Debentures is $8. The price that the REIT would pay for any such Units or 2023 Debentures would be the market price at the time of acquisition.

During the three months ended March 31, 2025, 584,992 Units were repurchased for cash consideration of $10,143 at a weighted average price of $17.34 per Unit. During the year ended December 31, 2024, 1,505,535 Units were repurchased for cash consideration of $26,288 at a weighted average price of $17.46 per Unit.

(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, 2023, to March 31, 2025:

Issued and Fully Paid Units	Units	Amount
Balance, December 31, 2023	37,735,959	$448,150
Units issued under the DRIP	53,757	883
Units repurchased through the NCIB plan	(1,505,535)	(26,288)
Balance, December 31, 2024	36,284,181	422,745
Units issued under the DRIP	**11,030**	**188**
Units repurchased through the REIT's NCIB plan	**(584,992)**	**(10,143)**
Balance, March 31, 2025	**35,710,219**	**$412,790**

Total distributions declared during the three months ended March 31, 2025, amounted to $6,879, or $0.18999 per Unit (2024 - $6,983, or $0.18501 per Unit), including distributions payable of $2,287 that were declared on March 14, 2025, and paid on April 15, 2025. On April 15, 2025, the REIT declared a distribution of $0.06333 per Unit payable on May 15, 2025.

(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, 2025, the REIT issued 11,030 Units under the DRIP (year ended December 31, 2024 - 53,757 Units).

NOTE 12
RENTAL INCOME

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

For the three months ended March 31	2025	2024
Rental income	**$43,914**	$41,840
Property management and ancillary income	**32,273**	29,272
Property tax and insurance	**14,087**	13,644
	$90,274	$84,756

NOTE 13
INTEREST EXPENSE

The components of interest expense are as follows:

For the three months ended March 31	2025	2024
Interest on mortgages	**$16,889**	$14,213
Interest on convertible debentures (Note 6)	**840**	840
Interest on lease liabilities (Note 9)	**275**	237
Amortization of mark-to-market adjustment on mortgages	**193**	178
Amortization of deferred financing costs	**830**	748
Amortization of deferred financing costs on convertible debentures (Note 6)	**115**	107
Accretion on convertible debentures (Note 6)	**221**	221
Fair value gain on conversion option on convertible debentures (Note 6)	**(110)**	(152)
	19,253	16,392
Distributions on Class B LP Units (Note 7)	**3,272**	3,186
	$22,525	$19,578

NOTE 14
TRUST EXPENSES

The components of trust expenses are as follows:

For the three months ended March 31	2025	2024
Asset management fees and distributions	**$5,156**	$4,814
Professional fees	**316**	353
Public company expenses	**207**	198
Other	**139**	129
	$5,818	$5,494

NOTE 15
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, 2025, fees and distributions amounted to $3,220 (2024 - $3,028) and are included in property operating costs and equity income from investments. As at March 31, 2025, $940 (December 31, 2024 - $925) 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 are 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, 2025, fees and distributions amounted to $5,270 (2024 - $4,914) and are included in trust expenses and equity income from investments. As at March 31, 2025, $821 (December 31, 2024 - $3,280) 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, 2025, and 2024.

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. For the three months ended March 31, 2025, fees relating to financing services amounted to $119 (2024 - $nil) and have been capitalized to deferred financing costs.

Other Services
As at March 31, 2025, and 2024, the REIT had its portfolio appraised by Morguard's appraisal division. For the three months ended March 31, 2025, fees relating to appraisal services amounted to $52 (2024 - $52) and are included in trust expenses.

NOTE 16

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, 2025, the REIT's U.S. subsidiaries have total net operating losses of approximately US$19,494 (December 31, 2024 - US$22,731) of which deferred income tax assets were recognized as it is probable that taxable income will be available against such losses and can be carried forward indefinitely. Included in the net operating losses is the REIT's portion of net operating losses of a subsidiary where the REIT owns a 51% effective interest in a limited partnership of US$8,699 (December 31, 2024 - US$8,747).

As at March 31, 2025, the REIT's U.S. subsidiaries have a total of US$61,467 (December 31, 2024 - US$57,092) of unutilized interest expense deductions on which deferred income tax assets were recognized and can be carried forward indefinitely.

NOTE 17
CONSOLIDATED STATEMENTS OF CASH FLOWS
(a) Items Not Affecting Cash

For the three months ended March 31	2025	2024
Fair value gain on real estate properties, net	**($21,603)**	($27,836)
Fair value loss on Class B LP Units	**3,617**	20,323
Fair value gain on conversion option on convertible debentures	**(110)**	(152)
Equity income from investments	**(1,998)**	(1,794)
Amortization of deferred financing - mortgages	**830**	748
Amortization of deferred financing - convertible debentures	**115**	107
Amortization of mark-to-market adjustment on mortgages	**193**	178
Accretion on convertible debentures	**221**	221
Amortization of tenant incentives	**167**	129
Deferred income taxes	**1,632**	3,828
	($16,936)	($4,248)

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

For the three months ended March 31	2025	2024
Amounts receivable	**$4,746**	$431
Prepaid expenses	**(1,403)**	(830)
Accounts payable and accrued liabilities	**(9,205)**	(1,473)
	($5,862)	($1,872)

(c) Supplemental Cash Flow Information

For the three months ended March 31	2025	2024
Interest paid	**$18,220**	$15,841

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

As at March 31, 2025	Mortgages Payable	Convertible Debentures	Lease Liabilities	Total
Balance, beginning of period	**$1,721,080**	**$52,830**	**$17,612**	**$1,791,522**
Repayments	**(8,060)**	**—**	**(10)**	**(8,070)**
New financing, net of financing costs	**76,938**	**—**	**—**	**76,938**
Lump-sum repayments	**(30,832)**	**—**	**—**	**(30,832)**
Non-cash changes	**1,023**	**226**	**—**	**1,249**
Foreign exchange	**(950)**	**—**	**(16)**	**(966)**
Balance, end of period	**$1,759,199**	**$53,056**	**$17,586**	**$1,829,841**

NOTE 18

MANAGEMENT OF CAPITAL

Refer to the REIT's audited consolidated financial statements as at and for the year ended December 31, 2024 for an explanation of the REIT's capital management policy.

The total managed capital for the REIT as at March 31, 2025, and December 31, 2024, is summarized below:

As at	March 31, 2025	December 31, 2024
Mortgages payable, principal balance	**$1,782,551**	$1,742,986
Convertible debentures, face value	**56,000**	56,000
Lease liabilities	**17,586**	17,612
Class B LP Units	**298,993**	295,376
Unitholders' equity	**2,021,462**	2,001,337
	$4,176,592	$4,113,311

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, 2025	December 31, 2024
Total debt to gross book value	70%	**39.9%**	39.7%
Floating-rate debt to gross book value	20%	**0.8%**	0.9%

NOTE 19

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Refer to the REIT's audited consolidated financial statements as at and for the year ended December 31, 2024 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 liabilities and convertible debentures are carried at amortized cost using the effective interest rate 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, 2025 market rates for debt of similar terms (Level 2). Based on these assumptions, as at March 31, 2025 the fair value of mortgages payable before deferred financing costs and mark-to-market adjustment is estimated at $1,756,296 (December 31, 2024 - $1,689,869), compared to the carrying value of $1,782,551 (December 31, 2024 - $1,742,986). The fair value of mortgages payable varies from the carrying value due to fluctuations in market interest rates since their issue.

The fair value of convertible debentures is based on their market trading price (Level 1). As at March 31, 2025, the fair value of convertible debentures before deferred financing costs has been estimated at $56,566 (December 31, 2024 - $58,464), compared to the carrying value of $53,350 (December 31, 2024 - $53,129).

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, 2025			December 31, 2024		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets:						
Real estate properties	**$—**	**$—**	**$4,386,294**	$—	$—	$4,333,075
Financial liabilities:						
Class B LP Units	**298,993**	**—**	**—**	295,376	—	—
Conversion option of convertible debentures	**—**	**1,251**	**—**	—	1,361	—

NOTE 20

SEGMENTED INFORMATION

Substantially 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, Virginia and Maryland. 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, 2025			March 31, 2024		
For the three months ended	**Canada**	**U.S.**	**Total**	Canada	U.S.	Total
Revenue from income producing properties	**$28,523**	**$61,751**	**$90,274**	$27,604	$57,152	$84,756
Property operating expenses	**(12,451)**	**(57,000)**	**(69,451)**	(11,966)	(52,203)	(64,169)
Net operating income	**$16,072**	**$4,751**	**$20,823**	$15,638	$4,949	$20,587

	March 31, 2025			December 31, 2024		
As at	**Canada**	**U.S.**	**Total**	Canada	U.S.	Total
Real estate properties	**$1,753,570**	**2,632,724**	**$4,386,294**	$1,713,940	$2,619,135	$4,333,075
Mortgages payable	**716,991**	**1,042,208**	**1,759,199**	675,069	1,046,011	1,721,080

	March 31, 2025			March 31, 2024		
For the three months ended	**Canada**	**U.S.**	**Total**	Canada	U.S.	Total
Additions to real estate properties	**$2,846**	**$4,775**	**$7,621**	$2,627	$2,734	$5,361
Fair value gain on real estate properties	**$36,771**	**$11,159**	**$47,930**	$30,926	$21,240	$52,166