

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This prospectus does not constitute an offer to sell or solicitation of an offer to buy any of these securities in the United States. See "Plan of Distribution".

PROSPECTUS

Initial Public Offering

June 22, 2018



minto
Apartment REIT

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST

\$200,013,000

13,794,000 Units

This prospectus qualifies the distribution of 13,794,000 units (each, a "Unit") of Minto Apartment Real Estate Investment Trust (the "REIT"), a newly-created, unincorporated, open-ended real estate investment trust established under the laws of the Province of Ontario at an offering price per Unit (the "Offering Price") of \$14.50. See "Glossary" for definitions used in this prospectus.

The REIT has been formed to own and operate, through an Ontario limited partnership (the "Partnership"), a portfolio of income-producing multi-residential rental properties located in urban markets in Canada. The REIT will initially indirectly acquire a portfolio of 22 multi-residential rental properties, comprising an aggregate of 4,279 suites, located in Toronto, Ottawa, Calgary and Edmonton (collectively, the "Initial Properties"). The Initial Properties are currently owned and operated by Minto Properties Inc. ("MPI") which is part of the Minto Group of companies (collectively, "Minto"), a premier Canadian fully integrated real estate company with 63 years of experience in the industry. See "The Initial Properties" and "The Acquisition".

The objectives of the REIT are to: (a) provide Unitholders an opportunity to invest in high quality income-producing multi-residential rental properties strategically located across urban centres in Canada; (b) enhance the value of the REIT's assets and maximize long-term Unitholder value through value-enhancing capital investment programs and active asset and property management of the REIT's properties; (c) provide Unitholders with predictable and sustainable cash distributions; and (d) expand the REIT's asset base across Canadian urban centres through intensification programs and acquisitions. See "The REIT". The REIT initially intends to make monthly cash distributions in the estimated annual amount of \$0.41 per Unit, which will provide Unitholders with an approximate annual cash distribution yield of 2.83% and a payout ratio of approximately 65% of forecast AFFO of the REIT for the Forecasted Period. See "Distribution Policy" and "Non-IFRS Measures".

On Closing, an entity wholly-owned and controlled by MPI (the "Retained Interest Holder") will hold an aggregate of approximately 22.9 million Class B Units of the Partnership, representing an approximate 62.4% interest in the REIT (approximately 56.8% if the Over-Allotment Option is exercised in full) on a fully diluted basis assuming all Class B Units are exchanged for Units (the "Retained Interest"). The Class B Units will be economically equivalent to and exchangeable for Units of the REIT (on a one-for-one basis subject to customary anti-dilution adjustments). In addition, an entity wholly-owned and controlled by MPI will hold all of the outstanding Class C Units of the Partnership in respect of the Retained Debt (as defined below). Minto intends to maintain a significant ownership position in the REIT over the long-term. See "Retained Interest" and "Plan of Distribution".

The REIT will, through the Partnership, directly employ an experienced executive and operational team of real estate professionals, comprised of former Minto employees and employees who will be dually employed by the REIT and Minto. Management's industry experience, its long track-record with the Initial Properties, its established institutional relationships to facilitate future growth and its proven governance and reporting capabilities are expected to provide significant benefit to the REIT enabling the REIT to maximize asset performance and deliver predictable, attractive returns to Unitholders. The REIT will also benefit from cost-efficient access to Minto's best-in-class real estate platform. The REIT intends to leverage Minto's fully integrated real estate operating platform with a strong investment track record and extensive relationships in the Canadian multi-residential rental real estate sector. Minto is one of the premier real estate companies in Canada with a fully integrated real estate investment, development and management platform. Since its inception in 1955, Minto has built more than 85,000 new homes, and currently manages over 13,000 residential suites and a commercial portfolio of more than 2.5 million square feet of office and retail space. Minto's expertise spans the full spectrum of real estate investment disciplines. Minto's operational excellence has been well recognized by the Canadian real estate industry. See "The REIT — About Minto" and "Arrangements with Minto".

Price \$14.50 per Unit

	Price to the Public⁽¹⁾⁽²⁾	Underwriters' Fee	Net Proceeds to the REIT⁽³⁾
Per Unit	\$14.50	\$0.83	\$13.67
Total ⁽⁴⁾	\$200,013,000	\$11,500,748	\$188,512,252

Notes:

(1) All dollar amounts in this prospectus are stated in Canadian dollars unless otherwise specifically noted.

(continued on next page)

High quality portfolio
of 22 multi-residential
rental properties
comprising 4,279 suites





REIT Overview

22
properties comprising
4,279
suites

~98%⁽¹⁾
Occupancy

\$1,358⁽¹⁾
Average
monthly rent



EDMONTON

Number of Properties: 3
Number of Suites: 251



CALGARY

Number of Properties: 1
Number of Suites: 144



OTTAWA

Number of Properties: 14
Number of Suites: 3,060



TORONTO

Number of Properties: 4
Number of Suites: 824

1. As at March 31, 2018; excludes furnished suites

Initial Properties strategically located across
four attractive urban centres in Canada

Highest in-place rent among public peers

REIT will be sponsored by Minto, a premium Canadian
real estate company with 60+ years of history

Management has long operating track record
with REIT portfolio

\$55 million of capital investment into the portfolio
over the past 3 years, ~\$29 million in 2017





Organic:

- Gain-to-lease on existing rents
- Drive revenue, and create value through in-suite and common area improvements
- Intensification

External:

- Strategic Alliance Agreement with Minto
 - Right of First Opportunity (ROFO)
 - Potential access to Minto Interests
 - > Minto holds a \$510 million proportionate interest in \$1.7 billion of high quality multi-residential assets, for which it acts as the managing investor
 - > Development pipeline of ~\$800 million / ~1,500 suites
- Target high quality multi-residential properties in urban centres across Canada
- Highly fragmented Canadian multi-residential sector provides consolidation opportunity
- Minto has a demonstrated ability to source and execute transactions, with ~\$1.9 billion of transactions completed since 2010



(continued from cover)

- (2) The Offering Price was established by negotiation between the REIT, MPI and the Underwriters.
- (3) Before deducting expenses of the Offering estimated at \$4,700,000 which, together with the Underwriters' fee, will be paid from the proceeds of the Offering.
- (4) The REIT has granted to the Underwriters an option, exercisable in whole or in part and at any time up to 30 days after Closing, to purchase up to an additional 2,069,100 Units on the same terms as set forth above solely to cover the Underwriters' over-allocation position, if any, and for consequent market stabilization purposes. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters' fee and net proceeds to the REIT will be \$230,014,950, \$13,225,860 and \$216,789,090, respectively. See "Plan of Distribution". This prospectus qualifies the distribution of the Over-Allotment Option and the Units issuable on the exercise thereof. A purchaser who acquires Units forming part of the Underwriters' over-allocation position acquires those Units under this prospectus, regardless of whether the position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

<u>Underwriters' Position</u>	<u>Maximum Size or Number of Securities Available</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	Option to acquire up to 2,069,100 Units	30 days from Closing	\$14.50 per Unit

Toronto Stock Exchange has conditionally approved the listing of the Units under the symbol "ML.UN". Listing is subject to the REIT fulfilling all of the requirements of the Exchange on or before September 6, 2018. There is currently no market through which the Units may be sold and, if a market for the Units does not develop or is not sustained, purchasers may not be able to resell Units purchased under this prospectus. This may affect the pricing of the Units in the secondary market, the transparency and availability of trading prices, the liquidity of the Units and the extent of issuer regulation. See "Risk Factors". Closing of the Offering is expected to occur on July 3, 2018 or such other date as the REIT and the Underwriters may agree, but in any event not later than July 17, 2018. See "Plan of Distribution".

A return on a purchaser's investment in Units is not comparable to the return on an investment in a fixed income security. The recovery of a purchaser's initial investment is at risk and the anticipated return on a purchaser's investment is based on many performance assumptions. Although the REIT intends to make distributions from AFFO to Unitholders, these distributions may be reduced or suspended. The actual amount distributed will depend on numerous factors including the financial performance of the REIT's properties, debt covenants and other contractual obligations, working capital requirements and future capital requirements, all of which are subject to a number of risks. The market value of the Units may decline if the REIT is unable to meet its AFFO targets in the future, and that decline may be material. See "Non-IFRS Measures". **An investment in the Units involves a number of risks and it is important for a purchaser of Units to consider the particular risk factors described in the "Risk Factors" section of this prospectus, which may affect the REIT and its business, the multi-residential rental sector and the Offering, and therefore the stability of distributions that a purchaser of Units receives.**

The after-tax return from an investment in Units to Unitholders subject to Canadian federal income tax will depend, in part, on the composition for Canadian federal income tax purposes of distributions paid by the REIT, portions of which may be fully or partially taxable or may constitute tax deferred returns of capital (i.e., returns that initially are non-taxable but which reduce the adjusted cost base of the Unitholders' Units). The REIT estimates that approximately 56% of the monthly cash distributions to be made by the REIT to Unitholders will be tax deferred for Canadian federal income tax purposes in 2018. The composition of distributions for Canadian federal income tax purposes may change over time, thus affecting the after-tax return to Unitholders. Prospective purchasers of Units should consult their own tax advisors with respect to the Canadian income tax considerations applicable in their circumstances. See "Certain Canadian Federal Income Tax Considerations" below.

TD Securities Inc. ("TD"), BMO Nesbitt Burns Inc. ("BMO"), CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., National Bank Financial Inc., Canaccord Genuity Corp., Desjardins Securities Inc., Raymond James Ltd. and Industrial Alliance Securities Inc. (collectively, the "Underwriters"), as principals, conditionally offer the Units, subject to prior sale, if, as and when issued by the REIT and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the REIT by Goodmans LLP, and on behalf of the Underwriters by Blake, Cassels & Graydon LLP. The Underwriters may engage in market stabilization activities as described under "Plan of Distribution". Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Registrations and transfers of Units will be effected electronically through the non-certificated inventory ("NCI") system administered by CDS Clearing and Depository Services Inc. ("CDS"). Beneficial owners of Units will not, except in certain limited circumstances, be entitled to receive physical certificates evidencing their ownership of Units. See "Plan of Distribution" and "Declaration of Trust — Non-Certificated Inventory System".

In connection with the Offering, the Underwriters may, subject to applicable law, over-allocate or effect transactions which stabilize or maintain the market price of the Units at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. **The Underwriters may offer the Units at lower prices than stated above. See "Plan of Distribution".**

The REIT is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that statute or any other legislation.

All of the Underwriters, other than Canaccord Genuity Corp. and National Bank Financial Inc., are affiliates of Canadian chartered banks or financial institutions that have provided mortgage financing and credit lines to MPI or its affiliates in the aggregate principal amount of approximately \$873.1 million as at March 31, 2018, of which mortgages in the amount of approximately \$137.3 million as at March 31, 2018 are expected to be assumed by the REIT or the Partnership, approximately \$115.2 million as at March 31, 2018 are expected to comprise the Retained Debt, and approximately \$38.7 million will be repaid pursuant to the Assumed Debt and Retained Debt refinancings. An additional approximately \$12.9 million will be incremental financing which will form part of the Assumed Debt. Further, affiliates of TD and BMO have committed to provide the REIT with the Credit Facility at Closing. A Trustee of the REIT is a director of a Canadian chartered bank of which an Underwriter is a subsidiary. Consequently, the REIT may be considered a "connected issuer" of each of such Underwriters under applicable Canadian securities laws. See "Debt Strategy and Indebtedness" and "Plan of Distribution".

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
MEANING OF CERTAIN REFERENCES	1	FORECAST NON-IFRS	
ELIGIBILITY FOR INVESTMENT	1	RECONCILIATION	112
MARKET AND INDUSTRY DATA	1	MANAGEMENT’S DISCUSSION AND	
CERTAIN OTHER INFORMATION	2	ANALYSIS OF RESULTS OF	
RELIANCE	2	OPERATIONS	114
NON-IFRS MEASURES	2	INVESTMENT GUIDELINES AND	
FORWARD-LOOKING STATEMENTS	3	OPERATING POLICIES	132
MARKETING MATERIALS	5	DECLARATION OF TRUST	135
PROSPECTUS SUMMARY	6	THE PARTNERSHIP	143
THE OFFERING	24	DISTRIBUTION POLICY	147
THE REIT	26	CERTAIN CANADIAN FEDERAL	
INVESTMENT OPPORTUNITY	27	INCOME TAX CONSIDERATIONS	148
INVESTMENT HIGHLIGHTS	27	PLAN OF DISTRIBUTION	152
GROWTH STRATEGIES OF THE REIT	31	USE OF PROCEEDS	155
MULTI-RESIDENTIAL RENTAL REAL		RISK FACTORS	155
ESTATE CHARACTERISTICS	33	MATERIAL CONTRACTS	175
MULTI-RESIDENTIAL RENTAL SECTOR		INTERESTS OF MANAGEMENT AND	
DYNAMICS	35	OTHERS IN MATERIAL	
KEY RESIDENTIAL TENANCY		TRANSACTIONS	176
LEGISLATION	44	PROMOTER	176
THE INITIAL PROPERTIES	45	PRINCIPAL UNITHOLDERS	176
DESCRIPTION OF THE INITIAL		PRIOR SALES	177
PROPERTIES	49	LEGAL PROCEEDINGS	177
ASSESSMENT AND VALUATION OF		EXPERTS	177
THE INITIAL PROPERTIES	56	AUDITORS, TRANSFER AGENT AND	
DEBT STRATEGY AND INDEBTEDNESS		REGISTRAR	177
THE ACQUISITION	62	EXEMPTIONS FROM CERTAIN	
RETAINED INTEREST	64	PROVISIONS OF NATIONAL	
POST-CLOSING STRUCTURE	69	INSTRUMENT 41-101	177
TRUSTEES AND EXECUTIVE		PURCHASERS’ STATUTORY RIGHTS	178
OFFICERS OF THE REIT	70	GLOSSARY	179
ARRANGEMENTS WITH MINTO	83	INDEX TO FINANCIAL STATEMENTS	F-1
EXECUTIVE COMPENSATION	88	CHARTER OF THE AUDIT	
INDEBTEDNESS OF TRUSTEES AND		COMMITTEE	A-1
EXECUTIVE OFFICERS	96	CERTIFICATE OF THE REIT AND THE	
CAPITALIZATION OF THE REIT	96	PROMOTER	C-1
FINANCIAL FORECAST	96	CERTIFICATE OF THE	
		UNDERWRITERS	C-2

MEANING OF CERTAIN REFERENCES

In this prospectus, except where otherwise indicated or the context otherwise requires, it is assumed that the Offering has been completed and the transactions described under “The Acquisition” have been completed. References to the “REIT” in this prospectus include its subsidiaries, unless the context otherwise requires. Unless otherwise indicated, all dollar amounts in this prospectus are stated in Canadian dollars and references to dollars or “\$” are to Canadian currency.

Certain terms used in this prospectus are defined under “Glossary”.

Unless otherwise indicated, the disclosure in this prospectus assumes that the Over-Allotment Option is not exercised.

References to “management” in this prospectus means the persons acting in the capacities of the REIT’s Chief Executive Officer, President and Chief Operating Officer, Chief Financial Officer, Chief Investment Officer and Senior Vice President, Operations. Any statements in this prospectus made by or on behalf of management are made in such persons’ capacities as officers of the REIT and not in their personal capacities.

ELIGIBILITY FOR INVESTMENT

In the opinion of Goodmans LLP, counsel to the REIT, and Blake, Cassels & Graydon LLP, counsel to the Underwriters, based on the current provisions of the Tax Act, and subject to the provisions of any particular plan, provided that the REIT qualifies at all times as a “mutual fund trust” (as defined in the Tax Act) or the Units are listed on a “designated stock exchange” (as defined in the Tax Act, which includes the TSX), the Units will be a qualified investment for trusts governed by a registered retirement savings plan (“RRSP”), registered education savings plan (“RESP”), registered retirement income fund (“RRIF”), deferred profit sharing plan, registered disability savings plan (“RDSP”) or a tax-free savings account (“TFSA”) (collectively, “**Exempt Plans**”).

Notwithstanding the foregoing, if the Units are a “prohibited investment” (as defined in the Tax Act) for a trust governed by a TFSA, RRSP, RRIF, RESP or RDSP, the holder, annuitant or subscriber thereof will be subject to a penalty tax as set out in the Tax Act. The Units will not be a prohibited investment for a TFSA, RRSP, RRIF, RESP or RDSP provided the holder, annuitant or subscriber of such registered plan deals at arm’s length with the REIT, for purposes of the Tax Act, and does not have a “significant interest” (as defined in the Tax Act) in the REIT. Generally, a holder, annuitant or subscriber will have a significant interest in the REIT if the holder, annuitant or subscriber, either alone or together with persons or partnerships not dealing at arm’s length with the holder, annuitant or subscriber, for the purposes of the Tax Act, holds interests as a beneficiary under the REIT that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the REIT. In addition, the Units will not be a “prohibited investment” if the Units are “excluded property” as defined in the Tax Act for trusts governed by a TFSA, RRSP, RRIF, RESP or RDSP. Prospective purchasers who intend to hold their Units in their TFSAs, RRSPs, RRIFs, RESPs or RDSPs should consult their own tax advisors regarding their particular circumstances.

MARKET AND INDUSTRY DATA

This prospectus includes market and industry data and forecasts that were obtained from third-party sources, industry publications and publicly available information as well as industry data prepared by management on the basis of its knowledge of the multi-residential rental sector in which the REIT will operate (including management’s estimates and assumptions relating to the sector based on that knowledge). Management’s knowledge of the Canadian multi-residential rental sector has been developed through its experience and participation in the sector. Management believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness of this data. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although management believes it to be reliable, neither the REIT nor the Underwriters have independently verified any of the data from management or third-party sources referred to in this prospectus, or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained

the underlying economic assumptions relied upon by such sources. For the avoidance of doubt, nothing stated in this paragraph operates to relieve the REIT or the Underwriters from liability for any misrepresentation contained in this prospectus under applicable Canadian securities laws.

CERTAIN OTHER INFORMATION

Graphs and tables demonstrating the historical performance of the Initial Properties contained in this prospectus are intended only to illustrate past performance and are not necessarily indicative of future performance. Numbers contained in graphs and tables in this prospectus are subject to rounding.

RELIANCE

Prospective investors should rely only on information contained in this prospectus and should not rely on parts of the information contained in this prospectus to the exclusion of others. None of the REIT, MPI, as promoter (the “**Promoter**”), nor the Underwriters has authorized any other person to provide prospective investors with different information. If a prospective investor is provided with different or inconsistent information, the prospective investor should not rely on such information. Neither the REIT nor the Underwriters is making an offer to sell Units in any jurisdiction where such an offer or sale is prohibited. Unless otherwise stated, the information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of Units. The REIT’s business, financial condition, results of operations and prospects may have changed since the date of this prospectus.

This prospectus contains summary descriptions of certain material agreements of the REIT. See “Material Contracts”. The summary descriptions disclose attributes of such agreements material to an investor in the Units but are not complete and are qualified in their entirety by reference to the terms of the material agreements, which will be filed with the Canadian securities regulatory authorities and made available electronically on SEDAR at www.sedar.com. Investors should read the full text of such material agreements.

NON-IFRS MEASURES

In this prospectus, the REIT uses certain non-IFRS financial measures, which include funds from operations (“**FFO**”), adjusted funds from operations (“**AFFO**”), net operating income (“**NOI**”) and Same Property NOI to measure, compare and explain the operating results and financial performance of the REIT. These terms are commonly used by entities in the real estate industry as useful metrics for measuring performance. However, they do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other publicly traded entities. These measures should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. See “Forecast Non-IFRS Reconciliation” and “Management’s Discussion and Analysis of Results of Operations” for a reconciliation of FFO, AFFO and NOI to the most directly comparable IFRS measure.

In February 2018, the Real Property Association of Canada (“**REALpac**”), published a white paper titled “White Paper on Funds From Operations & Adjusted Funds From Operations for IFRS”. The purpose of the white paper is to provide reporting issuers and investors with greater guidance on the definition of FFO and AFFO and to help promote more consistent disclosure from reporting issuers. The REIT has reviewed the white paper and has implemented the recommended disclosures in this prospectus, except as noted below.

FFO is defined as IFRS consolidated net income adjusted for items such as unrealized changes in the fair value of investment properties, effects of puttable instruments classified as financial liabilities, net changes in fair value of financial instruments and depreciation and amortization. FFO should not be construed as an alternative to net income or cash flows provided by or used in operating activities determined in accordance with IFRS. The REIT’s method of calculating FFO is in accordance with REALpac’s recommendations, but may differ from other issuers’ methods and, accordingly, may not be comparable to FFO reported by other issuers. The REIT regards FFO as a key measure of operating performance.

AFFO is defined as FFO adjusted for items such as maintenance capital expenditures and straight-line rental revenue differences. AFFO should not be construed as an alternative to net income or cash flows

provided by or used in operating activities determined in accordance with IFRS. The REIT's method of calculating AFFO is in accordance with REALpac's recommendations, except that it also adjusts for the amortization of the mark-to-market related to debt, but may differ from other issuers' methods and, accordingly, may not be comparable to AFFO reported by other issuers. The REIT regards AFFO as a key measure of operating performance. The REIT also uses AFFO in assessing its distribution paying capacity.

NOI is defined as revenue from properties less property operating expenses, property taxes and utilities prepared in accordance with IFRS. NOI should not be construed as an alternative to net income determined in accordance with IFRS. The REIT's method of calculating NOI may differ from other issuers' methods and, accordingly, may not be comparable to NOI reported by other issuers. The REIT regards NOI as an important measure of the income generated from income-producing properties and is used by the REIT in evaluating the performance of the REIT's properties. It is also a key input in determining the value of the REIT's properties.

Same Property NOI represents total revenues less property operating expenses, property taxes and utilities after the removal of the impact of acquisitions. Management uses Same Property NOI to evaluate the performance of the portfolio on a comparable basis period over period.

See "Forecast Non-IFRS Reconciliation" and "Management's Discussion and Analysis of Results of Operations" for a reconciliation of FFO, AFFO and NOI to the most directly comparable IFRS measure.

FORWARD-LOOKING STATEMENTS

This prospectus contains "forward-looking information" as defined under Canadian securities laws (collectively, "**forward-looking statements**") which reflect management's expectations regarding objectives, plans, goals, strategies, future growth, results of operations, performance and business prospects and opportunities of the REIT. The words "plans", "expects", "does not expect", "goals", "seek", "strategy", "future", "estimates", "intends", "anticipates", "does not anticipate", "projected", "believes" or variations of such words and phrases or statements to the effect that certain actions, events or results "may", "will", "could", "would", "should", "might", "likely", "occur", "be achieved" or "continue" and similar expressions identify forward-looking statements. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking statements. Forward-looking statements are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Discussions containing forward-looking statements may be found, among other places, under "Prospectus Summary", "The REIT", "Investment Opportunity", "Growth Strategies of the REIT", "Multi-Residential Rental Real Estate Characteristics", "The Initial Properties", "Debt Strategy and Indebtedness", "The Acquisition", "Trustees and Executive Officers of the REIT", "Executive Compensation", "Financial Forecast", "Management's Discussion and Analysis of Results of Operations", "Distribution Policy", "Certain Canadian Federal Income Tax Considerations", "Plan of Distribution", "Use of Proceeds" and "Risk Factors".

Some of the specific forward-looking statements in this prospectus include, but are not limited to, statements with respect to the following:

- the Offering Price, completion, size, expenses and intended use of net proceeds of the Offering and the timing of Closing;
- the completion of the transactions as contemplated under "The Acquisition";
- the closing of the other transactions expected to occur on or following Closing, which are described in this prospectus;
- the listing of the Units on the TSX;
- the intention of the REIT to pay and preserve Unitholders' distributions;
- the ability of the REIT to execute its growth strategies;
- the REIT's competitive position within its industry;
- the ability of the REIT to execute its debt strategy;

- expectations regarding laws, rules and regulations applicable to the REIT;
- expectations regarding future Trustee and executive compensation levels and plans;
- the forecasted financial results of the REIT for the periods set out in the “Financial Forecast” section of this prospectus;
- the expected tax treatment of the REIT and of the REIT’s distributions to Unitholders;
- the REIT’s relationship with Minto; and
- the expected industry and demographic trends.

Such forward-looking statements are qualified in their entirety by the inherent risks, uncertainties and changes in circumstances surrounding future expectations which are difficult to predict and many of which are beyond the control of the REIT, including that the transactions contemplated herein are completed.

Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by management of the REIT as of the date of this prospectus, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The REIT’s estimates, beliefs and assumptions, which may prove to be incorrect, include the various assumptions set forth herein, including, but not limited to, the REIT’s future growth potential, results of operations, future prospects and opportunities, demographic and industry trends, no change in legislative or regulatory matters, future levels of Indebtedness, the tax laws as currently in effect, the continuing availability of capital and current economic conditions.

When relying on forward-looking statements to make decisions, the REIT cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties. Forward-looking statements should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved. A number of factors could cause actual results to differ, possibly materially, from the results discussed in the forward-looking statements, including, but not limited to:

- the REIT’s ability to execute its growth strategies;
- the impact of changing conditions in the Canadian multi-residential rental sector;
- the marketability and value of the REIT’s portfolio;
- changes in the attitudes, financial condition and demand of the REIT’s demographic market;
- fluctuation in interest rates and volatility in financial markets;
- general economic conditions;
- developments and changes in applicable laws and regulations; and
- such other factors discussed under “Risk Factors” and “Management’s Discussion and Analysis of Results of Operations” in this prospectus.

If any risks or uncertainties with respect to the above materialize, or if the opinions, estimates or assumptions underlying the forward-looking statements prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking statements. The opinions, estimates or assumptions referred to above and described in greater detail under “Risk Factors” should be considered carefully by readers. Although management has attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other risk factors not presently known or that management believes are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking statements.

Certain statements included in this prospectus may be considered a “financial outlook” for purposes of applicable Canadian securities laws, and as such, the financial outlook may not be appropriate for purposes other than this prospectus. All forward-looking statements are based only on information currently available to the REIT and are made as of the date of this prospectus. Except as expressly required by applicable Canadian securities law, the REIT assumes no obligation to publicly update or revise any forward-looking statement,

whether as a result of new information, future events or otherwise. All forward-looking statements in this prospectus are qualified by these cautionary statements.

MARKETING MATERIALS

A “template version” of each of the following “marketing materials” (each such term as defined in National Instrument 41-101—*General Prospectus Requirements*) for this Offering filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada is specifically incorporated by reference into this prospectus:

- (i) each of the investor presentations filed on SEDAR on June 8, 2018, as revised on June 22, 2018;
- (ii) the indicative term sheet filed on SEDAR on June 8, 2018; and
- (iii) the final term sheet filed on SEDAR on June 22, 2018.

The investor presentations, indicative term sheet and final term sheet referred to above are available on SEDAR at www.sedar.com.

Information in the initial template versions of the investor presentations and the indicative term sheet have been modified in view of the following modifications contained in the prospectus:

- the monthly cash distributions in the estimated annual amount of \$0.41;
- the annual cash distribution yield of 2.83%; and
- certain changes which consequently followed from the above items.

Pursuant to subsection 13.7(7) of National Instrument 41-101—*General Prospectus Requirements*, the REIT has prepared revised template versions of the investor presentations and the term sheet, which have been blacklined to reflect the modified statements. The template versions of the investor presentations and the term sheet do not form part of the prospectus to the extent that the contents of the template versions have been modified or superseded by a statement contained in the final prospectus. The blacklined versions of such documents which have been filed with the securities commission or similar authority in each of the provinces of Canada and can be viewed under the REIT’s profile on SEDAR at www.sedar.com. Any template version of the investor presentations and the term sheet filed after the date hereof and before the termination of the distribution contemplated by this prospectus is deemed to be incorporated into the final prospectus.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. For an explanation of certain terms and abbreviations used in this prospectus, please refer to the “Glossary” section of this prospectus.

The REIT

Minto Apartment Real Estate Investment Trust is a newly-created, unincorporated, open-ended real estate investment trust established pursuant to the Declaration of Trust under the laws of the Province of Ontario. The REIT has been formed to own and operate a portfolio of income-producing multi-residential rental properties located in Canada. The REIT will initially indirectly acquire the Initial Properties, a portfolio of 22 multi-residential rental properties comprising an aggregate of 4,279 suites located in Toronto, Ottawa, Calgary and Edmonton, currently owned and operated by MPI.

The REIT’s objectives are to: (a) provide Unitholders an opportunity to invest in high quality income-producing multi-residential rental properties strategically located across urban centres in Canada; (b) enhance the value of the REIT’s assets and maximize long-term Unitholder value through value-enhancing capital investment programs and active asset and property management of the REIT’s properties; (c) provide Unitholders with predictable and sustainable cash distributions; and (d) expand the REIT’s asset base across Canadian urban centres through intensification programs and acquisitions. See “The REIT”.

About Minto

Minto is one of the premier real estate companies in Canada with a fully integrated real estate investment, development and management platform. Since its inception in 1955, Minto has built more than 85,000 new homes, and currently manages over 13,000 residential suites and a commercial portfolio of more than 2.5 million square feet of office and retail space. With more than 1,100 full-time employees in Canada and the United States, Minto’s expertise spans the full spectrum of real estate investment disciplines. Minto’s operational excellence has been well recognized by the Canadian real estate industry. Recent notable awards and accolades include:

- The prestigious Amenities Award of Excellence and Customer Service Award of Excellence in 2017 and the Community Service Excellence and Certified Rental Building Member Company of the Year in 2016 presented by the Federation of Rental-Housing Providers of Ontario
- Four-time winner of EnerQuality’s Ontario Green Builder of the Year award and winner of EnerQuality’s New Home Builder of the Year (Large Volume) in 2016
- Two-time winner of the Ontario Home Builders’ Association Home Builder of the Year award and the Project of the Year (High or Mid-Rise) for Bside at Minto Westside, Toronto in 2016
- LEED Gold Certification for 979 Bank Street in Ottawa, Martin Grove in Toronto and Roehampton in Toronto, and LEED Silver Certification for Minto Place and 180 Kent Street in Ottawa conferred by the Canada Green Building Council
- Two-time winner of Building Industry and Land Development Association’s Green Builder of the Year (Low-Rise) (including 2017)
- One of four Canadian builders selected and recognized in 2017 for designing, building and selling high product Net Zero homes
- 2016 Gold Certification at Canada Building, 344 Slater Street in Ottawa and at 180 Kent Street in Ottawa and 2016 Platinum Certification at Enterprise Building, 427 Laurier Avenue West in Ottawa conferred by the Building Owners and Managers Association

See “The REIT — About Minto”.

Investment Opportunity

The REIT is being formed to provide investors with the opportunity to invest in the Canadian multi-residential rental real estate sector through the ownership of a portfolio of high quality income-producing properties located in urban centres across Canada.

Management believes that the Canadian multi-residential rental real estate sector represents an attractive investment opportunity and offers superior risk adjusted returns compared to other asset classes. Positive characteristics and trends of the Canadian multi-residential rental real estate sector include, but are not limited to: 1) shorter duration leases which provide a better hedge against inflationary pressures; 2) diverse tenant base which limits tenant concentration risks; 3) defensive asset class that is less susceptible to economic cycles; 4) compelling supply / demand fundamentals driven by favourable demographic trends, high barriers to entry and more stringent mortgage regulations for property owners; 5) availability of lower cost Canada Mortgage and Housing Corporation (“CMHC”) insured debt financing; 6) historically strong risk-adjusted returns; and 7) fragmented ownership with strong potential for consolidation. Management believes the REIT is well-positioned to capitalize on the above favourable industry dynamics.

The REIT will initially own a portfolio of high quality income-producing multi-residential rental properties located in Toronto, Ottawa, Calgary and Edmonton. Management’s industry experience, its long track-record with the Initial Properties, its established institutional relationships to facilitate future growth and its proven governance and reporting capabilities are expected to provide significant benefit to the REIT enabling the REIT to maximize asset performance and deliver predictable, attractive returns to Unitholders. The REIT will also benefit from cost-efficient access to Minto’s best-in-class real estate platform. The REIT intends to leverage Minto’s fully integrated real estate operating platform with a strong investment track record and extensive relationships in the Canadian multi-residential rental real estate sector.

See “Investment Opportunity”.

Investment Highlights

- ***Attractive Asset Class with Compelling Supply/Demand Characteristics.*** The multi-residential rental sector is viewed by management as the most stable real estate sector and least affected by general economic conditions. Cash flow from multi-residential rental properties is diversified across a broad tenant base with minimal tenant concentration risk. According to ICREIM/IPD, the multi-residential rental real estate sector in Canada has demonstrated the lowest volatility and the best risk-adjusted investment returns among major income-producing real estate sectors since 2002 (the period from which data is readily available). Since 2002, the Canadian multi-residential rental real estate sector has not experienced a single year of negative total return.

Management believes that the Canadian multi-residential rental real estate sector will benefit from continued economic expansion and strong rental demand. Strong rental demand is driven primarily by continued population growth in major cities stemming from increasing immigration, continued urbanization particularly for the under-35 age group which is the primary renter group, and the fundamental need for housing. Further, the propensity to rent across most age groups has risen due to the significant increase in the affordability gap between home ownership and rental accommodation. Rental vacancy rates are projected to continue to decline across Canada according to CMHC, while average two bedroom rents are forecast to continue to grow after having increased by an average of 2.5% per year over the past 10 years. Given the unique nature of its shorter duration leases, multi-residential rental real estate is well positioned to capitalize on the favourable market dynamics.

In addition, management believes that there are significant barriers to the creation of new multi-residential rental supply in the REIT’s target markets given the challenging economies of scale for new entrants to achieve, principally as a result of rent control legislation and high development and land costs. There has been limited new supply of purpose-built rental accommodation in the country since 1990. Management believes that growing demand coupled with a supply-constrained market creates a compelling investment opportunity for investors.

- **High Quality Portfolio with Significant Scale.** The REIT's initial portfolio will be comprised of 22 high quality income-producing properties totalling 4,279 suites located in Toronto, Ottawa, Calgary and Edmonton, providing the REIT with immediate scale and presence in key urban centres. The Initial Properties are well-located in desirable residential nodes primarily along key transit corridors, and provide a mix of newer-generation luxury rentals and traditional format multi-residential rental apartments. The Initial Properties include Minto Yorkville located in Toronto's upscale Yorkville neighbourhood, as well as The Carlisle and Minto one80five located in the central business district in Ottawa. The current weighted average in-place rent of the Initial Properties is approximately \$1,358 per month per unfurnished suite, the highest among all Canadian-focused public multi-residential rental REITs, an indication of the relative quality of the Initial Properties. See "The Initial Properties".

Minto has a long operating track record with the Initial Properties and has maintained the properties to a very high standard. With a long-term owner and manager's mindset, Minto has focused on pursuing sustainable value creation through prudent risk-management and efficient allocation of capital. Current portfolio occupancy as at March 31, 2018 is 98.0%, excluding all furnished suites, 12 offline suites under renovation as at March 31, 2018, as well as the Skyline Maisonettes which were subject to fire damage, while the average portfolio occupancy for the five year period ended March 31, 2018, excluding furnished suites as well as the Skyline Maisonettes which were subject to fire damage (from and after the time of such damage), is 95.7%, demonstrating the stability of the Initial Properties. From 2015 to 2017, Minto has invested approximately \$55 million in sustaining and value enhancing capital expenditures at the Initial Properties, with approximately \$29 million completed in 2017. With these capital investments, the Initial Properties are well positioned for strong organic growth through increasing rental rates, occupancy improvements and improved operational efficiency. For the 3 years ended December 31, 2017, the Same Property NOI CAGR for the Initial Properties was 8.4%. See "Non-IFRS Measures".

- **Strategic Avenues for Growth.** The REIT's goals are to deliver predictable and sustainable cash distributions to Unitholders while providing strong capital appreciation opportunities through value-enhancing capital investment programs and active asset and property management of the REIT's properties. In addition to the organic growth expected from favourable economic and demographic fundamentals within its existing markets, the REIT has identified the following strategic avenues of growth: 1) embedded cash flow growth driven by below-market in-place rent (approximately \$5.1 million as at March 31, 2018, representing a potential increase of approximately 10.5% over forecast NOI) and Above Guideline Increases ("AGI"); 2) targeted value-enhancing initiatives including asset repositioning and intensification opportunities; 3) potential access to up to \$1.7 billion of high quality multi-residential properties that Minto manages on behalf of third parties and in which it has a \$510 million proportionate interest, subject to Minto's current partnership and co-ownership arrangements; and 4) third-party acquisitions leveraging Minto's extensive relationships and strong track record. At Closing, the REIT will enter into the Strategic Alliance Agreement with Minto, pursuant to which the REIT will have certain rights to pursue opportunities identified by Minto and potentially acquire certain property interests from Minto. Given the REIT's conservative initial AFFO payout ratio of approximately 65%, management believes it will be well positioned to execute on the above organic and external growth opportunities, as the REIT will be less reliant on external capital raising which is influenced by overall capital markets conditions.
- **Benefits of an Industry-leading, Vertically Integrated Platform with Strong Alignment of Interests.** Minto is one of the premier real estate companies in Canada with a fully integrated real estate investment, development and management platform. Since its inception in 1955, Minto has built more than 85,000 new homes, and it currently manages over 13,000 residential suites and a commercial portfolio of more than 2.5 million square feet of office and retail space. With more than 1,100 full-time employees in Canada and the United States, Minto's expertise spans the full spectrum of real estate investment disciplines. Minto's operational excellence has been well recognized by the Canadian real estate industry.

Leveraging its established reputation, highly regarded brand and extensive industry relationships, Minto has sourced transactions with approximately \$1.9 billion in aggregate value of completed multi-residential rental transactions since 2010, of which \$900 million consisted of off-market acquisitions. Minto also has a current development pipeline of approximately \$800 million and approximately 1,500 residential rental

suites. Minto has a proven track record of enhancing rental rates and occupancy through sophisticated revenue optimization and targeted implementation of repositioning programs that ultimately lead to strong financial returns.

The breadth and scale of the Minto platform should allow the REIT to benefit from operating synergies, including but not limited to: 1) an in-house project management team that executes on value-add initiatives; 2) lower marketing and advertising costs; 3) bulk purchase of supplies, contractor services, insurance policies and utilities; and 4) enhanced market intelligence and research capabilities, and leasing efficiency.

At the time of Closing, the Retained Interest Holder will effectively hold an approximate 62.4% retained interest in the REIT (or approximately 56.8% in the event that the Over-Allotment Option is exercised in full), all of which are subject to a contractual hold of 18 months subject to certain exceptions. This substantial retained ownership position will ensure Minto's interests are fully aligned with those of Unitholders. Minto intends to maintain a significant ownership position over the long-term.

- ***Experienced Management Team and a Strong Independent Board.*** The REIT will, through the Partnership, employ an experienced executive and operational team of real estate professionals, comprised of former Minto employees and employees who will be dually employed by the REIT and Minto. Combined, the executive officers of the REIT have over 105 years of experience in asset management, acquisition, development, financings and operations of commercial real estate. The executive team's collective experience at Minto has given them intimate familiarity with the Initial Properties and has allowed them to oversee the completion of Minto's off-market acquisitions. It is Minto's intention to fully internalize the asset management and property management functions into the REIT without payment of any termination fees once the REIT's assets have a Gross Book Value of \$2.0 billion. Further, the majority-independent Board is comprised of Trustees with extensive experience in corporate governance, capital markets, real estate, legal and audit matters. The REIT believes the high quality Board of Trustees will provide strategic oversight to the executive management of the REIT and ensure strong corporate governance.
- ***Conservative Financial Metrics Support Growth and Distributions.*** The REIT intends to pay predictable and sustainable monthly cash distributions at an initial estimated annual amount of \$0.41 per Unit, which will provide Unitholders with an approximate cash distribution yield of 2.83% and a payout ratio of approximately 65% of forecast AFFO of the REIT for the Forecasted Period. Management anticipates the REIT will have a consolidated Debt to Gross Book Value Ratio of approximately 47% immediately following the Closing. Indebtedness bears interest at a weighted average rate of approximately 3.17% and has a weighted average term to maturity of 6.2 years. Approximately 95% of the initial Indebtedness will be comprised of fixed-rate term debt, of which approximately 77% is CMHC-insured mortgage debt at interest rates significantly below that of conventional mortgage lenders. Further, the renewal risk of existing CMHC mortgages is minimized by the fact that the insurance remains valid for the entire amortization period of the loan, which typically ranges from 25 to 40 years, which, together with the lower cost interest rates, mitigates the REIT's exposure to interest rate risk in a rising interest rate environment. Management believes the conservative AFFO payout ratio and prudent leverage profile will support the growth and distributions of the REIT, affording the REIT with the financial flexibility to execute market opportunities via intensification, repositioning and acquisitions.

See "Investment Highlights" and "Risk Factors".

Growth Strategies

Organic Growth Opportunities

Management believes that the Initial Properties have the potential to generate substantial organic cash flow growth. The weighted average in-place rent at the Initial Properties is presently below management's view of market rent, representing an estimated gain-to-lease of approximately \$5.1 million on an annualized basis. Together with the AGI increases expected within the Ontario properties (representing 93% of the Initial Properties by NOI), management believes there is strong embedded growth potential in the Initial Properties.

Furthermore, management expects that rental rates in the markets in which the Initial Properties are located will continue to increase in future years as favourable economic conditions and demographic trends persist. Management believes the foregoing factors position the REIT to achieve strong growth in rental revenues in the long term.

The REIT will leverage the expertise of its executive and asset and property management teams to proactively manage each of the Initial Properties to optimize operational performance and financial returns. Through an intensive, active management approach, management believes the REIT will achieve NOI growth through revenue optimization and capitalizing on continued expense reduction opportunities.

Additionally, management will actively evaluate and review intensification and repositioning opportunities. Management will choose to pursue projects that enhance net asset value of the REIT. Having overseen the deployment of more than \$98 million in the past five years in sustaining and enhancing capital expenditures on behalf of properties that are co-owned or held through partnerships with third parties, Minto has extensive experience in addressing common and costly infrastructure challenges with a proven track record of achieving development goals within or below budget. Minto's extensive proven experience to renovate, develop and reposition, affords the REIT with the ability to execute upon its growth strategy. Renovation opportunities pursued by management are intended to drive and enhance revenue through in-suite and common area improvements. Four suites within two of the Initial Properties comprising an aggregate of 367 suites are currently operating as test renovation suites to determine market rent uplift opportunity. Five of the Initial Properties, comprising an aggregate of 628 suites, are currently undergoing multiple stages of renovations, and four of the Initial Properties, comprising an aggregate of over 1,000 suites, are currently being evaluated for potential renovation opportunities in the next 24-36 months.

Moreover, certain of the Initial Properties contain vacant land which management anticipates may support additional multi-residential rental development in the future, with Richgrove-Martin Grove currently in the pre-development phase and fully-zoned and entitled to add a new tower consisting of approximately 225 suites. This development, along with other potential intensification in the REIT's portfolio (comprised of excess land and lower density sites) may enhance value for the benefit of Unitholders in the future as these sites are developed.

External Growth Opportunities

Management believes a portion of the REIT's external growth may be generated by acquiring multi-residential rental properties from Minto. Minto holds a proportionate interest of approximately \$510 million in additional multi-residential rental properties with an approximate value of \$1.7 billion (the "**Existing Interests**"), which it manages on behalf of third party investors and consists of well located, high quality assets in attractive urban centres particularly in Toronto and Ottawa.

Pursuant to the Strategic Alliance Agreement, the REIT will have a right of first opportunity (the "**ROFO**") on multi-residential acquisition and investment opportunities identified by Minto (other than Excluded Opportunities) (each, an "**Opportunity**") as well as on any after-acquired opportunity of Minto declined by the REIT pursuant to the ROFO (each, a "**Subsequently Owned Property**") that is wholly owned directly or indirectly by Minto and that Minto desires to sell. For each multi-residential rental property that Minto will continue to own an interest in as at Closing, which, for greater certainty, includes the Existing Interests, Minto is unable to grant a ROFO due to the terms of the applicable co-ownership or partnership arrangements. However, as it is Minto's intention to have the REIT be the sole vehicle for all of its Canadian income producing multi-residential holdings over time, pursuant to the Strategic Alliance Agreement Minto will endeavour to facilitate an acquisition by the REIT of the Existing Interests or any Subsequently Owned Property that is not subject to a ROFO (collectively, the "**Minto Interests**") by agreeing to notify and discuss with the REIT if Minto intends to sell a Minto Interest, all as Minto will, from time to time, be permitted pursuant to its applicable co-ownership or partnership arrangements. In addition, given Minto's long-standing relationship with its institutional partners, the REIT also may have a competitive advantage in acquiring the interests of Minto's institutional partners in co-owned and partnership assets in the future as third party institutional investors periodically review their liquidity alternatives.

The REIT also intends to leverage Minto's extensive network and platform to pursue a disciplined acquisition strategy. Minto has significant expertise in sourcing and underwriting transaction opportunities, having completed \$1.9 billion in aggregate value of multi-residential transactions since 2010, approximately \$900 million of which have been off-market acquisitions. The REIT expects to target high quality multi-residential rental properties located in urban centres across Canada. The REIT intends to acquire stabilized properties without significant maintenance issues or material near term capital expenditures required to maintain market presence, as well as stabilized properties with intensification opportunities and/or under-managed properties with near term value-add potential. The REIT will continue to target off-market transactions and, where appropriate, select development opportunities. Following Closing, the REIT will have the capacity to acquire up to approximately \$200 million of assets without needing to access equity markets. The REIT believes its professional management experience and expertise can improve the operating performance of such properties and achieve attractive cash flow and net asset value growth.

See "Growth Strategies of the REIT".

The Initial Properties

The Initial Properties consist of a portfolio of 22 income-producing multi-residential properties currently owned and operated by MPI, comprising an aggregate of 4,279 suites. The Initial Properties are comprised of assets located in Toronto, Ottawa, Calgary and Edmonton. All properties are located within desirable nodes or downtown areas with excellent access to local transit and amenities. Among others, properties include Minto Yorkville located in Toronto's upscale Yorkville neighbourhood, Minto Roehampton located in Toronto's Yonge-Eglinton area, 620 Martin Grove Road located in the heart of Etobicoke and The Carlisle and Minto one80five located in Ottawa's central business district. Management believes that the Initial Properties offer investors a unique exposure to high-quality properties located in major urban centers with excellent walk scores according to walkscore.com, and represent a compelling long-term investment opportunity.

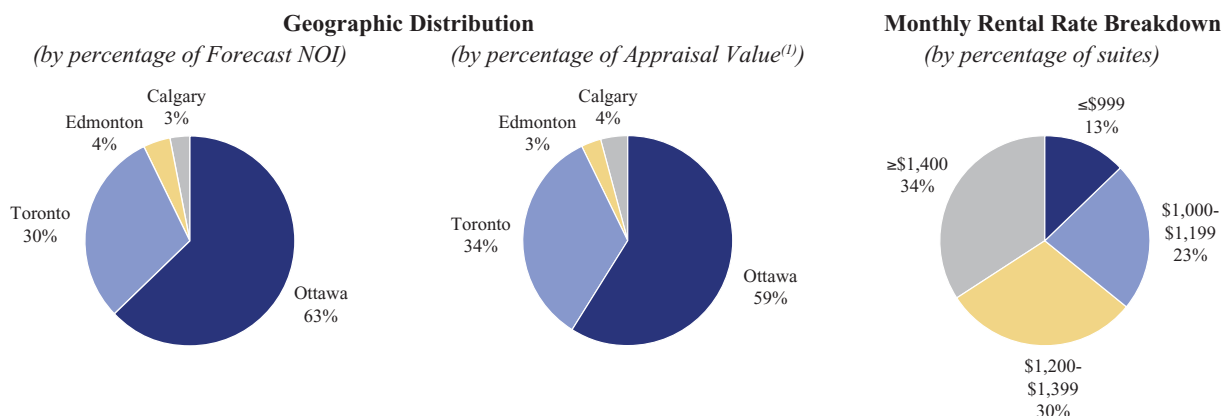
The following table highlights certain information about the Initial Properties as at March 31, 2018:

# Property	City	Total Suites	Year Built	Net Rentable Area (Sq. Ft)	Avg. Suite Size (Sq. ft) ⁽¹⁾	Asset Type	Physical Occupancy (%) ⁽¹⁾	Average Monthly Rent ⁽¹⁾	Average Monthly Rent/Sq. ft. ⁽²⁾
Ontario									
1. Richgrove 7 & 21 Richgrove Drive	Toronto	258	1969	249,682	968	High-Rise	98.4%	\$1,539	\$1.59
2. Martin Grove 620 Martin Grove Road	Toronto	237	2011	140,194	592	High-Rise	100.0%	\$ 910	\$1.54
3. Minto Yorkville ⁽³⁾ 61 Yorkville Avenue	Toronto	181	2004	177,765 ⁽⁴⁾	981	High-Rise	98.7% ⁽⁵⁾	\$3,858	\$3.93
4. Roehampton ⁽³⁾ 150 Roehampton Avenue	Toronto	148	2007	95,513	634	High-Rise	98.1%	\$1,885	\$2.97
5. Minto one80five ⁽³⁾ 185 Lyon Street North	Ottawa	417	1988	286,979	696	High-Rise	99.3%	\$1,636	\$2.35
6. Parkwood Hills Garden Homes & Townhomes Various Meadowlands, Chesterton, Bowhill, Deer Park, Forest Park, Fisher	Ottawa	393	1968 ⁽⁶⁾	471,909	1,201	Low-Rise	99.5%	\$1,433	\$1.19
7. Aventura 18 & 20 Deerfield Drive	Ottawa	354	1983	241,494	682	High-Rise	99.2%	\$1,117	\$1.64
8. Huron 1339 Meadowlands Drive East	Ottawa	251	1971	193,677	772	High-Rise	98.4%	\$1,244	\$1.61
9. Seneca 1343 Meadowlands Drive East	Ottawa	251	1972	193,677	772	High-Rise	96.8%	\$1,240	\$1.61
10. Castlevue 1755 Riverside Drive	Ottawa	241	1973	171,625	712	High-Rise	98.3%	\$1,335	\$1.87
11. Skyline — Garden Homes, Maisonettes and Walkups 24 - 58 Northview Road and 25 - 33, 34, 35, 36, 38 - 44 Eleanor Drive	Ottawa	227 ⁽⁷⁾	1972 ⁽⁶⁾	210,087	925	Low-Rise	97.8%	\$1,283	\$1.39
12. The Carlisle 221 Lyon Street North and 440 Laurier Avenue West	Ottawa	191	1985	260,221 ⁽⁸⁾	1,134	High-Rise	99.0%	\$1,834	\$1.62
13. Castle Hill 1000 Castle Hill Crescent	Ottawa	176	1971	135,589	770	High-Rise	95.5%	\$1,209	\$1.57
14. Grenadier 1129 Meadowlands Drive East	Ottawa	157	1963	108,241	689	High-Rise	96.2%	\$1,043	\$1.51
15. Tanglewood 1 - 27 & 12 - 26 Woodfield Drive	Ottawa	122	1975	116,748	957	Low-Rise	99.2%	\$1,282	\$1.34
16. Eleanor 30 Eleanor Drive	Ottawa	117	1973	85,855	734	High-Rise	98.3%	\$1,181	\$1.61
17. Frontenac 1192 Meadowlands Drive East	Ottawa	104	1962	62,764	604	High-Rise	96.2%	\$1,027	\$1.70
18. Stratford 1186 Meadowlands Drive East	Ottawa	59	1962	38,812	658	Mid-Rise	98.3%	\$1,042	\$1.58
Ontario Total / Wtd. Average⁽⁹⁾		3,884	1979	3,240,832	826		98.4%	\$1,378	\$1.67
Alberta									
19. Laurier ⁽³⁾ 100 & 200 Quarry Villas SE	Calgary	144	2012	113,103	790	Mid-Rise	97.8%	\$1,391	\$1.76
20. The Lancaster House 10025 115 Street NW	Edmonton	98	1968	71,512	730	High-Rise	92.8% ⁽⁵⁾	\$1,027	\$1.41
21. York House 10030 114 Street NW	Edmonton	92	1968	70,292	764	High-Rise	96.6% ⁽⁵⁾	\$1,116	\$1.46
22. Hi-Level Place 11005 98 Avenue NW	Edmonton	61	1959	44,331	727	High-Rise	89.8% ⁽⁵⁾	\$ 965	\$1.33
Alberta Total / Wtd. Average⁽⁹⁾		395	1983	299,238	758		95.0%	\$1,165	\$1.54
Portfolio Total / Wtd. Average⁽⁹⁾		4,279	1980	3,540,070	820		98.0%	\$1,358	\$1.66

(1) Excludes furnished suites and commercial area.

(2) Calculated as average monthly rent divided by average unfurnished suite size.

- (3) Suite counts for Roehampton, Minto Yorkville, Minto one80five and The Laurier include furnished suites, representing approximately 31.9% of total suites at these properties. Average suite size, occupancy, average monthly rent and average rent per square foot exclude furnished suites.
- (4) Includes 11,910 square feet of commercial space.
- (5) Excludes 12 offline suites under renovation as at March 31, 2018 across Minto Yorkville (4), The Lancaster House (1), York House (5) and Hi-Level Place (2). Occupancies inclusive of these suites are as follows: Minto Yorkville — 93.8%, The Lancaster House — 91.8%, York House — 91.3%, Hi-Level Place — 86.9% and portfolio total — 97.7%.
- (6) Represents the weighted average year of construction.
- (7) Excludes 32 Maisonettes damaged by fire in March 2017.
- (8) Includes 43,629 square feet of commercial space.
- (9) Average year built weighted by total suites; average suite size, occupancy, average monthly rent and average rent per square foot weighted by total unfurnished suites.



(1) Appraisal Value excludes portfolio premium.

See “The Initial Properties”.

Assessment and Valuation of the Initial Properties

MPI retained Altus Group Limited (the “Appraiser”) to provide an independent estimate of the fair market value of the Initial Properties (the “Appraisal”). The Appraiser was not given any limiting instructions. In the Appraisal, which was dated May 22, 2018, the Appraiser estimated the aggregate market value of the Initial Properties on a portfolio basis to be \$1.179 billion, including a portfolio premium of 5% (or an aggregate market value of \$1.123 billion, based on the market value of each of the Initial Properties excluding any portfolio premium).

See “Assessment and Valuation of the Initial Properties”.

Debt Strategy and Indebtedness

The REIT will seek to maintain a conservative leverage profile with the principal objectives of minimizing the overall cost of financing, maintaining balance in its maturity schedule and providing sufficient liquidity to allow the REIT to execute on its strategic plan. The REIT intends to primarily use long-term fixed-rate mortgage financing for stabilized properties and short term floating rate debt in appropriate circumstances, such as acquisitions or repositioning (until long-term financing can be arranged), and for general corporate liquidity.

Management anticipates the REIT’s Indebtedness will total approximately \$520 million on Closing, comprised of Assumed Debt of \$236.4 million, Class C Units of \$229.8 million, \$28.5 million drawn on the Credit Facility and an unsecured promissory note in the amount of \$25.7 million, implying a consolidated Debt to Gross Book Value Ratio of approximately 47% immediately following the Closing. Currently, management intends to target a Debt to Gross Book Value Ratio of 50% to 55%.

As of Closing, the weighted average term to maturity and the weighted average effective interest rate of all Indebtedness of the REIT are expected to be approximately 6.2 years and 3.17%, respectively. Approximately 95% of the initial Indebtedness will be comprised of fixed-rate term debt, of which approximately 77% is CMHC-insured mortgage debt at interest rates significantly below that of conventional mortgage lenders. Further, the renewal risk of existing CMHC mortgages is minimized by the fact that the insurance remains valid for the entire amortization period of the loan, which typically ranges from 25 to 40 years, which, together with the lower cost interest rates, mitigates the REIT's exposure to interest rate risk in a rising interest rate environment. Management believes the REIT's conservative AFFO payout ratio and prudent leverage profile will provide financial flexibility for the REIT to execute market opportunities via intensification, repositioning and acquisitions.

The REIT has signed a commitment letter with two Canadian chartered banks pursuant to which the lenders will provide the REIT with the Credit Facility at Closing. The Credit Facility is a secured revolving credit facility with a maximum available amount of \$150 million. The actual availability under the Credit Facility must not exceed the lesser of the commitment and the result of an availability calculation based on a predefined maximum loan-to-value ratio and a minimum debt service coverage ratio for the properties secured by the Credit Facility, all determined on a quarterly basis. Immediately following Closing, taking into account the foregoing availability calculation and amounts intended to be drawn on the Credit Facility at Closing equal to approximately \$28.5 million, the maximum amount available under the Credit Facility will be \$121.5 million.

See "Debt Strategy and Indebtedness".

Retained Debt

Management estimates that as at Closing, the aggregate Indebtedness of the Initial Properties will be approximately \$520 million. MPI will retain a portion of the debt in an approximate amount of \$229.8 million (the "**Retained Debt**"). The Retained Debt is secured by a charge on certain of the Initial Properties. The Retained Debt will not be assumed by the Partnership and will remain as indebtedness of MPI. In respect of the Retained Debt, an entity wholly-owned and controlled by MPI will hold Class C Units of the Partnership on which it will receive priority distributions. MPI will be responsible for interest and principal payments, and payments of any other amount owing, on the Retained Debt. Partnership distributions on the Class C Units will, if paid, be in amounts expected to be sufficient to make such payments. See "The Partnership" and "Retained Interest".

Retained Interest

Following Closing, the Retained Interest Holder will own, in the aggregate, approximately 22.9 million Class B Units, representing an aggregate approximate 62.4% ownership interest in the REIT or approximately 56.8% if the Over-Allotment Option is exercised in full (in each case, determined as if all Class B Units are exchanged for Units). The Class B Units will be economically equivalent to and exchangeable for Units of the REIT (on a one-for-one basis subject to customary anti-dilution adjustments). The REIT will issue Special Voting Units in connection with the issuance of the Class B Units, each of which will carry one vote per Special Voting Unit at meetings of unitholders of the REIT. Minto intends to maintain a significant ownership position in the REIT over the long-term.

See "Retained Interest".

Lock-Up Period

Subject to the consent of TD and BMO, on behalf of the Underwriters, and the Board (such consents not to be unreasonably withheld or delayed), the Retained Interest Holder has agreed that its Retained Interest will be subject to an 18 month contractual lock-up following Closing.

Investor Rights Agreement / Nomination Rights

Pursuant to the Investor Rights Agreement, and as set forth in the Declaration of Trust, the Retained Interest Holder will be granted the right to nominate a number of Trustees (such nominees will be subject to

election together with the remaining Trustees at annual meetings of Unitholders) based on: (i) the proportion of outstanding Units held by the Retained Interest Holder (determined as if all Class B Units are exchanged for Units), whether held directly or indirectly, at the time of nomination; and (ii) the size of the Board of Trustees. On Closing, it is expected that the Retained Interest Holder will own, in the aggregate, approximately 62.4% of the outstanding Units (determined as if all Class B Units are exchanged for Units) and will therefore be entitled to nominate three of the seven Trustees of the REIT. For so long as Michael Waters is the Chief Executive Officer of the REIT, he will comprise one of the Retained Interest Holder's nominees.

The Investor Rights Agreement will provide the Retained Interest Holder with a Piggy-Back Registration Right to require the REIT to include Units (including Units issuable upon the exchange of Class B Units) held by the Retained Interest Holder in any future offering undertaken by the REIT (from and after the date which is 18 months following Closing unless otherwise consented to by the Board and by TD and BMO, on behalf of the Underwriters) by way of prospectus that it may file with applicable Canadian securities regulatory authorities. The Investor Rights Agreement will also provide the Retained Interest Holder with the Demand Registration Right (exercisable from and after the date which is 18 months following Closing unless otherwise consented to by the Board and by TD and BMO, on behalf of the Underwriters) to require the REIT to use reasonable commercial efforts to file one or more prospectuses with applicable Canadian securities regulatory authorities, qualifying Units held (or issuable upon the exchange of Class B Units) by the Retained Interest Holder for distribution, provided that such Demand Registration Right may only be exercised once per calendar year and must relate to such number of Units that would reasonably be expected to result in gross proceeds of at least \$20 million.

The Investor Rights Agreement will provide that the Retained Interest Holder, for so long as it continues to own, in the aggregate, at least 10% of the outstanding Units (determined as if all Class B Units are exchanged for Units), shall have pre-emptive rights to purchase Units, Class B Units or such other securities as are being contemplated for issuance by the REIT or the Partnership (or any other subsidiary) to maintain its pro rata ownership interest in the REIT. The pre-emptive rights will not apply to certain excluded issuances.

For so long as the Retained Interest Holder holds, in the aggregate, directly or indirectly, at least 10% of the outstanding Units (determined as if all Class B Units are exchanged for Units), the Retained Interest Holder will have tag-along rights that will apply in respect of the REIT's sale of its interest in the Partnership.

See "Retained Interest — Investor Rights Agreement".

Trustees and Executive Officers

The following table sets forth the name, municipality of residence, positions held with the REIT and principal occupation of the Trustees of the REIT:

<u>Name and Municipality of Residence</u>	<u>Position with the REIT</u>	<u>Principal Occupation</u>
ROGER GREENBERG Ottawa, Ontario	Trustee and Chair	Executive Chairman of The Minto Group and Executive Chair and Managing Partner of the Ottawa Sports and Entertainment Group (OSEG)
MICHAEL WATERS Ottawa, Ontario	Trustee and Chief Executive Officer	Chief Executive Officer of The Minto Group
ALLAN KIMBERLEY ⁽¹⁾ Toronto, Ontario	Lead Trustee (Independent)	Corporate Director; Former Vice Chair and Managing Director at CIBC World Markets
HEATHER KIRK ⁽¹⁾⁽²⁾ Toronto, Ontario	Trustee (Independent)	Corporate Director; Former Managing Director, Equity Research, BMO Capital Markets
JACQUELINE MOSS ⁽⁴⁾ Toronto, Ontario	Trustee (Independent)	Corporate Director; Director and Chair of the Human Resources Committee of Investment Management Corporation Ontario, and Former EVP Strategy & Corporate Development, EVP Human Resources and SVP, General Counsel (Canada) at CIBC
SIMON NYILASSY ⁽²⁾⁽³⁾ Toronto, Ontario	Trustee (Independent)	Founder and CEO of Marigold & Associates Inc.; President, Chief Executive Officer and Director of CHC Student Housing Corp.
PHILIP ORSINO Toronto, Ontario	Trustee	Corporate Director; Director and Chair of the Audit Committee of Minto Holdings Inc.; Director of The Bank of Montreal; Director and Chair of Audit Committee of Hydro One; Former President and Chief Executive Officer of Jeld-Wen Inc.

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation, Governance and Nominating Committee.
- (3) Chair of the Audit Committee.
- (4) Chair of the Compensation, Governance and Nominating Committee.

The following table sets forth the name, municipality of residence and positions held with the REIT of each executive officer of the REIT on Closing:

<u>Name and Municipality of Residence</u>	<u>Office with the REIT</u>
MICHAEL WATERS Ottawa, Ontario	Chief Executive Officer
ROBERT PIKE Mississauga, Ontario	President and Chief Operating Officer
JULIE MORIN Ottawa, Ontario	Chief Financial Officer
JAIME MCKENNA Ottawa, Ontario	Chief Investment Officer
GEORGE VAN NOTEN Ottawa, Ontario	Senior Vice-President, Operations

See “Trustees and Executive Officers of the REIT”.

Arrangements with Minto

On Closing, the REIT and Minto will enter into certain agreements governing the relationships among such parties following Closing. These agreements are described below. See also “Arrangements with Minto”.

Administrative Support Agreement

The REIT’s executives and certain asset managers who provide asset management functions will enter into dual employment contracts with both the REIT (through the Partnership) and MPI (or one of its affiliates). Similarly, certain employees that provide property management functions will enter into dual employment contracts with both the REIT (through the Partnership) and MPI (or one of its affiliates), while others who provide services exclusively to the REIT will be employed solely by the REIT. On Closing, the REIT is expected to have approximately 195 employees, of which approximately 105 will be solely employed by the REIT and approximately 90 will have dual employment contracts. See “Executive Compensation — Employment Agreements”. Pursuant to the Administrative Support Agreement, MPI and its affiliates will provide the REIT with other administrative services required to operate the REIT and which are not provided by the REIT’s executives and employees. It is expected that the scope of services to be provided under the Administrative Support Agreement will decrease over time as the REIT develops the capacity to undertake more of the services internally.

Administrative services required to operate the REIT (and not provided by executives and employees of the REIT, whether solely employed or dually employed) will be provided by MPI and its affiliates on a cost recovery basis under the Administrative Support Agreement. During the first year of the term of the Administrative Support Agreement, MPI and its affiliates will be paid a fixed fee of \$0.5 million for providing the administrative services (inclusive of out-of-pocket costs and expenses, but excluding HST). Thereafter, the fee for providing such administrative services will be set out in the then current budget for the administrative services as approved annually by the independent Trustees of the REIT but in no event during the remaining initial term of the Administrative Support Agreement shall the fee, together with other general and administrative costs and out-of-pocket expenses incurred by the REIT and its subsidiaries (excluding Public Company Costs and expenses), exceed 0.32% of GBV. The calculation as to whether such threshold has been met shall be made at each financial quarter using the REIT’s consolidated financial statements as approved by the Board, and MPI shall repay any excess payment within 15 days of notice thereof by the REIT.

The term of the Administrative Support Agreement will commence on Closing for a period of five years. Thereafter the agreement may be renewed by the REIT (as approved by the independent Trustees), at its option, for an additional term of five years upon written notice to MPI given not less than 180 days prior to the expiration of the initial term, provided that the REIT shall have the right to terminate MPI’s and its affiliates’ obligations under the Administrative Support Agreement at any time during the renewal term upon 180 days’

written notice given to MPI, without payment of any termination fees. Notwithstanding the foregoing, each of the REIT and MPI shall have the right to terminate the Administrative Support Agreement during the initial term or during the renewal term upon not less than 180 days' prior written notice to the other and without payment of any termination fees once the REIT's assets have a Gross Book Value of \$2.0 billion. In the event that MPI exercises its right to terminate the Administrative Support Agreement pursuant to the foregoing right, MPI and its affiliates will continue to provide the services contemplated by the Administrative Support Agreement to the REIT for up to an additional 90 day period (beyond the 180 day notice period) if reasonably required by the REIT to facilitate the transition of such services to another service provider or the internalization of such services by the REIT.

See "Arrangements with Minto — Administrative Support Agreement".

Development and Construction Management Agreement

On Closing, the REIT and the Partnership will enter into a Development and Construction Management Agreement with MPI pursuant to which MPI (or an affiliate thereof) will have the exclusive option to provide development and construction management services for development projects brought to the REIT by Minto and undertaken by the REIT (the "**Applicable Development Properties**").

MPI has agreed to provide the development management services for a fee equal to 4% of hard and soft costs, excluding the cost of land acquisition and interest, solely in respect of any Applicable Development Properties during the first year of the term of the Development and Construction Management Agreement. MPI has agreed to provide the construction management services for a fee equal to 3% of hard costs solely in respect of any Applicable Development Properties during the first year of the term of the Development and Construction Management Agreement. The development management fee and construction management fee will each be reviewed annually by the REIT (as determined by the independent Trustees) and adjusted for any new projects, if required, to be consistent with market standards for services of a similar nature at the relevant time. For greater certainty, the requisite fee for any particular Applicable Development Property project shall apply throughout the term of the project and annual adjustments in the applicable fee as contemplated by the foregoing shall only apply in respect of new projects and shall not affect the original fee applicable to any previously commenced project.

The term of the Development and Construction Management Agreement shall be coterminous with the Strategic Alliance Agreement, provided that MPI and its affiliates may elect to terminate the Development and Construction Management Agreement at the end of its initial term upon not less than 180 days' written notice to the REIT. Notwithstanding the expiry or termination (other than a termination for cause) of the Development and Construction Management Agreement, it shall continue to apply to any project that has commenced prior to such expiry or termination until completion of the project.

See "Arrangements with Minto — Development and Construction Management Agreement".

Strategic Alliance Agreement

The Strategic Alliance Agreement will create a series of rights and obligations between the REIT and Minto (and certain of its subsidiaries) intended to establish a preferential and mutually beneficial business and operating relationship. The Strategic Alliance Agreement will provide the REIT with important rights (and imposes important obligations on Minto) that are expected to meaningfully contribute to the REIT's growth pipeline.

Pursuant to the Strategic Alliance Agreement, the REIT will have a ROFO on all Opportunities identified by Minto, as well as on any Subsequently Owned Property that is wholly owned directly or indirectly by Minto and that Minto desires to sell. For each Existing Interest, Minto is unable to grant a ROFO due to the terms of the applicable co-ownership or partnership arrangements. However, as it is Minto's intention to have the REIT be the sole vehicle for all of its Canadian income producing multi-residential holdings over time, pursuant to the Strategic Alliance Agreement Minto will endeavour to facilitate an acquisition by the REIT of the Minto Interests (which, for greater certainty, are not subject to a ROFO) by agreeing to notify and discuss with the REIT if Minto intends to sell a Minto Interest, all as Minto will, from time to time, be permitted pursuant to its applicable co-ownership or partnership arrangements. Given Minto's long-standing relationship with its institutional partners, the REIT also may have a competitive advantage in acquiring the interest of Minto's institutional partners in co-owned and partnership assets in the future as the institutional investors periodically review their liquidity alternatives.

The Strategic Alliance Agreement will remain in effect until the later of (i) the termination of the Administrative Support Agreement; and (ii) the Retained Interest Holder holding less than 33% of the REIT's equity (on a diluted basis assuming all Class B Units are exchanged for Units).

See "Arrangements with Minto — Strategic Alliance Agreement".

Non-Competition and Non-Solicitation Agreement

Pursuant to the Non-Competition and Non-Solicitation Agreement, subject to certain exceptions, and unless otherwise consented to by the independent Trustees of the REIT, during the term of the Administrative Support Agreement MPI and its affiliates agree not to (i) directly solicit any existing employee of the REIT (which, for greater certainty, excludes persons or officers employed by the REIT and by MPI or any of its affiliates under dual employment arrangements, subject to the required notification obligations of executive employees) to become employed with respect to a non-REIT property in which MPI or any of its affiliates has an ownership interest or that it manages for another client, (ii) create another real estate investment trust or another publicly traded or held real estate business which primarily invests in multi-residential rental properties in Canada; or (iii) act as asset manager or promoter to, or perform any similar role for, another real estate investment trust or publicly traded or held real estate business which primarily invests in multi-residential rental properties in Canada; provided, however, that if the Administrative Support Agreement is terminated by the REIT due to an event of default by MPI or any of its affiliates, the non-competition and non-solicitation provisions shall apply for a period of 12 months following the date of such termination.

See "Arrangements with Minto — Non-Competition and Non-Solicitation Agreement".

License of Minto Name

Minto shall grant to the REIT and the Partnership the right to use the "Minto" name and trademark and related marks and designs under a non-exclusive, royalty-free trademark license agreement entered into at Closing. The license agreement may be terminated by Minto at any time on 180 days' written notice following the termination of the Administrative Support Agreement. The REIT may terminate the agreement at any time on written notice, without any payment to Minto.

See "Arrangements with Minto — License of Minto Name".

The Acquisition of the Initial Properties

The Partnership will acquire a 100% interest in the Initial Properties. The REIT generally will use the proceeds of the Offering to satisfy the purchase price for its indirect acquisition of the Initial Properties. Prior to the REIT's acquisition of such interest, the Partnership will be capitalized with Class B Units in favour of the Retained Interest Holder and Class C Units in favour of an entity wholly-owned and controlled by MPI, will assume certain existing debt related to the Initial Properties (but not the Retained Debt), will refinance certain of the Initial Properties and will issue two promissory notes in favour of MPI in the principal amount of \$28.5 million and \$25.7 million, respectively. On Closing, the Partnership will draw on the Credit Facility to pay the \$28.5 million promissory note issued to MPI.

The Purchase Agreement will contain representations and warranties typical of those contained in purchase agreements for similar real estate assets negotiated between sophisticated purchasers and vendors acting at arm's length. Certain of the representations and warranties will be qualified as to knowledge (after reasonable inquiry), materiality and disclosure. MPI will provide representations and warranties, as applicable, in favour of the REIT and/or the Partnership relating to MPI, the Initial Properties and any transferred entities.

MPI will indemnify the REIT and the Partnership, as applicable, for breaches of MPI's covenants, representations and warranties; however, no claim under the indemnity may be made until any individual claim exceeds \$50,000 and all claims exceed \$750,000. The aggregate maximum liability of MPI pursuant to the Purchase Agreement will be limited to a value equal to the net proceeds of the Offering. As security for MPI's obligations under the Purchase Agreement, the Retained Interest Holder will pledge to the REIT or the Partnership, as the case may be, for a period of 18 months following the Closing a number of Class B Units or Units for which the Class B Units are exchanged equivalent in value to the indemnity limit. In addition, MPI and

Minto have agreed to provide the REIT with certain indemnities in respect of certain tax matters relating to the transfer of the Initial Properties for a period of fifteen years. The REIT will obtain a six-year prospectus liability insurance policy providing coverage to the Trustees and officers of the REIT, the REIT and MPI (in such order of priority), subject to certain limits, deductibles and other terms and conditions.

See “The Acquisition”.

Summary Financial Forecast Information

The financial forecast was prepared by management of the REIT, using assumptions with an effective date of May 14, 2018. The forecast has been prepared in accordance with the measurement and presentation principles of IFRS and reflects the significant accounting policies expected to be applied by the REIT. The forecast has been prepared using assumptions that reflect management’s intended course of action for the REIT for the periods covered, given management’s judgment as to the most probable set of economic conditions. The forecast has been prepared after giving effect to the Offering and the other transactions contemplated in this prospectus to be completed before or concurrently with Closing. **The assumptions used in the preparation of a forecast, although considered reasonable by management at the time of preparation, may not materialize as forecast and unanticipated events and circumstances may occur subsequent to the date of the forecast. Accordingly, there is a significant risk that actual results achieved for the forecast period will vary from the forecast results and that such variations may be material. See “Forward-Looking Statements” and “Financial Forecast”.**

(in thousands of dollars)	Three-month periods ending				Twelve-month period ending
	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	June 30, 2019
Revenue from investment properties	\$20,409	\$20,358	\$20,402	\$21,048	\$82,217
Expenses					
Property operating	4,082	4,024	4,158	4,375	16,639
Property taxes	2,289	2,289	2,320	2,320	9,218
Utilities	1,748	1,931	2,275	1,745	7,699
General and administrative	1,100	1,100	1,100	1,100	4,400
Finance costs					
Interest expense and other financing charges	2,238	2,280	2,297	2,305	9,120
Distribution on Class B LP Units	2,350	2,350	2,350	2,350	9,400
Distribution on Class C LP Units	1,800	1,791	1,781	1,772	7,144
	<u>15,607</u>	<u>15,765</u>	<u>16,281</u>	<u>15,967</u>	<u>63,620</u>
Net income and comprehensive income	<u>\$ 4,802</u>	<u>\$ 4,593</u>	<u>\$ 4,121</u>	<u>\$ 5,081</u>	<u>\$18,597</u>

Forecast Non-IFRS Reconciliation

The following tables reconcile forecast net income and comprehensive income to FFO and AFFO and reconciles certain components of forecast net income and comprehensive income to NOI. See “Non-IFRS Measures” and “Financial Forecast”.

(in thousands of dollars)	Three-month periods ending				Twelve-month period ending June 30, 2019
	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	
Net income and comprehensive income	\$4,802	\$4,593	\$4,121	\$5,081	\$18,597
Add/(Deduct)					
Distributions on Class B exchangeable units	2,350	2,350	2,350	2,350	9,400
FFO	7,152	6,943	6,471	7,431	27,997
Add/(Deduct)					
Maintenance capital expenditures ⁽¹⁾	(963)	(963)	(963)	(962)	(3,851)
Amortization of mark-to-market on debt	(248)	(248)	(244)	(245)	(985)
AFFO	\$5,941	\$5,732	\$5,264	\$6,224	\$23,161

(1) Maintenance capital expenditures reflected are based on the sum of quarterly rounded amounts and are estimated to be approximately \$900 per suite on an annual basis.

(in thousands of dollars)	Three-month periods ending				Twelve-month period ending June 30, 2019
	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	
Revenue from investment properties	\$20,409	\$20,358	\$20,402	\$21,048	\$82,217
Deduct:					
Property operating	4,082	4,024	4,158	4,375	16,639
Property taxes	2,289	2,289	2,320	2,320	9,218
Utilities	1,748	1,931	2,275	1,745	7,699
NOI	\$12,290	\$12,114	\$11,649	\$12,608	\$48,661

Immediately following Closing, the Debt to Gross Book Value Ratio of the REIT is expected to be as follows:

Assumed Debt	\$ 239,145
Class C Units	233,282
Unsecured promissory note	25,797
Principal amounts outstanding under the Credit Facility	28,458
Indebtedness	\$ 526,682
Gross Book Value	\$1,128,955
Debt to Gross Book Value Ratio (inclusive of mark-to-market)	46.7%

Below is a reconciliation of the pro forma NOI for the twelve months ended March 31, 2018 to the forecast NOI for the twelve month period ending June 30, 2019. This reconciliation is illustrative in nature and has been prepared by management as a supplement for the reader to the financial forecast. The assumptions used in respect of rental activity, unit roll over to market rates and the other items that make up other adjustments in order to arrive at the figures below constitute forward-looking statements. While these assumptions are considered reasonable by management as of the date of this prospectus, they are inherently subject to significant uncertainties and contingencies that may affect the outcome of the forward-looking statements.

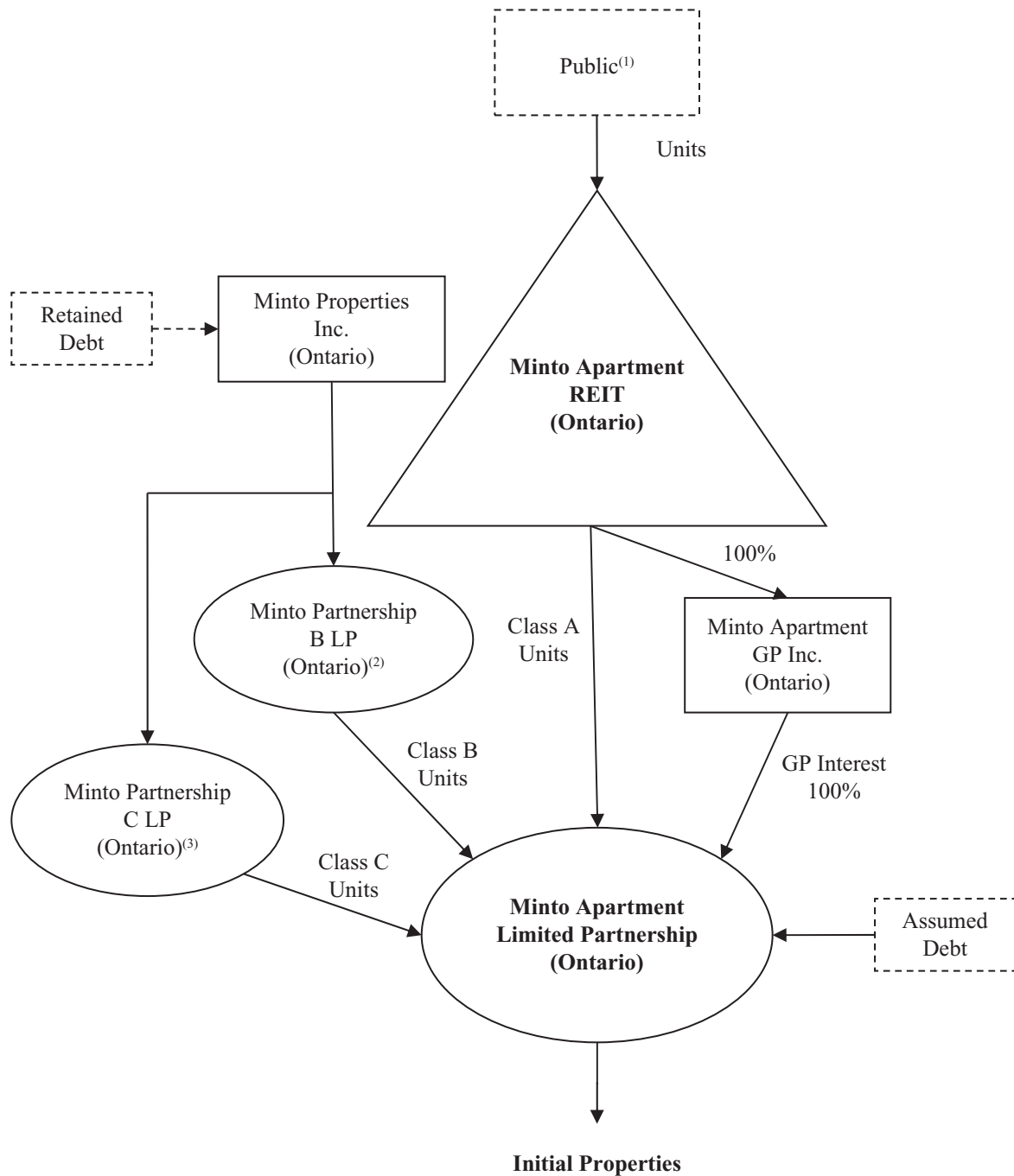
Investors should use caution when considering such forward-looking statements, and the REIT cautions readers not to place undue reliance on these statements. See “Forward-Looking Statements”.

Pro forma Minto Apartment REIT NOI for twelve months ended March 31, 2018 ⁽¹⁾	\$46,872
Add (Deduct):	
Rent increases, unit lease up, lower vacancy and unit roll over to market rates	\$ 2,340
Increase in property operating expenses	(26)
Increase in utilities expense	(288)
Increase in real estate property tax expense	(237)
Forecast NOI	\$48,661
Forecast NOI Growth	3.8%

(1) Pro forma Minto Apartment REIT NOI for the twelve months ended March 31, 2018 is calculated as (i) total rental and other revenue of \$79,137, less property operating expenses of \$16,912, realty taxes of \$9,120 and utilities of \$7,604 for the year ended December 31, 2017 as set out in the combined carve-out financial statements of the Initial Properties; *less* (ii) total rental and other revenue of \$19,131, less property operating expenses of \$4,207, realty taxes of \$2,393 and utilities of \$2,288 for the three month period ended March 31, 2017 as set out in the combined carve-out financial statements of the Initial Properties; *plus* (iii) total rental and other revenue of \$19,871, less property operating expenses of \$3,908, realty taxes of \$2,254 and utilities of \$2,095 for the three month period ended March 31, 2018 as set out in the combined carve-out financial statements of the Initial Properties.

See “Forecast Non-IFRS Reconciliation”.

Post-Closing Structure



Notes:

- (1) It is anticipated that upon Closing, the public will hold an approximate 37.6% interest in the REIT (approximately 43.2% if the Over-Allotment is exercised in full), in each case assuming all Class B Units are exchanged for Units.
- (2) It is anticipated that upon Closing, the Retained Interest Holder, an entity wholly-owned and controlled by MPI, will hold an aggregate of approximately 22.9 million Class B Units, representing an approximate 62.4% interest in the REIT (approximately 56.8% if the Over-Allotment is exercised in full), in each case assuming all Class B Units are exchanged for Units. The Class B Units are economically equivalent to and exchangeable for Units of the REIT on a one-for-one basis subject to customary anti-dilution adjustments. The Retained Interest Holder will receive a Special Voting Unit of the REIT for each Class B Unit held.
- (3) The holder of the Class C Units, an entity wholly-owned and controlled by MPI, will hold an aggregate of 23.0 million Class C Units on which it will receive priority distributions in amounts sufficient for MPI to make interest and principal payments, and payments of any other amount owing, on the Retained Debt.

THE OFFERING

Offering:	13,794,000 Units.
Amount:	\$200,013,000
Price:	The Offering Price is \$14.50 per Unit.
Over-Allotment Option:	The REIT has granted to the Underwriters an option exercisable in whole or in part and at any time up to 30 days after Closing to purchase up to an additional 2,069,100 Units at the Offering Price per Unit solely to cover over allotments, if any, and for market stabilization purposes. See “Plan of Distribution”.
Use of Proceeds:	<p>The net proceeds of the Offering are estimated to be approximately \$183.8 (\$212.1 if the Over-Allotment Option is exercised in full) after deduction of the Underwriters’ fee and the estimated expenses of the Offering. The Underwriters’ fee and the expenses of this Offering will be paid out of the proceeds of this Offering. The REIT will use the net proceeds of the Offering to fund the indirect acquisition of the Initial Properties.</p> <p>The REIT will use net proceeds, if any, from the issue of Units on exercise of the Over-Allotment Option for the reduction of the Retained Interest. See “Use of Proceeds”.</p>
Unit Attributes:	The REIT is authorized to issue an unlimited number of Units and an unlimited number of Special Voting Units. Each Unit represents a proportionate undivided beneficial ownership interest in the REIT. Each Unit is transferable and entitles the holder thereof to: (i) an equal participation in distributions of the REIT; (ii) rights of redemption; and (iii) one vote at all meetings of Unitholders. Special Voting Units have no economic entitlement in the REIT or in the distributions or assets of the REIT but entitle the holder to one vote per Special Voting Unit at any meeting of the Unitholders. Special Voting Units may only be issued in connection with or in relation to securities exchangeable into Units, including Class B Units, for the purpose of providing voting rights with respect to the REIT to the holders of such securities. Special Voting Units will not be transferable separately from the exchangeable securities to which they are attached and will be automatically transferred upon the transfer of such exchangeable securities. See “Declaration of Trust”.
Distribution Policy:	<p>The REIT initially intends to adopt a distribution policy pursuant to which the REIT will make cash distributions to Unitholders and, through the Partnership, holders of Class B Units on each monthly Distribution Date equal to, on an annual basis, approximately 65% of estimated AFFO for the Forecasted Period. Pursuant to this distribution policy, distributions will be paid to Unitholders of record at the close of business on the last business day of a month with payment on or about 15 days after the record date.</p> <p>The first distribution for the period from Closing to July 31, 2018 will be paid on August 15, 2018, in the amount of \$0.03196 per Unit assuming Closing occurs on July 3, 2018. The REIT intends to make subsequent monthly distributions in the estimated amount of \$0.03416 per Unit commencing on or about September 15, 2018. Distributions will be made in cash.</p> <p>Following Closing, management and the Trustees of the REIT will periodically review the opportunity to implement a distribution reinvestment plan (“DRIP”) program. The DRIP program would provide Unitholders, subject to applicable legal or regulatory restrictions, the option to elect to</p>

have all cash distributions of the REIT automatically reinvested in additional Units at a price per Unit calculated by reference to the weighted average of the closing price of Units on the TSX for the five trading days immediately preceding the relevant Distribution Date. The decision to implement a DRIP program will take into account various factors, but primarily depend on the Unit's trading price relative to its net asset value. The implementation of a DRIP program will be subject to regulatory approval.

Notwithstanding the distribution policy, the Trustees retain full discretion with respect to the timing and quantum of distributions. See "Distribution Policy".

Risk Factors:

An investment in Units is subject to a number of risk factors that should be carefully considered by a prospective purchaser. Cash distributions by the REIT are not guaranteed and will be based, in part, upon the financial performance of the REIT's properties, which is susceptible to a number of risks. These risks, and other risks associated with an investment in Units, include but are not limited to those related to the multi-residential rental sector and real estate industry generally, the REIT and its business, and the Offering. See "Risk Factors" and the other information included in this prospectus for a discussion of the risks that an investor should carefully consider before deciding to invest in Units.

THE REIT

Overview

Minto Apartment Real Estate Investment Trust is a newly-created, unincorporated, open-ended real estate investment trust established pursuant to the Declaration of Trust under the laws of the province of Ontario. The registered and head office of the REIT is located at 200 - 180 Kent Street, Ottawa, Ontario. The REIT has been created for the purpose of owning and operating a portfolio of income-producing multi-residential rental properties located in Canada.

The REIT will initially indirectly acquire interests in the Initial Properties — a portfolio of 22 multi-residential rental properties, comprising an aggregate of 4,279 suites, located in Toronto, Ottawa, Calgary and Edmonton, currently owned and operated by MPI. See “The Initial Properties”.

The REIT will, through the Partnership, employ an experienced executive and operational team of real estate professionals, comprised of former Minto employees and employees who will be dually employed by the REIT and Minto. The REIT will also benefit from Minto’s proven investment track record, fully integrated management platform and long-standing relationships in the Canadian multi-residential rental real estate sector. The REIT intends to leverage management’s industry experience and its strategic relationship with Minto to source acquisitions and maximize asset performance to deliver predictable, attractive returns to Unitholders. See “Arrangements with Minto”.

MPI has taken the initiative to form the REIT to provide access to capital to fund the REIT’s potential multi-residential pipeline of transactions. Minto’s intention is to have the REIT be the sole vehicle for all of its Canadian income producing multi-residential holdings over time. The establishment of the REIT also provides the private family owners of Minto with an effective means of implementing their own estate-planning arrangements.

About Minto

Minto is one of the premier real estate companies in Canada with a fully integrated real estate investment, development and management platform. Since its inception in 1955, Minto has built more than 85,000 new homes, and currently manages over 13,000 residential suites and a commercial portfolio of more than 2.5 million square feet of office and retail space. Minto has approximately \$4.1 billion of real estate assets under management. With more than 1,100 full-time employees in Canada and the United States, Minto’s expertise spans the full spectrum of real estate investment disciplines, including acquisitions, asset management, property management, finance and accounting, development and construction and sustainability. Minto’s operational excellence has been well recognized by the Canadian real estate industry. Recent notable awards and accolades include:

- The prestigious Amenities Award of Excellence and Customer Service Award of Excellence in 2017 and the Community Service Excellence and Certified Rental Building Member Company of the Year in 2016 presented by the Federation of Rental-Housing Providers of Ontario
- Four-time winner of EnerQuality’s Ontario Green Builder of the Year award and winner of EnerQuality’s New Home Builder of the Year (Large Volume) in 2016
- Two-time winner of the Ontario Home Builders’ Association Home Builder of the Year award and the Project of the Year (High or Mid-Rise) for Bside at Minto Westside, Toronto in 2016
- LEED Gold Certification for 979 Bank Street in Ottawa, Martin Grove in Toronto and Roehampton in Toronto, and LEED Silver Certification for Minto Place and 180 Kent Street in Ottawa conferred by the Canada Green Building Council
- Two-time winner of Building Industry and Land Development Association’s Green Builder of the Year (Low-Rise) (including 2017)
- One of four Canadian builders selected and recognized in 2017 for designing, building and selling high product Net Zero homes
- 2016 Gold Certification at Canada Building, 344 Slater Street in Ottawa and at 180 Kent Street in Ottawa and 2016 Platinum Certification at Enterprise Building, 427 Laurier Avenue West in Ottawa conferred by the Building Owners and Managers Association

Objectives of the REIT

The objectives of the REIT are to: (a) provide Unitholders an opportunity to invest in high quality income-producing multi-residential rental properties strategically located across urban centres in Canada; (b) enhance the value of the REIT's assets and maximize long-term Unitholder value through value-enhancing capital investment programs and active asset and property management of the REIT's properties; (c) provide Unitholders with predictable and sustainable cash distributions; and (d) expand the REIT's asset base across Canadian urban centres through intensification programs and acquisitions.

INVESTMENT OPPORTUNITY

The REIT is being formed to provide investors with the opportunity to invest in the Canadian multi-residential rental real estate sector through the ownership of a portfolio of high quality income-producing properties located in urban centres across Canada managed and operated by the experienced Minto team.

Management believes that the Canadian multi-residential rental real estate sector represents an attractive investment opportunity and superior risk adjusted returns compared to other asset classes. Positive characteristics and trends of the Canadian multi-residential rental real estate sector include, but are not limited to 1) shorter duration leases which provide a better hedge against inflationary pressures; 2) diverse tenant base which limits tenant concentration risks; 3) defensive asset class that is less susceptible to economic cycles; 4) compelling supply / demand fundamentals driven by favourable demographic trends, high barriers to entry and more stringent mortgage regulations for homeowners; 5) availability of lower cost CMHC-insured debt financing; 6) historically strong risk-adjusted returns; and 7) fragmented ownership with strong potential for consolidation. Management believes the REIT is well-positioned to capitalize on these favourable industry dynamics.

The REIT will initially own a portfolio of high quality income-producing multi-residential rental properties located in Toronto, Ottawa, Calgary and Edmonton. The REIT will also benefit from cost-efficient access to Minto's best-in-class real estate platform. The REIT intends to leverage Minto's fully integrated real estate operating platform with a strong investment track record and extensive relationships in the Canadian multi-residential rental real estate sector.

INVESTMENT HIGHLIGHTS

Attractive Asset Class with Compelling Supply/Demand Characteristics

The multi-residential rental sector is viewed by management as the most stable real estate sector and least affected by general economic conditions. Cash flow from multi-residential rental properties is diversified across a broad tenant base with minimal tenant concentration risk. According to ICREIM/IPD, the multi-residential rental real estate sector in Canada has demonstrated the lowest volatility and the best risk-adjusted investment returns among major income-producing real estate asset classes since 2002 (the period from which data is readily available). Since 2002, the Canadian multi-residential rental real estate sector has not experienced a single year of negative total return.

Management believes that the Canadian multi-residential rental real estate sector will benefit from continued economic expansion and strong rental demand. Strong rental demand is driven primarily by continued population growth in major cities stemming from increasing immigration, continued urbanization particularly for the under-35 age group which is the primary renter group, deterioration of home ownership affordability, and the fundamental need for housing. Specifically, annual immigration in Canada reached 273,000 in 2017 and the Government of Canada has set a target of 310,000 for 2018 and raised the target to 340,000 by 2020, representing a 25% increase from the 2017 level. Additionally, since 1991, annual immigration to Canada has averaged 243,000 people per year, 48% of whom have chosen to reside in Ontario, and according to the CMHC Rental Market Report — Ontario Highlights 2017, approximately 67% of immigrants opt for rental accommodation when arriving in Canada, which is a key driver of rental demand. Since 2001, the average personal income in Canada has grown by a CAGR of 3.3%, compared to the average growth in house prices of 6.8% over the same time frame. Notwithstanding the strong income growth as a result of continued economic expansion, the propensity to rent across most age groups has risen due to the significant increase in the

affordability gap between home ownership and rental accommodation. Rental vacancy rates are projected to continue to decline across Canada, while average two bedroom rents are forecast to continue to grow after having increased by an average of 2.5% per year over the past 10 years. Given the unique nature of shorter duration leases, multi-residential rental real estate is well positioned to capitalize on the above favourable market dynamics.

In addition, management believes that there are significant barriers to the creation of multi-residential rental supply in the REIT's target markets given the challenging economies of scale for new entrants to achieve, principally as a result of rent control legislation and high development costs (primarily driven by high land costs and development charges). A replacement cost estimate provided by the Appraiser estimates the aggregate replacement cost of the Initial Properties to be \$1.26 billion. This estimate is in excess of \$130 million higher than their appraised value (excluding any portfolio premium). In order to achieve the same returns on investment, a competing, newly built property would require significantly higher rents versus existing properties, making development of multi-residential real estate less attractive from a return perspective than purchasing existing product. In addition, the multi-residential rental sector is generally more management intensive relative to other real estate sectors, primarily due to short-term leases coupled with high turnover, large numbers of individual tenants, heavily regulated rent and development environment, as well as the large number of capital projects undertaken throughout the life of an asset. The above-mentioned factors contribute to making an institutional management platform a critical component for achieving income maximization, while also acting as a further barrier to entry for smaller market participants. Given the above dynamics, there has been limited new supply of purpose-built rental accommodation in the country, with only an average of 17,933 new suites, or approximately 0.9% of the total supply, started per year on average in Canada since 1995. Management believes that growing demand coupled with a supply-constrained market creates a compelling investment opportunity for investors.

High Quality Portfolio with Significant Scale

The REIT's initial portfolio will be comprised of 22 high quality income-producing properties totalling 4,279 suites located in Toronto, Ottawa, Calgary and Edmonton, providing the REIT with immediate scale and presence in key urban centres. The Initial Properties are well-located in desirable residential nodes primarily along key transit corridors and with excellent walk scores according to walkscore.com, and provide a mix of newer-generation luxury rentals and traditional format multi-residential rental apartments. The Initial Properties include Minto Yorkville located in Toronto's upscale Yorkville neighbourhood, as well as The Carlisle and Minto one80five located in the central business district in Ottawa. The current weighted average monthly in-place rent at the Initial Properties is approximately \$1,358 per unfurnished suite, the highest among all Canadian-focused public multi-residential REITs, an indication of the relative quality of the Initial Properties.

Minto has a long operating track record with the Initial Properties and has maintained the properties to a very high standard. Minto developed 15 of the 22 Initial Properties and has owned and/or managed approximately 85% of the suites in the portfolio for more than 10 years. With a long-term owner and manager's mindset, Minto focused on pursuing sustainable value creation through prudent risk-management and efficient allocation of capital. Current portfolio occupancy as at March 31, 2018 is 98.0%, excluding all furnished suites, 12 offline suites under renovation as at March 31, 2018, as well as the Skyline Maisonettes which were subject to fire damage, while the average portfolio occupancy for the five year period ended March 31, 2018, excluding furnished suites as well as the Skyline Maisonettes which were subject to fire damage (from and after the time of such damage), is 95.7%, demonstrating the stability of the Initial Properties. For the 3 years ended December 31, 2017, the Same Property NOI CAGR for the Initial Properties was 8.4%. From 2015 to 2017, Minto has invested approximately \$55 million in sustaining and value enhancing capital expenditures at the Initial Properties, with approximately \$29 million completed in 2017. With these capital investments, the Initial Properties are well positioned for strong organic growth through increasing rental rates, occupancy improvements and improved operational efficiency.

Strategic Avenues for Growth

The REIT's goals are to deliver predictable and sustainable cash distributions to Unitholders while providing strong capital appreciation opportunities through value-enhancing capital investment programs and

active asset and property management of the REIT's properties. In addition to the organic growth expected from favourable economic and demographic fundamentals within its existing markets, the REIT has identified the following strategic avenues of growth: 1) embedded cash flow growth driven by below-market in-place rent (currently approximately \$5.1 million, representing a potential increase of approximately 10.5% over forecast NOI) and AGI; 2) targeted value-enhancing initiatives including asset repositioning and intensification opportunities; 3) potential access to up to \$1.7 billion of high quality multi-residential properties that Minto manages on behalf of third parties and in which it has a \$510 million proportionate interest; and 4) third-party acquisitions leveraging Minto's extensive relationships and strong track record.

Given the REIT's conservative initial AFFO payout ratio of 65%, management believes it will be well positioned to execute on the above organic and external growth opportunities, as the REIT will be less reliant on external capital raising which is influenced by overall capital markets conditions.

Benefits of an Industry-leading, Vertically Integrated Platform with Strong Alignment of Interests

Minto is one of the premier real estate companies in Canada with a fully integrated real estate investment, development and management platform. Since its inception in 1955, Minto has built more than 85,000 new homes, and it currently manages over 13,000 residential suites and a commercial portfolio of more than 2.5 million square feet of office and retail space. With more than 1,100 full-time employees in Canada and the United States, Minto's expertise spans the full spectrum of real estate investment disciplines. To ensure seamless integration of all facets of its operation, Minto has invested heavily in its information technology infrastructure, creating a robust platform for future scalability. Minto's operational excellence has been well recognized by the Canadian real estate industry and MPI is a leading customer service organization, with a 93% customer satisfaction rate for 2017.

Leveraging its established reputation, highly regarded brand and extensive industry relationships, Minto has a demonstrated ability to source transactions with approximately \$1.9 billion in aggregate value of completed multi-residential rental transactions since 2010 as well as a current development pipeline of approximately \$800 million and approximately 1,500 residential rental suites. Minto has a proven track record of enhancing rental rates and occupancy through sophisticated revenue optimization and targeted implementation of repositioning programs that ultimately lead to strong financial returns. Since the beginning of 2010, when Minto started managing third party capital in earnest, it has managed a total of \$1.7 billion in multi-residential rental assets for institutional investors and has delivered a gross levered IRR of 18% and a gross levered multiple on capital of 1.8x as of December 31, 2017.

The breadth and scale of the Minto platform should allow the REIT to benefit from operating synergies, including but not limited to: 1) an in-house project management team that executes on value-add initiatives; 2) lower marketing and advertising costs; 3) bulk purchase of supplies, contractor services, insurance policies and utilities; and 4) enhanced market intelligence and research capabilities, and leasing efficiency.

At the time of Closing, the Retained Interest Holder will effectively hold an approximate 62.4% retained interest in the REIT (or approximately 56.8% in the event that the Over-Allotment Option is exercised in full), all of which are subject to a contractual hold of 18 months, subject to certain exceptions. This substantial retained ownership position will ensure Minto's interests are fully aligned with those of Unitholders. Minto intends to maintain a significant ownership position over the long-term.

The following case studies provide an example of how management identified an undermanaged group of properties (in the case of the Edmonton properties) and is in the process of completing a major capital program to realize the significant gain-to-lease rent; and capitalized upon the opportunity to repurpose an existing asset (in the case of Minto one80five) for highest and best use. These are historical examples of instances where management has targeted value-enhancing initiatives through revenue optimization and targeted implementation of repositioning programs, a strategy that will continue to be implemented by management on behalf of the REIT on a case-by-case basis as opportunities arise, and are not indicative of future results. Such strategy has not been implemented in any of the other Initial Properties, as the remaining properties within the Initial Properties were either newer or stabilized assets that were well kept upon acquisition and did not require extensive capital expenditures for value-enhancing repositioning, or already existed for highest and best use. Accordingly, these properties are ideal case studies to illustrate management's strategic approach to capitalizing

on value-add opportunities due to the timing of acquisition, the condition or use of the property at the time of acquisition, and the amount of capital expenditures incurred.

Edmonton Portfolio Case Study

Located in Edmonton, Alberta, Lancaster House, York House and Hi-Level Place are urban high-rise apartment buildings located in downtown Edmonton comprising a total of 251 suites. See “Description of the Initial Properties”.

Acquisition Attributes

MPI acquired the properties together as a single transaction in December 2016, sourcing the opportunity off-market through the strength of its reputation and extensive relationships in the industry. At the time of acquisition by MPI, the properties were undermanaged, had a vacancy rate of 23%, average monthly rent of \$984 per suite and required a major capital program in order to realize the significant gain-to-lease rent anticipated to be received for the benefit of the REIT. MPI acquired the portfolio for an aggregate purchase price of approximately \$37 million (or approximately \$147,000 per suite), representing an approximate 39% discount to the approximate replacement cost of \$64.0 million (or approximately \$254,000 per suite) and approximately \$4 million below the then appraised value of \$41.3 million.

Asset Management Program

Upon acquisition, management leveraged its market knowledge and experience to identify opportunities for rental increases through renovations to common areas, corridors, amenity spaces and in-suite upgrades, addressing deferred capital expenditures and actively managing revenue and yield. As of Closing, MPI expects to have deployed approximately \$4.7 million in capital expenditures for the portfolio upgrades (or approximately \$18,725 per suite), representing approximately 40% of the expected total spend.

The renovations contemplated commenced in the first half of 2018. The repositioning is expected to be substantially complete (75%) by June 2021, at which time the remaining suites left to be renovated drop substantially. To date, the average monthly rent for renovated suites has increased by \$200 per suite.

Minto one80five Case Study

Located in Ottawa, Ontario, Minto one80five is a premium multi-residential apartment building situated in Ottawa’s central business district comprised of 417 suites. See “Description of the Initial Properties”. Minto one80five was built by Minto in 1988 and owned and operated by MPI as an all-suite hotel prior to its being repurposed.

Repurposing for Highest and Best Use

Built by Minto in 1988, Minto one80five was operated by MPI as an all-suite hotel property prior to it being initially repurposed in 2014 to a premium multi-residential rental building. Relying on its industry expertise and historical experience, management identified an opportunity to capitalize on repurposing for highest and best use. MPI deployed approximately \$26 million to repurpose the hotel. The expenditures were spent on upgrades to the common areas, corridors, in-suite upgrades, window replacement and the repurposing of the hotel banquet space into an extensive amenity space.

The opportunity and implementation of the repurposing program has proven to be effective. In the fourth quarter of 2017, according to CBRE, the CBD Ottawa hotel capitalization rate was 7.5%, whereas in the same quarter of 2017, the appraised value capitalization rate for the property was 4.5%, a difference of approximately 300 basis points and creating approximately \$51 million in value from the more favourable capitalization rate.

Experienced Management Team and a Strong Independent Board

The REIT will, through the Partnership, employ an experienced executive and operational team of real estate professionals, comprised of former Minto employees and employees who will be dually employed by the REIT and Minto. The executive officers of the REIT combined have over 105 years of experience in asset

management, acquisition, development, financings and operations of commercial real estate. The executive team's collective experience at Minto has given them intimate familiarity with the Initial Properties and has allowed them to oversee the completion of Minto's off-market acquisitions. It is Minto's intention to fully internalize the asset management and property management functions into the REIT without payment of any termination fees once the REIT's assets have a Gross Book Value of \$2.0 billion. Further, the majority-independent Board is comprised of Trustees with extensive experience in corporate governance, capital markets, real estate, human resources, compensation, legal and audit matters. The REIT believes the high quality Board of Trustees will provide strategic oversight to the executive management of the REIT and ensure strong corporate governance.

Conservative Financial Metrics Support Growth and Distributions

The REIT intends to pay predictable and sustainable monthly cash distributions at an initial estimated annual amount of \$0.41 per Unit, which will provide Unitholders with an approximate cash distribution yield of 2.83% and a payout ratio of approximately 65% of forecast AFFO of the REIT for the Forecasted Period. See "Non-IFRS Measures" and "Forward-Looking Statements". For a reconciliation of forecast net income and comprehensive income to AFFO see "Forecast Non-IFRS Reconciliation".

Management anticipates the REIT will have a consolidated Debt to Gross Book Value Ratio of approximately 47% immediately following the Closing. Indebtedness bears interest at a weighted average rate of approximately 3.17% and has a weighted average term to maturity of 6.2 years. The REIT will have less than 27% of its total Indebtedness maturing prior to the end of 2022. Approximately 95% of the initial Indebtedness will be comprised of fixed-rate term debt, of which approximately 77% is CMHC-insured mortgage debt at interest rates significantly below that of conventional mortgage lenders. Further, the renewal risk of existing CMHC mortgages is minimized by the fact that the insurance remains valid for the entire amortization period of the loan, which typically ranges from 25 to 40 years, which, together with the lower cost interest rates, mitigates the REIT's exposure to interest rate risk in a rising interest rate environment.

Management believes the conservative AFFO payout ratio and prudent leverage profile will support the growth and distributions of the REIT, affording the REIT with the financial flexibility to execute market opportunities via intensification, repositioning and acquisitions.

GROWTH STRATEGIES OF THE REIT

Organic Growth Opportunities

Management believes that the Initial Properties have the potential to generate substantial organic cash flow growth. The weighted average in-place rent at the Initial Properties is presently below management's view of market rent, representing an estimated gain-to-lease of approximately \$5.1 million on an annualized basis. Together with the AGI increases expected within the Ontario properties (representing 93% of the Initial Properties by NOI), management believes there is strong embedded growth potential in the Initial Properties. Furthermore, management expects that rental rates in the markets in which the Initial Properties are located will continue to increase in future years as favourable economic conditions and demographic trends persist. Management believes the foregoing factors position the REIT to achieve strong growth in rental revenues in the long term.

The REIT will leverage the expertise of its executive and asset and property management teams to proactively manage each of the Initial Properties to optimize operational performance and financial returns. Minto has, on average, managed the Initial Properties for a period of 29 years, providing it with unparalleled knowledge and understanding of the properties and their respective markets. Through an intensive, active management approach, management believes the REIT will achieve NOI growth through revenue optimization and capitalizing on continued expense reduction opportunities.

Additionally, management will actively evaluate and review intensification and repositioning opportunities. Management will choose to pursue projects that enhance net asset value of the REIT. Having overseen the deployment of more than \$98 million in the past five years in sustaining and enhancing capital expenditures on behalf of properties that are co-owned or held through partnerships with third parties, Minto has extensive

experience in addressing common and costly infrastructure challenges with a proven track record of achieving development goals within or below budget. Minto's extensive proven experience to renovate, develop and reposition, affords the REIT the ability to execute upon its growth strategy. Renovation opportunities pursued by management are intended to drive and enhance revenue through in-suite and common area improvements. Four suites within two of the Initial Properties comprising an aggregate of 367 suites are currently operating as test renovation suites to determine market rent uplift opportunity. Five of the Initial Properties, comprising an aggregate of 628 suites, are currently undergoing multiple stages of renovations, and four of the Initial Properties, comprising an aggregate of over 1,000 suites, are currently being evaluated for potential renovation opportunities in the next 24-36 months.

Moreover, certain of the Initial Properties contain vacant land which management anticipates may support additional multi-residential rental development in the future, with Richgrove-Martin Grove currently in the pre-development phase and fully-zoned and entitled to add a new tower consisting of approximately 225 suites. This development, along with other potential intensification in the REIT's portfolio (comprised of excess land and lower density sites) may enhance value for the benefit of Unitholders in the future as these sites are developed. Management will evaluate intensification and renovation opportunities on an ongoing basis and there are no assurances that any particular opportunity will be pursued or that future returns will track historical returns.

External Growth Opportunities

Potential Access to an Acquisition Pipeline through Minto

Management believes a portion of the REIT's external growth may be generated by acquiring multi-residential rental properties from Minto. Minto co-owns and manages additional multi-residential rental properties on behalf of third party investors with an approximate value of \$1.7 billion. These properties are well located, high quality assets in attractive urban centres, particularly in Toronto and Ottawa, and include a current development pipeline of approximately \$800 million and approximately 1,500 residential rental suites, of which 146 suites are fully zoned, 875 suites are currently the subject of active planning applications, and 501 suites are currently under construction.

Pursuant to the Strategic Alliance Agreement, the REIT will have a ROFO on all Opportunities identified by Minto as well as on any Subsequently Owned Property that is wholly owned directly or indirectly by Minto and that Minto desires to sell. For Existing Interests, Minto is unable to grant a ROFO due to the terms of the applicable co-ownership or partnership arrangements. However, as it is Minto's intention to have the REIT be the sole vehicle for all of its Canadian income producing multi-residential holdings over time, pursuant to the Strategic Alliance Agreement Minto will endeavour to facilitate an acquisition by the REIT of the Minto Interests (which, for greater certainty, are not subject to a ROFO) by agreeing to notify and discuss with the REIT if Minto intends to sell a Minto Interest, all as Minto will, from time to time, be permitted pursuant to its applicable co-ownership or partnership arrangements. Given Minto's long-standing relationship with its institutional partners, the REIT also may have a competitive advantage in acquiring the interest of Minto's institutional partners in co-owned and partnership assets in the future as the institutional investors periodically review their liquidity alternatives.

Third Party Acquisitions

The REIT intends to leverage Minto's extensive network and platform to pursue a disciplined acquisition strategy. Minto has significant expertise in sourcing and underwriting transaction opportunities, having completed \$1.9 billion in aggregate value of transactions since 2010. The REIT expects to target high quality multi-residential rental properties located in urban centres across Canada. The REIT intends to acquire stabilized properties without significant maintenance issues or material near term capital expenditures required to maintain market presence, as well as stabilized properties with intensification opportunities and/or under-managed properties with near term value-add potential. The REIT will continue to target off-market transactions and, where appropriate, select development opportunities. Following Closing, the REIT will have the capacity to acquire up to approximately \$200 million of assets without needing to access equity markets. The

REIT believes its professional management experience and expertise can improve the operating performance of such properties and achieve attractive cash flow and net asset value growth.

Factors Facilitating External Growth

Fragmented Ownership with Significant Consolidation Opportunities

The multi-residential rental real estate sector in Canada is characterized by fragmented ownership with, according to management's estimates, the top 10 industry participants owning or operating approximately 12% of the CMHC estimated approximately 2.1 million residential suites in the country (the top 10 excludes all non-owner third party managers). The majority of the assets are held by private entities which are often small, family owned and capital constrained. Based on management's experience, many of the private operators are often run by less sophisticated management teams that lack professional asset management and construction expertise. In addition, many current owners are reaching retirement age, a possible exit point for them and an opportunity for the REIT. As a publicly listed real estate investment trust, the REIT provides certainty for vendors at closing with its access to capital, and has the ability to deliver both immediate liquidity and tax-deferred solutions to family-owned operators.

Extensive Network of Industry Relationships

Minto has extensive industry relationships that span the Canadian multi-residential rental investment community which will provide the REIT with significant "off-market" transaction opportunities that involve limited competitive bidding. As one of the premier real estate brands with a long track record of successful completion of transactions, Minto is recognized as a preferred buyer within the Canadian multi-residential rental sector. With 63 years of operation, Minto has deep, long-standing relationships with other private, family-held apartment investors who are major participants in the Canadian real estate industry. Management believes the REIT will be able to leverage Minto's platform to have access to acquisition opportunities that may otherwise be unavailable.

Strong Balance Sheet and Conservative Payout Positioned for Growth

Immediately following the Closing, management anticipates the REIT's consolidated Debt to Gross Book Value Ratio to be approximately 47%. Currently, management intends that the REIT will target a Debt to Gross Book Value Ratio of 50% to 55%. The REIT will have \$121.5 million of availability on its \$150 million Credit Facility on Closing, taking into account amounts intended to be drawn on Closing. The conservative leverage and ample immediate liquidity ensures the REIT will be well positioned to pursue strategic initiatives with strong financial flexibility. The REIT's strong balance sheet will also enhance its access to attractively-priced CMHC-insured debt financing and other public debt and equity financings to maintain strong cost of capital. In addition, management believes the 65% AFFO payout ratio initially set by the REIT and its prudent leverage profile will provide financial flexibility for the REIT to execute market opportunities via intensification, repositioning and acquisitions.

MULTI-RESIDENTIAL RENTAL REAL ESTATE CHARACTERISTICS

The REIT is being formed to provide investors an opportunity to invest in high quality income-producing multi-residential rental properties located in urban centres in Canada. Management believes that the multi-residential rental sector offers superior risk-adjusted returns compared to other real estate classes while benefiting from certain trends and characteristics unique to the Canadian multi-residential rental sector.

1) Short term leases with predictable turnover costs

Multi-residential rental properties are unique when compared to typical commercial real estate assets due to the short term nature of leases and the presence of many individual tenants. Lease agreements with households generally have terms of less than or equal to one year, enabling landlords to increase rents to market (subject to rent control legislation) more frequently and generate higher returns. As a result, the multi-residential rental asset class provides a better hedge against potential inflationary pressures than other real estate classes in an inflationary environment. Additionally, improvement costs on turnover are generally low and

predictable as compared to other real estate asset classes, resulting in more stable and predictable cash flow growth.

2) *Diverse tenant mix*

Rental revenue from each property is generated from a large and diverse mix of individual tenants resulting in minimized impact of losing any single tenant as compared to other real estate classes that are more reliant on key anchor tenants. The 3 year weighted average bad debts as a percentage of total revenue for the Initial Properties was only 0.36%, demonstrating the merits of a diversified tenant mix.

3) *Defensive asset class that is less susceptible to economic cycles*

The multi-residential asset class is generally less susceptible to economic cycles than other real estate classes as demand for residential rental accommodation reflects demographic trends and the fundamental need for housing. According to data from ICREIM/IPD, the multi-residential asset class has had a positive return in every year since 2002 with the lowest volatility as measured by standard deviation in investment returns among other real estate asset classes in Canada.

4) *Compelling supply / demand fundamentals driven by demographics and high barriers to entry*

Rental demand is expected to be driven primarily by strong population growth through immigration, deterioration of home ownership affordability and the fundamental need for housing. The affordability gap between home ownership and rental accommodation has increased, leading to an increase in the propensity to rent across most age groups. More stringent mortgage regulations for homeowners that were recently introduced, combined with above-average population growth that is primarily driven by an increasing immigrant population, continued urbanization particularly for the under-35 age group that is the prime renter demographic, and sustained economic growth in Canada are expected to further support growing demand for rental accommodation.

Management believes that there are significant barriers to the creation of multi-residential rental supply in the REIT's target markets given the challenging economics for building new rental buildings, principally as a result of rent control legislation and high development costs (primarily driven by high land costs and development charges), limiting the supply of more affordable rental suites as newly built suites can only economically target the highest-end segment of the market. In addition, the multi-residential rental sector is generally more management intensive relative to other real estate sectors, primarily due to short-term leases coupled with high turnover, large numbers of individual tenants, a heavily regulated rent and development environment, as well as the large number of capital projects undertaken throughout the life of an asset. The above-mentioned factors contribute to making an institutional management platform a critical component for achieving income maximization, while also acting as a further barrier to entry for smaller market participants. There has been limited new purpose-built rental supply in the country, and management believes that the growing demand coupled with a supply-constrained market creates a compelling investment opportunity for investors.

5) *Availability of CMHC-insured debt financing*

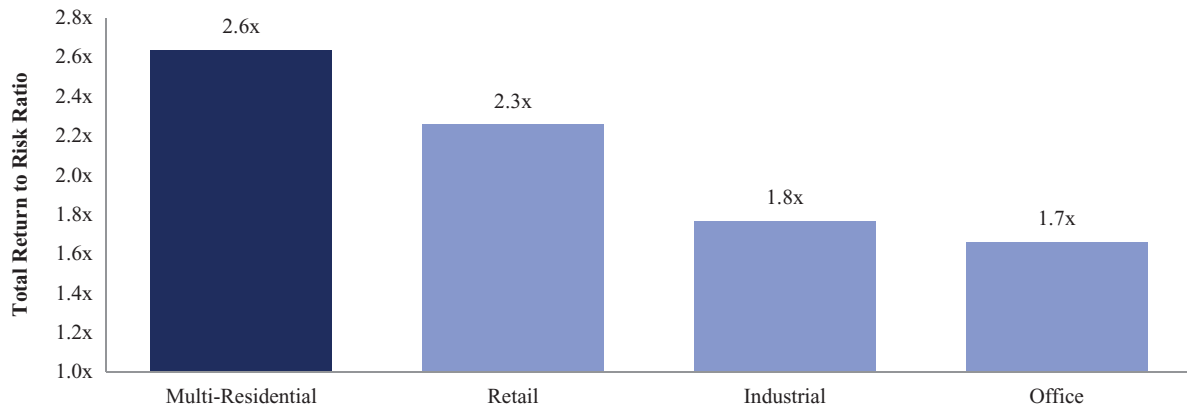
Another attractive characteristic of the multi-residential rental sector is the availability of CMHC-insured debt financing which is at interest rates significantly below that of conventional mortgage lenders. Additionally, the renewal risk of existing CMHC-insured mortgages is mitigated by the fact that the insurance remains valid for the entire amortization period of the loan, which typically ranges from 25 to 40 years. This has allowed the debt market to remain relatively liquid in the sector even during economic downturns.

6) *Strong historical returns*

According to data from ICREIM/IPD, returns from multi-residential rental properties have historically been more stable compared to every other real estate asset class. The sector has demonstrated the lowest volatility as measured by standard deviation in investment returns among other real estate asset classes in

Canada and has generated the highest risk-adjusted returns since 2002. Furthermore, multi-residential rental has been the top performing real estate sector since 2015, and has not had a negative return year since 2002.

Canadian Real Estate Risk-Adjusted Returns⁽¹⁾



Source: ICREIM/IPD, 2002 - 2017.

(1) Total returns are risk adjusted by dividing them by their respective standard deviations.

7) *Fragmented Ownership with strong potential for consolidation*

The multi-residential rental real estate sector in Canada is characterized by fragmented ownership with, according to management’s estimates, the top 10 industry participants owning or operating approximately 12% of the CMHC estimated approximately 2.1 million residential suites in the country (the top 10 excludes all non-owner third party managers). The majority of the assets are held by private entities which are often small, family owned and capital constrained. Based on management’s experience, many of the private operators are often run by less sophisticated management teams that lack professional asset management and construction expertise. In addition, many current owners are reaching retirement age, a possible exit point for them and an opportunity for the REIT.

MULTI-RESIDENTIAL RENTAL SECTOR DYNAMICS

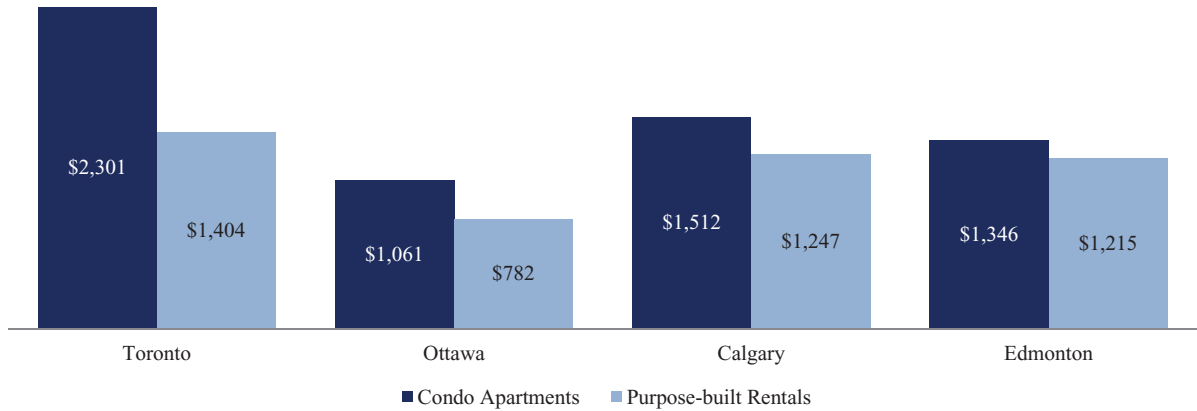
Increasing Rental Demand

Overall demand for residential rental accommodation has historically been stable and is expected to increase in the future. Strong population growth, changing demographic trends, significant deterioration of home ownership affordability and the fundamental need for housing are expected to be the primary drivers of increased demand. Based on the Government of Canada’s 2018 multi-year Immigration Levels Plan, Canada will welcome nearly one million immigrants over the next three years, the majority of which will settle in the REIT’s existing markets.

In light of continuing increases in house and condominium prices, driven by limited supply of homes for sale in core urban centres and new mortgage rules that make new mortgages more difficult and costly to obtain, management expects the home ownership rate to continue to trend down over the long-term. Rising home prices remain a key catalyst in keeping home ownership out of reach for many. Combined with strong immigration in core urban centres such as Toronto, Ottawa, Calgary and Edmonton, demand for multi-residential rental accommodation is expected to remain strong.

Condominiums that are leased to tenants are currently the primary form of new supply of multi-residential rental housing and they typically target the higher-end customer segment. Accordingly, in many instances they are not affordable for the vast majority of the population, for purchase or for rent. As a result, the purpose-built rental apartment inventory is often the only affordable alternative for many who seek to rent versus pursuing home ownership or more expensive condominium rentals, which has resulted in high occupancies within traditional purpose-built rental apartments across most markets, even through economic downturns.

Average Two-Bedroom Rent (2017)



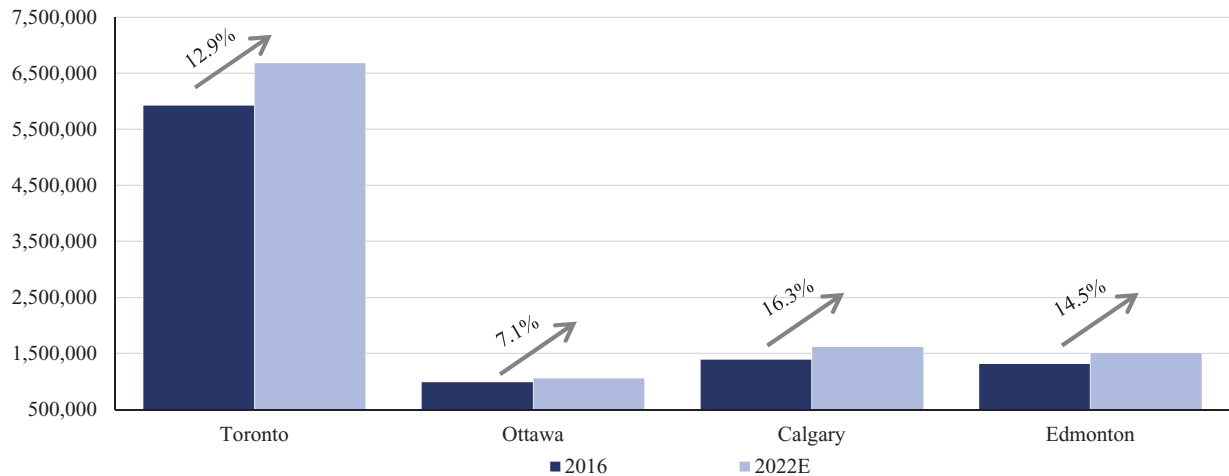
Source: CMHC, 2017

Renting provides tenants with certainty regarding rental payments for the length of the lease term. Recent rent control legislation in Ontario eliminates the risk of large rent increases for all properties during the entire period of a tenant’s tenancy, including properties built after 1991, providing more predictability for tenants beyond their initial lease term. Home ownership on the other hand involves a far larger array of costs, with much less predictability. The use of mortgages for home ownership exposes owners to interest rate fluctuations. Renting provides the renter with greater flexibility and increased mobility.

Favourable Population Growth Outlook

According to Statistics Canada, the Canadian population is forecast to increase by 9% from 2016 to 2022, while Ottawa’s population is forecast to grow by 7% and each of Toronto, Calgary and Edmonton are expected to see double-digit population growth over the same time period.

Forecast Population Growth

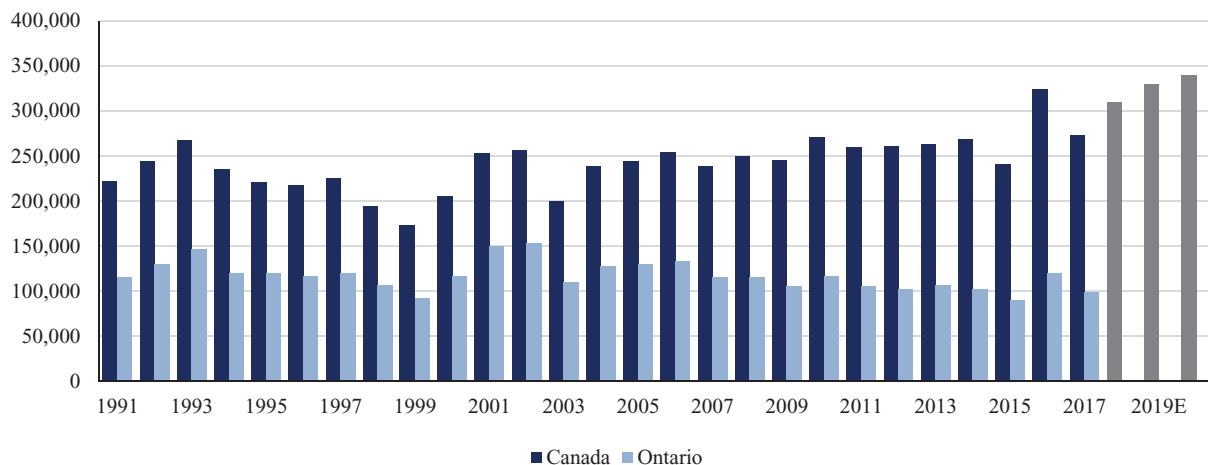


Source: Statistics Canada, 2016; PCensus / Sitewise, 2018

Rental housing demand drivers are primarily comprised of population growth, immigration, urbanization trends, increasing propensity to rent among certain age groups and overall economic growth. Immigration continues to represent the majority of the country’s population growth, representing 73% of the total population growth in Canada between 1991 and 2017 (Source: Statistics Canada). Furthermore, according to CMHC’s

Rental Market Report — Ontario Highlights 2017, approximately 67% of immigrants opt for rental accommodation upon first arriving in Canada. Given the importance of immigration as a driver of overall population growth and the tendency for immigrants to opt for rental accommodation, it is expected that immigration will be a critical driver of future rental accommodation demand.

Net International Migration



Source: Statistics Canada, 2017

Based on data from Statistics Canada, from 1991 to 2017, annual immigration to Canada has been steady and averaged 243,000 people per year. Over the same time period, immigration to the province of Ontario has averaged 117,000 people per year, representing 48% of overall Canadian immigration, demonstrating the draw that the province represents to new immigrants to Canada. Furthermore, between 2011 and 2016, 46% of Ontario immigrants settled in Toronto and Ottawa, two major Canadian markets which represent 93% of the REIT’s Initial Properties’ NOI.

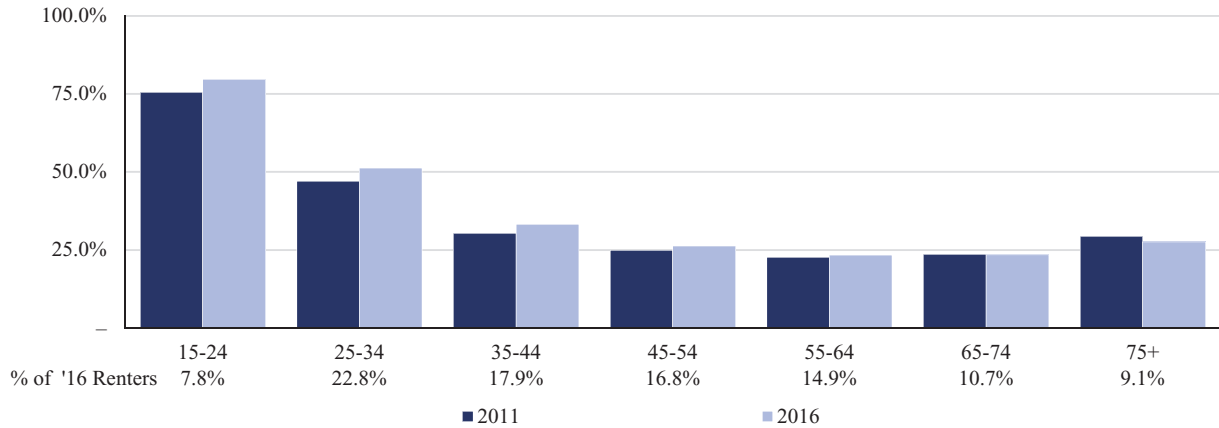
Demographics and Propensity to Rent

Due to the importance of age on housing decisions, demographic shifts can have a profound impact on demand for different types of housing. Management believes the prime renter demographic is the under-35 age group, commonly recognized as having the highest propensity to rent, being in excess of 50% as of 2016 (Source: CMHC, Statistics Canada). This age group also represents the highest share of renter households by age segment, accounting for 30% of all renters. According to Statistics Canada, this age group is comprised of 2.4 million in 2016 and is expected to grow to 2.7 million by 2026.

A prevailing trend within this demographic is the delaying of major life decisions such as getting married, having children and purchasing a home, while putting greater emphasis on career development. Management believes certain of these delays are the direct result of a competitive employment environment, high home ownership costs, higher levels of student debt and a tighter regulatory environment surrounding mortgage borrowing, all factors which collectively have made home ownership more difficult to achieve.

The above-mentioned factors have also begun to affect other age groups not traditionally considered the prime renter demographic. According to CMHC and Statistics Canada, individuals between the ages of 35 to 64 have on average also started to show an increased interest in rental accommodation, particularly the 35 to 44 year old bracket, which has increased its propensity to rent from 30% in 2011 to 33% in 2016.

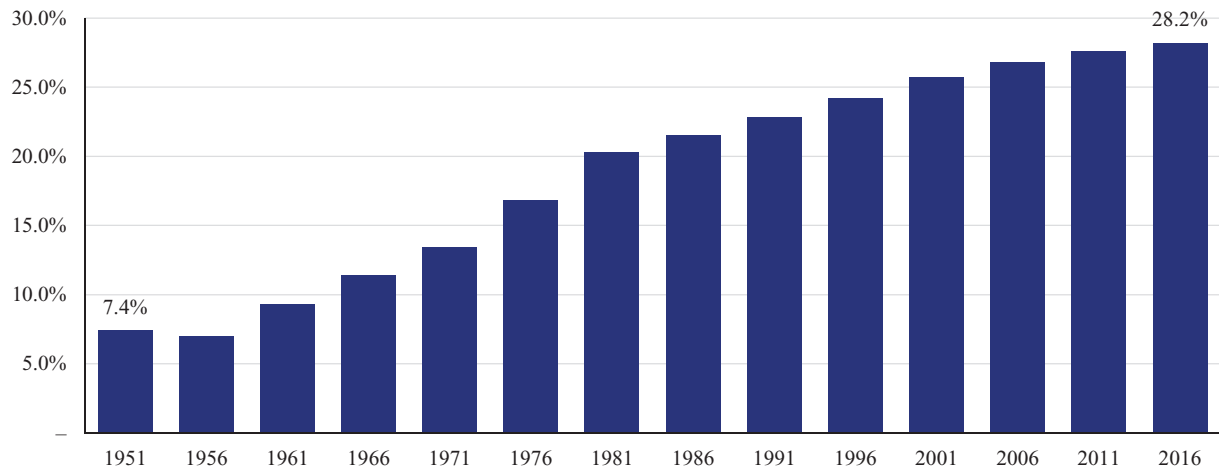
Propensity to Rent by Age Group in Canada



Source: CMHC, Statistics Canada, 2016

Moreover, the rising number of single person households in Canada continues to be a positive trend in favour of the rental market given their propensity to rent, with the number of one-person households at 28.2% of total households as of 2016, a greater than three-fold increase since 1961 (Source: Statistics Canada).

Percentage of Single-Person Households in Canada

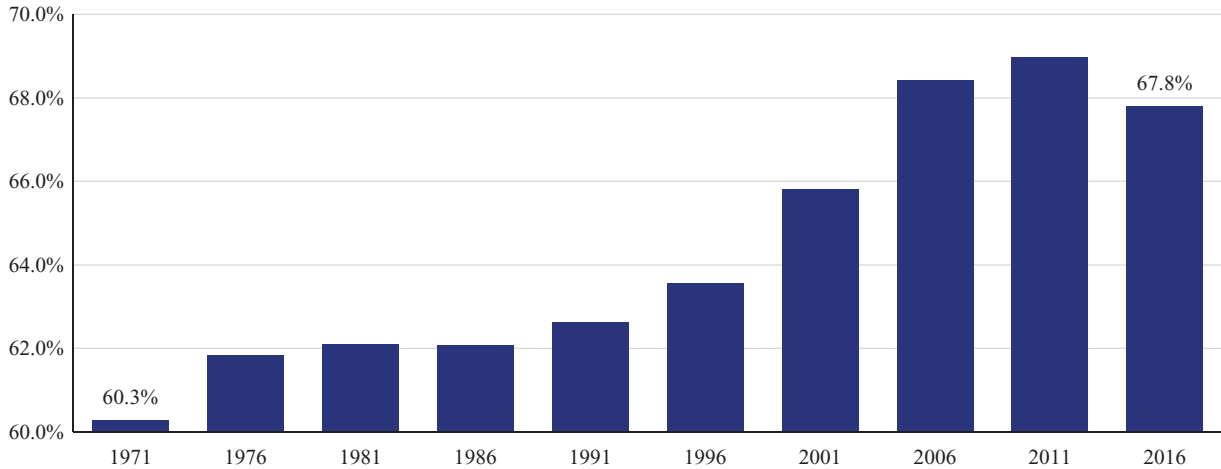


Source: Statistics Canada, 2016

Home Ownership Rates and Declining Affordability

Diminishing house affordability across key markets is expected to limit the growth of home buying demand and lead to a greater share of renter households. Policies designed to encourage home ownership have been replaced with stricter mortgage insurance qualification criteria in recent years which have made it more difficult for first-time buyers to enter the market, compounded by quickly rising down payment requirements. According to Statistics Canada, household debt to disposable income in Canada is at record levels as of the end of 2017. Given record-high current home prices, tighter mortgage policies, and an increasing interest rate environment, in 2016, for the first time since 1986, home ownership has started to decline and management expects it to continue to do so into the future.

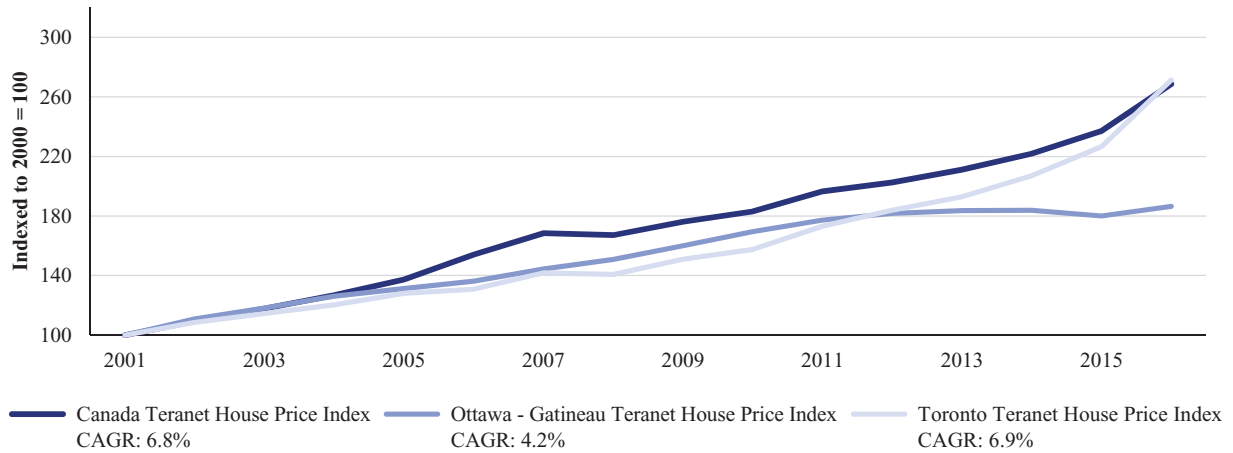
Canada Home Ownership %



Source: Statistics Canada, 2016

With home prices at historic highs, incomes and average rents remain largely in lock-step. There is a widening cost gap between renting and owning, driving rental demand. From 2001 until 2016, Canadian house prices increased by a compounded annual rate of 6.8% and posted positive gains in all years with the exception of the great recession in 2008 (Source: CMHC / Teranet) compared to average Canadian two-bedroom rent CAGR of 2.4% over the same time period.

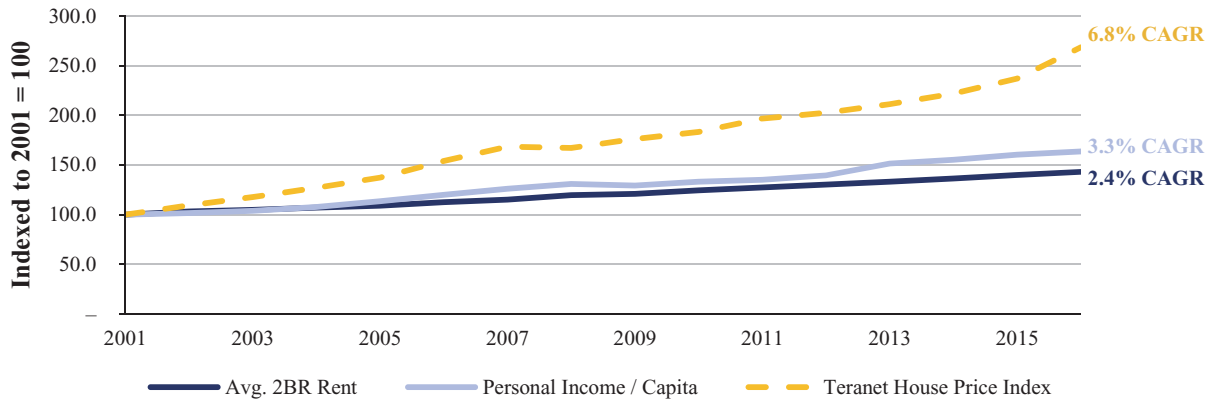
Canadian Housing Prices



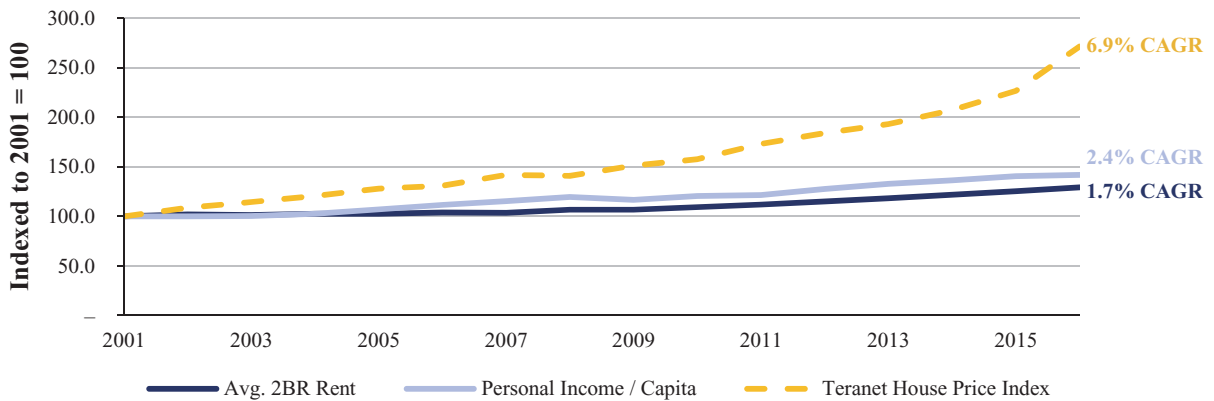
Source: CMHC / Teranet, 2017

The continued growth of house prices has further widened the affordability gap between renting and home ownership, nationally as well as in Toronto and Ottawa. Toronto in particular has witnessed drastic increases in housing prices over the past decade (Source: CMHC / Teranet, Conference Board of Canada). Average two bedroom monthly rents and household income per capita have risen at similar rates since 2001, while home prices have more than doubled over the same time period, further widening the affordability gap.

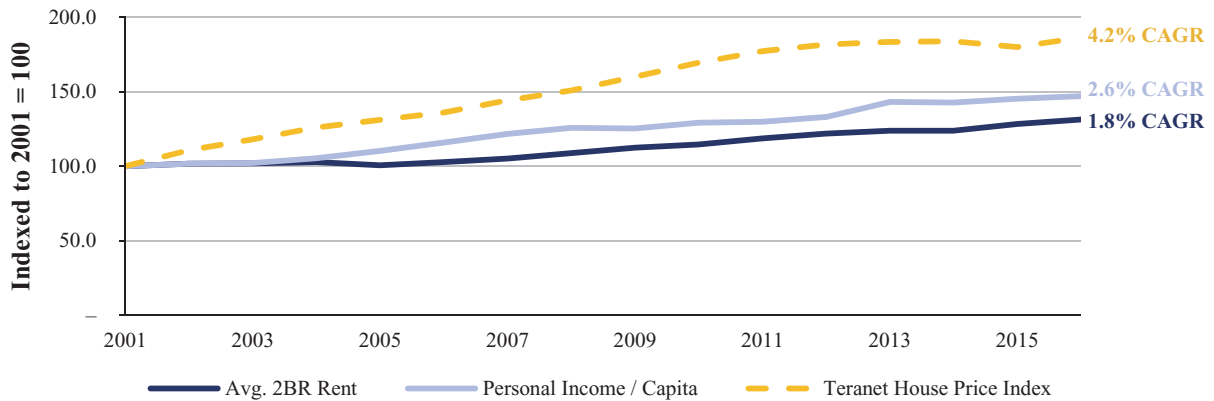
Canada Home Affordability Gap



Toronto Home Affordability Gap



Ottawa Home Affordability Gap



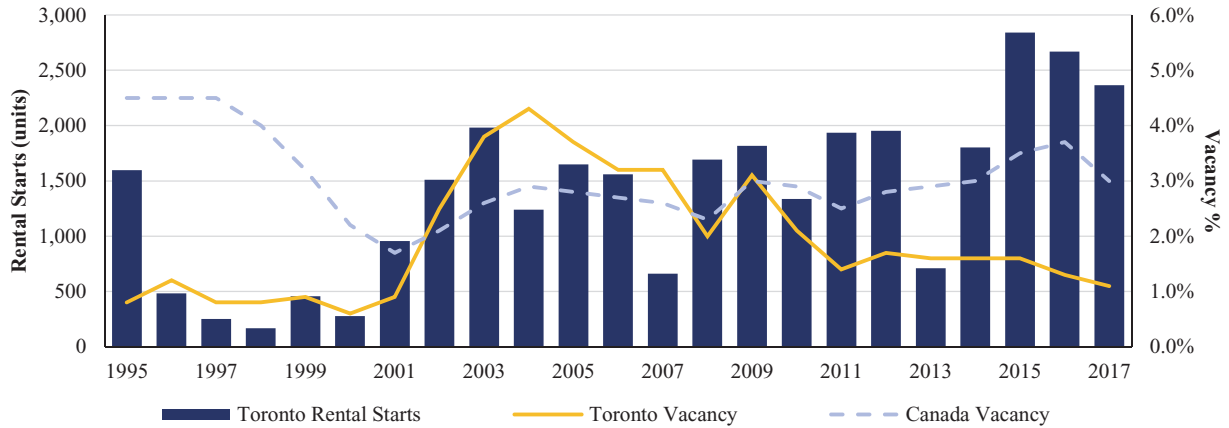
Source: CMHC / Teranet, 2017; Conference Board of Canada, 2018

Limited Rental Supply Growth and Declining Vacancy

The replacement cost of multi-residential rental buildings is substantially higher than the value for which they can be purchased in the market. Rising land values, construction costs, rent control legislation and other market conditions have made it difficult for developers to justify new apartment builds as the returns on these investments are lower than purchasing existing product, resulting in the total rental stock increasing by only

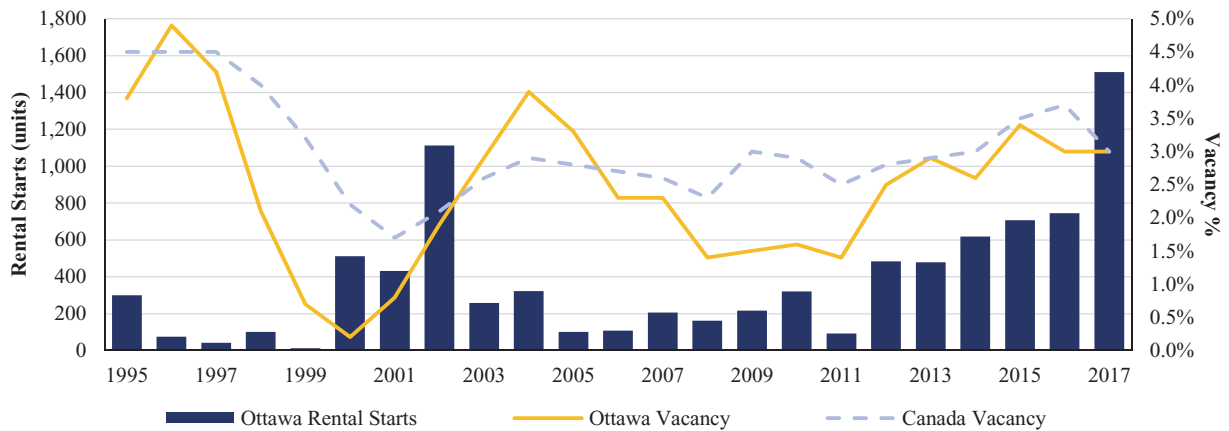
394,532 suites since 1995 despite a 7.0 million increase in the population. There has been limited new purpose-built rental supply in the country, with only an average of 17,933 suites started per year in all of Canada since 1995, or approximately 0.9% of the total supply started per year on average in Canada since 1995 (Source: CMHC). Significant barriers to entry protect incumbent owners from increased competition and continue to contribute to the favourable supply / demand fundamentals. For example, based on an estimate of replacement costs for the Initial Properties provided by the Appraiser, the estimated replacement costs of the Initial Properties is in excess of \$130 million higher than their appraised value (excluding any portfolio premium). This, combined with high land prices, makes new developments increasingly harder to justify. In order to achieve the same economics, newly built suites would require significantly higher rents versus existing properties.

Toronto Rental Starts vs. Rental Vacancy



Source: CMHC, 2017

Ottawa Rental Starts vs. Rental Vacancy



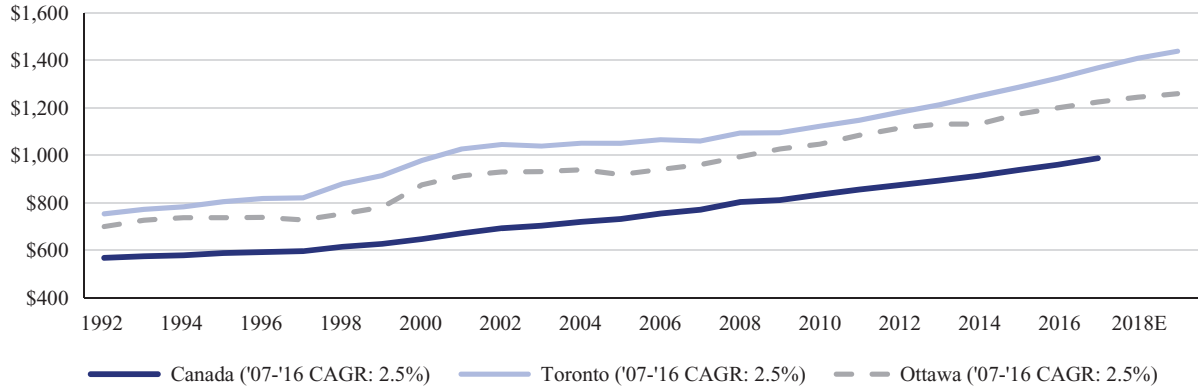
Source: CMHC, 2017

The recent increase in purpose-built rental construction starts combined with elevated levels of condominium development are expected to lead to above-average growth in rental supply inventory over the next few years. However, the adoption of the Ontario Fair Housing Plan in 2017 has extended rent control regulation to buildings built after 1991, which management believes will negatively impact future supply growth as fewer purpose-built rental projects ultimately decide to proceed as rental. The continued low rental vacancy in the face of the recent increase in rental supply indicates that rental housing supply is not near the levels needed to absorb the high demand and bring rental demand and supply into equilibrium.

Strong Average Rental Rate Growth

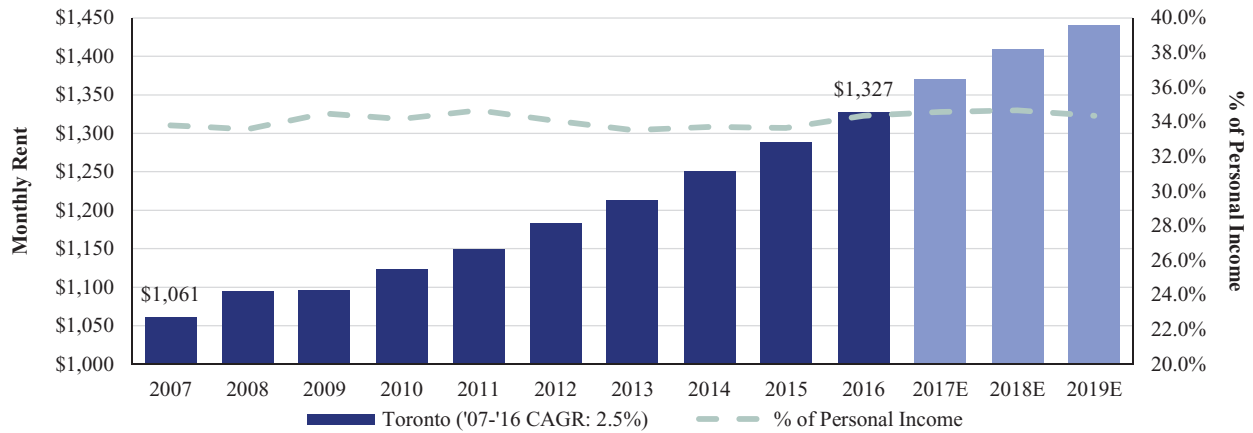
The REIT’s core markets have historically experienced and are expected to continue to experience stable and growing rents. Rental affordability, measured as a percentage of personal income, in each of Toronto, Ottawa, Calgary and Edmonton has broadly remained in line in the face of rising rents. Rents in Calgary and Edmonton have been recovering since 2016 and are forecast to continue to rise, while Toronto and Ottawa continue to see strong annual rental growth, driven by low vacancy, continued urbanization, favourable demographic trends and strong economic conditions. Furthermore, management believes there are a number of Initial Properties with in-place rents well below prevailing market rents, allowing for incremental rental revenue growth as the suites turn.

Average Two-Bedroom Rent per Month



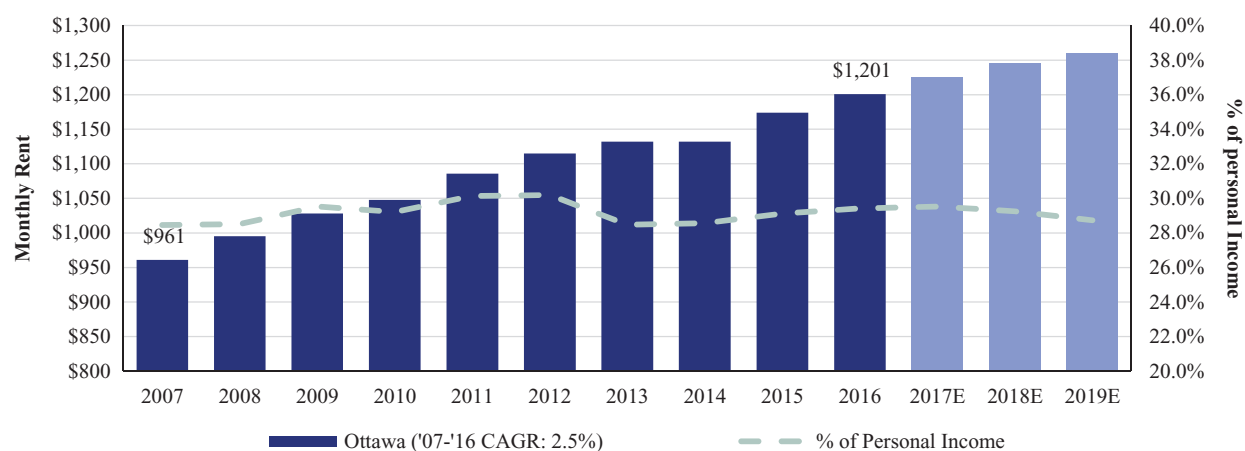
Source: CMHC, 2017

Toronto Average Two-Bedroom Rent



Source: CMHC, 2017; Conference Board of Canada, 2018

Ottawa Average Two-Bedroom Rent



Source: CMHC, 2017; Conference Board of Canada, 2018

Economic Data and Trends by Region

Source: Statistics Canada, Conference Board of Canada, 2018

Canada	2013	2014	2015	2016	2017	2018E	2019E
Real GDP Growth	2.2%	2.6%	0.9%	1.3%	3.1%	2.0%	1.7%
CPI	0.9%	1.9%	1.1%	1.5%	1.7%	2.0%	2.1%
Unemployment Rate	7.1%	6.9%	6.9%	7.0%	6.6%	6.5%	6.3%
Personal Income Per Capita	42,765	43,820	45,281	46,214	47,335	48,574	49,893
Population Growth	1.2%	1.1%	0.9%	1.1%	1.1%	1.0%	1.0%
Net Migration	263,156	267,906	240,841	323,173	272,666	310,000	330,000

Ontario	2013	2014	2015	2016	2017	2018E	2019E
Real GDP Growth	1.2%	2.6%	2.6%	2.6%	3.2%	2.0%	1.8%
CPI	1.1%	2.3%	1.2%	1.8%	1.6%	2.1%	2.2%
Unemployment Rate	7.6%	7.3%	6.8%	6.6%	6.2%	6.2%	6.1%
Personal Income Per Capita	42,236	43,262	44,959	46,154	47,317	48,851	50,328
Population Growth	1.1%	1.0%	0.8%	1.5%	1.4%	1.1%	1.0%
Net Migration	105,910	101,913	89,704	120,338	98,409	n/a	n/a

Canadian economic growth has been consistently strong over the past decade, with Canada leading all G7 nations in total GDP growth from 2007 - 2016 (Source: OECD, February 2018). The country's reputation as a safe, stable, diverse and welcoming place has continued to drive strong immigration and business investment.

The majority of the REIT's properties are located in Ontario, a growth leader in Canada, with average real GDP growth in excess of the rest of the country from 2015 - 2017. Ontario's economic growth has exceeded the Canada average since 2014. The Ontario unemployment rate fell to 6.2% in 2017, its lowest level since 2008 and remains well below the national rate.

Ottawa	2013	2014	2015	2016	2017	2018E	2019E
Real GDP Growth	0.1%	1.4%	2.0%	2.3%	2.7%	2.1%	2.0%
CPI	1.0%	2.0%	0.9%	1.3%	1.5%	2.1%	2.2%
Unemployment Rate	6.4%	6.7%	6.5%	6.5%	5.6%	5.8%	5.6%
Personal Income Per Capita	47,710	47,538	48,374	48,979	49,798	51,085	52,638
Population Growth	1.1%	1.1%	1.0%	1.6%	1.6%	1.2%	1.1%

<u>Toronto</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018E</u>	<u>2019E</u>
Real GDP Growth	2.1%	3.5%	3.7%	3.7%	2.7%	2.5%	2.4%
CPI	1.2%	2.5%	1.6%	2.0%	2.0%	2.0%	2.1%
Unemployment Rate	8.2%	8.0%	7.1%	7.0%	6.7%	6.5%	6.2%
Personal Income Per Capita	43,418	44,545	46,967	47,780	48,930	50,514	52,020
Population Growth	1.7%	1.5%	1.1%	1.9%	1.8%	1.4%	1.4%

The Alberta economy experienced a recession in the face of a decline in the oil and gas industry starting in 2014, as oil prices began to fall. This led to a spike in unemployment, rental vacancies and a decline in average rental rates. Calgary was particularly affected as its primary industry is the oil and gas sector. Edmonton possesses a diversified economy, with a large government base, and has proven to be more resilient. Both cities are poised to experience significant acceleration in growth as the rest of the province rebounds, in the face of recovering oil prices and more robust economic growth.

While the Alberta economy has slowed down significantly since the downturn in the oil and gas industry, its economy recently began to recover in 2017, with positive growth in GDP and improvement in employment. Additionally, amidst the backdrop of rising oil prices, activity in the energy sector has also started to increase. The province has experienced strong employment gains, regaining 41,000 of the 62,000 jobs lost during the recession, with growth in manufacturing, oil production and government services. Improving economic conditions are expected to drive increased rental demand, with CMHC forecasting average rents to rise and vacancies to continue to decline through 2019.

<u>Calgary</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018E</u>	<u>2019E</u>
Real GDP Growth	4.7%	5.6%	-3.2%	-3.7%	6.9%	2.5%	2.1%
CPI	1.7%	3.0%	1.2%	1.0%	1.6%	1.9%	2.2%
Unemployment Rate	4.8%	5.0%	6.4%	9.4%	8.7%	8.2%	7.8%
Personal Income Per Capita	60,203	62,341	63,378	62,921	64,101	65,943	67,163
Population Growth	3.8%	3.5%	2.3%	2.5%	2.2%	1.8%	1.8%

<u>Edmonton</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018E</u>	<u>2019E</u>
Real GDP Growth	6.2%	5.2%	-3.2%	-3.6%	5.2%	2.2%	2.0%
CPI	1.2%	2.2%	1.2%	1.2%	1.5%	1.8%	2.2%
Unemployment Rate	4.9%	5.2%	5.9%	7.3%	8.3%	8.1%	7.8%
Personal Income Per Capita	52,307	53,583	55,683	54,092	54,759	56,009	57,481
Population Growth	3.6%	3.5%	2.4%	2.5%	2.1%	1.7%	1.9%

KEY RESIDENTIAL TENANCY LEGISLATION

Ontario

The *Residential Tenancies Act, 2006 (Ontario)* came into effect on January 31, 2007 and imposed restrictions on landlords with respect to increasing rent for existing tenants above an annually prescribed guideline, tied to the Consumer Price Index as reported by Statistics Canada. These controls applied to rental properties built prior to November 1991.

The Ontario Fair Housing Plan, announced in April 2017, introduced new rent control measures for rental properties built after 1991. Rent increases will be capped at a maximum and tied to the Consumer Price Index, with landlords able to seek Above Guideline Increases, where permitted. However, the Ontario Fair Housing Plan retained vacancy decontrol, the ability for landlords to increase rents to any level at their discretion once a tenant has vacated a unit, subject to finding a new tenant at the new asking rent. Additionally, the province of Ontario has developed and issued a standard lease with explanatory information available in multiple languages, tightened provisions for “landlord’s own use” evictions, ensuring that tenants are adequately compensated if asked to vacate for that purpose, and made technical changes at the Landlord-Tenant Board to make the process fairer and easier for renters and landlords.

The elimination of the post-1991 rent control exemption is expected by management to result in limited new rental construction and a lower overall industry turnover rate on the existing supply of suites.

Alberta

Under the *Residential Tenancies Act, 2004 (Alberta)*, landlords in Alberta are generally restricted from increasing rents more than once in a period of at least one year, though there is no restriction on the allowable amount of an increase. Additionally, if a landlord has served the tenant with a notice to terminate a periodic tenancy for the purposes of selling the property as a condominium suite or as part of a condominium suite, to demolish the building or to make major renovations, the landlord cannot increase the rent.

THE INITIAL PROPERTIES

Overview

On Closing, the REIT will acquire a portfolio of 22 income-producing multi-residential rental properties currently owned and operated by MPI, comprising an aggregate of 4,279 suites. The Initial Properties are comprised of assets located in Toronto, Ottawa, Calgary and Edmonton. All properties are located within desirable nodes or downtown areas with excellent access to local transit and amenities. Among others, properties include Minto Yorkville located in Toronto's upscale Yorkville neighbourhood, Minto Roehampton located in Toronto's Yonge-Eglinton area, 620 Martin Grove Road located in the heart of Etobicoke and The Carlisle and Minto one80five located in Ottawa's central business district. Management believes that the Initial Properties offer investors a unique exposure to high-quality properties located in major urban centers with excellent walk scores according to walkscore.com, and represent a compelling long-term investment opportunity.

List of Initial Properties

The following table highlights certain information about the Initial Properties as at March 31, 2018:

# Property	City	Total Suites	Year Built	Net Rentable Area (Sq. Ft)	Avg. Suite Size (Sq. ft) ⁽¹⁾	Asset Type	Physical Occupancy (%) ⁽¹⁾	Average Monthly Rent ⁽¹⁾	Average Monthly Rent/Sq. ft. ⁽²⁾
Ontario									
1. Richgrove 7 & 21 Richgrove Drive	Toronto	258	1969	249,682	968	High-Rise	98.4%	\$1,539	\$1.59
2. Martin Grove 620 Martin Grove Road	Toronto	237	2011	140,194	592	High-Rise	100.0%	\$ 910	\$1.54
3. Minto Yorkville ⁽³⁾ 61 Yorkville Avenue	Toronto	181	2004	177,765 ⁽⁴⁾	981	High-Rise	98.7% ⁽⁵⁾	\$3,858	\$3.93
4. Roehampton ⁽³⁾ 150 Roehampton Avenue	Toronto	148	2007	95,513	634	High-Rise	98.1%	\$1,885	\$2.97
5. Minto one80five ⁽³⁾ 185 Lyon Street North	Ottawa	417	1988	286,979	696	High-Rise	99.3%	\$1,636	\$2.35
6. Parkwood Hills Garden Homes & Townhomes Various Meadowlands, Chesterton, Bowhill, Deer Park, Forest Park, Fisher	Ottawa	393	1968 ⁽⁶⁾	471,909	1,201	Low-Rise	99.5%	\$1,433	\$1.19
7. Aventura 18 & 20 Deerfield Drive	Ottawa	354	1983	241,494	682	High-Rise	99.2%	\$1,117	\$1.64
8. Huron 1339 Meadowlands Drive East	Ottawa	251	1971	193,677	772	High-Rise	98.4%	\$1,244	\$1.61
9. Seneca 1343 Meadowlands Drive East	Ottawa	251	1972	193,677	772	High-Rise	96.8%	\$1,240	\$1.61
10. Castlevue 1755 Riverside Drive	Ottawa	241	1973	171,625	712	High-Rise	98.3%	\$1,335	\$1.87
11. Skyline — Garden Homes, Maisonnets and Walkups 24-58 Northview Road and 25-33, 34, 35, 36, 38-44 Eleanor Drive	Ottawa	227 ⁽⁷⁾	1972 ⁽⁶⁾	210,087	925	Low-Rise	97.8%	\$1,283	\$1.39
12. The Carlisle 221 Lyon Street North and 440 Laurier Avenue West	Ottawa	191	1985	260,221 ⁽⁸⁾	1,134	High-Rise	99.0%	\$1,834	\$1.62
13. Castle Hill 1000 Castle Hill Crescent	Ottawa	176	1971	135,589	770	High-Rise	95.5%	\$1,209	\$1.57
14. Grenadier 1129 Meadowlands Drive East	Ottawa	157	1963	108,241	689	High-Rise	96.2%	\$1,043	\$1.51
15. Tanglewood 1-27 & 12-26 Woodfield Drive	Ottawa	122	1975	116,748	957	Low-Rise	99.2%	\$1,282	\$1.34
16. Eleanor 30 Eleanor Drive	Ottawa	117	1973	85,855	734	High-Rise	98.3%	\$1,181	\$1.61
17. Frontenac 1192 Meadowlands Drive East	Ottawa	104	1962	62,764	604	High-Rise	96.2%	\$1,027	\$1.70
18. Stratford 1186 Meadowlands Drive East	Ottawa	59	1962	38,812	658	Mid-Rise	98.3%	\$1,042	\$1.58
Ontario Total / Wtd. Average⁽⁹⁾		3,884	1979	3,240,832	826		98.4%	\$1,378	\$1.67
Alberta									
19. Laurier ⁽³⁾ 100 & 200 Quarry Villas SE	Calgary	144	2012	113,103	790	Mid-Rise	97.8%	\$1,391	\$1.76
20. The Lancaster House 10025 115 Street NW	Edmonton	98	1968	71,512	730	High-Rise	92.8% ⁽⁵⁾	\$1,027	\$1.41
21. York House 10030 114 Street NW	Edmonton	92	1968	70,292	764	High-Rise	96.6% ⁽⁵⁾	\$1,116	\$1.46
22. Hi-Level Place 11005 98 Avenue NW	Edmonton	61	1959	44,331	727	High-Rise	89.8% ⁽⁵⁾	\$ 965	\$1.33
Alberta Total / Wtd. Average⁽⁹⁾		395	1983	299,238	758		95.0%	\$1,165	\$1.54
Portfolio Total / Wtd. Average⁽⁹⁾		4,279	1980	3,540,070	820		98.0%	\$1,358	\$1.66

(1) Excludes furnished suites and commercial area.

(2) Calculated as average monthly rent divided by average unfurnished suite size.

(3) Suite counts for Roehampton, Minto Yorkville, Minto one80five and The Laurier includes furnished suites, representing approximately 31.9% of total suites at these properties. Average suite size, occupancy, average monthly rent and average rent per square foot exclude furnished suites.

(4) Includes 11,910 square feet of commercial space.

(5) Excludes 12 offline suites under renovation as at March 31, 2018 across Minto Yorkville (4), The Lancaster House (1), York House (5) and Hi-Level Place (2). Occupancies inclusive of these suites are as follows: Minto Yorkville — 93.8%, The Lancaster House — 91.8%, York House — 91.3%, Hi-Level Place — 86.9% and portfolio total — 97.7%.

(6) Represents the weighted average year of construction.

(7) Excludes 32 Maisonnets damaged by fire in March 2017.

(8) Includes 43,629 square feet of commercial space.

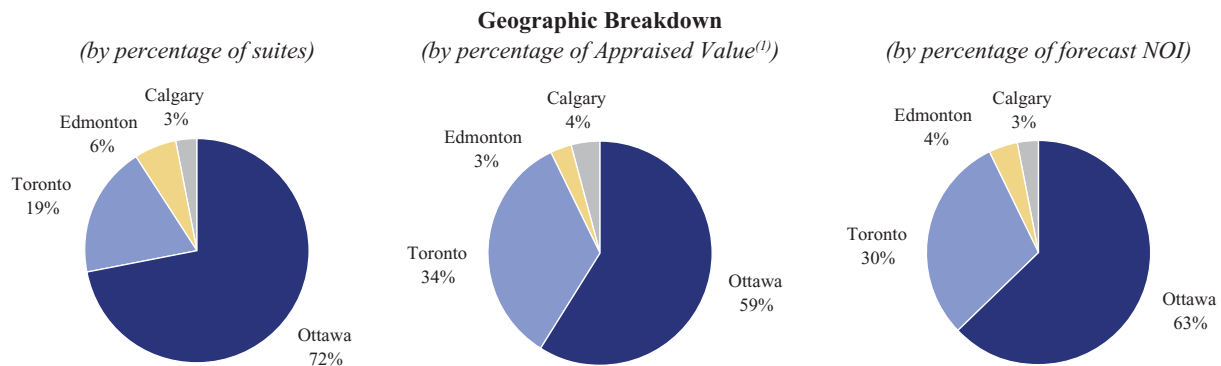
(9) Average year built weighted by total suites; average suite size, occupancy, average monthly rent and average rent per square foot weighted by total unfurnished suites.

Within the Initial Properties, 92.5% of allowed suites, which do not include affordable (non-market rent) suites at Martin Grove as MPI is not permitted to sub-meter for such suites, have been sub-metered to allow for tenants to pay for their own utilities, insulating the REIT from unpredictable pricing changes and encouraging the tenant to adopt more energy efficient behaviours. Of the allowed suites, only 53% have been enrolled to have tenants pay for utilities separately. Tenants only enroll after occupancy of a suite has been turned, therefore, the REIT is expected to receive the benefit of the balance of the suites enrolling in the sub-metering program as the occupancy of suites turn.

Composition of Initial Properties

Geographic Distribution

The Initial Properties are all clustered in major urban centers, including Toronto and Ottawa, Ontario. Approximately 19% of the suites, 30% of forecast NOI and 34% of the appraised value of the Initial Properties are in Toronto, Canada’s most populated and significant economic cluster, home to 6.2 million people as of 2016 according to Statistics Canada. Furthermore, 72% of the suites, 63% of forecast NOI and 59% of the appraised value of the Initial Properties are in Ottawa, Canada’s capital city and home to a large government services and technology sector. The majority of the Initial Properties in Ottawa are located within close proximity to each other. Management believes such “clustering” supports significant economies of scale and operational efficiency.

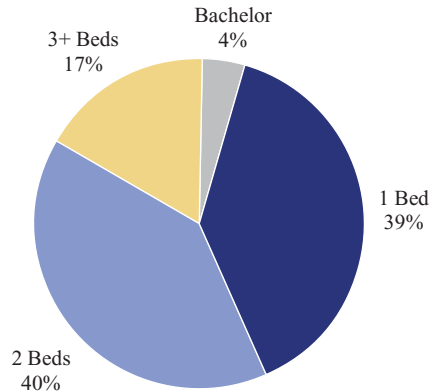


(1) Appraisal Value excludes portfolio premium.

Mix of Suite Types

Approximately 43% of the suites within the Initial Properties are bachelor and one bedroom suites, while the remainder is comprised of two, and three or more bedroom suites. Management believes the Initial Properties provide a healthy mix of suite offerings that will result in strong rental demand. The relative focus on larger suites with two or more bedrooms will capitalize on the growing demand from families, especially in major urban centers, as the housing affordability gap widens. Meanwhile, single bedroom suites will attract strong demand from younger customers due to the propensity to rent among the under-35 demographic.

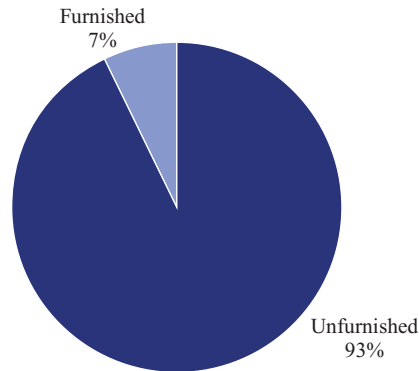
Suite Mix
(by percentage of suites)



Furnished Suites

Approximately 7% of suites in the Initial Properties are furnished suites. Management believes that there are favourable economics for a certain percentage of furnished suites in key urban markets aimed at attracting short and medium term stays for a variety of professionals and individuals. The REIT offers luxury furnished rentals for short term lease with 30-day minimum stays and hotel-quality amenities, including 24 hour concierge services, weekly housekeeping and valet parking in certain properties. As of March 31, 2018, the average monthly rent for the furnished suites in the portfolio was \$2,448. Furnished suites average occupancy for the past five years was 81%.

Suite Type
(by percentage of suites)

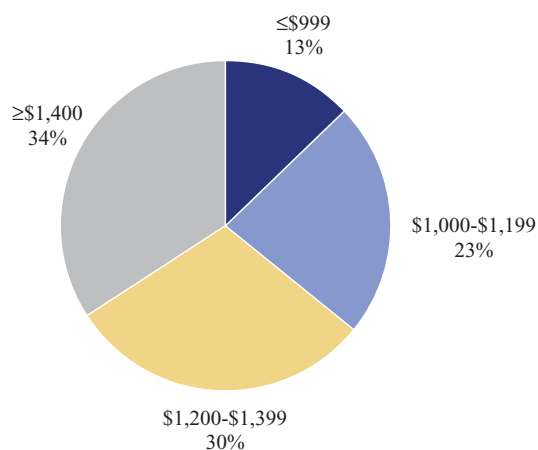


Distribution of Monthly Rent

Approximately 87% of the occupied unfurnished suites have rental rates of \$1,000 per month or more, and approximately 34% of occupied unfurnished suites have rental rates of \$1,400 per month or more. This demonstrates the relative quality of the Initial Properties and the diversified mix of affordable and luxury suites

in the portfolio. The suite distribution by monthly rent paid per occupied unfurnished suite as of March 31, 2018 is as follows:

Monthly Rental Rate Breakdown
(by percentage of suites)



Note: Excludes furnished and vacant suites.

Initial Properties Gain-to-Lease Summary

The annualized estimated gain-to-lease represents the difference between in-place rent per suite and management's estimate of corresponding market rent per suite for each property. Management estimates an in-place gain-to-lease of approximately \$5.1 million on an annualized basis, or \$109 per suite per month. Management has estimated market rents on a suite type basis (i.e. one bedroom suites, two bedrooms suites) for each of the Initial Properties taking into account local market conditions and recent leasing activity at each Initial Property.

Geographic Node	Total Suites	Average Monthly In-Place Rent / Suite ⁽¹⁾	Management's Estimate of Monthly Market Rent / Suite ⁽¹⁾	Percentage Gain-to-Lease	Annualized Estimated Gain-to-Lease
Toronto	669	\$1,632	\$1,843	12.9%	\$1,690,414
Ottawa	2,878	\$1,317	\$1,400	6.3%	\$2,854,813
Alberta	358	\$1,172	\$1,301	11.0%	\$ 556,032
Total / Average	3,905	\$1,358	\$1,466	8.0%	\$5,101,259

Note: Data as of March 31, 2018. Excludes furnished suites and vacant suites.

(1) Weighted average by suite.

DESCRIPTION OF THE INITIAL PROPERTIES

ONTARIO

7 & 21 Richgrove Drive, Toronto, Ontario ("Richgrove")

Richgrove is comprised of two high-rise residential apartment buildings situated near the intersection of Eglinton Avenue and Martin Grove Road in an established family neighbourhood in Etobicoke in West Toronto. The property is in close proximity to public transit, Highways 427 and 401, the Humber River Regional Hospital and Pearson International Airport. The 11 storey buildings are situated on 4.29 acres of land and contain a total of 258 suites comprised of 3 bachelor, 53 one-bedroom, 142 two-bedroom and 60 three-bedroom suites. The

building includes laundry facilities, an indoor pool, and provides 178 indoor and 163 outdoor parking spaces. The property is in close proximity to a wide array of parks, restaurants, shopping, and schools. Located across the street is Richview Park, a 27 acre park featuring a baseball diamond, seven multipurpose sport fields as well as a playground. Richgrove was constructed in 1969 and built with a concrete frame, and sub-metering for electricity is in place and is activated as tenants turnover. Recent major renovations include a lobby and corridor upgrade at 21 Richgrove with new paint and carpets in 2017. There is excess land on the site located adjacent to 7 & 21 Richgrove and 620 Martin Grove with zoning for 225 suites obtained.

620 Martin Grove Road, Toronto, Ontario (“Martin Grove”)

Martin Grove is comprised of a high-rise residential apartment building situated near the intersection of Eglinton Avenue and Martin Grove Road, focused on the senior demographic in Etobicoke in West Toronto. The property is in close proximity to public transit, Highways 427 and 401, the Humber River Regional Hospital and Pearson International Airport. The 21 storey building is situated on 0.82 acres of land and contains a total of 237 suites comprised of 236 one-bedroom suites and 1 two-bedroom suite. The building includes laundry facilities, a courtyard, and storage and provides 135 indoor and 29 outdoor parking spaces. The property is in close proximity to a wide array of parks, restaurants, shopping, and schools. Located across the street is Richview Park, a 27 acre park featuring a baseball diamond, seven multipurpose sport fields as well as a playground. Martin Grove was built in partnership with the City of Toronto, which provided a grant and has designated 204 of the 237 suites to be affordable housing apartments for seniors, while the remaining are market rent suites. Due to the high demand for these suites, Martin Grove is able to provide very consistent and stable revenue. The agreement with the city requires that the 204 suites remain affordable housing for a period of 25 years from development of which approximately 18 years remain. Rents for these suites are required to be at or below 78% of the average market rents as reported by CMHC. The agreement also exempts the 204 affordable suites at Martin Grove from property taxes for municipal and school purposes for a period of 25 years, of which approximately 18 years also remain. The agreement is secured by a mortgage registered on title to the property that is subordinated to the existing CMHC-insured financing. The principal balance is reduced by 5% of the original grant amount every June 1st and the remaining unforgiven balance of the grant is \$18,360,000 as of June 1, 2018. If the agreement is terminated before the amount is fully forgiven, the REIT will be required to repay the outstanding balance to the City. Martin Grove was constructed in 2011 by Minto and built with a concrete frame, has achieved LEED gold status and the market rent suites are sub-metered for electricity, water and heating of hot water.

61 Yorkville Avenue, Toronto, Ontario (“Minto Yorkville”)

Minto Yorkville is a luxury mixed-use high-rise residential apartment and commercial building situated near the intersection of Bay Street and Yorkville Avenue in Yorkville, Toronto’s most upscale retail and residential neighbourhood. The property is steps away from the Bay Street subway station, the upscale Yorkville shopping district and is in close proximity to Museums such as the Royal Ontario Museum, the University of Toronto and the core of downtown Toronto. It is also steps away from a wide array of restaurants, boutiques and entertainment. The 17 storey building is situated on 0.45 acres of land and contains a total of 181 suites comprised of 109 one-bedroom, 66 two-bedroom and 6 three-bedroom suites, including 83 one and two bedroom furnished suites. The building includes a 24-hour front desk concierge, valet service, a fitness centre with a personal training section, theatre room, party room, multi-purpose yoga room, in-suite laundry and housekeeping. The building provides 124 underground parking spaces as well as 4 Tesla electric parking spots. Minto Yorkville was constructed in 2004 by Minto and built with a concrete frame, with 104 suites sub-metered for electricity. Recent major renovations include the lobby and amenities spaces in 2017. Renovations are currently underway with 79 furnished suites and 19 unfurnished suites expected to be renovated by July 2018, with the remainder to be renovated on turnover. The full scope of the renovation includes repositioning the suites to a higher standard of luxury that will drive higher rents in the process. This includes new hardwood flooring, new fixtures, renovated bathrooms and stainless steel appliances. Minto Yorkville also includes approximately 11,910 square feet of office and retail space on the first and second levels, currently leased by a gourmet grocery store, Pusateri’s Fine Foods.

150 Roehampton Avenue, Toronto, Ontario (“Roehampton”)

Roehampton is a high-rise residential apartment building situated at the intersection of Yonge Street and Eglinton Avenue in Toronto, steps away from public transit, including the Eglinton TTC subway station. The 16 storey building is situated on 0.46 acres of land and contains a total of 148 suites consisting of 1 bachelor, 95 one-bedroom and 52 two-bedroom suites, including 44 furnished one and two bedroom suites. The building includes in-suite laundry facilities, a party room, a media room, a business centre, a fitness centre, sundeck with BBQ, underground bicycle parking, and provides 134 indoor parking spaces. The property is in close proximity to a wide array of restaurants, malls, shopping, entertainment, public transit, employment nodes, and schools. Roehampton was constructed in 2007 by Minto and built with a concrete frame. The infrastructure for sub-metering of electricity, water and the heating of hot water is in place for all suites, although currently activated for only the unfurnished suites. Roehampton is a LEED Gold Certified building which has implemented various green initiatives such as rainwater harvesting, solar wall for pre-heating air in the winter required for ventilation as well as motion control lighting.

185 Lyon Street North, Ottawa, Ontario (“Minto one80five”)

Minto one80five is a premium high-rise residential apartment building situated on the intersection of Lyon Street North and Laurier Avenue West in Ottawa’s central business district, a few minutes’ walk from Parliament Hill and in close proximity to public transportation, the Queensway / Highway 417, and University of Ottawa. The 30 storey building is situated on approximately 0.40 acres of land and contains a total of 417 suites comprised of 72 bachelor, 270 one-bedroom and 75 two-bedroom suites, including 100 one and two bedroom furnished suites. The building includes a 24-hour front desk concierge, a full service gym with a 20-meter salt-water pool, party room, media room, billiards table, in-suite laundry, resident lounge, housekeeping services, and provides 76 underground parking spaces. The property is nearby restaurants, boutiques, cafes, bars, theatres, concert halls, and is near the Rideau Canal, Rideau Shopping Centre, and entertainment at the ByWard Market. The property is connected to a commercial plaza that includes restaurants and a drug store, as well as multiple office buildings. Minto one80five was constructed in 1988 by Minto and built with a concrete frame and converted from a four-diamond hotel to a premium multi-residential rental property in 2014. The infrastructure for sub-metering of electricity is in place for all suites, although currently activated for only the unfurnished suites. Recent major renovations include significant common area upgrades, with a renovated lobby and corridors with new paint, carpets and lighting. In-suite upgrades include new flooring, stainless steel appliances, open-concept kitchens with quartz countertops and premium finishes and fixtures throughout.

1208-1214, 1110, 1114, 1135-1153, 1331-1337 Meadowlands Drive East, 30-72 Chesterton Drive, 49-75 Bowhill Avenue, 1106-1111 Deer Park Road, 1434-1570 Fisher Avenue, 35-37 Forest Park Avenue, Ottawa, Ontario (“Parkwood Hills Garden Homes & Townhomes”)

The Parkwood Hills Garden Homes and Townhomes consist of low-rise residential homes and apartments situated near the intersection of Merivale Road and Meadowlands Drive East in Nepean, in West Ottawa in close proximity to public transportation, the Queensway / Highway 417, Algonquin College and Carleton University. The 2 and 3 storey buildings are situated on approximately 24.84 acres of land and contain a total of 393 suites consisting of 34 two-bedroom homes, 301 three-bedroom homes and 58 four-bedroom homes. The buildings include built-in laundry, access to amenities, including a party room, indoor and outdoor pools, playgrounds, a dog park and outdoor BBQ area, and provide 228 indoor and 255 outdoor parking spaces, with an additional 195 outdoor parking spaces shared with Frontenac. The properties are in close proximity to restaurants, malls, shopping, public transit, employment nodes, and elementary and high schools. A number of the Garden Homes (representing 52 suites) are directly metered for electricity, while the remainder (representing 283 suites) and all of the Townhomes (representing 58 suites) are directly metered for both electricity and gas. Parkwood Hills Townhomes were constructed in 1962 by Minto and the Garden Homes were constructed between 1966 and 1971 by Minto. Both are built with a wood frame.

18 and 20 Deerfield Drive, Ottawa, Ontario (“Aventura”)

Aventura is comprised of two high-rise residential apartment buildings situated near the intersection of Baseline Road and Woodroffe Avenue, just west of the downtown core of Ottawa. The buildings are in close

proximity to public transportation, the Queensway / Highway 417, Carleton University, and in walking distance to Algonquin College. The 15 storey buildings are situated on 4.29 acres of land and contain a total of 354 suites consisting of 57 bachelor, 121 one-bedroom and 176 two-bedroom suites. The buildings include laundry facilities, a party room, a media room, a fitness centre, a hot tub, sauna, an outdoor pool, bicycle storage and provide 253 indoor parking spaces and 187 outdoor parking spaces. The properties are surrounded by scenic parks, trails and bike paths and are in close proximity to restaurants, malls, shopping, including College Square shopping centre, public transit at Baseline Station, employment nodes, and elementary and high schools. Aventura was constructed in 1983 by Minto and built with a concrete frame, and directly metered for electricity. Recent major renovations include corridor upgrades with new paint, carpet and doors in 2017.

1339 Meadowlands Drive East, Ottawa, Ontario (“Huron”)

Huron is a high-rise residential apartment building situated near the intersection of Baseline Road and Merivale Road in Nepean, in West Ottawa in close proximity to public transportation, the Queensway / Highway 417, Algonquin College and Carleton University. The 12 storey building is situated on approximately 4.16 acres of land and contains a total of 251 suites consisting of 35 one-bedroom, 180 two-bedroom and 36 three-bedroom suites. The building includes laundry facilities, access to amenities, including a party room, indoor and outdoor pools, playgrounds, a dog park and an outdoor BBQ area, and provides 90 indoor parking spaces and 181 outdoor parking spaces. The property is in close proximity to restaurants, malls, shopping, public transit, employment nodes, and elementary and high schools. Huron was constructed in 1971 by Minto, built with a concrete frame, and sub-metering for electricity is in place and is activated as tenants turnover.

1343 Meadowlands Drive East, Ottawa, Ontario (“Seneca”)

Seneca is a high-rise residential apartment building situated near the intersection of Baseline Road and Merivale Road in Nepean, in West Ottawa in close proximity to public transportation, the Queensway / Highway 417, Algonquin College and Carleton University. It is also nearby to many restaurants and shopping along Merivale Road. The building is also close to a number of elementary and high schools as well as employment nodes and parks. The 12 storey building is situated on 4.73 acres of land and contains a total of 251 suites consisting of 35 one-bedroom, 180 two-bedroom and 36 three-bedroom suites. The building includes laundry facilities, access to amenities, including a party room, indoor and outdoor pools, playgrounds, a dog park and an outdoor BBQ area, and provides 194 indoor parking spaces and 150 outdoor parking spaces. Seneca was constructed in 1972 by Minto and built with a concrete frame, and sub-metering for electricity is in place and is activated as tenants turnover. Recent major renovations include a corridor upgrade with new paint, trim, doors and carpet in 2017.

1755 Riverside Drive, Ottawa, Ontario (“Castlevue”)

Castlevue is comprised of a high-rise residential apartment building situated near the intersection of Alta Vista Drive and Smyth Road in Ottawa’s southeast end on the edge of the Rideau River. It has convenient access to downtown Ottawa, and is minutes from Saint Paul University and several major hospitals. The 26 storey building is situated on 1.62 acres of land and contains a total of 241 suites comprised of 1 bachelor, 137 one-bedroom, 85 two-bedroom and 14 three-bedroom suites and 4 three-bedroom penthouses suites. The building includes a fitness centre, laundry facilities, outdoor BBQ area, indoor pool, sauna, outdoor tennis court, convenience store, underground car wash, bicycle storage and is nearby to trails and greenspace. It provides 225 indoor parking spaces and 20 outdoor parking spaces. The property is surrounded by parks and paths and is a short drive away from the downtown core, nearby to the new LRT transit hub at Hurdman station as well as many restaurants, cafes, shopping and entertainment. Castlevue was constructed in 1973 and built with a concrete frame, and sub-metering for electricity is in place and is activated as tenants turnover.

24-58 Northview Road and 25-33, 34, 35, 36, 38-44 Eleanor Drive, Ottawa, Ontario (“Skyline — Garden Homes, Maisonettes and Walkups”)

Skyline Garden Homes, Maisonettes and Walkups are comprised of low-rise residential homes and apartments situated near the intersection of Baseline Road and Merivale Road, in Nepean, in West Ottawa. They are in close proximity to public transportation, the Queensway / Highway 417, Algonquin College and

Carleton University. The 3 storey buildings are situated on 8.24 acres of land and contain a total of 227 suites consisting of 171 two-bedroom suites, 41 three-bedroom suites and 15 four-bedroom suites. The buildings include access to an outdoor pool, an outdoor BBQ area, and a fitness centre and provide 251 carport and 57 outdoor parking spaces. The property is surrounded by scenic parks and trails, and is in close proximity to restaurants, malls, shopping, public transit, employment nodes, and schools, and is only 10 minutes away from the Ottawa Hospital. Skyline Maisonettes and Walkups were built in 1972 by Minto with sub-metering for electricity in place and activated as tenants turnover. The Skyline Garden Homes were built in 1969 by Minto and are directly metered for electricity and gas. In March 2017, a block of 32 Maisonettes was destroyed in a fire; the remaining 168 Maisonettes were not damaged. The 32 suites are being rebuilt with construction expected to start in November 2018 and completed by December 2019. First occupancy is expected to be in October 2019 with full lease up by March 2020.

221 Lyon Street North and 440 Laurier Avenue West, Ottawa, Ontario (“The Carlisle”)

The Carlisle is comprised of a high-rise mixed-use residential apartment and commercial building situated at the intersection of Lyon Street North and Laurier Avenue West in Ottawa’s central business district, a few minutes’ walk from Parliament Hill and in close proximity to public transportation, the Queensway / Highway 417, and University of Ottawa. The 28 storey building is situated on 0.58 acres of land and contains a total of 191 suites comprised of 54 one-bedroom and 137 two-bedroom suites. The building includes a fitness centre, media room, rooftop terrace, in-suite laundry, hot tub, dry sauna, a concierge, bicycle storage, and provides 138 indoor and 3 outdoor parking spaces. The property is located in the downtown core allowing residents to walk to work and is nearby to many restaurants and shopping nodes. The Carlisle is walking distance to the Rideau Canal, Rideau Shopping Centre and the National Art Centre and ByWard Market. The Carlisle was constructed in 1985 by Minto and built with a concrete frame, and is sub-metered for electricity. A potential renovation to drive higher rents would include refreshed common areas, upgraded amenities, with in-suite upgrades such as new flooring, quartz countertops, stainless steel appliances and an open concept kitchen with premium finishes throughout. The Carlisle also includes a 3 storey commercial podium with 43,629 square feet of office space.

1000 Castle Hill Crescent, Ottawa, Ontario (“Castle Hill”)

Castle Hill is comprised of a high-rise residential apartment building situated near the intersection of Clyde Avenue and Baseline Road, just ten minutes from Parliament Hill in the McKellar Heights area of West Ottawa. It is the only rental opportunity in the area, and has unobstructed views in all directions. The property is in close proximity to the Queensway / Highway 417, as well as several major hospitals. The 20 storey building is situated on 2.25 acres of land and contains a total of 176 suites comprised of 92 one-bedroom, 77 two-bedroom, 4 three-bedroom and 3 four-bedroom suites. The building includes a fitness centre, indoor pool, sauna, tenant lounge, outdoor BBQ area, considerable greenspace, bicycle storage and provides 88 indoor parking spaces and 121 outdoor parking spaces. The property is in close proximity to miles of trails and sprawling parks, as well as restaurants, schools, grocery stores and shopping. Castle Hill was constructed in 1971 and built with a concrete frame, and sub-metering for electricity is in place and is activated as tenants turnover. Due to its location, amenities and strong demand, there is an opportunity to reposition Castle Hill by renovating the suites, common areas and amenities to a higher standard and realizing higher rents in the process. The potential in-suite repositioning involves new flooring, an open-concept kitchen, stainless steel appliances, renovated bathroom and new fixtures.

1129 Meadowlands Drive East, Ottawa, Ontario (“Grenadier”)

Grenadier is a high-rise residential apartment building situated near the intersection of Baseline Road and Merivale Road in Nepean, in West Ottawa in close proximity to public transportation, the Queensway / Highway 417, Algonquin College and Carleton University. The building is nearby to many restaurants and considerable shopping along Merivale Road, and is close to a number of elementary and high schools as well as employment nodes and parks. The 7 storey building is situated on 3.31 acres of land and contains a total of 157 suites consisting of 7 bachelor, 89 one-bedroom, 53 two-bedroom and 8 three-bedroom suites. The building includes laundry facilities, access to amenities, including a party room, indoor and outdoor pools, playgrounds, a dog park and an outdoor BBQ area, and provides 191 outdoor parking spaces. Grenadier was constructed in 1963 by Minto and built with a concrete frame, and sub-metering for electricity is in place and is activated as tenants turnover. Recent major renovations include upgrades to the corridors of the building with new paint, trim, signage and doors in 2017.

1-27 and 12-26 Woodfield Drive, Ottawa, Ontario (“Tanglewood”)

Tanglewood is comprised of 122 low-rise residential townhomes situated near the intersection of Merivale Road and W Hunt Club Road, in Nepean, in West Ottawa in close proximity to public transportation, the Queensway / Highway 417, and Algonquin College. The 2 storey buildings are situated on 8.22 acres of land and contain a total of 122 three bedroom suites each with a basement. The buildings include in-suite laundry, a playground and provide 179 outdoor parking spaces. The property is surrounded by scenic parks and gardens, and is in close proximity to restaurants, malls, shopping, public transit, employment nodes, and schools, and is only 15 minutes away from the Ottawa Hospital. Tanglewood was constructed in 1975 by Minto and built with a wood frame and is directly metered for electricity and gas.

30 Eleanor Drive, Ottawa, Ontario (“The Eleanor”)

The Eleanor is a high-rise residential apartment building situated near the intersection of Baseline Road and Woodroffe Avenue, in Nepean, in West Ottawa in close proximity to public transportation, the Queensway / Highway 417, Algonquin College and Carleton University. The 12 storey building is situated on 1.57 acres of land and contains a total of 117 suites consisting of 47 one-bedroom and 70 two-bedroom suites. The building includes laundry facilities, a fitness centre, dog park, an outdoor pool, outdoor BBQ area, bicycle storage and playground. It provides 133 indoor and 12 outdoor parking spaces. The property is surrounded by scenic parks and gardens, and is in close proximity to restaurants, malls, shopping, public transit, employment nodes, and schools, and is only 10 minutes away from the Ottawa Hospital. The Eleanor was constructed in 1973 by Minto and built with a concrete frame, and sub-metering for electricity is in place and is activated as tenants turnover.

1192 Meadowlands Drive East, Ottawa, Ontario (“Frontenac”)

Frontenac is a high-rise residential apartment building situated near the intersection of Baseline Road and Merivale Road in Nepean, in West Ottawa. The building is in close proximity to public transportation, the Queensway / Highway 417, Algonquin College and Carleton University. It is also nearby to many restaurants and considerable shopping along Merivale Road. The building is also close to a number of elementary and high schools as well as employment nodes and parks. The 7 storey building is situated on approximately 1.11 acres of land and contains a total of 104 suites consisting of 66 one-bedroom and 38 two-bedroom suites. The building includes laundry facilities, access to amenities, including a party room, indoor and outdoor pools, playgrounds, a dog park and an outdoor BBQ area, bicycle storage and provides 195 outdoor parking spaces shared with the Parkwood Townhomes. Frontenac was constructed in 1962 by Minto and built with a concrete frame, and sub-metering for electricity is in place and is activated as tenants turnover.

1186 Meadowlands Drive East, Ottawa, Ontario (“Stratford”)

Stratford is a mid-rise residential apartment building situated near the intersection of Baseline Road and Merivale Road in Nepean, in West Ottawa in close proximity to public transportation, the Queensway / Highway 417, Algonquin College and Carleton University. It is also nearby to many restaurants and considerable shopping along Merivale Road. The building is also close to a number of elementary and high schools as well as employment nodes and parks. The 6 storey building is situated on approximately 1.36 acres of land and contains a total of 59 suites consisting of 35 one-bedroom and 24 two-bedroom suites. The building includes laundry facilities, a party room, a playground, access to indoor and outdoor pools, and provides 65 outdoor parking spaces. Stratford was constructed in 1962 by Minto and built with a concrete frame, and sub-metering for electricity is in place and is activated as tenants turnover.

ALBERTA

100 & 200 Quarry Villas SE, Calgary, Alberta (“The Laurier”)

The Laurier is a mid-rise residential apartment building complex situated near the intersection of Quarry Villas SE and 18th Street SE in southwest Calgary. The buildings compliment the planned Quarry Park industrial park, including a European-style market featuring cafes, restaurants and merchants and are only minutes from major highways and a future Light Rapid Transit station that will connect the property to downtown Calgary. The 4 storey building complex is situated on 2.12 acres of land and contains a total of 144 suites comprised of 51 one-bedroom and 93 two-bedroom suites, including 10 furnished one and two bedroom suites. The building

complex includes in-suite laundry, added storage, and provides 152 underground parking spaces and 37 outdoor parking spaces. The master planned community is anchored by the permanent employee base located in over 2 million square feet of office, with other amenities such as a daycare centre, YMCA, food anchored retail plaza as well as 70 acres of river front pathways. The Laurier was constructed in 2012 and built with a wood frame, and is directly metered for electricity.

10025 115 Street NW, Edmonton, Alberta (“The Lancaster House”)

The Lancaster House is a high-rise apartment building situated near the intersection of Jasper Avenue and 115 Street NW in downtown Edmonton. The 15 storey building is situated on approximately 0.69 acres of land and contains a total of 98 suites comprised of 28 bachelor, 42 one-bedroom and 28 two-bedroom suites. The building includes laundry facilities, a fitness centre, party room, outdoor lounge and access to the amenities at York House as well as 40 indoor and 71 outdoor parking spaces. The property is in close proximity to a variety of restaurants, shopping, entertainment, public transit and the newly established Brewery District. It is also nearby to the scenic North Saskatchewan River, Victoria Park as well as many bike paths, walking trails and the Victoria Golf range. The Lancaster House was constructed in 1968 and built with a concrete frame. Current major renovations include the lobby, common areas and amenities, which are expected to be complete by the end of 2018, as well as renovating suites on turnover. As of Closing, MPI expects to have deployed approximately \$4.7 million in capital expenditures for the portfolio upgrades at The Lancaster House, York House and Hi-Level Place (or approximately \$18,725 per suite), representing approximately 40% of the expected total spend.

10030 114 Street NW, Edmonton, Alberta (“York House”)

York House is a high-rise apartment building situated near the intersection of Jasper Avenue and 114 Street NW in downtown Edmonton. The 14 storey building is situated on approximately 0.69 acres of land and contains a total of 92 suites comprised of 13 bachelor, 52 one-bedroom and 27 two-bedroom suites. The building includes laundry facilities, an indoor and outdoor dog run as well as access to the amenities at The Lancaster House, and provides 49 indoor and 52 outdoor parking spaces. The property is in close proximity to a variety of restaurants, shopping, entertainment, public transit and the newly established Brewery District. It is also nearby to the scenic North Saskatchewan River, Victoria Park as well as many bike paths, walking trails and the Victoria Golf range. York House was constructed in 1968 and built with a concrete frame. Current major renovations include the lobby, common areas and amenities, which are expected to be complete by the end of 2018, as well as renovating suites on turnover.

11005 98 Avenue NW, Edmonton, Alberta (“Hi-Level Place”)

Hi-Level Place is a high-rise apartment building situated near the intersection of Jasper Avenue and 109 Street NW in downtown Edmonton, located directly across from the Grandin LRT station. The 7 storey building is situated on approximately 0.52 acres of land and contains a total of 61 suites comprised of 12 bachelor, 36 one-bedroom and 13 two-bedroom suites. The building includes laundry facilities and will have a fitness centre after the current renovations are complete, and provides 42 outdoor parking spaces. The property is in close proximity to a variety of restaurants, shopping, entertainment, public transit and the newly established Brewery District. It is also nearby to the scenic North Saskatchewan River, Victoria Park as well as many bike paths, walking trails and the Victoria Golf range. Hi-Level Place was constructed in 1959 and built with a concrete frame and is directly metered for electricity. Current major renovations include the lobby, common areas and amenities, which are expected to be complete by the end of 2018, as well as renovating suites on turnover.

ASSESSMENT AND VALUATION OF THE INITIAL PROPERTIES

Independent Appraisal

MPI retained the Appraiser to provide an independent estimate of the aggregate value of the Initial Properties as a portfolio. The Appraiser was not given any limiting instructions. The Appraisal was prepared in conformity with the Canadian Uniform Standards of Professional Appraisal Practice and the Code of Professional Ethics and Standards of Professional Appraisal Practice, each as adopted by the Appraisal Institute of Canada. The Appraisal Institute of Canada defines market value as “the most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.”

In the Appraisal, the Appraiser estimated the aggregate market value of the Initial Properties on a portfolio basis, as at July 1, 2018, to be \$1.179 billion, including a portfolio premium of 5% (or an aggregate value of \$1.123 billion based on the market value of each of the Initial Properties excluding any portfolio premium). The premium used by the Appraiser was determined with reference to (i) the investment characteristics of the portfolio; (ii) a review of investment market conditions for multi-residential properties; (iii) a review of literature pertaining to portfolio valuation; (iv) a review of survey data pertaining to portfolio valuation; (v) a review of portfolio transaction activity primarily in Canada as well as the United States; and (vi) a survey of market participants.

The estimated market value of each of the Initial Properties was determined by the Appraiser using the income approach. This valuation method is traditionally used by investors when acquiring properties of this nature. The Appraiser gave appropriate consideration to a forecast of income for each property based on contract and market rental rates, growth levels, vacancy rates, tenant roll-overs and operating expenses. The Appraiser visited each of the Initial Properties (and with respect to the multi-residential properties, was provided access to a sampling of residential suites in each) to assess location and general physical characteristics and estimated the highest and best use for each Initial Property. Valuation parameters were used, having due regard to the income characteristics, current market conditions and prevailing economic and industry information. In appraising the Initial Properties, the Appraiser assumed, among other things, that title to the Initial Properties was good and marketable and that there will be no change in market and economic conditions, physical building condition (other than Minto one80five located at 185 Lyon Street, Ottawa, which is undergoing a renovation program and was analyzed “as if complete and at stabilized operating levels” as of July 1, 2018), legal or planning status or tenancies that would materially impact the value of the Initial Properties between the report date and the effective date of the Appraisal. In addition, the Appraiser did not take into account issues such as, but not limited to, mechanical, structural, environmental, zoning, planning or related issues.

In determining the approximate market value of the Initial Properties, the Appraiser relied on operating and financial data provided by MPI, including rent rolls and capital and expense budgets. For each property, the Appraiser discussed with the management of MPI the property’s history, current tenant status and future prospects, reviewed historical operating results and reviewed management revenue and expense estimates for their reasonableness. Based on its review, and other relevant facts, the Appraiser considered such data to be reasonable and supportable.

The Appraiser did not take into account legal, engineering, and regulatory requirements applicable to any property, including zoning and other provincial and local government regulations, permits and licenses, or environmental or ecological matters or related issues. The Appraiser was not provided with PCA Reports for the Initial Properties, but was provided with capital expense schedules from MPI which have been relied upon for the Appraisal. Any outstanding expenditures of a capital nature may affect value conclusions.

Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The Appraisal is based on various assumptions of future expectations and while the Appraiser’s internal forecasts of net operating income for the Initial Properties is considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by the Appraisal. The Appraisal will be filed with the securities regulatory authorities in each of the provinces and territories of Canada and investors are advised to read the Appraisal for a full description of applicable assumptions and conditions.

Environmental Site Assessments

Each of the Initial Properties has been the subject of a Phase I environmental site assessment report (“**Phase I ESA Report**”) and, where recommended pursuant to a Phase I ESA Report, a Phase II environmental site assessment report (a “**Phase II ESA Report**” and, together with the Phase I ESA Report, the “**ESA Reports**”) conducted by independent and experienced environmental consultants from March 14, 2018 to April 12, 2018. The Phase I ESA Reports were prepared in general accordance with the scope and limitations of the Canadian Standards Association’s standard for ESA Reports, “*Phase I Environmental Site Assessment, CSA Standard Z768-01*” and the Phase II ESA Report was prepared in accordance with “*Phase II Environmental Site Assessment, CSA Standard Z769-00 (R2013)*”. The purpose of the ESA Reports was to identify any existing or potential recognized environmental conditions (“**RECs**”), historical recognized environmental conditions (“**HRECs**”), controlled recognized environmental conditions (“**CRECs**”), significant data gaps, or significant business environmental risks in connection with the Initial Properties, which means the presence or likely presence of any hazardous substances or petroleum products on any property within the Initial Properties due to any release in the environment, under conditions that indicate an existing release, a past release, or a material threat of a release of any hazardous substances or petroleum products into structures on any such property or into the ground, groundwater or surface water of a property in the Initial Properties.

Based on the Phase I ESA Reports prepared in respect of the properties in the Initial Properties, the independent environmental consultants did not identify any RECs, HRECs, CRECs or other items that warranted further environmental assessment investigation at any of the properties within the Initial Properties at this time, other than the recommendation to complete a Phase II ESA Report with respect to a portion of the Skyline property following recent damage as a result of a fire. Based on the Phase II ESA Report for this property, the independent environmental consultant did not identify any RECs, HRECs, CRECs or other items that warranted further environmental assessment investigation.

It is the REIT’s operating policy to obtain a Phase I ESA Report conducted by an independent and experienced environmental consultant prior to acquiring a property, or to be entitled to rely on a Phase I ESA Report dated no earlier than six months prior to the acquisition date. If the Phase I ESA Report recommends that a Phase II environmental assessment be conducted, the REIT will conduct a Phase II environmental assessment, in each case by an independent and experienced environmental consultant.

Management is not aware of any non-compliance with environmental laws at any of the properties constituting the Initial Properties that management believes would have a material adverse effect on the REIT. Management is not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with the Initial Properties that would materially adversely affect the REIT or the value of the Initial Properties, taken as a whole, as determined by the Appraiser.

Property Condition Assessments

Property condition assessment reports (“**PCA Reports**”) were prepared for each of the Initial Properties for the purpose of assessing and documenting the existing condition of each property. The assessments of these properties also identified and quantified any major defects in materials or systems which might significantly affect the value of the Initial Properties or the continued operation of any property. The PCA Reports were prepared in general accordance with ASTM Designation: *E 2018 — 15 Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process*. The site observations for the PCA Reports were conducted between January 8, 2018 and February 16, 2018. Each of the PCA Reports assessed both work required to be completed immediately and required maintenance and repairs of the major elements to be completed within the subsequent five years in order to maintain appropriate building conditions. The cost estimates in the PCA Reports assume that regular annual maintenance and repairs will be performed to all building elements at the facilities. No cost allowance is carried for this regular maintenance and the estimates do

not include allowances for future upgrading of components pertaining to the owner or tenant fit-up that may be necessary or required by applicable local regulatory codes or bylaws.

The PCA Reports provide that each of the Initial Properties is in satisfactory condition, commensurate with their age and in comparable standing to other similar residential properties in similar areas. The PCA Reports did not reveal any visual evidence of major structure failures, soil erosion or differential settlement. The PCA Reports identify a total of \$1,500 in immediate repairs and a total of \$18,348,230 in maintenance capital expenditures (uninflated), or an average spend of \$858 per suite, over the subsequent five years in order to maintain appropriate building conditions, taking into account anticipated repairs to masonry walls, balconies, parkade and underground parking areas, repairs to pavement areas, roofing, replacement of older windows and balcony doors and elevator modernization. Notwithstanding the conclusion in the PCA Reports, the REIT expects to spend approximately \$900 per suite per year in maintenance capital expenditures and it is expected that these maintenance capital expenditures costs will be financed using cash flow generated from property operations and existing cash and cash equivalents on hand.

Projected Uninflated Capital Replacement Reserves Expenditures

Year 1	Year 2	Year 3	Year 4	Year 5	Aggregate Expenditure
\$3,227,483	\$4,392,680	\$2,365,188	\$2,723,596	\$5,639,283	\$18,348,230

Management expects reserves to adequately cover all capital expenditures over the term. The REIT will monitor the appropriate level of repairs and maintenance and capital expenditures to ensure that the REIT's properties remain competitive.

DEBT STRATEGY AND INDEBTEDNESS

Debt Strategy

The REIT will seek to maintain a conservative leverage profile with the principal objectives of minimizing the overall cost of financing, maintaining balance in its maturity schedule and providing sufficient liquidity to allow the REIT to execute on its strategic plan. The REIT intends to primarily use long-term fixed-rate mortgage financing for stabilized properties and short term floating rate debt in appropriate circumstances, such as acquisitions or repositioning (until long-term financing can be arranged), and for general corporate liquidity.

Management anticipates the REIT's Indebtedness will total approximately \$520 million on Closing, comprised of Assumed Debt of \$236.4 million, Class C Units of \$229.8 million, \$28.5 million drawn on the Credit Facility and an unsecured promissory note in the amount of \$25.7 million, implying a consolidated Debt to Gross Book Value Ratio of approximately 47% immediately following the Closing. Currently, management intends that the REIT will target a Debt to Gross Book Value Ratio of 50% to 55%.

As of Closing, the weighted average term to maturity and the weighted average effective interest rate of all Indebtedness of the REIT are expected to be approximately 6.2 years and 3.17%, respectively. Approximately 95% of the initial Indebtedness will be comprised of fixed-rate term debt, of which approximately 77% is CMHC-insured mortgage debt at interest rates significantly below that of conventional mortgage lenders. Further, the renewal risk of existing CMHC mortgages is lessened by the fact that the insurance remains valid for the entire amortization period of the loan, which typically ranges from 25 to 40 years, which, together with the lower cost interest rates, mitigates the REIT's exposure to interest rate risk in a rising interest rate environment. Management believes the conservative AFFO payout ratio and prudent leverage profile will support the growth and distributions of the REIT, affording the REIT with the financial flexibility to execute market opportunities via intensification, repositioning and acquisitions.

In respect of the Richgrove property, it is anticipated that the intended refinanced mortgage for such property will only be able to be registered on the property following Closing. Accordingly, on Closing, MPI will provide the REIT with a bridge loan, evidenced by an unsecured promissory note from the Partnership, in the amount of \$25.7 million, representing the difference between the anticipated refinanced mortgage principal amount intended to be achieved for the property and the principal amount under the existing mortgage for such property. The interest rate payable on the debt will be equal to an amount that, when blended with the interest

rate payable under the existing mortgage, would result in the same payments as are anticipated to be made under the refinanced mortgage intended to be obtained for the property following Closing. The debt will have a term of one year, but will be required to be repaid at such time as the new mortgage is registered against the property. MPI will bear the cost of all prepayment penalties and fees for the discharge of the existing mortgage upon implementation of the new mortgage. The Partnership will bear the risk or obtain the benefit of any interest rate changes and changes in the available financing amount for the new mortgage between Closing and the date upon which the mortgage is ultimately registered.

Debt Maturity Schedule

The following table sets out the principal installments and maturity balances for all Indebtedness, to be paid over each of the seven calendar years following Closing (assuming Closing occurs on July 3, 2018) and thereafter (assuming such Indebtedness is not renewed at maturity). The REIT has only approximately 27% of total Indebtedness maturing prior to the end of 2022, which mitigates exposure to interest rate risk in a rising interest rate environment and will minimize unanticipated earnings fluctuations caused by interest rate volatility.

Year	Principal Payments During Period <small>(in thousands of \$)</small>	Principal Repayments on Maturity <small>(in thousands of \$)</small>	Total <small>(in thousands of \$)</small>	% of Total
2018	\$ 4,079	\$ —	\$ 4,079	0.8%
2019	9,878	25,366	35,244	6.8%
2020	9,993	—	9,993	1.9%
2021	10,312	28,458	38,770	7.4%
2022	9,911	40,583	50,494	9.7%
2023	9,159	92,326	101,485	19.5%
2024	6,407	94,289	100,696	19.4%
2025	4,268	104,523	108,790	20.9%
Thereafter	8,190	62,583	70,774	13.6%
Total	<u>\$72,197</u>	<u>\$448,128</u>	<u>\$520,325</u>	<u>100.0%</u>
Weighted average effective interest rate				3.17%
Weighted average term to maturity				6.2 years

Note: The table above includes the principal amount outstanding under the Credit Facility.

CMHC Mortgages

Management intends to continue to secure cost effective mortgages on future acquisitions and refinance existing properties through the use of CMHC mortgage insurance. CMHC provides mortgage insurance to financial institutions to allow them to lend money to qualified building owners at interest rates significantly below that of conventional mortgage lenders. Additionally, the renewal risk of existing CMHC-insured mortgages is mitigated by the fact that the insurance remains valid for the entire amortization period of the loan, which typically ranges from 25 to 40 years. It is management's belief that continued access to CMHC-insured financing will be an important component of the long-term debt strategy of the REIT, and management will continue to work closely with CMHC and its approved lenders in order to facilitate future financings.

Retained Debt

Management estimates that as at Closing, the aggregate Indebtedness of the Initial Properties will be approximately \$520 million. MPI will retain the Retained Debt in an approximate amount of \$229.8 million. The Retained Debt is secured by a charge on certain of the Initial Properties. The Retained Debt will not be assumed by the Partnership and will remain as indebtedness of MPI. In respect of the Retained Debt, an entity wholly-owned and controlled by MPI will hold Class C Units of the Partnership. In respect of the Retained Debt, the Partnership will make distributions on the Class C Units in an amount sufficient (without any additional amounts) to permit MPI to satisfy amounts payable under the Retained Debt. MPI will subsequently be responsible for interest and principal payments, and payments of any other amounts owing, on the Retained

Debt and the holder of the Class C Units may pledge its interest in the Class C Units to the respective lenders as additional security for the Retained Debt. The Partnership will agree to provide MPI's creditors with a guarantee in respect of the Retained Debt to ensure the lenders are not prejudiced in their ability to collect from MPI in the event that payments on the Class C Units (in respect of the Retained Debt) are not made as expected. MPI will indemnify the Partnership and the REIT for any losses suffered by the Partnership or the REIT in the event payments on the Retained Debt are not made as required, provided such losses are not attributable to any action or failure to act on the part of the Partnership.

The Retained Debt is not expected to limit the REIT's ability to refinance the properties that are subject to the Retained Debt. Should the REIT wish to refinance such properties, then at the option of MPI, either MPI will continue to hold the Retained Debt that is to be refinanced, in which case the Partnership would be required to issue further Class C Units in an amount equivalent to the amount that the upward refinanced principal exceeds the mortgage balance immediately prior to the upward refinancing, or a priority distribution will be made on the Class C Units of the amount required to be paid to discharge the Retained Debt from such property including the principal amount of such Retained Debt plus repayment fees or penalties, if applicable, after which MPI would discharge the Retained Debt applicable to such property and the REIT would mortgage such property as it would any of its properties not subject to the Retained Debt. Should the REIT wish to dispose of any properties subject to the Retained Debt, priority distributions will be made on the Class C Units of amounts required to discharge the applicable Retained Debt.

On formation of the REIT, the capital account of the Class C Units will be equal to the principal balance of the Retained Debt. The portion of the distributions paid on Class C Units that relates to the interest payable on the Retained Debt will not affect the capital account of the Class C Units, because income will be allocated to the Class C Units in an amount equal to the amount of such interest payable. The portion of the distributions paid on Class C Units that relates to the principal payable on the Retained Debt will reduce the capital account of the Class C Units, and such balance will continue to match the principal outstanding on the Retained Debt. If the Retained Debt is ultimately paid off in full, the capital account balance of the Class C Units will be reduced to nil and the applicable outstanding Class C Units will be cancelled.

Credit Facility

The REIT has signed a commitment letter with two Canadian chartered banks pursuant to which the lenders will provide the REIT at Closing with the Credit Facility. The Credit Facility is a secured revolving credit facility with a maximum available amount of \$150 million. The actual availability under the Credit Facility must not exceed the lesser of the commitment and the result of an availability calculation based on a predefined maximum loan-to-value ratio and a minimum debt service coverage ratio for the properties secured by the Credit Facility, all determined on a quarterly basis. Immediately following Closing, taking into account the foregoing availability calculation and amounts anticipated to be drawn at Closing of approximately \$28.5 million, the maximum amount available under the Credit Facility will be \$121.5 million. The Credit Facility is committed for a three-year term, maturing on July 3, 2021, subject to compliance with various provisions of the credit agreement for the Credit Facility. The Credit Facility will be used to fund working capital requirements, including capital and value-enhancing expenditures, acquisitions and for general corporate purposes, including the issuance of letters of credit as required (subject to a facility sub-limit). The Credit Facility is secured by a fixed charge debenture on several of the REIT's properties and, in certain cases, the debenture is subordinate to charges securing long-term mortgage financing.

The Credit Facility will include the requirement for the REIT to maintain certain debt restrictions and financial covenants. The financial covenants include the requirement to maintain a minimum tangible net worth, maximum leverage ratio and minimum debt service coverage ratio. On Closing, the REIT is expected to be in compliance with all of the terms and conditions of the Credit Facility.

Encumbered Property List

Following Closing, approximately 95% of the initial Indebtedness will be comprised of fixed-rate term debt. The REIT's Indebtedness (excluding amounts drawn on the Credit Facility) will have a weighted average maturity of 6.4 years and a weighted average interest rate of 3.16%.

<u>Property:</u> ⁽¹⁾	<u>Balance Outstanding</u>	<u>Interest Rate</u>	<u>Term or Maturity Date</u>
	(dollars in thousands)		
Richgrove <i>7 & 21 Richgrove Drive, Toronto, Ontario</i>	23,962	3.36%	1-Apr-25
Martin Grove ⁽²⁾ <i>620 Martin Grove Road, Toronto, Ontario</i>	25,987	3.09%	1-Jul-22
Huron ⁽³⁾⁽⁴⁾ <i>1339 Meadowlands Drive East, Ottawa, Ontario</i>	14,052	3.49%	1-Jul-30
Huron ⁽³⁾ <i>1339 Meadowlands Drive East, Ottawa, Ontario</i>	8,543	2.98%	1-Jan-24
Seneca ⁽³⁾⁽⁴⁾ <i>1343 Meadowlands Drive East, Ottawa, Ontario</i>	12,780	3.49%	1-Jul-30
Seneca ⁽³⁾ <i>1343 Meadowlands Drive East, Ottawa, Ontario</i>	9,339	2.98%	1-Jan-24
The Carlisle <i>221 Lyon Street North and 440 Laurier Avenue West, Ottawa, Ontario</i>	32,632	2.98%	1-Jan-24
Castle Hill ⁽²⁾ <i>1000 Castle Hill Crescent, Ottawa, Ontario</i>	25,271	3.03%	1-Jul-23
Grenadier ⁽³⁾⁽⁴⁾ <i>1129 Meadowlands Drive East, Ottawa, Ontario</i>	6,692	3.49%	1-Jul-30
Grenadier ⁽³⁾ <i>1129 Meadowlands Drive East, Ottawa, Ontario</i>	4,135	2.98%	1-Jan-24
Tanglewood ⁽⁴⁾ <i>1-27 and 12-26 Woodfield Drive, Ottawa, Ontario</i>	10,987	2.96%	1-May-23
The Eleanor ⁽²⁾ <i>30 Eleanor Drive, Ottawa, Ontario</i>	16,143	3.19%	1-Dec-23
The Laurier ⁽⁵⁾ <i>100 & 200 Quarry Villas SE, Calgary, Alberta</i>	27,613	3.31%	1-Apr-25
The Lancaster House, York House & Hi-Level Place ⁽⁵⁾ <i>10025 115 Street NW, 10030 114 Street NW & 11005 98 Avenue NW, Edmonton, Alberta</i>	18,251	3.35%	1-Jan-22
Sub-total Assumed Debt	236,388		
Minto Yorkville ⁽⁶⁾ <i>61 Yorkville Avenue, Toronto, Ontario</i>	78,152	3.13%	1-Aug-25
Roehampton ⁽⁴⁾ <i>150 Roehampton Avenue, Toronto, Ontario</i>	27,525	3.31%	1-Dec-27
Aventura ⁽²⁾ <i>18 and 20 Deerfield Drive, Ottawa, Ontario</i>	49,065	3.04%	1-Jul-23
Castlevie ⁽²⁾ <i>1755 Riverside Drive, Ottawa, Ontario</i>	38,714	3.13%	1-Jul-24
Parkwood Hills Garden Homes & Townhomes ⁽³⁾ <i>Various Meadowlands, Chesterton, Bowhill, Deer Park, Forest Park, Fisher, Ottawa, Ontario</i>	23,234	3.49%	1-Jul-30
Parkwood Hills Garden Homes & Townhomes ⁽³⁾ <i>Various Meadowlands, Chesterton, Bowhill, Deer Park, Forest Park, Fisher, Ottawa, Ontario</i>	13,097	2.98%	1-Jan-24
Sub-total Retained Debt	229,787		
Richgrove ⁽⁷⁾ <i>7 & 21 Richgrove Drive, Toronto, Ontario</i>	25,692	2.84%	1-Jul-19
Total	491,867	3.16% ⁽⁸⁾	6.4 years ⁽⁹⁾

Notes:

(1) As at July 3, 2018.

- (2) Loan has been approved and will be funded prior to Closing. Interest rate shown has been fixed with the lender in advance of Closing.
- (3) Mortgages on properties with two loans rank *pari passu*.
- (4) Property is subject to subsequent encumbrance as part of the security for the Credit Facility.
- (5) Conventional mortgage.
- (6) Balance outstanding represents combined total of CMHC insured and conventional mortgages and a weighted average interest rate is shown.
- (7) Unsecured promissory note in favour of MPI.
- (8) Weighted average interest rate.
- (9) Weighted average term to maturity.

THE ACQUISITION

Overview

The Partnership will acquire a 100% interest in the Initial Properties. The REIT generally will use the proceeds of the Offering to satisfy the purchase price for its indirect acquisition of the Initial Properties. Prior to the REIT's acquisition of such interest, the Partnership will be capitalized with Class B Units in favour of the Retained Interest Holder and Class C Units in favour of an entity wholly-owned and controlled by MPI, will assume certain existing debt related to the Initial Properties (but not the Retained Debt), will refinance certain of the Initial Properties and will issue two promissory notes in favour of MPI in the principal amount of \$28.5 million and \$25.7 million, respectively. On Closing, the Partnership will draw on the Credit Facility to pay the \$28.5 million promissory note issued in favour of MPI.

Principal Transaction Steps

The following is a summary of the principal transactions that have taken place or will take place prior to or in connection with the Closing of the Offering:

Prior to Closing:

- (i) MPI formed a number of wholly-owned entities, including Minto Apartment GP Inc. (the “**General Partner**”), pursuant to the laws of Ontario, and the Partnership.
- (ii) MPI will transfer its beneficial interest in the Initial Properties to the Partnership in consideration for the Partnership assuming certain existing debt on the Initial Properties (but not the Retained Debt), paying cash of approximately \$65.5 million (which the Partnership will obtain from refinancing certain of the Initial Properties), issuing two promissory notes in favour of MPI in the principal amount of \$28.5 million and \$25.7 million, respectively, and crediting the capital account of MPI's limited partner interest.
- (iii) The General Partner will acquire legal title to the Initial Properties, either directly or indirectly through the acquisition of shares of a title nominee.
- (iv) MPI will complete the refinancing of the Retained Debt.
- (v) The REIT's initial declaration of trust will be amended and restated. The capital of the REIT will be comprised of Units and Special Voting Units (which Special Voting Units will be issued to the holder of Class B Units of the Partnership on a one-to-one basis).
- (vi) The limited partnership agreement of the Partnership will be amended and restated (the “**Limited Partnership Agreement**”) pursuant to which the limited partner capital of the Partnership will be restated to consist of Class A Units, Class B Units and Class C Units.

- (vii) In connection with the amendment and restatement of the Limited Partnership Agreement referred to in (vi), MPI will exchange its limited partner interest in the Partnership for Class A Units, Class B Units and Class C Units. Special Voting Units will be issued by the REIT to MPI in connection with the issuance of the Class B Units. MPI will transfer all of its Class B Units and Class C Units to entities wholly-owned and controlled by MPI.
- (viii) On the day prior to Closing, MPI will sell all of its Class A Units in the Partnership and the shares of the General Partner to the REIT for a non-interest bearing promissory note (the “**Acquisition Note**”) and the Deferred Purchase Price Note (as defined below under “— Purchase Agreement”). A nominal amount will be allocated to the shares of the General Partner.

The Offering

- (ix) The REIT will complete the Offering.
- (x) The REIT will use the net proceeds from the Offering to repay the Acquisition Note in full.
- (xi) The two Units held by the initial Unitholder of the REIT will be redeemed for \$20.
- (xii) The Partnership will draw on the Credit Facility to pay the \$28.5 million promissory note previously issued by it in favour of MPI.

Purchase Agreement

The following is a summary of certain provisions in the Purchase Agreement, which is a material contract for the REIT and is qualified in its entirety by reference to all of the provisions of such agreement. The Purchase Agreement will be available following Closing on SEDAR at www.sedar.com.

The Purchase Agreement will contain representations and warranties typical of those contained in purchase agreements for similar real estate assets negotiated between sophisticated purchasers and vendors acting at arm’s length. Certain of the representations and warranties will be qualified as to knowledge (after reasonable inquiry), materiality and disclosure. MPI will provide representations and warranties, as applicable, in favour of the REIT and/or the Partnership relating to MPI, the Initial Properties and any transferred entities. The representations and warranties will include, among other things: representations and warranties as to existence and capacity, due authorization, no contravention, compliance with laws, title to the properties, financial matters, tax matters and environmental matters. MPI will also provide a representation and warranty that this prospectus does not contain a misrepresentation (as defined in applicable Canadian securities legislation), subject to exceptions for portions of the prospectus containing extracts or summaries of expert reports. Such representations and warranties will survive for a period of 18 months following the Closing; however, the representations and warranties regarding formation and status, power and due authorization and title to properties and securities will survive indefinitely, the representations and warranties regarding tax and environmental matters will survive for the applicable limitation periods and the representation and warranty regarding the prospectus will survive for three years from the Closing.

MPI will indemnify the REIT and the Partnership, as applicable, for breaches of MPI’s covenants, representations and warranties; however, no claim under the indemnity may be made until any individual claim exceeds \$50,000 and all claims exceed \$750,000. The aggregate maximum liability of MPI pursuant to the Purchase Agreement will be limited to a value equal to the net proceeds of the Offering. As security for MPI’s obligations under the Purchase Agreement, the Retained Interest Holder will pledge to the REIT or the Partnership, as the case may be, for a period of 18 months following the Closing a number of Class B Units or Units for which the Class B Units are exchanged equivalent in value to the indemnity limit. In addition, MPI and Minto have also agreed to provide the REIT with certain indemnities in respect of certain tax matters relating to the transfer of the Initial Properties for a period of fifteen years. The REIT will obtain a six-year prospectus liability insurance policy providing coverage to the Trustees and officers of the REIT, the REIT and MPI (in such order of priority), subject to certain limits, deductibles and other terms and conditions.

In March 2017, Skyline, one of the Initial Properties, suffered fire damage affecting a block of 32 Maisonettes (out of a total 200 Maisonettes). The suites are being rebuilt at the cost of MPI with construction

expected to start in November 2018 and be completed by December 2019. First occupancy is expected to be in October 2019 with full lease up by March 2020. The maximum purchase price (equal to approximately \$8,356,000) attributable to the stabilized replacement buildings will be satisfied by the issuance to MPI of a non-interest bearing promissory note (the “**Deferred Purchase Price Note**”). Upon achieving full lease-up of the replacement buildings, the amount of the Deferred Purchase Price Note may be adjusted downward to reflect an appropriate, appraisal-based capitalization rate of the income generated from the replacement buildings. The Deferred Purchase Price Note, as adjusted, shall only be payable in accordance with its terms upon the full lease up of the replacement buildings.

There can be no assurance of recovery by the REIT or the Partnership from MPI or the Retained Interest Holder for breach of the covenants, representations and warranties provided under the Purchase Agreement, as there can be no assurance that the assets of such parties will be sufficient to satisfy such obligations. Only the REIT or the Partnership will be entitled to bring a claim or action against the selling parties for misrepresentation or breach of contract under the Purchase Agreement and purchasers of Units under this prospectus will not have any contractual rights or remedies under the Purchase Agreement. Purchasers of Units will, however, have certain statutory rights against the REIT and MPI, as Promoter, under applicable securities laws. See “Retained Interest”, “Risk Factors” and “Purchasers’ Statutory Rights”.

The Retained Debt will not be assumed by the REIT or the Partnership and will remain as indebtedness of MPI and MPI will be obligated to make interest payments and principal repayments on a periodic basis in respect of the Retained Debt and in respect of any associated income tax liabilities of MPI or other amounts (including penalties, fees or other expenses). Partnership distributions on the Class C Units held by an entity wholly-owned and controlled by MPI are, if paid, in amounts expected to be sufficient to enable MPI to make such payments (excluding income tax liabilities). The Partnership will agree to provide MPI’s creditors with a guarantee in respect of the Retained Debt to ensure the lenders are not prejudiced in their ability to collect from MPI in the event that payments on the Class C Units (in respect of the Retained Debt) are not made as expected. MPI will indemnify the Partnership and the REIT for any losses suffered by the Partnership or the REIT in the event payments on the Retained Debt are not made as required, provided such losses are not attributable to any action or failure to act on the part of the Partnership.

The acquisition of the Initial Properties and completion of the transactions contemplated by the Offering will be conditional upon the receipt of all necessary consents and waivers from all third parties relating to the transactions contemplated herein, including the Retained Debt, the assumed CMHC mortgages and the satisfaction of certain other customary closing conditions. For an illustration of the corporate structure of the REIT upon completion of the Offering and the above transactions, see “Post-Closing Structure”.

A purchaser of Units should refer to the terms of the Purchase Agreement for a complete description of the representations, warranties and indemnities being provided in favour of the REIT and the Partnership, and related limitations thereunder.

RETAINED INTEREST

Ownership Interest

Following Closing, the Retained Interest Holder will own, in the aggregate, approximately 22.9 million Class B Units, representing an approximate 62.4% interest in the REIT or approximately 56.8% if the Over-Allotment Option is exercised in full (in each case assuming all of the Class B Units are exchanged for Units). Minto intends to maintain a significant ownership position in the REIT over the long-term.

An entity wholly-owned or controlled by MPI will also hold all of the outstanding Class C Units. The Class C Units have been designed to provide MPI with an indirect interest in the Partnership that will entitle the holder of the Class C Units to distributions, in priority to distributions to holders of the Class A Units, Class B Units or GP Interest, in an amount, if paid, expected to be sufficient to permit MPI to satisfy amounts payable under the Retained Debt. See “Debt Strategy and Indebtedness — Retained Debt”.

Lock-Up Period

The Retained Interest Holder has agreed with the Underwriters that, for a period of 18 months following the Closing, it will not directly or indirectly, without the prior written consent of the Board and of TD and BMO, on behalf of the Underwriters, which consents will not be unreasonably withheld or delayed, (i) offer, sell, contract to sell, secure, pledge, grant or sell any option, right or warrant to purchase, or otherwise lend, transfer or dispose of any Units or securities exercisable, convertible, exchangeable or redeemable for Units, in each case acquired upon or in connection with the closing of the Offering, (ii) make any short sale, engage in any hedging transaction, or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Units or securities exercisable, convertible, exchangeable or redeemable for Units, whether any such transaction is to be settled by delivery of Units, other securities, cash or otherwise, or (iii) publicly announce an intention to do any of the foregoing, in each case subject to certain limited exceptions, being transactions related to the Offering (including the Over-Allotment Option), transfers between holders of Class B Units or to any Greenberg Family Entity, or pursuant to take-over bids made to all Unitholders or similar acquisition transactions. See “Use of Proceeds” and “Plan of Distribution”.

Exchange Agreement

In connection with Closing, the REIT, the Partnership and the Retained Interest Holder will enter into the Exchange Agreement, pursuant to which the Retained Interest Holder will be granted the right to require the REIT to exchange each Class B Unit held by the Retained Interest Holder for one Unit, subject to customary anti-dilution adjustments. Upon an exchange, the corresponding number of Special Voting Units will be cancelled. Collectively, the exchange rights granted by the REIT are referred to as the “**Exchange Rights**”. This prospectus also qualifies the grant of the Exchange Rights by the REIT in respect of the Class B Units.

A holder of a Class B Unit will have the right to initiate the exchange procedure at any time so long as each of the following conditions has been satisfied:

- (a) the exchange would not cause the REIT to cease to be a “mutual fund trust” or “real estate investment trust” for purposes of the Tax Act or cause or create a substantial risk that the REIT would be subject to tax under paragraph 122(1)(b) of the Tax Act;
- (b) the REIT is legally entitled to issue the Units in connection with the exercise of the Exchange Rights; and
- (c) the person receiving the Units upon the exercise of the Exchange Rights complies with all applicable securities laws.

The Exchange Agreement will also provide for the right of the REIT to require the holders of all but not less than all of the Class B Units to exchange their Class B Units for Units if:

- (a) the total number of Units for which all outstanding Class B Units are exchangeable is less than 15% of the number of Units for which Class B Units issued on Closing are exchangeable; or
- (b) subject to the terms of the Investor Rights Agreement (including, without limitation, the thresholds required for the exercise by the REIT of the drag-along right) and the Declaration of Trust, there occurs or is about to occur any amalgamation, merger, arrangement, take-over bid, material transfer or sale of Units or rights or other securities of the REIT or interests therein or thereto, or sale of all or substantially all of the assets of the REIT, or a similar transaction involving the REIT or a subsidiary of the REIT or any proposal to do any of the foregoing (other than in connection with a transaction involving one or more of such entities pursuant to which all of the assets of such entity or entities are transferred to the REIT or another wholly-owned direct or indirect subsidiary of the REIT) and the Board of Trustees determines that it is not reasonably practicable to substantially replicate the terms and conditions of the Class B Units in connection with such transaction and that the exchange of all but not less than all of the outstanding Class B Units is necessary to enable the completion of such transaction in accordance with its terms, provided, however, that in the case of a take-over bid, not less than 66⅔ percent of the Units (calculated on a fully-diluted, converted and exchanged basis) have been

validly deposited and tendered under such take-over bid and not withdrawn at the expiry of such take-over bid.

The Exchange Agreement will also provide for the automatic exchange of Class B Units for Units in the event of a liquidation, dissolution or winding-up of the REIT.

Investor Rights Agreement

The following is a summary of certain provisions of the Investor Rights Agreement, which is a material contract for the REIT and is qualified in its entirety by reference to all of the provisions of such agreement. The Investor Rights Agreement will be available following Closing on SEDAR at www.sedar.com.

On Closing, the REIT, the Partnership and the Retained Interest Holder will enter into the Investor Rights Agreement which will govern the rights of the Retained Interest Holder as a Unitholder. The Investor Rights Agreement will contain the following provisions, a summary of which is not intended to be complete.

Nomination Right

Pursuant to the Investor Rights Agreement and as set forth in the Declaration of Trust, the Retained Interest Holder will be granted the right to nominate a number of Trustees (such nominees will be subject to election together with the remaining Trustees at annual meetings of Unitholders) based on: (i) the proportion of outstanding Units held by the Retained Interest Holder (determined as if all Class B Units had been exchanged for Units), whether held directly or indirectly, at the time of nomination; and (ii) the size of the Board of Trustees, as shown in the following table:

<u>Ownership of Retained Interest Holder⁽¹⁾</u>	<u>Size of the Board</u>	<u>Nomination Right (# of Individuals)</u>
≥33%	≥9	4
	7 to 8	3
	≤6	2
≥20% and ≤32.99%	≥9	3
	7 to 8	2
	≤6	1
≥10% and ≤19.99%	Any	1
	Any	0
<10%	Any	0

(1) As a percentage of the REIT's equity (in each case determined as if all Class B Units had been exchanged for Units).

For so long as Michael Waters is the Chief Executive Officer of the REIT, he will comprise one of the Retained Interest Holder's nominees. If the Chief Executive Officer of the REIT is not a person affiliated with MPI or its affiliates (but still non-independent as a result of being an executive of the REIT), and all other nominees nominated by the Compensation, Governance and Nominating Committee for election are independent, then the Retained Interest Holder must nominate (as part of its total number of nomination rights) such number of independent trustees as may be necessary for the Board to be majority independent.

For so long as the Retained Interest Holder owns 33% or more of the then-outstanding Units (determined as if all Class B Units are exchanged for Units), the Board of Trustees will be restricted from nominating more than seven Trustees. For clarity, the foregoing restriction on board size will not affect the ability of a Unitholder to nominate Trustees in accordance with the terms of the Declaration of Trust or applicable law. On Closing, it is expected that the Retained Interest Holder will own, in the aggregate, approximately 62.4% of the outstanding Units (determined as if all Class B Units are exchanged for Units) and will therefore be entitled to nominate three of the seven Trustees of the REIT.

Registration Rights

The Investor Rights Agreement will provide the Retained Interest Holder with the right (the "**Piggy-Back Registration Right**"), among others, to require the REIT to include Units (including Units issuable upon the

exchange of Class B Units) held by the Retained Interest Holder in any future offering undertaken by the REIT by way of prospectus that it may file with applicable Canadian securities regulatory authorities (a “**Piggy-Back Distribution**”). The REIT will be required to use reasonable commercial efforts to cause to be included in the Piggy-Back Distribution all of the Units the Retained Interest Holder requests to be sold, provided that if the Piggy-Back Distribution involves an underwriting and the lead underwriter determines that the total number of Units to be included in such Piggy-Back Distribution should be limited for certain prescribed reasons, the Units to be included in the Piggy-Back Distribution will be first allocated to the REIT.

In addition, the Investor Rights Agreement will provide the Retained Interest Holder with the right (the “**Demand Registration Right**”) to require the REIT to use reasonable commercial efforts to file one or more prospectuses with applicable Canadian securities regulatory authorities, qualifying Units held (or issuable upon the exchange of Class B Units) by the Retained Interest Holder for distribution (a “**Demand Distribution**”). The Retained Interest Holder will be entitled to request not more than one Demand Distribution per calendar year and each request for a Demand Distribution must relate to such number of Units that would reasonably be expected to result in gross proceeds of at least \$20 million. The REIT may also distribute Units in connection with a Demand Distribution provided that if the Demand Distribution involves an underwriting and the lead underwriter determines that the total number of Units to be included in such Demand Distribution should be limited for certain prescribed reasons, the Units to be included in the Demand Distribution will be first allocated to the Retained Interest Holder.

Each of the Piggy-Back Registration Right and the Demand Registration Right will be exercisable at any time from 18 months following Closing (unless otherwise consented to by the Board and by TD and BMO, on behalf of the Underwriters), provided that the Retained Interest Holder exercising such rights, together with its affiliates, collectively own, in the aggregate, at least 10% of the Units (determined as if all Class B Units are exchanged for Units) at the time of exercise. The Piggy-Back Registration Right and the Demand Registration Right will be subject to various conditions and limitations, and the REIT will be entitled to defer any Demand Distribution in certain circumstances for a period not exceeding 90 days.

The expenses in respect of a Piggy-Back Distribution, subject to certain exceptions, will be borne by the REIT, except that any underwriting fee on the sale of Units by the Retained Interest Holder and the fees of the Retained Interest Holder’s external legal counsel will be borne by the Retained Interest Holder. The expenses in respect of a Demand Distribution, subject to certain exceptions, will be borne by the REIT and the Retained Interest Holder on a proportionate basis according to the number of Units distributed by each.

Pursuant to the Investor Rights Agreement, the REIT will indemnify the Retained Interest Holder for any misrepresentation in a prospectus under which the Retained Interest Holder’s Units are distributed (other than in respect of any prospectus disclosure provided by the Retained Interest Holder or the underwriters). The Retained Interest Holder will indemnify the REIT for any prospectus disclosure provided by the Retained Interest Holder in respect of the Retained Interest Holder.

The REIT has not and will not, pursuant to the Investor Rights Agreement or otherwise, have any obligation to register, nor will it register, Units under the U.S. Securities Act.

Pre-Emptive Rights

In the event the REIT, the Partnership or one of their subsidiaries decides to issue equity securities of the REIT or the Partnership or the subsidiary or securities convertible into or exchangeable or redeemable for equity securities of the REIT or the Partnership or the subsidiary or an option or other right to acquire such securities other than to an affiliate thereof, the Investor Rights Agreement will provide that the Retained Interest Holder, for so long as it continues to hold, in the aggregate, at least 10% of the outstanding Units (determined as if all Class B Units have been exchanged for Units), shall have pre-emptive rights to purchase Units, Class B Units or such other securities as are being contemplated for issuance by the REIT or the Partnership or the subsidiary to maintain its pro rata ownership interest in the REIT (assuming an exchange of all Class B Units). Notice of exercise of such rights is to be provided in advance of the commencement of any offering of securities of the REIT or the Partnership or the subsidiary or such other securities as are being contemplated for issuance and otherwise in accordance with the terms and conditions to be set out in the Declaration of Trust and the Limited Partnership Agreement.

Pursuant to the Investor Rights Agreement, the pre-emptive rights will not apply to issuances in the following circumstances:

- to participants in a DRIP or a similar plan;
- in respect of the exercise of warrants, rights or other securities issued under security based compensation arrangements of the REIT or its subsidiaries;
- the exercise of the Retained Interest Holder's Exchange Rights for Units;
- to Unitholders in lieu of cash distributions;
- as full or partial consideration for the purchase of real property by the REIT or the Partnership;
- in respect of the exercise by a holder of a conversion, exchange or other similar right pursuant to the terms of a security in respect of which the Retained Interest Holder did not exercise, failed to exercise, or waived its pre-emptive right or in respect of which the pre-emptive right did not apply;
- pursuant to any Unitholders' rights plan of the REIT;
- to the REIT, the Partnership or any subsidiary or affiliate; and
- pursuant to the exercise of the Over-Allotment Option, if any.

Drag-Along Rights

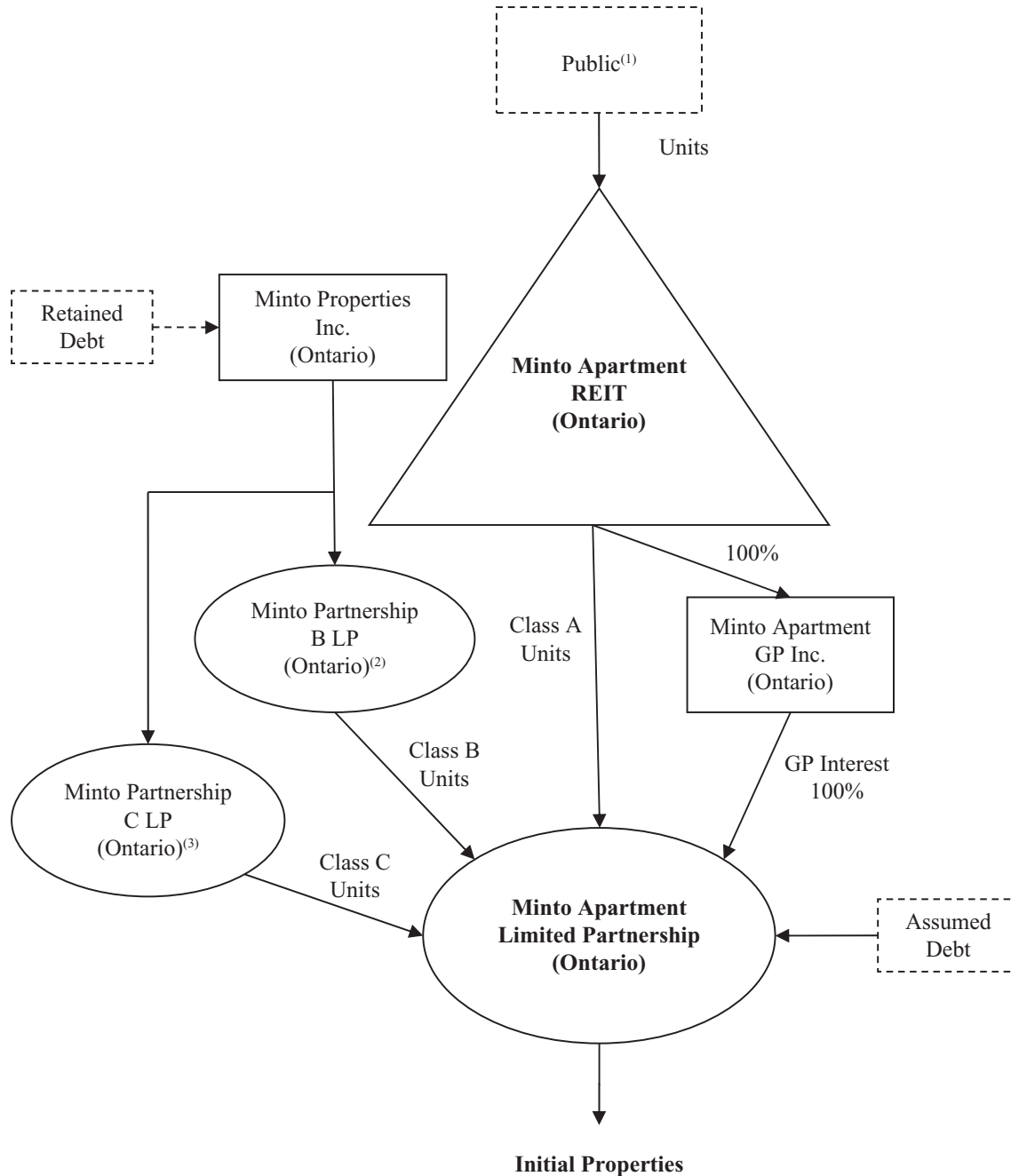
If the REIT enters into a going private transaction that involves: (i) the transfer, directly or indirectly, of all or substantially all of its assets to an unaffiliated third party; and (ii) the subsequent winding up, dissolution or termination of the REIT, or the exchange of Units for cash or securities of a third party issuer or successor issuer, then the Retained Interest Holder, if at such time the Retained Interest Holder holds in the aggregate, directly or indirectly, 10% or less of the outstanding Units (determined as if all Class B Units have been exchanged for Units), will be obligated to, upon the written request of the REIT, exercise its Exchange Rights in respect of the Class B Units then held by the Retained Interest Holder.

Tag-Along Rights

For so long as the Retained Interest Holder holds, in the aggregate, directly or indirectly, at least 10% of the outstanding Units (determined as if all Class B Units have been exchanged for Units), the Retained Interest Holder will have tag-along rights that will apply in respect of any sale by the REIT of its interest in the Partnership.

POST-CLOSING STRUCTURE

The following chart sets out the organizational structure of the REIT immediately following Closing:



Notes:

- (1) It is anticipated that upon Closing, the public will hold an approximate 37.6% interest in the REIT (approximately 43.2% if the Over-Allotment is exercised in full), in each case assuming all Class B Units are exchanged for Units.
- (2) It is anticipated that upon Closing, the Retained Interest Holder, an entity wholly-owned and controlled by MPI, will hold an aggregate of approximately 22.9 million Class B Units, representing an approximate 62.4% interest in the REIT (approximately 56.8% if the Over-Allotment is exercised in full), in each case assuming all Class B Units are exchanged for Units. The Class B Units are economically equivalent to and exchangeable for Units of the REIT on a one-for-one basis subject to customary anti-dilution adjustments. The Retained Interest Holder will receive a Special Voting Unit of the REIT for each Class B Unit held.
- (3) The holder of the Class C Units, an entity wholly-owned and controlled by MPI, will hold an aggregate of approximately 23.0 million Class C Units on which it will receive priority distributions in amounts sufficient for MPI to make interest and principal payments, and payments of any other amount owing, on the Retained Debt.

TRUSTEES AND EXECUTIVE OFFICERS OF THE REIT

Governance and Board of Trustees

The Declaration of Trust will provide that, subject to certain conditions, the Trustees will have absolute and exclusive power, control and authority over the REIT's assets and operations, as if the Trustees were the sole and absolute legal and beneficial owners of the REIT's assets. The governance practices, investment guidelines and operating policies of the REIT will be overseen by a Board of Trustees consisting of a minimum of one and a maximum of ten Trustees, a majority of whom will be Canadian residents. The REIT must, at all times after the Offering, have a majority of Trustees who are independent within the meaning of National Instrument 58-101 — *Disclosure of Corporate Governance Practices* ("NI 58-101"); provided, however, that if at any time a majority of the Trustees are not independent because of the death, resignation, bankruptcy, adjudicated incompetence, removal or change in circumstance of any Trustee who was an independent Trustee, this requirement shall not be applicable for a period of 60 days thereafter, during which time the remaining Trustees shall appoint a sufficient number of Trustees who qualify as "independent" to comply with this requirement.

The Board will initially be comprised of seven Trustees, a majority of whom will be Canadian residents and a majority of whom will be independent. The Board will also designate a Lead Trustee from among the independent Trustees to provide leadership for the independent Trustees in certain circumstances if the Chair is not independent. Pursuant to NI 58-101, an independent Trustee is one who is free from any direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with a Trustee's independent judgment. The REIT has determined that Allan Kimberley, Heather Kirk, Jacqueline Moss and Simon Nyilassy will be independent under these standards. Michael Waters, Chief Executive Officer, and Roger Greenberg, will not be independent under this standard given their current role as executives of the REIT and/or Minto and it is the view of the Board that Philip Orsino will not be independent under this standard in light of his current role as a director of Minto Holdings Inc. at a time when its affiliates are expecting to enter into the material agreements with the REIT as contemplated herein (See "Arrangements with Minto"). As Mr. Greenberg, Chairman of the Board, is not determined to be independent, Mr. Kimberley will initially be appointed to act as Lead Trustee. The Lead Trustee will be responsible for acting as the effective leader of the Board in circumstances where it is inappropriate for the Chair to act in that role as a result of a conflict of interest.

The mandate of the REIT's Board will be one of stewardship and oversight of the REIT and its business. In fulfilling its mandate, the Board will adopt a written charter setting out its responsibility for, among other things, (i) participating in the development of and approving a strategic plan for the REIT; (ii) supervising the activities and managing the investments and affairs of the REIT; (iii) approving major decisions regarding the REIT; (iv) defining the roles and responsibilities of management; (v) reviewing and approving the business and investment objectives to be met by management; (vi) assessing the performance of and overseeing management; (vii) reviewing the REIT's debt strategy; (viii) identifying and managing risk exposure; (ix) ensuring the integrity and adequacy of the REIT's internal controls and management information systems; (x) succession planning; (xi) establishing committees of the Board, where required or prudent, and defining their mandate; (xii) maintaining records and providing reports to Unitholders; (xiii) ensuring effective and adequate communication with Unitholders, other stakeholders and the public; (xiv) determining the amount and timing of distributions to Unitholders; and (xv) acting for, voting on behalf of and representing the REIT as a holder of the Class A Units of the Partnership.

The Board will adopt a written position description for the Chair of the Board, which will set out the Chair's key responsibilities, including, as applicable, duties relating to setting Board meeting agendas, chairing Board and Unitholder meetings, Trustee development and communicating with Unitholders and regulators, as well as a position description for the Lead Trustee, which will set out the Lead Trustee's duties with respect to board leadership, relationship with management, information flow and meetings. The Board will also adopt a written position description for each of the committee chairs which will set out each of the committee chair's key responsibilities, including duties relating to setting committee meeting agendas, chairing committee meetings and working with the respective committee and management to ensure, to the greatest extent possible, the effective functioning of the committee.

The REIT will adopt a written code of conduct (the “**Code of Conduct**”) that applies to all Trustees, officers, and management of the REIT and its subsidiaries. The objective of the Code of Conduct is to provide guidelines for maintaining the integrity, reputation, honesty, objectivity and impartiality of the REIT and its subsidiaries. The Code of Conduct addresses conflicts of interest, protecting the REIT’s assets, confidentiality, fair dealing with security holders, competitors and employees, insider trading, compliance with laws and reporting any illegal or unethical behaviour. As part of the Code of Conduct, any person subject to the Code of Conduct is required to avoid or fully disclose interests or relationships that are harmful or detrimental to the REIT’s best interests or that may give rise to real, potential or the appearance of conflicts of interest. The Board will have the ultimate responsibility for the stewardship of the Code of Conduct. The Code of Conduct will also be filed with the Canadian securities regulatory authorities on the SEDAR website at www.sedar.com.

The standard of care and duties of the Trustees provided in the Declaration of Trust will be similar to that imposed on directors of a corporation governed by the CBCA. Accordingly, each Trustee will be required to exercise the powers and discharge the duties of his or her office honestly, in good faith and in the best interests of the REIT and the Unitholders and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust will provide that each Trustee is entitled to indemnification from the REIT in respect of the exercise of the Trustee’s powers and the discharge of the Trustee’s duties, provided that the Trustee acted honestly and in good faith with a view to the best interests of the REIT and the Unitholders or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the Trustee had reasonable grounds for believing that his or her conduct was lawful.

Other than Trustees appointed prior to Closing, which Trustees will hold office for a term expiring at the close of the next annual meeting of Unitholders or until a successor is appointed, Trustees will be elected at each annual meeting of Unitholders to hold office for a term expiring at the close of the next annual meeting, or until a successor is appointed, and will be eligible for re-election. The Board intends to adopt a majority voting policy consistent with TSX requirements prior to the first uncontested meeting of Unitholders at which trustees are to be elected. Other than the Retained Interest Holder nominees (determined from time to time based on ownership levels as described under “Retained Interest — Investor Rights Agreement — Nomination Right”) nominated by the Retained Interest Holder in connection with its nomination right described herein and the Chief Executive Officer of the REIT, who will be nominated to serve as a Trustee pursuant to the terms of the Declaration of Trust, nominees will be nominated by the Compensation, Governance and Nominating Committee, in each case for the election by Unitholders as Trustees in accordance with the provisions of the Declaration of Trust and will be included in the proxy-related materials to be sent to Unitholders prior to each annual meeting of Unitholders. The first annual meeting of Unitholders will be held on or before June 30, 2019.

A quorum of the Trustees, being the majority of the Trustees then holding office (provided a majority of the Trustees comprising such quorum are residents of Canada), will be permitted to fill a vacancy in the Board, except a vacancy resulting from an increase in the number of Trustees other than in accordance with the provision regarding the appointment of trustees in the Declaration of Trust, from a failure of the Unitholders to elect the required number of Trustees or a vacancy in the Trustee appointed by virtue of serving as Chief Executive Officer of the REIT. In the absence of a quorum of Trustees, or if the vacancy has arisen from an increase in the number of Trustees other than in accordance with the provision regarding the appointment of trustees in the Declaration of Trust or from a failure of the Unitholders to elect the required number of Trustees, the Trustees will promptly call a special meeting of the Unitholders to fill the vacancy. If the Trustees fail to call that meeting or if there is no Trustee then in office, any Unitholder will be entitled to call such meeting. Except as otherwise provided in the Declaration of Trust, the Trustees may, between annual meetings of Unitholders, appoint one or more additional Trustees to serve until the next annual meeting of Unitholders, provided that the number of additional Trustees so appointed will not at any time exceed one-third of the number of Trustees who held such office at the conclusion of the immediately preceding annual meeting of Unitholders. Any Trustee may resign upon 30 days’ written notice to the REIT, unless such resignation would cause the number of remaining Trustees to be less than a quorum, and may be removed by an ordinary resolution passed by a majority of the votes cast at a meeting of Unitholders.

As described under “Retained Interest”, the Retained Interest Holder will have the exclusive right to nominate Trustees in certain circumstances. On Closing, it is anticipated that Roger Greenberg, Michael Waters

and Philip Orsino will serve on the Board pursuant to the Retained Interest Holder’s nomination right. Michael Waters will also serve as the Chief Executive Officer of the REIT, and for so long as serving as Chief Executive Officer, Mr. Waters will comprise one of the Retained Interest Holder’s nominees. See “Retained Interest — Investor Rights Agreement — Nomination Right”.

The following table sets forth the name, municipality of residence, positions held with the REIT and principal occupation of the Trustees of the REIT:

<u>Name and Municipality of Residence</u>	<u>Position with the REIT</u>	<u>Principal Occupation</u>
ROGER GREENBERG Ottawa, Ontario	Trustee and Chair	Executive Chairman of The Minto Group and Executive Chair and Managing Partner of the Ottawa Sports and Entertainment Group (OSEG)
MICHAEL WATERS Ottawa, Ontario	Trustee and Chief Executive Officer	Chief Executive Officer of The Minto Group
ALLAN KIMBERLEY ⁽¹⁾ Toronto, Ontario	Lead Trustee (Independent)	Corporate Director; Former Vice Chair and Managing Director at CIBC World Markets
HEATHER KIRK ⁽¹⁾⁽²⁾ Toronto, Ontario	Trustee (Independent)	Corporate Director; Former Managing Director, Equity Research, BMO Capital Markets
JACQUELINE MOSS ⁽⁴⁾ Toronto, Ontario	Trustee (Independent)	Corporate Director; Director and Chair of the Human Resources Committee of Investment Management Corporation Ontario, and Former EVP Strategy & Corporate Development, EVP Human Resources and SVP, General Counsel (Canada) at CIBC
SIMON NYILASSY ⁽²⁾⁽³⁾ Toronto, Ontario	Trustee (Independent)	Founder and CEO of Marigold & Associates Inc.; President, Chief Executive Officer and Director of CHC Student Housing Corp.
PHILIP ORSINO Toronto, Ontario	Trustee	Corporate Director; Director and Chair of the Audit Committee of Minto Holdings Inc.; Director of The Bank of Montreal; Director and Chair of Audit Committee of Hydro One; Former President and Chief Executive Officer of Jeld-Wen Inc.

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation, Governance and Nominating Committee.
- (3) Chair of the Audit Committee.
- (4) Chair of the Compensation, Governance and Nominating Committee.

Biographical Information Regarding the Trustees

Additional biographical information regarding the individuals who will be Trustees of the REIT as of Closing, for the past five years is set out below:

Roger Greenberg — Executive Chairman

Roger Greenberg is the Executive Chairman of the Board of Minto. He is also the Executive Chair and Managing Partner of the Ottawa Sports and Entertainment Group (OSEG), sits on the Board of Governors of the Canadian Football League, and was one of five members of Ottawa's business community leading the Lansdowne Transformation Plan. Mr. Greenberg joined Minto in 1985 and became CEO in 1991, a position he held until October 2013. Mr. Greenberg has received many distinguished awards throughout his career, including being appointed a Member of the Order of Canada, the Federation of Rental-housing Providers of Ontario Lifetime Achievement Award, the Ottawa Chamber of Commerce Lifetime Achievement Award, the Queen Elizabeth II Diamond Jubilee Medal, the Gilbert Greenberg Distinguished Service Award by the Ottawa Jewish Community, the Ottawa Businesses Journal's CEO of the Year in 2004, a United Way Community Builder in 2001 and receiving an Honorary Diploma from the Algonquin College. In January 2018, Mr. Greenberg was appointed as Honorary Colonel of the 30th Field Artillery Regiment, Royal Canadian Artillery. Mr. Greenberg completed his Bachelor of Commerce degree at the University of Toronto and earned his LLB law degree from Osgoode Hall Law School.

Michael Waters — Trustee and Chief Executive Officer

Michael Waters is the CEO of Minto, a position he has held since 2013. As CEO, Mr. Waters has spearheaded the transformation and growth of Minto into a world-class, fully-integrated real estate investment management company. Prior to becoming CEO, Mr. Waters served as President of Minto Communities from 2011 to 2013 and as CFO of Minto in the years prior to that. Mr. Waters has over 25 years' experience in real estate finance, investment and development, and financial advisory services. Prior to joining Minto in 2007, he served in a variety of roles at Intrawest Corporation, a large resort developer and operator with a presence across North America. Earlier in his career, Mr. Waters worked at PricewaterhouseCoopers LLP and KPMG LLP. Mr. Waters serves on the Board of REALpac, Canada's senior national real estate industry association. He is also a member of the Board of Governors of Algonquin College, and the Board of the Algonquin Foundation. Mr. Waters completed his Bachelor of Commerce degree at the University of British Columbia and holds an MBA from the Wharton School of the University of Pennsylvania. He holds both the Chartered Professional Accountant (CPA, CA) and Chartered Financial Analyst (CFA) designations.

Allan Kimberley — Lead Trustee

Allan Kimberley is a corporate director. In addition to serving on the board of the REIT, Mr. Kimberley currently serves as a member of the board of Orlando Corporation, a substantial private enterprise, and Partners REIT, a TSX-listed entity. Mr. Kimberley also serves as a board member of the Ontario Science Centre, an agency of the Ontario Government dedicated to science education and community outreach. Mr. Kimberley previously served on the board of First Capital Realty, a TSX-listed entity, from 2014 to 2018. In 2014, Mr. Kimberley retired from his position as a Vice Chairman and Managing Director of Investment Banking, Real Estate, at CIBC World Markets. During his tenure with CIBC World Markets from 1996 to 2014, Mr. Kimberley accumulated extensive experience in transactional activities which included debt and equity capital markets origination and execution, as well as mergers and acquisitions advisory services. Prior to joining CIBC World Markets, Mr. Kimberley worked with another Canadian investment bank for 12 years, focusing on debt capital markets origination and execution. Mr. Kimberley previously served for 10 years on the board of the Toronto Symphony Orchestra, including a term as board chair. Mr. Kimberley received his Bachelor of Commerce from McMaster University and his MBA from the University of Toronto.

Heather Kirk — Trustee

Heather Kirk is a corporate director with over 20 years of capital markets experience in the Canadian REIT sector, most recently as Managing Director of Equity Research and Analyst at BMO Capital Markets, a position

she held from 2013 to 2018, where as an equity analyst she covered Canadian real estate investment trusts. Prior to her role at BMO Capital Markets, Ms. Kirk spent ten years at National Bank Financial Inc., where she served as Director, Real Estate Equity Research Analyst following on her years as a real estate investment banker. She has over 15 years of diverse experience in the Canadian REIT industry including capital raising, mergers, asset sales, acquisitions as well as property management. Ms. Kirk currently serves as a trustee of Cominar Real Estate Investment Trust, a TSX-listed entity. In 2012, Ms. Kirk was ranked as the number two Overall Stock Picker in Canada and the number two REIT Industry Stock Picker in the StarMine Analyst Awards. She is a designated Chartered Financial Analyst (CFA) and received her Bachelor of Commerce from Concordia University.

Jacqueline Moss — Trustee

Jacqueline Moss is a corporate director and former senior executive with over 20 years of business experience in strategy development, corporate governance, legal, human resources and complex mergers and acquisitions matters. Ms. Moss currently serves on the board and as the chair of the Human Resources Committee of Investment Management Corporation Ontario (IMCO), an organization formed by the Ontario government in 2016 to aggregate the investment management functions of numerous Ontario pension plans. She also serves as Co-Chair of the Human Resources Committee of Soulpepper Theatre Company and is the Chair of the Nominations and Governance Committee and Vice Chair of the Corporation of Massey Hall and Roy Thomson Hall. Ms. Moss is also the founder of Giftgowns. Prior to her current endeavours, Ms. Moss held numerous executive and senior management roles with the Canadian Imperial Bank of Commerce over the course of a 17-year period, ranging most recently from the role of EVP Strategy & Corporate Development and Member of the Operating Committee to EVP Human Resources and SVP, General Counsel (Canada). Ms. Moss received her Honours Bachelor of Arts degree from Queen's University and her LLB law degree from Western University. She completed the Advanced Management Program at Harvard Business School and holds the ICD.D designation with the Institute of Corporate Directors.

Simon Nyilassy — Trustee

Simon Nyilassy is the founder and CEO of Marigold & Associates Inc., a senior housing development company, and is President, Chief Executive Officer and Director of CHC Student Housing Corp., a TSX-V listed entity. He was President and Chief Executive Officer of Regal Lifestyle Communities Inc. from 2011 until 2015. Mr. Nyilassy has extensive experience as a real estate executive and leader with an in-depth understanding of capital and real estate markets. From 2005 to 2011, Mr. Nyilassy served as President and Chief Executive Officer (and as a trustee from 2003 to 2011) of Calloway Real Estate Investment Trust. Prior to that, Mr. Nyilassy served as Executive Vice-President of Finance and Administration of Smartcentres Group of Companies from 2000 to 2005. From May 2017 to June 2018, Mr. Nyilassy served as Chair of the Audit Committee of Partners REIT, a TSX-listed entity, and was a member of the Board from June 2015. He has served on the board of the St. Joseph's Health Centre Foundation since September 27, 2016 and is currently the Vice Chair. Mr. Nyilassy obtained an Honours Bachelor of Engineering Science degree from the University of Warwick and is a designated Chartered Professional Accountant.

Philip Orsino — Trustee

Philip Orsino is a Corporate Director. In addition to other business interests, he is the President and CEO of Brightwaters Strategic Solutions Inc. He was previously President and CEO of Masonite International Corporation and the former President and Chief Executive Officer of Jeld-Wen Inc., a global integrated manufacturer of building products. Mr. Orsino is a Director and Chair of the Audit Committee of Minto Holdings Inc., a Director of The Bank of Montreal and a member and former chair of the Audit and Conduct Review Committee of The Bank of Montreal. He also serves as a Director and Chair of the Audit Committee of Hydro ONE. Mr. Orsino was formerly Chairman of the Board of Trustees and is presently an Honorary Trustee of the University Health Network. He is responsible for the establishment of The Philip S. Orsino Hematology Centre at the Princess Margaret Hospital. He is currently a member of The Toronto General and Western Hospitals Foundation. Mr. Orsino was appointed an Officer of the Order of Canada in 2004, and was the

recipient of the 2003 Canada's Outstanding CEO of the Year Award. He is a Fellow of the Institute of Chartered Accountants and holds a degree from Victoria College at the University of Toronto.

Penalties or Sanctions

None of the REIT's proposed Trustees or executive officers, and to the best of the REIT's knowledge, no Unitholder holding a sufficient number of securities to affect materially the control of the REIT, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Individual Bankruptcies

None of the REIT's existing or proposed Trustees or executive officers, and to the best of the REIT's knowledge, no Unitholder holding a sufficient number of securities to affect materially the control of the REIT, has, within the 10 years prior to the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Corporate Cease Trade Orders and Bankruptcies

None of the REIT's existing or proposed Trustees or executive officers, and to the best of the REIT's knowledge, no Unitholder holding a sufficient number of securities to affect materially the control of the REIT is, as at the date of this prospectus, or has been within the 10 years before the date of this prospectus, (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the existing or proposed director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the existing or proposed director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, or (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

Interests of Trustees in Material Transactions

Other than as described in this prospectus, there are no material interests, direct or indirect, of any Trustee or executive officer of the REIT, any Unitholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of the aggregate votes attached to the Units, or any associate or affiliate of any of the foregoing persons, in any transaction within the three years before the date hereof that has materially affected or is reasonably expected to materially affect the REIT or any of its subsidiaries.

Committees of the Board of Trustees

The Board will establish two committees: the Audit Committee and the Compensation, Governance and Nominating Committee.

Audit Committee

The Audit Committee will consist of at least three Trustees, all of whom will be persons determined by the REIT to be both independent Trustees, except for temporary periods in limited circumstances in accordance with National Instrument 52-110 — *Audit Committees* (“**NI 52-110**”), and financially literate within the meaning of NI 52-110 and all of whom will be residents of Canada. The Audit Committee will be comprised of Simon Nyilassy, who will act as chair of this committee, Allan Kimberley and Heather Kirk, all of whom have been determined to be independent. Each of the Audit Committee members will have an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting.

The following is a brief summary of the education or experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as a member of the Audit Committee, including any education or experience that has provided the member with an understanding of the accounting principles used by the REIT to prepare its financial statements.

Simon Nyilassy

Mr. Nyilassy is a designated Chartered Professional Accountant and holds an Honours Bachelor of Engineering Science degree from the University of Warwick. He is currently President, Chief Executive Officer and Director of CHC Student Housing Corp., a TSX-V listed entity and previously served as President and Chief Executive Officer of Calloway Real Estate Investment Trust, a TSX-listed company, and as Executive Vice-President of Finance and Administration of Smartcentres Group of Companies. From May 2017 to June 2018, Mr. Nyilassy served as the Chair of the Audit Committee of Partners REIT, a TSX-listed company.

Allan Kimberley

Mr. Kimberley holds a Bachelor of Commerce from McMaster University and a Masters, Business Administration degree from the University of Toronto. He is a member of the audit committee of Orlando Corporation, a substantial private enterprise, and Partners REIT, a TSX-listed entity, and was previously a Vice-Chair and Managing Director at CIBC World Markets Inc. Mr. Kimberley previously served on the audit committee of First Capital Realty, a TSX-listed entity, from 2014 to 2018.

Heather Kirk

Ms. Kirk is a designated Chartered Financial Analyst and holds a Bachelor of Commerce from Concordia University. Most recently she served as Managing Director of Equity Research and Analyst at BMO Capital Market, where she covered Canadian real estate investment trusts, and prior to that was Director, Real Estate Equity Research Analyst at National Bank Financial Inc. following on her years as a real estate investment banker. She is also a trustee of Cominar Real Estate Investment Trust, a TSX-listed entity.

The Board will adopt a written charter for the Audit Committee, substantially in the form set out under Appendix A to this prospectus, which sets out the Audit Committee’s responsibilities. It is expected that the Audit Committee’s responsibilities will include: (i) reviewing the REIT’s procedures for internal control with the REIT’s auditors and Chief Financial Officer; (ii) reviewing and approving the engagement of the auditors; (iii) reviewing annual and quarterly financial statements and all other material continuous disclosure documents, including the REIT’s annual information form and management’s discussion and analysis; (iv) assessing the REIT’s financial and accounting personnel; (v) assessing the REIT’s accounting policies; (vi) reviewing the REIT’s risk management procedures; (vii) reviewing any significant transactions outside the REIT’s ordinary course of business and any pending litigation involving the REIT; (viii) overseeing the work and reviewing the independence of the external auditors; and (ix) reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management.

The Audit Committee will have direct communication channels with the Chief Financial Officer and the external auditors of the REIT to discuss and review such issues as the Audit Committee may deem appropriate.

The following table presents, by category, the fees accrued by KPMG LLP as external auditor of, and for other services provided to, the REIT in connection with the REIT's formation and organization, for the period indicated:

	<u>Period from January 1, 2018 to June 22, 2018</u>
Category of Fees	
Audit fees ⁽¹⁾	\$810,000
Audit-related fees ⁽²⁾	\$125,000
Tax fees ⁽³⁾	\$ 95,000

Notes:

- (1) "Audit fees" relate to the audit and review of financial statements included in this prospectus, the examination of the financial forecast and procedures performed in connection with the Offering.
- (2) "Audit-related fees" relate to French translation services.
- (3) "Tax fees" relate to certain tax advisory fees, review of tax provision and SIFT compliance.

No fees were payable to KPMG LLP, as external auditor of, and for other services provided to, the REIT prior to 2018.

Compensation, Governance and Nominating Committee

The Compensation, Governance and Nominating Committee will be comprised of at least three Trustees, all of whom will be persons determined by the REIT to be independent Trustees and a majority of whom will be residents of Canada, and will be charged with reviewing, overseeing and evaluating the corporate governance and nominating policies of the REIT. The Compensation, Governance and Nominating Committee will be comprised of Jacqueline Moss, who will act as chair of this committee, Heather Kirk and Simon Nyilassy, each of whom have been determined by the REIT to be independent.

The following is a brief summary of the education or experience of each member of the Compensation, Governance and Nominating Committee that is relevant to the performance of his or her responsibilities as a member of the Compensation, Governance and Nominating Committee.

Jacqueline Moss

Jacqueline Moss currently serves on the board and as the chair of the Human Resources Committee of Investment Management Corporation Ontario (IMCO). She also serves as Co-Chair of the Human Resources Committee of Soulpepper Theatre Company and is the Chair of the Nominations and Governance Committee of the Corporation of Massey Hall and Roy Thomson Hall. Previously, she held various positions with the Canadian Imperial Bank of Commerce, including EVP Human Resources and SVP, General Counsel (Canada). Ms. Moss received her LLB law degree from Western University.

Heather Kirk

Heather Kirk is a corporate director with over 20 years of capital markets experience in the Canadian REIT sector, most recently as Managing Director of Equity Research and Analyst at BMO Capital Markets, where as an equity analyst she covered Canadian real estate investment trusts, solidifying her in-depth understanding and familiarity of the capital and real estate markets and the governance landscape facing Canadian real estate investment issuers. Ms. Kirk is also a trustee of Cominar Real Estate Investment Trust, a TSX-listed entity.

Simon Nyilassy

Simon Nyilassy is the founder and CEO of Marigold & Associates Inc. and is President, Chief Executive Officer and Director of CHC Student Housing Corp., a TSX-V listed entity. Previously, he was President and Chief Executive Officer of Regal Lifestyle Communities Inc. and President and Chief Executive Officer (and trustee) of Calloway Real Estate Investment Trust, a TSX-listed entity. Mr. Nyilassy has extensive

experience as a real estate executive and leader with an in-depth understanding of the Canadian and U.S. capital and real estate markets.

The Board will adopt a written charter for the Compensation, Governance and Nominating Committee setting out its responsibilities for: (i) assessing the effectiveness of the Board, each of its committees and individual Trustees; (ii) overseeing the recruitment and selection of candidates as Trustees of the REIT, other than the Chief Executive Officer of the REIT; (iii) organizing an orientation and education program for new Trustees; (iv) considering and approving proposals by the Trustees to engage outside advisors on behalf of the Board as a whole or on behalf of the independent Trustees; (v) reviewing and making recommendations to the Board concerning any change in the number of Trustees composing the Board; (vi) considering questions of management succession; (vii) administering the Equity Incentive Plan of the REIT and any other compensation incentive programs; (viii) assessing the performance of management of the REIT; (ix) reviewing and approving the compensation paid by the REIT, if any, to the executive officers of the REIT; and (x) reviewing and making recommendations to the Board concerning the level and nature of the compensation payable to Trustees and executive officers of the REIT.

The Board believes that the members of the Compensation, Governance and Nominating Committee individually and collectively possess the requisite knowledge, skill and experience in governance and compensation matters, including human resource management, executive compensation matters and general business leadership, to fulfill the committee's mandate. All members of the Compensation, Governance and Nominating Committee have substantial knowledge and experience as current and former senior executives of large and complex organizations and on the boards of other publicly traded entities. For additional details regarding the relevant education and experience of each member of the Compensation, Governance and Nominating Committee, see “— Governance and Board of Trustees — Biographical Information Regarding the Trustees”.

Nomination of Trustees

Other than the Retained Interest Holder's nomination rights (see “Retained Interest — Investor Rights Agreement — Nomination Right”), and subject to the requirement in the Declaration of Trust that the Chief Executive Officer of the REIT shall be nominated to serve as a trustee, all board nominees are nominated by the Compensation, Governance and Nominating Committee, who make such nominations after considering the mix of skills and experience it believes are necessary to further the REIT's goals. Trustees elected at an annual meeting will be elected for a term expiring at the close of the subsequent annual meeting and will be eligible for re-election. Trustees appointed by the Trustees between meetings of Unitholders in accordance with the Declaration of Trust shall be appointed for a term expiring at the close of the next annual meeting and will be eligible for election or re-election, as the case may be.

Remuneration of Trustees

Each non-management Trustee will receive an annual retainer of \$25,000 per year as well as a fee of \$1,500 per meeting of the Board or any committee thereof. Each Trustee will be reimbursed for all reasonable travel and ancillary expenses incurred. The Lead Trustee will receive an additional annual retainer of \$10,000. The chair of the Audit Committee will receive an additional retainer of \$15,000 and the chair of the Compensation, Governance and Nominating Committee will receive an additional retainer of \$12,000. The Trustees will not receive any additional remuneration for acting as directors on the boards of any of the REIT's subsidiaries. Trustees who are also members of management will not receive any remuneration for their role as a Trustee.

Trustees will have the option to elect to receive up to 100% of all fees that are otherwise payable in cash (i.e. annual board retainer fee, meeting fees and additional retainers) in the form of Deferred Units. The REIT, on recommendation from the Compensation, Governance and Nominating Committee, will determine whether, and to what extent, the REIT will match up to 50% of the total value of the fees that a Trustee elects to receive in the form of Deferred Unit. Accordingly, the number of Deferred Units to be awarded to a Trustee is equal to (i) the value of all fees that the Trustee elects to receive in the form of Deferred Units plus any additional Deferred Units pursuant to the REIT's obligation to match as contemplated by the Equity Incentive Plan, (ii) divided by the volume weighted average trading price of a Unit on the TSX for the five trading days prior to

the date of the award. Trustees must complete an election form to receive Deferred Units in lieu of the cash component of their fees (i) in the case of an existing Trustee, no later than December 31 of the year preceding the applicable grant year (other than in respect of the 2018 year); and (ii) in the case of a newly appointed or elected Trustee, within 30 days of such appointment or election with respect to compensation paid for services to be performed after such date. For the 2018 fiscal year, Trustees must complete an election form on or prior to the effective date of the Equity Incentive Plan to receive Deferred Units in respect of compensation for 2018. Elections are irrevocable for the year in respect of which they are made. It is expected that Trustees will receive Deferred Units quarterly. See “Executive Compensation — Equity Incentive Plan”.

The REIT will establish equity ownership guidelines for the Trustees (together with the executive officers) to further align the interests of Trustees and executive officers with those of the Unitholders. See “Executive Compensation — Compensation Risk — Equity Ownership Policy”.

Orientation and Continuing Education

New Trustees

When new Trustees are elected to the Board, they can be expected to participate in a comprehensive orientation program. The orientation program will familiarize new Trustees with the REIT’s business and operations, including structure, operations, and risks. They will be briefed on the role of the Board, its committees and the contributions individual trustees are expected to make. New Trustees can also be expected to receive an orientation package containing all Trustees’ committee mandates and charters, copies of the REIT’s policies and other background information on the REIT’s business, operations and risks.

Continuing Education

The REIT’s continuing education program for its Trustees will involve the ongoing evaluation by the Compensation, Governance and Nominating Committee of the skills and competencies of existing Trustees. The Board is currently comprised of highly qualified and experienced Trustees with impressive levels of skill and knowledge. Many of the Trustees are seasoned business executives, directors or professionals with considerable experience, including as directors of other significant public companies. The Compensation, Governance and Nominating Committee will continually monitor the composition of the Board and will recommend the adoption of a formal continuing education program should it be determined to be necessary.

As part of the REIT’s continuing education program, Trustees will:

- receive a comprehensive electronic package of information prior to each board and committee meeting;
- obtain a quarterly report on the REIT’s operations and markets from senior management;
- receive updates from management and third parties (including advisors) on regulatory developments and trends and issues related to the REIT’s business;
- receive reports on the work of board committees following committee meetings;
- complete an annual tour of certain REIT properties; and
- be encouraged to attend industry conferences and events, with the reasonable cost of such events being reimbursed by the REIT.

Board Assessments

The Compensation, Governance and Nominating Committee will conduct an annual assessment of the Board, its committees and of each individual Trustee, which will include an assessment of each Trustee’s experience, financial literacy, independence and other factors. The assessment process will require each Trustee to complete a questionnaire addressing (i) a review of the effectiveness of the Board and each committee, (ii) a peer review of each other Trustee, and (iii) a self-evaluation of such Trustee’s own performance. The Chair of the Compensation, Governance and Nominating Committee will report the results of the assessments to the Board. This process is used (i) as an assessment tool, (ii) as a component of the regular review process of Board members’ participation, and (iii) to assist with the Board’s succession planning.

Diversity

The REIT is committed to fostering an open and inclusive workplace culture. The REIT's Code of Conduct will underscore a commitment to diversity and recognize it as an important asset. The Code of Conduct will explicitly state that the REIT and its subsidiaries are firmly committed to providing equal opportunity in all aspects of employment. The REIT endorses the principle that the Board should have a balance of skills, experience and diversity of perspectives appropriate to the business.

In furtherance of the REIT's commitment to diversity at the Board level, following Closing, the Board will adopt a diversity policy (the "**Diversity Policy**"). In accordance with the Diversity Policy, the Compensation, Governance and Nominating Committee will consider a number of factors, including gender, ethnic and geographic diversity, as well as age, business experience, professional expertise, personal skills and perspectives, when seeking and considering new Trustees for nomination or evaluating Trustee nominees for re-election. The Board will ensure compliance with the Diversity Policy by requiring that the Compensation, Governance and Nominating Committee conduct annual assessments to consider the level of representation on the Board of the various attributes enumerated in the Diversity Policy, including the number of women on the Board among other factors. Notwithstanding the foregoing, recommendations concerning Trustee nominees are, foremost, based on merit and performance, with due regard to the overall effectiveness of the Board, with diversity being taken into consideration, as it is beneficial that a diversity of backgrounds, views and experiences be present at the Board and management levels.

The Diversity Policy will not specify a numerical target for women Trustees on the Board, nor will the REIT maintain a specific numerical target in making executive officer appointments, as the Board believes its evaluation and nomination process is robust and, in practice, does consider and will result in gender diversity on the Board. The Compensation, Governance and Nominating Committee reviews the structure and diversity of the Board annually and may set diversity, including gender diversity, aspirations regarding the Board's optimum composition as part of the identification and nomination of Trustees.

Similarly, the level of representation of women will continue to be considered by the REIT, the Board and the Compensation, Governance and Nominating Committee, among other factors, in the making of executive officer appointments. In searches for new executive officers, the Compensation, Governance and Nominating Committee will consider the level of diversity in management as one of several factors used in its search process. Notwithstanding the foregoing, all executive officer appointments will always be based on merit, having regard to the requirements of the REIT.

There are currently two female Trustees on the Board (28.6%, or 50% of the independent Trustees) and two female executive officers of the REIT or any of its major subsidiaries (40%).

Conflicts of Interest

The Declaration of Trust will contain "conflict of interest" provisions to protect Unitholders without creating undue limitations on the REIT. As the Trustees will be engaged in a wide range of real estate and other activities, the Declaration of Trust will contain provisions, similar to those contained in the CBCA, that will require each Trustee to disclose to the REIT, at the first meeting of Trustees at which a proposed contract or transaction is considered, any interest in a material contract or transaction or proposed material contract or transaction with the REIT or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with the REIT. If a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by the Trustees, a Trustee will be required to disclose in writing to the REIT, or request to have entered into the minutes of meetings of Trustees, the nature and extent of his or her interest forthwith after the Trustee becomes aware of the contract or transaction or proposed contract or transaction. In any case, a Trustee who has made disclosure to the foregoing effect will not be entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction relates to his or her remuneration or an indemnity under the provisions of the Declaration of Trust or liability insurance.

All decisions of the Board will require the approval of a majority of the Trustees present in person or by phone at a meeting of the Board, except for each of the following matters which will also require the approval of a majority of the independent Trustees (as determined with reference to the particular decision):

- a) an acquisition of a property or an investment in a property, whether by co-investment or otherwise, in which Minto or any related party of the REIT has any direct or indirect interest, whether as owner, operator or manager;
- b) a material change to any agreement with Minto or a related party of the REIT or any renewal, extension or termination thereof or any increase in any fees (including any transaction fees) or distributions payable thereunder;
- c) the entering into of, or the waiver, exercise or enforcement of any rights or remedies under, any agreement entered into by the REIT, or the making, directly or indirectly, of any co-investment, in each case with (i) any Trustee, (ii) any entity directly or indirectly controlled by any Trustee or in which any Trustee holds a significant interest, or (iii) any entity for which any Trustee acts as a director or other similar capacity;
- d) the refinancing, increase or renewal of any indebtedness owed by or to (i) any Trustee, (ii) any entity directly or indirectly controlled by any Trustee or in which any Trustee holds a significant interest, or (iii) any entity for which any Trustee acts as a director or other similar capacity; and
- e) decisions relating to any claims by or against one or more parties to any agreement with Minto or any related party to the REIT.

In connection with any transaction involving the REIT, including any transaction which requires the approval of a majority of the independent Trustees, the Board shall have the authority to retain external legal counsel, consultants or other advisors to assist it in negotiating and completing such transaction without consulting or obtaining the approval of any officer of the REIT.

It is anticipated that the independent Trustees will hold in-camera meetings, with members of management not in attendance, as part of regularly scheduled Board meetings. The Lead Trustee will conduct the in-camera meetings without the presence of management or the other non-independent Trustees.

Minto's continuing businesses may lead to conflicts of interest between Minto and the REIT. In addition, the ongoing relationships between Minto and Roger Greenberg and Michael Waters may lead to conflicts of interest between such persons and the REIT.

Executive Officers

The responsibilities of the executive officers of the REIT will include: (i) providing the Board with information and advice relating to the operation of the REIT's properties, acquisitions and financings; (ii) establishing, at least on an annual basis, investment and operating plans for the ensuing period; (iii) conducting and supervising the due diligence required in connection with proposed acquisitions and completing any acquisitions or dispositions; (iv) maintaining the books and financial records of the REIT; (v) determining and preparing designations, elections and determinations to be made in connection with the income and capital gains of the REIT for tax and accounting purposes; (vi) preparing reports and other information required to be sent to Unitholders and other disclosure documents; (vii) calculating all distributions; (viii) communicating with Unitholders and other persons, including investment dealers, lenders and professionals; and (ix) administering or supervising the administration, on behalf of the Board, of the payment of distributions by the REIT.

The Board will adopt, effective as of Closing, a written position description and mandate for the Chief Executive Officer which will set out the key responsibilities of the Chief Executive Officer. The primary functions of the Chief Executive Officer will be to lead management of the business and affairs of the REIT, to lead the implementation of the resolutions and the policies of the Board, to supervise day to day management and to communicate with Unitholders and regulators. The Chief Executive Officer mandate will be considered by the Board for approval annually.

The following table sets forth the name, municipality of residence and positions held with the REIT of each executive officer of the REIT on Closing:

<u>Name and Municipality of Residence</u>	<u>Office with the REIT</u>
MICHAEL WATERS Ottawa, Ontario	Chief Executive Officer
ROBERT PIKE Mississauga, Ontario	President and Chief Operating Officer
JULIE MORIN Ottawa, Ontario	Chief Financial Officer
JAIME MCKENNA Ottawa, Ontario	Chief Investment Officer
GEORGE VAN NOTEN Ottawa, Ontario	Senior Vice-President, Operations

Additional biographical information regarding the senior management of the REIT, including a description of each individual's principal occupation within the past five years, is provided below.

Michael Waters — Chief Executive Officer

Michael Waters is the CEO of Minto. As CEO, Mr. Waters has spearheaded the transformation and growth of Minto into a world-class, fully-integrated real estate investment management company. In his role, Mr. Waters oversees all aspects of the businesses from corporate services to asset management, acquisitions, dispositions, development, property operations and homebuilding in Canada and the United States for Minto's portfolio. Mr. Waters has over 25 years' experience in real estate finance, investment and development, and financial advisory services. Prior to joining Minto in 2007, he served in a variety of roles at Intrawest Corporation, a large resort developer and operator with a presence across North America. Earlier in his career, Mr. Waters worked at PricewaterhouseCoopers LLP and KPMG LLP. Mr. Waters serves on the Board of REALpac, Canada's senior national real estate industry association. He is also a member of the Board of Governors of Algonquin College, and the Board of the Algonquin Foundation. Mr. Waters completed an undergraduate degree in finance at the University of British Columbia and holds an MBA from the Wharton School of the University of Pennsylvania. He holds both the Chartered Professional Accountant (CPA, CA) and Chartered Financial Analyst (CFA) designations.

Robert Pike — President and Chief Operating Officer

Robert Pike is a highly accomplished real estate executive with over 37 years of industry experience, having spent his entire career in real estate investment management, development, operations and asset management. As President of MPI, Mr. Pike has been the driving strategic force behind the organization's transformation and growth to a fully-integrated real estate company. Mr. Pike contributes his extensive expertise to leading larger investment and asset management issues, acquisitions, dispositions, development, property operations, and finance for Minto's portfolio of multi-residential and commercial assets. Prior to joining Minto in 2011, Mr. Pike served as Chief Investment Officer with ING Real Estate Canada, SVP Asset Management at Summit REIT, Senior Vice President with First Pro Shopping Centres, Executive Vice President with Meritus Realty Advisors, and Senior Vice President with Beutel Goodman Real Estate Group, among others. He holds an ICD.D designation with the Institute of Corporate Directors and a Bachelor of Commerce degree from McMaster University.

Julie Morin — Chief Financial Officer

Julie Morin is an experienced senior finance and accounting professional with over 20 years of experience specializing in public reporting. Ms. Morin is Minto's Chief Financial Officer, having recently been promoted from the role of SVP, Finance, and is responsible for the organization's overall strategic and financial management, including the company's financial reporting, long-range business planning as well as treasury and tax functions. Prior to joining Minto in 2014, she was Corporate Controller at Telesat Canada, where she led the external and internal financial reporting and accounting operations from 2010 to 2014. She held the role of

VP Finance at Brookfield Renewable Energy Group for over six years prior to that, where she was responsible for the accurate and timely communication of financial performance to various stakeholders and the execution of strategic initiatives. Ms. Morin also spent ten years as Senior Manager, Audit at Ernst & Young LLP. She is a Chartered Professional Accountant (CPA, CA) and received her Bachelor of Commerce, Accounting from the University of Ottawa.

Jaime McKenna — Chief Investment Officer

Ms. McKenna is a finance and investment professional with over 17 years of experience. As Senior Vice President, Investments of MPI, Ms. McKenna is responsible for the acquisitions, dispositions and financial reporting for Minto's multi-residential and commercial real estate portfolio. Ms. McKenna is a key member of the executive team for MPI, having overseen over \$500 million of capital deployed in the past five years. Prior to joining Minto in 2008, Ms. McKenna was Director of Finance for Bell Canada's enterprise group where she led the financial integration of newly acquired information and communication technology companies and specialized in mergers, reporting and budgeting processes. She received a Bachelor of Business Administration degree from Trent University with honours and holds the Chartered Professional Accountant and Chartered Business Valuator designations.

George Van Noten — Senior Vice-President, Operations

Mr. Van Noten brings 29 years' experience in executive property operations. As Senior Vice-President, Operations of MPI, Mr. Van Noten provides strategic direction for operations across all of Minto's multi-residential and commercial assets and is a member of MPI's Investment Committee. He manages a team of 400 service professionals across Canada and previously served on the Board of Directors of a privately held corporate housing business in the United States. Prior to joining Minto in 2006, Mr. Van Noten was Global Executive Director of Revenue Management at Fairmont Hotels and held several other senior level positions with Fairmont Hotels and Delta Hotels, in the area of revenue management, sales and operations. Mr. Van Noten currently serves as a member of the Board of Directors of the Ottawa Chamber of Commerce. He received his Tourism Management Diploma from Georgian College.

Trustees' and Officers' Liability Insurance

The REIT intends to obtain trustees' and officers' liability insurance policies, which cover indemnification of trustees and officers of the REIT in certain circumstances, including coverage for the REIT and its Trustees and officers in relation to this prospectus. The REIT will also obtain a six-year prospectus liability insurance policy providing coverage to the Trustees and officers of the REIT, the REIT and the Promoter, subject to certain limits, deductibles and other terms and conditions. In addition, the REIT will enter into indemnification agreements with each of its Trustees and officers for liabilities and costs in respect of any action or suit against them in connection with the execution of their duties, subject to customary limitations prescribed by applicable law.

ARRANGEMENTS WITH MINTO

Administrative Support Agreement

The REIT's executives and certain asset managers who provide asset management functions will enter into dual employment contracts with both the REIT (through the Partnership) and MPI (or one of its affiliates). Similarly, certain employees that provide property management functions will enter into dual employment contracts with both the REIT (through the Partnership) and MPI (or one of its affiliates), while others who provide services exclusively to the REIT will be employed solely by the REIT. On Closing, the REIT is expected to have approximately 195 employees, of which approximately 105 will be solely employed by the REIT and 90 will have dual employment contracts. See "Executive Compensation — Employment Agreements".

Administrative services required to operate the REIT (and not provided by executives and employees of the REIT, whether solely employed or dually employed) will be provided by MPI and its affiliates on a cost recovery basis under the Administrative Support Agreement. During the first year of the term of the Administrative Support Agreement, MPI and its affiliates will be paid a fixed fee of \$0.5 million for providing the administrative services (inclusive of out-of-pocket costs and expenses, but excluding HST). Thereafter, the fee for providing

such administrative services will be set out in the then current budget for the administrative services as approved annually by the independent Trustees of the REIT but in no event during the remaining initial term of the Administrative Support Agreement shall the fee, together with other general and administrative costs and out-of-pocket expenses incurred by the REIT and its subsidiaries (excluding Public Company Costs and expenses), exceed 0.32% of GBV. The calculation as to whether such threshold has been met shall be made at each financial quarter using the REIT's consolidated financial statements as approved by the Board, and MPI shall repay any excess payment within 15 days of notice thereof by the REIT.

Pursuant to the Administrative Support Agreement, the administrative services that MPI and its affiliates will provide the REIT, and which are not provided by the REIT's executives and employees, include the following:

- assisting with identifying, evaluating and recommending and assisting in the structuring and negotiating of acquisitions, dispositions, financings and other transactions;
- assisting with obtaining, consolidating, analyzing and providing information (including financial modelling and market analysis) in connection with prospective acquisitions of properties or dispositions by the REIT;
- assisting with negotiating contracts, arranging for such improvements and repairs as may be required and purchasing all materials and services, and incurring such expenses as it deems necessary in connection therewith, all in accordance with an approved budget;
- providing assistance in connection with the preparation of business plans and annual budgets, implementing such plans and budgets and monitoring financial performance;
- providing and operating the REIT's head office, including providing the office space, equipment, supplies, support services and administrative, clerical and secretarial personnel incidental thereto and such other similar administrative services as may be reasonably required from time to time;
- providing legal support services;
- assisting the REIT with respect to regulatory compliance requirements, risk management policies and any litigation matters;
- providing finance, accounting, payroll, treasury and internal audit services, including the preparation of reports reasonably requested by the REIT, including operational reporting such as cash flow reports by property and asset type;
- providing the REIT with the information on the REIT's properties that the REIT requires for (i) investor relations activities, (ii) regulatory, financial and tax reporting requirements, and (iii) the preparation of all documents, reports, data and analysis required by the REIT for its filings and documents necessary for its continuous disclosure requirements pursuant to applicable stock exchange rules and securities laws;
- establishing and maintaining disclosure controls and procedures and internal controls over financial reporting of the REIT;
- unless otherwise agreed by the Partnership, preparing, signing (if permitted by the relevant authorities) and filing on behalf of the Partnership, in the prescribed manner, and within the time prescribed, all tax filings relating to the REIT and its subsidiaries, including HST returns;
- providing human resources services;
- providing information technology and associated support services (including website and social media related services);
- providing data storage and processing services;
- providing business recovery services;
- arranging insurance for the REIT and its subsidiaries;

- such other similar services, functions or responsibilities that are reasonably related to and reasonably required for the proper performance and provision of the services listed above and normally provided by MPI in connection with providing such services; and
- such other services as reasonably required to support the administration of the REIT.

It is expected that the scope of services to be provided under the Administrative Support Agreement will decrease over time as the REIT develops the capacity to undertake more of the services internally.

The term of the Administrative Support Agreement will commence on Closing for a period of five years. Thereafter the agreement may be renewed by the REIT (as approved by the independent Trustees), at its option, for an additional term of five years upon written notice to MPI given not less than 180 days prior to the expiration of the initial term, provided that the REIT shall have the right to terminate MPI's and its affiliates' obligations under the Administrative Support Agreement at any time during the renewal term upon 180 days' written notice given to MPI, without payment of any termination fees. Notwithstanding the foregoing, each of the REIT and MPI shall have the right to terminate the Administrative Support Agreement during the initial term or during the renewal term upon not less than 180 days' prior written notice to the other and without payment of any termination fees once the REIT's assets have a Gross Book Value of \$2.0 billion. In the event that MPI exercises its right to terminate the Administrative Support Agreement pursuant to the foregoing right, MPI and its affiliates will continue to provide the services contemplated by the Administrative Support Agreement to the REIT for up to an additional 90 day period (beyond the 180 day notice period) if reasonably required by the REIT to facilitate the transition of such services to another service provider or the internalization of such services by the REIT.

In addition to the above, the REIT shall have the right to terminate the Administrative Support Agreement upon written notice to MPI and without payment of any termination fees in the event of (i) a material breach by MPI or its affiliates of its obligations under the Administrative Support Agreement which breach has not been cured within applicable cure periods; (ii) an event of insolvency of MPI or an affiliate providing the services under the Administrative Support Agreement; (iii) the fraud or wilful misconduct of, or misappropriation of funds by MPI or an affiliate providing services under the Administrative Support Agreement; or (iv) a change of control of MPI. MPI will have the right to terminate the Administrative Support Agreement upon not less than 180 days' prior written notice to the REIT in the event of a material breach or material default of the REIT's obligations under the agreement which breach has not been cured within applicable cure periods or in the event of the insolvency of the REIT, in all cases without payment of any termination fees. Both parties shall have the right to terminate the Administrative Support Agreement upon written notice to the other upon the event of a change of control of the REIT.

The Administrative Support Agreement will provide that, as part of any termination of the Administrative Support Agreement, other than a termination resulting from the material breach or default of the REIT, the REIT will be permitted to solicit employees of MPI and its affiliates who provide services to the REIT pursuant to the Administrative Support Agreement. For greater certainty, MPI and its affiliates shall be permitted to solicit persons or officers employed by the REIT and MPI or its affiliates under dual employment arrangements as contemplated by the Non-Competition and Non-Solicitation Agreement described below.

Development and Construction Management Agreement

On Closing, the REIT and the Partnership will enter into a Development and Construction Management Agreement with MPI pursuant to which MPI (or an affiliate thereof) will have the exclusive option to provide development and construction management services for Applicable Development Properties, which services include the following:

- overseeing all aspects of the construction project, and acting as a liaison between the REIT and its subsidiaries and all architects, engineers, contractors, suppliers and government agencies regarding the project;
- retaining on behalf of the REIT qualified engineers, architects, contractors and suppliers;
- monitoring construction schedules, on-site construction inspections, and compliance with plans and specifications;

- reviewing change orders and attend to general contract administration;
- providing the REIT with status updates as appropriate; and
- providing such other construction or development management services related to the project as is reasonably necessary to ensure completion of the project.

MPI has agreed to provide the development management services for a fee equal to 4% of hard and soft costs, excluding the cost of land acquisition and interest, solely in respect of any Applicable Development Properties during the first year of the term of the Development and Construction Management Agreement. MPI has agreed to provide the construction management services for a fee equal to 3% of hard costs solely in respect of any Applicable Development Properties during the first year of the term of the Development and Construction Management Agreement. The development management fee and construction management fee will each be reviewed annually by the REIT (as determined by the independent Trustees) and adjusted for any new projects, if required, to be consistent with market standards for services of a similar nature at the relevant time. For greater certainty, the requisite fee for any particular Applicable Development Property project shall apply throughout the term of the project and annual adjustments in the applicable fee as contemplated by the foregoing shall only apply in respect of new projects and shall not affect the original fee applicable to any previously commenced project.

The term of the Development and Construction Management Agreement shall be coterminous with the Strategic Alliance Agreement, provided that MPI and its affiliates may elect to terminate the Development and Construction Management Agreement at the end of its initial term upon not less than 180 days' written notice to the REIT. Notwithstanding the expiry or termination of the Development and Construction Management Agreement described in the foregoing sentence (but not a termination for cause as described in the next following sentence), the Development and Construction Management Agreement will continue to apply to any project that has commenced prior to such expiry or termination until the completion of the project. The REIT shall have the right to terminate the Development and Construction Management Agreement upon (i) the material breach by MPI or its affiliates of the obligations under the agreement which breach has not been cured within applicable cure periods; (ii) an event of insolvency of MPI or its affiliates providing services under the agreement; (iii) the fraud or wilful misconduct of, or misappropriation of funds by MPI or an affiliate providing services under the agreement; or (iv) a change of control of MPI. MPI will have the right to terminate the Development and Construction Management Agreement upon prior written notice to the REIT in the event of a material breach or material default of the REIT's obligations under the agreement which breach has not been cured within applicable cure periods or in the event of the insolvency of the REIT.

Strategic Alliance Agreement

The Strategic Alliance Agreement will create a series of rights and obligations between the REIT and Minto (and certain of its subsidiaries) intended to establish a preferential and mutually beneficial business and operating relationship. The Strategic Alliance Agreement will remain in effect until the later of (i) the termination of the Administrative Support Agreement; and (ii) the Retained Interest Holder holding less than 33% of the REIT's equity (on a diluted basis determined as if all Class B Units had been exchanged for Units).

The Strategic Alliance Agreement will provide the REIT with important rights (and imposes important obligations on Minto) that are expected to meaningfully contribute to the REIT's growth pipeline.

ROFO on Acquisition and Investment Opportunities:

The REIT will have a ROFO on all Opportunities identified by Minto, as well as a ROFO on Subsequently Owned Properties that are wholly owned directly or indirectly by Minto and that Minto desires to sell. Minto will present the REIT with the Opportunity, together with its good faith recommendation regarding whether the Opportunity would be a suitable investment for the REIT, together with all material terms and conditions of, and all relevant financial and property information relating to the Opportunity that is in the possession or control of Minto. An Opportunity (i) may be for one or more properties, (ii) includes an investment in land in Canada for the development of one or more multi-residential rental properties, and (iii) includes an investment in one or more properties that are not currently multi-residential rental properties for the purpose of converting them to multi-residential rental properties. For greater certainty, an Opportunity excludes any opportunity to

acquire or invest, directly or indirectly and whether by Minto, any fund or other investment vehicle managed by Minto, or any third party, in one or more properties for development in whole or in part as for sale condominium or freehold homes, provided that property is, or is to be, zoned for condominium or freehold homes and not more than 60% of the suites in any such property include or are to be developed for multi-residential rental purposes (together, an “**Excluded Opportunity**”). The REIT does not have a ROFO in respect of an Excluded Opportunity and Minto shall have no obligation to present any Excluded Opportunity to the REIT.

Within ten business days of receiving all applicable information from Minto as it concerns an Opportunity, the REIT may provide written notice to Minto exercising its right to pursue the Opportunity. If the REIT does not exercise its right pursuant to the ROFO within the applicable time period, Minto will be permitted to pursue the Opportunity for its own account, any fund or other investment vehicle that it manages, or any third party, on terms and conditions not materially more favourable than those offered to the REIT.

Rights with Respect to Minto Interests

Minto is unable to grant a ROFO in respect of the Existing Interests due to the terms of the applicable co-ownership or partnership arrangements. However, as it is Minto’s intention to have the REIT be the sole vehicle for all of its Canadian income producing multi-residential holdings over time, pursuant to the Strategic Alliance Agreement Minto will endeavor to facilitate the acquisition by the REIT of the Minto Interests by agreeing to notify and discuss with the REIT if Minto intends to sell a Minto Interest (which, for greater certainty, are not subject to a ROFO), all as Minto will, from time to time, be permitted pursuant to its applicable co-ownership or partnership arrangements.

Non-Competition and Non-Solicitation Agreement

Pursuant to the Non-Competition and Non-Solicitation Agreement, unless otherwise consented to by the independent Trustees of the REIT, during the term of the Administrative Support Agreement MPI and its affiliates agree not to (i) directly solicit any existing employee of the REIT (which, for greater certainty, excludes persons or officers employed by the REIT and by MPI or any of its affiliates under dual employment arrangements, subject to the requirement that executive employees provide the REIT with at least six months’ notice prior to being able to be solely employed by MPI or any of its affiliates unless a replacement is found prior to the end of such notice period or the independent Trustees otherwise consent) to become employed with respect to a non-REIT property in which MPI or any of its affiliates has an ownership interest or that it manages for another client; (ii) create another real estate investment trust or another publicly traded or held real estate business which primarily invests in multi-residential rental properties in Canada; or (iii) act as asset manager or promoter to, or perform any similar role for, another real estate investment trust or publicly traded or held real estate business which primarily invests in multi-residential rental properties in Canada; provided, however, that if the Administrative Support Agreement is terminated by the REIT due to an event of default by MPI or any of its affiliates, the non-competition and non-solicitation provisions shall apply for a period of 12 months following the date of such termination.

The foregoing agreement shall not apply to (a) investments by Minto (in up to five percent of the total equity of each individual investee) in securities of companies that are listed and posted for trading on a recognized stock exchange in Canada or the United States or traded in an over-the-counter market in Canada or the United States that are engaged in a real estate business which primarily invests in multi-residential rental properties in Canada, or (b) in respect of any sale of a property to another publicly traded entity that is not subject to the ROFO as contemplated under the Strategic Alliance Agreement or in respect of which the REIT has determined not to pursue, or (c) in respect of non-managerial level employees of the REIT whose employment with the REIT has become redundant, provided that in such circumstance, if MPI determines to hire such individual and the REIT is subsequently required to refill the position within six months from date of termination by the REIT, then MPI shall cover the REIT’s hiring costs to fill such position.

License of Minto Name

Minto shall grant to the REIT and the Partnership the right to use the “Minto” name and trademark and related marks and designs under a non-exclusive, royalty-free trademark license agreement entered into at Closing. Minto may terminate the license at any time on 180 days’ written notice following the termination of the Administrative Support Agreement. The REIT may terminate the license at any time on written notice, without any payment to Minto.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following discussion describes the significant elements of the REIT's expected executive compensation program, with particular emphasis on the process for determining compensation payable to the Chief Executive Officer, the Chief Financial Officer, the President and Chief Operating Officer, Chief Investment Officer and Senior Vice-President, Operations (collectively referred to herein as the "named executive officers" in accordance with applicable Canadian securities laws).

The named executive officers will each be directly employed by the REIT or a subsidiary thereof as well as dually employed by Minto.

Pursuant to their respective dual employment arrangements, each of the named executive officers will be paid all of his or her cash compensation with respect to the services provided to the REIT by Minto and the REIT, the division of which as between the two employers will be determined by the independent Trustees (on recommendation from the Compensation, Governance and Nominating Committee) on behalf of the REIT and by Minto. For cash amounts payable during the Forecasted Period, the REIT and Minto have agreed that no adjustment to the amount of the cash compensation payable by the REIT will be made that will result in any adjustments to the general and administrative expenses of the REIT as set out in the financial forecast. See "Financial Forecast". Following the end of the Forecasted Period, the cash compensation payable by each employer will be determined by each of the REIT (as determined by the independent Trustees on recommendation from the Compensation, Governance and Nominating Committee) and Minto, respectively, on an annual basis, provided that for the balance of the initial term of the Administrative Support Agreement, the parties agree that compensation for which the REIT will be responsible will not, together with all other general and administrative expenses of the REIT for such year (other than Public Company Costs), exceed the 0.32% of GBV limit previously described under "Arrangements with Minto — Administrative Support Agreement" and Minto shall be responsible for any such applicable excess compensation payable. See "Arrangements with Minto — Administrative Support Agreement". The REIT expects that over time it will increase its portion of the aggregate compensation payable for REIT services provided by dually-employed employees (subject to the foregoing 0.32% of GBV limit).

Should a dually employed employee whose salary was within the general and administrative expenses of the REIT (for greater certainty, not property management employees) cease to be employed by the REIT during the initial term of the Administrative Support Agreement, the REIT will be responsible for hiring any necessary replacement employee(s), which employee(s) need not be dually-employed by Minto, and the compensation for which the REIT will be responsible in respect of such replacement employee(s) will not, together with all other general and administrative expenses of the REIT for such year (other than Public Company Costs), exceed the 0.32% of GBV limit previously described under "Arrangements with Minto — Administrative Support Agreement", and Minto shall be responsible for any such applicable excess compensation payable, even if the replacement employee(s) is not dually-employed by Minto.

Following the end of the initial term of the Administrative Support Agreement, at which point the agreement on the limitation of general and administrative expenses expires, the amount of the compensation expense payable by the REIT may increase.

Any variability in the amount of compensation to be paid by Minto to the named executive officers will be determined by Minto in its sole discretion and will not impact the REIT's financial obligations. For greater certainty, no portion of the salary or other cash compensation payable by Minto to dually-employed employees is subject to reimbursement by the REIT pursuant to the Administrative Support Agreement. The named executive officers will also be eligible to receive compensation from the REIT in the form of equity-based incentive compensation, as more particularly described below, the grants of which will be the responsibility of the Board of Trustees.

The REIT's proposed compensation arrangements for the named executive officers are described below.

Principal Elements of Compensation

The following discussion supplements the more detailed information concerning executive compensation that appears in the "Summary Compensation Table Expected for Fiscal 2018" and the accompanying narrative that follows.

The compensation of the named executive officers will include (i) base salary, cash bonus and other cash compensation paid to the individual by each of Minto and the REIT, in such proportions as determined annually (other than in respect of the Forecasted Period) by Minto and the REIT, respectively; and (ii) long-term incentives provided by the REIT, which may consist of Restricted Units, Performance Units, Deferred Units or other equity-based incentive compensation awards granted under the Equity Incentive Plan, all as described below. The REIT's compensation plan is intended to attract, motivate and retain outstanding executives who are committed to improving the REIT's performance and creating value for its Unitholders. The REIT will develop processes to ensure that its executive compensation programs are competitive with market and industry practices and support the attraction and retention of high quality executives. All costs associated with the cash compensation to be paid by each of Minto and the REIT to the named executive officers in respect of their services to the REIT will be borne by Minto and the REIT, respectively (and, for the REIT, subject to the agreed upon 0.32% of GBV limit on general and administrative expenses referred to above).

Minto is a private company and the determination of its overall compensation of the named executive officers payable by Minto is determined by Minto in its sole discretion. All of the named executive officers act in a variety of capacities for Minto and accordingly, the total compensation they are expected to receive from Minto will not be solely attributable to the services that they are expected to provide to the REIT.

Grants of awards under the REIT's Equity Incentive Plan may be used to align the interest of the named executive officers more closely with the interests of the Unitholders, since they are tied to the REIT's financial and Unit trading performance and vest or accrue over a number of years. The Board, acting on the recommendation of the Compensation, Governance and Nominating Committee, may make grants of awards under the Equity Incentive Plan to the named executive officers, who are eligible to participate in such plan pursuant to their respective employment agreements with the REIT or a subsidiary thereof. In determining the grant of awards pursuant to the Equity Incentive Plan, the individual performance and contributions of the named executive officer to the REIT's success, relative position, tenure and past grants will be taken into consideration. Certain awards of Deferred Units are intended to be granted on Closing. See "—Outstanding Unit-Based Awards".

Equity Incentive Plan

In connection with this Offering, the Board of Trustees intends to adopt an equity incentive plan (the "**Equity Incentive Plan**") on Closing. All equity and equity-based awards to be made or granted, including future grants to be made to named executive officers of the REIT, will be made under the Equity Incentive Plan. The Equity Incentive Plan will provide eligible participants with compensation opportunities that will encourage ownership of Units, enhance the REIT's ability to attract, retain and motivate executive officers and other key management and incentivize them to increase the long term growth and equity value of the REIT in alignment with the interests of Unitholders. The material features of the Equity Incentive Plan are summarized below.

Administration and Eligibility

The Equity Incentive Plan will be administered by the Board of Trustees, provided that the Board may, in its discretion, delegate its administrative powers under the Equity Incentive Plan to the Compensation, Governance and Nominating Committee. The Board of Trustees will have the authority to, among other things, determine eligibility for awards to be granted, to determine, modify or waive the type or types of, and terms and conditions of, awards, to accelerate the vesting or exercisability of awards, to interpret the terms and provisions of the Equity Incentive Plan and any award agreement, and to otherwise do all things necessary or appropriate to carry out the purposes of the Equity Incentive Plan. The Board of Trustees' decisions with respect to the Equity Incentive Plan and any award under the Equity Incentive Plan are binding upon all persons. All Trustees,

officers, employees and consultants of the REIT and its subsidiaries and affiliates will be eligible to participate in the Equity Incentive Plan.

Types of Awards

The Equity Incentive Plan provides for awards of Restricted Units, Performance Units, Deferred Units and other awards denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Units.

- Restricted Units: A Restricted Unit award is an award denominated in notional units that entitles the participant to receive Units or, if so elected by the participant and subject to the approval of the Board of Trustees, cash measured by the value of the Units in the future, or a combination thereof. Unless otherwise determined by the plan administrator, Restricted Units vest three years after the date they are granted to a participant and will be settled at any time thereafter, but prior to expiry which shall be ten years following the date of grant (or such other length of term as set out in the award agreement), by Units issued from treasury or, if so elected by the participant and subject to the approval of the Board of Trustees, cash payable upon vesting, or a combination thereof.
- Performance Units: A Performance Unit award is an award denominated in notional units that entitles the participant to receive Units or, if so elected by the participant and subject to the approval of the Board of Trustees, cash measured by the value of the Units in the future, or a combination thereof. Unless otherwise determined by the plan administrator, Performance Units vest after a designated performance period as designated by the Board of Trustees subject to performance based vesting conditions and will be settled at any time thereafter, but prior to expiry which shall be ten years following the date of grant (or such other length of term as set out in the award agreement), by Units issued from treasury or, if so elected by the participant and subject to the approval of the Board of Trustees, cash payable upon vesting, or a combination thereof.
- Deferred Units: A Deferred Unit award is an award denominated in notional units that entitles the participant to receive Units or, if so elected by the participant and subject to the approval of the Board of Trustees, cash measured by the value of the Units in the future, or a combination thereof. Deferred Units granted to a participant at the discretion of the REIT (on recommendation from the Compensation, Governance and Nominating Committee) shall be subject to such vesting conditions as the Board (on recommendation from the Compensation, Governance and Nominating Committee) may determine. Alternatively, Deferred Units granted in respect of a participant's election to receive Deferred Units in lieu of cash compensation will vest immediately upon grant. Unless otherwise determined by the plan administrator, all vested Deferred Units will be settled by Units issued from treasury or, if so elected by the participant and subject to the approval of the Board of Trustees, cash, or a combination thereof, payable upon the date the participant is no longer employed by the REIT (or an affiliate or subsidiary thereof) or ceases to be a Trustee. The REIT may match up to 50% of any amount elected to be received in Deferred Units in lieu of cash compensation. Deferred Units granted further to any match by the REIT will generally vest immediately. The Board of Trustees shall have the discretion to vary the manner in which the REIT contributed Deferred Units vest for any participant.
- Other Awards: The Board of Trustees may, from time to time, subject to the provisions of the Equity Incentive Plan and the rules of the TSX, grant other awards to participants which are denominated or payable, valued in whole or in part by reference to, or otherwise based on, or related to, Units (including, without limitation, securities convertible into Units), provided such awards are settled with the delivery of cash or market-purchased Units. The Board of Trustees will determine the terms and conditions of such other awards.

The number of Restricted Units, Performance Units or Deferred Units, as applicable granted at any particular time pursuant to the Equity Incentive Plan will be calculated by dividing (i) the dollar value amount of the participant's award, by (ii) the market value of a Unit on the award date. "**Market value**" of a Unit at any date for purposes of the Equity Incentive Plan shall mean the volume weighted average closing price of all Units traded on the TSX for the five trading days immediately preceding such date (or, if such Units are not listed and posted for trading on the TSX, on such stock exchange on which such Units are listed and posted for trading as

may be selected for such purpose by the Board of Trustees). In the event that the Units are not listed and posted for trading on any stock exchange, the market value shall be the fair market value of the Units as determined by the Board of Trustees in its sole discretion. For greater certainty, so long as the Units are listed and posted for trading on the TSX, the market value shall not be less than the market price as calculated under the policies of the TSX.

Wherever cash distributions are paid on the Units, additional Restricted Units, Performance Units or Deferred Units, as the case may be, are credited to the participant's account. The number of such additional Restricted Units, Performance Units or Deferred Units, as the case may be, is calculated by multiplying the aggregate number of Restricted Units, Performance Units or Deferred Units, as the case may be, held on the relevant distribution record date by the amount of the distribution paid by the REIT on each Unit, and dividing the result by the market value of the Units on the Distribution Date. These additional Restricted Units, Performance Units or Deferred Units, as the case may be, vest on the same basis as the initial Restricted Units, Performance Units or Deferred Units, as the case may be, to which they relate.

If the settlement or expiry date for any award under the Equity Incentive Plan falls within a blackout period imposed by the REIT or in the two business days following same, then the settlement or expiry date will be automatically extended to the close of business on the seventh business day after the end of the blackout, resulting in the calculation of market price for such settlement being made entirely outside of a blackout period.

Under no circumstances are Restricted Units, Performance Units or Deferred Units considered Units nor do they entitle a participant to any rights as a Unitholder, including, without limitation, voting rights, distribution entitlements (other than as set out above) or rights on liquidation.

Authorized Units and Participation Limits

The maximum number of Units that will be available for issuance under the Equity Incentive Plan is 10% of the outstanding Units at any time (determined as if all Class B Units are redeemed for Units), or such greater number as may be determined by the Board and approved by the Unitholders and, if required, by any relevant stock exchange or other regulatory authority. Units underlying Restricted Units, Performance Units and Deferred Units that have expired or have been cancelled or settled in cash or without issuing Units from treasury will become available for subsequent issuance under the Equity Incentive Plan. Issuances of additional Units by the REIT will result in new awards being available for grant.

The maximum aggregate number of Units subject to all awards under the Equity Incentive Plan that may be granted to insiders of the REIT (as defined in applicable Canadian securities legislation) is 10% of the outstanding Units at any time, and the number of Units subject to all awards under the Equity Incentive Plan issued to insiders, within any one year period, shall not exceed 10% of the then outstanding Units. The maximum aggregate value of securities issuable to any non-management Trustee under the Equity Incentive Plan shall not exceed \$150,000 per annum, which limitations do not apply to (i) grants of Deferred Units made pursuant to the Equity Incentive Plan in lieu of any cash retainer or meeting fees, or (ii) a one-time initial grant of Deferred Units or Units to a non-management Trustee upon such Trustee joining the Board. The initial Trustees of the REIT are not receiving any Deferred Units or other compensation prior to, or in connection with, Closing of the Offering (other than with respect to certain pre-Closing meeting fees).

Termination of Employment

The Equity Incentive Plan will set out the treatment of unvested and vested awards in the context of a participant's resignation or termination of employment with the REIT for any reason, including as it relates to death or disability, subject in each circumstance to the specific terms of the participant's employment agreement or as otherwise determined by the Board.

Change in Control

Unless otherwise determined by the Board of Trustees, if a participant's employment is terminated without cause or the participant resigns with good reason, in each case within 12 months following a change of control of the REIT, all Restricted Units, Performance Units and Deferred Units granted under the Equity Incentive Plan

that have not otherwise vested will immediately vest and be settled (based on the performance achieved up to the termination date in respect of Performance Units).

In the event of a change of control of the REIT, the Board has the authority to take all necessary steps to ensure the preservation of the economic interests of the participants in, and to prevent the dilution or enlargement of, any awards granted under the Equity Incentive Plan, including ensuring that the REIT or any entity which is or would be the successor to the REIT or which may issue securities in exchange for the Units upon the change of control will assume each outstanding award, or provide each participant with new, replacement or amended awards which will continue to vest following the change of control on similar terms and conditions as provided in the Equity Incentive Plan, failing which all outstanding awards will vest and be settled (having regard to the performance achieved prior to the change of control in respect of Performance Units) or be exercisable, as applicable, prior to the date on which the change of control is consummated.

For purposes of the Equity Incentive Plan, “good reason” will include, to the extent not otherwise stipulated in a participant’s employment agreement, material diminution in the participant’s position, authority, duties or responsibilities or geographic location of principal employment, reduction of compensation or reduction or elimination of benefits, or a material breach of the requisite employment agreement by the employer. A “change of control” under the Equity Incentive Plan will include a transaction pursuant to which a person acquires more than 50% of the outstanding voting securities of the REIT, the sale of all or substantially all of the consolidated assets of the REIT to a third party, the dissolution or liquidation of the REIT, a transaction requiring Unitholder approval where the REIT is acquired through consolidation, merger, exchange of securities, purchase of assets, amalgamation, statutory arrangement or otherwise, incumbent Board members ceasing to constitute at least a majority of the members of the Board (unless approved by a vote of at least a majority of the incumbent Board), or otherwise as determined by the Board including a majority of the independent Trustees.

Adjustments

In the event of an extraordinary distribution, securities based distribution, stock split or combination (including a reverse stock split) or any recapitalization, business combination, merger, amalgamation, consolidation, spin-off, exchange of Units, liquidation or dissolution of the REIT or other similar transaction affecting the Units, the Board of Trustees will make such proportionate adjustments, if any, as it determines in its sole discretion to the number and kind of Units available for issuance under the Equity Incentive Plan, the annual per-participant Unit limits, the number, class, exercise price (or base value), performance objectives applicable to outstanding awards and any other terms of outstanding awards affected by such transaction to preserve the proportionate rights and obligations of the participants under the Equity Incentive Plan. The Board of Trustees may also make adjustments of the type described in the preceding sentence to take into account distributions and events other than those listed above if it determines that adjustments are appropriate to avoid distortion in the operation of the Equity Incentive Plan and to preserve the proportionate rights and obligations of the participants under the Equity Incentive Plan.

Assignability

Except as required by law or as permitted by the plan administrator, the rights of participants under the Equity Incentive Plan are not transferable or assignable.

Termination and Amendments

The Board of Trustees may amend the Equity Incentive Plan or outstanding awards, or terminate the Equity Incentive Plan as to future grants of awards, except that the Board of Trustees will not be able to alter the terms of an award if it would affect materially and adversely a participant’s rights under the award without the participant’s consent. Notwithstanding the above, Unitholder approval will be required for the following amendments to the Equity Incentive Plan:

- increasing the number of Units available for issuance under the Equity Incentive Plan, except pursuant to the provisions in the Equity Incentive Plan which permit the plan administrator to make equitable adjustments in the event of transactions affecting the REIT or its capital;
- increasing or removing the insider participation limit;

- extending the term of any award granted beyond its original expiry date;
- increases or removes the limits on the participation of insiders;
- modifying the class of persons eligible for participation in the Equity Incentive Plan;
- permitting awards to be transferred other than for normal estate settlement purposes; and
- deleting or reducing the range of amendments which require approval of the Unitholders.

Without limiting the generality of the Board's discretion to amend the Equity Incentive Plan, and subject to the above, Unitholder approval will not be required for, among others, the following amendments to the Equity Incentive Plan:

- amending the general vesting provisions of each award;
- amending the provisions with respect to termination of employment or services;
- adding covenants of the REIT for the protection of participants, as the case may be, provided that the plan administrator shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the participants, as the case may be;
- making amendments not inconsistent with the Equity Incentive Plan as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the plan administrator, having in mind the best interests of the participants, it may be expedient to make, including amendments that are desirable as a result of changes in law in any jurisdiction where a participant resides, provided that the plan administrator shall be of the opinion that such amendments and modifications will not be prejudicial to the interests of the participants and Trustees; or
- making such changes or corrections which, on the advice of counsel to the REIT, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the plan administrator shall be of the opinion that such changes or corrections will not be prejudicial to the rights and interests of the participants.

Compensation Risk

The Compensation, Governance and Nominating Committee will consider the implications of the risks associated with the REIT's compensation policies and practices as part of its responsibility to ensure that the compensation for the Trustees and the named executive officers align the interests of the Trustees and officers with Unitholders and the REIT as a whole.

Trading Restrictions / Hedging

The REIT's insider trading policy will prohibit all employees, officers and Trustees of the REIT, including the named executive officers, from trading in the securities of the REIT while in possession of material undisclosed information about the REIT. Officers and Trustees will also be prohibited from entering into certain types of hedging transactions involving the securities of the REIT, such as selling "short" or selling "call options" on any of the REIT's securities and from purchasing financial instruments, such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in the market value of equity securities granted to such officers and Trustees as compensation or held directly or indirectly by such person. The REIT's policy will permit executives (including the named executive officers) to trade in securities of the REIT only during prescribed trading windows.

Equity Ownership Policy

The REIT will establish equity ownership guidelines for the Trustees and executive officers of the REIT to further align the interests of Trustees and executive officers with those of the Unitholders. The ownership guidelines will establish minimum equity ownership levels for each Trustee and executive officer over a specified time period. The policy will contemplate that all non-management Trustees acquire and thereafter maintain a number of units or equity equivalents with a fair market value equal to a minimum of five times the annual base cash retainer in place for non-management Trustees within a period of three years of the later of Closing and their respective appointment dates. The equity ownership requirement for executive officers will be determined by the Compensation, Governance and Nominating Committee following Closing. Each Trustee and executive officer will be required to continue to hold such minimum ownership levels for as long as they serve as a Trustee or executive officer of the REIT. Awards granted under the Equity Incentive Plan will be included in determining an individual's equity ownership value.

Clawback Policy

To further align management's interests with Unitholders, the REIT will adopt a "clawback" policy. The clawback policy will provide that the Board, at the recommendation of the Compensation, Governance and Nominating Committee, may seek reimbursement of annual or long-term incentive compensation awarded to executives if the Board believes the amount of compensation was based on financial results that were subject to a material restatement (other than a restatement due to, or to comply with, changes in applicable accounting principles or related to an acquisition or disposition). Reimbursement could be sought for any excess amount that relates to the material restatement if the executive engaged in fraud or intentional misconduct that caused the material restatement.

Employment Agreements

Pursuant to the terms of their respective employment agreements with each of the REIT (through the Partnership) and Minto, each named executive officer will serve in their respective role for an indefinite term and will be eligible to participate in the REIT's Equity Incentive Plan. Each named executive officer will also be entitled to an annual base salary, reimbursement for all reasonable out-of-pocket expenses incurred in the performance of employment and be eligible to receive an annual incentive bonus, as determined by each employer, respectively. Each named executive officer will be permitted to elect to receive a portion of their annual incentive bonus in Deferred Units, a portion of which may be subject to match by the REIT with additional Deferred Units to be granted at the discretion of the Compensation, Governance and Nominating Committee. The named executive officers are also eligible to participate in benefit plans that are generally available to salaried employees. The employment agreements will also provide for a severance payment in the event of a termination of employment without cause, such payment to be made by each of the REIT and Minto separately as it relates to the employer with whom the employee's services was terminated. Under the terms of their employment agreements, each of the named executive officers will also be subject to a non-compete and non-solicitation clause for the benefit of each of the REIT and Minto, respectively.

Summary Compensation Table Expected for Fiscal 2018

The following table sets out information concerning the expected compensation to be paid or awarded to the named executive officers of the REIT in fiscal 2018 based on the amount of time expected to be attributable to the services that the named executive officers provide to the REIT.

<u>Name and principal position</u>	<u>Year</u>	<u>Salary⁽¹⁾</u>	<u>Unit-based awards⁽²⁾</u>	<u>All other compensation⁽¹⁾</u>	<u>Total compensation</u>
Michael Waters, <i>Chief Executive Officer</i>	2018	\$210,000	\$200,000	\$16,000	\$426,000
Julie Morin, <i>Chief Financial Officer</i>	2018	\$127,500	\$ 75,000	\$23,400	\$225,900
Robert Pike, <i>President and Chief Operating Officer</i>	2018	\$227,000	\$150,000	\$24,400	\$401,400
Jaime McKenna, <i>Chief Investment Officer</i>	2018	\$132,200	\$ 75,000	\$23,400	\$230,600
George Van Noten, <i>Senior Vice-President, Operations</i>	2018	\$150,000	\$ 50,000	\$23,400	\$223,400

Notes:

- (1) Represents the annualized salary and other compensation anticipated to be paid to the named executive officer in respect of time spent on the REIT's activities, a portion of which will be paid by Minto. The division of the total compensation payable by each of the REIT and Minto, respectively, is determined between the REIT and Minto as described above under "—Compensation, Discussion and Analysis". All of the named executive officers act in a variety of capacities for Minto and accordingly, the total compensation they are expected to receive from Minto is not disclosed in this table since total compensation from Minto will not be solely attributable to the services that they are expected to provide to the REIT. All costs of the cash compensation paid to the named executive officers by each of Minto and the REIT will be borne by Minto and the REIT, respectively. The REIT will not have a defined benefit or defined contribution pension plan.

- (2) Deferred Units to be granted on Closing under the REIT's Equity Incentive Plan which are subject to certain vesting conditions. The grant date fair value of the Deferred Units has been calculated as the number of Deferred Units times the Offering Price. See "— Outstanding Unit-Based Awards". Determination of future long-term compensation awards will be made on an annual basis at the discretion of the Trustees, though it is expected that management will be granted equity-based awards in the future subject to the REIT meeting certain performance metrics. Costs of the grants of awards under the Equity Incentive Plan will be borne by the REIT. The REIT will not provide option-based awards.

Outstanding Unit-Based Awards

On Closing, the REIT will grant a total of 50,000 Deferred Units to its executive officers (including those granted to its named executive officers) pursuant to the Equity Incentive Plan, representing approximately 0.4% of the total issued and outstanding number of Units as of such date (0.1% determined as if all the Class B Units are exchanged for Units) and approximately 3.6% of the maximum authorized number of Units issuable pursuant to the Equity Incentive Plan (1.4% determined as if all the Class B Units are exchanged for Units). Following Closing, there will be approximately 1,329,400 Units remaining available for issuance under the Equity Incentive Plan, representing approximately 9.6% of the total issued and outstanding number of Units as of such date (3.6% determined as if all Class B Units are redeemed for Units).

Deferred Units granted on Closing vest as to (i) 50% upon the second anniversary of the grant date, (ii) 25% upon the third anniversary of the grant date; and (iii) the remaining 25% upon the fourth anniversary of the grant date, and will be settled by Units issued from treasury equivalent to the number of Deferred Units credited, including any distributions paid by the REIT on the Units that have accrued in the form of Deferred Units or, if so elected by the participant and subject to the approval of the Board of Trustees, cash payable upon the participant's separation from service with the REIT, in either case subject to any applicable statutory source deductions.

The following table summarizes the unit-based awards outstanding on Closing held by the named executive officers.

<u>Name and principal position</u>	<u>Unit-based Awards</u>		
	<u>Number of underlying Units that have not vested⁽¹⁾ (#)</u>	<u>Market value or payout value of Unit-based awards that have not vested⁽¹⁾ (\$)</u>	<u>Market or payout value of vested Unit-based awards not paid out or distributed (\$)</u>
Michael Waters, <i>Chief Executive Officer</i>	13,793	\$200,000	—
Julie Morin, <i>Chief Financial Officer</i>	5,172	\$ 75,000	—
Robert Pike, <i>President and Chief Operating Officer</i>	10,345	\$150,000	—
Jaime McKenna, <i>Chief Investment Officer</i>	5,172	\$ 75,000	—
George Van Noten, <i>Senior Vice-President, Operations</i>	3,448	\$ 50,000	—

Notes:

- (1) Represents Deferred Units to be granted on Closing under the REIT's Equity Incentive Plan which are subject to vesting conditions. The grant date fair value of Deferred Units has been calculated as the number of Deferred Units granted times the Offering Price. Determination of any future long-term compensation awards will be made on an annual basis at the discretion of the Trustees, though it is expected that management will be granted equity-based awards in the future subject to the REIT meeting certain performance metrics.

Investment by Executive Officers

On Closing, the Chief Executive Officer of the REIT intends to purchase an aggregate of 68,965 Units at the Offering Price per Unit (for an aggregate purchase price of \$1 million) pursuant to the Offering. Certain

other officers of the REIT are also anticipated to purchase Units at the Offering Price per Unit on Closing pursuant to the Offering, the aggregate amount of which will be determined prior to Closing. On Closing, the officers of the REIT are expected to hold, in the aggregate, approximately 0.4% of the REIT (calculated assuming all Class B Units are exchanged for Units) or 0.4% if the Over-Allotment Option is exercised in full.

INDEBTEDNESS OF TRUSTEES AND EXECUTIVE OFFICERS

None of the Trustees, executive officers, employees, former executive officers or former employees of the REIT or any of its subsidiaries, and none of their respective associates, is or has within 30 days before the date of this prospectus or at any time since the beginning of the most recently completed financial year been indebted to the REIT or any of its subsidiaries or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided by the REIT or any of its subsidiaries.

CAPITALIZATION OF THE REIT

The following table sets forth the consolidated capitalization of the REIT as at April 24, 2018, both before and after giving effect to the Offering (net of costs relating to the Offering) and the transactions, including the use of proceeds therefrom, contemplated and described under “The Acquisition” and “Debt Strategy and Indebtedness”, but without giving effect to the exercise of the Over-Allotment Option. The table should be read in conjunction with the *pro forma* financial statements of the REIT and notes thereto contained in this prospectus. See “Index to Financial Statements”.

	As at April 24, 2018 ⁽¹⁾	As at April 24, 2018 after giving effect to the Offering and the transactions contemplated under “The Acquisition” (net of costs relating to the Offering) and the use of proceeds therefrom (millions)
Indebtedness (inclusive of mark-to-market)		
Assumed Debt	—	\$ 239.1
Credit Facility	—	28.5
Class B Units	—	332.5
Class C Units	—	233.3
Unsecured promissory note	—	25.8
Unitholders’ Equity		
Units		
<i>(Authorized — unlimited)</i>	\$ 20	264.5
Special Voting Units		
<i>(Authorized — unlimited)</i>	—	—
Total Capitalization	\$ 20	\$1,123.7

Note:

(1) The REIT was initially settled on April 24, 2018 with the issuance of two Units for an aggregate of \$20 in cash.

FINANCIAL FORECAST

The following financial forecast was prepared by management of the REIT, using assumptions with an effective date of May 14, 2018 and was approved by the Trustees of the REIT on June 22, 2018. Pursuant to applicable securities policies, the REIT is required to update the forecast during the Forecasted Period by identifying any material changes from the forecast resulting from events that have occurred since it was issued and by comparing such forecast with annual audited actual results and interim unaudited actual results for the periods covered. The results of this comparison will accompany the annual or interim financial statements of the REIT for the relevant periods.

The forecast has been prepared in accordance with the measurement and presentation principles of IFRS and reflects the significant accounting policies expected to be applied by the REIT. The forecast has been prepared using assumptions that reflect management's intended course of action for the REIT for the periods covered, given management's judgment as to the most probable set of economic conditions. The forecast has been prepared after giving effect to the Offering and the other transactions contemplated in this prospectus to be completed before or concurrently with Closing.

The assumptions used in the preparation of a forecast, although considered reasonable by management at the time of preparation, may not materialize as forecast and unanticipated events and circumstances may occur subsequent to the date of the forecast. Accordingly, there is a significant risk that actual results achieved for the forecast period will vary from the forecast results and that such variations may be material. See "Forward-Looking Statements" and "Financial Forecast".

The financial forecast should be read in conjunction with the unaudited pro forma consolidated financial statements of the REIT, as well as the audited combined carve-out financial statements of the Initial Properties that are contained in this prospectus. See "Index to Financial Statements".

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL FORECAST

To the Trustees of Minto Apartment Real Estate Investment Trust:

The accompanying financial forecast of Minto Apartment Real Estate Investment Trust (the "REIT") consisting of the consolidated statements of forecasted net income and comprehensive income for each of the three-month periods ending September 30, 2018, December 31, 2018, March 31, 2019 and June 30, 2019 and the twelve-month period ending June 30, 2019 has been prepared by management using assumptions with an effective date of May 14, 2018. We have examined the support provided by management for the assumptions, and the preparation and presentation of this financial forecast. Our examination was made in accordance with the applicable Auditing Guideline issued by the Chartered Professional Accountants of Canada. We have no responsibility to update this report for events and circumstances occurring after the date of our report.

In our opinion:

- as at the date of this report, the assumptions developed by management are suitably supported and consistent with the plans of the REIT, and provide a reasonable basis for the financial forecast;
- this financial forecast reflects such assumptions; and
- this financial forecast complies with the presentation and disclosure standards for future oriented financial information established in Part 4A and 4B of National Instrument 51-102, Continuous Disclosure Obligations.

Since this financial forecast is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material. Accordingly, we express no opinion as to whether this financial forecast will be achieved.

(signed) KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 22, 2018
Toronto, Canada

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST

Consolidated Statements of Forecasted Net Income and Comprehensive Income

For the three-month periods ending September 30, 2018, December 31, 2018, March 31, 2019, and June 30, 2019 and the twelve-month period ending June 30, 2019

(in thousands of Canadian dollars)

	Three-month periods ending				Twelve-month period ending June 30, 2019
	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	
Revenue from investment properties	\$20,409	\$20,358	\$20,402	\$21,048	\$82,217
Expenses					
Property operating	4,082	4,024	4,158	4,375	16,639
Property taxes	2,289	2,289	2,320	2,320	9,218
Utilities	1,748	1,931	2,275	1,745	7,699
General and administrative	1,100	1,100	1,100	1,100	4,400
Finance costs					
Interest expense and other financing charges	2,238	2,280	2,297	2,305	9,120
Distribution on Class B LP Units	2,350	2,350	2,350	2,350	9,400
Distribution on Class C LP Units	1,800	1,791	1,781	1,772	7,144
	<u>15,607</u>	<u>15,765</u>	<u>16,281</u>	<u>15,967</u>	<u>63,620</u>
Net income and comprehensive income	<u>\$ 4,802</u>	<u>\$ 4,593</u>	<u>\$ 4,121</u>	<u>\$ 5,081</u>	<u>\$18,597</u>

See accompanying notes to the consolidated statements of forecasted net income and comprehensive income.

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Statements of Forecasted Net Income and Comprehensive Income

For the three-month periods ending September 30, 2018, December 31, 2018, March 31, 2019, and June 30, 2019 and the twelve-month period ending June 30, 2019

(in thousands of Canadian dollars, except for per unit amounts)

1. Purpose of the consolidated financial forecast

This consolidated financial forecast has been prepared by management of Minto Properties Inc (“MPI”) on behalf of Minto Apartment Real Estate Investment Trust (the “REIT”) for use by prospective investors in their evaluation of potential investments in the REIT and may not be appropriate for any other purpose.

2. Basis of presentation of financial forecast

The REIT is an unincorporated open-ended real estate investment trust established pursuant to a Declaration of Trust dated April 24, 2018. The REIT was established under the laws of the Province of Ontario. The principal and registered head office of the REIT is located at 200-180 Kent Street, Ottawa, Ontario.

The REIT has been formed primarily to own and operate income-producing multi-residential rental properties located in Canada through Minto Apartment Limited Partnership (the “Partnership”). In connection with the completion of the Initial Public Offering (the “Offering”), the REIT will indirectly acquire a portfolio of 22 multi-residential rental properties, totaling 4,279 suites, including two mixed-use residential apartment and commercial buildings, located in the provinces of Ontario and Alberta (collectively, the “Initial Properties” or the “Portfolio”).

The financial forecast consists of the consolidated statements of forecasted net income and comprehensive income of the REIT for the three-month periods ending September 30, 2018, December 31, 2018, March 31, 2019, June 30, 2019, and the twelve-month period ending June 30, 2019 (the “consolidated financial forecast”). The consolidated financial forecast has been prepared using assumptions with an effective date of May 14, 2018, and reflects the assumptions described in Note 4.

The consolidated financial forecast has been prepared using assumptions that reflect the REIT’s intended course of action for the periods presented, given management’s judgment as to the most probable set of economic conditions. The consolidated financial forecast will be compared with the reported results for the financial forecast periods and any significant differences will be disclosed. The actual results achieved during the financial forecast periods will vary from the forecasted results, and these variations may be material.

This consolidated financial forecast has been approved for issuance by the Board of Trustees of the REIT on June 22, 2018.

3. Summary of significant accounting policies

The consolidated financial forecast has been prepared using the following policies in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board, and incorporate the principal accounting policies expected to be used to prepare the REIT’s consolidated financial statements.

(a) Basis of consolidation

The consolidated financial forecast includes the forecasted accounts of the REIT and the other entities that the REIT controls in accordance with IFRS 10, “Consolidated Financial Statements”. Control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee. All forecasted intercompany transactions and balances have been eliminated on consolidation.

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Statements of Forecasted Net Income and Comprehensive Income (Continued)

For the three-month periods ending September 30, 2018, December 31, 2018, March 31, 2019, and June 30, 2019 and the twelve-month period ending June 30, 2019

(in thousands of Canadian dollars, except for per unit amounts)

3. Summary of significant accounting policies (Continued)

(b) Business combinations

At the time of acquisition of property, whether through a controlling share investment or directly, the REIT considers whether the acquisition represents the acquisition of a business. The REIT accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired. If no significant processes, or only insignificant processes, are acquired, the acquisition is treated as an asset acquisition rather than a business combination.

The cost of a business combination is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. The REIT recognizes assets or liabilities, if any, resulting from a contingent consideration arrangement at their acquisition date fair value and such amounts form part of the cost of the business combination.

Subsequent changes in the fair value of contingent consideration arrangements are recognized in net income. The difference between the purchase price and the fair value of the acquired identifiable net assets and liabilities is goodwill. On the date of acquisition, goodwill is recorded as an asset. A bargain purchase gain is recognized immediately in the statement of income and comprehensive income.

The REIT expenses transaction costs associated with business combinations in the period incurred. When an acquisition does not meet the criteria for business combination accounting treatment, it is accounted for as an acquisition of a group of assets and liabilities, the cost of which includes transaction costs that are allocated upon initial recognition to the assets and liabilities acquired based upon their relative fair values.

(c) Investment properties

The REIT uses the fair value method to account for real estate classified as investment property. Property that is held for long-term rentals or capital appreciation or both is classified as investment property.

The acquisition of investment properties is initially measured at cost including directly attributable acquisition costs. Directly attributable acquisition costs include professional fees, land transfer taxes and other transaction costs. After initial recognition, investment properties are carried at fair value, which is determined based on available market evidence at each reporting date. Gains or losses arising from changes in fair value are included in net income during the period in which they arise.

(d) Revenue recognition

The REIT retains substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Rental revenue from operating leases is recognized when a lease begins and the tenant takes possession of, or controls, the physical use of the property subject to the lease. Generally this occurs on the lease commencement date.

Rental revenue includes base rents earned from tenants under operating lease agreements. Rental revenue from operating leases is recognized on a straight-line basis over the lease term. When the REIT provides incentives to its tenants, the cost of incentives is recognized over the lease term, on a straight-line basis, as a reduction of revenue.

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Statements of Forecasted Net Income and Comprehensive Income (Continued)

For the three-month periods ending September 30, 2018, December 31, 2018, March 31, 2019, and June 30, 2019 and the twelve-month period ending June 30, 2019

(in thousands of Canadian dollars, except for per unit amounts)

3. Summary of significant accounting policies (Continued)

Base rent is allocated to lease components based on relative stand-alone selling prices. The stand-alone selling prices of the rental component is determined using an adjusted market assessment approach and the stand-alone selling price of the service components is determined using an expected cost plus a margin approach.

Revenue related to the service component of the REIT's leases is accounted for in accordance with IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"). These services consist primarily of the recovery of utility, property maintenance and amenity costs where the REIT has determined it is acting as a principal, as well as tenant liability insurance premiums, and is recognized over time when the services are provided. Payments are due at the beginning of each month and any payments made in advance of scheduled due dates are recorded as contract liabilities.

Other revenue includes laundry income, cable income, and all other miscellaneous income paid by tenants and is recognized as the service is provided and when collection is reasonably assured.

(e) Expenses

Property expenses and general and administrative expenses are recognized in net income and comprehensive income in the year in which they are incurred.

(f) Income taxes

The REIT intends to qualify as a "mutual fund trust" under the Income Tax Act (Canada). The Trustees intend to distribute all taxable income directly earned by the REIT to Unitholders and to deduct such distributions for income tax purposes.

Canadian tax legislation relating to the federal income taxation of Specified Investment Flow Through trusts or partnerships ("SIFT") provide that certain distributions from a SIFT will not be deductible in computing the SIFT's taxable income and that the SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. However, distributions paid by a SIFT as return of capital should generally not be subject to tax.

Under the SIFT rules, the taxation regime will not apply to a real estate investment trust that meets prescribed conditions relating to the nature of its assets and revenue (the "REIT Exception"). The REIT has reviewed the SIFT rules and has assessed their interpretation and application to the REIT's assets and revenue. While there are uncertainties in the interpretation and application of the SIFT rules, the REIT believes that it will meet the REIT Exception and accordingly no net current or deferred income tax expense or deferred income tax assets or liabilities have been recorded in the consolidated statements of forecasted net income and comprehensive income.

(g) Units and Class B LP Units

Units of the REIT (the "Units") are redeemable at the holder's option, subject to certain limitations and restrictions, and therefore are considered a puttable instrument. As a result, the Units are liabilities by definition but qualify for presentation as equity under certain limited exceptions within International Accounting Standard 32 "Financial Instruments: Presentation" ("IAS 32"). The Class B LP Units of the Partnership will be economically equivalent to Units, will receive distributions equal to the distributions paid on Units and will be exchangeable at the holder's option into Units. One Special Trust Voting Unit in the REIT will also be issued to the holder for each Class B LP Unit issued. However, the limited IAS 32 exception for presentation as equity does not extend to the Class B

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Statements of Forecasted Net Income and Comprehensive Income (Continued)

For the three-month periods ending September 30, 2018, December 31, 2018, March 31, 2019, and June 30, 2019 and the twelve-month period ending June 30, 2019

(in thousands of Canadian dollars, except for per unit amounts)

3. Summary of significant accounting policies (Continued)

LP Units. As a result, the Class B LP Units have been classified as financial liabilities and are measured at fair value through profit or loss (“FVTPL”). The fair value of the Class B LP Units is measured every period by reference to the traded value of the Units, with changes in measurement recorded in net income. Distributions on the Class B LP Units are recorded as a finance cost in the consolidated statements of forecasted net income and comprehensive income in the period in which they become payable.

(h) Class C LP Units

The Class C LP Units provide for monthly distributions from the Partnership to the holder of such Class C LP Units to be paid in priority, subject to certain restrictions, to distributions to holders of the Units and Class B LP Units. Due to the nature of such distributions, the Class C LP Units have been classified as financial liabilities and are carried at amortized cost. Distributions on the Class C LP Units consist of principal repayments and interest expense, with principal repayments reducing the outstanding amount of Class C LP Units and interest expense recorded in finance costs in the consolidated statements of forecasted net income and comprehensive income in the period in which they become payable.

(i) Finance costs

Finance costs comprise of interest expense on secured debt, unsecured promissory note, revolving credit facility, amortization of financing costs, amortization of Canada Mortgage and Housing Corporation (“CMHC”) premiums, amortization of net mark-to-market adjustments and distributions on Class B LP Units and Class C LP Units. Finance costs associated with financial liabilities presented at amortized cost are presented in net income using the effective interest method.

(j) Financial instruments

The classification and measurement of financial assets consists of the following categories: (i) measured at amortized cost, (ii) FVTPL, and (iii) fair value through other comprehensive income (“FVTOCI”). Financial assets classified at amortized cost are measured using the effective interest method. Financial assets classified as FVTPL are measured at fair value with gains and losses recognized in the consolidated statement of forecasted net income. Financial assets classified as FVTOCI are measured at fair value with gains or losses recognized through other comprehensive income, except for gains and losses pertaining to impairment or foreign exchange.

The classification and measurement of financial liabilities consists of the following categories: (i) measured at amortized cost and (ii) FVTPL. Financial liabilities classified at amortized cost are measured using the effective interest method. Financial liabilities classified as FVTPL are measured at fair value with changes in fair value attributable to changes in the credit risk of the liability presented in other comprehensive income, and the remaining amount of change in fair value is presented in net income.

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Statements of Forecasted Net Income and Comprehensive Income (Continued)

For the three-month periods ending September 30, 2018, December 31, 2018, March 31, 2019, and June 30, 2019 and the twelve-month period ending June 30, 2019

(in thousands of Canadian dollars, except for per unit amounts)

3. Summary of significant accounting policies (Continued)

The REIT has made the following classifications for its financial instruments:

Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Class C LP Units	Amortized cost
Class B LP Units	FVTPL
Secured debt	Amortized cost
Unsecured promissory note	Amortized cost

Transaction costs other than those related to financial instruments classified as FVTPL, which are expensed as incurred, are capitalized to the carrying amount of the instrument and amortized using the effective interest method. These costs include interest, amortization of discounts or premiums relating to borrowings, fees and commissions paid to agents, brokers and advisers and transfer taxes and duties that are incurred in connection with the arrangement of borrowings.

Impairment

The Expected Credit Loss (“ECL”) model under IFRS 9, “Financial Instruments” (“IFRS 9”) requires a more timely recognition of expected credit losses using judgment determined on a probability-weighting basis. The new impairment model is applied, at each balance sheet date, to financial assets measured at amortized cost or those measured at FVTOCI, except for investments in equity instruments. The adoption of the ECL model did not have a material impact on the REIT’s consolidated financial statements.

IFRS 9 also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. The REIT does not currently apply hedge accounting.

(k) Prepaid CMHC premiums

Insurance premiums and fees paid to CMHC are presented within prepaid expenses. They are amortized over the loan amortization period, typically 25 to 40 years, and the amortization expense is included in finance costs in the consolidated statements of forecasted net income and comprehensive income.

(l) Sources of estimation

The preparation of the consolidated financial forecast requires management to make assumptions and estimates that affect the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. The key assumptions used in this consolidated financial forecast relate to revenue and expenses as outlined in Note 4.

(m) IFRS amendments adopted during the forecast period

- (i.) It is assumed that the REIT adopted IFRS 15, which became effective for annual periods beginning on or after January 1, 2018, the mandatory effective date.
- (ii.) It is assumed that the REIT adopted IFRS 9, which became effective for the annual periods beginning on January 1, 2018, the mandatory effective date.

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Statements of Forecasted Net Income and Comprehensive Income (Continued)

For the three-month periods ending September 30, 2018, December 31, 2018, March 31, 2019, and June 30, 2019 and the twelve-month period ending June 30, 2019

(in thousands of Canadian dollars, except for per unit amounts)

3. Summary of significant accounting policies (Continued)

- (iii.) It is assumed that effective January 1, 2019, the REIT adopted IFRS 16, “Leases” (“IFRS 16”). This new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset, representing its right to use the underlying asset and a lease liability, representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

4. Significant assumptions

The assumptions used in the preparation of the consolidated financial forecast, although considered reasonable by management, require significant judgments to be made about future events, which may not materialize as forecasted. It is not possible to forecast unanticipated events and circumstances.

(a) Initial transactions

(i.) Pre-close transactions

On or about June 25, 2018, MPI will transfer its beneficial interest in the Initial Properties to the Partnership. In conjunction with the transfer, a series of transactions will be undertaken by the Partnership and MPI related to underlying debt being assumed and retained debt, which will include refinancing and net new financing of \$47,013.

(ii.) Initial public offering

The consolidated financial forecast assumes that on closing (the “Closing”), the REIT will raise gross proceeds of approximately \$200,013 (excluding any over-allotment option) pursuant to an initial public offering through the issuance of 13,794,000 Units at a price of \$14.50 per Unit. Costs relating to the Offering including underwriters’ fees and other costs directly associated with issuing these equity instruments are expected to be approximately \$16,200 and are charged directly to unitholders’ equity.

For purposes of the financial forecast, it is assumed that the Closing of the transactions contemplated by this prospectus occur on or about July 1, 2018, however, the actual closing date may differ.

On Closing, it is assumed that the REIT will indirectly acquire from MPI 22 multi-residential rental properties.

The Initial Properties will be acquired at fair value of \$1,123,100, for consideration of \$1,042,433 (including assumed secured debt of \$239,145), resulting in a bargain purchase gain of \$80,667. The REIT will assume mortgages with an outstanding principal balance of \$236,388 with a mark-to-market adjustment of \$2,757. The REIT will issue an unsecured promissory note to MPI of \$25,692 with a mark-to-market adjustment of \$105 and draw \$28,458 on a revolving credit facility. Additionally as partial consideration, the REIT will issue \$332,463 of Class B LP Units, and \$229,787 in Class C LP Units with a mark-to-market adjustment of \$3,495.

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Statements of Forecasted Net Income and Comprehensive Income (Continued)

For the three-month periods ending September 30, 2018, December 31, 2018, March 31, 2019, and June 30, 2019 and the twelve-month period ending June 30, 2019

(in thousands of Canadian dollars, except for per unit amounts)

4. Significant assumptions (Continued)

(b) Acquisition of the Portfolio

Upon completion of the Offering, the REIT will use the proceeds to acquire the Portfolio. The acquisition is determined to be accounted for as a business combination. The identifiable net assets acquired based on preliminary allocations, are as follows:

Investment properties	\$1,123,100
Assumed secured debt, including mark-to-market adjustments of \$2,757	(239,145)
Tenant rental deposits	(5,855)
Cash and cash equivalents	5,855
	<u>883,955</u>
Excess of fair value of net assets acquired over consideration	(80,667)
Net assets acquired	<u>\$ 803,288</u>
Consideration by the REIT consists of the following:	
Class B LP Units	\$ 332,463
Class C LP Units, including mark-to-market adjustment of \$3,495	233,282
Unsecured promissory note to MPI, including mark-to-market adjustment of \$105	25,797
Cash paid out by the REIT	211,746
Total consideration for the acquisition	<u>\$ 803,288</u>

The actual calculation and allocation of the purchase price for the investment properties outlined above will be based on the assets purchased and liabilities assumed on the effective date of the acquisition. Accordingly, the actual amount for each of these assets and liabilities will vary from the above amounts and the variation may be material.

The consolidated financial forecast does not reflect the impact of the anticipated bargain purchase gain that arises on the acquisition due to the fair value of net assets acquired being in excess of the consideration paid.

(c) Secured debt, unsecured promissory note, and credit facility

On Closing, the REIT is expected to assume secured debt of \$236,388 with mark-to-market adjustments of \$2,757, resulting in a weighted average interest rate of 3.18%.

On Closing, the REIT will issue an unsecured promissory note to MPI with a principal amount of \$25,692 with a mark-to-market adjustment of \$105, bearing interest at 2.84%, with interest and principal payments due monthly in arrears. The unsecured promissory note will mature on July 1, 2019, at which time the REIT has the option to refinance the promissory note. Upon obtaining new financing, the REIT will repay the unsecured promissory note owed to MPI. The interest rate payable on the unsecured promissory note will be equal to an amount that when blended with the interest rate payable under the existing secured debt, would result in the same payments as are anticipated to be made under the refinanced secured debt intended to be obtained for the property following Closing. The consolidated financial forecast assumes that the REIT will not obtain new financing prior to July 1, 2019.

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Statements of Forecasted Net Income and Comprehensive Income (Continued)

For the three-month periods ending September 30, 2018, December 31, 2018, March 31, 2019, and June 30, 2019 and the twelve-month period ending June 30, 2019

(in thousands of Canadian dollars, except for per unit amounts)

4. Significant assumptions (Continued)

On Closing, the REIT is expected to have a \$150,000 revolving credit facility with an initial draw of \$28,458 on Closing. The REIT will incur \$525 in initial upfront financing costs to secure this facility. A standby fee equal to 35 bps will be charged on undrawn amounts. The credit facility is assumed to bear interest at BA plus 175 bps or prime rate plus 75 bps and matures on July 3, 2021.

(d) Sources and uses of cash

The REIT's sources and uses of cash after the completion of the transactions contemplated in the Offering are as follows:

Sources	
Proceeds from the Offering	\$200,013
Proceeds from revolving credit facility	28,458
	<u>\$228,471</u>
Uses	
Unit issue costs	\$ 16,200
Financing costs	525
Purchase of net assets	211,746
	<u>\$228,471</u>

(e) Revenue

Forecast rental revenue from investment properties is based on rents from existing leases, as well as expected income from the lease-up of suites that are vacant or anticipated to become vacant due to lease expiry.

Rents for retained tenants are calculated by increasing in-place rents by the mandated provincial guideline rate, where applicable; where no provincial guideline is applicable, rents are expected to renew at market rates upon lease expiry. The consolidated financial forecast assumes an average 4.4% of rental growth over 2017 rental revenues. The occupancy rate during the forecast period is assumed to be approximately 95.0%.

The consolidated financial forecast also reflects historical levels of revenue from services.

Existing tenants are assumed to fulfill their current contractual lease obligations and remain in occupancy and pay rent for the term of their leases. Upon the expiry of their leases, approximately 74% of existing tenants are assumed to be retained based on a historical retention factor.

Base rent is allocated to lease components based on relative stand-alone selling prices. The stand-alone selling prices of the rental component is determined using an adjusted market assessment approach and the stand-alone selling price of the service components is determined using an expected cost plus a margin approach.

Revenue related to the service component of the REIT's leases is accounted for in accordance with IFRS 15. These services consist primarily of the recovery of utility, property maintenance and amenity costs where the REIT has determined it is acting as a principal, as well as tenant liability insurance premiums, and is recognized over time when the services are provided. Payments are due at the

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Statements of Forecasted Net Income and Comprehensive Income (Continued)

For the three-month periods ending September 30, 2018, December 31, 2018, March 31, 2019, and June 30, 2019 and the twelve-month period ending June 30, 2019

(in thousands of Canadian dollars, except for per unit amounts)

4. Significant assumptions (Continued)

beginning of each month and any payments made in advance of scheduled due dates are recorded as contract liabilities.

The components of revenue are as follows:

	Three-month periods ending				Twelve-month period ending
	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	June 30, 2019
Rental income	\$15,426	\$15,385	\$15,411	\$15,913	\$62,135
Revenue from services	4,983	4,973	4,991	5,135	20,082
	<u>\$20,409</u>	<u>\$20,358</u>	<u>\$20,402</u>	<u>\$21,048</u>	<u>\$82,217</u>

(f) Property operating

Property operating expenses have been forecasted with reference to the operating plans and budgets for the Portfolio. The consolidated financial forecast reflects historical data, anticipated changes, adjusted for changes in costs due to inflation and other market trends. The major components of property expenses consist of property taxes, utilities, repairs and maintenance, insurance and salaries.

(g) Finance costs

Finance costs comprise of interest expense on secured debt, unsecured promissory note, revolving credit facility, amortization of financing costs, amortization of net mark-to-market adjustments and distributions of Class B LP Units and Class C LP Units.

	Three-month periods ending				Twelve-month period ending
	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	June 30, 2019
Interest expense on secured debt	\$1,869	\$1,860	\$1,851	\$1,841	\$ 7,421
Interest expense on unsecured debt	183	182	178	179	722
Interest expense and standby fee on credit facility	390	442	469	487	1,788
Amortization of financing fees	44	44	43	43	174
Amortization of net mark-to-market adjustments	(248)	(248)	(244)	(245)	(985)
Interest expense and other financing charges	2,238	2,280	2,297	2,305	9,120
Distribution on Class B LP Units	2,350	2,350	2,350	2,350	9,400
Distribution on Class C LP Units	1,800	1,791	1,781	1,772	7,144
Finance costs	<u>\$6,388</u>	<u>\$6,421</u>	<u>\$6,428</u>	<u>\$6,427</u>	<u>\$25,664</u>

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Statements of Forecasted Net Income and Comprehensive Income (Continued)

For the three-month periods ending September 30, 2018, December 31, 2018, March 31, 2019, and June 30, 2019 and the twelve-month period ending June 30, 2019

(in thousands of Canadian dollars, except for per unit amounts)

4. Significant assumptions (Continued)

(i.) Class B LP Units

The consolidated financial forecast assumes that distributions will be declared by the REIT in respect of the Units on a monthly basis with an annual distribution of approximately \$0.41 per Unit, with a corresponding equal amount payable to holders of the Class B LP Units. The distributions on Class B LP Units are forecast to be \$9,400 for the twelve-month period ending June 30, 2019, and the Class B LP Units are anticipated to represent approximately a 62.4% interest in the REIT on a fully exchanged basis.

The consolidated financial forecast does not reflect any change in the fair value of the Class B LP Units as any such change cannot be forecasted. A \$1.00 increase or decrease in the value of traded price of Units would result in a \$22,929 decrease or \$22,929 increase to net income, respectively.

(ii.) Class C LP Units

MPI will retain certain property-level debt associated with the Portfolio and in exchange will receive Class C LP Units. The Class C LP Units provide for monthly distributions to the holder of such Class C LP Units to be paid in priority, subject to certain restrictions, to distributions to holders of the Units, as defined in Note 3(g), and Class B LP Units. Due to the nature of such distributions, the Class C LP Units have been classified as financial liabilities and are carried at amortized cost. Distributions on the Class C LP Units consist of principal repayments and interest expense, with principal repayments reducing the outstanding amount of Class C LP Units and interest expense recorded in the consolidated statements of forecasted net income and comprehensive income in the period in which they become payable. The REIT anticipates distributions of \$12,096 during the forecast period of which \$4,952 is recorded as a reduction of Class C LP Units and \$7,144 is reflected as interest expense recorded in the consolidated statements of forecasted net income and comprehensive income.

(h) General and administrative

General and administrative expenses are forecasted based on management's best estimates with reference to the REIT's plans and budgets and relate to the day-to-day administration of the REIT. The expenses will include trust costs, including legal and audit fees, trustee fees, investor relations and reporting costs, transfer agent fees, insurance costs, employee compensation for dual employees, certain amounts of executive compensation and the administrative support agreement fee.

Pursuant to the Administrative Support Agreement (the "ASA") to be entered into upon Closing, the REIT will retain MPI to provide certain advisory, transaction and support services, including clerical and administrative support, operational support for the administration of the day-to-day activities of the REIT and office space. These services will be provided on a cost recovery basis under the ASA and during the first year of the term, MPI will be paid a fixed fee of \$500. The initial term of the ASA will be 5 years from the date of Closing.

(i) Acquisitions and dispositions of investment properties

This consolidated financial forecast does not reflect any potential sales of the Initial Properties or acquisitions of multi-residential properties. However, it is possible that the REIT could make purchases and sales of properties during the forecast period which will only be undertaken on a basis

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Statements of Forecasted Net Income and Comprehensive Income (Continued)

For the three-month periods ending September 30, 2018, December 31, 2018, March 31, 2019, and June 30, 2019 and the twelve-month period ending June 30, 2019

(in thousands of Canadian dollars, except for per unit amounts)

4. Significant assumptions (Continued)

considered by management to be advantageous to the REIT and as approved by the Trustees of the REIT.

(j) Fair value adjustment on investment properties

The consolidated financial forecast does not reflect any change in the fair value of the Portfolio as any such change is impacted by many variables that cannot be forecasted. A 10 basis point decrease or increase in capitalization rates would result in an approximately \$26,000 increase or decrease in the fair value of investment properties, respectively.

The consolidated financial forecast does not reflect the impact of the anticipated bargain purchase gain that arises on the acquisition due to the fair value of net assets acquired being in excess of the consideration paid (Note 4 (b)).

(k) Equity Incentive Plan

The REIT plans to adopt an Equity Incentive Plan. Under the terms of the Equity Incentive Plan, the Board of Trustees may from time to time, at its discretion, grant Trustees, officers, and employees restricted units, performance units, deferred units or other awards. The restricted units, performance units and deferred units are notional units with a fair value based on the closing trading price of the Units.

On Closing the REIT assumes it will grant 50,000 deferred units which vest over four years from the date of grant. The annual compensation expense for the deferred units was determined based on the fair value of the award at the grant date using the issuance price of the REIT Units on Closing. The expenses are included within general and administrative expenses.

(l) Income taxes

The consolidated financial forecast assumes that the REIT will on Closing and throughout its 2018 and 2019 taxation years meet the REIT Exception as described in Note 3(f), and distribute all of its taxable income to Unitholders. Accordingly, no provision for current or deferred income taxes has been recorded in the consolidated statements of forecasted net income and comprehensive income.

(m) Other matters

No significant changes in economic conditions and government legislation with respect to taxes, laws and regulations, including realty taxes, other than announced changes, are assumed during the forecast period.

5. Commitments and contingencies

The REIT has agreed to indemnify the underwriters against certain liabilities, including liabilities under applicable securities legislation, or to contribute to payments the underwriters may be required to make in respect of those liabilities. The REIT has agreed to indemnify, in certain circumstances, the Trustees and the officers of the REIT.

The REIT may be subject to claims and legal actions that arise in the ordinary course of business. It is the opinion of management that any ultimate liability that may arise from such matters would not have a

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST

Notes to the Consolidated Statements of Forecasted Net Income and Comprehensive Income (Continued)

For the three-month periods ending September 30, 2018, December 31, 2018, March 31, 2019, and June 30, 2019 and the twelve-month period ending June 30, 2019

(in thousands of Canadian dollars, except for per unit amounts)

5. Commitments and contingencies (Continued)

significant adverse effect on the consolidated statements of forecasted net income and comprehensive income.

In connection with the anticipated refinancing as described in Note 4(c), the REIT expects to extinguish certain secured debt in advance of its maturity date and incur prepayment penalties. The REIT and MPI have agreed that any prepayment penalties associated with this refinancing transaction and incurred by the REIT will be reimbursed by MPI upon successful closing of the refinancing transaction.

As part of the acquisition of the Initial Properties, the REIT intends to acquire from MPI a certain investment property currently under reconstruction due to a fire. The purchase price for this investment property is expected to be at fair value and the acquisition is anticipated to close once the construction at the investment property is complete and the investment property is stabilized. The maximum purchase price is approximately \$8,356. This investment property is not included in the identifiable net assets acquired in accordance with the accounting for contingent consideration as a part of a business combination.

In addition, MPI and Minto Holdings Inc. have agreed to provide the REIT with certain indemnities in respect of certain tax matters relating to the transfer of the Initial Properties for a period of fifteen years.

FORECAST NON-IFRS RECONCILIATION

The following tables reconcile forecast net income and comprehensive income to FFO and AFFO and reconciles certain components of forecast net income and comprehensive income to NOI. See “Non-IFRS Measures” and “Financial Forecast”.

(in thousands of dollars)	Three-month periods ending				Twelve-month period ending June 30, 2019
	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	
Net income and comprehensive income	\$4,802	\$4,593	\$4,121	\$5,081	\$18,597
Add/(Deduct)					
Distributions on Class B exchangeable units	2,350	2,350	2,350	2,350	9,400
FFO	7,152	6,943	6,471	7,431	27,997
Add/(Deduct)					
Maintenance capital expenditures ⁽¹⁾	(963)	(963)	(963)	(962)	(3,851)
Amortization of mark-to-market on debt . .	(248)	(248)	(244)	(245)	(985)
AFFO	\$5,941	\$5,732	\$5,264	\$6,224	\$23,161

(1) Maintenance capital expenditures reflected are based on the sum of quarterly rounded amounts and are estimated to be approximately \$900 per suite on an annual basis.

(in thousands of dollars)	Three-month periods ending				Twelve-month period ending June 30, 2019
	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	
Revenue from investment properties	\$20,409	\$20,358	\$20,402	\$21,048	\$82,217
Deduct:					
Property operating	4,082	4,024	4,158	4,375	16,639
Property taxes	2,289	2,289	2,320	2,320	9,218
Utilities	1,748	1,931	2,275	1,745	7,699
NOI	\$12,290	\$12,114	\$11,649	\$12,608	\$48,661

Immediately following Closing, the Debt to Gross Book Value Ratio of the REIT is expected to be as follows:

Assumed Debt	\$ 239,145
Class C Units	\$ 233,282
Unsecured promissory note	\$ 25,797
Principal amounts outstanding under the Credit Facility	\$ 28,458
Indebtedness	\$ 526,682
Gross Book Value	\$1,128,955
Debt to Gross Book Value Ratio (inclusive of mark-to-market)	46.7%

Below is a reconciliation of the pro forma NOI for the twelve months ended March 31, 2018 to the forecast NOI for the twelve month period ending June 30, 2019. This reconciliation is illustrative in nature and has been prepared by management as a supplement for the reader to the financial forecast. The assumptions used in respect of rental activity, unit roll over to market rates and the other items that make up other adjustments in order to arrive at the figures below constitute forward-looking statements. While these assumptions are

considered reasonable by management as of the date of this prospectus, they are inherently subject to significant uncertainties and contingencies that may affect the outcome of the forward-looking statements.

Investors should use caution when considering such forward-looking statements, and the REIT cautions readers not to place undue reliance on these statements. See “Forward-Looking Statements”.

Pro forma Minto Apartment REIT NOI for twelve months ended March 31, 2018 ⁽¹⁾	\$46,872
Add (Deduct):	
Rent increases, unit lease up, lower vacancy and unit roll over to market rates	2,340
Increase in property operating expenses	(26)
Increase in utilities expense	(288)
Increase in real estate property tax expense	(237)
Forecast NOI	48,661
Forecast NOI Growth	3.8%

(1) Pro forma Minto Apartment REIT NOI for the twelve months ended March 31, 2018 is calculated as (i) total rental and other revenue of \$79,137, less property operating expenses of \$16,912, realty taxes of \$9,120 and utilities of \$7,604 for the year ended December 31, 2017 as set out in the combined carve-out financial statements of the Initial Properties; *less* (ii) total rental and other revenue of \$19,131, less property operating expenses of \$4,207, realty taxes of \$2,393 and utilities of \$2,288 for the three month period ended March 31, 2017 as set out in the combined carve-out financial statements of the Initial Properties; *plus* (iii) total rental and other revenue of \$19,871, less property operating expenses of \$3,908, realty taxes of \$2,254 and utilities of \$2,095 for the three month period ended March 31, 2018 as set out in the combined carve-out financial statements of the Initial Properties.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

Part I: Overview

This Management Discussion and Analysis of Financial Condition and Results of Operations (“**MD&A**”) describes the historical financial position and performance of the portfolio of the Initial Properties (the “**Portfolio**”) and should be read in conjunction with the combined carve-out financial statements and the accompanying notes included elsewhere in this prospectus. This MD&A is being prepared to support the prospectus where, in connection with an offering of securities, through a series of transactions the Portfolio will be acquired by the REIT. This MD&A is dated as of, and has been prepared based on information available to management as of, the date of this prospectus.

The combined carve-out financial statements and accompanying notes to the unaudited combined carve-out financial statements for the interim periods ended March 31, 2018 and March 31, 2017 along with the audited combined carve-out financial statements for the years ended December 31, 2017, December 31, 2016 and December 31, 2015 of the Portfolio are prepared in accordance with IFRS. Tabular amounts are reported in thousands of Canadian dollars, unless otherwise noted.

The combined carve-out financial statements discussed in this MD&A have been prepared on a carve-out basis from the financial statements of Minto Properties Inc. (“**MPI**” or the “**Parent**”) and present the financial position, financial performance and cash flows of the Portfolio for the periods presented, as if these properties had been accounted for on a stand-alone basis.

The Portfolio consists of 22 multi-residential rental properties, comprising an aggregate of 4,279 suites located in Toronto, Ottawa, Calgary and Edmonton, including two mixed-use residential apartment and commercial buildings. The Portfolio, together with its related assets and liabilities, is to be acquired by the REIT in conjunction with a series of transactions and upon completion of an initial public offering of units by the REIT.

The objective of this MD&A is to provide a prospective purchaser of units of the REIT with an analysis of the historical assets, liabilities, revenues and operating expenses of the Portfolio for the above-mentioned periods. Less emphasis has been placed on analyzing the impact of income taxes and the historical capital structure of the Portfolio as the Portfolio’s audited combined carve-out financial statements do not reflect the REIT’s proposed capital structure and income tax status, which will differ significantly. The unaudited ‘pro forma’ combined financial statements of the REIT contained in this prospectus reflect the impact of financial leverage and income tax status on a go forward basis.

The combined carve-out financial statements depict historical financial information of the Portfolio and include the assets, liabilities, revenue and operating expenses associated with owning and operating these properties. These combined carve-out financial statements present the combined carve-out financial position, financial performance and cash flows of the Portfolio for the periods presented and have been prepared based on the historical books and records of MPI as if the Portfolio had been accounted for on a standalone basis, with estimates used, when necessary, for certain allocations. Because the Portfolio was part of a larger portfolio and was not operating within a separate legal entity, these combined carve-out financial statements depict the net assets representing the amount associated specifically with the Portfolio.

Due to the inherent limitations of carving out the assets, liabilities, operations and cash flows of the Portfolio from legal entities controlled by MPI, these combined carve-out financial statements are not necessarily indicative of the results that would have been attained if the Portfolio had been operated as a separate legal entity during the periods presented and therefore are not necessarily indicative of future operating results. All Portfolio transactions and balances between properties within the Portfolio have been eliminated upon combination.

Non-IFRS Measures

The combined carve-out financial statements for the Portfolio have been prepared in accordance with IFRS. This MD&A contains non-IFRS financial measures including FFO, AFFO and NOI, which are measures

commonly used by other entities in the real estate industry. Management believes that these metrics are useful for measuring different aspects of performance and assessing the underlying operating performance on a consistent basis. However, these measures do not have a standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other entities. These measures should strictly be considered supplemental in nature and not a substitute for financial information prepared in accordance with IFRS. Management computes FFO and AFFO in accordance with the current definitions of REALpac. Management uses FFO and AFFO in addition to net income to report operating results. Management believes that these metrics are useful in assessing the performance of the Portfolio readily against its peer group. FFO and AFFO are not indicative of funds available to meet the Portfolio's cash requirements. See "Part IV: Performance Measures".

Forward-Looking Information

Certain statements contained in this MD&A constitute forward-looking information within the meaning of securities laws. See "Forward-looking Statements".

Part II: Financial Highlights

Selected Financial Information

The following table includes highlights of selected operating and financial information for the Portfolio for the periods presented:

<u>Selected financial information</u>	<u>Three months ended</u> <u>March 31,</u>		<u>Twelve months ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total assets	\$1,102,393	\$996,080	\$1,089,258	\$994,270	\$916,171
Investment properties	1,088,193	981,122	1,077,262	983,983	904,773
Non-current liabilities	568,309	572,083	577,915	598,060	474,509
Secured debt	425,414	392,663	437,025	418,469	407,430
Revenue	19,871	19,131	79,137	75,149	70,461
Net operating income	11,614	10,243	45,501	41,920	37,950
Net income (loss) and comprehensive income (loss)	<u>\$ 7,844</u>	<u>\$ (561)</u>	<u>\$ 69,037</u>	<u>\$ 18,067</u>	<u>\$ 33,142</u>

The following table highlights certain additional information about the Portfolio for the three months ended March 31, 2018 and 2017 and the years ended December 31, 2017, 2016 and 2015:

Key performance indicators	Three months ended March 31,		Twelve months ended December 31,		
	2018	2017	2017	2016	2015
Portfolio Attributes					
Number of properties	22	22	22	22	20
Total suites, end of period	4,279	4,279	4,279	4,311	4,059
Average monthly rent per suite (\$)	\$ 1,489	\$ 1,428	\$ 1,485	\$ 1,479	\$ 1,422
Occupancy unfurnished suites	97.39%	94.95%	96.43%	95.92%	95.33%
Balance sheet					
Investment properties	\$1,088,193	\$981,122	\$1,077,262	\$983,983	\$904,773
Weighted average capitalization rate	4.31%	4.26%	4.33%	4.40%	4.68%
Secured debt	\$ 425,414	\$392,663	\$ 437,025	\$418,469	\$407,430
Debt-to-total assets	38.6%	39.4%	40.1%	42.1%	44.5%
Income statement					
Revenue	\$ 19,871	\$ 19,131	\$ 79,137	\$ 75,149	\$ 70,461
Net operating income	\$ 11,614	\$ 10,243	\$ 45,501	\$ 41,920	\$ 37,950
Net operating income margin	58.4%	53.5%	57.5%	55.8%	53.9%
Net income (loss)	\$ 7,844	\$ (561)	\$ 69,037	\$ 18,067	\$ 33,142
Funds from operations	\$ 5,126	\$ 4,887	\$ 21,987	\$ 19,651	\$ 15,905
Adjusted funds from operations	\$ 4,163	\$ 3,924	\$ 18,136	\$ 15,771	\$ 12,252

Portfolio Attributes

The Portfolio is comprised of 22 properties comprising of 4,279 furnished and unfurnished suites. The Portfolio acquired new properties in March 2015 and December 2016. One of the properties in the Portfolio suffered a loss as a result of a fire which destroyed 32 suites in March 2017.

The average monthly rent per suite is derived by taking the sum of the monthly residential rental revenue and other revenue associated with these residential rentals, divided by the number of total furnished and unfurnished suites each month, resulting in a weighted average figure for the period. For residential rentals, the average monthly rent per suite grew to \$1,489 as at March 31, 2018, growing by \$61 from \$1,428 as at March 31, 2017. The average monthly rent per suite grew by \$6 per month from 2016 to 2017, from \$1,479 to \$1,485. The average monthly rent per suite grew by \$57 per month from 2015 to 2016, from \$1,422 to \$1,479. The growth in monthly rents in all periods was the result of strong rental markets in Toronto and Ottawa combined with additional incremental rent from the furnished suites. The decrease in average monthly rent from 2016 to the first quarter of 2017 is attributable to the acquisition of the Edmonton properties in December 2016. The Edmonton market and in turn the Portfolio's properties in Edmonton average rent is lower than the average rent of the remainder of the Portfolio. The impact of this property acquisition lowers the average monthly rent from 2016 to the first quarter of 2017. By December 2017 the average rent had recovered to the December 2016 level.

Occupancy is derived by taking the number of occupied unfurnished suites divided by the total unfurnished suites in the Portfolio that are eligible for rental. Unfurnished suites represent more than 93% of the Portfolio while the furnished suites account for the remainder. The suites eligible for rental exclude suites that are not available due to repositioning projects or major refurbishment projects.

For the three months ended March 31, 2018 occupancy increased by 2.44% as compared to the same period in 2017. Occupancy increased by 0.51% from 2016 to 2017 and 0.59% from 2015 to 2016. The increase in occupancy is a result of favourable market conditions in Ottawa and Toronto.

Investment Properties

The value of investment properties is determined on a quarterly basis by undertaking an income approach whereby expected net rental income over the life of the current asset is reduced for the value of any improvements. This net rental income is capitalized using a property-specific capitalization rate to arrive at a fair value measurement after deducting the cost of any capital improvements.

The Portfolio completed the acquisition of 100 & 200 Quarry Villas SE in Calgary, Alberta in March 2015 and the acquisition of three separate properties in Edmonton, Alberta in December 2016. The Portfolio also purchased a land lease at a property in Toronto, Ontario in September 2016, which resulted in additional cost basis in the Portfolio. These acquisitions increased the carrying amount of the Portfolio by \$63.3 million in 2016 and \$50.0 million in 2015.

The remaining fair value changes are driven by a combination of compression of capitalization rates, higher net operating income and capital improvement projects in the Portfolio in each year. Capitalization rates are based on market data in the specific market in which a property is located.

Secured Debt and Debt-to-total Assets

The Portfolio maintains external debt financing on properties within the Portfolio. The secured debt outstanding as at March 31, 2018 decreased by \$11.6 million from the year ended December 31, 2017 largely as a result of deferred financing charges arising from an interest rate buy down and principal repayment. Further details on the interest rate buy down are outlined below. See “Assessment of Financial Position”. The secured debt outstanding increased by \$18.6 million from 2016 to 2017 and \$11.0 million from 2015 to 2016 as additional financing was obtained to fund capital expenditures and to provide debt financing for acquired properties.

Debt-to-total assets is derived by taking the secured debt divided by the total assets. The debt-to-total assets ratio for the three months ended March 31, 2018 was 38.6%, a decrease of 1.5% from the year ended December 31, 2017. In 2017 the debt-to-total assets ratio was 40.1%, a decrease of 2.0% from 2016. In 2016 the debt-to-total assets ratio was 42.1%, a decrease of 2.4% from 2015.

Revenue

Revenue corresponds to gross rental revenues and other ancillary revenues, reduced by incentives and vacancy. Rental revenue is primarily affected by the occupancy rate, the addition or departure of tenants, and annual rent changes associated with either normal rent increases or tenant turnover. For the three months ended March 31, 2018 revenue increased by \$740 thousand over same period in 2017. Revenue increased by \$4.0 million for the year ended December 31, 2017 over 2016, and \$4.7 million for the year ended December 31, 2016 over 2015. Further details on revenue are set out below. See “Review of Financial Performance”.

Net Operating Income and Net Operating Income Margin

NOI is defined as investment properties revenue less property operating expenses. NOI has increased by \$1.4 million for the quarter ended March 31, 2018 over the quarter ended March 31, 2017. NOI increased by \$3.6 million for the year ended December 31, 2017 over 2016, and \$4.0 million for the year ended December 31, 2016 over 2015.

Net operating income margin is derived by taking the NOI and dividing by the total revenue displayed as a percentage. The net operating income margin increased by 3.6% from 2015 to 2017. Further details on the factors contributing to the change in net operating income are outlined below. See “Review of Financial Performance”.

Net Income

Net income increased by \$8.4 million in the three months ended March 31, 2018 over the same period in 2017. Net income from 2016 to 2017 increased by \$51.0 million and from 2015 to 2016 it decreased by \$15.1 million. The change in 2017 was primarily driven by the increase in overall Portfolio fair value but also by

higher margins, resulting growth in the average rent, along with additional scale for the Portfolio achieved from property acquisitions.

Funds from Operations

FFO increased by \$239 thousand from March 31, 2017 to March 31, 2018 as a result of higher net operating income. FFO increased by \$2.3 million from 2016 to 2017 and increased by \$3.7 million from 2015 to 2016, which mirrors the impact of higher NOI year-over-year.

Adjusted Funds from Operations

AFFO increased by \$239 thousand from March 31, 2017 to March 31, 2018 on the same basis as the FFO change in the same period. AFFO increased by \$2.4 million from 2016 to 2017 and increased by \$3.5 million from 2015 to 2016, which is reflective of the higher NOI year-over-year.

Part III — Review of Financial Performance

Annual Results of Operations — Years ended December 31, 2017, 2016 and 2015

<u>Summary results of operations</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Revenue	\$ 79,137	\$ 75,149	\$ 70,461
Property expenses	(33,636)	(33,229)	(32,511)
Net operating income	45,501	41,920	37,950
General and administrative expenses	(4,080)	(4,160)	(3,961)
Fair value adjustment to investment properties	64,627	3,875	27,812
Other (income) expense	3,891	(33)	35
Finance costs	(17,197)	(17,299)	(17,603)
Income tax expense	(23,705)	(6,236)	(11,091)
Net income	<u>\$ 69,037</u>	<u>\$ 18,067</u>	<u>\$ 33,142</u>

Revenue from investment properties

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Rental income	\$77,525	\$73,386	\$69,119
Other	1,612	1,763	1,342
	<u>\$79,137</u>	<u>\$75,149</u>	<u>\$70,461</u>

Rental revenue is comprised of rent received from tenants. The majority of the Portfolio consists of residential rental suites, with the addition of small commercial spaces at two of the properties. The rent associated with the commercial space is not a significant source of revenue for the Portfolio. The tenant rental revenue includes rent from unfurnished and an insignificant number of furnished suites. The Portfolio monitors residential rents based on average rent per suite, as well as the occupancy level.

<u>Rental performance metrics</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Number of suites	4,279	4,311	4,059
Average rent per suite (\$)	\$ 1,485	\$ 1,479	\$ 1,422
Occupancy	<u>96.43%</u>	<u>95.92%</u>	<u>95.33%</u>

The Portfolio acquired an additional 144 suites in 2015 and 251 suites in 2016 increasing the total Portfolio size by \$50.0 million and \$63.3 million (including the purchase of a land lease at a property in Toronto),

respectively. There was damage to one of the properties in 2017 which resulted in a total loss of 32 suites. Average rents increased by \$57 from 2015 to 2016 and by \$6 from 2016 to 2017 based on turnover and improvements reflected to the suites. The Portfolio balances rental rates with vacancy. Vacancy is monitored for unfurnished suites where it represents the number of unoccupied suites divided by the total number of available suites. Vacancy decreased to 3.6% in 2017 compared to 4.1% in 2016 and 4.7% in 2015. This metric is monitored on a monthly basis and management uses promotions to determine suitable rents to charge when suites turnover. The Portfolio also monitors significant expenditures, unusual changes in operating costs as well as increases in municipal property taxes to seek increases in rent to existing tenants. The process in Ontario, where much of the Portfolio is located, is to apply for above guideline increases with the Landlord and Tenant Rental Board when warranted. Where the Portfolio is not eligible for such increases the Portfolio moves tenant rents in line with the guidelines set out by the Landlord and Tenant Rental Board. Where such above guideline increases are not sought or obtained the Portfolio increases rents by the guideline amount.

Other revenue comprises of revenue from ancillary services and includes parking, laundry and antenna income. The Portfolio maintains rental agreements with telecommunication companies for towers that are located on the properties.

Property Expenses

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Property operating	\$16,912	\$16,261	\$16,420
Property taxes	9,120	8,969	8,603
Utilities	7,604	7,999	7,488
	<u>\$33,636</u>	<u>\$33,229</u>	<u>\$32,511</u>

Property operating expenses relate to direct costs associated with operating buildings and providing services to tenants. Included in property operating expenses are charges for repairs and maintenance that are not eligible for capitalization, insurance, salaries of site staff, cleaning, leasing costs, supplies, waste removal and bad debt expense. The Portfolio maintains tight controls on property operating expenses, which over time has resulted in cost savings. The Portfolio manages staff salaries through periodic review of the staffing mix as well as staff responsibilities. The Portfolio seeks efficiencies in the staffing responsibilities to ensure adequate service and quality while doing so at a reasonable cost. The Portfolio seeks to keep total salary related cost increases less than that of the growth of rents and other ancillary revenue. There was an increase in property operating expenses of \$651 thousand from 2016 to 2017 which was primarily as a result of higher bad debt expense at one of our commercial sites. The decrease of \$159 thousand from 2015 to 2016 was a result of a more streamlined delivery of services.

Property taxes have increased at a rate of 4.3% from 2015 to 2016 and 1.7% from 2016 to 2017 as a result of additional suites due to acquisitions made in 2015 and 2016 as well as value fluctuations in the Portfolio and rates established by local municipalities. In Ontario, where the Portfolio has the largest concentration of suites, property valuations are completed every four years by an independent non-profit government body. Individual municipalities review budget requirements every year and change the rates to meet budgetary requirements. A new property value assessment was completed in 2017 and the impact of the change in assessed values will be phased in equally over the next three years commencing in 2018 and completing in 2020. As a result, any changes in value assessed by the provincial agency will be gradually reflected in results going forward. Property taxes represent 11.8% of rental revenue in 2017, 12.2% of rental revenue in 2016 and 12.4% of rental revenue in 2015.

Utilities consist of electricity, natural gas and water for the rental properties. Utility costs can be highly variable from one period to the next with many factors impacting the cost to the Portfolio including but not

limited to tenant profiles, commodity prices, taxation schemes and underlying weather patterns. The cost is dependent upon usage by tenants as well as prevailing rates charged by utility providers.

<u>Utilities expense</u>	<u>December 31, 2017</u>	<u>% of rental revenue</u>	<u>December 31, 2016</u>	<u>% of rental revenue</u>	<u>December 31, 2015</u>	<u>% of rental revenue</u>
Electricity	\$3,565	4.6%	\$4,391	6.0%	\$3,718	5.4%
Natural gas	1,625	2.1%	1,317	1.8%	1,681	2.4%
Water	<u>2,414</u>	3.1%	<u>2,291</u>	3.1%	<u>2,089</u>	3.0%
	<u>\$7,604</u>		<u>\$7,999</u>		<u>\$7,488</u>	

From 2015 to 2017, electricity costs decreased as a percentage of rental revenue from 5.4% to 4.6%, a reduction of 0.8% or \$153 thousand, as a result of conservation projects and sub-metering programs instituted for new tenants in spite of increases in the cost of electricity from utility providers. The increase in 2016 over 2015 is a result of escalating energy prices in Ontario that were curtailed in 2017 with the Fair Hydro Plan which was made available to residential customers effective July 1, 2017 resulting in, according to the program, a reduction in hydro-electricity costs of 25% on an annual basis.

In 2017, a carbon tax was introduced in Ontario and Alberta which had an upward pressure on commodity pricing for natural gas. This was partially offset by lower consumption achieved through conservation projects, weather related favourability and sub-metering programs.

Water is the most stable utility cost of the three utilities. Over the three year period it has remained fairly constant at approximately 3% of rental revenue. Water is driven by commodity price increases levied by individual municipalities. These price increases were offset by conservation projects and careful monitoring of consumption with tenants and use in common areas.

Net Operating Income

NOI increased by \$3.6 million from 2016 to 2017 and \$4.0 million from 2015 to 2016. The change in NOI was as a result of the combination of higher rents and lower expenses from 2016 to 2017 relative to revenue, and reflected the additional suites acquired in 2015 to 2016.

General and Administrative Expenses

General and administrative expenses represent an allocation of shared costs from MPI for the operation of the Portfolio. These include costs for general management, rent, financial planning and analysis, asset management and associated support services. These costs are allocated to the Portfolio based on a consistent allocation methodology across MPI's properties. The general and administrative expense decreased by \$80 thousand from 2016 to 2017 and increased by \$199 thousand from 2015 to 2016. The reduction in 2017 from 2016 was as a result of lower salaries and wages. The increase in 2016 from 2015 was mainly the result of the increase in value over the same period for the Portfolio relative to the rest of MPI, which is the basis for the allocation.

Finance Costs

Finance costs are comprised of interest expense, interest income, amortization of both financing charges and CMHC premiums, and fair value fluctuations on derivatives. Interest expense increased by \$103 thousand from 2016 to 2017 and fell by \$515 thousand from 2015 to 2016. The decrease in interest expense in 2017 is due to lower average interest rates while the increase in 2016 is due to a growing debt balance. Amortization of financing charges is based on the term of the debt agreements and is amortized using the effective interest method over the term. These costs were \$323 thousand in 2015, \$316 thousand in 2016 and \$517 thousand in 2017. CMHC premiums are amortized on a straight-line basis over the amortization period of the related term loan. These charges were \$305 in each of 2017, 2016 and 2015. The derivative asset relates to a price index hedge and fluctuates based on market prices. The derivative was settled in 2017 resulting in a loss of \$14 thousand.

Fair Value Adjustment to Investment Properties

The Portfolio recognized favourable fair value changes of \$64.6 million in 2017, \$3.9 million in 2016 and \$27.8 million in 2015. Appraisals on rental properties are the source of these changes. The appraisals and property valuations are based on projected net operating income adjusted to reflect ongoing expected cash flows from leases minus any related cash outflows including required capital improvements. The valuations are completed using the income-based approach and factoring in a capitalization rate on these income amounts. The resulting fair value gains or losses on a property-by-property basis are recorded in the combined carve-out statements of income and comprehensive income. The fair value changes in 2017 were primarily driven by more favourable net operating income forecasts while the 2016 changes were mainly the result of capitalization rate compression.

Other Income and Expenses

Other gains in 2017 originated from an insurance claim of \$4.0 million related to a property impacted by a fire. The fire resulted in the complete loss of 32 suites and the investment property was adjusted downwards through fair value as a result of this loss. When the property is rebuilt any resulting costs of development will be capitalized to such property. In previous years, the amount recorded reflects other gains or losses outside normal operations.

Income Taxes

The Portfolio recorded income tax expense as if it were an incorporated entity. The Portfolio operates in Canada in the provinces of Ontario and Alberta. The biggest driver of the fluctuation in this account balance relates to the deferred income tax expense that is associated with the favourable changes in fair value of such properties. There is also an increase associated with higher NOI each year.

Quarterly Results of Operations — Three months ended March 31, 2018 and 2017

<u>Summary results of operations</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Revenue from investment properties	\$19,871	\$19,131
Property expenses	(8,257)	(8,888)
Net operating income	11,614	10,243
General and administrative expenses	(1,111)	(1,020)
Fair value adjustment to investment properties	5,074	(5,569)
Finance costs	(4,990)	(4,403)
Income tax (expense) recovery	(2,743)	188
Net income (loss)	<u>\$ 7,844</u>	<u>\$ (561)</u>

Revenue

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Rental	\$15,167	\$14,328
Tenant operating	4,354	4,487
Other	350	316
	<u>\$19,871</u>	<u>\$19,131</u>

The presentation for revenue changed with IFRS 15, effective January 1, 2018. Higher rental revenue was driven by higher occupancy and higher average rents for the quarter ended March 31, 2018 against the quarter a year earlier. The higher occupancy is driven by strong rental markets in Ottawa and Toronto. The Portfolio has also been able to obtain higher rents in the same period year-over-year. The higher rents are a combination of

higher market rents and the Portfolio's suite turnover program. The Portfolio tracks residential rents based on average rent per suite, as well as the occupancy level.

<u>Rental performance metrics</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Number of suites	4,279	4,279
Average rent per suite (\$)	\$ 1,489	\$ 1,428
Occupancy	97.39%	94.95%

In the three months ended March 31, 2018, average rent per suite increased by \$61, which was, 4.3% higher than the same period in 2017. The occupancy increased by 2.44% in the Portfolio's unfurnished suites over the same period.

Property Expenses

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Property operating	\$3,908	\$4,207
Property taxes	2,254	2,393
Utilities	2,095	2,288
	<u>\$8,257</u>	<u>\$8,888</u>

Property operating expenses fell by \$299 thousand from 2017 to 2018. This was as a result of cost cutting initiatives by the Portfolio. Property taxes fell by \$139 thousand from 2017 to 2018 as a result of successful appeals on some of the assessments of several of the properties. This was offset by property tax increases as a result of the assessment process at the Portfolio's Ontario properties.

<u>Utilities expense</u>	<u>March 31, 2018</u>	<u>% of rental revenue</u>	<u>March 31, 2017</u>	<u>% of rental revenue</u>
Electricity	\$ 795	5.2%	\$1,024	7.1%
Natural gas	674	4.4%	694	4.8%
Water	626	4.1%	570	4.0%
	<u>\$2,095</u>		<u>\$2,288</u>	

Electricity costs decreased as a percentage of rental revenue from 7.1% to 5.2% for the three months ended March 31, 2018 as compared to the same period in 2017. This represents a 1.9% decrease or \$229 thousand quarter over quarter and was mainly the result of the Fair Hydro Plan that took effect July 1, 2017.

Natural gas costs decreased as a percentage of rental revenue from 4.8% to 4.4% for the three months ended March 31, 2018 as compared to the same period in 2017. This represents a 0.4% decrease or \$20 thousand quarter over quarter.

Water costs remained consistent as a percentage of rental revenue at approximately 4.0% for the three months ended March 31, 2018 as compared to the same period in 2017.

Net Operating Income

NOI increased by \$1.4 million for the three months ended March 31, 2018 as compared to the same period in 2017. This change is a result of the combination of higher rents and lower expenses quarter over quarter.

General and Administrative Expenses

General and administrative expenses represent an allocation of shared costs from MPI for the operation of the Portfolio. These include costs for general management, rent, financial planning and analysis, asset

management and associated support services. These costs are allocated to the Portfolio based on a consistent allocation methodology across MPI's properties. The general and administrative expenses increased by \$91 thousand for the three months ended March 31, 2018 as compared to the same period in 2017.

Finance Costs

Finance costs are comprised of interest expense, interest income, amortization of both financing charges and CMHC premiums, and fair value fluctuations on the derivative asset. The increase in finance costs for the three months ended March 31, 2018 as compared to the same period in 2017 mainly relate to a modification loss stemming from the interest rate buy down executed on a number of term loans in the first quarter of 2018.

Fair Value Adjustment to Investment Properties

The Portfolio adjusts the value of properties on a quarterly basis. The value is updated by taking into account significant changes in capitalization rates and NOI that are used to derive investment property fair value. The significant change in the quarter ended March 31, 2018 compared to March 31, 2017 was partially due to increases in NOI and continued capitalization rate compression in the Toronto marketplace resulting in a favourable impact on valuation, and the fair value loss recognized in 2017 as a result of a fire in March 2017 which destroyed 32 suites at one of the properties. There was no similar corresponding event in 2018.

Income Taxes

The change in income taxes quarter over quarter can be attributed to the fair value adjustment to properties which has a deferred income tax impact.

Part IV: Performance Measures

FFO/AFFO Cash Flows

FFO and AFFO are used in addition to net income to report operating results. FFO and AFFO are industry standard definitions for evaluating operating performance and are computed as follows for the Portfolio:

<u>FFO and AFFO</u>	<u>Three months ended March 31,</u>		<u>Twelve months ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net income (loss)	\$ 7,844	\$ (561)	\$ 69,037	\$18,067	\$ 33,142
Fair value adjustments to investment properties	(5,074)	5,569	(64,627)	(3,875)	(27,812)
Fair value change on derivatives	—	50	14	360	101
Insurance proceeds from fire	—	—	(4,000)	—	—
Deferred income taxes	2,356	(171)	21,563	5,099	10,474
Funds from operations	\$ 5,126	\$4,887	\$ 21,987	\$19,651	\$ 15,905
Maintenance capital expenditure reserve	(963)	(963)	(3,851)	(3,880)	(3,653)
Adjusted funds from operations	\$ 4,163	\$3,924	\$ 18,136	\$15,771	\$ 12,252

Quarterly Changes

FFO increased by \$239 thousand from March 31, 2017 to March 31, 2018 primarily as a result of an increase in average rents per suite and improved NOI. AFFO increased by \$239 thousand from March 31, 2017 to March 31, 2018 on the same basis as the FFO change for the same period. Maintenance capital expenditures remained stable at \$963 and is based on one quarter of the anticipated annual maintenance capital expenditures.

Annual Changes

For the year ended December 31, 2017, FFO increased by \$2.3 million over the amount achieved for the year ended December 31, 2016. For the year ended December 31, 2016, FFO increased by \$3.7 million over the amount achieved for the year ended December 31, 2015. In both instances, this was as a result of stronger net operating income year-over-year.

For the year ended December 31, 2017, AFFO increased by \$2.4 million over the amount achieved for the year ended December 31, 2016. For the year ended December 31, 2016, AFFO increased by \$3.5 million over the amount achieved for the year ended December 31, 2015. In both instances, this was as a result of a combination of stronger net operating income year-over-year and stable maintenance capital expenditures.

<u>Capital expenditures</u>	<u>Three months ended</u> <u>March 31,</u>		<u>Twelve months ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total expenditures	\$ 5,878	\$ 2,741	\$ 28,755	\$12,137	\$ 14,155
Value-enhancing capital spend					
Building	(2,688)	(639)	(11,292)	(5,063)	(8,818)
Suite upgrades	(2,996)	(975)	(13,140)	(4,131)	(3,712)
	(5,684)	(1,614)	(24,432)	(9,194)	(12,530)
Actual maintenance capital expenditures	\$ 194	\$ 1,127	\$ 4,323	\$ 2,943	\$ 1,625
Number of suites	4,279	4,279	4,279	4,311	4,059
Per suite (\$)	\$ 45	\$ 263	\$ 1,010	\$ 683	\$ 400

Total capital expenditures were \$28.8 million in 2017, \$12.1 million in 2016 and \$14.2 million in 2015. The Portfolio incurs capital expenditures in two main categories: value-enhancing capital spend and maintenance capital expenditures.

Value-enhancing capital spend is classified as either building improvements or suite upgrades. Building improvements includes common area and amenity space upgrades, energy conservation projects, and building envelope enhancements. These costs are infrequent in nature and as a result, when incurred, represent significant outlays. The Portfolio actively monitors these aspects of the buildings and looks to invest funds that will drive value to the Portfolio and increase tenant satisfaction.

Suite upgrades represent capital spend on suite turnover from a tenant departure. Turnover frequency is driven by market conditions and individual tenant decisions. The Portfolio aims to invest capital expenditures in this area to drive higher rents and longer term occupancy with tenants. Where significant changes are made to an individual suite that increases the price of rent or the desirability to the tenant these costs are capitalized to the investment property.

The actual total capital expenditures fluctuate significantly year over year depending on the nature of the on-going projects. The Portfolio has undertaken several significant value-enhancing projects in 2017 at One80five, 61 Yorkville, and the Edmonton properties. Driving higher rents through common area and amenity space upgrades, along with suite upgrades to increase the overall appeal to the tenant, have been the focus of projects at these properties.

The per suite costs for the last three years averages to approximately \$700 per suite, which is less than the amount being used in our AFFO calculation. Although historical averages can be a good benchmark for the expected level of maintenance to be incurred in future years, it may not necessarily be the best indicator when considering the timing and nature of the historical capital spend. The capital expenditure reserve used in AFFO is \$900 per suite as management believes that although historical averages have been lower, the level of activity and maintenance capital expenditures for the past two fiscal years is more representative of the anticipated level of maintenance capital expenditures to be incurred in the coming years. This is further supported by the building condition reports that estimate an average of \$858 per suite over the next five years. Management notes that maintenance capital expenditures in 2017 were higher in comparison to 2016, which was primarily due to work completed in conjunction with the value-enhancing projects at One80five, 61 Yorkville and the Edmonton properties. The work was not captured in the value enhancing project but was related to the work completed with these projects. Management anticipates maintenance capital expenditures to be closer to the capital expenditure reserve in 2018. This was impacted by the timing of maintenance capital expenditures projects in the first quarter of 2018 and it is expected that the level of maintenance capital activities will increase during the second quarter of 2018 such that the maintenance capital expenditures incurred will be trending more in line towards the anticipated annual spend.

Part V: Assessment of Financial Position

Investment Properties

	<u>March 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Investment properties	\$1,088,193	\$1,077,262	\$983,983	\$904,773

Fair value for residential properties is determined using the direct capitalization approach. Estimated stabilized net operating income is based on the respective property's forecasted results, less aggregate future capital expenditures. Capitalization rates reflect the characteristics, location and market of each property. Fair value is determined using both internal and external valuations.

When an investment property is disposed of, the gain or loss is determined as the difference between the disposal proceeds, net of selling costs and the carrying amount of the property and is recognized in net income in the period of disposal.

The capitalization rates by major rental market of the Portfolio by period are as follows:

	<u>March 31, 2018</u>		<u>December 31, 2017</u>		<u>December 31, 2016</u>		<u>December 31, 2015</u>	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
Ottawa, Ontario	4.50%	5.00%	4.50%	5.00%	4.43%	5.00%	4.50%	5.09%
Toronto, Ontario	3.66%	4.00%	3.66%	4.00%	3.80%	4.25%	4.13%	5.34%
Alberta	4.35%	4.75%	4.35%	4.75%	4.35%	4.35%	N/A	N/A

Capitalization rates fluctuate depending upon market conditions. Between 2015 and 2017 there was significant strength in the Toronto marketplace resulting in lower capitalization rates. Capitalization rates for the same period in Ottawa and Alberta remained relatively consistent.

The fair value increase in investment properties are driven by a combination of the compression of capitalization rates, improvements in net operating income at each property, value-enhancing capital spend driving higher rental rates, and acquisitions. In 2017, higher NOI was the biggest contributor to the change in fair value of investment properties while the change in 2016 was mainly driven by compression in the capitalization rates and acquisitions.

Quarterly Variance

The fair value increase in investment properties in the first quarter of 2018 is attributable to higher net operating income for the portfolio and lower capitalization rates for properties in the Toronto market.

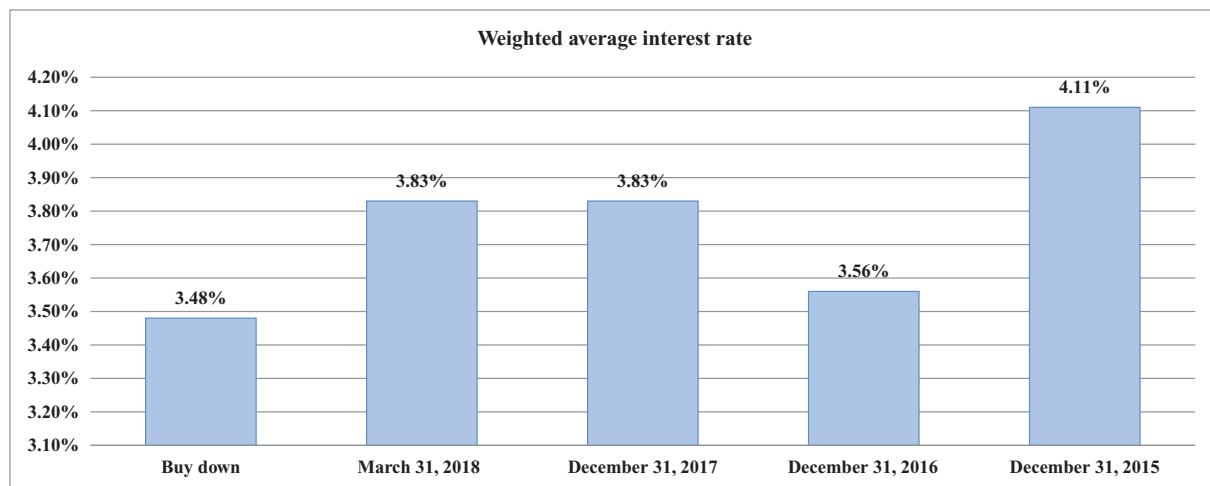
Secured Debt

Secured debt balances and weighted average interest rates are as follows:

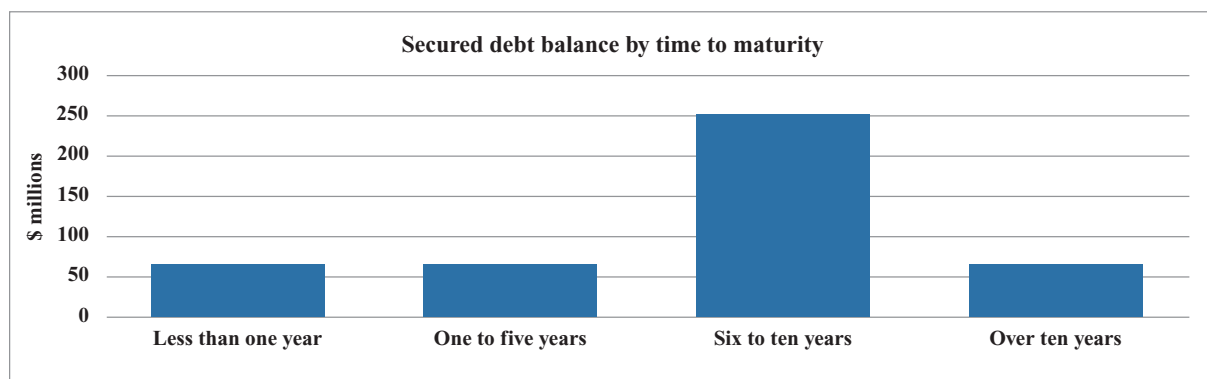
	<u>March 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Carrying amount	\$437,181	\$439,229	\$420,917	\$410,086
Fair value	444,167	456,951	448,353	447,791
Weighted average interest rate	3.83%	3.83%	3.56%	4.11%

Secured debt increased on a net basis by \$18.3 million from 2016 to 2017. This was as a result of an additional \$12.5 million of financing obtained to support an improvement project undertaken at one of the properties in the Portfolio, in addition to \$13.6 million of additional proceeds from the conversion of a fixed term loan to a credit facility. These were partially offset by \$7.8 million of regular term loan repayments. Secured debt increased on a net basis by \$10.8 million from 2015 to 2016 as a result of obtaining debt financing for the acquired property of \$19.0 million and partially offset by regular term loan payments of \$8.2 million.

On March 12, 2018 the Portfolio executed an interest rate buy down on term loans with an outstanding value of \$125.3 million at a cost of \$10.5 million, lowering the interest rate substantially on these term loans effective May 1, 2018. The previous weighted average rate on these term loans was 4.42% and the new rate is 3.21% resulting in an expected annual interest savings of approximately \$1.5 million. The impact of the interest rate buy down is illustrated on the following chart:



The Portfolio maintains secured debt financing on its properties in the form of term loans and a credit facility. At December 31, 2017, rates of interest range from 2.79% to 5.10%. Debt balances mature between June 2018 and July 2030. The Portfolio manages interest rate risk by structuring its financings to stagger the maturities of its debt, thereby mitigating its exposure to interest rate and other credit market fluctuations. Maturity of debt at December 31, 2017 is as follows:



The Portfolio maintains term loans that are at fixed rates for extended periods of time with the majority of the Portfolio having six to ten years of fixed interest rates until term loans are due for renewal. There is one term loan up for renewal with a 4.88% interest rate in 2018 and the \$50.0 million credit facility that is expected to be replaced with a term loan.

Nearly all properties in the Portfolio have in excess of 20 years remaining on the amortization of the term loans with roughly an even distribution of 20-30 years and over 30 years of amortization remaining. The Portfolio has a stable and predictable cash flow requirement for principal repayments.

Outlined below is the principal repayment schedule on the secured debt for both variable rate debt and fixed rate term loans as at March 31, 2018:

	Fixed Rate		Floating rate		Scheduled principal amortization	Total secured debt	Weighted average interest rate
	Contractual principal	Weighted average interest rate	Contractual principal	Weighted average interest rate			
Year of mortgage maturity							
2018	\$ 10,588	3.45%	\$50,000	3.42%	\$ 6,349	\$ 66,937	3.45%
2019	21,663	3.36%	—	—	8,465	30,128	3.36%
2020	—	3.36%	—	—	8,414	8,414	3.36%
2021	—	3.36%	—	—	8,695	8,695	3.36%
Thereafter	286,088	3.21%	—	—	36,919	323,007	3.21%
	<u>\$318,339</u>	<u>3.35%</u>	<u>\$50,000</u>	<u>3.42%</u>	<u>\$68,842</u>	<u>\$437,181</u>	<u>3.35%</u>
Unamortized debt financing costs, net of premiums and discounts						(11,767)	
Carrying amount						<u>\$425,414</u>	

The variable rate debt is represented by a credit facility used to finance construction on a redevelopment project. The Portfolio intends to replace this existing credit facility with a new credit facility with the other changes in secured debt financing. The fixed rate debt represents regular principal payments based on the term loan repayment obligations. Of the December 31, 2017 balances, approximately 17% of the Portfolio's fixed rate debt will come to term over the next five years while the remaining 83% is in longer-term fixed rate term loans.

The fair value of the Portfolio's secured debt is calculated based on current market rates plus risk-adjusted spreads on discounted cash flows. As at December 31, 2017, the current market rates plus risk-adjusted spreads ranged from 2.42% to 3.99% (2016 — 1.84% to 3.79%; 2015 — 1.67% to 3.48%; January 1, 2015 — 1.97% to 3.71%). Secured debt is secured by real estate assets. At December 31, 2017, 2016 and 2015, the Parent was in compliance with all financial covenants relating to its debt obligations.

Part VI: Critical Accounting Judgments and Estimates

Critical judgments in Applying Accounting Policies

The following are the critical judgments that have been made in applying the Portfolio's accounting policies and that could have the most significant effect on the amounts in the combined carve-out financial statements:

(i) *Investment Properties*

In applying the Portfolio's policy with respect to investment properties, judgment is applied in determining whether certain costs are additions to the carrying amount of investment property. Judgment is also applied in determining the extent and frequency of independent appraisals in order to estimate fair values.

(ii) *Accounting for Acquisitions*

The Portfolio assesses whether an acquisition transaction should be accounted for as an asset acquisition or a business combination under IFRS 3, "Business Combinations" ("IFRS 3"). This assessment requires management to make judgments on whether the assets acquired and liabilities assumed constitute a business as defined in IFRS 3 and if the integrated set of activities, including inputs and processes acquired, are capable of being conducted and managed as a business, and when the Portfolio obtains control of the business.

(iii) *Income Taxes*

Income tax laws may be subject to interpretation and the income tax expense recorded requires the Portfolio to apply judgment to determine the amount of current and deferred taxes.

(iv) *Combined Carve-Out Financial Statements*

There are significant judgments required when preparing combined carve-out financial statements. The inherent nature of the combined carve-out financial statements requires judgment in the separation of amounts from the Parent. There are a number of shared and combined amounts that require judgment to separate for purposes of the combined carve-out statements which historically have not always been presented or tracked separately.

A specific significant item is the judgment which is applied to identify and allocate property costs of the Parent to the Portfolio to reflect reasonable expenditures necessary to operate the Portfolio.

Critical Accounting Estimates and Assumptions

The Portfolio makes estimates and assumptions that affect the carrying amounts of assets and liabilities and the reported amount of income for the period. Actual results could differ from estimates. The estimates and assumptions that the Portfolio considers critical include the valuation of investment properties, estimation of deferred taxes and the allocation of general and administrative expenses.

(i) *Investment Properties*

In applying the Portfolio's policy with respect to investment properties, estimates and assumptions are required to determine the valuation of the properties under the fair value model.

(ii) *Income Taxes*

Income tax laws may be subject to interpretation and the income tax expense recorded by the Portfolio reflects the Portfolio's interpretation of the relevant tax laws. The Portfolio is also required to estimate the timing of reversals of temporary differences between accounting and taxable income and to determine the appropriate rate to apply in calculating deferred taxes.

(iii) *General and Administrative Expenses*

General and administrative expenses are allocated to the Portfolio for personnel directly involved in the management of the Portfolio. The allocation of these costs is estimated based on the number of personnel and the time dedicated to the management of the Portfolio.

Part VII: Risk management

There are business risks associated with the ownership of the Portfolio. See "Risk Factors" elsewhere in the prospectus. In addition, the following risks are present:

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of interest rate risk, currency risk and other price risk.

(i) *Interest Rate Risk*

The Portfolio faces interest rate risk on its variable rate financial liabilities. In addition, there is interest rate risk associated with the Portfolio's fixed rate debt due to the expected requirement to refinance such debt in the year of maturity or shortly thereafter.

The Portfolio manages interest rate risk by structuring its financings to stagger the maturities of its debt, thereby mitigating its exposure to interest rate and other credit market fluctuations.

As at December 31, 2017 and March 31, 2018, the Portfolio has a variable rate credit facility of \$50,000 which was fully drawn (2016 — \$nil; 2015 — \$nil; January 1, 2015 — \$nil). A 1% change in prevailing interest rates would change annualized interest charges incurred by \$500 (2016 — \$nil; 2015 — \$nil; January 1, 2015 — \$nil).

(ii) *Currency Risk*

The Portfolio's financial statement presentation currency is Canadian dollars. Operations are located in Canada and the Portfolio has limited or no operational transactions in foreign-denominated currencies. As such, the Portfolio has no significant exposure to currency risk.

(iii) *Other Price Risk*

Other price risk is the risk of variability in fair value due to movements in equity prices or other market prices such as commodity prices and credit spreads.

The Portfolio has no significant exposure to other price risk as it does not hold a significant amount of equity securities or commodities.

Credit Risk

Credit risk is the risk that tenants and/or debtors may experience financial difficulty and be unable to fulfil their lease commitments or loan repayments. An allowance for impairment is taken for all estimated collectability risks.

The Portfolio's residential rental business is carried on in Ottawa, the Greater Toronto Area, Edmonton and Calgary. The nature of this business involves a high volume of tenants with individually small monthly rent amounts. The Portfolio monitors the collection of residential rent receivables on a regular basis with strictly followed procedures designed to minimize credit loss in cases of non-payment.

Liquidity risk

Liquidity risk is the risk that the Portfolio will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Portfolio mitigates liquidity risk by staggering the maturity dates of its borrowing, maintaining borrowing relationships with various lenders and proactively renegotiating expiring credit agreements well in advance of the maturity date.

Part VIII: Changes in Accounting Policies

Adoption of Accounting Standards

The Portfolio adopted amended standards International Accounting Standard ("IAS") 7, "Statement of Cash Flows" and IAS 12, "Recognition of Deferred Tax Assets for Unrealized Losses", effective January 1, 2017. The adoption of these standards did not have a material impact on the Portfolio.

The Portfolio adopted IFRS 9 "Financial Instruments", IFRS 15 "Revenue from Contracts with Customers" and IAS 40, "Transfers of Investment Property", effective January 1, 2018. There were no material changes to the combined carve-out financial statements as a result of the application of these accounting standards. However, there were additional disclosure requirements as a result of these standards.

Future Changes in Accounting Standards

The following accounting standards under IFRS have been issued or revised, however are not yet effective and as such have not been applied to these combined carve-out financial statements:

(i) IFRS 16, "Leases" is applicable to the Portfolio on January 1, 2018. The Portfolio is reviewing the standard and the underlying lease agreements to determine the potential impact, if any.

There are no other changes in accounting standards or interpretations under IFRS that would have a material impact on the Portfolio's combined carve-out financial statements.

Part IX: Liquidity, Capital Resources, Contractual Commitments and Other Disclosures

Liquidity and Capital Resources

The Portfolio does not have a formal capital structure and therefore is not comparable to many of its publicly traded peers.

The Portfolio has generated strong cash flows to fund ongoing operations as well as maintain liquidity through regular payments of principal and interest. The total debt-to-equity ratio provides additional capacity for additional capital funding. The Portfolio staggers the maturity on its secured debt and balances interest rates with fixed and floating instruments. The Portfolio is not in default on any arrangements.

At December 31, 2017 the repayment schedule including secured debt and interest obligations, as well as the amount related to refundable tenant deposits are as follows:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022 and thereafter</u>	<u>Total</u>
Term loans and credit facility	\$68,734	\$29,806	\$ 8,104	\$ 8,400	\$324,185	\$439,229
Interest obligation	15,575	13,758	12,677	12,381	47,762	102,153
Refundable tenant rental deposits	170	—	—	—	—	170
	<u>\$84,479</u>	<u>\$43,564</u>	<u>\$20,781</u>	<u>\$20,781</u>	<u>\$371,947</u>	<u>\$541,552</u>

Refundable tenant rental deposits represents security deposits paid by tenants.

The Parent was in compliance with all covenants as they related to the Portfolio for each of the three years ended December 31, 2017, 2016 and 2015.

<u>Cash flows</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Operating activities	\$ (873)	\$ 30,713	\$ 21,843	\$ 18,605
Financing activities	6,751	(1,958)	53,591	45,566
Investing activities	(5,878)	(28,755)	(75,434)	(64,171)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Operating activities are driven by cash flow from rental operations with cash flows being driven by profitable operations and increasing with additional properties operating at higher rents and better utilization of balance sheet resources. The increase in the cash flows from operating activities from 2016 to 2017 of \$8.9 million and from 2015 to 2016 of \$3.2 million is attributable to changes in working capital and the remainder is due to stronger operating results. Cash flows from financing activities increased as a result of proceeds from secured debt. This was offset by investments made in net assets which reflect cash transactions, net investment in related party amounts and cash transactions with the Parent serving as the bank for the Portfolio. Cash flows used in investing activities reflect investments made in investment properties either through acquisition or capital improvements. Cash flows for the quarter ended March 31, 2018 were reduced by additional working capital requirements and the cost of the interest rate buy down. This was offset by funding obtained from the Parent that was deployed to fund capital improvements.

Sources of Liquidity and Capital Resources

The Portfolio does not have separate bank accounts. Cash balances for the combined carve-out financial statements are included within net assets. As the Portfolio is not a legal entity it is not bound explicitly by contracts, and as a result the Portfolio does not maintain its own obligations. For the periods presented in this MD&A, the Portfolio is a component of the Parent. The Parent expects that it will meet all obligations as they become due.

Furthermore, following the completion of the Offering, the REIT is expected to have a revolving credit facility that is expected to fund its ongoing operations and finance future growth primarily through the use of: (i) existing cash; (ii) cash flows from operations; (iii) a revolving credit facility; and (iv) property level debt.

Guarantees and Off-Balance Sheet Arrangements

The Portfolio has not provided any financial or non-financial guarantees to MPI or its tenants or to other entities with which the Portfolio transacts. The Portfolio has an off-balance sheet arrangement at one of its properties in the Toronto area pursuant to which the City of Toronto provided a forgivable loan to support affordable housing at this property. Provided that certain conditions are met, the Portfolio will not need to make repayments under the arrangement. To date the Portfolio has met all conditions related to this forgivable loan and it intends to continue to meet these requirements. No amount related to this off-balance sheet arrangement is recorded in the combined carve-out financial statements.

The Portfolio held a price index contract to hedge the variability in cash flows related to a certain operating lease. The derivative was measured at fair value, estimated using Level 2 inputs.

The Portfolio elected not to apply hedge accounting to its price index contract. The price index contract was settled with the counterparty during 2017 for \$426 thousand in cash. For the year ended December 31, 2017 an unfavourable change in fair value of \$14 thousand (December 31, 2016 — unfavourable change of \$360 thousand; December 31, 2015 — unfavourable change of \$101 thousand) was recorded in finance costs.

The Portfolio does not have any additional entities to which it is involved which would need to be included in the combined carve-out financial statements that would have a material impact on the liquidity or capital resources of the Portfolio.

Acquisitions

During the year ended December 31, 2016 the Portfolio acquired three properties and the purchase of a land lease at a property in Toronto for total cost of \$63.3 million including \$1.3 million in transaction costs and during the year ended December 31, 2015 the Portfolio acquired a property for total cost of \$50.0 million including nominal transaction costs.

Subsequent Events

On May 18, 2018, the Parent refinanced a secured debt through a buy down of the contractual interest rate. Secured debt with an outstanding principal balance of approximately \$27,525, maturing in 2027 and with an interest rate of 5.01%, was refinanced with a new interest rate of 3.31%. The Parent paid \$3,682 to buy down the interest rate.

On or about June 22, 2018, MPI and the REIT will enter into an underwriting agreement in connection with the transactions contemplated by this prospectus. In connection with Closing, the REIT will indirectly acquire the Portfolio from MPI.

On or about June 25, 2018, MPI will transfer its beneficial interest in the Initial Properties to the Partnership. In conjunction with the transfer, a series of transactions will be undertaken by the Partnership and MPI related to underlying debt being assumed and retained debt, which will include refinancing net debt of \$47,013.

Part X: Additional Summary Financial Information for the Most Recent Eight Quarters

	2018	2017	2017	2017	2017	2016	2016	2016
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Revenue	\$19,871	\$ 20,035	\$ 20,378	\$19,593	\$19,131	\$19,526	\$19,092	\$18,674
Operating expenses	(8,257)	(10,152)	(6,635)	(7,961)	(8,888)	(8,592)	(8,638)	(7,807)
Property operating income	11,614	9,883	13,743	11,632	10,243	10,934	10,454	10,867
General and administrative expenses . .	(1,111)	(1,020)	(1,020)	2,871	(1,020)	(1,038)	(1,038)	(1,037)
Fair value adjustment to investment properties	5,074	(5,546)	75,742	—	(5,569)	(16)	3,891	—
Finance costs	(4,990)	(4,332)	(4,556)	(3,906)	(4,403)	(4,086)	(4,281)	(4,222)
Income (loss) before income taxes . . .	10,587	(1,015)	83,909	10,597	(749)	5,794	9,026	5,608
Income taxes	(2,743)	260	(21,448)	(2,705)	188	(1,487)	(2,316)	(1,439)
Net income (loss)	\$ 7,844	\$ (755)	\$ 62,461	\$ 7,892	\$ (561)	\$ 4,307	\$ 6,710	\$ 4,169

INVESTMENT GUIDELINES AND OPERATING POLICIES

Investment Guidelines

The Declaration of Trust provides certain guidelines on investments that may be made directly or indirectly by the REIT. The assets of the REIT after Closing may be invested only with the approval of the Trustees and only in accordance with the following restrictions:

- (a) the REIT may only invest, directly or indirectly, in acquiring, holding, developing, maintaining, improving, leasing, managing or otherwise dealing with interests in income-producing real estate located in Canada whose revenue stems primarily from multi-residential rental assets, and assets ancillary thereto, and such other activities as are consistent with the other investment guidelines of the REIT;
- (b) notwithstanding anything else contained in the Declaration of Trust, (i) the REIT shall not make any investment, take any action or omit to take any action that would result in Units not being units of a “mutual fund trust” within the meaning of the Tax Act or that would result in the Units not being qualified investments for Exempt Plans; and (ii) the Trustees shall use their best efforts not to make any investment, take any action or omit to take any action that would result in the REIT not being a “real estate investment trust” for purposes of the Tax Act;
- (c) the REIT shall not invest in any interest in a single real property (which for greater certainty shall not include a portfolio of properties) if, after giving effect to the proposed investment, the cost to the REIT of such investment (net of the amount of debt incurred or assumed in connection with such investment) will exceed 20% of GBV at the time the investment is made;
- (d) the REIT may, directly or indirectly, invest in a joint venture arrangement for the purposes of owning interests or investments otherwise permitted to be held by the REIT; provided that such joint venture arrangement contains terms and conditions which, in the opinion of the independent Trustees, are commercially reasonable, including without limitation such terms and conditions relating to restrictions on the transfer, acquisition and sale of the REIT’s and any joint venturer’s interest in the joint venture arrangement, provisions to provide liquidity to the REIT, provisions to limit the liability of the REIT and its Unitholders to third parties, and provisions to provide for the participation of the REIT in the management of the joint venture arrangement. For purposes hereof, a “joint venture arrangement” is an arrangement between the REIT and one or more other persons pursuant to which the REIT, directly or indirectly, conducts an undertaking for one or more of the purposes set out in the investment guidelines of the REIT and in respect of which the REIT may hold its interest jointly or in common or in another manner with others either directly or through the ownership of securities of a corporation or other entity;
- (e) except for temporary investments held in cash, deposits with a Canadian or U.S. chartered bank or trust company registered under the laws of a province of Canada or a state of the United States, short-term government debt securities or money market instruments maturing prior to one year from the date of issue and except as permitted pursuant to the investment guidelines and operating policies of the REIT, the REIT may not hold securities of a person other than to the extent such securities would constitute an investment in real property (as determined by the Trustees) and provided further that, notwithstanding anything contained in the Declaration of Trust to the contrary, but in all events subject to paragraph (b) above, the REIT may hold securities of a person: (i) acquired in connection with the carrying on, directly or indirectly, of the REIT’s activities or the holding of its assets; or (ii) which focuses its activities primarily on the activities described in paragraph (a) above, provided in the case of any proposed investment or acquisition which would result in the beneficial ownership of more than 10% of the outstanding securities of a third party issuer (the “**Acquired Issuer**”), the investment is made for the purpose of subsequently effecting the merger or combination of the business and assets of the REIT and the Acquired Issuer or for otherwise ensuring that the REIT will control the business and operations of the Acquired Issuer and provided further that, notwithstanding anything contained in the Declaration of Trust to the contrary, the Trust may acquire securities of other real estate investment trusts or real estate operating companies;

- (f) the REIT shall not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
- (g) the REIT shall not invest, directly or indirectly, in operating businesses unless:
 - i. revenue will be principally associated with the ownership, directly or indirectly, of multi-residential rental properties; or
 - ii. it principally involves the ownership, maintenance, development, improvement, leasing or management, directly or indirectly, of a multi-residential rental property (in each case as determined by the Trustees); or
 - iii. it is an indirect investment and is incidental to a transaction which satisfies (i) or (ii) above;
- (h) the REIT shall not invest in raw land for development, except (i) for existing properties (including any of the Initial Properties) with additional development land or properties adjacent to existing properties of the REIT for the purpose of the renovation or expansion of existing properties, or (ii) the development of new properties which will be capital property of the REIT, provided that the aggregate value of the investments of the REIT in raw land, excluding raw land under development, after giving effect to the proposed investment, will not exceed 10% of GBV;
- (i) the REIT may invest in and originate mortgages and mortgage bonds and mezzanine loans (including participating or convertible mortgages) and similar instruments where:
 - i. the real property which is security for such mortgages and similar instruments is income-producing real property which otherwise meets the other investment guidelines of the REIT or a development project for a new income-producing real property which would otherwise meet the other investment guidelines of the REIT; and
 - ii. the aggregate book value of the investments of the REIT in such mortgages and similar instruments, after giving effect to the proposed investment, will not exceed 15% of GBV; and
- (j) the REIT may invest an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any debt incurred or assumed in connection with such investment) up to 15% of the GBV of the REIT in investments which do not comply with one or more of paragraphs (a), (e), (f), (h) and (i).

Operating Policies

The Declaration of Trust provides that the operations and affairs of the REIT are to be conducted in accordance with the following policies:

- (a) the REIT shall not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof, the term “hedging” has the meaning ascribed thereto by National Instrument 81-102 — *Mutual Funds* adopted by the Canadian Securities Administrators, as replaced or amended from time to time;
- (b)
 - (i) any written instrument creating an obligation which is or includes the granting by the REIT of a mortgage; and
 - (ii) to the extent the Trustees determine to be practicable and consistent with their fiduciary duties to act in the best interest of the Unitholders, any written instrument which is, in the judgment of the Trustees, a material obligation,

shall contain a provision, or be subject to an acknowledgement to the effect, that the obligation being created is not personally binding upon, and that resort must not be had to, nor will recourse or satisfaction be sought from, by lawsuit or otherwise the private property of any of the Trustees, Unitholders, annuitants or beneficiaries under a plan of which a Unitholder acts as a trustee or carrier, or officers, employees or agents of the REIT, but that only property of the REIT or a specific portion

thereof is bound; the REIT, however, is not required, but must use all reasonable efforts, to comply with this requirement in respect of obligations assumed by the REIT upon the acquisition of real property;

- (c) the REIT may engage in construction or development of real property: (i) to maintain its real properties in good repair or to improve the income-producing potential of properties in which the REIT has an interest; and (ii) to develop new properties that will be capital properties of the REIT on completion, provided that the aggregate value of the investments of the REIT in properties under development after giving effect to the proposed investment in the construction or development, will not exceed 10% of GBV;
- (d) title to each real property shall be held by and registered in the name of the REIT, a subsidiary of the REIT, the Trustees or a corporation or other entity wholly-owned, directly or indirectly, by the REIT or jointly-owned, directly or indirectly, by the REIT, with joint venturers; provided that where land tenure will not provide fee simple title, the REIT, the Trustees or a corporation or other entity wholly-owned, directly or indirectly, by the REIT or jointly owned, directly or indirectly, by the REIT shall hold a land lease as appropriate under the land tenure system in the relevant jurisdiction;
- (e) the REIT shall not incur or assume any indebtedness if, after giving effect to the incurrence or assumption of such indebtedness, the total indebtedness of the REIT (including the Class C Units) would be more than 65% of GBV (or 70% of GBV including convertible debentures);
- (f) the REIT shall not directly or indirectly guarantee any indebtedness or liabilities of any kind of a third party, except indebtedness or liabilities assumed or incurred by an entity in which the REIT holds an interest, directly or indirectly, or by an entity jointly owned by the REIT with joint venturers and operated solely for the purpose of holding a particular property or properties, where such indebtedness, if granted by the REIT directly, would cause the REIT to contravene its investment guidelines or operating policies. The REIT shall use its reasonable best efforts to comply with this requirement but is not required to if doing so is necessary or desirable, as determined by the Trustees, in order to further the initiatives of the REIT permitted under the Declaration of Trust as it relates to the acquisition, disposition or operation of properties in which the REIT holds an interest, directly or indirectly, including through joint ventures, provided that the Trustees, in making such determination, also consider subsection (e) of the operating policies (assuming, for purposes of such consideration only, the amount of the guaranteed indebtedness is included in the calculation of total indebtedness to the extent not otherwise included);
- (g) the REIT shall directly or indirectly obtain and maintain at all times property insurance coverage in respect of potential liabilities of the REIT and the accidental loss of value of the assets of the REIT from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practice of owners of comparable properties;
- (h) the REIT shall have obtained an appraisal of each real property that it intends to acquire and an engineering survey with respect to the physical condition thereof, in each case by an independent and experienced consultant, unless the requirement for such an appraisal or engineering survey is waived by the independent Trustees; and
- (i) the REIT shall either (i) obtain a Phase I environmental site assessment, or (ii) be entitled to rely on a Phase I environmental site assessment dated no earlier than six months prior to receipt by the REIT, of each real property to be acquired by it and, if the Phase I environmental site assessment report recommends that a further environmental site assessment be conducted, the REIT shall have conducted such further environmental site assessment, in each case by an independent and experienced environmental consultant; as a condition to any acquisition such assessment shall be satisfactory to the Trustees.

For the purpose of the foregoing investment guidelines and operating policies, the assets, liabilities and transactions of a corporation or other entity wholly or partially-owned by the REIT will be deemed to be those of the REIT on a proportionate consolidation basis. In addition, any references in the foregoing investment

guidelines and operating policies to investment in real property will be deemed to include an investment in a joint venture arrangement that invests in real property.

Amendments to Investment Guidelines and Operating Policies

Pursuant to the Declaration of Trust, all of the investment guidelines set out under the heading “— Investment Guidelines” and the operating policies contained in paragraphs (a), (c), (e), (f), (g), (h), and (i) set out under the heading “Operating Policies” may be amended only with the approval of two-thirds of the votes cast by Unitholders of the REIT at a meeting of Unitholders called for such purpose. The remaining operating policies may be amended with the approval of a majority of the votes cast by Unitholders at a meeting called for such purpose.

Notwithstanding the foregoing paragraph, if at any time a government or regulatory authority having jurisdiction over the REIT or any property of the REIT shall enact any law, regulation or requirement which is in conflict with any investment guideline or operating policy of the REIT then in force, such investment guideline or operating policy in conflict shall, if the Trustees on the advice of legal counsel to the REIT so resolve, be deemed to have been amended to the extent necessary to resolve any such conflict and, notwithstanding anything to the contrary, any such resolution of the Trustees shall not require the prior approval of Unitholders.

DECLARATION OF TRUST

General

The REIT is an unincorporated open-ended real estate investment trust established pursuant to the Declaration of Trust under, and governed by, the laws of the Province of Ontario. Although the REIT is expected to qualify on Closing as a “mutual fund trust” as defined in the Tax Act, the REIT will not be a “mutual fund” as defined by applicable securities legislation.

The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of such Act or any other legislation. The Units are not shares in the REIT and, although the protections, rights and remedies set out in the Declaration of Trust are similar to those provided under the CBCA, Unitholders do not have statutory rights of shareholders of a corporation including, for example, “dissent rights” in respect of certain corporate transactions and fundamental changes, the right to apply to a court to order the liquidation or dissolution of the REIT, or the right to bring “oppression” or “derivative” actions. Furthermore, the REIT is not a trust company and accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Units and Special Voting Units

The REIT is authorized to issue an unlimited number of Units and an unlimited number of Special Voting Units. Issued and outstanding Special Voting Units may be subdivided or consolidated from time to time by the Trustees without notice to or the approval of the Unitholders.

Units

No Unit will have any preference or priority over another. Each Unit will represent a Unitholder’s proportionate undivided beneficial ownership interest in the REIT and will confer the right to one vote at any meeting of Unitholders and to participate *pro rata* in any distributions by the REIT, whether of net income, net realized capital gains or other amounts and, in the event of termination or winding-up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities. Units will be fully paid and non-assessable when issued and are transferable. The Units are redeemable by the holder thereof, as described below under “— Redemption Right” and, except as set out in “Retained Interest”, “— Issuance of Units” and “The Partnership — Operation”, the Units have no other conversion, retraction, redemption or pre-emptive rights. Fractional Units may be issued as a result of an act of the Trustees, but fractional Units will not entitle the holders thereof to vote, except to the extent that such fractional Units may represent in the aggregate one or more whole Units.

Special Voting Units

Special Voting Units have no economic entitlement in the REIT or in the distributions or assets of the REIT but entitle the holder to one vote per Special Voting Unit at any meeting of the Unitholders. Special Voting Units may only be issued in connection with or in relation to securities exchangeable into Units, including Class B Units, for the purpose of providing voting rights with respect to the REIT to the holders of such securities. The initial Special Voting Units will be issued in conjunction with the Class B Units to which they relate, and will be evidenced only by the certificates representing such Class B Units. Special Voting Units will not be transferable separately from the exchangeable securities to which they are attached and will be automatically transferred upon the transfer of such exchangeable securities. Each Special Voting Unit will entitle the holder thereof to that number of votes at any meeting of Unitholders that is equal to the number of Units that may be obtained upon the exchange of the exchangeable security to which such Special Voting Unit is attached. Upon the exchange or surrender of a Class B Unit for a Unit, the Special Voting Unit attached to such Class B Unit will automatically be redeemed and cancelled for no consideration without any further action of the Trustees, and the former holder of such Special Voting Unit will cease to have any rights with respect thereto. See “The Partnership — Partnership Units” and “Retained Interest — Exchange Agreement”.

Issuance of Units

Subject to the pre-emptive right of the Retained Interest Holder set out in the Investor Rights Agreement, the REIT may allot and issue new Units from time to time, in such manner, for such consideration and to such person or persons as the Trustees will determine. Unitholders will not have any pre-emptive rights whereby additional Voting Units or securities convertible into or exchangeable or redeemable for equity securities of the REIT proposed to be issued would be first offered to existing Unitholders, except that for so long as the Retained Interest Holder continues to beneficially own, in the aggregate, directly or indirectly, at least 10% of the outstanding Units (assuming all Class B Units are exchanged for Units), the Retained Interest Holder will have, subject to certain exemptions, the pre-emptive right to purchase additional Units, Class B Units or such other securities issued by the REIT to maintain its *pro rata* interest in the REIT. See “Retained Interest — Investor Rights Agreement — Pre-Emptive Rights”. If the Trustees determine that the REIT does not have cash in an amount sufficient to make payment of the full amount of any distribution, the payment may include the issuance of additional Units having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution.

The REIT may also issue new Units or securities exchangeable into Units (i) as consideration for the acquisition of new properties or assets by it, at a price or for the consideration determined by the Trustees (or such committee or persons delegated by the Trustees), and (ii) pursuant to any incentive plan established by the REIT from time to time or pursuant to a DRIP.

The Declaration of Trust also provides that immediately after any *pro rata* distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated so that each Unitholder will hold, after the consolidation, the same number of Units as the Unitholder held before the non-cash distribution. In this case, each electronically held position through the NCI system of CDS (or each certificate, to the extent any are issued) representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation. Non-Resident Unitholders will be subject to Canadian withholding tax in respect of such distributions and the consolidation will therefore not result in such Non-Resident Unitholders holding the same number of Units. Such Non-Resident Unitholders will be required to surrender the certificates (if any) representing their original Units in exchange for a certificate representing post-consolidation Units.

Meetings of Unitholders

The Declaration of Trust provides that meetings of Unitholders will be required to be called and held in various circumstances, including for (i) the election or removal of Trustees, (ii) the appointment or removal of the auditors of the REIT, (iii) the approval of amendments to the Declaration of Trust (except as described below under “— Amendments to Declaration of Trust”), (iv) the sale or transfer of the assets of the REIT or its

subsidiaries (including the Partnership) as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of the REIT or its subsidiaries approved by the Trustees), (v) the combination, amalgamation or arrangement of any of the REIT or its subsidiaries with any other entity that is not the REIT or a subsidiary of the REIT (other than as part of an internal reorganization approved by the Trustees), (vi) a material change to the Limited Partnership Agreement, (vii) the termination of the REIT, and (viii) for the transaction of any other business as the Trustees may determine or as may be properly brought before the meeting. Meetings of Unitholders will be called and held annually, commencing in 2019, for the election of the Trustees and the appointment of the auditors of the REIT. All meetings of Unitholders must be held in Canada.

A meeting of Unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned in writing by the holders of not less than 5% of the Voting Units then outstanding. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Unitholders have the right to obtain a list of Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the CBCA.

Unitholders may attend and vote at all meetings of Unitholders either in person or by proxy. Two persons present in person or represented by proxy, and such persons holding or representing by proxy not less in aggregate than 25% of the total number of outstanding Voting Units, will constitute a quorum for the transaction of business at all such meetings. Any meeting at which a quorum is not present within one-half hour after the time fixed for the holding of such meeting, if convened upon the request of the Unitholders, will be terminated, but in any other case, the meeting will stand adjourned to a day not less than 14 days later and to a place and time as chosen by the chair of the meeting, and if at such adjourned meeting a quorum is not present, the Unitholders present either in person or by proxy will be deemed to constitute a quorum.

Holders of Special Voting Units will have an equal right to be notified of, attend and participate in meetings of Unitholders on the same basis as Unitholders.

Pursuant to the Declaration of Trust, a resolution in writing executed by Unitholders holding a proportion of the outstanding Voting Units equal to the proportion required to vote in favour thereof at a meeting of Unitholders to approve that resolution is valid as if it had been passed at a meeting of Unitholders.

Advance Notice Provisions

The Declaration of Trust includes certain advance notice provisions (the “**Advance Notice Provision**”), which will: (i) facilitate orderly and efficient annual general or, where the need arises, special meetings; (ii) ensure that all Unitholders receive adequate notice of the Trustee nominations and sufficient information with respect to all nominees; and (iii) allow Unitholders to register an informed vote.

Except as otherwise provided in the Declaration of Trust (including with respect to the Nomination Rights afforded to the Retained Interest Holder and the requirement that the Chief Executive Officer of the REIT be nominated to serve as a Trustee), only persons who are nominated by Unitholders in accordance with the Advance Notice Provision or the Investor Rights Agreement shall be eligible for election as Trustees. Nominations of persons for election to the Board of Trustees may be made for any annual meeting of Unitholders, or for any special meeting of Unitholders if one of the purposes for which the special meeting was called was the election of Trustees: (a) by or at the direction of the Board of Trustees, including pursuant to a notice of meeting; (b) by or at the direction or request of one or more Unitholders pursuant to a requisition of the Unitholders made in accordance with the Declaration of Trust; or (c) by any person (a “**Nominating Unitholder**”): (A) who, at the close of business on the date of the giving of the notice provided for below and on the record date for notice of such meeting, is entered in the REIT’s register as a holder of one or more Units carrying the right to vote at such meeting or who beneficially owns Units that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth in the Advance Notice Provision.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Unitholder, the Nominating Unitholder must have given timely notice thereof in proper written form to the Trustees.

To be timely, a Nominating Unitholder’s notice to the Trustees must be made: (a) in the case of an annual meeting of Unitholders, not less than 30 days prior to the date of the annual meeting of Unitholders; provided,

however, that in the event that the annual meeting of Unitholders is to be held on a date that is less than 50 days after the date (the “**Notice Date**”) that is the earlier of the date that a notice of meeting is filed for such meeting or the date on which the first public announcement of the date of the annual meeting is made, notice by the Nominating Unitholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual meeting) of Unitholders called for the purpose of electing Trustees (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day that is the earlier of the date that a notice of meeting is filed for such meeting or the date on which the first public announcement of the date of the special meeting of Unitholders is made. In no event shall any adjournment or postponement of a meeting of Unitholders or the announcement thereof commence a new time period for the giving of a Nominating Unitholder’s notice as described above.

To be in proper written form, a Nominating Unitholder’s notice to the Trustees must set forth: (a) as to each person whom the Nominating Unitholder proposes to nominate for election as a Trustee: (A) the name, age, business address and residential address of the person and confirmation as to whether they are a Canadian resident; (B) the principal occupation or employment of the person; (C) the class or series and number of Units which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of Unitholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident’s proxy circular in connection with solicitations of proxies for election of Trustees pursuant to applicable Securities Laws (as defined in the Declaration of Trust); and (b) as to the Nominating Unitholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Unitholder has a right to vote any Units and any other information relating to such Nominating Unitholder that would be required to be made in a dissident’s proxy circular in connection with solicitations of proxies for election of Trustees pursuant to applicable Securities Laws (as defined in the Declaration of Trust). The REIT may require any proposed nominee to furnish such other information as may reasonably be required by the REIT to determine the proposed nominee’s qualifications, relevant experience, unit holding or voting interest in the REIT, or independence, or lack thereof, in the same manner as would be required for nominees made by the REIT, or otherwise as may be required under applicable law or regulation.

The chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

Notwithstanding the foregoing, the Board of Trustees may, in its sole discretion, waive any requirement in the Advance Notice Provision.

Redemption Right

Units are redeemable at any time on demand by the holders thereof upon delivery to the REIT of a duly completed and properly executed notice requesting redemption in a form reasonably acceptable to the Trustees (a “**Redemption Notice**”), together with written instructions as to the number of Units to be redeemed. A Unitholder not otherwise holding a fully registered Unit certificate who wishes to exercise the redemption right will be required to obtain a Redemption Notice form from the Unitholder’s investment dealer who will be required to deliver the completed Redemption Notice form to the REIT and to CDS. Upon receipt of the Redemption Notice by the REIT, all rights to and under the Units tendered for redemption shall be surrendered and the holder thereof will be entitled to receive a price per Unit (the “**Redemption Price**”) equal to the lesser of:

- (a) 90% of the “Market Price” of a Unit calculated as of the date on which the Units were surrendered for redemption (the “**Redemption Date**”); and
- (b) 100% of the “Closing Market Price” on the Redemption Date.

For purposes of this calculation, the “Market Price” of a Unit as at a specified date will be:

- (a) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of 10 consecutive trading days ending on such date;

- (b) an amount equal to the weighted average of the closing market prices of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of 10 consecutive trading days ending on such date, if the applicable exchange or market does not provide information necessary to compute a weighted average trading price; or
- (c) if there was trading on the applicable exchange or market for fewer than five of the 10 trading days, an amount equal to the simple average of the following prices established for each of the 10 consecutive trading days ending on such date: the simple average of the last bid and last asking price of the Units for each day on which there was no trading; the closing price of the Units for each day that there was trading if the exchange or market provides a closing price; and the simple average of the highest and lowest prices of the Units for each day that there was trading, if the market provides only the highest and lowest prices of Units traded on a particular day.

The “Closing Market Price” of a Unit for the purpose of the foregoing calculations, as at any date will be:

- (a) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading on the specified date, if the principal exchange or market provides information necessary to compute a weighted average trading price of the Units on the specified date;
- (b) an amount equal to the closing price of a Unit on the principal market or exchange if there was a trade on the specified date and the principal exchange or market provides only a closing price of the Units on the specified date;
- (c) an amount equal to the simple average of the highest and lowest prices of the Units on the principal market or exchange, if there was trading on the specified date and the principal exchange or market provides only the highest and lowest trading prices of the Units on the specified date; or
- (d) the simple average of the last bid and last asking prices of the Units on the principal market or exchange, if there was no trading on the specified date.

If Units are not listed or quoted for trading in a public market, the Redemption Price will be the fair market value of the Units, which will be determined by the Trustees in their sole discretion.

The aggregate Redemption Price payable by the REIT in respect of any Units surrendered for redemption during any calendar month will be paid by cheque, drawn on a Canadian chartered bank or trust company in Canadian dollars within 30 days after the end of the calendar month in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that: (i) the total amount payable by the REIT in respect of such Units and all other Units tendered for redemption in the same calendar month must not exceed \$50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) on the date such Units are tendered for redemption, the outstanding Units must be listed for trading on the TSX or traded or quoted on any other stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; (iii) the normal trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, in any market where the Units are quoted for trading) on the Redemption Date or for more than five trading days during the 10-day trading period commencing immediately before the Redemption Date; and (iv) the redemption of the Units must not result in the delisting of the Units from the principal stock exchange on which the Units are listed.

Cash payable on redemptions will be paid *pro rata* to all Unitholders tendering Units for redemption in any month. To the extent a Unitholder is not entitled to receive cash upon the redemption of Units as a result of any of the foregoing limitations, then the balance of the Redemption Price for such Units will, subject to any applicable regulatory approvals, be paid and satisfied by way of a distribution *in specie* to such Unitholder of Redemption Notes or securities of a REIT subsidiary or other property of the REIT, as determined by the Trustees in their sole discretion. In the event of distributions of Redemption Notes, each Redemption Note so distributed to the redeeming holder of Units shall be in the principal amount of \$100 or such other amount as may be determined by the Trustees. No fractional Redemption Notes shall be distributed and where the number of Redemption Notes to be received upon redemption by a holder of Units would otherwise include a fraction,

that number shall be rounded down to the next lowest whole number. The Trustees may deduct or withhold from all payments or other distributions payable to any Unitholder pursuant to the Declaration of Trust all amounts required by law to be so withheld. Where the REIT makes a distribution *in specie* on the redemption of Units of a Unitholder, the REIT intends to allocate to that Unitholder any capital gain or income realized by the REIT on or in connection with such distribution. See “Certain Canadian Federal Income Tax Considerations”.

It is anticipated that the redemption right described above will not be the primary mechanism for Unitholders to dispose of their Units. Redemption Notes which may be distributed to holders of Units in connection with a redemption will not be listed on any exchange, no market is expected to develop in Redemption Notes and such securities may be subject to an indefinite “hold period” or other resale restrictions under applicable securities laws. Redemption Notes (or other such property) so distributed may not be qualified investments for Exempt Plans, depending upon the circumstances at the time.

Purchases of Units by the REIT

The REIT may from time to time purchase Units in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange and regulatory policies. Any such purchase will constitute an “issuer bid” under applicable Canadian securities legislation and must be conducted in accordance with the applicable requirements thereof.

Take-Over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid or issuer bid is made for Units within the meaning of applicable Canadian securities legislation and not less than 90% of the Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by Unitholders who do not accept the offer either, at the election of each Unitholder, on the terms offered by the offeror or at the fair value of such Unitholder’s Units determined in accordance with the procedures set out in the Declaration of Trust.

Non-Certificated Inventory System

Other than pursuant to certain exceptions, registration of interests in and transfers of Units held through CDS, or its nominee, will be made electronically through the NCI system of CDS. On Closing, the REIT, via its transfer agent, will electronically deliver the Units registered to CDS or its nominee. Units held in CDS must be purchased, transferred and surrendered for redemption through a CDS participant, which includes securities brokers and dealers, banks and trust companies. All rights of Unitholders who hold Units in CDS must be exercised through, and all payments or other property to which such Unitholders are entitled will be made or delivered by CDS or the CDS participant through which the Unitholder holds such Units. A holder of a Unit participating in the NCI system will not be entitled to a certificate or other instrument from the REIT or the REIT’s transfer agent evidencing that person’s interest in or ownership of Units, nor, to the extent applicable, will such Unitholder be shown on the records maintained by CDS, except through an agent who is a CDS participant.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such Unitholder’s interest in such Units (other than through a CDS participant) may be limited due to the lack of a physical certificate.

Restrictions on Ownership and Transfer

In order for the REIT to maintain its status as a “mutual fund trust” under the Tax Act, the REIT must not be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act. Accordingly, at no time may (i) non-residents of Canada and (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents and such partnerships (all within the meaning of the Tax Act) (“**Non-Residents**”) be the beneficial owners of more than 49% of the Units (on a basic or fully diluted basis) and the Trustees will inform the transfer agent of this restriction. The Trustees may require a registered Unitholder to provide the Trustees with a declaration as to the jurisdictions in which beneficial owners of the

Units registered in such Unitholder's name are resident and as to whether such beneficial owners are Non-Residents (or in the case of a partnership, whether the partnership is a Non-Resident). If the Trustees become aware, as a result of acquiring such declarations as to beneficial ownership or as a result of any other investigations, that the beneficial owners of 49% of the Units (on a basic or fully-diluted basis) are, or may be, Non-Residents or that such a situation is imminent, the Trustees may make a public announcement thereof and shall not accept a subscription for Units from or issue or register a transfer of Units to a person or partnership unless the person or partnership provides a declaration in form and content satisfactory to the Trustees that the person or partnership, as the case may be, is not a Non-Resident and does not hold such Units for the benefit of Non-Residents. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the Units (on a basic or fully-diluted basis) are held by Non-Residents, the Trustees may send a notice to such Non-Resident holders of the Units chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not more than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not Non-Residents within such period, the Trustees may on behalf of such holders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units (other than the right to receive the net proceeds from the sale). Upon such sale, the affected holders shall cease to be holders of the relevant Units and their rights shall be limited to receiving the net proceeds of sale upon surrender of the certificates, if any, representing such Units. The Trustees will have no liability for the amount received provided that they act in good faith. The REIT may direct its transfer agent to assist the Trustees with respect to any of the foregoing. Class B Units, which are economically equivalent to Units, are not permitted to be transferred to Excluded Persons (including Non-Residents). See "The Partnership — Transfer of Partnership Units".

Information and Reports

The REIT will furnish to Unitholders such financial statements (including quarterly and annual financial statements) and other reports as are from time to time required by the Declaration of Trust and by applicable law. Prior to each meeting of Unitholders, the Trustees will provide the Unitholders (along with notice of such meeting) information as required by applicable tax and securities laws.

Amendments to the Declaration of Trust

The Declaration of Trust may be amended or altered from time to time in accordance with the terms set out therein. Certain amendments require the approval by at least two-thirds of the votes cast at a meeting of Unitholders called for such purpose. Other amendments to the Declaration of Trust require approval by a majority of the votes cast at a meeting of Unitholders called for such purpose. For greater certainty, votes cast at a meeting of Unitholders shall include the Special Voting Units voted in respect of such meeting.

Except as described below, the following amendments, among others, require the approval of two-thirds of the votes cast by all Unitholders at a meeting:

- (a) any amendment to the amendment provisions of the Declaration of Trust;
- (b) an exchange, reclassification or cancellation of all or part of the Voting Units;
- (c) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Voting Units (including for greater certainty, the creation of new rights or privileges attaching to the Voting Units);
- (d) any constraint of the issue, transfer or ownership of the Voting Units or the change or removal of such constraint;
- (e) the sale or transfer of the assets of the REIT or its subsidiaries (including the Partnership) as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of the REIT or its subsidiaries (including the Partnership) approved by the Trustees and not prejudicial to Unitholders, as a result of which the REIT has substantially the same interest, whether direct or indirect, in the REIT's assets that it had prior to the internal reorganization);

- (f) the termination of the REIT;
- (g) the combination, amalgamation or arrangement of any of the REIT or its subsidiaries with any other entity that is not the REIT or a subsidiary of the REIT (other than as part of an internal reorganization of the assets of the REIT approved by the Trustees and not prejudicial to Unitholders);
- (h) any material change to the Limited Partnership Agreement, including, for greater certainty, any amendment to the Limited Partnership Agreement that is required to be approved pursuant to the Limited Partnership Agreement by (i) special resolution (as such term is defined in the Limited Partnership Agreement) of the holders of the limited partnership units of the Partnership entitled to vote; or (ii) unanimous consent of the holders of the limited partnership units of the Partnership;
- (i) except as described herein, the amendment of the investment guidelines and operating policies of the REIT. See “Investment Guidelines and Operating Policies — Amendments to Investment Guidelines and Operating Policies”; and
- (j) any amendment to the section of the Declaration of Trust that provides that any amendments to the Declaration of Trust require the approval of two-thirds of the votes cast by all Unitholders at a meeting of Unitholders or any other change to the amendment provisions of the Declaration of Trust,

but notwithstanding the foregoing, any amendment that directly or indirectly adds, removes or changes any of the rights, privileges, restrictions or conditions in respect of the Special Voting Units shall not occur without the approval of (i) holders of more than a majority of the Special Voting Units represented at any such meeting and voted on a poll upon such resolution (or by written resolution in lieu thereof) and (ii) holders of more than a majority of the Units (excluding Special Voting Units) represented at any such meeting and voted on a poll upon such resolution (or by written resolution in lieu thereof).

Notwithstanding the foregoing, the Trustees may, without the approval of the Unitholders, make certain amendments to the Declaration of Trust, including amendments:

- (a) aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over: (i) the Trustees or the REIT; (ii) the status of the REIT as a “mutual fund trust” under the Tax Act; or (iii) the distribution of Units;
- (b) which, in the opinion of the Trustees, provide additional protection for the Unitholders and are not prejudicial to Unitholders;
- (c) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders;
- (d) which, in the opinion of the Trustees, are necessary or desirable to remove conflicts or inconsistencies between the disclosure in this prospectus and the Declaration of Trust;
- (e) of a minor or clerical nature or to correct typographical mistakes, ambiguities or manifest omissions or errors, which amendments, in the opinion of the Trustees, are necessary or desirable and not prejudicial to the Unitholders;
- (f) which, in the opinion of the Trustees, are necessary or desirable: (i) to ensure continuing compliance with IFRS; or (ii) to ensure the Units are classified as equity for purposes of IFRS;
- (g) which, in the opinion of the Trustees, are necessary or desirable to enable the REIT to implement a Unit option or purchase plan or issue Units for which the purchase price is payable in instalments;
- (h) which, in the opinion of the Trustees, are necessary or desirable for the REIT to qualify for a particular status under, or as a result of changes in, taxation or other laws, or the interpretation of such laws, including to qualify for the definition of “real estate investment trust” in the Tax Act or to otherwise prevent the REIT or any of its subsidiaries from becoming subject to tax under the SIFT Rules;
- (i) which, in the opinion of the Trustees, are necessary or desirable and not prejudicial to the Unitholders, (i) to create and issue one or more new classes of preferred equity securities of the REIT (each of which may be comprised of unlimited series) that rank in priority to the Units (in payment of

distributions and in connection with any termination or winding up of the REIT), and/or (ii) to remove the redemption right attaching to the Units and convert the REIT into a closed-end limited purpose trust;

- (j) to create one or more additional classes of units solely to provide voting rights to holders of shares, units or other securities that are exchangeable for Units entitling the holder thereof to a number of votes not exceeding the number of Units into which the exchangeable shares, units or other securities are exchangeable or convertible but that do not otherwise entitle the holder thereof to any rights with respect to the REIT's property or income other than a return of capital; and
- (k) for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) which, in the opinion of the Trustees, is not prejudicial to Unitholders and is necessary or desirable.

Provided that the Retained Interest Holder beneficially owns at least 10% of the issued and outstanding Units calculated on a fully diluted basis, any amendment to the Declaration of Trust that affects the right of the Retained Interest Holder to nominate certain Trustees of the REIT will require the prior written approval of the Retained Interest Holder. See "Retained Interest — Investor Rights Agreement — Nomination Right" and "Trustees and Executive Officers of the REIT".

THE PARTNERSHIP

General

The Partnership is a limited partnership formed under the laws of the Province of Ontario and will be governed by the Limited Partnership Agreement. The Partnership will hold, directly or indirectly, beneficial ownership of all of the Initial Properties and following Closing will own, operate and lease real estate assets and property and engage in all activities ancillary and incidental thereto. The General Partner will be a corporation incorporated under the laws of the Province of Ontario that is wholly-owned by the REIT and the limited partners of the Partnership will be the REIT, the Retained Interest Holder and the holder of the Class C Units.

Partnership Units

Upon Closing, the Partnership will have outstanding Class A Units, all of which will be held by the REIT, Class B Units, all of which will be held by the Retained Interest Holder, and Class C Units, all of which will be held by an entity wholly-owned and controlled by MPI. The General Partner will have a general partner interest in the Partnership (the "GP Interest") but no certificate will be issued to evidence same. Immediately following Closing, it is expected that the Class A Units will represent approximately 37.6% of the limited partnership interest in the Partnership (excluding the Class C Units) and the Class B Units will represent approximately 62.4% of the limited partnership interest in the Partnership (excluding the Class C Units) (or an approximate 43.2% and 56.8% effective interest in the REIT, respectively if the Over-Allotment Option is exercised in full).

The Class B Units will, in all material respects, be economically equivalent to the Units on a per unit basis. Under the Limited Partnership Agreement, the Class B Units will be exchangeable on a one-for-one basis for Units (subject to customary anti-dilution adjustments) at any time at the option of their holder, unless the exchange would jeopardize the REIT's status as a "mutual fund trust" or "real estate investment trust" for purposes of the Tax Act or cause or create a substantial risk that the REIT would be subject to tax under paragraph 122(1)(b) of the Tax Act and subject to satisfaction of conditions set out therein.

The Class C Units have been designed to provide MPI with an indirect interest in the Partnership that will entitle the holder of the Class C Units to distributions, in priority to distributions to holders of the Class A Units, Class B Units or GP Interest in an amount, if paid, expected to be sufficient (without any additional amounts) to permit MPI to satisfy amounts payable in respect of principal, interest or any other amount owing under the Retained Debt. As additional security for the Retained Debt, the holder of the Class C Units may pledge the Class C Units to the lenders of the Retained Debt.

So long as any of the Class C Units are outstanding, the Partnership will not at any time without, but may at any time with, the approval of the holders of a majority of the Class C Units: (i) pay any distribution on the Class A Units, the Class B Units or the GP Interest unless distributions payable on the Class C Units have been

paid in full; (ii) offer to accept the withdrawal of the Class A Units or the Class B Units of the Partnership; or (iii) issue any additional Class C Units, other than to Minto, in each case, subject to certain limited exceptions, including, in connection with (A) the redemption rights available to Unitholders, (B) an exchange of Class B Units pursuant to the Limited Partnership Agreement, and (C) the refinancing of the Retained Debt. Except as required by law or the Limited Partnership Agreement, and in certain specified circumstances in which the rights of a holder of Class B Units and/or holders of Class C Units are particularly affected, the holders of Class B Units and holders of Class C Units will not be entitled to vote at any meeting of the holders of units of the Partnership.

Operation

The business and affairs of the Partnership will be managed and controlled by the General Partner which will be bound by the investment guidelines and operating policies applicable to the REIT. The Limited Partners will not be entitled to take part in the management or control of the business or affairs of the Partnership. Except as provided below, the Partnership will reimburse the General Partner for all direct costs and expenses incurred by the General Partner in the performance of its duties as the general partner of the Partnership.

The Board of the REIT shall determine the composition of the General Partner's board of directors; provided that all members of the General Partner's board of directors shall be members of the Board of the REIT and the General Partner shall have a majority of directors who are "independent" within the meaning of applicable securities laws.

The Partnership will operate in a manner to ensure, to the greatest extent possible, the limited liability of the Limited Partners. The Limited Partners may lose their limited liability in certain circumstances. If the limited liability of any Limited Partner is lost by reason of the negligence of the General Partner in performing its duties and obligations under the Limited Partnership Agreement, the General Partner will indemnify the applicable Limited Partner against all claims arising from assertions that its liabilities are not limited as intended by the Limited Partnership Agreement. The General Partner has no significant assets or financial resources other than its respective distribution entitlement from the Partnership. Accordingly, this indemnity may only be of nominal value.

Distributions

Distribution Policy and Priority

The General Partner shall, on behalf of the Partnership, distribute cash, subject to the priorities and other provisions set out below. The General Partner shall determine on a monthly basis, but in no event later than the 10th day of each month, the amount of cash on hand of the Partnership, that is derived from any source and that is determined by the General Partner not to be required for use in connection with the business of the Partnership.

Distributions on Class C Units

The Class C Units have been designed to provide MPI with an indirect interest in the Partnership that will entitle the holder of the Class C Units to distributions, in priority to distributions to holders of the Class A Units, Class B Units and GP Interest, in an amount, if paid, expected to be sufficient (without any additional amounts) to permit MPI to satisfy amounts payable in respect of principal, interest or any other amount owing under the Retained Debt. Should the REIT wish to dispose of any properties subject to the Retained Debt, priority distributions will be made on the Class C Units of an amount required to discharge the applicable Retained Debt (including repayment fees or penalties). If the REIT wishes to repay any portion of the Retained Debt, priority distributions will be made on the Class C Units of amounts required to discharge the Retained Debt (including any repayment fees or penalties). If the REIT wishes to increase the Retained Debt, MPI or an entity wholly-owned and controlled by it may, at MPI's option, subscribe for additional Class C Units.

Distributions to General Partner

The General Partner, as the sole holder of the GP Interest, will receive priority distributions from the Partnership equal to the aggregate of: (i) amounts sufficient to reimburse the General Partner for expenses incurred in performing its duties and obligations under the Limited Partnership Agreement, and (ii) 0.001% of distributable cash of the Partnership (calculated after payment is made on the Class C Units as required), to be distributed by the General Partner, on behalf of the Partnership, in priority to distributions to holders of the Class A Units and the Class B Units, but after holders of the Class C Units have been paid their respective distributions.

Distributions on Class A Units and Class B Units

The General Partner, on behalf of the Partnership, will make monthly cash distributions to the holder of the Class A Units in the amount required to account for expenses incurred directly by the REIT as determined by the General Partner. Distributions on the Class A Units for expenses incurred by the REIT will be made in priority to distributions to holders of the Class A Units and the Class B Units but after the holders of the Class C Units and the GP Interest have been paid their respective distributions. In addition, the General Partner, on behalf of the Partnership, will make monthly cash distributions to holders of Class A Units and to holders of Class B Units with reference to the monthly cash distributions payable by the REIT to holders of Units on a per Unit basis. Distributions to be made on the Class B Units will be equal to the distributions that the holders of Class B Units would have received if they were holding Units instead of Class B Units. Distributions to the General Partner, as a holder of the GP Interest, and holders of Class C Units will be made in priority to distributions to holders of Class A Units and to holders of Class B Units.

Allocations of Profits and Losses

Income or loss of the Partnership for tax purposes for a fiscal year will be allocated at the end of each fiscal year in the following manner:

- (a) first, to the holder of Class C Units, in an amount equal to the interest component of the Retained Debt payable in the fiscal year;
- (b) second, to the General Partner as the holder of the GP Interest in an amount equal to the aggregate of:
 - (i) all of the amounts paid to the General Partner as reimbursement for expenses in performing its duties and obligations under the Limited Partnership Agreement; and
 - (ii) all distributions from the Partnership that it has received during that year; and
- (c) third, (i) so long as there are Class B Units outstanding, to the holder of Class B Units, including for greater certainty a holder who becomes or ceases to be a partner during the fiscal year of the Partnership, in proportions that produce a resulting allocation to such holder that approximates the amount of income or loss for purposes of the Tax Act that would be recognized by it under the Tax Act if it held its interest directly as a holder of Units rather than indirectly as a holder of Class B Units; and (ii) the balance shall be allocated to the REIT as the holder of Class A Units.

The amount of income allocated to a limited partner may exceed or be less than the amount of cash distributed by the Partnership to that limited partner in respect of a given fiscal year. If, with respect to a given fiscal year, there is no cash distributed, or the Partnership has a loss for tax purposes, the income or loss for tax purposes from each source for that fiscal year will be allocated first, to the holders of Class C Units in an amount not to exceed \$1,000 per holder, and the balance, if any, to the holders of Class A Units and Class B Units in accordance with the above formula.

Transfer of Partnership Units

The transfer of Class A Units, Class B Units and Class C Units will be subject to a number of restrictions, including: (i) the Class A Units, Class B Units and Class C Units may not be transferred to a person or partnership who is an Excluded Person (which includes a Non-Resident); (ii) no Class A Units, Class B Units or Class C Units will be transferable in part; and (iii) no transfer of Class A Units, Class B Units or Class C Units will be accepted by the General Partner unless a transfer form, duly completed and signed by the registered

holder of such Class A Units, Class B Units or Class C Units, as applicable, has been remitted to the registrar and transfer agent of the Partnership. In addition, a transferee of Class A Units, Class B Units or Class C Units must provide to the General Partner such other instruments and documents as the General Partner may require, in appropriate form, completed and executed in a manner acceptable to the General Partner and must pay the administration fee, if any, required thereby. A transferee of a unit of the Partnership will not become a partner or be admitted to the Partnership and will not be subject to the obligations and entitled to the rights of a partner under the Limited Partnership Agreement until the foregoing conditions are satisfied and such transferee is recorded on the Partnership's register of partners.

In addition and subject to the above restrictions, the Limited Partnership Agreement provides that no holder of Class B Units will be permitted to transfer such Class B Units, other than for Units in accordance with the terms of the Exchange Agreement or the Limited Partnership Agreement unless: (i) the transfer is to an affiliate of the holder or a Greenberg Family Entity; (ii) such transfer would not require the transferee to make an offer to holders of Units to acquire Units on the same terms and conditions under applicable securities laws if such Class B Units, and all other outstanding Class B Units, were converted into Units at the then current exchange ratio in effect under the Exchange Agreement immediately prior to such transfer; or (iii) the offeror acquiring such Class B Units makes a contemporaneous identical offer for the Units (in terms of price, timing, proportion of securities sought to be acquired and conditions) and does not acquire such Class B Units unless the offeror also acquires a proportionate number of Units actually tendered to such identical offer. Certain rights affecting the Retained Interest Holder, as the holder of the Class B Units, as such rights are set forth in the Declaration of Trust and the Investor Rights Agreement, are specific to the Retained Interest Holder and are not transferable to a transferee of the Class B Units, other than an affiliated entity or a Greenberg Family Entity.

In addition and subject to the above restrictions, the Limited Partnership Agreement provides that no holder of Class C Units will be permitted to transfer such Class C Units without the consent of the board of the General Partner, unless such transfer is to an affiliate of the holder or a Greenberg Family Entity or pursuant to a pledge of such securities to a lender under the Retained Debt and/or a subsequent realization by such lender pursuant thereto.

Amendments to the Limited Partnership Agreement

Following Closing, the Limited Partnership Agreement may be amended with the prior consent of the holders of at least 66 $\frac{2}{3}$ % of the Class A Units voting on the amendment at a duly constituted meeting of holders of Class A Units or by a written resolution of partners holding at least 66 $\frac{2}{3}$ % of the Class A Units entitled to vote at a duly constituted meeting of holders of Class A Units, except for certain amendments which require unanimous approval of holders of limited partnership units, including: (i) changing the liability of any limited partner; (ii) changing the right of a limited partner to vote at any meeting of holders of Class A Units; and (iii) changing the Partnership from a limited partnership to a general partnership.

The General Partner may also make amendments to the Limited Partnership Agreement without the approval or consent of the limited partners to reflect, among other things: (i) a change in the name of the Partnership or the location of the principal place of business or registered office of the Partnership; (ii) the admission, substitution, withdrawal or removal of limited partners in accordance with the Limited Partnership Agreement; (iii) a change that, as determined by the General Partner, is reasonable and necessary or appropriate to qualify or continue the qualification of the Partnership as a limited partnership in which the limited partners have limited liability under applicable laws; (iv) a change that, as determined by the General Partner, is reasonable and necessary or appropriate to enable the Partnership to take advantage of, or not be detrimentally affected by, changes in the Tax Act or other taxation laws; (v) creating or issuing one or more new classes or series of additional limited partnership units that rank in priority to, *pari passu* with or junior to the Class A Units and the Class B Units or any other limited partnership units, provided that: (A) if such additional partnership units rank in priority to the Class A Units or Class B Units, they must similarly rank ahead of both the Class A Units and the Class B Units, and (B) such additional partnership units may not rank in priority to the Class C Units or any other limited partnership units ranking *pari passu* with or in priority to the Class C Units without the prior approval of the holders of such partnership units; or (vi) a change to amend or add any provision, or to cure any ambiguity or to correct or supplement any provisions contained in the Limited

Partnership Agreement which may be defective or inconsistent with any other provision contained in the Limited Partnership Agreement or which should be made to make the Limited Partnership Agreement consistent with the disclosure set out in this prospectus. Notwithstanding the foregoing: (i) no amendment which would adversely affect the rights and obligations of the General Partner, as a general partner, may be made without the consent of the General Partner; and (ii) no amendment which would adversely affect the rights and obligations of any other holders of limited partnership units or any class of limited partner differently than any other class of limited partner may be made without the consent of such holder or class, including with respect to amendments to the restrictions on transfer of Class B Units or Class C Units.

In addition, the Declaration of Trust provides that the REIT will not agree to or approve any material amendment to the Limited Partnership Agreement without the approval of at least two-thirds of the votes cast at a meeting of the Unitholders of the REIT called for such purpose (which includes the Special Voting Units voting in respect thereof); provided that, for greater certainty, the creation and issuance of one or more new classes and/or series of additional partnership units as contemplated above shall not constitute a material amendment to the Limited Partnership Agreement.

DISTRIBUTION POLICY

The following outlines the distribution policy of the REIT to be adopted pursuant to the Declaration of Trust. Determinations as to the amounts distributable, however, will be made in the sole discretion of the Trustees from time to time.

Distribution Policy

The REIT intends to adopt a distribution policy, as permitted under the Declaration of Trust, pursuant to which it will make *pro rata* monthly cash distributions to Unitholders and, through the Partnership, to holders of Class B Units, if any, initially equal to, on an annual basis, approximately 65% of estimated AFFO for the Forecasted Period. See “Non-IFRS Measures”, “Forecast Non-IFRS Reconciliation” and “Risk Factors”. Management of the REIT believes that the 65% AFFO payout ratio initially set by the REIT should allow the REIT to meet its internal funding needs, while being able to support predictable cash distributions. However, subject to compliance with the Declaration of Trust, the actual AFFO payout ratio will be determined by the Trustees in their discretion. Pursuant to the Declaration of Trust, the Trustees have full discretion respecting the timing and amounts of distributions including the adoption, amendment or revocation of any distribution policy.

Unitholders of record as at the close of business on the last business day of the month preceding a Distribution Date will have an entitlement on and after that day to receive distributions in respect of that month on such Distribution Date. Distributions may be adjusted for amounts paid in prior periods if the actual AFFO for the prior periods is greater than or less than the estimates for the prior periods. Under the Declaration of Trust and pursuant to the distribution policy of the REIT, where the REIT’s cash is not sufficient to make payment of the full amount of a distribution, such payment will, to the extent necessary, be distributed in the form of additional Units. See “Declaration of Trust — Units and Special Voting Units — Units” and “Certain Canadian Federal Income Tax Considerations”.

The first distribution for the period from Closing to July 31, 2018 will be paid on August 15, 2018 in the amount of \$0.03196 assuming Closing occurs on July 3, 2018. The REIT intends to make subsequent monthly distributions in the estimated amount of \$0.03416 per Unit commencing on or about September 15, 2018.

The ability of the REIT to make cash distributions, and the actual amount distributed, will be entirely dependent on the operations and assets of the REIT and will be subject to various factors including financial performance, obligations under applicable credit facilities and restrictions on payment of distributions thereunder on the occurrence of an event of default, fluctuations in working capital, the sustainability of income derived from the REIT’s properties and any capital expenditure requirements. See “Risk Factors”.

Following Closing, management and the Trustees of the REIT will periodically review the opportunity to implement a DRIP program. The DRIP program would provide Unitholders the option to elect to have all cash distributions of the REIT automatically reinvested in additional Units at a price per Unit calculated by reference to the weighted average of the closing price of Units on the TSX for the five trading days immediately preceding the relevant Distribution Date. The decision to implement a DRIP program will take into account various factors, but primarily depend on the Unit’s trading price relative to its net asset value. The implementation of a DRIP program will be subject to regulatory approval.

Notwithstanding the distribution policy, the Trustees retain full discretion with respect to the timing and quantum of distributions.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Goodmans LLP, counsel to the REIT, and Blake, Cassels & Graydon LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable as of the date hereof to a purchaser of Units who acquires, as beneficial owner, Units pursuant to this prospectus and who, for the purposes of the Tax Act and at all relevant times, is, or is deemed to be, resident in Canada, deals at arm's length with the REIT and each of the Underwriters, is not affiliated with the REIT or any of the Underwriters and holds the Units as capital property (in this section of the prospectus, referred to as a "**Holder**"). The Units generally will be capital property to a Holder provided that the Holder does not hold such Units in the course of carrying on a business and has not acquired them in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have such Units, and any other "Canadian security" (as defined in the Tax Act) owned in the taxation year in which the election is made, and in all subsequent taxation years, deemed to be capital property. Holders who do not hold their Units as capital property should consult their own tax advisors regarding their particular circumstances.

This summary does not apply to a Holder: (i) that is a "financial institution" subject to the mark-to-market rules in the Tax Act; (ii) an interest in which would be a "tax shelter investment" within the meaning of the Tax Act; (iii) that has elected to determine its "Canadian tax results" in a foreign currency pursuant to the "functional currency" reporting rules in the Tax Act; or (iv) that has entered or will enter into a "derivative forward agreement", as defined in the Tax Act, with respect to the Holder's Units. Such Holders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Units. In addition, this summary does not address the deductibility of interest by a purchaser who has borrowed money to acquire Units under this Offering.

This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) before the date hereof ("**Proposed Amendments**"), counsel's understanding of the current published administrative policies and assessing practices of the CRA, and a certificate as to certain factual matters from an executive officer of the REIT. Except for Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations. No assurance can be given that the Proposed Amendments will be enacted in the form proposed or at all.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. The income and other tax consequences of acquiring, holding or disposing of Units will vary depending on a purchaser's particular status and circumstances, including the province or territory in which the purchaser resides or carries on business. This summary is not intended to be, nor should it construed to be, legal or tax advice to any particular purchaser. Purchasers should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units in their own circumstances.

Status of the REIT

Qualification as a Mutual Fund Trust

This summary assumes the REIT will qualify at all times as a "mutual fund trust" within the meaning of the Tax Act and that the REIT will validly elect under the Tax Act to be a mutual fund trust from the date it was established. An executive officer of the REIT has advised counsel that it intends to ensure that the REIT will meet the requirements necessary for it to qualify as a mutual fund trust no later than the Closing of the Offering and at all times thereafter, and to file the necessary election so that the REIT will qualify as a mutual fund trust throughout its first taxation year. **If the REIT were not to qualify as a mutual fund trust at all times, the Canadian federal income tax considerations could be materially and adversely different from those described below.**

Qualification as a Real Estate Investment Trust

This summary is also based on the assumption that the REIT will at no time be a “SIFT Trust” as defined in the rules in the Tax Act applicable to “SIFT trusts”, “SIFT partnerships” and their investors (the “SIFT Rules”). The SIFT Rules effectively tax certain income of a publicly traded trust or partnership that is distributed to its investors on the same basis as would have applied had the income been earned through a taxable Canadian corporation and distributed by way of dividend to its shareholders. These rules apply only to “SIFT trusts” and “SIFT partnerships” (each as defined in the Tax Act) and their investors.

Where the SIFT Rules apply, distributions of a SIFT trust’s “non-portfolio earnings” are not deductible in computing the SIFT trust’s net income. Non-portfolio earnings generally are defined as income attributable to a business carried on by the SIFT trust in Canada or to income (other than certain dividends) from, and capital gains from the disposition of, “non-portfolio properties” (as defined in the Tax Act). The SIFT trust is itself liable to pay an income tax on an amount equal to the amount of such non-deductible distributions at a rate that is substantially equivalent to the combined federal and provincial general tax rate applicable to taxable Canadian corporations. Such non-deductible distributions paid to a holder of units of the SIFT trust generally are deemed to be taxable dividends received by the holder of such units from a taxable Canadian corporation. Such deemed dividends will qualify as “eligible dividends” for purposes of the enhanced gross-up and dividend tax credit available under the Tax Act to individuals resident in Canada and for purposes of computing a Canadian resident corporation’s “general rate income pool” or “low rate income pool”, as the case may be (each as defined in the Tax Act). In general, distributions paid as returns of capital will not be subject to the SIFT Rules.

The REIT will not be considered to be a SIFT trust in respect of a particular taxation year and, accordingly, will not be subject to the SIFT Rules in that year, if it qualifies as a “real estate investment trust”, as defined in the Tax Act, throughout the year (the “REIT Exception”). The REIT Exception is comprised of a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made with certainty at the end of that taxation year. An executive officer of the REIT has advised counsel that the REIT expects to qualify for the REIT Exception in 2018 and future years. However, no assurances can be given that subsequent investments or activities undertaken by the REIT will not result in the REIT failing to qualify for the REIT Exception in 2018 or any subsequent taxation year. See “Risk Factors — Tax-Related Risks — The REIT Exception”.

Similar rules apply to impose the equivalent of corporate level taxation in respect of non-portfolio earnings of a SIFT partnership. However, such rules do not apply to a partnership if such partnership is an “excluded subsidiary entity” as defined in the Tax Act. See “— Taxation of the Partnership”.

The remainder of this summary is subject to the SIFT Rules discussed above and assumes that the REIT is eligible for the REIT Exception and the Partnership is an excluded subsidiary entity at all times.

If the REIT or the Partnership were to become subject to the SIFT Rules, certain of the Canadian federal income tax considerations described below would, in some respects, be materially and adversely different, and the SIFT Rules may have a material adverse effect on the after-tax returns of certain Unitholders.

Taxation of the REIT

The taxation year of the REIT is the calendar year. The REIT must compute its income or loss for each taxation year as though it were an individual resident in Canada. The income of the REIT for purposes of the Tax Act will include, among other things, any net taxable capital gains for that year and the REIT’s allocated share of the income from its underlying partnerships for the fiscal period of such underlying partnerships ending in, or coinciding with, the taxation year of the REIT, whether or not such income is distributed to the REIT in the taxation year.

In computing its income or loss, the REIT may deduct administrative costs and other expenses of a current nature incurred by it for the purpose of earning income from its business or property, provided such expenses are reasonable and otherwise deductible, subject to the applicable provisions of the Tax Act. The REIT may also deduct any expenses incurred by it in the course of the issuance of its units on a five-year straight line basis (subject to pro-ration for short taxation years).

The REIT may deduct from its taxable income for a taxation year amounts, not exceeding the amount that would otherwise be its income for the year, which become payable by it to Unitholders in such year. An amount will be considered to be payable in a taxation year if it is paid to a Unitholder in the year by the REIT or if a Unitholder is entitled in the year to enforce payment of the amount. Counsel has been advised by an executive officer of the REIT that the Trustees' intention is to make payable to Unitholders each year sufficient amounts such that the REIT generally will not be liable to pay non-refundable tax under Part I of the Tax Act. Where the REIT does not have sufficient cash to distribute such amounts in a particular taxation year, the REIT will make one or more in-kind distributions in the form of additional Units. Income of the REIT payable in a taxation year to the Unitholders in the form of additional Units generally will be deductible to the REIT in computing its taxable income for that year.

A distribution by the REIT of its property upon a redemption of Units will be treated as a disposition by the REIT of such property for proceeds of disposition equal to the fair market value thereof. The REIT will realize a capital gain (or a capital loss) to the extent that the proceeds from the disposition of the property exceed (or are less than) the adjusted cost base of the property and any reasonable costs of disposition.

Losses incurred by the REIT cannot be allocated to Unitholders, but can be deducted by the REIT in future years in computing its taxable income, in accordance with the Tax Act. In the event the REIT would otherwise be liable for tax on its net realized taxable capital gains for a taxation year, it will be entitled for such taxation year to reduce (or receive a refund in respect of) its liability for such tax by an amount determined under the Tax Act based on the redemption of Units of the REIT during the year (the "**capital gains refund**"). The capital gains refund in a particular taxation year may not completely offset the REIT's tax liability for the taxation year arising in connection with the transfer of property *in specie* to redeeming Holders on the redemption of Units. The Declaration of Trust provides that all or a portion of any capital gain or income realized by the REIT in connection with such redemptions may, at the discretion of the Trustees, be treated as capital gains or income paid to, and designated as capital gains or income of, the redeeming Holder. Such income or the taxable portion of the capital gain so designated must be included in the income of the redeeming Holder (as income or taxable capital gains, as the case may be) and will be deductible by the REIT in computing its income.

Taxation of the Partnership

The Partnership is expected to qualify as an "excluded subsidiary entity" at all relevant times and, as a result, will not be subject to tax under the Tax Act (including under the SIFT Rules). Generally, each partner of the Partnership, including the REIT, is required to include (or deduct) in computing the partner's income, the partner's share of the income (or loss) of the Partnership for the Partnership's fiscal year ending in, or coincidentally with, the partner's taxation year, whether or not any such income is distributed to the partner in the taxation year. Deductibility of losses allocated to a limited partner may be limited by the "at risk" rules in the Tax Act. For this purpose, the income or loss of the Partnership will be computed for each fiscal year as if the Partnership was a separate person resident in Canada. In computing the income or loss of the Partnership, deductions may generally be claimed in respect of its administrative and other expenses (including interest in respect of the debt of the Partnership, if any) incurred for the purpose of earning income from business or property to the extent the outlays are not capital in nature and do not exceed a reasonable amount. The Initial Properties will be, and certain other properties from time to time may be, acquired by the Partnership on a tax deferred basis, such that the tax cost of these properties will be less than their fair market value. If one or more of such properties are disposed of, the gain realized by the Partnership for tax purposes will be in excess of that which it would have realized if it had acquired the properties at a tax cost equal to their fair market values.

For the purpose of claiming capital cost allowance ("CCA"), the undepreciated capital cost ("UCC") of the Initial Properties acquired by the Partnership from MPI will be equal to the amounts jointly elected by the Partnership and MPI on the tax-deferred acquisition of such property. The UCC of such property will be less than the fair market value of such property. As a result, the CCA that the Partnership may claim in respect of such properties will be less than, and any recaptured CCA realized on a disposition of such properties will be greater than, it would have been if such properties had been acquired with a tax cost basis equal to their fair market values.

The income or loss of the Partnership for a fiscal year will be allocated to the partners of the Partnership, including the REIT, on the basis of their respective share of such income or loss as provided in the Limited Partnership Agreement, subject to the detailed rules in the Tax Act. Generally, distributions to partners (including the REIT) in excess of the income of the Partnership for a fiscal year will result in a reduction of the adjusted cost base of the partner's units in the Partnership by the amount of such excess, as described above. If a limited partner's adjusted cost base at the end of a taxation year of its units of the Partnership is a negative amount, the partner will be deemed to realize a capital gain in such amount for that year, and the partner's adjusted cost base at the beginning of the next taxation year of its units in the Partnership will be nil.

Taxation of Holders

REIT Distributions

A Holder generally will be required to include in computing income for a particular taxation year the portion of the net income of the REIT, including net realized taxable capital gains, that is payable to the Holder in that taxation year, whether or not those amounts are received in cash, additional Units or otherwise. Any loss of the REIT for purposes of the Tax Act cannot be allocated to, or treated as a loss of, a Holder.

Provided that the appropriate designations are made by the REIT, net taxable capital gains realized by the REIT that are payable to a Holder will retain their character as taxable capital gains to such Holder for purposes of the Tax Act. The non-taxable portion of any net realized capital gains of the REIT that is payable to a Holder in a year will not be included in computing the Holder's income for the year. Any other amount in excess of the net income of the REIT that is payable to a Holder in a year (other than as proceeds of disposition of Units or any part thereof) generally should not be included in the Holder's income for the year but will reduce the adjusted cost base of the Units held by such Holder. To the extent that the adjusted cost base of a Unit otherwise would be less than zero, the Holder will be deemed to have realized a capital gain equal to the negative amount and the Holder's adjusted cost base of the Units will be increased by the amount of such deemed capital gain.

Disposition of Units

Upon the disposition or deemed disposition of Units by a Holder, whether on a redemption or otherwise, the Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition (excluding any amount payable by the REIT which represents an amount that must otherwise be included in the Holder's income as described herein) are greater (or less) than the aggregate of the Holder's adjusted cost base of the Units immediately before such disposition and any reasonable costs of disposition.

The adjusted cost base to a Holder of a Unit generally will include all amounts paid by the Holder for the Unit subject to certain adjustments and may be reduced as a consequence of distributions paid by the REIT in excess of its net income as described above. The cost of additional Units received in lieu of a cash distribution will be the amount of income of the REIT distributed by the issuance of such Units. For the purpose of determining the adjusted cost base to a Holder, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Holder as capital property immediately before that acquisition. A consolidation of Units following a distribution of additional Units will not be regarded as a disposition of Units.

A redemption of Units in consideration for cash, Redemption Notes, or other assets of the REIT, as the case may be, will be a disposition of such Units for proceeds of disposition equal to such cash or the fair market value of such Redemption Notes or other assets, as the case may be, less any income or capital gain realized by the REIT in connection with the redemption of those Units to the extent such income or capital gain is designated by the REIT to the redeeming Holder. Holders exercising the right of redemption will consequently realize a capital gain, or sustain a capital loss, to the extent that such proceeds of disposition exceed, or are exceeded by, the adjusted cost base of the Units redeemed. Where income or capital gains realized by the REIT in connection with the distribution of property *in specie* on the redemption of Units has been designated by the REIT to a redeeming Holder, the Holder will be required to include in income the income or taxable portion of the capital gain so designated. The cost of any property distributed *in specie* by the REIT to a Holder upon a redemption of Units will be equal to the fair market value of that property at the time of the distribution. The

Holder will thereafter be required to include in income interest or other income derived from the property, in accordance with the provisions of the Tax Act.

Capital Gains and Losses

One-half of any capital gain realized by a Holder from a disposition of Units and the amount of any net taxable capital gains designated by the REIT in respect of the Holder will be included in the Holder's income under the Tax Act as a taxable capital gain. One-half of any capital loss (an “**allowable capital loss**”) realized on the disposition of a Unit will be deducted against any taxable capital gains realized by the Holder in the year of disposition, and any excess of allowable capital losses over taxable capital gains may be carried back to the three preceding taxation years or forward to any subsequent taxation year and applied against net taxable capital gains in those years, subject to the detailed rules contained in the Tax Act.

Refundable Tax

A Holder which is a Canadian-controlled private corporation (as defined in the Tax Act) will be subject to a refundable tax in respect of its “aggregate investment income” (as defined in the Tax Act) for the year, which will include all or substantially all income and capital gains paid or payable to the Holder by the REIT and capital gains realized on a disposition of Units.

Alternative Minimum Tax

A Holder who is an individual or trust (other than certain specified trusts) may have an increased liability for alternative minimum tax as a result of capital gains realized on a disposition of Units and net income of the REIT, paid or payable, or deemed to be paid or payable, to the Holder and that is designated net taxable capital gains.

PLAN OF DISTRIBUTION

General

Pursuant to an Underwriting Agreement entered into between the REIT, the Promoter and the Underwriters, the REIT has agreed to sell and the Underwriters have agreed to purchase on Closing 13,794,000 Units at a price of \$14.50 per Unit, for aggregate gross consideration of \$200,013,000 payable in cash to the REIT against delivery of the Units. The Offering Price of the Units has been determined by negotiation between the REIT, the Promoter and the Underwriters.

Pursuant to the Underwriting Agreement, the REIT has granted the Underwriters an Over-Allotment Option to cover the Underwriters' over allocation position, if any, and for consequential market stabilization purposes. The Over-Allotment Option may be exercised by the Underwriters, in whole or in part, for a 30-day period following the Closing and entitles the Underwriters to purchase from the REIT up to 2,069,100 Units on the same terms and conditions as set out below (being approximately 15% of the aggregate number of Units offered hereunder). If the Over-Allotment Option is exercised in full, the total price to the public will be \$230,014,950, the Underwriters' commission will be \$13,225,860 and the net proceeds to the REIT will be \$216,789,090. The REIT will use net proceeds, if any, from the issue of Units on exercise of the Over-Allotment Option for the reduction of the Retained Interest. See “Use of Proceeds”.

In the Underwriting Agreement, the Underwriters have agreed, subject to compliance with all necessary legal requirements and to the conditions set forth therein, to purchase all but not less than all of the Units. In consideration for their services in connection with the Offering, the REIT has agreed to pay the Underwriters a fee equal to \$0.83 per Unit representing 5.75% of the gross proceeds of the Offering. The REIT will also pay the Underwriters' commission in respect of Units sold by the REIT if the Over-Allotment Option is exercised.

The Offering is being made in each of the provinces and territories of Canada, and in the United States to qualified institutional buyers in an offering exempt from the registration requirements of the U.S. Securities Act pursuant to Rule 144A thereunder. The Units will be offered in each of the provinces and territories of Canada through those Underwriters or their affiliates who are registered to offer the Units for sale in such provinces and territories and such other registered dealers as may be designated by the Underwriters. Subject to applicable

law, and residency restrictions under the Declaration of Trust, the Underwriters may offer the Units outside of Canada.

Toronto Stock Exchange has conditionally approved the listing of the Units. Listing is subject to the REIT fulfilling all of the requirements of the Exchange on or before September 6, 2018. There is currently no market through which the Units may be sold and purchasers may not be able to resell Units purchased under this prospectus. This may affect the pricing of the Units in the secondary market, the transparency and availability of trading prices, the liquidity of the Units and the extent of issuer regulation. See “Risk Factors”.

Closing of the Offering is expected to occur on July 3, 2018 or such other date as the REIT and the Underwriters may agree, but in any event not later than July 17, 2018.

All of the Units sold in the Offering will be freely tradeable without restriction or further registration under applicable Canadian securities laws.

The obligations of the Underwriters under the Underwriting Agreement are joint (and not joint and several), are subject to certain closing conditions and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Units if any Units are purchased under the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the REIT and the Promoter have agreed to indemnify the Underwriters and their directors, officers, employees and agents against certain liabilities, including, without limitation, civil liabilities under Canadian securities legislation, and to contribute to any payments the Underwriters may be required to make in respect thereof.

In connection with the completion of the Offering, the REIT has agreed with the Underwriters that, for a period of 180 days following the Closing, it will not, directly or indirectly, without the prior written consent of the Board and of TD and BMO, on behalf of the Underwriters, which consents will not be unreasonably withheld or delayed, (i) offer, issue, grant any option, right or warrant to purchase, or otherwise transfer or dispose of any Units, financial instruments or securities exercisable, convertible, exchangeable or redeemable for Units; (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Units or securities exercisable, convertible, exchangeable or redeemable for Units, whether any such transaction is to be settled by delivery of Units, other securities, cash or otherwise; or (iii) announce any intention or agree to do any of the foregoing, except for (w) transactions related to the Offering; (x) pursuant to the operation of a DRIP, if any; (y) the grant of security-based compensation in the normal course pursuant to any Unit-based compensation arrangement of the REIT existing on Closing or otherwise consented to by TD and BMO on behalf of the Underwriters, and the issue of Units upon exercise, conversion, exchange, redemption or settlement of security-based compensation subsequently granted as permitted by the foregoing; and (z) issuances to vendors, including MPI and its affiliates, as consideration for the acquisitions of assets.

The Retained Interest Holder, the Trustees and management of the REIT have agreed with the Underwriters that, for a period of 18 months following the Closing, they will not directly or indirectly, without the prior written consent of the Board and of TD and BMO, on behalf of the Underwriters, which consents will not be unreasonably withheld or delayed, (i) offer, sell, contract to sell, secure, pledge, grant or sell any option, right or warrant to purchase, or otherwise lend, transfer or dispose of any Units or securities exercisable, convertible, exchangeable or redeemable for Units, in each case acquired upon or in connection with the closing of the Offering, (ii) make any short sale, engage in any hedging transaction, or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Units or securities exercisable, convertible, exchangeable or redeemable for Units, whether any such transaction is to be settled by delivery of Units, other securities, cash or otherwise, or (iii) announce an intention to do any of the foregoing, in each case subject to certain limited exceptions, including transactions related to the Offering (including the Over-Allotment Option), transfers between holders of Class B Units or to any Greenberg Family Entity, or pursuant to take-over bids made to all Unitholders or similar acquisition transactions. See “Use of Proceeds”.

The Units have not been, and will not be, registered under the U.S. Securities Act or any U.S. state securities laws, and may not be offered or sold within the United States absent registration with the U.S. Securities and Exchange Commission except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, except to the extent permitted by the Underwriting Agreement, the Units may not be offered or sold within the United States. The Underwriting Agreement provides that the Underwriters may re-offer and resell the Units that they have acquired pursuant to the Underwriting Agreement to qualified institutional buyers in the United States in accordance with Rule 144A under the U.S. Securities Act. The Underwriting Agreement also provides that the Underwriters will offer and sell the Units outside the United States only in accordance with Regulation S under the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act, unless such offer or sale is made pursuant to an exemption from registration under the U.S. Securities Act.

Each of the Underwriters, other than Canaccord Genuity Corp. and National Bank Financial Inc., are affiliates of Canadian chartered banks or financial institutions that have provided mortgage financing and credit lines to MPI and its affiliates in the aggregate principal amount of \$873.1 million as at March 31, 2018, of which mortgages of approximately \$137.3 million as at March 31, 2018 are expected to be assumed by the REIT or the Partnership, mortgages of approximately \$115.2 million as at March 31, 2018 are expected to comprise the Retained Debt, and approximately \$38.7 million will be repaid pursuant to the Assumed Debt and Retained Debt refinancings. An additional approximately \$12.9 million will be incremental financing which will form part of the Assumed Debt. Further, affiliates of TD and BMO have committed to provide the REIT with the Credit Facility at Closing, which will be available to the REIT up to a maximum amount of \$150 million. A Trustee of the REIT is a director of a Canadian chartered bank of which an Underwriter is a subsidiary. Consequently, the REIT may be considered a connected issuer of such Underwriters under applicable Canadian securities laws. These Underwriters (and the Canadian chartered bank or financial institution affiliates of such Underwriters) will not receive any direct benefit from the Offering or the proceeds thereof other than these Underwriters will receive their respective portion of the fee payable by the REIT to the Underwriters. The decision to undertake the Offering was made by the REIT, MPI and the Underwriters. The affiliates of each of the Underwriters other than Canaccord Genuity Corp. and National Bank Financial Inc. were not involved in the decision to undertake the Offering. MPI has informed the REIT that MPI is and has been in compliance with all material terms and conditions of the foregoing mortgage financing and debt, that no waiver of any default has occurred thereunder and that there has not been a material adverse change in the value of the security for such mortgage financing and debt since their incurrence.

The Underwriters propose to offer the Units to the public initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Units at the Offering Price, the Offering Price of the Units may be decreased and may be further changed from time to time to amounts not greater than the Offering Price, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers of the Units is less than the amount paid by the Underwriters to the REIT.

Price Stabilization, Short Positions and Passive Market Making

In connection with the Offering, the Underwriters may, subject to applicable law, over-allocate or effect transactions which stabilize or maintain the market price of the Units at levels other than those which otherwise might prevail on the open market, including:

- stabilizing transactions;
- short sales;
- purchases to cover positions created by short sales;
- imposition of penalty bids; and
- syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Units while the Offering is in progress. These transactions may also include making short sales of the Units, which involve the sale by the Underwriters of a greater number of Units than they are required to purchase in the Offering. Short sales may be “covered short sales”, which are short positions in an amount not greater than the Over-Allotment Option, or may be “naked short sales”, which are short positions in excess of that amount. The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Units in the open market. In making this determination, the Underwriters will consider, among other things, the price of Units available for purchase in the open market compared with the price at which they may purchase Units through the Over-Allotment Option.

The Underwriters must close out any naked short position by purchasing Units in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Units in the open market that could adversely affect investors who purchase in the Offering. Any naked short sales will form part of the Underwriters’ over-allocation position.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators and the Universal Market Integrity Rules for Canadian Marketplaces (“UMIR”), the Underwriters may not, at any time during the period of distribution, bid for or purchase Units. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Units. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the applicable stock exchange, including UMIR, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Units may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time.

The Underwriters may carry out these transactions on any stock exchange on which the Units are listed, in the over-the-counter market, or otherwise.

NCI System

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Offering will be conducted under the NCI system. Units registered in the name of CDS or its nominee will be deposited electronically with CDS on an NCI basis at Closing. A subscriber who purchases Units will receive only a customer confirmation from the registered dealer from or through whom Units are purchased and who is a CDS participant.

USE OF PROCEEDS

The net proceeds of this Offering are estimated to be approximately \$183.8 million (\$212.1 million if the Over-Allotment Option is exercised in full) after deduction of the Underwriters’ fee and the estimated expenses of this Offering. The Underwriters’ fee and the expenses of this Offering will be paid out of the proceeds of this Offering. The REIT will use the net proceeds of the Offering to fund the indirect acquisition of the Initial Properties. See “The Acquisition”.

The REIT will use the net proceeds, if any, from the issue of Units on exercise of the Over-Allotment Option for the reduction of the Retained Interest.

RISK FACTORS

The REIT faces a variety of significant and diverse risks, many of which are inherent in the business conducted by the REIT. Described below are certain risks that could materially affect the REIT. Other risks and uncertainties that the REIT does not presently consider to be material, or of which the REIT is not presently aware, may become important factors that affect the REIT’s future financial condition and financial performance. **The occurrence of any of the risks discussed below could materially and adversely affect the**

business, prospects, financial condition, financial performance, cash flow, the value of, and return on, investments by the REIT, the ability of the REIT to make future investments and generate revenues, the ability to retain tenants, lease suites and increase or maintain rental rates, the REIT's ability to lease or sell properties, the ability of the REIT to make distributions to Unitholders, the ability of the REIT to satisfy its principal and interest obligations, or the per Unit trading price of the Units. Prospective purchasers of the Units should carefully consider these risks before investing in the Units.

Risk Factors Related to the Real Estate Industry

Real Property Ownership and Revenue Risks

Investing in real estate will expose the REIT to a certain degree of risk. There is no assurance that the operations of the REIT will be profitable or that cash from operations will be available to make distributions to Unitholders. Because real estate, like many other types of long-term investment, experiences significant fluctuations and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of the REIT's portfolio. Further, the REIT may buy and/or sell properties at less than optimal times. By specialising in a particular type of real estate, the REIT is exposed to adverse effects on that segment of the real estate market and does not benefit from a diversification of its portfolio by property type. The marketability and value of the portfolio as well as the REIT's revenues will depend on many factors beyond the control of the REIT, including, without limitation: (i) changes in general economic conditions (such as the availability, terms and cost of mortgage financings and other types of credit); (ii) local economic conditions (such as business layoffs, industry slowdowns, changing demographics, neighbourhood characteristics and other factors); (iii) local real estate conditions (such as an oversupply of properties or a reduction in demand for real estate in the area); (iv) changes in occupancy rates; (v) the attractiveness of properties to potential tenants or purchasers; (vi) competition with other landlords with similar available space and competition from prospective buyers for, and sellers of, other similar properties; (vii) the ability of the REIT to provide adequate maintenance at competitive costs and the ongoing need for capital improvements; (viii) the promulgation and enforcement of governmental regulations relating to land-use and zoning restrictions, environmental protection and occupational safety; (ix) changes in governmental rules and fiscal policies; (x) the financial condition of tenants, buyers and sellers of property; (xi) changes in real estate tax rates and other operating expenses; (xii) changes in interest rates and in the availability, cost and terms of financing; (xiii) the imposition of rent controls; (xiv) energy and supply shortages and prices; (xv) various uninsured or uninsurable risks; (xvi) civil unrest; (xvii) acts of God and natural disasters; and (xviii) acts of war or terrorism. In the event that any of the REIT's properties experience any of the foregoing events or occurrences, the value of, and return on, such investments may be negatively impacted.

There can be no assurance of profitable operations because the costs of operating the portfolio, including debt service, may exceed gross rental income therefrom, particularly since certain expenses related to real estate, such as property taxes, utility costs, maintenance costs and insurance, tend to increase even if there is a decrease in the REIT's income from such investments. There is also no assurance that there will be a ready market for the sale of the portfolio because, as outlined below, investments in real estate generally are not liquid.

The success of the REIT will depend on the availability of, and the degree of competition for, attractive investments. The REIT's operating results will depend on the availability of, as well as the ability of management to identify, consummate, manage and realize, attractive real estate investment opportunities that are consistent with its investment criteria. It may take considerable time for the REIT to identify and consummate appropriate investments on satisfactory terms. No assurance can be given that the REIT will be successful in identifying and consummating future investments which yield the investment return objectives of the REIT or that such investments, once consummated, will perform as expected. The REIT will be engaged in a competitive business and will be competing for attractive investments with other real estate investment vehicles, as well as publicly-traded real estate investment trusts, private investment funds, advisers managing pension fund separate accounts, foreign investors, institutional investors, family groups and wealthy individuals with similar investment objectives. These factors may affect the REIT's ability to make investments in the future.

Rental Income Risks

The Initial Properties generate income through rent payments made by tenants. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced for a number of reasons. Furthermore, the terms of any subsequent lease may be less favourable than the existing lease. The REIT's cash flows and financial position would be materially adversely affected if its tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the REIT's properties was not able to be leased on economically favourable lease terms. In the event of default by a tenant, the REIT may experience delays or limitations in enforcing its rights as lessor and incur substantial costs in protecting its investment. Furthermore, at any time, a tenant may seek the protection of bankruptcy, insolvency or similar laws which could result in the rejection and termination of the lease by the tenant.

The short-term nature of residential tenant leases exposes the REIT to the effects of a declining market rent, which could materially adversely affect the REIT's results from operations and ability to make distributions to Unitholders. Most of the REIT's residential tenant leases will be for a term of one year or less. Because the REIT's residential tenant leases generally permit residents to leave at the end of their lease term without any penalty, the REIT's rental revenue may be materially adversely affected by declines in market rents more quickly than if such leases were for longer terms. Further, the operating costs of a suite or property may increase at a faster rate than the rental rate for such suite, which could negatively impact the financial condition of the REIT.

Additionally, due to changing trends in the design of the types of properties owned by the REIT, it is possible that the REIT's properties will be less desirable than newer multi-residential properties developed by competitors. This, in turn, would affect the ability of the REIT to renew its leases with existing residents and, in the event that such leases are not renewed, to rent unleased suites.

Competition and Alternatives to Multi-Residential Rental

The REIT will compete with other investors, managers and owners of properties in identifying, acquiring and realizing suitable real estate properties. Certain of these competitors may have greater financial and other resources and greater operating flexibility than the REIT. Those entities may be able to use higher leverage than the REIT is permitted to use and/or accept more risk than the REIT can prudently manage. The existence of competing managers and owners could have a material adverse effect on the REIT's ability to lease space and on the rents the REIT is able to charge, and could materially adversely affect revenues and the REIT's ability to meet its obligations. In addition, such competition could have an adverse effect on property values in the markets in which the investments are located. Competition generally reduces the number of suitable investment opportunities available to the REIT and increases the bargaining power of property owners seeking to sell. Furthermore, the number of entities and the amount of funds competing for suitable multi-residential properties may increase. This will result in increased demand for these assets and therefore, increased prices paid for them, making it more difficult for the REIT to acquire new properties on attractive terms. No assurance can be given that such competition will not adversely affect the REIT's ability to make investments and generate revenues.

Furthermore, the multi-residential rental properties that the REIT owns or may acquire compete with numerous housing alternatives to attract tenants, including owner occupied single homes and multi-unit residential buildings available to rent or purchase. The relative demand for such alternatives may be increased by declining mortgage interest rates, government programs which promote home ownership, or other events or initiatives which increase the affordability of such alternatives to multi-residential rental properties. The REIT also faces competition from alternative housing options being facilitated by modern technology, such as Airbnb, which allows for the efficient rental of condominiums or apartments suites, increasing or having the potential to increase the rental inventory as compared to historic norms. The ability of condominium and apartment owners to access the rental market in this manner, whether as a new entrant to the sector as an owner of multiple suites and establishing the rental of such suites as a full-time business or as a tenant of an existing rental unit (subject to the lease terms and conditions governing subletting), may give rise to an increase in the competition that the REIT will face. These factors could materially adversely affect the REIT's ability to retain tenants, lease suites and increase or maintain rental rates. Such competition may reduce occupancy rates and rental revenues of the REIT.

A large number of factors may adversely affect the value and successful operation of a multi-residential property, including: physical attributes of the building, such as its age, condition, design, appearance, access to transportation, and construction quality; location of the property, for example, a change in neighborhoods over time; ability of management to provide adequate maintenance and insurance; the types of services or amenities that the property provides; the property's reputation; the level of mortgage interest rates, which may encourage tenants to purchase rather than lease housing; presence of competing properties; the tenant mix, such as the tenant population being predominantly students or being heavily dependent on workers from a particular business or personnel from a local military base; adverse local or national economic conditions, which may limit the amount of rent that may be charged and may result in a reduction of timely rent payments or a reduction in occupancy levels; federal, provincial, and local regulations, which may affect the building owner's ability to increase rent to market rent for an equivalent apartment; and government assistance/rent subsidy programs. If the demand for multi-residential properties is reduced, or if competitors develop and/or acquire competing properties on a more cost-effective basis, income generated from the REIT's investments and the underlying value of such investments may be adversely affected.

Regulation and Changes in Applicable Laws

The REIT is subject to laws and regulations governing the ownership and leasing of real property, zoning, building standards, landlord/tenant relationships, employment standards, environmental matters, taxes and other matters. It is possible that future changes in applicable federal, provincial, municipal or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting the REIT (including with retroactive effect). Any changes in the laws to which the REIT is subject could materially adversely affect the REIT's rights and title to its assets. It is not possible to predict whether there will be any further changes in the regulatory regimes to which the REIT is subject or the effect of any such changes on its investments.

Lower revenue growth or significant unanticipated expenditures may result from the REIT's need to comply with changes in applicable laws or the enactment of new laws, including: (i) laws imposing environmental remedial requirements and the potential liability for environmental conditions existing on properties or the restrictions on discharges or other conditions; (ii) rent control or rent stabilization laws or other residential landlord/tenant laws; or (iii) other governmental rules and regulations or enforcement policies affecting the development, use and operation of the REIT's properties, including changes to building codes and fire and life-safety codes. Further, residential landlord/tenant laws in certain provinces may provide tenants with the right to bring certain claims to the applicable judicial or administrative body seeking an order to, among other things, compel landlords to comply with health, safety, housing and maintenance standards. As a result, the REIT may, in the future, incur capital expenditures which may not be fully recoverable from tenants.

Environmental Matters

Environmental legislation and regulations have become increasingly important in recent years. As a current or previous owner of interests in real property in Canada, the REIT will be subject to various federal, provincial and municipal laws relating to environmental matters. Such laws provide that the REIT could be, or become, liable for environmental harm, damage or costs, including with respect to the release of hazardous, toxic or other regulated substances into the environment and/or affecting persons, and the removal or other remediation of hazardous, toxic or other regulated substances that may be present at or under its properties or at third party sites at which wastes were sent for disposal, including lead-based paints, mold, asbestos, polychlorinated biphenyls, petroleum-based fuels, mercury, volatile organic compounds, underground storage tanks, pesticides and other miscellaneous materials. Further, liability may be incurred by the REIT with respect to the release of such substances from or to the REIT's properties. Those laws also govern the maintenance and removal of asbestos containing materials in the event of damage, demolition or renovation of a property and also govern emissions of and exposure to asbestos fibres in the air.

There may be contamination on the Initial Properties of which management is not aware. The presence of contamination or the failure to remediate contamination may adversely affect the REIT's ability to sell such property, realize the full value of such property or borrow using such property as collateral security, and could potentially result in claims against the REIT by public or private parties.

The Initial Properties may contain soil or groundwater contamination, hazardous substances and/or other residual pollution and environmental risks. Buildings and their fixtures might contain asbestos, mold or other hazardous substances above the allowable or recommended thresholds, or other environmental risks could be associated with the buildings. The REIT will bear the risk of cost-intensive assessment, remediation or removal of such soil or groundwater contamination, hazardous substances or other residual pollution. The discovery of any such contamination or residual pollution on the sites and/or in the buildings, particularly in connection with the lease or sale of properties or borrowing using the real estate as security, could trigger claims for rent reductions or termination of leases for cause, for damages and other breach of warranty claims against the REIT. The remediation of any contamination and the related additional measures the REIT would have to undertake could have a materially adverse effect on the REIT and could involve considerable additional costs. The REIT will also be exposed to the risk that recourse against the polluter or the previous owners of the properties might not be possible. Moreover, the existence or even the mere suspicion of the existence of soil or groundwater contamination, hazardous materials or other residual pollution can materially adversely affect the value of a property and the REIT's ability to lease or sell such a property.

The REIT's operating policy is to obtain a Phase I environmental site assessment, conducted by an independent and experienced environmental consultant, prior to acquiring a property and to have Phase II environmental site assessment work completed where recommended in a Phase I environmental site assessment. Although such environmental site assessments would provide the REIT with some level of assurance about the condition of the property, the REIT may become subject to liability for undetected contamination or other environmental conditions at its properties. See "Assessment and Valuation of the Initial Properties — Environmental Site Assessments".

The REIT intends to make the necessary capital and operating expenditures to comply with environmental laws and address any material environmental issues and such costs relating to environmental matters may have a material adverse effect on the REIT's business, financial condition or results of operation and decrease the amount of cash available for distribution. Furthermore, environmental laws can change and the REIT may become subject to even more stringent environmental laws in the future, with increased enforcement of laws by the government. Compliance with more stringent environmental laws, which may be more rigorously enforced, the identification of currently unknown environmental issues or an increase in the costs required to address a currently known condition may have an adverse effect on the REIT's financial condition and financial performance and decrease the amount of cash available for distribution to Unitholders.

Capital Expenditures and Fixed Costs

As a matter of conducting business in the ordinary course, certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made throughout the period of ownership of real property, regardless of whether the property is producing sufficient income to pay such expenses. In order to retain desirable rentable space and to generate adequate revenue over the long term, the REIT must maintain or, in some cases, improve each property's condition to meet market demand. Maintaining a rental property in accordance with market standards can entail significant costs, which the REIT may not be able to pass on to its tenants. Numerous factors, including the age of the relevant building structure, the material and substances used at the time of construction or currently unknown building code violations could result in substantial unbudgeted costs for refurbishment or modernization. The timing and amount of capital expenditures required by the REIT may indirectly affect the amount of cash available for distribution to Unitholders. Distributions may be reduced, or even eliminated, at times when the REIT deems it necessary to make significant capital or other expenditures.

If the actual costs of maintaining or upgrading a property exceed the REIT's estimates, or if hidden defects are discovered during maintenance or upgrading which are not covered by insurance or contractual warranties, or if the REIT is not permitted to raise rents due to legal constraints, the REIT will incur additional and unexpected costs. If competing multi-residential rental properties are built in the area where one of the REIT's properties is located or similar multi-residential rental properties located in the vicinity of one of the REIT's properties are substantially refurbished, the net operating income derived from and the value of such property could be reduced. Any failure by the REIT to undertake appropriate maintenance and refurbishment work in

response to the factors described above could materially adversely affect the rental income that the REIT earns from such properties.

The REIT is subject to utility risk relating to increased costs that the REIT may experience as a result of higher resource prices. Utility expenses, mainly consisting of natural gas and electricity service charges, have been subject to considerable price fluctuations over the past several years. Any significant increase in these resource costs that the REIT cannot charge back to the resident may have a material adverse effect on the REIT's cash flows, financial condition and financial performance and its ability to make distributions to Unitholders. Unlike commercial leases, which generally are "net" leases and allow a landlord to recover expenditures from residents, residential leases are generally "gross" leases and the landlord is less able to pass on costs to its residents during the term of a lease.

Liquidity

An investment in real estate is relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity will tend to limit the REIT's ability to vary its portfolio of properties promptly in response to changing economic, investment or other conditions. If the REIT were to be required to quickly liquidate its real property investments, the proceeds to the REIT might be significantly less than the aggregate carrying or net asset value of its properties or less than what would be expected to be received under normal circumstances which could have an adverse effect on the REIT's financial condition and financial performance and decrease the amount of cash available for distribution. Illiquidity may result from the absence of an established market for real property investments, as well as from legal or contractual restrictions on their resale. In addition, in recessionary times, it may be difficult to dispose of certain types of real estate. The costs of holding real estate are considerable, and during an economic recession the REIT may be faced with ongoing expenditures with a declining prospect of incoming receipts. In such circumstances, it may be necessary for the REIT to dispose of properties at lower prices in order to generate sufficient cash for operations and making distributions. There can be no assurance that the fair market value of any properties held by the REIT will not decrease in the future.

Current Economic Environment

The REIT is subject to risks involving the economy in general, including inflation, deflation or stagflation, unemployment and geopolitical issues. Poor economic conditions could adversely affect the REIT's ability to generate revenues, thereby reducing its operating income and earnings. It could also have an adverse impact on the ability of the REIT to maintain occupancy rates which could harm the REIT's financial condition. In weak economic environments, the REIT's tenants may be unable to meet their rental payments and other obligations due to the REIT, which could have a material and adverse effect on the REIT. In addition, fluctuation in interest rates or other financial market volatility may restrict the availability of financing for future prospective purchasers of the REIT's investments and could potentially reduce the value of such investments, or may adversely affect the ability of the REIT to complete acquisitions on financially desirable terms.

Risks Relating to the REIT and its Business

Reliance on the Partnership

The REIT's NOI will be wholly dependent on the business of the Partnership. The cash distributions to Unitholders are dependent on the ability of the Partnership to pay distributions in respect of its securities. The ability of the Partnership to pay distributions or make other payments or advances to the REIT may be subject to contractual restrictions contained in any instruments governing the indebtedness of the Partnership.

Acquisitions

The REIT's business plan includes, among other things, growth through identifying suitable acquisition and/or development opportunities, pursuing such opportunities, consummating acquisitions and leasing such properties. The acquisition of properties entails general risks associated with any real estate investment, including the risk that the investments will fail to perform in accordance with expectations, that the properties will not achieve anticipated occupancy levels and that estimates of the costs of improvements to bring an

acquired property up to standards established for the intended market position for that property may prove inaccurate. If the REIT is unable to make accretive acquisitions or otherwise manage its growth effectively, it could adversely impact the REIT's financial position and financial performance and decrease the amount of cash available for distribution. There can be no assurance as to the pace of growth through property acquisitions or that the REIT will be able to acquire assets on an accretive basis and, as such, there can be no assurance that distributions to Unitholders will increase in the future.

Acquired properties may be subject to unknown, unexpected or undisclosed liabilities which could have a material adverse impact on the operations and financial results of the REIT. Representations and warranties given by third parties to the REIT may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. Furthermore, it is not always possible to obtain from the seller the records and documents that are required in order to fully verify that the buildings to be acquired are constructed in accordance with, and that their use complies with, planning laws and building code requirements. Accordingly, in the course of acquiring a property, specific risks might not be or might not have been recognized or correctly evaluated. These circumstances could lead to additional costs and could have a material adverse effect on revenues from the relevant properties. The REIT's ability to acquire properties on satisfactory terms and successfully integrate and operate them is subject to the following additional risks: (a) the REIT may be unable to acquire desired properties because of competition from other real estate investors with more capital, including other real estate operating companies, real estate investment trusts and investment funds; (b) the REIT may acquire properties that are not accretive to results upon acquisition, and the REIT may not successfully manage and lease those properties to meet its expectations; (c) competition from other potential acquirers may significantly increase the purchase price of a desired property; (d) the REIT may be unable to generate sufficient cash from operations, or obtain the necessary debt or equity financing to consummate an acquisition or, if obtainable, financing may not be on satisfactory terms; (e) the REIT may need to spend more than budgeted amounts to make necessary improvements or renovations to acquired properties; (f) agreements for the acquisition of properties are typically subject to customary conditions to closing, including satisfactory completion of due diligence investigations, and the REIT may spend significant time and money on potential acquisitions that the REIT does not consummate; (g) the REIT may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into existing operations; (h) the REIT may acquire properties without any recourse, or with only limited recourse, for liabilities, whether known or unknown, such as clean-up of undisclosed environmental contamination, claims by tenants, vendors or other persons against the former owners of the properties, liabilities incurred in the ordinary course and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties; (i) the effort of acquiring or pursuing the acquisition of a new property may divert the attention of the REIT's senior management team from existing business operations; and (j) market conditions may result in higher than expected vacancy rates and lower than expected rental rates. If the REIT cannot complete property acquisitions on favourable terms, or operate acquired properties to meet the REIT's goals or expectations, the REIT's business, financial condition, financial performance and cash flow, the per Unit trading price and the REIT's ability to satisfy debt service obligations and to make distributions to the Unitholders could be materially and adversely affected.

No Assurance of Recovery

When acquiring assets, the REIT will endeavour to obtain certain representations and warranties with respect to the assets being acquired. Such representations and warranties, to the extent obtained, are subject to limitations, and generally represent unsecured contractual rights. Notwithstanding the foregoing, when acquiring assets, the REIT will endeavour, where appropriate, to negotiate holdbacks from the aggregate purchase price or vendor take back mortgages. Holdback amounts are deposited into escrow at the closing of an acquisition and are held and released in accordance with, and subject to, the terms of the relevant purchase and sale agreement and a separate holdback escrow agreement and vendor take back amounts are paid in accordance with, and subject to, the terms of the relevant purchase and sale agreement and a separate charge or mortgage agreement. Holdback or vendor take back amounts are used to satisfy the indemnification obligations of the sellers of the assets acquired by the REIT with respect to the representations and warranties provided by the sellers under the purchase and sale agreements pursuant to which the assets are acquired.

There can be no assurance of recovery by the REIT for any breach of the representations and warranties provided under any of the purchase and sale agreements pursuant to which it will acquire properties, as there can be no assurance that the holdback or vendor take back amounts, if any, or assets of the sellers of the properties will be sufficient to satisfy such obligations. The REIT may not be able to successfully enforce applicable indemnities contained in the purchase and sale agreements pursuant to which will acquire properties and such indemnities may not be sufficient to fully indemnify the REIT from third party claims. Only the REIT (or its subsidiaries) will be entitled to bring a claim or action for misrepresentation or breach of contract under the purchase and sale agreements pursuant to which it will acquire properties and Unitholders will not have any contractual rights or remedies under such agreements.

Access to Capital

The real estate industry is highly capital intensive. The REIT will require access to capital to maintain its properties, as well as to fund its growth strategy and certain capital expenditures from time to time. Although the REIT has signed a commitment letter with two Canadian banks regarding the provision of the Credit Facility following Closing, there can be no assurances that the REIT will otherwise have access to sufficient capital or access to capital on terms favourable to the REIT for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes. Further, in certain circumstances, the REIT may not be able to borrow funds due to the limitations set forth in the Declaration of Trust. Market conditions and unexpected volatility or illiquidity in financial markets may inhibit the REIT's access to long-term financing in the Canadian capital markets. As a result, it is possible that financing which the REIT may require in order to grow and expand its operations, upon the expiry of the term of financing, upon refinancing any particular property owned by the REIT or otherwise, may not be available or, if it is available, may not be available on favourable terms to the REIT. Failure by the REIT to access required capital could have a material adverse effect on the REIT's business, cash flows, financial condition and financial performance and ability to make distributions to Unitholders.

Financing Risks

The REIT estimates that its outstanding Indebtedness at Closing will be approximately \$520 million. Although a portion of the cash flow generated by the Initial Properties will be devoted to servicing such Indebtedness (including indirectly servicing the Retained Debt by way of distributions to holders of Class C Units), there can be no assurance that the REIT will continue to generate sufficient cash flow from operations to meet required interest and principal payments. If the REIT (or in respect of the Retained Debt, MPI) is unable to meet interest or principal payments, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing. The failure of the REIT (or in respect of the Retained Debt, MPI) to make or renegotiate interest or principal payments or obtain additional equity, debt or other financing could adversely impact the REIT's financial condition, liquidity and financial performance and decrease the amount of cash available for distribution to Unitholders. If the REIT (or in respect of the Retained Debt, MPI) defaults under a mortgage loan, the REIT may lose the properties securing such loan.

The REIT will be subject to the risks associated with debt financing, including the risk that the mortgages and banking facilities secured by the REIT's properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness, which may impact negatively on AFFO.

The REIT's Credit Facility is expected to contain covenants that require it to maintain certain financial ratios on a consolidated basis. If the REIT does not maintain such ratios, its ability to make distributions will be limited. Additionally, to the extent that the REIT incurs variable rate indebtedness, such indebtedness will result in fluctuations in the REIT's cost of borrowing as interest rates change.

Fluctuations in Capitalization Rates

As interest rates fluctuate in the lending market, generally so do capitalization rates which affect the underlying value of real estate. As such, when interest rates rise, generally capitalization rates should be

expected to rise. Over the period of investment, capital gains and losses at the time of disposition can occur due to the increase or decrease of these capitalization rates.

Property Taxes

The REIT will be subject to property tax risk as a result of its exposure to the potential for significant increases in property taxes. The assessed or reassessed values of the REIT's properties for local and provincial property tax purposes may increase, resulting in an increase to property tax expense and a corresponding decrease to NOI. In some instances, improvements to properties may result in significant increases in property assessments following a re-valuation and a corresponding increase in property tax expense.

Litigation at the Property Level

The acquisition, ownership and disposition of real property carries certain specific litigation risks. Litigation may be commenced with respect to a property acquired by the REIT or its subsidiaries in relation to activities that took place prior to the REIT's acquisition of such property. In addition, at the time of disposition of an individual property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such buyer should be awarded due diligence expenses incurred or damages for misrepresentation relating to disclosures made, if such buyer is passed over in favour of another as part of the REIT's efforts to maximize sale proceeds. Similarly, successful buyers may later sue the REIT under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in due diligence.

General Litigation Risks

In the ordinary course of the REIT's operations, whether directly or indirectly, it may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relation to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to the REIT and as a result, could have a material adverse effect on the REIT's assets, liabilities, business, financial condition and financial performance. Even if the REIT prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from the REIT's business operations.

Asset Class Diversification

The REIT will make a relatively limited number of real estate investments and the REIT's investments will not be widely diversified by asset class. All of the REIT's investments will be in multi-residential rental assets (or ancillary assets related thereto). A lack of asset class diversification increases risk because residential real estate, including multi-residential rental real estate, is subject to its own set of risks, such as adverse housing pattern changes and uses, immigration, increased property taxes, vacancies, rent controls, rising operating costs and changes in mortgage rates.

Joint Venture Arrangements

In certain situations, the REIT may, directly or indirectly, invest in properties through a joint venture arrangement, thereby acquiring a non-controlling interest in certain investments. Although the REIT may not have control over these investments and therefore, may have a limited ability to protect its position therein, such joint venture arrangements will contain terms and conditions which, in the opinion of the Board of Trustees, are commercially reasonable, including without limitation, such terms and conditions relating to restrictions on the transfer, acquisition and sale of the REIT's and any joint venturer's interest in the joint venture arrangement, provisions to provide liquidity to the REIT, provisions to limit the liability of the REIT and its Unitholders to third parties and provisions to provide for the participation of the REIT in the management of the joint venture arrangements. Nevertheless, such investments may involve risks not present in investments where a third party is not involved, including without limitation (i) the possibility that a co-venturer may have financial difficulties

resulting in a negative impact on such investment; (ii) the possibility that a co-venturer may have economic or business interests or goals which are inconsistent with those of the REIT (including relating to the sale of properties held in the joint venture or the timing of the termination and liquidation of such joint venture); (iii) the risk that a co-venturer may be in a position to take action contrary to the REIT's investment objectives; (iv) the risk that a co-venturer may, through its activities on behalf of or in the name of the joint venture or partnership, expose or subject the REIT to liability; or (v) the need to obtain a co-venturer's consent with respect to major decisions or the inability to have any decision making authority. In addition, the sale or transfer of interests in certain of the joint ventures may be subject to certain requirements, such as rights of first refusal, rights of first offer or drag-along rights, and certain of the joint venture agreements may provide for buy-sell or similar arrangements. Such rights may limit the REIT's ability to sell an interest in a property or a joint venture within the time frame or otherwise on the basis the REIT desires. Additionally, drag-along rights may be triggered at a time when the REIT may not intend to sell a property and the REIT may be forced to do so at a time when it would not otherwise be in the REIT's best interest or on disadvantageous terms.

Property Redevelopment and Renovations

Property redevelopment or major renovation work is subject to a number of risks, including: (i) the potential that the REIT may fail to recover expenses already incurred if it abandons redevelopment opportunities after commencing to explore them; (ii) the potential that the REIT may expend funds on and devote management time to projects which it does not complete; (iii) construction or redevelopment costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable; (iv) the time required to complete the construction or redevelopment of a project or to lease up the completed project may be greater than originally anticipated, thereby adversely affecting the REIT's cash flow and liquidity; (v) the cost and timely completion of construction (including risks beyond the REIT's control, such as weather, labour conditions or material shortages); (vi) contractor and subcontractor disputes, strikes, labour disputes or supply disruptions; (vii) the failure to achieve expected occupancy and/or rent levels within the projected time frame, if at all; (viii) delays with respect to obtaining, or the inability to obtain, necessary zoning, occupancy, land use and other governmental permits, and changes in zoning and land use laws; (ix) occupancy rates and rents of a completed project may not be sufficient to make the project profitable; (x) the REIT's ability to dispose of properties redeveloped with the intent to sell could be impacted by the ability of prospective buyers to obtain financing given the current state of the credit markets; and (xi) the availability and pricing of financing to fund the REIT's development activities on favourable terms or at all.

The above risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the initiation of redevelopment activities or the completion of redevelopment activities once undertaken. In addition, redevelopment projects entail risks that investments may not perform in accordance with expectations and can carry an increased risk of litigation (and its attendant risks) with contractors, subcontractors, suppliers, partners and others. Any of these risks could have an adverse effect on the REIT's financial condition, financial performance, cash flow, per Unit trading price of the Units, distributions to Unitholders and ability to satisfy the REIT's principal and interest obligations. Also, it is anticipated that the REIT would be required to execute a guarantee in connection with construction financing for redevelopments which would subject the REIT to recourse for construction completion risks and repayment of the construction indebtedness.

Potential Conflicts of Interest

The Trustees will, from time to time, in their individual capacities, deal with parties with whom the REIT may be dealing, or may be seeking investments similar to those desired by the REIT. The interest of these persons could conflict with those of the REIT. The Declaration of Trust contains conflict of interest provisions requiring the Trustees to disclose their interests in certain contracts and transactions and to refrain from voting on those matters. Conflicts may also exist as certain Trustees will be nominated by Minto. There can be no assurance that the provisions of the Declaration of Trust will adequately address potential conflicts of interest or that such actual or potential conflicts of interest will be resolved in favour of the REIT. See "Trustees And Executive Officers of the REIT — Conflicts of Interest".

Insurance Coverage May be Inadequate

The REIT will attempt to obtain and maintain adequate insurance of the type and in the amounts customarily obtained for properties similar to those owned by the REIT to cover significant areas of risk to it as an entity and to its properties. However, there are types of losses at the property level, generally catastrophic in nature, such as losses due to wars, acts of terrorism, earthquakes, floods, tornadoes, hurricanes, pollution or environmental matters, which are uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or co-payments. The REIT may not have adequate coverage for such losses. If any of the REIT's properties incurs a casualty loss that is not fully insured, the value of the REIT's assets will be reduced by any such uninsured loss. In addition, other than any working capital reserve or other reserves the REIT may establish, it may not have any source of funding to repair or reconstruct any uninsured damaged property. Certain events could make it more difficult and expensive to obtain property and casualty insurance, including coverage for catastrophic risks. When the REIT's current insurance policies expire, the REIT may encounter difficulty in obtaining or renewing property or casualty insurance on its properties at the same levels of coverage and under similar terms. Such insurance may be more limited and, for catastrophic risks (e.g., earthquake, hurricane, flood and terrorism), may not be generally available to fully cover potential losses. Even if the REIT is able to renew its policies at levels and with limitations consistent with its current policies, the REIT cannot be sure that it will be able to obtain such insurance at premiums that are reasonable. To the extent the REIT must pay unexpectedly large amounts for insurance, it could suffer reduced earnings that may result in lower distributions to Unitholders. Further, an inability of the REIT to obtain adequate insurance may result in the REIT being in default under contractual and financial commitments that require the REIT to maintain adequate insurance. The REIT will purchase a six-year prospectus liability insurance policy, the beneficiaries of which will be the following persons/entities in accordance with the following priority: (a) individual Trustees and officers of the REIT; (b) the REIT; and (c) MPI, as the promoter, subject to certain limits, deductibles and other terms and conditions.

Degree of Leverage

The REIT's degree of leverage could have important consequences to Unitholders. For example, the degree of leverage could affect the REIT's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development or other general trust purposes, making the REIT more vulnerable to a downturn in business or the economy in general. Under the Declaration of Trust, the maximum the REIT can leverage is 65% of its Gross Book Value (or 70% of its Gross Book Value including convertible debentures). Gross Book Value is a calculation with reference to the fair market value of the REIT's properties. As a result, the REIT's leverage ratio changes based on changes to the fair market value of the REIT's properties.

Difficulty of Locating Suitable Investments

Although Minto has been successful in locating suitable investments in the past, the REIT may be unable to find a sufficient number of attractive opportunities to meet its investment objectives.

New Markets

If the opportunity arises, the REIT may explore acquisitions of properties in new markets. Each of the risks applicable to the REIT's ability to acquire and successfully integrate and operate properties in its current markets is also applicable to its ability to acquire and successfully integrate and operate properties in new markets. In addition to these risks, the REIT may not possess the same level of familiarity with the dynamics and market conditions of any new markets, which could adversely affect its ability to expand into or operate in those markets. The REIT may be unable to achieve a desired return on its investments in new markets and be unsuccessful in expanding into new markets.

Geographic Concentration

The Initial Properties are located in Ontario and Alberta. As a result, the REIT's performance is particularly sensitive to economic changes in such provinces. In addition, the market value of the REIT's properties, the income generated by the REIT and the REIT's performance are sensitive to changes in the economic condition and regulatory environment of both Ontario and Alberta. Adverse changes in the economic condition or regulatory environment of Ontario or Alberta may have a material adverse effect on the REIT.

Lease Renewals and Rental Increases

The expiry of leases for the REIT's properties will occur from time to time over the short and long-term. No assurance can be provided that the REIT will be able to renew any or all of the leases upon their expiration or that rental rate increases will occur or be achieved upon any such renewals. The failure to renew leases or achieve rental rate increases may adversely impact the REIT's financial condition and financial performance and decrease the amount of cash available for distribution.

Certain provinces of Canada have enacted residential tenancy legislation which, among other things, imposes rent control guidelines that limit the REIT's ability to raise rental rates at its properties. Limits on the REIT's ability to raise rental rates at its properties may materially adversely affect the REIT's ability to increase income from its properties.

Under Ontario's rent control legislation, a landlord is entitled to increase the rent for existing tenants once every 12 months by no more than the "guideline amount" established by regulation. For the calendar year 2018, the guideline amount has been established at 1.8% (1.5% for 2017). The REIT may apply to the Ontario Rental Housing Tribunal for an AGI if annual costs for heat, electricity, water or municipal taxes have increased significantly or if building security costs have increased. Management expects certain AGI increases within the Ontario properties. If such expected AGI are not approved, this may materially adversely affect the REIT's ability to increase income from its properties. When a suite is vacated, the REIT is entitled to lease the suite to a new tenant at any rental amount, after which annual increases are limited to the applicable guideline amount. The REIT may also be entitled to a greater increase in rent for a suite under certain circumstances, including, for example, where extra expenses have been incurred as a result of a renovation of such suite.

In addition to limiting the REIT's ability to raise rental rates, provincial residential tenancy legislation provides certain rights to tenants, while imposing obligations upon the landlord. Residential tenancy legislation in the Provinces of Alberta and Ontario prescribe certain procedures which must be followed by a landlord in order to terminate a residential tenancy. As certain proceedings may need to be brought before the applicable administrative body governing residential tenancies as appointed under a province's residential tenancy legislation, it may take several months to terminate a residential lease, even where the tenant's rent is in arrears.

Restrictions on Activities

Several of the REIT's constating documents and material contracts (including, without limitation, the Declaration of Trust and the Limited Partnership Agreement of the Partnership) will contain restrictions that limit the activities of the REIT and its subsidiaries to ensure the REIT complies with certain provisions of the Tax Act. See "Declaration of Trust" and "The Partnership", "Certain Canadian Federal Income Tax Considerations" and "— Tax-Related Risks". Compliance with these restrictions may limit the flexibility of the REIT in terms of the nature and scope of its investments and activities and thereby may adversely affect the REIT's economic performance, including its ability to grow.

Dependence on the Partnership

The REIT is an unincorporated, open-ended real estate investment trust which will be entirely dependent on the operations and assets of the Partnership through the REIT's expected ownership of the Class A Units. Cash distributions to holders of Units will be dependent on, among other things, the ability of the Partnership to make cash distributions in respect of the Class A Units. See "The Partnership — Partnership Units". The Partnership and its subsidiaries are separate and distinct legal entities. The ability of the Partnership to make cash distributions or other payments or advances will depend on the Partnership's financial performance and may be restricted by, among other things, applicable partnership, tax and other laws and regulations and contractual restrictions contained in the instruments governing any indebtedness of the Partnership (including the Retained Debt), any priority distributions contained in the Limited Partnership Agreement and other agreements governing the Partnership.

Reliance on Key Personnel

The management and governance of the REIT depends on the services of certain key personnel, including certain executive officers and the Trustees. The loss of the services of any key personnel and the inability of the REIT to attract and retain qualified and experienced personnel could have an adverse effect on the REIT and adversely impact the REIT's financial condition and financial performance and decrease the amount of cash available for distribution to Unitholders.

Past Performance is not a Predictor of Future Results

The performance of the Initial Properties and the performance of the REIT are dependent on future events and are, therefore, inherently uncertain. The track records of MPI and its affiliates cannot be relied upon to predict future events due to a variety of factors, including, without limitation, varying business strategies, different local and national economic circumstances, different supply and demand characteristics, varying degrees of competition and varying circumstances pertaining to the real estate markets.

The historical financial information relating to the Initial Properties included in this prospectus has been derived from historical accounting records. The REIT believes that the assumptions underlying the financial statements are reasonable. However, the financial statements may not reflect what the REIT's financial position, financial performance or cash flows would have been had the REIT been a standalone entity during the historical periods presented or what the REIT's financial position, financial performance or cash flows will be in the future. The REIT has not made adjustments to its historical financial information to reflect changes that may occur in its cost structure, financing and operations as a result of its acquisition of the Initial Properties. In preparing the *pro forma* financial information in this prospectus, the REIT has given effect to, among other items, the Offering. The estimates used in the *pro forma* financial information may not be similar to the REIT's actual experience as a stand-alone public entity.

Historical occupancy rates and revenues are not necessarily an accurate prediction of the future occupancy rates for the properties or revenues to be derived therefrom. There can be no assurance that, upon the expiry or termination of existing leases, the average occupancy rates and revenues will be higher than historical occupancy rates and revenues, and it may take a significant amount of time for market rents to be recognized by the REIT due to internal and external limitations on its ability to charge these new market based rents in the short-term.

Breach of Privacy or Information Security Systems

The protection of tenant, employee, and company data is critically important to the REIT. The REIT's business requires it to use and store personally identifiable and other sensitive information of its tenants and employees. The collection and use of personally identifiable information is governed by Canadian federal and provincial laws and regulations. Privacy and information security laws continue to evolve and may be inconsistent from one jurisdiction to another. Compliance with all such laws and regulations may increase the REIT's operating costs and adversely impact the REIT's ability to market the REIT's properties and services. The security measures put in place by the REIT, or third party vendors used by the REIT for the operation of its business, cannot provide absolute security, and the REIT's information technology infrastructure may be vulnerable to criminal cyber-attacks or data security incidents, including, ransom of data, such as, without limitation, tenant and/or employee information, due to employee error, malfeasance, or other vulnerabilities. Any such incident could compromise the REIT's or its vendors' networks, and the information stored by the REIT or such vendors could be accessed, misused, publicly disclosed, corrupted, lost, or stolen, resulting in fraud, including wire fraud related to REIT assets, or other harm. Moreover, if a data security incident or breach affects the REIT's systems or such vendors' systems or results in the unauthorized release of personally identifiable information, the REIT's reputation and brand could be materially damaged and the REIT may be exposed to a risk of loss or litigation and possible liability, including, without limitation, loss related to the fact that agreements with such vendors, or such vendors' financial condition, may not allow the REIT to recover all costs related to a cyber breach for which they alone or they and the REIT should be jointly responsible.

Privacy and information security risks have generally increased in recent years because of the proliferation of new technologies, such as ransomware, and the increased sophistication and activities of perpetrators of cyber-attacks. In the future, the REIT may expend additional resources to continue to enhance the REIT's

information security measures and/or to investigate and remediate any information security vulnerabilities. Despite these steps, there can be no assurance that the REIT will not suffer a data security incident in the future, that unauthorized parties will not gain access to sensitive data stored on the REIT's systems, or that any such incident will be discovered in a timely manner. Further, the techniques used by criminals to obtain unauthorized access to sensitive data, such as phishing and other forms of human engineering, are increasing in sophistication and are often novel or change frequently; accordingly, the REIT may be unable to anticipate these techniques or implement adequate preventative measures. If the REIT does not allocate and effectively manage the resources necessary to build and sustain reliable information technology infrastructure, fails to timely identify or appropriately respond to cybersecurity incidents, or the REIT's or its third-party vendors' information systems are damaged, destroyed, shut down, interrupted or cease to function properly, the REIT's business could be disrupted and the REIT could, among other things, be subject to: the loss of or failure to attract new residents; the loss of revenue; the loss or unauthorized access to confidential information or other assets; the loss of or damage to trade secrets; damage to its reputation; litigation; regulatory enforcement actions; violation of privacy, security or other laws and regulations; and remediation costs.

Expanding Social Media Vehicles

The use of social media could cause the REIT to suffer brand damage or information leakage. Negative posts or comments about the REIT or its properties on any social networking website could damage the REIT's reputation. In addition, employees or others might disclose non-public sensitive information relating to the REIT's business through external media channels. The continuing evolution of social media will present the REIT with new challenges and risks.

Employee Theft or Fraud

Certain of the REIT's employees have access to, or signature authority with respect to, bank accounts or other REIT assets, which exposes the REIT to the risk of fraud or theft. In addition, certain employees have access to key information technology (IT) infrastructure and to resident and other information that is commercially valuable. Should any employee compromise any of the REIT's IT systems, or misappropriate resident or other information, the REIT could incur losses, including significant financial or reputational harm, from which full recovery cannot be assured. The REIT may also not have insurance that covers any losses in full or that covers losses from particular criminal acts. Potential liabilities for theft or fraud are not quantifiable and an estimate of possible loss cannot be made.

Closing Risks

Pursuant to the Purchase Agreement, MPI will make certain representations and warranties to the REIT with respect to its existing and contingent liabilities. MPI will also provide indemnities to the REIT under the Purchase Agreement which will provide, subject to certain conditions, maximum amounts and thresholds, that MPI will indemnify the REIT for breaches of such representations and warranties or other matters ancillary to the acquisition of the Initial Properties. There can be no assurance that the REIT will be fully protected in the event of a breach of such representations and warranties or that MPI will be in a position to indemnify the REIT if any such breach occurs. As security for MPI's obligations under the Purchase Agreement, the Retained Interest Holder will pledge to the REIT or the Partnership, as the case may be, for a period of 18 months following the Closing a number of Class B Units or Units for which the Class B Units are exchanged equivalent in value to the net proceeds of the Offering. MPI and Minto have also agreed to provide the REIT with certain indemnities in respect of certain tax matters relating to the transfer of the Initial Properties for a period of fifteen years. The REIT may not be able to successfully enforce any of the indemnities provided by MPI and Minto to the REIT and any such indemnities may not be sufficient to fully indemnify the REIT or may otherwise expire in accordance with their terms. The REIT will obtain a six-year prospectus liability insurance policy providing coverage to the Trustees and officers of the REIT, the REIT and MPI (in such order of priority), subject to certain limits, deductibles and other terms and conditions. The REIT may be subject to undisclosed liability to third parties and such liability may be material.

Risks Related to the REIT's Relationship with Minto

Significant Indirect Ownership of Units by the Retained Interest Holder

On Closing, it is expected that the Retained Interest Holder will hold in the aggregate an approximate 62.4% effective interest in the REIT through ownership of Class B Units (or an approximate 56.8% effective interest in the REIT if the Over-Allotment Option is exercised in full). In addition, the Investor Rights Agreement will grant the Retained Interest Holder the right to nominate Trustees of the REIT based on the Retained Interest Holder's ownership in the REIT. See "Retained Interest" and "Trustees and Executive Officers of the REIT — Governance and Board of Trustees". For so long as the Retained Interest Holder beneficially owns at least 33% of the Units, it will have the ability to exercise certain influence with respect to the affairs of the REIT and will have the ability to prevent certain fundamental transactions.

An entity wholly-owned and controlled by MPI will hold all of the Class C Units of the Partnership. The Class C Units have been designed to provide MPI with an indirect interest in the Partnership that will entitle the holder of the Class C Units to distributions, in priority to distributions to holders of the Class A Units, Class B Units and GP Interest, in an amount, if paid, expected to be sufficient (without any additional amounts) to permit MPI to satisfy amounts payable in respect of principal, interest or any other amount owing under the Retained Debt. See "The Partnership — Partnership Units".

Accordingly, the Units may be less liquid and trade at a relative discount compared to such Units in circumstances where the Retained Interest Holder did not have the ability to influence or determine matters affecting the REIT. Additionally, the Retained Interest Holder's significant effective interest in the REIT and its voting rights afforded in respect of certain fundamental transactions undertaken by the REIT for so long as it maintains a certain threshold ownership may discourage transactions involving a change of control of the REIT, including transactions in which an investor, as a holder of the Units, might otherwise receive a premium for its Units over the then-current market price.

Pursuant to the Exchange Agreement, each Class B Unit is exchangeable by the holder thereof for one Unit of the REIT (subject to customary anti-dilution adjustments) and, until such time as a Class B Unit is exchanged, the holder thereof shall be granted an equivalent number of Special Voting Units of the REIT.

While the Retained Interest Holder's Retained Interest will be subject generally to an 18-month contractual lock-up, and it is the intention of the Retained Interest Holder to hold a significant ownership position in the REIT on a long-term basis, the Retained Interest Holder may seek to sell some or all of its Units in the future. See "Retained Interest". If the Retained Interest Holder exchanges some or all of its Class B Units for Units and subsequently sells such Units in the public market, the market price of the Units may decrease. Moreover, the perception in the public market that these sales will occur could also produce such an effect.

Acquisition of Future Properties from Minto

The REIT's ability to expand its asset base and increase AFFO per Unit through acquisitions will be significantly affected by the REIT's ability to leverage its relationship with Minto to access opportunities to acquire additional properties that satisfy the REIT's investment criteria, all in accordance with the Strategic Alliance Agreement. There is no assurance as to the volume of Opportunities that will be presented to the REIT by Minto pursuant to the Strategic Alliance Agreement or that such Opportunities presented will be opportunities the REIT is able to secure or do so on terms favourable to the REIT. There can be no assurance that the ROFO granted to the REIT by Minto in respect of such Opportunities will be exercised.

Risks Associated with the Administrative Support Agreement and Development and Construction Management Agreement

The REIT will rely upon MPI (and its affiliates) with respect to the provision of certain services, as described under "Arrangements with Minto". If the REIT were to lose the services provided by MPI and its affiliates, or if MPI (or the affiliates providing such services) fail to perform its obligations under such agreements, the REIT may experience an adverse impact on its business operations. The REIT may be unable to duplicate the quality and depth or the cost of the services available to it by handling such services internally or by retaining another service provider.

Minto Trademark

While the “Minto” name and trademark and related marks and designs will be licensed to the REIT by Minto under a non-exclusive, royalty-free trademark license agreement, such license will not be on a perpetual basis and may be terminated by Minto at any time on 180 days’ written notice following the date of termination of the Administrative Support Agreement. Termination of the license would require the REIT to rebrand its business, which could be costly and time consuming, which could materially adversely affect its financial condition.

Retained Debt

The Retained Debt will not be assumed by the Partnership and will remain as indebtedness of MPI. In consideration of the Retained Debt, an entity wholly-owned and controlled by MPI will receive Class C Units of the Partnership on which it will receive priority distributions. MPI will be obligated to make interest payments and principal repayments on a periodic basis in respect of the Retained Debt and to make payments of any other amount owing on the Retained Debt. Partnership distributions on the Class C Units held by the holder thereof will, if paid, be in amounts expected to be sufficient to enable MPI to make such payments. The Partnership will agree to provide MPI’s creditors with a guarantee in respect of the Retained Debt to ensure the lenders are not prejudiced in their ability to collect from MPI in the event that payments on the Class C Units (in respect of the Retained Debt) are not made as expected. In the event that MPI does not make interest, principal and other payments as required in respect of the Retained Debt, the creditors of the Retained Debt may seek recourse from the Partnership and against certain of its Initial Properties.

MPI will indemnify the Partnership and the REIT for any losses suffered by the Partnership or the REIT in the event payments on the Retained Debt are not made as required, provided such losses are not attributable to any action or failure to act on the part of the Partnership.

Potential Conflicts of Interest with Minto

Minto’s continuing businesses may lead to conflicts of interest between Minto and the REIT. The REIT may not be able to resolve any such conflicts, and, even if it does, the resolution may be less favourable to the REIT than if it were dealing with a party that was not a holder of a significant interest in the REIT. The agreements that the REIT will enter into with Minto on Closing may be amended upon agreement between the parties, subject to applicable law and approval of the independent Trustees. As a result of Minto’s significant holdings in the REIT, the REIT may not have the leverage to negotiate any required amendments to these agreements on terms as favourable to the REIT as those the REIT could secure with a party that was not a significant holder of Units.

Risks Related to the Offering

Absence of a Prior Public Market

There is currently no public market for the Units and, after the Offering, there can be no guarantee that an active trading market will develop. The Offering Price of the Units offered hereunder was determined by negotiation between the REIT, MPI and the Underwriters. The REIT cannot predict at what price the Units will trade and there can be no assurance that an active trading market will develop after the Offering or, if developed, that such a market will be sustained at the price level of the Offering.

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by the Appraisals. The REIT cannot assure investors that the market price of Units will not materially decline below the price level of the Offering. Accordingly, an investment in Units is suitable solely for investors able to make and bear the economic risks of long term investment.

Management has Limited Experience Managing a Publicly-Traded Entity

The individuals who constitute the executive officers of the REIT have relatively limited experience managing a publicly-traded entity and limited experience complying with the increasingly complex laws

pertaining to public companies compared to senior management of certain other publicly-traded entities. The REIT's executive officers may not successfully or efficiently manage the REIT, which is subject to significant regulatory oversight and reporting obligations under Canadian securities laws. In particular, these new obligations will require substantial attention from management and could divert their attention away from the day-to-day management of the REIT and its business.

Third-Party Approvals

While all consents of a material nature are expected to be obtained on or prior to Closing, certain consents or approvals deemed expedient in connection with Offering transactions may not yet have been obtained at the time of Closing and the consents obtained may be subject to conditions that are required to be fulfilled following Closing. Additionally, third-parties may request certain consents or approvals that were not considered to be necessary in connection with the Offering. To the extent that such approvals are not obtained or conditions relating thereto are not fulfilled, third-parties may claim for breach of contract or other damages. While management believes the risks related to third-party approvals are minimal, should any such claim be successful, an adverse impact could result to the REIT's financial condition and operating results, decreasing the amount of cash available for distribution.

Potential Volatility of Unit Price

One of the factors that may influence the market price of the Units is the annual yield on the Units. An increase in market interest rates may lead purchasers of Units to demand a higher annual yield, which accordingly could adversely affect the market price of the Units. In addition, the market price of the Units may be affected by numerous factors such as: (i) changes in general market conditions; (ii) fluctuations in the markets for equity securities; (iii) actual or anticipated fluctuations in the REIT's quarterly financial performance; (iv) recommendations by securities research analysts; (v) changes in the economic performance or market valuations of other issuers that investors deem comparable to the REIT; (vi) changes to the REIT's executive officers and other key personnel; (vii) release or expiration of lock-up or other transfer restrictions on outstanding Units; (viii) sales or perceived sales of additional Units; (ix) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the REIT or its competitors; and (x) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the REIT's industry or target markets.

Restrictions on Redemptions

It is anticipated that the redemption right attached to the Units will not be the primary mechanism by which holders of Units liquidate their investment. The entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the following limitations: (i) the total amount payable by the REIT in respect of such Units and all other Units tendered for redemption in the same calendar month must not exceed \$50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) at the time such Units are tendered for redemption, the outstanding Units must be listed for trading on a stock exchange or traded or quoted on another market which the Trustees consider, in their sole discretion, provides fair market value prices for the Units; (iii) the normal trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the Redemption Date or for more than five trading days during the ten day trading period commencing immediately before the Redemption Date; and (iv) the redemption of the Units must not result in the delisting of the Units on the principal stock exchange on which the Units are listed.

Redemption Notes, securities of a REIT subsidiary or other property of the REIT which may be distributed to holders of Units in connection with a redemption will not be listed on any exchange, no market is expected to develop in such Redemption Notes, securities or other property and such Redemption Notes or securities may be subject to an indefinite "hold period" or other resale restrictions under applicable securities laws. Redemption Notes, securities of a REIT subsidiary or other property of the REIT so distributed may not be qualified investments for Exempt Plans, depending on the circumstances at the time.

Appraisals

MPI retained the Appraiser to provide independent estimates of the market value of the Initial Properties (see “Assessment and Valuation of the Initial Properties — Independent Appraisal”). Caution should be exercised in the evaluation and use of appraisal results, which are estimates of market value at a specific point in time. In general, appraisals such as the Appraisal represent only the analysis and opinion of qualified experts as of the effective date of such appraisals and are not guarantees of present or future value. There is no assurance that the assumptions employed in determining the appraised values of the Initial Properties are correct as of the date of the prospectus or that such valuations actually reflect an amount that would be realized upon a current or future sale of any of the Initial Properties or that any projections included in the Appraisal will be attainable. In addition, the Appraisal is dated May 22, 2018. As prices in the real estate market fluctuate over time in response to numerous factors, the fair market value of the Initial Properties shown on the Appraisal may be an unreliable indication of their current market value.

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by the Appraisal.

Financial Forecast

The forecast results contained in this prospectus were prepared using assumptions that reflect management’s intended course for the periods covered, given the judgment of management as to the most probable set of economic conditions. There can be no assurance that the assumptions reflected in the forecast will prove to be accurate. Actual results for the forecast period may vary from the forecast results and those variations may be material. There is no representation by the REIT that actual results achieved in the forecast period will be the same, in whole or in part, as those forecast herein. See “Forward-Looking Statements”.

Non-IFRS Measures

The financial forecast and pro forma financial information set out in this prospectus includes certain measures which do not have standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. See “Non-IFRS Measures”.

Return on Investment Not Guaranteed

There can be no assurance regarding the amount of income to be generated by the REIT’s properties. The ability of the REIT to make cash distributions, and the actual amount distributed, will be entirely dependent on the operations and assets of the REIT, and will be subject to various factors including financial performance, obligations under applicable credit facilities, fluctuations in working capital, the sustainability of income derived from the tenants of the REIT’s properties and any capital expenditure requirements. Unlike fixed-income securities, there is no obligation of the REIT to distribute to Unitholders any fixed amount, and reductions in, or suspensions of, cash distributions may occur that would reduce yield based on the Offering Price. There can be no assurance regarding the amount of income to be generated by the REIT’s properties. The market value of the Units may deteriorate if the REIT is unable to meet its distribution targets in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors. See “Certain Canadian Federal Income Tax Considerations”.

Distributions are expected to be 65% of AFFO for the Forecasted Period. It is management’s intent to fund distributions from AFFO, but there may be instances, from time to time, where distributions exceed AFFO because of items such as principal repayments and capital expenditures in excess of maintenance capital expenditures by the REIT in its calculation of AFFO and redemptions of Units, if any. The REIT may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items. Credit Facility terms may prohibit payments or distributions from the REIT in certain circumstances.

Limited Control of Unitholders

Unitholders will have limited control over changes in the REIT's policies and operations, which increases the uncertainty and risks of an investment in the REIT. The Board will determine major policies, including policies regarding financing, growth, debt capitalization, REIT qualification and distributions. The Board may amend or revise these and other policies without a vote of Unitholders. Under the REIT's organizational documents, Unitholders have a right to vote only on limited matters. The Trustees' broad discretion in setting policies and Unitholders' inability to exert control over those policies increases the uncertainty and risks of an investment in the REIT. In addition, the Declaration of Trust will require that the Chief Executive Officer of the REIT be nominated to serve as a Trustee, and so long as the Retained Interest Holder maintains a certain threshold of effective ownership in the REIT, it shall have the right to nominate Trustees for election (which initially shall consist of three nominees, including the Chief Executive Officer, of the Board of seven Trustees).

Dilution

The number of Units the REIT is authorized to issue is unlimited. Subject to the rules of any applicable stock exchange on which the Units are listed and applicable securities laws, the REIT may, in its sole discretion, issue additional Units from time to time (including pursuant to the Equity Incentive Plan or any other employee incentive compensation plan that may be introduced in the future), and the interests of the holders of Units may be diluted thereby.

Structural Subordination of Units

In the event of bankruptcy, liquidation or reorganization of the REIT's subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the REIT or Unitholders. The Units are effectively subordinated to the debt and other obligations of the REIT's subsidiaries. The REIT's subsidiaries generate all of the REIT's cash for distribution and hold substantially all of the REIT's assets.

Future Offerings of Debt or Equity Securities Ranking Senior to Units

If the REIT decides to issue debt or equity securities in the future ranking senior to the Units or otherwise incur additional indebtedness, it is possible that these securities or indebtedness will be governed by an indenture or other instrument containing covenants restricting the REIT's operating flexibility and limiting the REIT's ability to make distributions to Unitholders. Additionally, any convertible or exchangeable securities that the REIT issues in the future may have rights, preferences and privileges, including with respect to distributions, more favourable than those of Units and may result in dilution to Unitholders. Because the REIT's decision to issue debt or equity securities in any future offering or otherwise incur indebtedness will depend on market conditions and other factors beyond the REIT's control, the REIT cannot predict or estimate the amount, timing or nature of the REIT's future offerings or financings, any of which could reduce the market price of the Units and dilute the value of the Units.

Unitholder Liability

The Declaration of Trust provides that no Unitholder will be subject to any liability whatsoever to any person in connection with the holding of a Unit. In addition, legislation has been enacted in the Province of Ontario and certain other provinces and territories that is intended to provide Unitholders in those provinces and territories with limited liability. However, there remains a risk, which is considered by the REIT to be remote in the circumstances, that a holder of Units could be held personally liable for the obligations of the REIT to the extent that claims are not satisfied out of the assets of the REIT. It is intended that the affairs of the REIT will be conducted to seek to minimize such risk wherever possible.

Nature of Investment

The Units represent a fractional interest in the REIT and do not represent a direct investment in the REIT's assets and should not be viewed by investors as direct securities of the REIT's assets. A holder of a Unit of the REIT does not hold a share of a body corporate. As holders of Units of the REIT, the Unitholders will not

have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions. The rights of Unitholders are based primarily on the Declaration of Trust. There is no statute governing the affairs of the REIT equivalent to the OBCA or the CBCA which sets out the rights and entitlements of shareholders of corporations in various circumstances. As well, the REIT may not be a recognized entity under certain existing insolvency legislation such as the *Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors’ Arrangement Act* (Canada), and thus the treatment of Unitholders upon an insolvency is uncertain. In addition, the Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that Act or any other legislation. Furthermore, the REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as the REIT does not carry on or intend to carry on the business of a trust company.

Financial Reporting and Other Public Company Requirements

As a result of the Offering, the REIT will become subject to reporting and other obligations under applicable Canadian securities laws and rules of any stock exchange on which the Units are listed, including National Instrument 52-109 — *Certification of Disclosure in Issuers’ Annual and Interim Filings*. These reporting and other obligations will place significant demands on the REIT’s management, administrative, operational and accounting resources and on the Audit Committee. In order to meet such requirements, the REIT will need to establish systems, implement financial and management controls, reporting systems and procedures and hire accounting and finance staff. If the REIT is unable to accomplish any such necessary objectives in a timely and effective fashion, its ability to comply with its financial reporting requirements and other rules that apply to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause the REIT to fail to meet its reporting obligations or result in material misstatements in its financial statements. If the REIT cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially harmed which could also cause investors to lose confidence in the REIT’s reported financial information, which could result in a lower trading price of Units.

Management does not expect that the REIT’s disclosure controls and procedures and internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a company are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Tax-Related Risks

- (i) *Mutual Fund Trust Status* — The REIT intends to qualify at all relevant times as a “mutual fund trust” for purposes of the Tax Act. There can be no assurance that Canadian federal income tax laws and the administrative policies and practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the Unitholders. Should the REIT cease to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading “Certain Canadian Federal Income Tax Considerations” could be materially and adversely different in certain respects.
- (ii) *The REIT Exception* — The REIT Exception is comprised of a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made with certainty at the end of that taxation year. The REIT expects to qualify for the REIT Exception in 2018 and subsequent taxation years, such that it will be exempt from the SIFT Rules. However, no assurances can be given that the REIT will satisfy the REIT Exception in any

particular year. If the SIFT Rules apply to the REIT, they may adversely affect the marketability of the Units, the amount of cash available for distributions and the after-tax return to investors.

- (iii) *Non-Resident Ownership* — Under current law, a trust may lose its status under the Tax Act as a mutual fund trust if it can reasonably be considered that the trust was established or is maintained primarily for the benefit of non-resident persons, except in limited circumstances. Accordingly, the Declaration of Trust provides that Non-Residents may not be the beneficial owners of more than 49% of the Units (determined on a basic or a fully-diluted basis). The Trustees will also have various powers that can be used for the purpose of monitoring and controlling the extent of Non-Resident ownership of the Units. See “Declaration of Trust — Restrictions on Ownership and Transfer”.
- (iv) *Tax Basis of Acquired Properties* — The Partnership will acquire the Initial Properties, and may from time to time acquire certain other properties, on a fully or partially tax-deferred basis, such that the tax cost of these properties will be less than their fair market value. If one or more of such properties are disposed of, the gain realized by the Partnership for tax purposes (including any income inclusions arising from the recapture of previously claimed CCA on depreciable property) will be in excess of that which it would have realized if it had acquired the properties at a tax cost equal to their fair market values. For the purpose of claiming CCA, the UCC of such properties acquired by the Partnership will be equal to the amounts jointly elected by the Partnership and the transferor on the tax-deferred acquisition of such property. The UCC of such property will be less than the fair market value of such property. As a result, the CCA that the Partnership may claim in respect of such properties will be less than it would have been if such properties had been acquired with a tax cost basis equal to their fair market values. See “Certain Canadian Federal Income Tax Considerations — Taxation of the Partnership”.
- (v) *Eligibility for Investment* — The Tax Act imposes penalties for the acquisition or holding of investments that are not “qualified investments” within the meaning of the Tax Act by Exempt Plans. Although the REIT will endeavour to ensure that the Units continue to be qualified investments for Exempt Plans, any property distributed to a Unitholder on an *in specie* redemption of Units may not be qualified investments under the Tax Act. See “Eligibility for Investment” and “Certain Canadian Federal Income Tax Considerations”.
- (vi) *Non-Residents of Canada* — The Tax Act may impose additional withholding or other taxes on distributions made by the REIT to Unitholders who are Non-Residents. These taxes and any reduction thereof under a tax treaty between Canada and another country may change from time to time. The tax consequences under the Tax Act to Non-Residents may be more adverse than the consequences to other Unitholders. Non-Resident Unitholders should consult their own tax advisors.
- (vii) *General Taxation* — There can be no assurance that Canadian federal or provincial tax laws, the judicial interpretation thereof, or the administrative and assessing practices and policies of the CRA, the Department of Finance (Canada) and any other tax authority or tax policy agency will not be changed in a manner that adversely affects the REIT, its affiliates or Unitholders, or that any such taxing authority will not challenge tax positions adopted by the REIT and its affiliates. Any such change or challenge could increase the amount of tax payable by the REIT or its affiliates or could otherwise adversely affect Unitholders by reducing the amount available to pay distributions or changing the tax treatment applicable to Unitholders in respect of such distributions.

MATERIAL CONTRACTS

The following are the only material agreements of the REIT or its subsidiaries that will be in effect on Closing, other than contracts entered into in the ordinary course of business:

- (a) the Declaration of Trust described under “Declaration of Trust”;
- (b) Administrative Support Agreement;
- (c) Development and Construction Management Agreement;
- (d) Strategic Alliance Agreement;

- (e) Investor Rights Agreement;
- (f) Non-Competition and Non-Solicitation Agreement;
- (g) Purchase Agreement;
- (h) Pledge Agreement;
- (i) Underwriting Agreement;
- (j) Limited Partnership Agreement;
- (k) Exchange Agreement; and
- (l) Credit Facility.

Copies of the foregoing documents and the Appraisals will be available on SEDAR at www.sedar.com.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this prospectus (including, without limitation, those transactions with Minto and the Retained Interest Holder described under “The Acquisition”, “Arrangements with Minto” and “Retained Interest”) and in the notes to the unaudited pro forma consolidated financial statements of the REIT and audited financial statements of the REIT, there are no material interests, direct or indirect, of the Trustees or officers of the REIT, any Unitholder that beneficially owns more than 10% of the Units of the REIT or any associate or affiliate of any of the foregoing persons in any transaction within the last three years or any proposed transaction that has materially affected or would materially affect the REIT or any of its subsidiaries.

PROMOTER

MPI has taken the initiative in founding and organizing the REIT and may therefore be considered Promoter of the REIT for the purposes of applicable securities legislation. An entity wholly-owned and controlled by MPI, as Retained Interest Holder, will hold, in the aggregate, approximately 22.9 million Class B Units representing an approximate 62.4% interest in the REIT as at Closing on a diluted basis, assuming the exchange in full of all Class B Units for Units (or approximately 56.8% if the Over Allotment Option is exercised in full). The nature and amount of any value received, or to be received by the Promoter, directly or indirectly, from the REIT or a subsidiary of the REIT is set out in the prospectus under the heading “The Acquisition — Principal Transaction Steps”. The Promoter will also benefit from the rights afforded to the Retained Interest Holder under the Investor Rights Agreement as set out in the prospectus under the heading “Retained Interest — Investor Rights Agreement”. The nature and amount of any services or other consideration received or to be received by the REIT or a subsidiary of the REIT is set out in the prospectus under the heading “Arrangements with Minto” and consist of the services and fees payable pursuant to the Administrative Support Agreement and Construction Development Management Agreement, the rights granted to use of the Minto name, and the benefit of the covenants under the Strategic Alliance Agreement and the Non-Competition and Non-Solicitation Agreement.

PRINCIPAL UNITHOLDERS

Following Closing, the Retained Interest Holder will hold, in the aggregate, Class B Units representing an approximate 62.4% interest in the REIT on a diluted basis and assuming the exchange in full of all Class B Units for Units of the REIT (approximately 56.8% if the Over Allotment Option is exercised in full). These interests will be held for a minimum period of 18 months following Closing unless otherwise agreed by the Board and by TD and BMO, on behalf of the Underwriters. See “Retained Interest”. The Retained Interest Holder is a wholly-owned subsidiary of MPI. Ultimate indirect control and direction over the voting securities of MPI, as sole shareholder of the Retained Interest Holder, is collectively held on a proportionate basis by Phoebe Greenberg (and her lineal descendants) and six lineal descendants of Gilbert Greenberg (and their respective lineal descendants) (each, a “**Greenberg Descendant**”). None of the Greenberg Descendants (which hold their respective indirect interests in MPI through holding entities), or any of their respective lineal descendants, holds sufficient voting control to deem such Greenberg Descendant or any of their respective lineal descendants to be

a principal securityholder of the REIT on a look-through basis. The Issuer also confirms that the ownership or control of the various entities through which Greenberg Descendant's hold their respective interests, does not overlap as between Greenberg Descendants.

The Retained Interest Holder will be party to the Investor Rights Agreement which, among other things, will give the Retained Interest Holder certain nomination rights, piggy-back registration rights, demand registration rights, and tag-along rights.

PRIOR SALES

On April 24, 2018 the REIT was formed and two Units were issued for \$20 in cash. These Units will be repurchased by the REIT on Closing.

LEGAL PROCEEDINGS

None of the REIT or its subsidiaries, or the Initial Properties, are involved in any outstanding, threatened or pending litigation or, to the knowledge of the REIT, contemplated, that would have a material adverse effect on the REIT.

EXPERTS

The matters referred to under "Eligibility for Investment" and "Certain Canadian Federal Income Tax Considerations", as well as certain other legal matters relating to the issue and sale of the Units, will be passed upon on behalf of the REIT by Goodmans LLP and on behalf of the Underwriters by Blake, Cassels and Graydon LLP.

Certain information relating to the Appraisal has been based upon a report by Altus Group Limited.

As of the date of this prospectus, the partners and associates of Goodmans LLP and Blake, Cassels & Graydon LLP and the designated professionals of the Appraiser, beneficially owned, directly or indirectly, less than 1% of the outstanding securities of the REIT.

KPMG LLP are the auditors of the REIT and have confirmed that they are independent with respect to the REIT within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the REIT are KPMG LLP, located in Toronto, Ontario. The transfer agent and registrar for the Units is AST Trust Company (Canada) at its principal office in Toronto, Ontario.

EXEMPTIONS FROM CERTAIN PROVISIONS OF NATIONAL INSTRUMENT 41-101

Pursuant to an application made to the Ontario Securities Commission, as principal regulator, the REIT has applied for an exemption as contemplated by Part 19 of National Instrument 41-101 — *General Prospectus Requirements*, from the requirements in Item 32.2(1) of Form 41-101 so that the REIT does not need to include historical financial disclosure which is unavailable for certain of the Initial Properties being acquired by the REIT; specifically, the York House, The Lancaster House and Hi Level Place properties, all which were acquired together as a single transaction in December 2016, and The Laurier property which was acquired in March 2015 (together, the "**Recently Acquired Properties**) for periods prior to their date of acquisition by MPI. Pursuant to this exemptive relief, this prospectus does not include financial statements for the Recently Acquired Properties for periods prior to the date on which they were acquired by MPI. The exemption requested will be evidenced by the issuance of a receipt for this prospectus.

In the application, the REIT made the following submissions:

- Prior to acquisition by MPI, the Recently Acquired Properties were owned and managed by different arm's length vendors. The REIT does not possess, does not have access to and is not entitled to obtain

access to, sufficient financial information for the Recently Acquired Properties for any period prior to acquisition by MPI.

- Audited historical financial statements of the Recently Acquired Properties were not relevant to MPI's decision to acquire the Recently Acquired Properties in 2015 and 2016. Given that such audited financial statements were not considered relevant to the investment decision made to acquire the Recently Acquired Properties, the REIT does not believe that such financial statements are material to the investment decision to be made by a potential investor in the Offering, particularly when considered in light of the other financial information the REIT is providing in this prospectus.
- In determining that the missing financial information for the Recently Acquired Properties is not material to the investment decision to be made by a potential investor in the Offering, the REIT considered the period of time for which such financial information is not included in this prospectus, and the percentage of missing information weighted by portfolio net operating income as well as the fact that the Recently Acquired Properties represent an immaterial proportion of the overall (a) number of suites; (b) aggregate appraised value, (c) net operating income; and (d) gross revenues, of the Initial Properties.
- Based on the foregoing, the REIT does not believe that the financial statements for the Recently Acquired Properties for the time periods prior to ownership by MPI are necessary or required for this prospectus to contain full, true and plain disclosure of all material facts with respect to the securities being offered.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

GLOSSARY

- “**Above Guideline Increase**” or “**AGI**” means an above-guideline rental rate increase;
- “**Acquired Issuer**” has the meaning ascribed thereto under “Investment Guidelines and Operating Policies — Investment Guidelines”;
- “**Acquisition Note**” has the meaning ascribed thereto under “The Acquisition — Principal Transaction Steps”;
- “**Administrative Support Agreement**” means the administrative and support services agreement to be entered into between MPI and the REIT on Closing as more particularly described under “Arrangements with Minto — Administrative Support Agreement”;
- “**Advance Notice Provision**” has the meaning ascribed thereto under “Declaration of Trust — Advance Notice Provision”;
- “**AFFO**” has the meaning ascribed thereto under “Non-IFRS Measures”;
- “**allowable capital loss**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations — Taxation of Holders — Capital Gains and Losses”;
- “**Applicable Development Properties**” means development projects brought to the REIT by Minto and undertaken by the REIT and for which Minto provides development and construction management services pursuant to the Development and Construction Management Agreement;
- “**Appraisal**” means the valuation of the Initial Properties dated May 22, 2018 prepared by the Appraiser;
- “**Appraiser**” means Altus Group Limited;
- “**Assumed Debt**” means debt on the Initial Properties as of Closing other than the Retained Debt;
- “**Audit Committee**” means the Audit Committee established by the Board and described under “Trustees and Executive Officers of the REIT — Committees of the Board of Trustees — Audit Committee”;
- “**BMO**” means BMO Nesbitt Burns Inc.;
- “**Board**” or “**Board of Trustees**” means the board of Trustees of the REIT;
- “**CAGR**” means the compound annual growth rate;
- “**capital gains refund**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations — Taxation of the REIT”;
- “**CBCA**” means the *Canada Business Corporations Act*, as amended from time to time;
- “**CCA**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations — Taxation of the Partnership”;
- “**CDS**” means CDS Clearing and Depository Services Inc.;
- “**CEO**” or “**Chief Executive Officer**” means the chief executive officer of the REIT;
- “**CFO**” or “**Chief Financial Officer**” means the chief financial officer of the REIT;
- “**Chair**” or “**Chairman**” means the chairman of the Board of Trustees;
- “**Class A Units**” means the Class A limited partnership units of the Partnership;
- “**Class B Units**” means the Class B limited partnership units of the Partnership;
- “**Class C Units**” means the Class C limited partnership units of the Partnership;
- “**Closing**” means the closing of the Offering and other related transactions, all of which are described in this prospectus;
- “**CMHC**” means the Canada Mortgage and Housing Corporation;

“**Code of Conduct**” means the written code of conduct of the REIT, as described under the heading “Trustees and Executive Officers of the REIT — Governance and Board of Trustees”;

“**Compensation, Governance and Nominating Committee**” means the Compensation, Governance and Nominating Committee established by the Board and described under “Trustees and Executive Officers of the REIT — Committees of the Board of Trustees — Compensation, Governance and Nominating Committee”;

“**consolidated financial forecast**” has the meaning ascribed thereto under “Financial Forecast”;

“**CRA**” means the Canada Revenue Agency;

“**CRECs**” means controlled recognized environmental conditions;

“**Credit Facility**” means the revolving credit facility in favour of the REIT expected to be in place on Closing, as described under “Debt Strategy and Indebtedness — Credit Facility”;

“**Debt to Gross Book Value Ratio**” is calculated by dividing Indebtedness, which solely for the purposes of such calculation shall include mark-to-market adjustments, by Gross Book Value;

“**Declaration of Trust**” means the amended and restated declaration of trust of the REIT dated prior to Closing, as contemplated by the principal transaction steps under “The Acquisition”, the terms of which are described under “Declaration of Trust”, as the same may be amended and restated from time to time;

“**Deferred Purchase Price Note**” has the meaning ascribed thereto under “The Acquisition — Purchase Agreement”;

“**Deferred Units**” means deferred units of the REIT, as more particularly described under “Executive Compensation — Equity Incentive Plan — Types of Awards”;

“**Demand Distribution**” has the meaning ascribed thereto under “Retained Interest — Investor Rights Agreement — Registration Rights”;

“**Demand Registration Right**” has the meaning ascribed thereto under “Retained Interest — Investor Rights Agreement — Registration Rights”;

“**Development and Construction Management Agreement**” means the development and construction management agreement to be entered into between MPI (or an affiliate thereof), the REIT and the Partnership on Closing as more particularly described under “Arrangements with Minto — Development and Construction Management Agreement”;

“**Distribution Date**” means on or about the 15th day of the month;

“**Diversity Policy**” has the meaning ascribed thereto under “Trustees and Executive Officers of the REIT — Diversity”;

“**DRIP**” means a distribution reinvestment plan pursuant to which Canadian resident Unitholders are entitled to elect to have cash distributions in respect of Units automatically reinvested in additional Units;

“**ECL**” means the forward-looking ‘expected credit loss’ model, as more particularly described under “Financial Forecast”;

“**Equity Incentive Plan**” has the meaning ascribed thereto under “Executive Compensation — Equity Incentive Plan”;

“**ESA Reports**” means collectively, a Phase I ESA Report and a Phase II ESA Report;

“**Exchange Agreement**” means the exchange agreement between the REIT, the Partnership and MPI, as described under “Retained Interest — Exchange Agreement”;

“**Exchange Rights**” has the meaning ascribed thereto under “Retained Interest — Exchange Agreement”;

“**Excluded Opportunity**” has the meaning ascribed thereto under “Arrangements with Minto — Strategic Alliance Agreement — ROFO on Acquisition and Investment Opportunities”;

“**Excluded Person**” means (i) a Non-Resident or a “financial institution” within the meaning of the Tax Act; (ii) a Person, an interest in which is a “tax shelter investment” for the purposes of the Tax Act; (iii) a Person which would acquire an interest in the Partnership as a “tax shelter investment” for the purposes of the Tax Act; (iv) a Person other than a Person described in subparagraphs (b)(i) through (b)(vi) of the definition of “excluded subsidiary entity” in subsection 122.1(1) of the Tax Act; or (v) a Person who acts as a nominee on behalf of or for the benefit of a Person described in subsections (i) to (iv) of this definition;

“**Exempt Plans**” has the meaning ascribed thereto under “Eligibility for Investment”;

“**Existing Interest**” means Minto’s interest in each multi-residential rental property that Minto will continue to own as at Closing;

“**FFO**” means funds from operations, as more particularly described under “Non-IFRS Measures”;

“**Forecasted Period**” means the 12-month period from July 1, 2018 to June 30, 2019;

“**forward-looking statements**” means “forward-looking information” as defined under Canadian securities laws;

“**FVTPL**” has the meaning ascribed thereto under “Financial Forecast”;

“**FVTOCI**” has the meaning ascribed thereto under “Financial Forecast”;

“**GBV**” or “**Gross Book Value**” means, at any time, the greater of (A) the value of the assets of the REIT and its consolidated subsidiaries, as shown on its then most recent consolidated balance sheet prepared in accordance with IFRS; and (B) the historical cost of the investment properties, plus (i) the carrying value of cash and cash equivalents; (ii) the carrying value of mortgages receivable; and (iii) the historical cost of other assets and investments used in operations;

“**GDP**” means gross domestic product;

“**General Partner**” means Minto Apartment GP Inc., a corporation incorporated pursuant to the laws of Ontario;

“**GP Interest**” means the general partner interest in the Partnership held by the General Partner;

“**Greenberg Family Entity**” means any of (i) Phoebe Greenberg; (ii) a lineal descendant (whether by blood or adoption) of Phoebe Greenberg or Gilbert Greenberg; (iii) the spouse of Phoebe Greenberg or a lineal descendant (whether by blood or adoption) of Phoebe Greenberg or Gilbert Greenberg; (iv) a trust for one or more of the persons described in paragraph (i), (ii), (iii) or (v), but only such persons; and (v) a corporation or other person directly or indirectly controlled by one or more of the foregoing (where indirect control means that a corporation or person is controlled by one or more corporations or persons, each of which is itself controlled, whether directly or indirectly through one or more other such corporations or persons, by one or more of the foregoing);

“**Holder**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations”;

“**HRECs**” means historical recognized environmental conditions;

“**IAS 32**” means International Accounting Standards 32 “Financial Instruments: Presentation”;

“**IFRIC**” means International Financial Reporting Interpretations Committee;

“**IFRS**” means International Financial Reporting Standards;

“**Indebtedness**” means Assumed Debt, Class C Units, amounts drawn on the Credit Facility and the unsecured promissory note in favour of MPI in the principal amount of \$25.7 million, determined without regard to mark-to-market adjustments;

“**independent Trustee**” means a Trustee who is “independent” pursuant to NI 58-101;

“**Initial Properties**” means the 22 properties owned indirectly by the REIT on Closing, as described under “The Initial Properties”;

“**Investor Rights Agreement**” means the investor rights agreement to be entered into by the REIT, the Partnership and the Retained Interest Holder on Closing as more particularly described under “Retained Interest — Investor Rights Agreement”;

“**ICREIM/IPD**” means the ICREIM/IPD Canada Property Index, managed by the Institute of Canadian Real Estate Investment Managers;

“**Lead Trustee**” means the Board-designated trustee among the independent Trustees, who will provide leadership for the independent Trustees in certain circumstances if the Chair is not independent, as more particularly described under “Trustees and Executive Officers of the REIT — Governance and Board of Trustees”;

“**Limited Partnership Agreement**” means the amended and restated limited partnership agreement of the Partnership dated as of the Closing;

“**management**” means the persons acting in the capacities of the REIT’s Chief Executive Officer, President and Chief Operating Officer, Chief Financial Officer, Chief Investment Officer and Senior Vice President, Operations;

“**Market value**” has the meaning ascribed thereto under “Executive Compensation—Equity Incentive Plan — Types of Awards”;

“**Minto**” means Minto Holdings Inc. and its affiliates as the context requires;

“**Minto Interests**” means collectively, an Existing Interest and a Subsequently Owned Property;

“**MPI**” means Minto Properties Inc.;

“**named executive officer**” has the meaning ascribed thereto under “Executive Compensation — Compensation, Discussion and Analysis”;

“**NCI**” means the non-certificated inventory system of CDS;

“**NI 52-110**” means National Instrument 52-110 — *Audit Committees*;

“**NI 58-101**” means National Instrument 58-101 — *Disclosure of Corporate Governance Practices*;

“**NOI**” has the meaning ascribed thereto under “Non-IFRS Measures”;

“**Nominating Unitholder**” has the meaning ascribed thereto under “Declaration of Trust — Advance Notice Provisions”;

“**Non-Competition and Non-Solicitation Agreement**” means the non-competition and non-solicitation agreement to be entered into between MPI and the REIT on Closing as more particularly described under “Arrangements with Minto — Non-Competition and Non-Solicitation Agreement”;

“**Non-Residents**” has the meaning ascribed thereto under “Declaration of Trust — Restrictions on Ownership and Transfer”;

“**Notice Date**” has the meaning ascribed thereto under “Declaration of Trust — Advance Notice Provisions”;

“**OBCA**” means the *Business Corporations Act* (Ontario), as amended from time to time;

“**Offering**” means the distribution of securities qualified under this prospectus;

“**Offering Price**” means the price per Unit sold pursuant to this Offering;

“**Opportunity**” has the meaning ascribed thereto under “Prospectus Summary — Growth Strategies — External Growth Opportunities”;

“**Over-Allotment Option**” means the option granted by the REIT to the Underwriters pursuant to the Underwriting Agreement exercisable for a period of 30 days from Closing to purchase additional Units at the Offering Price solely to cover any over-allotments and for market stabilization purposes, as more particularly described under “Plan of Distribution”;

“Partnership” means Minto Apartment Limited Partnership, a limited partnership formed pursuant to the laws of Ontario;

“PCA Reports” means, collectively, the building condition assessment reports in respect of the Initial Properties, as more particularly described under “Assessment and Valuation of the Initial Properties — Property Condition Assessments”;

“Performance Units” means performance units of the REIT, as more particularly described under “Executive Compensation — Equity Incentive Plan — Types of Awards”;

“Phase I ESA Report” means a Phase I environmental site assessment report or phase I environmental site assessment update report, as more particularly described under “Assessment and Valuation of the Initial Properties — Environmental Site Assessments”;

“Phase II ESA Report” means a Phase II environmental site assessment report, as more particularly described under “Assessment and Valuation of the Initial Properties — Environmental Site Assessments”;

“Piggy-Back Distribution” has the meaning ascribed thereto under “Retained Interest — Investor Rights Agreement — Registration Rights”;

“Piggy-Back Registration Right” has the meaning ascribed thereto under “Retained Interest — Investor Rights Agreement — Registration Rights”;

“Pledge Agreement” means the pledge agreement pursuant to which the Retained Interest Holder will pledge to the REIT or the Partnership, as the case may be, for a period of 18 months following the Closing a number of Class B Units or Units for which the Class B Units are exchanged equivalent in value to the indemnity limit as security for MPI’s obligations under the Purchase Agreement;

“Promoter” means MPI, as more particularly described under “Promoter”;

“Proposed Amendments” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations”;

“Public Company Costs” means an amount equal to the costs incurred by the REIT in connection with: maintaining its books and records, preparing, making and delivering to its security holders or filing with securities regulatory authorities any regulatory filings and/or continuous and/or timely disclosure documents, legal fees, audit fees, transfer agent fees, trustee fees (including all trustee related compensation and expenses), insurance costs, consultant fees and any other miscellaneous but customary public company costs;

“Purchase Agreement” means the master acquisition agreement to be entered into between the REIT, the Partnership and MPI, as described under “The Acquisition — Purchase Agreement”;

“REALpac” means the Real Estate Property Association of Canada;

“RECs” means recognized environmental conditions;

“Recently Acquired Properties” has the meaning ascribed thereto under “Exemptions from Certain Provisions of National Instrument 41-101”;

“Redemption Date” means the date on which any Unit is surrendered for redemption, as more particularly described under “Declaration of Trust — Redemption Right”;

“Redemption Notes” means unsecured subordinated promissory notes of the REIT or a subsidiary of the REIT having a maturity date and interest rate to be determined at the time of issuance by the Trustees, such promissory notes to provide that the REIT or such subsidiary, as the case may be, shall at any time be allowed to prepay all or any part of the outstanding principal without notice or bonus;

“Redemption Notice” has the meaning ascribed thereto under “Declaration of Trust — Redemption Right”;

“Redemption Price” means the price per Unit entitled to be received by a Unitholder upon the redemption of Units held by such Unitholder, as more particularly described under “Declaration of Trust — Redemption Right”;

“**RDSP**” has the meaning ascribed thereto under “Eligibility for Investment”;

“**REIT**” means Minto Apartment Real Estate Investment Trust, including its subsidiaries where the context requires;

“**REIT Exception**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations — Status of the REIT — Qualification as a Real Estate Investment Trust”;

“**related party**” means with respect to any person, a person who is a “related party”, as that term is defined in Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions*, as such rule may be amended from time to time (and including any successor rule or policy thereto), but shall not include a subsidiary of the person;

“**RESP**” has the meaning ascribed thereto under “Eligibility for Investment”;

“**Restricted Units**” means restricted units of the REIT, as more particularly described under “Executive Compensation — Equity Incentive Plan — Types of Awards”;

“**Retained Debt**” means certain existing secured indebtedness secured by a charge on certain of the Initial Properties which will be retained by MPI and not assumed by the Partnership, as more particularly described under “Debt Strategy and Indebtedness — Retained Debt”;

“**Retained Interest**” means the ownership interest in the REIT held by the Retained Interest Holder, as more particularly described under “Retained Interest — Ownership Interest”;

“**Retained Interest Holder**” means Minto Partnership B LP, a limited partnership formed pursuant to the laws of Ontario which is wholly-owned and controlled by MPI;

“**ROFO**” means the right of first opportunity on all Opportunities identified by Minto;

“**RRIF**” has the meaning ascribed thereto under “Eligibility for Investment”;

“**RRSP**” has the meaning ascribed thereto under “Eligibility for Investment”;

“**Rule 144A**” means Rule 144A under the U.S. Securities Act;

“**Same Property NOI**” represents total revenues less property operating expenses, property taxes and utilities after the removal of the impact of acquisitions;

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval at www.sedar.com;

“**SIC**” means Standard Interpretations Committee;

“**SIFT**” means a specified investment flow-through entity, as defined in the Tax Act;

“**SIFT Rules**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations — Status of the REIT — Qualification as a Real Estate Investment Trust”;

“**Special Voting Unit**” means a special voting unit of the REIT;

“**Strategic Alliance Agreement**” means the strategic alliance agreement to be entered into between Minto and the REIT on Closing as more particularly described under “Arrangements with Minto — Strategic Alliance Agreement”;

“**Subsequently Owned Property**” means an after acquired Opportunity of Minto declined by the REIT pursuant to the ROFO, as more particularly described under “Prospectus Summary — Growth Strategies — External Growth Opportunities”;

“**subsidiary**” has the meaning ascribed thereto in National Instrument 45-106 — *Prospectus and Registration Exemptions*;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

“**TD**” means TD Securities Inc.;

“**TFSA**” has the meaning ascribed thereto under “Eligibility for Investment”;

“**Trustees**” means the trustees from time to time of the REIT;

“**TSX**” or “**Exchange**” means the Toronto Stock Exchange;

“**UCC**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations — Taxation of the Partnership”;

“**UMIR**” means the Universal Market Integrity Rules for Canadian Marketplaces;

“**Underwriters**” means TD, BMO, CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., National Bank Financial Inc., Canaccord Genuity Corp., Desjardins Securities Inc., Raymond James Ltd. and Industrial Alliance Securities Inc.;

“**Underwriting Agreement**” means the underwriting agreement to be entered into between the REIT, MPI and the Underwriters, as described under “Plan of Distribution”;

“**Unit**” means a unit of the REIT, other than a Special Voting Unit;

“**Unitholder**” means a holder of Units, and any reference to a Unitholder in the context of such Unitholder’s right to vote at a meeting of Unitholders also includes a holder of Special Voting Units;

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended; and

“**Voting Unit**” means a Unit and/or a Special Voting Unit, as the context requires.

INDEX TO FINANCIAL STATEMENTS

	<u>Page</u>
The REIT	
Unaudited pro forma consolidated financial statements as at and for the three month period ended March 31, 2018 and for the year ended December 31, 2017	F-2
Audited financial statements as at and for the one-day period ended April 24, 2018 (date of formation)	F-15
Initial Properties	
Audited combined carve-out financial statements for the years ended December 31, 2017, 2016 and 2015	F-23
Unaudited condensed combined carve-out financial statements for the three months ended March 31, 2018 and 2017	F-42

Pro Forma Consolidated Financial Statements of

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST

(Unaudited)

As at and for the three month period ended March 31, 2018 and for the year ended
December 31, 2017

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST
PRO FORMA CONSOLIDATED BALANCE SHEET

(Unaudited)
As at March 31, 2018
(in thousands of Canadian dollars)

	Minto Apartment REIT	Initial Properties Portfolio	Note 3	Pro forma adjustments	Total
Assets					
Investment properties	\$—	\$1,088,193	(c)	\$ 34,907	\$1,123,100
Prepaid expenses and other assets	—	10,985	(c)	(10,985)	—
Trade and other receivables	—	3,215	(c)	(3,215)	—
Cash and cash equivalents	—	—	(c)	5,855	5,855
	<u>\$—</u>	<u>\$1,102,393</u>		<u>\$ 26,562</u>	<u>\$1,128,955</u>
Liabilities					
Secured debt	\$—	\$ 425,414	(a,c,e)	\$ 47,013	\$ 239,145
			(c)	(233,282)	
Class C LP Units	—	—	(c)	233,282	233,282
Class B LP Units	—	—	(c)	332,463	332,463
Unsecured promissory note	—	—	(e)	25,797	25,797
Deferred income tax liability	—	211,981	(i)	(211,981)	—
Credit facility	—	—	(e)	27,933	27,933
Tenant rental deposits	—	5,855	(c)	—	5,855
Accounts payable and accrued liabilities	—	8,172	(c)	(8,172)	—
	—	651,422		213,053	864,475
Equity					
Net assets	—	450,971	(a)	(450,971)	—
Unitholders' equity	—	—	(b)	200,013	264,480
			(b)	(16,200)	
			(c)	80,667	
Commitment and contingencies (note 5)	—	—		—	—
	<u>\$—</u>	<u>\$1,102,393</u>		<u>\$ 26,562</u>	<u>\$1,128,955</u>

See accompanying notes to the pro forma consolidated financial statements.

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST
PRO FORMA CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)
Three month period ended March 31, 2018
(in thousands of Canadian dollars)

	Minto Apartment REIT	Initial Properties Portfolio	Note 3	Pro forma adjustments	Total
Revenue	\$—	\$19,871		\$ —	\$ 19,871
Expenses (income)					
Property operating	—	3,908	(g)	(272)	3,636
Realty taxes	—	2,254		—	2,254
Utilities	—	2,095		—	2,095
General and administrative	—	1,111	(h)	(1,111)	1,100
			(h,j)	1,100	
Fair value adjustment on investment properties	—	(5,074)	(k)	5,074	—
Finance costs					
Distribution on Class B LP Units	—	—	(f)	2,350	2,350
Distribution on Class C LP Units	—	—	(f)	1,800	1,800
Interest expense and other financing charges	—	4,990	(f)	(4,990)	2,238
			(f)	1,869	
			(f)	183	
			(f)	390	
			(f)	44	
			(f)	(248)	
Bargain purchase gain	—	—	(c)	(80,667)	(80,667)
		9,284		(74,478)	(65,194)
Income before income taxes	—	10,587		74,478	85,065
Income tax expense	—	2,743	(i)	(2,743)	—
Net income and comprehensive income	<u>\$—</u>	<u>\$ 7,844</u>		<u>\$ 77,221</u>	<u>\$ 85,065</u>

See accompanying notes to the pro forma consolidated financial statements.

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST
PRO FORMA CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Continued)
(Unaudited)
For the year ended December 31, 2017
(in thousands of Canadian dollars)

	Minto Apartment REIT	Initial Properties Portfolio	Note 3	Pro forma adjustments	Total
Revenue	\$—	\$ 79,137		\$ —	\$ 79,137
Expenses (income)					
Property operating	—	16,912	(g)	(1,086)	15,826
Realty taxes	—	9,120		—	9,120
Utilities	—	7,604		—	7,604
General and administrative	—	4,080	(h)	(4,080)	4,400
			(h,j)	4,400	
Other income	—	(3,891)		—	(3,891)
Fair value adjustment on investment properties	—	(64,627)	(k)	64,627	—
Finance costs					
Distribution on Class B LP Units	—	—	(f)	9,400	9,400
Distribution on Class C LP Units	—	—	(f)	7,144	7,144
Interest expense and other financing charges	—	17,197	(f)	(17,197)	9,120
			(f)	7,421	
			(f)	722	
			(f)	1,788	
			(f)	174	
			(f)	(985)	
Bargain purchase gain	—	—	(c)	(80,667)	(80,667)
	—	(13,605)		(8,339)	(21,944)
Income before income taxes	—	92,742		8,339	101,081
Income tax expense	—	23,705	(i)	(23,705)	—
Net income and comprehensive income	<u>\$—</u>	<u>\$ 69,037</u>		<u>\$ 32,044</u>	<u>\$ 101,081</u>

See accompanying notes to the pro forma consolidated financial statements.

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

As at and for the three month period ended March 31, 2018 and for the year ended December 31, 2017
(in thousands of Canadian dollars, except for unit amounts)

1. BASIS OF PRESENTATION

Minto Apartment Real Estate Investment Trust (the “REIT”) was created pursuant to a Declaration of Trust dated April 24, 2018, where two trust units were issued for \$10 each. The REIT will issue trust units for cash pursuant to an initial public offering (the “Offering”). The REIT will own and operate income-producing multi-residential rental properties located in Canada through Minto Apartment Limited Partnership (the “Partnership”). On closing of the transactions contemplated in the prospectus (the “Closing”), the REIT will indirectly acquire from Minto Properties Inc. (the “Vendor” or “MPI”), 22 multi-residential rental properties (collectively, the “Initial Properties Portfolio” or the “Portfolio”).

These pro forma consolidated financial statements have been prepared from the unaudited condensed combined carve-out balance sheet of the Initial Properties Portfolio as at March 31, 2018, the audited statements of income and comprehensive income of the Initial Properties Portfolio for the year ended December 31, 2017 and the unaudited condensed combined statement of income and comprehensive income for the three month period ended March 31, 2018. These financial statements are included elsewhere in this long form prospectus (the “Prospectus”).

These pro forma consolidated financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and incorporate the principal accounting principles expected to be used to prepare the REIT’s consolidated financial statements.

These pro forma consolidated financial statements are presented in thousands of Canadian dollars, which is the functional currency of the REIT.

The pro forma consolidated balance sheet gives effect to the transactions in Note 3 as if they had occurred on March 31, 2018. The pro forma consolidated statements of income and comprehensive income give effect to the transactions in Note 3 for the year ended December 31, 2017 and the three month period ended March 31, 2018 as if they had occurred on January 1, 2017 and January 1, 2018, respectively.

These pro forma consolidated financial statements are not necessarily indicative of the results that would have actually occurred had the transactions been consummated at the dates indicated, nor are they necessarily indicative of future operating results or the financial position of the REIT.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the REIT and its subsidiaries including Minto Apartment Limited Partnership and Minto Apartment GP Inc. The financial statements of the subsidiaries are prepared for the same reporting periods as the REIT using consistent accounting policies. All intercompany balances, transactions and unrealized gains and losses arising from intercompany transactions are eliminated on consolidation.

(b) Business combinations

At the time of acquisition of property, whether through a controlling share investment or directly, the REIT considers whether the acquisition represents the acquisition of a business. The REIT accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired. If no significant processes, or only insignificant processes, are acquired, the acquisition is treated as an asset acquisition rather than a business combination.

The cost of a business combination is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. The REIT recognizes assets or liabilities, if any, resulting from a contingent consideration arrangement at their acquisition date fair value and such amounts form part of the cost of the business combination.

Subsequent changes in the fair value of contingent consideration arrangements are recognized in net income. The difference between the purchase price and the fair value of the acquired identifiable net assets and liabilities is goodwill. On the date of acquisition, goodwill is recorded as an asset. A bargain purchase gain is recognized immediately in the statements of income and comprehensive income.

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

As at and for the three month period ended March 31, 2018 and for the year ended December 31, 2017
(in thousands of Canadian dollars, except for unit amounts)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The REIT expenses transaction costs associated with business combinations in the period incurred. When an acquisition does not meet the criteria for business combination accounting treatment, it is accounted for as an acquisition of a group of assets and liabilities, the cost of which includes transaction costs that are allocated upon initial recognition to the assets and liabilities acquired based upon their relative fair values.

(c) Investment properties

The REIT uses the fair value method to account for real estate classified as investment property. Property that is held for long-term rentals or capital appreciation or both is classified as investment property. Investment properties are measured initially at cost including transaction costs. Subsequent capital expenditures are added to the carrying value of the investment property only when it is probable that the future benefits will flow to the property and cost can be measured reliably. After initial recognition, investment properties are carried at fair value, which is determined based on available market evidence at each reporting date. Unrealized gains or losses arising from changes in fair value are included in net income during the period in which they arise.

Fair value for residential properties is determined using the direct capitalization approach. Estimated stabilized net operating income is based on the respective property's forecasted results, less aggregate future capital expenditures. Capitalization rates reflect the characteristics, location and market of each property. Fair value is determined using both internal and external valuations.

Fair value for commercial properties is determined using the discounted future cash flow approach. Capitalization rates reflect the characteristics, location and market of each property. Future cash flows are based on estimated rental revenue from future leases less related estimated future cash outflows. Fair value is determined using both internal and external valuations.

(d) Revenue recognition

The REIT retains substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Rental revenue from operating leases is recognized when a lease begins and the tenant takes possession of, or controls, the physical use of the property subject to the lease. Generally this occurs on the lease commencement date.

Rental revenue includes base rents earned from tenants under operating lease agreements. Rental revenue from operating leases is recognized on a straight-line basis over the lease term. When the REIT provides incentives to its tenants, the cost of incentives is recognized over the lease term, on a straight-line basis, as a reduction of revenue.

Base rent is allocated to lease components based on relative stand-alone selling prices. The stand-alone selling prices of the rental component is determined using an adjusted market assessment approach and the stand-alone selling price of the service components is determined using an expected cost plus a margin approach.

Revenue related to the service component of the REIT's leases is accounted for in accordance with IFRS 15, "Revenue from Contracts with Customers". These services consist primarily of the recovery of utility, property maintenance and amenity costs where the REIT has determined it is acting as a principal, as well as tenant liability insurance premiums, and are recognized over time when the services are provided. Payments are due at the beginning of each month and any payments made in advance of scheduled due dates are recorded as contract liabilities.

Other revenue includes laundry income, cable income, and all other miscellaneous income paid by tenants and is recognized as the service is provided and when collection is reasonably assured.

(e) Expenses

Property expenses and general and administrative expenses are recognized in net income and comprehensive income in the year in which they are incurred.

(f) Income taxes

The REIT intends to qualify as a "mutual fund trust" under the Income Tax Act (Canada). The Trustees intend to distribute all taxable income directly earned by the REIT to Unitholders and to deduct such distributions for income tax purposes.

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

As at and for the three month period ended March 31, 2018 and for the year ended December 31, 2017
(in thousands of Canadian dollars, except for unit amounts)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Canadian tax legislation relating to the federal income taxation of Specified Investment Flow Through trusts or partnerships (“SIFT”) provide that certain distributions from a SIFT will not be deductible in computing the SIFT’s taxable income and that the SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. However, distributions paid by a SIFT as return of capital should generally not be subject to tax.

Under the SIFT rules, the taxation regime will not apply to a real estate investment trust that meets prescribed conditions relating to the nature of its assets and revenue (the “REIT Exception”). The REIT has reviewed the SIFT rules and has assessed their interpretation and application to the REIT’s assets and revenue. While there are uncertainties in the interpretation and application of the SIFT rules, the REIT believes that it will meet the REIT Exception and accordingly, no net current or deferred income tax expense or deferred income tax assets or liabilities have been recorded in the pro forma consolidated financial statements.

(g) Unitholder’s equity

Units of the REIT (“Units”) are redeemable at the holder’s option and therefore are considered a puttable instrument in accordance with International Accounting Standard (“IAS”) 32, “Financial Instruments: Presentation” (“IAS 32”) subject to certain limitations and restrictions. As a result, the Units are required to be accounted for as financial liabilities, but qualify for presentation as equity under IAS 32.

(h) Units and Class B LP Units

Units are redeemable at the holder’s option, subject to certain limitations and restrictions, and therefore are considered a puttable instrument. As a result, the Units are liabilities by definition but qualify for presentation as equity under certain limited exceptions within IAS 32. The Class B LP Units of the Partnership will be economically equivalent to Units, will receive distributions equal to the distributions paid on Units and will be exchangeable at the holder’s option into Units. One Special Trust Voting Unit in the REIT will also be issued to the holder for each Class B LP Unit issued. However, the limited IAS 32 exception for presentation as equity does not extend to the Class B LP Units. As a result, the Class B LP Units have been classified as financial liabilities and are measured at fair value through profit or loss (“FVTPL”). The fair value of the Class B LP Units is measured every period by reference to the traded value of the Units, with changes in measurement recorded in net income. Distributions on the Class B LP Units are recorded as an expense in the pro forma consolidated statements of income and comprehensive income in the period in which they become payable.

(i) Class C LP Units

The Class C LP Units provide for monthly distributions from the Partnership to the holder of such Class C LP Units to be paid in priority, subject to certain restrictions, to distributions to holders of Units and Class B LP Units. Due to the nature of such distributions, the Class C LP Units have been classified as financial liabilities and are carried at amortized cost. Distributions on the Class C LP Units consist of principal repayments and interest expense, with principal repayments reducing the outstanding amount of Class C LP Units and interest expense recorded in the pro forma consolidated statements of income and comprehensive income in the period in which they become payable.

(j) Finance costs

Finance costs comprise of interest expense on secured and unsecured borrowings, distributions on Class B LP Units, distributions on Class C LP Units, amortization of financing fees, amortization of CMHC premiums, and amortization of mark-to-market adjustments. Finance costs associated with financial liabilities presented at amortized cost are presented in net income using the effective interest method.

(k) Unit-based payments

The REIT maintains an Equity Incentive Plan for its employees, directors and Trustees pursuant to which eligible participants may receive deferred units, performance units, restricted units or other similar types of security based compensation. Awards under these plans may be settled by REIT Units issued from treasury or, if so elected by the participant and subject to the approval of the Board of Trustees, cash payable upon vesting. The fair value of the amount payable is recognized as an expense with a corresponding increase in liabilities over the service period related to the award. The liability is remeasured at each reporting date and settlement date. Any changes in the value of the liability are recognized through net income.

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

As at and for the three month period ended March 31, 2018 and for the year ended December 31, 2017
(in thousands of Canadian dollars, except for unit amounts)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial instruments

The pro forma consolidated financial statements assumes that the REIT has adopted IFRS 9, “Financial Instruments” (“IFRS 9”), which replaced IAS 39, “Financial Instruments: Recognition and Measurement” (“IAS 39”), beginning on the mandatory effective date January 1, 2018.

Classification and Measurements

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. Financial assets must be classified and measured based on three categories: amortized cost, fair value through other comprehensive income (“FVTOCI”) and FVTPL. IFRS 9 eliminated the previous IAS 39 categories of held-to-maturity, loans and receivables, and available for sale.

Financial liabilities are classified and measured based on two categories: amortized cost and FVTPL. The adoption of new classification requirements under IFRS 9 did not result in changes in the measurement or the carrying amount of financial assets and liabilities.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal.

The REIT classifies financial assets and liabilities according to their characteristics and management’s intention for use on an ongoing basis. The following table summarizes the classification and measurement for each class of the REIT’s financial assets and financial liabilities:

<u>Account</u>	<u>Category</u>	<u>Measurement</u>
Cash and cash equivalents	Assets at amortized cost	Amortized cost
Trade and other receivables	Assets at amortized cost	Amortized cost
Secured debt	Financial liabilities at amortized cost	Amortized cost
Unsecured promissory note	Financial liabilities at amortized cost	Amortized cost
Tenant rental deposits	Financial liabilities at amortized cost	Amortized cost
Accounts payable and accrued liabilities	Financial liabilities at amortized cost	Amortized cost
Class B LP Units	Fair value through profit or loss	Fair value
Class C LP Units	Financial liabilities at amortized cost	Amortized cost

Impairment

IFRS 9 replaced the “Incurred Loss” model in IAS 39 with a forward-looking Expected Credit Loss (“ECL”) model. The ECL model requires a more timely recognition of expected credit losses using judgment determined on a probability-weighting basis. The new impairment model is applied, at each balance sheet date, to financial assets measured at amortized cost or those measured at FVTOCI, except for investments in equity instruments. The adoption of the ECL model did not have a material impact on the REIT’s pro forma consolidated financial statements.

IFRS 9 also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. The REIT does not currently apply hedge accounting.

(m) Prepaid CMHC premiums

Insurance premiums and fees paid to the Canada Mortgage and Housing Corporation (“CMHC”) are presented within prepaid expenses. They are amortized over the loan amortization period, typically 25 to 40 years, and the amortization expense is included in finance costs in the pro forma consolidated statements of income and comprehensive income.

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

As at and for the three month period ended March 31, 2018 and for the year ended December 31, 2017
(in thousands of Canadian dollars, except for unit amounts)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, related to tenant deposits and short-term investments. Short-term investments consist of highly liquid marketable investments with an original maturity date of 90 days or less from the date of acquisition.

(o) Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities reported in these pro forma consolidated financial statements:

(i) Investment property valuations

Investment properties, which are carried on the pro forma consolidated balance sheet at fair value, are valued by qualified external valuation professionals or management.

The valuations are based on a number of assumptions, such as appropriate discount rates and estimates of future rental income, operating expenses and capital expenditures. The valuation of investment properties is one of the principal estimates and uncertainties of the REIT.

(ii) Fair value of financial liabilities

The REIT will record changes in the value of the Class B LP Units based on changes in price of the underlying Units. No such changes have been estimated in these pro forma consolidated financial statements as such future fluctuations in price are not known. Changes related to these adjustments will flow through finance costs in the pro forma consolidated statements of income and comprehensive income.

3. PRO FORMA ADJUSTMENTS

The pro forma adjustments to the pro forma consolidated financial statements have been prepared to account for the impact of the acquisition transaction contemplated in the Prospectus as described below:

(a) Pre-close transactions

On or about June 25, 2018, MPI will transfer its' beneficial interest in the Initial Properties to the Partnership. In conjunction with the transfer, a series of transactions will be undertaken by the Partnership and MPI related to underlying debt being assumed and retained debt, which will include refinancing and net new financing of \$47,013.

(b) Initial public offering

The pro forma consolidated financial statements assume that the REIT will raise gross proceeds of approximately \$200,013 (excluding any over-allotment option) through the issuance of 13,794,000 Units at a price of \$14.50 per unit. Costs relating to the Offering including underwriters' fees and other costs directly associated with issuing these equity instruments are expected to be approximately \$16,200 and are charged directly to unitholders' equity.

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

As at and for the three month period ended March 31, 2018 and for the year ended December 31, 2017
(in thousands of Canadian dollars, except for unit amounts)

3. PRO FORMA ADJUSTMENTS (Continued)

(c) Acquisition of the Portfolio

Upon completion of the Offering, the REIT will use the proceeds to effectively acquire the Portfolio. The acquisition is determined to be accounted for as a business combination. The identifiable net assets acquired based on preliminary allocations, are as follows:

Investment properties	\$1,123,100
Assumed secured debt, including mark-to-market adjustment of \$2,757	(239,145)
Tenant rental deposits	(5,855)
Cash and cash equivalents	5,855
	<u>\$ 883,955</u>
Excess of fair value of net assets acquired over consideration	(80,667)
Net assets acquired	<u>\$ 803,288</u>
Consideration by the REIT consists of the following:	
Class B LP Units	\$ 332,463
Class C LP Units, including mark-to-market adjustment of \$3,495	233,282
Unsecured promissory note to MPI, including mark-to-market adjustment of \$105	25,797
Cash paid out by the REIT	211,746
Total consideration for the acquisition	<u>\$ 803,288</u>

The excess of fair value of net assets acquired over consideration paid has been treated as a bargain purchase gain with the gain recorded in the pro forma consolidated statements of income and comprehensive income.

On Closing, it is assumed that the REIT will indirectly acquire from MPI 22 multi-residential rental properties.

The Initial Properties will be acquired at a fair value of \$1,123,100 for consideration of \$1,042,433 (including assumed secured debt of \$239,145), resulting in a bargain purchase gain of \$80,667. The REIT will assume mortgages with an outstanding principal balance of \$236,388 with a mark-to-market adjustment of \$2,757. The REIT will issue an unsecured promissory note to MPI of \$25,692 with a mark-to-market adjustment of \$105 and draw \$28,458 on a revolving credit facility. Additionally as partial consideration, the REIT will issue \$332,463 of Class B LP Units, and \$229,787 in Class C LP Units with a mark-to-market adjustment of \$3,495.

Accounts receivable, other prepaid expenses and assets, and accounts payable and accrued liabilities of the Initial Properties Portfolio will not be transferred on Closing. Tenant rental deposits and the related restricted cash balances will be transferred on Closing.

The actual calculation and allocation of the purchase price for the investment properties outlined above will be based on the assets purchased and liabilities assumed on the effective date of the acquisition. Accordingly, the actual amount for each of these assets and liabilities will vary from the above amounts and the variation may be material.

(d) Sources and uses of cash

The REIT's sources and uses of cash after the completion of the transactions contemplated in the Offering are as follows:

Sources	
Proceeds from the Offering	\$200,013
Proceeds from revolving credit facility	28,458
	<u>\$228,471</u>
Uses	
Unit issue costs	\$ 16,200
Financing costs	525
Purchase of net assets	211,746
	<u>\$228,471</u>

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

As at and for the three month period ended March 31, 2018 and for the year ended December 31, 2017
(in thousands of Canadian dollars, except for unit amounts)

3. PRO FORMA ADJUSTMENTS (Continued)

(e) Secured debt, unsecured promissory note and credit facility

On Closing, the REIT is expected to assume secured debt of \$236,388 with a mark-to-market adjustment of \$2,757, resulting in a weighted average interest rate of 3.18%.

On Closing, the REIT will issue an unsecured promissory note on a certain property to MPI with a principal amount of \$25,692 with a mark-to-market adjustment of \$105, bearing interest at 2.84%, with interest and principal payments due monthly in arrears. The unsecured promissory note will mature on July 1, 2019, at which time the REIT has the option to refinance this debt. Upon obtaining new financing, the REIT will repay the unsecured promissory note owed to MPI. The interest rate payable on the unsecured promissory note will be equal to an amount that when blended with the interest rate payable under the existing secured debt, would result in the same payments as are anticipated to be made under the refinanced secured debt intended to be obtained for the property following Closing. The pro forma consolidated financial statements assume that the REIT will not obtain new financing prior to July 1, 2019.

On Closing, the REIT is expected to have a \$150,000 revolving credit facility with an initial drawn balance of \$28,458. The REIT will incur \$525 in initial upfront financing costs to secure this facility. A standby fee equal to 35 bps will be charged on undrawn amounts. The credit facility is assumed to bear interest at BA plus 175 bps or prime rate plus 75 bps and matures on July 3, 2021.

(f) Finance costs

Certain of the existing mortgages will be discharged or refinanced on Closing. The REIT is expected to incur the following finance costs:

(i) Interest expense and other financing charges

The interest expense is expected to be \$7,421 for the year ended December 31, 2017 and \$1,869 for the three month period ended March 31, 2018. The interest expense on the unsecured promissory note is expected to be \$722 for the year ended December 31, 2017 and \$183 for the three month period ended March 31, 2018. The interest expense and standby fee on the credit facility is expected to be \$1,788 for the year ended December 31, 2017 and \$390 for the three month period ended March 31, 2018.

The amortization of financing costs to be incurred for the revolving credit facility is expected to be \$174 for the year ended December 31, 2017 and \$44 for the three month period ended March 31, 2018.

The amortization of the mark-to-market adjustment of \$6,357 is expected to be (\$985) for the year ended December 31, 2017 and (\$248) for the three month period ended March 31, 2018.

(ii) Class B LP Units

The pro forma consolidated financial statements assume that distributions will be declared by the REIT in respect of the Units on a monthly basis with an annual distribution of approximately \$0.41 per Unit, with a corresponding equal amount payable to holders of the Class B LP Units. Distributions on Class B LP Units of \$9,400 have been recorded for the year ended December 31, 2017 and \$2,350 for the three month period ended March 31, 2018. The Class B LP Units are anticipated to represent approximately a 62.4% interest in the REIT on a fully exchanged basis.

The pro forma consolidated financial statements do not adjust for changes in the fair value of the Class B LP Units as a pro forma assumption for such a change is a prediction rather than an objectively determinable pro forma adjustment. The actual REIT financial statements will include fair value changes and the effects may have a material impact on the financial results. A \$1.00 increase or decrease in the value of the trading price of Units would result in a \$22,929 decrease or \$22,929 increase to net income, respectively.

(iii) Class C LP Units

MPI will retain certain property-level debt associated with the Portfolio in the amount of \$233,282 net of mark-to-market adjustment of \$3,495 and in exchange will receive Class C LP Units. The Class C LP Units provide for monthly distributions to the holder of such Class C LP Units to be paid in priority, subject to certain restrictions, to distributions to holders of the Units and Class B LP Units. Due to the nature of such distributions, the Class C LP Units have been classified as financial liabilities

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

As at and for the three month period ended March 31, 2018 and for the year ended December 31, 2017
(in thousands of Canadian dollars, except for unit amounts)

3. PRO FORMA ADJUSTMENTS (Continued)

and are carried at amortized cost. Distributions on the Class C LP Units consist of principal repayments and interest expense, with principal repayments reducing the outstanding amount of Class C LP Units and interest expense recorded in the pro forma consolidated statements of income and comprehensive income in the period in which they become payable. The REIT anticipates distributions of \$12,096 during the pro forma year ended December 31, 2017 of which \$4,952 is recorded as a reduction of Class C LP Units and \$7,144 is reflected as interest expense recorded in the pro forma consolidated statements of income and comprehensive income. Interest expense on the Class C LP Units for the three month period ended March 31, 2018 is \$1,800.

(g) Property operating

Property operating expenses have been reduced by \$1,086 for the year ended December 31, 2017 and by \$272 for the three month period ended March 31, 2018 to reflect certain costs that are anticipated to be capitalized by the REIT and anticipated changes in the repairs and maintenance expense to be incurred by the REIT.

(h) General and administrative expenses

General and administrative expenses have been adjusted to reflect certain salary and benefits, trust costs, legal fees and audit fees, investor relations and reporting costs, Trustee fees, transfer agent fees, insurance costs, employee compensation for certain dual employees, certain amounts for executive compensation and other miscellaneous costs.

Pursuant to the Administrative Support Agreement (“ASA”) to be entered into upon Closing, the REIT will retain MPI to provide certain advisory, transaction and support services, including clerical and administrative support, operational support for the administration of the day to day activities of the REIT and office space. These services will be provided on a cost recovery basis under the ASA and during the first year of the term, MPI will be paid a fixed fee of \$500. The initial term of the ASA will be 5 years from the date of Closing.

(i) Deferred income taxes

The REIT assumes that on Closing and beyond it will meet the REIT Exceptions as described in Note 2(f). The REIT also assumes that it will distribute all of its taxable income to Unitholders. Therefore, the REIT has not provided for current or deferred income taxes with respect to its properties. The existing deferred income tax balance established in the Initial Properties Portfolio has been eliminated, resulting in a reduction of the deferred tax liability balance at March 31, 2018 of \$211,981.

(j) Equity Incentive Plan

The REIT plans to adopt an Equity Incentive Plan. Under the terms of the Equity Incentive Plan, the Board of Trustees may from time to time, at its discretion, grant Trustees, officers, and employees restricted units, performance units, deferred units or other awards. The restricted units, performance units and deferred units are notional units with a fair value based on the closing trading price of the Units.

On Closing, the REIT assumes it will grant 50,000 deferred units which vest over four years from the date of grant. The annual compensation expense for the deferred units was determined based on the fair value of the award at the grant date using the issuance price of the Units on Closing. The expenses are included within general and administrative expenses.

(k) Fair value of investment properties

For purposes of the pro forma consolidated statements of income and comprehensive income for the year ended December 31, 2017 and the three month period ended March 31, 2018, the acquisition of the Initial Properties was assumed to occur on January 1, 2017. Accordingly, the change in fair value of investment properties that was previously recognized has been reversed.

Subsequent to initial recognition, investment properties will be adjusted to their fair values at each reporting period with changes in fair value recorded in net income and comprehensive income. For the purposes of the pro forma consolidated statements of income and comprehensive income no changes in fair value of the investment properties have been assumed from that which was recorded in the year ended December 31, 2017 or three month period ended March 31, 2018. Future changes in fair value may differ materially from that recorded historically.

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

As at and for the three month period ended March 31, 2018 and for the year ended December 31, 2017
(in thousands of Canadian dollars, except for unit amounts)

4. UNITHOLDERS' EQUITY

On Closing, the REIT anticipates issuing 13,794,000 Units at a price of \$14.50 per Unit, net of issue costs of \$16,200.

5. COMMITMENT AND CONTINGENCIES

The REIT has agreed to indemnify the underwriters against certain liabilities, including liabilities under applicable securities legislation, or to contribute to payments the underwriters may be required to make in respect of those liabilities. The REIT has agreed to indemnify, in certain circumstances, the Trustees and the officers of the REIT.

The REIT may be subject to claims and legal actions that arise in the ordinary course of business. It is the opinion of management that any ultimate liability that may arise from such matters would not have a significant adverse effect on the Initial Properties Portfolio of the REIT.

In connection with the anticipated refinancing as described in Note 3, the REIT expects to extinguish certain secured debt in advance of its maturity date and incur prepayment penalties. The REIT and MPI have agreed that any prepayment penalties associated with this refinancing transaction and incurred by the REIT will be reimbursed by MPI upon successful closing of the refinancing transaction.

As part of the acquisition of the Initial Properties, the REIT intends to acquire from MPI a certain investment property currently under reconstruction due to a fire. The purchase price for this investment property is expected to be at fair value and the acquisition is anticipated to close once the construction at the investment property is complete and the investment property is stabilized. The maximum purchase price is approximately \$8,356. This investment property is not included in the identifiable net assets acquired in accordance with the accounting for contingent consideration as a part of a business combination.

In addition, MPI and Minto Holdings Inc. have agreed to provide the REIT with certain indemnities in respect of certain tax matters relating to the transfer of the Initial Properties for a period of fifteen years.

Financial statements of

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST

As at and for the one-day period ended April 24, 2018

(date of formation)

INDEPENDENT AUDITORS' REPORT

To the Trustees of Minto Apartment Real Estate Investment Trust:

We have audited the accompanying financial statements of Minto Apartment Real Estate Investment Trust (the "REIT"), which comprise the balance sheet as at April 24, 2018 (date of formation), the statements of changes in unitholder's equity and cash flows for the one-day period ended April 24, 2018 (date of formation), and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the balance sheet of the REIT as at April 24, 2018 (date of formation), and its financial performance and its cash flows for the one-day period ended April 24, 2018 (date of formation) in accordance with International Financial Reporting Standards.

Chartered Professional Accountants, Licensed Public Accountants

(signed) KPMG LLP

June 22, 2018

Toronto, Canada

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST

BALANCE SHEET

As at April 24, 2018 (date of formation)
(in Canadian dollars)

Asset	
Cash	<u>\$20</u>
Unitholder's equity	
Unitholder's equity	<u>\$20</u>

See accompanying notes to the financial statements.

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST
STATEMENT OF CHANGES IN UNITHOLDER'S EQUITY
One-day period ended April 24, 2018 (date of formation)
(in Canadian dollars)

Unitholder's equity, beginning of period	\$—
Issuance of units on formation	<u>20</u>
Unitholder's equity, end of period	<u><u>\$20</u></u>

See accompanying notes to the financial statements.

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST
STATEMENT OF CASH FLOWS
One-day period ended April 24, 2018 (date of formation)
(in Canadian dollars)

Financing Activity	
Issuance of units on formation	<u>\$20</u>
Increase in cash	20
Cash, beginning of period	<u>—</u>
Cash, end of period	<u><u>\$20</u></u>

See accompanying notes to the financial statements.

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS
One-day period ended April 24, 2018 (date of formation)
(in Canadian dollars)

1. NATURE OF OPERATIONS

Minto Apartment Real Estate Investment Trust (the “REIT”) is an unincorporated, open-ended real estate investment trust established pursuant to a declaration of trust dated April 24, 2018 (the “Declaration of Trust”), where two units of the REIT were issued for \$20 in cash. The REIT was established under the laws of the Province of Ontario. The principal and registered head office of the REIT is located at 200-180 Kent Street, Ottawa, Ontario.

The REIT has been formed primarily to own income-producing residential rental properties. In connection with the completion of the Offering (as defined below), the REIT will indirectly acquire a portfolio of 22 multi-residential rental properties, referred to herein as the “Portfolio”, which are located in the provinces of Ontario and Alberta. The REIT will hold its interest in the Portfolio through Minto Apartment Limited Partnership (the “Partnership”), a newly created limited partnership which will be consolidated by the REIT.

On closing of the Offering, the REIT will be 62.4% owned by Minto Properties Inc. (“MPI”), a privately held corporation. There have been no operations to date and going forward the REIT will have a December 31 year end.

2. BASIS OF PRESENTATION

The financial statements of the REIT have been prepared using the historical cost basis and are expressed in Canadian dollars, the REIT’s functional and reporting currency.

3. STATEMENT OF COMPLIANCE

The financial statements of the REIT have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and using the accounting policies described herein. These financial statements were approved by the Board of Trustees of the REIT and authorized for issue on June 22, 2018.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, cash related to tenant deposits and short-term investments. Short-term investments consist of highly liquid marketable investments with an original maturity date of 90 days or less from the date of acquisition. For the one-day period ended April 24, 2018 the REIT did not have any cash related to tenant deposits or short-term investments.

(b) Unitholder’s equity

Units of the REIT (“Units”) are redeemable at the holder’s option and therefore are considered a puttable instrument in accordance with International Accounting Standard 32, “Financial Instruments: Presentation” (“IAS 32”), subject to certain limitations and restrictions. As a result, the Units are required to be accounted for as financial liabilities, but qualify for presentation as equity under IAS 32.

5. UNITHOLDER’S EQUITY

Unitholder’s equity of the REIT is as follows:

	<u>Quantity</u>	<u>\$</u>
Authorized	Unlimited	
Issued and outstanding Units	2	\$20

6. SUBSEQUENT EVENTS

Pre-offering Reorganization

On May 3, 2018, Minto Holdings (Canada) Inc., the initial REIT Unitholder, transferred its two Units to MPI for cash consideration of \$20.

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
One-day period ended April 24, 2018 (date of formation)
(in Canadian dollars)

6. SUBSEQUENT EVENTS (Continued)

Initial Public Offering

On June 22, 2018 the REIT entered into an underwriting agreement and filed a long form prospectus for the purpose of completing an initial public offering of Units (the “Offering”), which is expected to close on or about July 3, 2018 (the “Closing”). The REIT expects to raise gross proceeds of approximately \$200,013,000 through the issuance of 13,794,000 Units at a price of \$14.50 per Unit (excluding any Units that may be issued pursuant to any over-allotment option). Costs relating to the Offering are expected to be approximately \$16,200,000 and will be applied against the gross proceeds of the Offering and charged directly against unitholder’s equity.

Acquisition of the portfolio

The acquisition of the Portfolio will be accounted at fair value with the preliminary allocation to identifiable net assets acquired as follows:

(in thousands of Canadian dollars)

Investment properties	\$1,123,100
Assumed secured debt, including mark-to-market adjustment of \$2,757	(239,145)
Tenant rental deposits	(5,855)
Cash and cash equivalents	5,855
	<u>883,955</u>
Excess of fair value of net assets acquired over consideration	<u>(80,667)</u>
Net assets acquired	<u>\$ 803,288</u>

(in thousands of Canadian dollars)

Class B LP Units	\$332,463
Class C LP Units, including mark-to-market adjustment of \$3,495	233,282
Unsecured promissory note to MPI, including mark-to-market adjustment of \$105	25,797
Cash paid out by the REIT	211,746
Total consideration for the acquisition	<u>\$803,288</u>

Sources and uses of cash

The REIT’s sources and uses of cash after the completion of the transactions contemplated in the Offering are as follows:

(in thousands of Canadian dollars)

Sources	
Proceeds from the Offering	\$200,013
Proceeds from revolving credit facility	28,458
	<u>\$228,471</u>
Uses	
Unit issue costs	\$ 16,200
Financing costs	525
Purchase of net assets	211,746
	<u>\$228,471</u>

Class B LP Units

The Class B LP Units of the Partnership will be economically equivalent to Units, will receive distributions equal to the distributions paid on Units and will be exchangeable at the holder’s option into Units. One Special Trust Voting Unit in the REIT will also be issued to the holder for each Class B LP Unit issued. However, the limited IAS 32 exception for presentation as equity does not extend to the

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
One-day period ended April 24, 2018 (date of formation)
(in Canadian dollars)

6. SUBSEQUENT EVENTS (Continued)

Class B LP Units. As a result, the Class B LP Units will be classified as financial liabilities and will be measured at fair value through profit or loss ("FVTPL"). The fair value of the Class B LP Units will be measured every period by reference to the traded value of the Units, with changes in measurement recorded in net income. Distributions on the Class B LP Units will be recorded as an expense in the consolidated statements of net income and comprehensive income in the period in which they become payable.

Class C LP Units

The Class C LP Units provide for monthly distributions from the Partnership to the holder of such Class C LP Units to be paid in priority, subject to certain restrictions, to distributions to holders of the Units and Class B LP Units. Due to the nature of such distributions, the Class C LP Units will be classified as financial liabilities and will be carried at amortized cost. Distributions on the Class C LP Units will consist of principal repayments and interest expense, with principal repayments reducing the outstanding amount of Class C LP Units and interest expense recorded in finance costs in the consolidated statements of net income and comprehensive income in the period in which they become payable.

Unsecured Promissory Note

On Closing, the REIT will issue an unsecured promissory note to MPI with a principal amount of \$25,692,000 and a mark-to-market adjustment of \$105,000, bearing interest at 2.84%, with interest and principal payments due monthly in arrears. The unsecured promissory note will mature on July 1, 2019, at which time the REIT has the option to refinance this promissory note. Upon obtaining new financing, the REIT will repay the unsecured promissory note to MPI. The interest rate payable on the unsecured promissory note will be equal to an amount that when blended with the interest rate payable under the existing term loan, would result in the same payments as are anticipated to be made under the refinanced term loan intended to be obtained for the property following Closing.

Credit Facility

On Closing, the REIT is expected to have a \$150,000,000 revolving credit facility with an initial draw of \$28,458,000 on Closing. The REIT will incur \$525,000 in initial upfront financing costs to secure this facility. A standby fee equal to 35 bps will be charged on undrawn amounts. The credit facility is assumed to bear interest at BA plus 175 bps or prime rate plus 75 bps and matures on July 3, 2021.

Combined Carve-out Financial Statements of

INITIAL PROPERTIES PORTFOLIO

Years ended December 31, 2017, 2016 and 2015

INDEPENDENT AUDITORS' REPORT

To the Directors of Minto Holdings Inc. as the parent of Minto Properties Inc.

We have audited the accompanying combined carve-out financial statements of Initial Properties Portfolio, which comprise the combined carve-out balance sheets as at December 31, 2017, December 31, 2016, December 31, 2015 and January 1, 2015, the combined carve-out statements of income and comprehensive income, changes in net assets and cash flows for the years ended December 31, 2017, December 31, 2016 and December 31, 2015, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Combined Carve-out Financial Statements

Management is responsible for the preparation and fair presentation of these combined carve-out financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of combined carve-out financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined carve-out financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined carve-out financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined carve-out financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined carve-out financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the combined carve-out financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined carve-out financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined carve-out financial statements present fairly, in all material respects, the combined carve-out financial position of Initial Properties Portfolio as at December 31, 2017, December 31, 2016, December 31, 2015 and January 1, 2015 and its combined carve-out financial performance and its combined carve-out cash flows for the years ended December 31, 2017, December 31, 2016 and December 31, 2015 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 3 to the combined carve-out financial statements which describes the basis of presentation. The combined carve-out financial statements have been prepared for purposes of compliance with Items 32.1 and 32.5 of Form 41-101F1 under National Instrument 41-101 — General Prospectus Requirements.

Chartered Professional Accountants, Licensed Public Accountants
(signed) KPMG LLP
June 22, 2018
Ottawa, Canada

INITIAL PROPERTIES PORTFOLIO
COMBINED CARVE-OUT BALANCE SHEETS
(in thousands of Canadian dollars)

<u>As at</u>	<u>Note</u>	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>	<u>January 1,</u> <u>2015</u>
Assets					
Investment properties	4	\$1,077,262	\$983,983	\$904,773	\$811,891
Prepaid expenses	5	8,701	8,887	9,189	9,490
Trade and other receivables	6	3,295	1,400	2,209	2,255
		<u>\$1,089,258</u>	<u>\$994,270</u>	<u>\$916,171</u>	<u>\$823,636</u>
Liabilities and Equity					
Liabilities					
Secured debt	7	\$ 437,025	\$418,469	\$407,430	\$357,715
Deferred income tax liability		209,625	188,062	182,963	172,489
Tenant rental deposits		6,106	5,681	5,401	4,410
Accounts payable and accrued liabilities	8	13,309	7,905	7,159	5,119
		<u>666,065</u>	<u>620,117</u>	<u>602,953</u>	<u>539,733</u>
Equity					
Net assets		423,193	374,153	313,218	283,903
Contingencies	13				
Subsequent events	18				
		<u>\$1,089,258</u>	<u>\$994,270</u>	<u>\$916,171</u>	<u>\$823,636</u>

See accompanying notes to the combined carve-out financial statements.

INITIAL PROPERTIES PORTFOLIO
COMBINED CARVE-OUT STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Years ended December 31,
(in thousands of Canadian dollars)

	<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenue from investment properties	9	\$ 79,137	\$75,149	\$ 70,461
Property expenses				
Property operating		16,912	16,261	16,420
Property taxes		9,120	8,969	8,603
Utilities		7,604	7,999	7,488
		<u>33,636</u>	<u>33,229</u>	<u>32,511</u>
Property operating income		45,501	41,920	37,950
Other expenses (income)				
General and administrative		4,080	4,160	3,961
Other (income) expense	11	(3,891)	33	(35)
Fair value adjustments to investment properties	4	(64,627)	(3,875)	(27,812)
Finance costs	10	17,197	17,299	17,603
		<u>(47,241)</u>	<u>17,617</u>	<u>(6,283)</u>
Income before taxes		92,742	24,303	44,233
Income tax expense	12			
Current		2,142	1,137	617
Deferred		21,563	5,099	10,474
		<u>23,705</u>	<u>6,236</u>	<u>11,091</u>
Net income and comprehensive income		<u>\$ 69,037</u>	<u>\$18,067</u>	<u>\$ 33,142</u>

See accompanying notes to the combined carve-out financial statements.

INITIAL PROPERTIES PORTFOLIO
COMBINED CARVE-OUT STATEMENTS OF CHANGES IN NET ASSETS
(in thousands of Canadian dollars)

Balance, January 1, 2015	\$283,903
Net income and comprehensive income	33,142
Net distribution to parent	<u>(3,827)</u>
Balance, December 31, 2015	<u>\$313,218</u>
Net income and comprehensive income	\$ 18,067
Net contribution from parent	<u>42,868</u>
Balance, December 31, 2016	<u>\$374,153</u>
Net income and comprehensive income	\$ 69,037
Net distribution to parent	<u>(19,997)</u>
Balance, December 31, 2017	<u>\$423,193</u>

See accompanying notes to the combined carve-out financial statements.

INITIAL PROPERTIES PORTFOLIO
COMBINED CARVE-OUT STATEMENTS OF CASH FLOWS

Years ended December 31,
(in thousands of Canadian dollars)

	Note	2017	2016	2015
Cash provided by (used in):				
Operating activities				
Net income		\$ 69,037	\$ 18,067	\$ 33,142
Adjustments for:				
Deferred income tax expense		21,563	5,099	10,474
Fair value adjustments to investment properties	4	(64,627)	(3,875)	(27,812)
Finance costs	10	17,197	17,299	17,603
Interest paid		(16,975)	(16,379)	(16,840)
Interest received	10	109	49	8
Other	4	103	99	(899)
Changes in working capital				
Trade and other receivables		(1,909)	449	(55)
Accounts payable and accrued liabilities		5,909	758	1,997
Tenant rental deposits		425	280	991
Prepaid expenses		(119)	(3)	(4)
Cash flow from operating activities		30,713	21,843	18,605
Financing activities				
Proceeds on secured debt	7	62,500	19,000	55,943
Principal repayments	7	(44,188)	(8,169)	(6,383)
Financing costs	7	(273)	(108)	(167)
Contributions from (distributions to) parent		(19,997)	42,868	(3,827)
Cash flow (used in) from financing activities		(1,958)	53,591	45,566
Investing activities				
Acquisition of investment properties	4	—	(63,297)	(50,016)
Capital additions to investment properties	4	(28,755)	(12,137)	(14,155)
Cash flow used in investing activities		(28,755)	(75,434)	(64,171)
Change in cash and cash end of year		\$ —	\$ —	\$ —

See accompanying notes to the combined carve-out financial statements.

INITIAL PROPERTIES PORTFOLIO
NOTES TO THE COMBINED CARVE-OUT FINANCIAL STATEMENTS
For the years ended December 31, 2017, 2016 and 2015
(in thousands of Canadian dollars)

1. NATURE OF OPERATIONS

The Initial Properties Portfolio (the “Portfolio”) of Minto Properties Inc. (“MPI” or “Parent”) as presented in these combined carve-out financial statements is not a legal entity. Minto Apartment Real Estate Investment Trust (the “REIT”) will indirectly acquire through Minto Apartment Limited Partnership (the “Partnership”) real estate assets from MPI in conjunction with its initial public offering (the “Offering”). These combined carve-out financial statements represent the combination of 22 multi-residential rental properties, totaling 4,279 suites, including two mixed-use residential apartment and commercial buildings, located in the provinces of Ontario and Alberta that are intended to be acquired by the REIT in conjunction with the closing of the Offering (the “Closing”). For the periods presented these investment properties and its related assets and liabilities were owned and managed by MPI and its affiliates.

MPI’s registered office is located at 200-180 Kent Street, Ottawa, Ontario.

2. STATEMENT OF COMPLIANCE

These combined carve-out financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and have been prepared in compliance with Items 32.1 and 32.5 of Form 41-101F1 under National Instrument 41-101 — General Prospectus Requirements.

The Portfolio’s first combined carve-out financial statements were prepared in accordance with IFRS 1, “First-time Adoption of International Financial Reporting Standards” (“IFRS 1”). A reconciliation of how the transition to IFRS has affected the Portfolio’s combined carve-out financial position, performance and cash flows has not been presented as the Portfolio has not presented combined carve-out financial statements in previous years. Disclosure around the significant accounting practices affecting the entity are presented in Note 3 and IFRS 1 requirements are outlined in Note 17. The date of transition to IFRS was January 1, 2015. Unless otherwise noted, disclosures contained herein are as at or for the year ended December 31.

These combined carve-out financial statements were approved and authorized for issuance by the Board of Directors of the parent of MPI being Minto Holdings Inc. on June 22, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These combined carve-out financial statements have been prepared on a combined carve-out basis from the financial statements of MPI to account solely for the properties which the REIT anticipates purchasing from MPI. In particular these combined carve-out financial statements have been prepared for the specific purpose of reporting on the assets, liabilities, revenues, expenses and the net assets of the Portfolio and for inclusion in the Prospectus relating to the Offering. These combined carve-out financial statements present the combined carve-out financial position, financial performance and cash flows of the Portfolio for the years presented and have been prepared based on the historical books and records of MPI as if the Portfolio had been accounted for on a standalone basis, with estimates used, when necessary, for certain allocations. Because these properties were part of a larger portfolio and were not operating in a separate entity, these combined carve-out financial statements depict the net assets representing the amount associated specifically with these properties.

Due to the inherent limitations of carving out the assets, liabilities, operations and cash flows of the Portfolio from legal entities controlled by MPI, these combined carve-out financial statements are not necessarily indicative of the results that would have been attained if the Portfolio had been operated as a separate legal entity during the periods presented and therefore are not necessarily indicative of future operating results.

These combined carve-out financial statements present equity in the net assets of the Portfolio rather than the shareholder’s equity as the properties included in the Portfolio are owned in more than one legal entity and represent only certain of the interests therein. In addition, while the Portfolio is not a taxable entity, current and deferred income taxes have been provided for in the combined carve-out financial statements as if it were.

These combined carve-out financial statements have been prepared on a going concern basis and have been presented in Canadian dollars rounded to the nearest thousand unless otherwise indicated.

(b) Investment properties

The Portfolio uses the fair value method to account for real estate classified as investment property. Property that is held for long-term rentals or capital appreciation or both is classified as investment property.

INITIAL PROPERTIES PORTFOLIO
NOTES TO THE COMBINED CARVE-OUT FINANCIAL STATEMENTS (Continued)
For the years ended December 31, 2017, 2016 and 2015
(in thousands of Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties are measured initially at cost including transaction costs. After initial recognition, investment properties are carried at fair value, which is determined based on available market evidence at each reporting date. Other fair value adjustments are completed when compelling changes or new facts are presented, which indicate a change in fair value. Gains or losses arising from changes in fair value are included in net income during the year in which they arise. When an investment property is disposed of, the gain or loss is determined as the difference between the disposal proceeds, net of selling costs and the carrying amount of the property and is recognized in net income in the period of disposal.

Fair value for residential properties is determined using the direct capitalization approach. Estimated stabilized net operating income is based on the respective property's forecasted results, less aggregate future capital expenditures. Capitalization rates reflect the characteristics, location and market of each property. Fair value is determined using both internal and external valuations.

Fair value for commercial properties is determined using the discounted future cash flow approach. Capitalization rates reflect the characteristics, location and market of each property. Future cash flows are based on estimated rental revenue from future leases less related estimated future cash outflows. Fair value is determined using both internal and external valuations.

(c) Financial instruments

All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on whether the financial instrument has been classified as fair value through profit or loss ("FVTPL"), available-for-sale ("AFS"), held-to-maturity, loans and receivables or other liabilities.

AFS financial assets are required to be measured at fair value with unrealized gains and losses recognized in other comprehensive income ("OCI"), until the financial asset is derecognized or becomes impaired, at which time the cumulative gain or loss is recognized in net income.

The Portfolio's financial assets are comprised of trade and other receivables and are classified as loans and receivables.

The Portfolio's financial liabilities are secured debt and accounts payable and accrued liabilities and are classified as other liabilities.

Financial assets and liabilities classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost. The Portfolio applies the effective interest rate method of amortization for any transaction costs or fees, premiums or discounts on loans and presents the amortization as non-cash interest expense. Secured debt is presented net of all issue costs, premiums and discounts.

Derivative instruments are recorded in the combined carve-out balance sheet at fair value. Changes in the fair value of derivative instruments are recognized in net income, except for derivative instruments that are designated as cash flow hedges. The fair value changes for the effective portion of such cash flow hedges are recognized in OCI. The fair value changes for the ineffective portion of such cash flow hedges are recognized in net income.

(d) Fair value measurement

The Portfolio measures certain financial instruments, such as derivatives, and certain non-financial assets, such as investment properties, at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Portfolio.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interests.

INITIAL PROPERTIES PORTFOLIO
NOTES TO THE COMBINED CARVE-OUT FINANCIAL STATEMENTS (Continued)
For the years ended December 31, 2017, 2016 and 2015
(in thousands of Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Portfolio uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the combined carve-out financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- (ii) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- (iii) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the combined carve-out financial statements on a recurring basis, the Portfolio determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(e) Contributions and distributions

As these combined carve-out financial statements present the financial position, financial performance and cash flows of the Portfolio, for which there are no bank accounts specific to such operations, no amount for cash or cash equivalents have been recorded herein. All cash transactions are considered to be paid or received by MPI on behalf of the Portfolio and are recorded as contributions and distributions, respectively, in equity of the net assets of the Portfolio.

(f) Current and deferred income tax

Current income tax assets and liabilities are measured at the amount expected to be paid to the tax authorities, net of recoveries based on the tax rates and laws enacted or substantively enacted at the consolidated balance sheet date. Current and deferred income taxes relating to items recognized directly in equity are also recognized in equity. Deferred income taxes are recorded under the tax asset and liability method. Under this method, deferred tax assets and liabilities are recognized based on differences between combined carve-out financial statement amounts for assets and liabilities and their respective tax bases, using enacted or substantively enacted tax rates that will be in effect when the differences are expected to reverse. Changes in tax rates are recognized in income in the period covering the enactment date except to the extent that the tax arises from items recognized outside income, either in OCI or directly in equity.

A deferred tax asset is recognized for tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

As previously disclosed, while the Portfolio is not a taxable legal entity, current and deferred income taxes have been recorded in these combined carve-out financial statements as if it were.

(g) Revenue recognition

Revenue includes rental revenue and other.

(i) Rental revenue

The Portfolio retains substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Rental revenue from operating leases is recognized when a lease begins and the tenant takes possession of, or controls, the physical use of the property subject to the lease. Generally this occurs on the lease commencement date.

INITIAL PROPERTIES PORTFOLIO
NOTES TO THE COMBINED CARVE-OUT FINANCIAL STATEMENTS (Continued)
For the years ended December 31, 2017, 2016 and 2015
(in thousands of Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Rental revenue from operating leases is recognized on a straight-line basis over the lease term. When the Portfolio provides incentives to its tenants, the cost of incentives is recognized over the lease term, on a straight-line basis, as a reduction of rental revenue.

(ii) Other

Other revenue comprises of ancillary revenue from rooftop antenna, and services such as parking, gym memberships, cleaning and laundry. The Portfolio provides these services at market rates and revenue is recognized when earned as services are performed.

(h) General and administrative expenses

Certain general and administrative expenses incurred in the ownership and management of the Parent's investment properties are not directly attributable to the Portfolio. General and administrative expenses have been allocated to the Portfolio for personnel costs associated with the management of the Portfolio and recorded in the period they were incurred.

(i) Prepaid CMHC premiums

Insurance premiums and fees paid to the Canada Mortgage and Housing Corporation ("CMHC") are presented within prepaid expenses. They are amortized over the loan amortization period, typically 25 to 40 years, and the amortization expense is included in finance costs in the combined carve-out statements of income and comprehensive income.

(j) Critical judgments in applying accounting policies

The following are the critical judgments that have been made in applying the Portfolio's accounting policies and that could have the most significant effect on the amounts in the combined carve-out financial statements:

(i) Investment properties

In applying the Portfolio's policy with respect to investment properties, judgment is applied in determining whether certain costs are additions to the carrying amount of investment property. Judgment is also applied in determining the extent and frequency of independent appraisals in order to estimate fair values.

(ii) Accounting for acquisitions

The Portfolio assesses whether an acquisition transaction should be accounted for as an asset acquisition or a business combination under IFRS 3, "Business Combinations" ("IFRS 3"). This assessment requires management to make judgments on whether the assets acquired and liabilities assumed constitute a business as defined in IFRS 3 and if the integrated set of activities, including inputs and processes acquired, is capable of being conducted and managed as a business, and the Portfolio obtains control of the business.

(iii) Income taxes

Income tax laws may be subject to different interpretations and the income tax expense recorded requires the Portfolio to apply judgment to determine the amount of current and deferred taxes.

(iv) Combined carve-out financial statements

As previously described, there are significant judgments required when preparing combined carve-out financial statements. The inherent nature of the combined carve-out financial statements require judgment in the separation of amounts from the Parent. There are a number of shared and combined amounts that require judgment to separate for purposes of the combined carve-out statements which historically have not always been presented or tracked separately.

INITIAL PROPERTIES PORTFOLIO
NOTES TO THE COMBINED CARVE-OUT FINANCIAL STATEMENTS (Continued)
For the years ended December 31, 2017, 2016 and 2015
(in thousands of Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Critical accounting estimates and assumptions

The Portfolio makes estimates and assumptions that affect the carrying amounts of assets and liabilities and the reported amount of income for the period. Actual results could differ from estimates. The estimates and assumptions that the Portfolio considers critical include the valuation of investment properties and estimation of income taxes.

(i) Investment properties

In applying the Portfolio's policy with respect to investment properties, estimates and assumptions are required to determine the valuation of the properties under the fair value model.

(ii) Income taxes

Income tax laws may be subject to different interpretations and the income tax expense recorded by the Portfolio reflects the Portfolio's interpretation of the relevant tax laws. The Portfolio is also required to estimate the timing of reversals of temporary differences between accounting and taxable income and to determine the appropriate rate to apply in calculating deferred taxes.

(iii) General and administrative expenses

General and administrative expenses have been allocated to the Portfolio for personnel directly involved in the management of the Portfolio. The allocation of these costs includes estimates of the number of personnel and the time dedicated to the management of the Portfolio.

(l) Adoption of accounting standards

The Portfolio adopted amended standards International Accounting Standard ("IAS") 7, "Statement of Cash Flows" ("IAS 7") and IAS 12, "Recognition of Deferred Tax Assets for Unrealized Losses" ("IAS 12"), effective January 1, 2017. The Portfolio has applied these amendments for the first time in the current year. The amendments in IAS 7 require the Portfolio to provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The amendments in IAS 12 clarifies the requirements for recognizing deferred tax assets on unrealized losses; deferred tax when an asset is measured at a fair value below the asset's tax base; and certain other aspects of accounting for deferred tax assets. The adoption of the amendments of IAS 12 did not have an impact on the Portfolio.

The Portfolio's liabilities arising from financing activities consist of secured debt. A reconciliation between the opening and closing balances of these items is provided in Note 7. Consistent with the transition provisions of the amendments in IAS 7, the Portfolio has not disclosed comparative information for the prior periods. Apart from the additional disclosure in Note 7, the application of these amendments have had no impacts on the Portfolio's combined carve-out financial statements.

INITIAL PROPERTIES PORTFOLIO
NOTES TO THE COMBINED CARVE-OUT FINANCIAL STATEMENTS (Continued)
For the years ended December 31, 2017, 2016 and 2015
(in thousands of Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Future changes in accounting standards

<u>Standard</u>	<u>Description</u>	<u>Impact</u>	<u>Effective date</u>
IFRS 9, <i>Financial Instruments</i>	Issued to replace IAS 39, providing guidance on the classification, measurement and disclosure of financial instruments and introducing a new hedge accounting model.	The Portfolio does not expect a significant impact as a result of this change in classification and measurement.	January 1, 2018, applied retrospectively without restatement of comparative information.
IFRS 15, <i>Revenue from Contracts with Customers</i> . . .	Issued to replace existing revenue recognition guidance in IFRS. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue at a point in time or over time. The model features a contract based five step analysis of transactions to determine whether, how much and when revenue is recognized.	The Portfolio expects that this standard will not result in material differences in revenue recognition, however the Portfolio anticipates additional disclosures.	January 1, 2018, applied retrospectively or using a modified retrospective approach.
IFRS 16, <i>Leases</i>	Issued to replace IAS 17 and its interpretive guidance. Provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. Significant changes were made to lessee accounting resulting in assets and liabilities recognized in respect of all leases (subject to limited exceptions for short term leases and leases of low value assets). In contrast, IFRS 16 does not include significant changes to the requirements for lessors.	The Portfolio is reviewing the standard and the underlying lease agreements to determine the potential impact, if any.	January 1, 2019 Applied retrospectively or recognizing the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. Earlier application is permitted for companies that have also early adopted IFRS 15.
IAS 40, <i>Transfers of Investment Property</i>	Amendments to help clarify when an entity can transfer a property to, or from, investment property classification and further defines what a “change in use” entails. The amendments clarify the accounting treatment of a reclassification and the disclosure requirements.	The Portfolio has reviewed the standard and will apply as necessary.	January 1, 2018, not required to apply comparative information for preceding periods once adopted. Early adoption is permitted.

There are no other accounting standards or interpretations under IFRS that would have a material impact on the Portfolio’s combined carve-out financial statements.

INITIAL PROPERTIES PORTFOLIO
NOTES TO THE COMBINED CARVE-OUT FINANCIAL STATEMENTS (Continued)
For the years ended December 31, 2017, 2016 and 2015
(in thousands of Canadian dollars)

4. INVESTMENT PROPERTIES

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 983,983	\$904,773	\$811,891
Additions			
Acquisitions	—	63,297	50,016
Capital expenditures	28,755	12,137	14,155
Fair value adjustments	64,627	3,875	27,812
Other	(103)	(99)	899
	<u>\$1,077,262</u>	<u>\$983,983</u>	<u>\$904,773</u>

There were no acquisitions for the year ended December 31, 2017. For the year ended December 31, 2016, the Portfolio completed the acquisition of three (December 31, 2015 — one) investment properties and the purchase of a land lease at a property in Toronto in December 2016 (December 31, 2015 — March 2015) for a total purchase price of \$61,957 (December 31, 2015 — \$50,000), and incurred acquisition costs of \$1,340 (December 31, 2015 — \$16) which were included in the cost of the investment properties. The combined carve-out financial statements include the results of operations of these properties subsequent to the respective dates of acquisition.

The following table is a breakdown of the Portfolio's investment properties by type:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>January 1, 2015</u>
Residential properties	\$1,068,762	\$975,483	\$895,073	\$802,791
Commercial properties	8,500	8,500	9,700	9,100
	<u>\$1,077,262</u>	<u>\$983,983</u>	<u>\$904,773</u>	<u>\$811,891</u>

The fair value methodology for the Portfolio's investment properties is considered Level 3, as significant unobservable inputs are required to determine fair value. The fair value of investment properties is based on external or internal valuations. For the year ended December 31, 2017, 100% (December 31, 2016 — 96%; December 31, 2015 — 94%; January 1, 2015 — 100%) of the value of the Portfolio's investment property portfolio was externally appraised.

The table below summarizes the key unobservable inputs:

	<u>Valuation approach</u>	<u>Key unobservable input</u>	<u>Inter relationship between key unobservable inputs and fair value measurement</u>
Residential properties	Direct capitalization approach	Capitalization rate	There is an inverse relationship between the capitalization rate and the fair value; in other words, the higher the capitalization rates, the lower the estimated fair value.
Commercial properties	Discounted future cash flow approach	Discount and terminal capitalization rate	There is an inverse relationship between the discount and capitalization rates and the fair value; in other words, the higher the discount and/or capitalization rate, the lower the estimated fair value.

INITIAL PROPERTIES PORTFOLIO
NOTES TO THE COMBINED CARVE-OUT FINANCIAL STATEMENTS (Continued)
For the years ended December 31, 2017, 2016 and 2015
(in thousands of Canadian dollars)

4. INVESTMENT PROPERTIES (Continued)

The following table summarizes the capitalization rates of the Portfolio's residential properties:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>January 1, 2015</u>
Min	3.66%	3.80%	4.13%	4.32%
Max	5.00%	5.00%	5.34%	5.58%
Weighted average	4.33%	4.40%	4.68%	4.81%

The following table summarizes the key valuation metrics of the Portfolio's commercial properties:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>January 1, 2015</u>
Discount rate	7.25%	7.25%	7.00%	7.00%
Terminal capitalization rate	6.75%	6.75%	6.25%	6.50%
Number of discount years	10	11	11	11

The following table summarizes the sensitivity of the fair value of investment properties to changes in the capitalization and discount rates at December 31, 2017:

<u>Rate sensitivity</u>	<u>Capitalization rate only</u>		<u>Discount and capitalization rates</u>	
	<u>Residential fair value</u>	<u>Change in fair value</u>	<u>Commercial fair value</u>	<u>Change in fair value</u>
+75 basis points	\$ 902,732	\$(166,030)	\$7,400	\$(1,100)
+50 basis points	952,032	(116,730)	7,700	(800)
+25 basis points	1,006,800	(61,962)	8,000	(500)
Base rate	1,068,762	—	8,500	—
–25 basis points	1,136,890	68,128	8,700	200
–50 basis points	1,214,994	146,232	9,000	500
–75 basis points	1,304,344	235,582	9,400	900

5. PREPAID EXPENSES

Prepaid expenses are comprised of the following:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>January 1, 2015</u>
Current				
Prepaid expenses	\$ 259	\$ 140	\$ 137	\$ 133
Non-current				
Prepaid CMHC premiums	8,442	8,747	9,052	9,357
	<u>\$8,701</u>	<u>\$8,887</u>	<u>\$9,189</u>	<u>\$9,490</u>

INITIAL PROPERTIES PORTFOLIO
NOTES TO THE COMBINED CARVE-OUT FINANCIAL STATEMENTS (Continued)
For the years ended December 31, 2017, 2016 and 2015
(in thousands of Canadian dollars)

6. TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of the following:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>January 1, 2015</u>
Current				
Trade receivables	\$ 1,742	\$1,188	\$1,202	\$1,625
Insurance receivable	2,358	—	—	—
Other receivables	285	306	563	145
Derivative instrument	—	440	800	901
Less: Allowance for doubtful accounts	<u>(1,090)</u>	<u>(534)</u>	<u>(356)</u>	<u>(416)</u>
	<u>\$ 3,295</u>	<u>\$1,400</u>	<u>\$2,209</u>	<u>\$2,255</u>

There is no significant concentration of credit risk with respect to trade receivables as the Portfolio has a large number of tenants.

The Portfolio held a price index contract to hedge the variability in cash flows related to a certain operating lease. The derivative was measured at fair value, estimated using Level 2 inputs.

The Portfolio elected not to apply hedge accounting to its price index contract. The price index contract was settled with the counterparty during 2017 for \$426 in cash. For the year ended December 31, 2017 an unfavourable change in fair value of \$14 (December 31, 2016 — unfavourable change of \$360; December 31, 2015 — unfavourable change of \$101) was recorded in finance costs.

7. SECURED DEBT

	<u>Weighted average interest rate</u>	<u>Maturity</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>January 1, 2015</u>
Term loans and credit facility	3.83%	June 2018 to July 2030	\$439,229	\$420,917	\$410,086	\$360,527
Deferred finance charges			<u>(2,204)</u>	<u>(2,448)</u>	<u>(2,656)</u>	<u>(2,812)</u>
			<u>\$437,025</u>	<u>\$418,469</u>	<u>\$407,430</u>	<u>\$357,715</u>

The term loans and credit facility are secured by investment properties.

Secured debt balances at December 31, 2017 are due as follows:

2018	\$ 68,734
2019	29,806
2020	8,104
2021	8,400
2022 and thereafter	324,185

As at December 31, 2017, December 31, 2016, December 31, 2015 and January 1, 2015, the Parent was in compliance with all financial covenants relating to its debt obligations.

INITIAL PROPERTIES PORTFOLIO
NOTES TO THE COMBINED CARVE-OUT FINANCIAL STATEMENTS (Continued)
For the years ended December 31, 2017, 2016 and 2015
(in thousands of Canadian dollars)

7. SECURED DEBT (Continued)

Secured debt activity for the year ended December 31, 2017 is as follows:

	Term loans and credit facility	Deferred finance charges	Total
Balance, December 31, 2016	\$420,917	\$(2,448)	\$418,469
Repayments	(44,188)	—	(44,188)
Issuance	62,500	(273)	62,227
Deferred financing amortization	—	517	517
Balance, December 31, 2017	<u>\$439,229</u>	<u>\$(2,204)</u>	<u>\$437,025</u>

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	2017	2016	2015	January 1, 2015
Current				
Accounts payable	\$ 7,700	\$2,524	\$2,482	\$1,773
Accrued liabilities	3,467	4,244	4,060	3,346
Income taxes payable	2,142	1,137	617	—
	<u>\$13,309</u>	<u>\$7,905</u>	<u>\$7,159</u>	<u>\$5,119</u>

9. REVENUE FROM INVESTMENT PROPERTIES

The components of revenue are comprised of the following:

	2017	2016	2015
Rental income	\$77,525	\$73,386	\$69,119
Other	1,612	1,763	1,342
	<u>\$79,137</u>	<u>\$75,149</u>	<u>\$70,461</u>

10. FINANCE COSTS

Finance costs are comprised of the following:

	2017	2016	2015
Interest expense	\$16,470	\$16,367	\$16,882
Amortization of financing charges	517	316	323
Amortization of CMHC premiums	305	305	305
Interest income	(109)	(49)	(8)
Fair value change on derivatives	14	360	101
	<u>\$17,197</u>	<u>\$17,299</u>	<u>\$17,603</u>

INITIAL PROPERTIES PORTFOLIO
NOTES TO THE COMBINED CARVE-OUT FINANCIAL STATEMENTS (Continued)
For the years ended December 31, 2017, 2016 and 2015
(in thousands of Canadian dollars)

11. OTHER (INCOME) EXPENSE

Other (income) expense is comprised of the following:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Property insurance claim	\$(4,000)	\$—	\$ —
Other	109	33	(35)
	<u>\$(3,891)</u>	<u>\$33</u>	<u>\$(35)</u>

12. INCOME TAXES

The effective income tax rates in the combined carve-out statements of income and comprehensive income were consistent with the statutory income tax rates applicable to income subject to the capital gains tax rate.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Effective income tax rate applicable to earnings before income taxes	25.56%	25.66%	25.07%

Deferred income tax liabilities recognized on the combined carve-out balance sheets were attributable to investment properties.

13. CONTINGENCIES

The Portfolio is subject to claims and legal actions that arise in the ordinary course of business. It is the opinion of management that any ultimate liability that may arise from such matters would not have a significant adverse effect on the combined carve-out financial statements of the Portfolio.

14. FINANCIAL INSTRUMENTS

The Portfolio's financial assets and liabilities consist of trade and other receivables, secured debt, refundable tenant rental deposits, and accounts payable and accrued liabilities. The fair value of these financial assets and liabilities approximates its carrying values due to its short-term nature with the exception of secured debt.

The fair value of the Portfolio's secured debt, classified as Level 3, is calculated based on current market rates plus risk-adjusted spreads on discounted cash flows. As at December 31, 2017, the current market rates plus risk-adjusted spreads ranged from 2.42% to 3.99% (2016 — 1.84% to 3.79%; 2015 — 1.67% to 3.48%; January 1, 2015 — 1.97% to 3.71%). The estimated fair value of secured debt at December 31, 2017 is \$456,951 (December 31, 2016 — \$448,353; December 31, 2015 — \$447,791; January 1, 2015 — \$394,067).

15. RISK MANAGEMENT

The Portfolio's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of interest rate risk, currency risk and other price risk.

(i) Interest rate risk

The Portfolio faces interest rate risk on its variable rate financial liabilities. In addition, there is interest rate risk associated with the Portfolio's fixed rate debt due to the expected requirement to refinance such debt in the year of maturity or shortly thereafter.

The Portfolio manages interest rate risk by structuring its financings to stagger the maturities of its debt, thereby mitigating its exposure to interest rate and other credit market fluctuations.

As at December 31, 2017, the Portfolio has a variable rate credit facility of \$50,000 which was fully drawn (2016 — \$nil; 2015 — \$nil; January 1, 2015 — \$nil). A 1% change in prevailing interest rates would change annualized interest charges incurred by \$500 (2016 — \$nil; 2015 — \$nil; January 1, 2015 — \$nil).

INITIAL PROPERTIES PORTFOLIO
NOTES TO THE COMBINED CARVE-OUT FINANCIAL STATEMENTS (Continued)
For the years ended December 31, 2017, 2016 and 2015
(in thousands of Canadian dollars)

15. RISK MANAGEMENT (Continued)

(ii) Currency risk

The Portfolio's financial statement presentation currency is Canadian dollars. Operations are located in Canada and the Portfolio has limited or no operational transactions in foreign-denominated dollars. As such, the Portfolio has no significant exposure to currency risk.

(iii) Other price risk

Other price risk is the risk of variability in fair value due to movements in equity prices or other market prices such as commodity prices and credit spreads.

The Portfolio has no significant exposure to other price risk as it does not hold a significant amount of equity securities or commodities.

(b) Credit risk

Credit risk is the risk that tenants and/or debtors may experience financial difficulty and be unable to fulfil their lease commitments or loan repayments. An allowance for impairment is taken for all estimated collectability risks.

The Portfolio's residential rental business is carried on in Ottawa, Greater Toronto Area, Edmonton and Calgary. The nature of this business involves a high volume of tenants with individually small monthly rent amounts. The Portfolio monitors the collection of residential rent receivables on a regular basis with strictly followed procedures designed to minimize credit loss in cases of non-payment.

(c) Liquidity risk

Liquidity risk is the risk that the Portfolio will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Portfolio mitigates liquidity risk by staggering the maturity dates of its borrowing, maintaining borrowing relationships with various lenders and proactively renegotiating expiring credit agreements well in advance of the maturity date.

An analysis of the Portfolio's material financial liabilities as at December 31, 2017 is set out below:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022 and thereafter</u>	<u>Total</u>
Term loans and credit facility	\$68,734	\$29,806	\$ 8,104	\$ 8,400	\$324,185	\$439,229
Interest obligation	15,575	13,758	12,677	12,381	47,762	102,153
Refundable tenant rental deposits	170	—	—	—	—	170
	<u>\$84,479</u>	<u>\$43,564</u>	<u>\$20,781</u>	<u>\$20,781</u>	<u>\$371,947</u>	<u>\$541,552</u>

At December 31, 2017, the Portfolio has \$13,309 (2016 — \$7,905; 2015 — \$7,159; January 1, 2015 — \$5,119) of current accounts payable and accrued liabilities that are expected to be funded with working capital in 2018.

16. CAPITAL RISK MANAGEMENT

The Portfolio's capital consists of net assets and secured debt. The Portfolio invests its capital to achieve its business objectives and to generate an acceptable long-term return to the Portfolio's investors. Primary uses of capital include property acquisitions, development activities, capital improvements, funding leasing costs, debt principal repayments and distributions from net assets.

The Portfolio's principal objective with respect to debt financing is to minimize its overall borrowing costs while maintaining balance in its maturity schedule and diversity in its lender base. The Parent is subject to certain financial covenants and is in compliance with these covenants.

The actual level and type of future financings to fund the Portfolio's capital obligations will be determined based on prevailing interest rates, various costs of debt and/or equity capital, capital market conditions and management's general view of the appropriate leverage

INITIAL PROPERTIES PORTFOLIO
NOTES TO THE COMBINED CARVE-OUT FINANCIAL STATEMENTS (Continued)
For the years ended December 31, 2017, 2016 and 2015
(in thousands of Canadian dollars)

16. CAPITAL RISK MANAGEMENT (Continued)

in the business. The Portfolio had no changes in its approach to capital management during the years ended December 31, 2017, 2016 and 2015.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>January 1, 2015</u>
Term loans and credit facility (principal amounts outstanding)	\$439,229	\$420,917	\$410,086	\$360,527
Net assets	<u>423,193</u>	<u>374,153</u>	<u>313,218</u>	<u>283,903</u>
	<u>\$862,422</u>	<u>\$795,070</u>	<u>\$723,304</u>	<u>\$644,430</u>

17. TRANSITION TO IFRS

These are the first financial statements being prepared by the Portfolio. They are based on previous financial information that has not been presented previously. However, the historical financial statements of the Portfolio's Parent were prepared using IFRS as the basis of accounting. As a result upon adoption of IFRS by the Portfolio there were no adjustments made to the opening balance sheet. The following mandatory exceptions were taken when preparing these financial statements:

(a) Estimates

There were no material changes to estimates made to the opening statement of financial position.

(b) Derecognition of financial instruments

There were no material financial assets or liabilities that were retrospectively remeasured under IFRS in these financial statements.

(c) Hedge accounting

The derivative included in the financial statements does not apply hedge accounting and as a result this mandatory exception is not applicable.

The remaining IFRS 1 optional exemptions were not applicable or material to the preparation of the Portfolio's combined carve-out opening balance sheet at transition date.

18. SUBSEQUENT EVENTS

(a) On March 12, 2018, the Parent refinanced certain of its secured debt through a buy down of the contractual interest rate. Secured debt with outstanding principal balances in the aggregate of \$125,345, maturing between the years 2024 to 2030, and with a weighted average interest rate of 4.42%, were refinanced resulting in a new weighted average interest rate of 3.21%. The Parent paid \$10,491 to buy down the interest rates.

(b) On May 18, 2018, the Parent refinanced a secured debt through a buy down of the contractual interest rate. Secured debt with an outstanding principal balance of approximately \$27,525, maturing in 2027 and with an interest rate of 5.01%, was refinanced with a new interest rate of 3.31%. The Parent paid \$3,682 to buy down the interest rate.

(c) On or about June 25, 2018, MPI will transfer its beneficial interest in the Portfolio to the Partnership. In conjunction with the transfer, a series of transactions will be undertaken by the Partnership and MPI related to underlying debt being assumed and retained debt, which will include refinancing of net debt of \$47,013.

Condensed Combined Carve-out Financial Statements of

INITIAL PROPERTIES PORTFOLIO

(Unaudited)

Three months ended March 31, 2018 and 2017

**INITIAL PROPERTIES PORTFOLIO
COMBINED CARVE-OUT BALANCE SHEETS
(Unaudited)
(in thousands of Canadian dollars)**

<u>As at</u>	<u>Note</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Assets			
Investment properties	3	\$1,088,193	\$1,077,262
Prepaid expenses		10,985	8,701
Trade and other receivables		3,215	3,295
		<u>\$1,102,393</u>	<u>\$1,089,258</u>
Liabilities and Equity			
Liabilities			
Secured debt	4	\$ 425,414	\$ 437,025
Deferred income tax liability		211,981	209,625
Tenant rental deposits		5,855	6,106
Accounts payable and accrued liabilities		8,172	13,309
		<u>651,422</u>	<u>666,065</u>
Equity			
Net assets		<u>450,971</u>	<u>423,193</u>
Contingencies	9		
Subsequent events	12		
		<u>\$1,102,393</u>	<u>\$1,089,258</u>

See accompanying notes to the condensed combined carve-out financial statements.

INITIAL PROPERTIES PORTFOLIO
COMBINED CARVE-OUT STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME
(LOSS)
(Unaudited)
(in thousands of Canadian dollars)

	Note	Three months ended March 31	
		2018	2017
Revenue from investment properties	5	\$19,871	\$19,131
Property expenses			
Property operating		3,908	4,207
Property taxes		2,254	2,393
Utilities		2,095	2,288
		<u>8,257</u>	<u>8,888</u>
Property operating income		11,614	10,243
Other expenses (income)			
General and administrative		1,111	1,020
Fair value adjustment to investment properties	3	(5,074)	5,569
Finance costs	6	4,990	4,403
		<u>1,027</u>	<u>10,992</u>
Income (loss) before taxes		10,587	(749)
Income tax expense (recovery)			
Current		387	(17)
Deferred		2,356	(171)
		<u>2,743</u>	<u>(188)</u>
Net income (loss) and comprehensive income (loss)		<u>\$ 7,844</u>	<u>\$ (561)</u>

See accompanying notes to the condensed combined carve-out financial statements.

INITIAL PROPERTIES PORTFOLIO
COMBINED CARVE-OUT STATEMENTS OF CHANGES IN NET ASSETS
(Unaudited)
(in thousands of Canadian dollars)

Balance, December 31, 2017	\$423,193
Net income and comprehensive income	7,844
Net contribution from parent	<u>19,934</u>
Balance, March 31, 2018	<u>\$450,971</u>
Balance, December 31, 2016	\$374,153
Net loss and comprehensive loss	(561)
Net contribution from parent	<u>30,349</u>
Balance, March 31, 2017	<u>\$403,941</u>

See accompanying notes to the condensed combined carve-out financial statements.

INITIAL PROPERTIES PORTFOLIO
COMBINED CARVE-OUT STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands of Canadian dollars)

	<u>Note</u>	<u>Three months ended</u> <u>March 31</u>	
		<u>2018</u>	<u>2017</u>
Cash provided by (used in):			
Operating activities			
Net income (loss)		\$ 7,844	\$ (561)
Adjustments for:			
Deferred income tax expense (recovery)		2,356	(171)
Finance costs	6	4,990	4,403
Interest paid		(4,088)	(4,488)
Interest received		76	20
Fair value adjustment to investment properties	3	(5,074)	5,569
Other		21	33
Change in working capital			
Trade and other receivables		80	(2,912)
Accounts payable and accrued liabilities		(5,187)	(1,097)
Tenant rental deposits		(251)	(836)
Prepaid expenses		(1,640)	(1,759)
Cash used in operating activities		(873)	(1,799)
Financing activities			
Proceeds on secured debt	4	—	12,500
Principal repayments	4	(2,048)	(38,288)
Financing costs	4	(10,491)	(21)
CMHC premiums on mortgage payable		(644)	—
Contributions from parent		19,934	30,349
Cash provided by financing activities		6,751	4,540
Investing activities			
Capital additions to investment properties	3	(5,878)	(2,741)
Cash used in investing activities		(5,878)	(2,741)
Change in cash and cash end of period		<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to the condensed combined carve-out financial statements.

INITIAL PROPERTIES PORTFOLIO
NOTES TO THE CONDENSED COMBINED CARVE-OUT FINANCIAL STATEMENTS
(Unaudited)
For the three months ended March 31, 2018 and 2017
(in thousands of Canadian dollars)

1. DESCRIPTION OF THE ENTITY

The Initial Properties Portfolio (the “Portfolio”) of Minto Properties Inc. (“MPI” or “Parent”) as presented in these condensed combined carve-out financial statements is not a legal entity. Minto Apartment Real Estate Investment Trust (the “REIT”) will indirectly acquire through Minto Apartment Limited Partnership (the “Partnership”) real estate assets from MPI in conjunction with its initial public offering (the “Offering”), see Note 12. These condensed combined carve-out financial statements represent the combination of 22 multi-residential rental properties, totaling 4,279 suites, including two mixed-use residential apartment and commercial buildings, located in the provinces of Ontario and Alberta. For the periods presented these rental properties and their related assets and liabilities were owned and managed by MPI and its affiliates.

MPI’s registered office is 200-180 Kent Street, Ottawa, Ontario.

2. SIGNIFICANT ACCOUNTING STANDARDS

(a) Statement of compliance

These condensed combined carve-out financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and have been prepared in compliance with Items 32.1 and 32.5 of Form 41-101F1 under National Instrument 41-101 — General Prospectus Requirements.

These condensed combined carve-out financial statements are prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” as issued by the IASB. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Portfolio since the last annual combined carve-out financial statements as at and for the years ended December 31, 2017, 2016 and 2015. These condensed combined carve-out financial statements do not include all the information required for full annual financial statements prepared in accordance with IFRS as issued by the IASB.

(b) Basis of presentation

The accounting policies and methods of computation applied by the Portfolio in these condensed combined carve-out financial statements are the same as those applied by the Portfolio in its combined carve-out financial statements as at and for the years ended December 31, 2017, 2016 and 2015, except for those changes noted in Note 2(c).

These condensed combined carve-out financial statements have been prepared on a combined carve-out basis from the financial statements of MPI to account solely for the properties which the REIT anticipates purchasing from MPI. In particular these condensed combined carve-out financial statements have been prepared for the specific purpose of reporting on the assets, liabilities, revenues, expenses and the net assets of the Portfolio and for inclusion in the Prospectus relating to the Offering. These condensed combined carve-out statements present the combined carve-out financial position, financial performance and cash flows of the Portfolio for the periods presented have been prepared based on the historical books and records of MPI as if the Portfolio had been accounted for on a standalone basis, with estimates used, when necessary, for certain allocations. Because these properties were part of a larger portfolio and were not operating in a separate entity, these condensed combined carve-out statements depict the net assets representing the amount associated specifically with these properties.

Due to the inherent limitations of carving out the assets, liabilities, operations and cash flows of the Portfolio from legal entities controlled by MPI, these condensed combined carve-out financial statements are not necessarily indicative of the results that would have been attained if the Portfolio had been operated as a separate legal entity during the periods presented and therefore are not necessarily indicative of future operating results. All portfolio transactions and balances between properties within the Portfolio have been eliminated upon combination.

These condensed combined carve-out financial statements present equity in the net assets of the Portfolio rather than the shareholder’s equity as the properties included in the Portfolio are owned in more than one legal entity and represent only certain of the interests therein. In addition, while the Portfolio is not a taxable entity, current and deferred income taxes have been provided for in the condensed combined carve-out statements as if it were.

These condensed combined carve-out financial statements have been prepared on a going concern basis and have been presented in Canadian dollars rounded to the nearest thousand unless otherwise indicated.

INITIAL PROPERTIES PORTFOLIO
NOTES TO THE CONDENSED COMBINED CARVE-OUT FINANCIAL STATEMENTS (Continued)
(Unaudited)
For the three months ended March 31, 2018 and 2017
(in thousands of Canadian dollars)

2. SIGNIFICANT ACCOUNTING STANDARDS (Continued)

(c) Adoption of accounting standards

- (i) For the three months ended March 31, 2018, the Portfolio adopted IFRS 9, “Financial Instruments” (“IFRS 9”), issued in July 2014, and with a date of initial application of January 1, 2018. IFRS 9 introduces new requirements for the classification and measurement of financial assets, amends the requirements related to hedge accounting, and introduces a forward-looking expected credit loss impairment model. The adoption of this standard did not have a material impact on the Portfolio’s financial statements.

IFRS 9 contains three classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39, “Financial Instruments: Recognition and Measurement”, (“IAS 39”) categories of held to maturity, loans and receivables and available-for-sale. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9 and the adoption of IFRS 9 has not had an impact on the Portfolio’s accounting policies for financial liabilities.

The following table summarizes the classification and measurement changes for each class of the Portfolio’s financial assets and financial liabilities upon adoption at January 1, 2018:

<u>Account</u>	<u>IAS 39</u>		<u>IFRS 9</u>	
	<u>Category</u>	<u>Measurement</u>	<u>Category</u>	<u>Measurement</u>
Trade and other receivables	Loans and receivables	Amortized cost	Assets at amortized cost	Amortized cost
Secured debt	Other financial liabilities	Amortized cost	Financial liabilities at amortized cost	Amortized cost
Refundable tenant deposits	Other financial liabilities	Amortized cost	Financial liabilities at amortized cost	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	Financial liabilities at amortized cost	Amortized cost

Due to the adoption of this standard, the following policy, as disclosed in Note 3(f) of the combined carve-out financial statements for the year ended December 31, 2017 has been amended to the following:

Financial assets are initially measured at fair value. On initial recognition, the Portfolio classifies its financial assets as subsequently measured at either amortized cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are not reclassified subsequent to their initial recognition, unless the Portfolio changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- (1) The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- (2) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at their fair values with changes in fair value, including any interest or dividend income, recognized in profit or loss.

The Portfolio uses the “expected credit loss” model for calculating impairment and recognizes expected credit losses as a loss allowance for assets measured at amortized cost. The Portfolio’s trade and other receivables are typically short-term with payments received within a 12-month period, and do not have a significant financing component. Therefore, the Portfolio recognizes an amount equal to the lifetime expected credit losses based on the Portfolio’s historical experience and including forward-looking information. The carrying amount of these assets in the balance sheet is net of any loss allowance. As a result of the adoption of IFRS 9, no additional provision for impairment was required.

When financial assets and liabilities are designated as part of a hedging relationship and qualify for hedge accounting, they are classified and accounted for as either cash flow hedges, fair value hedges or a hedge of a net investment. The Portfolio’s policy

INITIAL PROPERTIES PORTFOLIO
NOTES TO THE CONDENSED COMBINED CARVE-OUT FINANCIAL STATEMENTS (Continued)
(Unaudited)
For the three months ended March 31, 2018 and 2017
(in thousands of Canadian dollars)

2. SIGNIFICANT ACCOUNTING STANDARDS (Continued)

is not to utilize derivative financial instruments for trading or speculative purposes. At inception of designated hedging relationships, the Portfolio documents the risk management objective and strategy for undertaking the hedge. The Portfolio also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

- (ii) For the three months ended March 31, 2018, the Portfolio adopted IFRS 15, “Revenue from Contracts with Customers” (“IFRS 15”), the revised IFRS standard, issued in May 2014, which will replace existing revenue recognition guidance and is effective for annual and interim reporting periods beginning on or after January 1, 2018. IFRS 15 provides a single revenue recognition model aimed at providing greater comparability across industries and companies. The Portfolio has adopted this standard on the required effective date, using the modified retrospective approach.

The Portfolio has assessed the impact of IFRS 15 and determined the pattern of revenue recognition will remain unchanged upon adoption of the standard. The impact was limited to additional note disclosure on the disaggregation of the Portfolio’s revenue, see Note 5.

<u>Classification with adoption of IFRS 15</u>	<u>Classification prior to adoption of IFRS 15</u>	<u>Description of revenue stream</u>
Rental revenue	Rental revenue	Rental revenue comprises of revenue from operating leases. Rental revenue is recognized when a lease begins and the tenant takes possession of, or controls, the physical use of the property subject to the lease.
Tenant operating	Rental revenue/other	Tenant operating revenues comprises of expense and maintenance recoveries provided to tenants. The Portfolio provides these services at market rates.
Other	Other	Other revenue comprises of ancillary revenue from rooftop antenna and services such as gym memberships, cleaning and laundry.

In addition, under IFRS 15 revenue is recognized when a customer obtains control of goods or services. Determining the time of the transfer of control — at a point in time or over time — requires judgment.

<u>Revenue stream</u>	<u>Timing of recognition</u>	<u>Description</u>
Rental revenue	Over time	Rental revenue from operating leases is recognized over the lease term, when a lease begins and the tenant takes possession of, or controls, the physical use of the property subject to the lease. Generally this occurs on the lease commencement date. Revenue is recognized on a straight line basis over the lease term, with the costs of incentives as a reduction of rental revenue over the term.
Tenant operating	Over time	Tenant operating revenue is recognized as the services are provided over the service period.
Other	Point in time / over time	Other revenue such as cleaning and laundry is recognized when the services are provided. Revenue from rooftop antenna is recognized over the period of service.

- (iii) The Portfolio adopted amended standard IAS 40, “Transfers of Investment Properties”, effective January 1, 2017. The Portfolio has determined that the adoption of this standard did not require any adjustment to the presentation or disclosures within these condensed combined carve-out financial statements.

INITIAL PROPERTIES PORTFOLIO
NOTES TO THE CONDENSED COMBINED CARVE-OUT FINANCIAL STATEMENTS (Continued)
(Unaudited)
For the three months ended March 31, 2018 and 2017
(in thousands of Canadian dollars)

2. SIGNIFICANT ACCOUNTING STANDARDS (Continued)

(d) Future changes in accounting standards

The following accounting standards under IFRS have been issued or revised, however are not yet effective and as such have not been applied to these financial statements.

<u>Standard</u>	<u>Description</u>	<u>Impact</u>	<u>Effective Date</u>
IFRS 16, <i>Leases</i>	Issued to replace IAS 17 and its interpretive guidance. Provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. Significant changes were made to lessee accounting resulting in assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast, IFRS 16 does not include significant changes to the requirements for lessors.	The Portfolio is reviewing the standard and the underlying lease agreements to determine the potential impact, if any.	January 1, 2019, applied retrospectively or recognizing the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application.
Amendments to IAS 23, <i>Borrowing Costs</i>	The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.	The Portfolio is reviewing the standard to determine the potential impact, if any.	January 1, 2019.

There are no other accounting standards or interpretations under IFRS that are not yet effective that would be expected to have a material impact on the Portfolio's condensed combined carve-out financial statements.

3. INVESTMENT PROPERTIES

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Balance, beginning of period	\$1,077,262	\$ 983,983
Additions		
Capital expenditures	5,878	28,755
Fair value adjustments	5,074	64,627
Other	(21)	(103)
Balance, end of period	<u>\$1,088,193</u>	<u>\$1,077,262</u>

The following is a breakdown of the Portfolio's investment properties by type:

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Residential properties	\$1,079,693	\$1,068,762
Commercial properties	8,500	8,500
	<u>\$1,088,193</u>	<u>\$1,077,262</u>

The fair value methodology for the Portfolio's investment properties is considered Level 3, as significant unobservable inputs are required to determine fair value. The fair value of investment properties is based on external or internal valuations. For the three

INITIAL PROPERTIES PORTFOLIO

NOTES TO THE CONDENSED COMBINED CARVE-OUT FINANCIAL STATEMENTS (Continued)

(Unaudited)

For the three months ended March 31, 2018 and 2017
(in thousands of Canadian dollars)

3. INVESTMENT PROPERTIES (Continued)

months ended March 31, 2018, 100% of the value of the Portfolio's investment property portfolio was internally valued (December 31, 2017 — 100% externally appraised).

The fair value of all investment properties is established by a qualified, independent appraiser annually. Each quarter, the Portfolio utilizes market assumptions for rent increases, capitalization and discount rates provided by the external appraiser to determine the fair value of the investment properties for interim reporting purposes. Changes in the externally provided capitalization rates or results of operations from one reporting period to the next would increase or decrease the fair value of the investment properties.

Investment properties were valued using the same valuation methods and key assumptions as those described in Note 3(b) of the Portfolio's combined carve-out financial statements for the year ended December 31, 2017. There were no material changes in the underlying inputs or assumptions used in the December 31, 2017 or 2016 comparative periods for the periods ended March 31, 2018 and March 31, 2017 respectively.

The below table summarizes the key unobservable inputs:

	<u>Valuation approach</u>	<u>Key unobservable input</u>	<u>Inter-relationship between key unobservable inputs and fair value measurement</u>
Residential properties . . .	Direct capitalization approach	Capitalization rate	There is an inverse relationship between the capitalization rate and the fair value; in other words, the higher the capitalization rates, the lower the estimated fair value.
Commercial properties . . .	Discounted future cash flow approach	Discount and terminal capitalization rates	There is an inverse relationship between the discount and capitalization rates and the fair value; in other words, the higher the discount and/or capitalization rate, the lower the estimated fair value.

The following table summarizes the key valuation metrics of the Portfolio's residential properties:

	<u>March 31, 2018</u>			<u>December 31, 2017</u>		
	<u>Min</u>	<u>Max</u>	<u>Weighted Average</u>	<u>Min</u>	<u>Max</u>	<u>Weighted Average</u>
Capitalization rate	3.66%	5.00%	4.31%	3.66%	5.00%	4.33%

The following table summarizes the key valuation metrics of the Portfolio's commercial properties:

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Discount rate	7.25%	7.25%
Terminal capitalization rate	6.75%	6.75%
Number of discount years	10.00	10.00

INITIAL PROPERTIES PORTFOLIO

NOTES TO THE CONDENSED COMBINED CARVE-OUT FINANCIAL STATEMENTS (Continued)

(Unaudited)

For the three months ended March 31, 2018 and 2017
(in thousands of Canadian dollars)

3. INVESTMENT PROPERTIES (Continued)

The below table summarizes the sensitivity of the fair value of investment properties to changes in the capitalization and discount rates as at March 31, 2018:

Rate sensitivity	Capitalization rate only		Discount and capitalization rates	
	Residential fair value	Change in fair value	Commercial fair value	Change in fair value
+75 basis points	\$ 914,071	\$(165,622)	\$7,400	\$(1,100)
+50 basis points	963,542	(116,151)	7,700	(800)
+25 basis points	1,018,435	(61,258)	8,000	(500)
Base rate	1,079,693	—	8,500	—
–25 basis points	1,148,492	68,799	8,700	200
–50 basis points	1,226,313	146,620	9,000	500
–75 basis points	1,315,058	235,365	9,400	900

There were no material changes in valuation methodology from December 31, 2017 to March 31, 2018 respectively.

4. SECURED DEBT

	Weighted average interest rate	Maturity	March 31, 2018	December 31, 2017
Term loans and credit facility — secured by investment properties . . .	3.83%	June 2018 to June 2030	\$437,181	\$439,229
Deferred finance charges			(11,767)	(2,204)
			<u>\$425,414</u>	<u>\$437,025</u>

Secured debt balances at March 31, 2018 are due as follows:

2018	\$ 66,937
2019	30,128
2020	8,414
2021	8,695
2022 and thereafter	323,007

Secured debt activity for the three months ended March 31, is as follows:

	Term loans and credit facility	Deferred finance charges	Total
Balance, December 31, 2017	\$439,229	\$ (2,204)	\$437,025
Repayments	(2,048)	—	(2,048)
Financing cost	—	(10,491)	(10,491)
Deferred financing amortization	—	120	120
Modification loss	—	808	808
Balance, March 31, 2018	<u>\$437,181</u>	<u>\$(11,767)</u>	<u>\$425,414</u>
Balance, December 31, 2016	\$420,916	\$ (2,448)	\$418,468
Repayments	(38,288)	—	(38,288)
Issuance	12,500	(21)	12,479
Deferred financing amortization	—	217	217
Balance, March 31, 2017	<u>\$395,128</u>	<u>\$ (2,252)</u>	<u>\$392,876</u>

INITIAL PROPERTIES PORTFOLIO
NOTES TO THE CONDENSED COMBINED CARVE-OUT FINANCIAL STATEMENTS (Continued)
(Unaudited)
For the three months ended March 31, 2018 and 2017
(in thousands of Canadian dollars)

4. SECURED DEBT (Continued)

On March 12, 2018, the Parent refinanced certain of its term loans through a buy down of the contractual interest rate. Term loans with outstanding principal balances in the aggregate of \$125,345, maturing between the years 2024 to 2030, and with a weighted average interest rate of 4.42%, were refinanced resulting in a new weighted average interest rate of 3.21%. The Parent paid \$10,491 to buy down the interest rates for these term loans.

As at March 31, 2018 and December 31, 2017, the Parent was in compliance with all financial covenants relating to its debt obligations.

5. REVENUE FROM INVESTMENT PROPERTIES

The components of revenue are as follows:

	March 31, 2018	March 31, 2017
Rental income	\$15,167	\$14,328
Tenant operating	4,354	4,487
Other	350	316
	<u>\$19,871</u>	<u>\$19,131</u>

6. FINANCE COSTS

Finance costs are comprised of the following:

	March 31, 2018	March 31, 2017
Interest expense	\$4,061	\$4,079
Modification loss (Note 4)	808	—
Amortization of financing charges	120	217
Amortization of CMHC premiums	77	77
Interest income	(76)	(20)
Fair value change on derivatives	—	50
	<u>\$4,990</u>	<u>\$4,403</u>

7. DERIVATIVE FINANCIAL INSTRUMENTS

The Portfolio elected not to apply hedge accounting to its price index contract. The price index contract was settled with the counterparty during 2017 for \$426 in cash. For the three months ended March 31, 2017 an unfavourable change in fair value of \$50 was recorded in finance costs.

8. FINANCIAL INSTRUMENTS

The Portfolio's financial assets and liabilities consist primarily of trade and other receivables, secured debt, refundable tenant deposits and accounts payable and accrued liabilities. The fair value of these financial assets and financial liabilities approximates its carrying value due to its short-term nature, with the exception of secured debt.

The fair value of the Portfolio's secured debt, classified as Level 3, is calculated based on current market rates plus risk-adjusted spreads on discounted cash flows. As at March 31, 2018, the current market rates plus risk-adjusted spreads ranged from 2.15% to 4.13% (December 31, 2017 — 2.42% to 3.99%). The estimated fair value of term loans and credit facilities on investment properties at March 31, 2018 is \$444,167 (December 31, 2017 — \$456,951).

INITIAL PROPERTIES PORTFOLIO
NOTES TO THE CONDENSED COMBINED CARVE-OUT FINANCIAL STATEMENTS (Continued)
(Unaudited)
For the three months ended March 31, 2018 and 2017
(in thousands of Canadian dollars)

9. CONTINGENCIES

The Portfolio is subject to claims and legal actions that arise in the ordinary course of business. It is the opinion of management that any ultimate liability that may arise from such matters would not have a significant adverse effect on the condensed combined carve-out financial statements of the Portfolio.

10. RISK MANAGEMENT

The Portfolio's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk.

- (a) Market risk — is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of interest rate risk, currency risk and other price risk.

(i) Interest rate risk

The Portfolio faces interest rate risk on its variable rate financial liabilities. In addition, there is interest rate risk associated with the Portfolio's fixed rate debt due to the expected requirement to refinance such debt in the year of maturity or shortly thereafter.

The Portfolio manages interest rate risk by structuring its financings to stagger the maturities of its debt, thereby mitigating its exposure to interest rate and other credit market fluctuations.

As at March 31, 2018, the Portfolio has variable rate loans and credit facilities of \$50,000 (December 31, 2017 — \$50,000). A 1% change in prevailing interest rates would change annualized interest charges incurred by \$500 (December 31, 2017 — \$500).

(ii) Currency risk

The Portfolio's financial statement presentation currency is Canadian dollars. Operations are located in Canada and the Portfolio has limited or no operational transactions in foreign-denominated dollars. As such, the Portfolio has no significant exposure to currency risk.

(iii) Other price risk

Other price risk is the risk of variability in fair value due to movements in equity prices or other market prices such as commodity prices and credit spreads.

- (b) Credit risk — is the risk that tenants and/or debtors may experience financial difficulty and be unable to fulfil their lease commitments or loan repayments. An allowance for impairment is taken for all estimated collectability risks.

The Portfolio's residential rental business is carried on in the Ottawa, Greater Toronto Area, Edmonton and Calgary regions. The nature of this business involves a high volume of tenants with individually small monthly rent amounts. The Portfolio monitors the collection of residential rent receivables on a regular basis with strictly followed procedures designed to minimize credit loss in cases of non-payment.

- (c) Liquidity risk — is the risk that the Portfolio will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Portfolio mitigates liquidity risk by staggering the maturity dates of its borrowing, maintaining borrowing relationships with various lenders, proactively renegotiating expiring credit agreements well in advance of the maturity date and by maintaining sufficient availability on its lines of credit.

11. CAPITAL RISK MANAGEMENT

The Portfolio's capital consists of net assets and secured debt. The Portfolio invests its capital to achieve its business objectives and to generate an acceptable long-term return to the Portfolio's shareholder. Primary uses of capital include property acquisitions, development activities, capital improvements, funding leasing costs and debt principal repayments.

The Portfolio's principal objective with respect to debt financing is to minimize its overall borrowing costs while maintaining balance in its maturity schedule and diversity in its lender base. The Parent is subject to certain financial covenants related to the Portfolio and is in compliance with these covenants.

INITIAL PROPERTIES PORTFOLIO
NOTES TO THE CONDENSED COMBINED CARVE-OUT FINANCIAL STATEMENTS (Continued)
(Unaudited)
For the three months ended March 31, 2018 and 2017
(in thousands of Canadian dollars)

11. CAPITAL RISK MANAGEMENT (Continued)

The actual level and type of future financings to fund the Portfolio's capital obligations will be determined based on prevailing interest rates, various costs of debt and/or equity capital, capital market conditions and management's general view of the appropriate leverage in the business. The Portfolio had no changes in its approach to capital management during the period.

The components of the Portfolio's capital as at March 31, 2018 and December 31, 2017 are set out in the table below:

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Liabilities (principal amounts outstanding)		
Term loans and credit facilities	\$437,181	\$439,229
Net assets	<u>450,971</u>	<u>423,193</u>
	<u>\$888,152</u>	<u>\$862,422</u>

12. SUBSEQUENT EVENTS

On May 18, 2018, the Parent refinanced a secured debt through a buy down of the contractual interest rate. Secured debt with an outstanding principal balance of approximately \$27,525, maturing in 2027 and with an interest rate of 5.01%, was refinanced with a new interest rate of 3.31%. The Parent paid \$3,682 to buy down the interest rate.

On or about June 25, 2018, MPI will transfer its beneficial interest in the Portfolio to the Partnership. In conjunction with the transfer, a series of transactions will be undertaken by the Partnership and MPI related to underlying debt being assumed and retained debt, which will include refinancing net debt of \$47,013.

APPENDIX A
MINTO APARTMENT REAL ESTATE INVESTMENT TRUST
CHARTER OF THE AUDIT COMMITTEE
(the “Charter”)

1. General

A. Purpose

The Audit Committee (the “**Committee**”) is a committee of the Board of Trustees (the “**Board**”) of Minto Apartment Real Estate Investment Trust (the “**REIT**”). The members of the Committee and the chair of the Committee (the “**Chair**”) are appointed by the Board on an annual basis (or until their successors are duly appointed) for the purpose of overseeing the REIT’s financial controls and reporting and monitoring whether the REIT complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

2. Composition

- (1) The Committee shall be comprised of a minimum of three trustees.
- (2) The Committee must be constituted as required under National Instrument 52-110 — *Audit Committees*, as it may be amended or replaced from time to time (“**NI 52-110**”).
- (3) All of the members of the Committee must be Residents (as such term is defined in the REIT’s declaration of trust).
- (4) All members of the Committee must (except to the extent permitted by NI 52-110) be independent (as defined by NI 52-110), and free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.
- (5) No members of the Committee shall receive, other than for service on the Board or the Committee or other committees of the Board, any consulting, advisory, or other compensatory fee from the REIT or any of its related parties or subsidiaries.
- (6) All members of the Committee must (except to the extent permitted by NI 52-110) be financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the REIT’s financial statements).
- (7) Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a trustee. The Board may fill vacancies on the Committee by election from among the Board. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all powers of the Committee so long as a quorum remains.

3. Limitations on Committee’s Duties

In contributing to the Committee’s discharge of its duties under this Charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which any member of the Board may be otherwise subject.

Members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, (iii) representations made by management of the REIT (“**Management**”) as to the non-audit services provided to the REIT by the external auditor, (iv) financial statements of the REIT represented to them by a member of Management or in a written report of the external auditors to present

fairly the financial position of the REIT in accordance with applicable generally accepted accounting principles, and (v) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

4. Meetings

The Committee should meet not less than four times annually. The Committee should meet within 45 days following the end of the first three financial quarters of the REIT and shall meet within 90 days following the end of the fiscal year of the REIT. A quorum for the transaction of business at any meeting of the Committee shall be a majority of the members of the Committee or such greater number as the Committee shall by resolution determine. The Committee shall keep minutes of each meeting of the Committee. A copy of the minutes shall be provided to each member of the Committee.

Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon one day's prior notice to each of the other Committee members. The members of the Committee may waive the requirement for notice. In addition, each of the Chief Executive Officer, the Chief Financial Officer and the external auditor shall be entitled to request that the Chair call a meeting.

The Committee may ask members of Management and employees of the REIT (including, for greater certainty, its affiliates and subsidiaries) or others (including the external auditor) to attend meetings and provide such information as the Committee requests. Members of the Committee shall have full access to information of the REIT (including, for greater certainty, its affiliates, subsidiaries and their respective operations) and shall be permitted to discuss such information and any other matters relating to the results of operations and financial position of the REIT with Management, employees, the external auditor and others as they consider appropriate.

The Committee or its Chair should meet at least once per year with Management and the external auditor in separate sessions to discuss any matters that the Committee or either of these groups desires to discuss privately. In addition, the Committee or its Chair should meet with Management quarterly in connection with the REIT's interim financial statements.

The Committee shall determine any desired agenda items.

5. Committee Activities

As part of its function in assisting the Board in fulfilling its oversight responsibilities (and without limiting the generality of the Committee's role), the Committee will have the power and authority to:

A. Financial Disclosure

- (1) Review, approve and recommend for Board approval the REIT's interim financial statements, including any certification, report, opinion or review rendered by the external auditor, together with any supplemental information and/or management presentations, and the related management's discussion & analysis and press release.
- (2) Review, approve and recommend for Board approval the REIT's annual financial statements, including any certification, report, opinion or review rendered by the external auditor, the annual information form, and the related management's discussion & analysis, press release and any other disclosure derived from the REIT's financial statements.
- (3) Satisfy itself that adequate procedures have been put in place by Management for the review of the REIT's public disclosure of financial information extracted or derived from the REIT's financial statements and the related management's discussion & analysis.
- (4) Review any litigation, claim or other contingency and any regulatory or accounting initiatives that could have a material effect upon the financial position or operating results of the REIT and the appropriateness of the disclosure thereof in the documents reviewed by the Committee.

- (5) Receive periodically Management reports assessing the adequacy and effectiveness of the REIT's disclosure controls and procedures.

B. Internal Control

- (1) Review Management's process to identify and manage the significant risks associated with the activities of the REIT.
- (2) Review the effectiveness of the internal control systems for monitoring compliance with financial disclosure matters and financial risk management.
- (3) Have the authority to communicate directly with the internal auditor (if any).
- (4) Receive periodic Management reports assessing the adequacy and effectiveness of the REIT's internal control systems.
- (5) Assess the overall effectiveness of the internal control and risk management frameworks through discussions with Management, the internal auditor (if any) and the external auditor and assess whether recommendations made by the internal auditor (if any) or the external auditor have been implemented by Management.

C. Relationship with the External Auditor

- (1) Recommend to the Board the selection of the external auditor and the fees and other compensation to be paid to the external auditor.
- (2) Have the authority to communicate directly with the external auditor and arrange for the external auditor to be available to the Committee and the Board as needed.
- (3) Advise the external auditor that it is required to report to the Committee, and not to Management.
- (4) Monitor the relationship between Management and the external auditor, including reviewing any Management letters or other reports of the external auditor, discussing any material differences of opinion between Management and the external auditor and resolving disagreements between the external auditor and Management.
- (5) If considered appropriate, establish separate systems of reporting to the Committee by each of Management and the external auditor.
- (6) Review and discuss on an annual basis with the external auditor all significant relationships they have with the REIT, Management or employees that might interfere with the independence of the external auditor.
- (7) Pre-approve all non-audit services (or delegate such pre-approval, to the Chair of the Committee or as otherwise permitted by applicable securities laws) to be provided by the external auditor.
- (8) Review the performance of the external auditor and recommend any discharge of the external auditor when the Committee determines that circumstances warrant.
- (9) Periodically consult with the external auditor out of the presence of Management about (a) any significant risks or exposures facing the REIT, (b) internal controls and other steps that Management has taken to control such risks, and (c) the fullness and accuracy of the financial statements of the REIT.
- (10) Review and approve any proposed hiring of current or former partners or employees of the current (and any former) external auditor of the REIT.

D. Audit Process

- (1) Review the scope, plan and results of the external auditor's audit and reviews, including the auditor's engagement letter, the post-audit management letter, if any, and the form of the audit

report. The Committee may authorize the external auditor to perform supplemental reviews, audits or other work as deemed desirable.

- (2) Following completion of the annual audit and quarterly reviews, review separately with each of Management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.
- (3) Review any significant disagreements among Management and the external auditor in connection with the preparation of the financial statements.
- (4) Where there are significant unsettled issues between Management and the external auditor that do not affect the audited financial statements, the Committee shall seek to ensure that there is an agreed course of action leading to the resolution of such matters.
- (5) Review with the external auditor and Management significant findings and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.
- (6) Review the systems in place to seek to ensure that the financial statements, management's discussion & analysis and other financial information disseminated to regulatory authorities and the public satisfy applicable requirements.

E. Financial Reporting Processes

- (1) Review the integrity of the REIT's financial reporting processes, both internal and external, in consultation with the external auditor.
- (2) Periodically consider the need for an internal audit function, if not present.
- (3) Review all material balance sheet issues, material contingent obligations and material related party transactions.
- (4) Review with Management and the external auditor the REIT's accounting policies and any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with Management, the ramification of their use and the external auditor's preferred treatment and any other material communications with Management with respect thereto. Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.

F. General

- (1) Inform the Board of matters that may significantly impact the financial condition or affairs of the business.
- (2) Respond to requests by the Board with respect to the functions and activities that the Board requests the Committee to perform.
- (3) Periodically review this Charter and, if the Committee deems appropriate, recommend to the Board changes to this Charter.
- (4) Review the public disclosure regarding the Committee required from time to time by NI 52-110.
- (5) At its discretion, retain independent counsel, accountants and other professionals to assist it in the conduct of its activities and to set and pay (as an expense of the REIT) the compensation for any such advisors.
- (6) Review in advance, and approve, the hiring and appointment of the REIT's Chief Financial Officer.

(7) Perform any other activities as the Committee or the Board deems necessary or appropriate.

6. Complaint Procedures

- (1) As set forth in the REIT's whistleblower policy, anyone may submit a complaint regarding conduct by the REIT or its employees or agents (including its external auditor) reasonably believed to involve questionable accounting, internal accounting controls, auditing or other matters. The Chair will have the power and authority to oversee treatment of such complaints.
- (2) Complaints are to be directed to the attention of the Chair.
- (3) The Committee should endeavour to keep the identity of the complainant confidential.
- (4) The Chair will have the power and authority to lead the review and investigation of a complaint. The Committee should retain a record of all complaints received. Corrective action may be taken when and as warranted.

CERTIFICATE OF THE REIT AND THE PROMOTER

Dated: June 22, 2018

This prospectus (which includes the marketing materials included or incorporated by reference) constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

MINTO APARTMENT REAL ESTATE INVESTMENT TRUST

(Signed) Michael Waters
Chief Executive Officer

(Signed) Julie Morin
Chief Financial Officer

On behalf of the Board of Trustees

(Signed) Roger Greenberg
Trustee

(Signed) Simon Nyilassy
Trustee

MINTO PROPERTIES INC.
(as Promoter)

(Signed) Michael Waters
Chief Executive Officer

(Signed) Robert Pike
President

CERTIFICATE OF THE UNDERWRITERS

Dated: June 22, 2018

To the best of our knowledge, information and belief, this prospectus (which includes the marketing materials included or incorporated by reference) constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

TD SECURITIES INC.

By: (Signed) Derek Dermott

BMO NESBITT BURNS INC.

By: (Signed) David Goldstein

CIBC WORLD MARKETS INC.

By: (Signed) Mark Johnson

RBC DOMINION SECURITIES INC.

By: (Signed) Julian Karl Schonfeldt

SCOTIA CAPITAL INC.

By: (Signed) Charles Vineberg

NATIONAL BANK FINANCIAL INC.

By: (Signed) Andrew Wallace

CANACCORD GENUITY CORP.

By: (Signed) Dan Sheremeto

DESJARDINS SECURITIES INC.

By: (Signed) Mark Edwards

RAYMOND JAMES LTD.

By: (Signed) Lucas Atkins

INDUSTRIAL ALLIANCE SECURITIES INC.

By: (Signed) Dennis Kunde



REIT to Leverage Best-in-Class Operating Platform

Fully Integrated Real Estate Operating Platform with Strong Track Record



- \$900 million of off market acquisitions since 2010
- 18% IRR managing institutional capital since 2010
- 63 years' experience
- Leading customer service
- Scaled to manage \$4 billion+ in assets
- Extensive relationships in real estate industry

Significant Benefit to the REIT

- Long track-record with the Initial Properties
- Established institutional relationships to facilitate future growth
- Highly scalable platform to service REIT as growth is achieved
- Proven governance and reporting capabilities
- Alignment of interest through significant ownership, sole Canadian multi-residential vehicle⁽¹⁾
- Access to a fully integrated development platform, with a significant track record
- Corporate-level management and support services capped by Minto at 32bps of GBV⁽²⁾



1. Excludes interests in Minto's existing multi-residential partnerships and co-ownerships.
2. Excludes Public Company Costs



A Leader in the Industry



- 2017 - Amenities Award of Excellence
- 2017 - Customer Service Award of Excellence
- 2016 - Community Service Excellence
- 2016 - Certified Rental Building Member Company of the Year



- 2016 - New Home Builder of the Year (Large Volume)
- 2011, 2012, 2014, 2015 - Ontario Green Builder of the Year



Ontario
Home Builders'
Association

- 2016 - Project of the Year (High or Mid-Rise) for Bside at Minto Westside, Toronto
- 2012, 2014 - Ontario Home Builder of the Year



- LEED Gold Certification for 979 Bank Street in Ottawa, Martin Grove in Toronto and Roehampton in Toronto
- LEED SILVER for Minto Place and 180 Kent in Ottawa



- 2013, 2017 - Green Builder of the Year (Low-Rise)



- 1 of 4 Canadian builders selected and recognized in 2017 for designing, building and selling high production Net Zero homes.



- 2016 GOLD Certification at Canada Building, 344 Slater Street and at 180 Kent Street in Ottawa
- 2016 PLATINUM Certification at Enterprise Building, 427 Laurier Avenue West in Ottawa



**Attractive
Asset Class with
Compelling
Supply/Demand
Characteristics**

1

**High Quality
Portfolio with
Significant Scale**

2

**Strategic Avenues
for Growth**

3

**Benefits of an
Industry-Leading
Vertically-Integrated
Platform with Strong
Alignment of Interests**

4

**Experienced
Management
Team and a Strong
Independent
Board of Trustees**

5

**Conservative
Financial Metrics
Support Growth
and Distributions**

6

