



Real Estate Potential. **Realized.**

MORGUARD NORTH AMERICAN
RESIDENTIAL REAL ESTATE
INVESTMENT TRUST

MARCH 31, 2024

CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
(UNAUDITED)

BALANCE SHEETS

In thousands of Canadian dollars

As at	Note	March 31, 2024	December 31, 2023
ASSETS			
Non-current assets			
Real estate properties	3	\$4,114,325	\$3,999,481
Equity-accounted investments	4	56,345	53,282
		4,170,670	4,052,763
Current assets			
Morguard Facility	8	—	2,627
Amounts receivable		9,282	9,571
Prepaid expenses		10,086	9,070
Restricted cash		3,806	4,075
Cash		18,389	17,825
		41,563	43,168
		\$4,212,233	\$4,095,931
LIABILITIES AND EQUITY			
Non-current liabilities			
Mortgages payable	5	\$1,313,949	\$1,327,738
Convertible debentures	6	52,452	52,276
Class B LP Units	7	274,708	254,385
Deferred income tax liabilities	16	273,520	263,424
Lease liabilities	9	16,432	16,059
		1,931,061	1,913,882
Current liabilities			
Mortgages payable	5	197,272	167,624
Accounts payable and accrued liabilities	10	78,302	54,774
		275,574	222,398
Total liabilities		2,206,635	2,136,280
EQUITY			
Unitholders' equity		1,897,790	1,852,778
Non-controlling interest		107,808	106,873
Total equity		2,005,598	1,959,651
		\$4,212,233	\$4,095,931

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF INCOME

In thousands of Canadian dollars

For the three months ended March 31	Note	2024	2023
Revenue from real estate properties	12	\$84,756	\$79,648
Property operating expenses			
Property operating costs		(22,941)	(21,507)
Realty taxes		(35,211)	(32,795)
Utilities		(6,017)	(6,038)
Net operating income		20,587	19,308
Other expenses (income)			
Interest expense	13	19,578	18,149
Trust expenses	14	5,494	5,177
Equity income from investments	4	(1,794)	(2,754)
Foreign exchange loss		2	1
Other income	8	(80)	(719)
Loss before fair value changes and income taxes		(2,613)	(546)
Fair value gain on real estate properties, net	3	52,166	66,688
Fair value loss on Class B LP Units	7	(20,323)	(20,668)
Income before income taxes		29,230	45,474
Provision for income taxes			
Current		626	34
Deferred		3,828	11,191
		4,454	11,225
Net income for the period		\$24,776	\$34,249
Net income (loss) attributable to:			
Unitholders		\$25,731	\$29,495
Non-controlling interest		(955)	4,754
		\$24,776	\$34,249

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

In thousands of Canadian dollars

For the three months ended March 31	2024	2023
Net income for the period	\$24,776	\$34,249
OTHER COMPREHENSIVE INCOME		
Item that may be reclassified subsequently to net income:		
Unrealized foreign currency translation gain (loss)	28,656	(986)
Total comprehensive income for the period	\$53,432	\$33,263
Total comprehensive income attributable to:		
Unitholders	\$51,967	\$28,580
Non-controlling interest	1,465	4,683
	\$53,432	\$33,263

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY

In thousands of Canadian dollars

	Note	Units	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Total Unitholders' Equity	Non-controlling Interest	Total Equity
Unitholders' equity, December 31, 2022		\$470,774	\$48,762	\$1,089,399	\$144,540	\$1,753,475	\$101,914	\$1,855,389
Changes during the period:								
Net income		—	—	29,495	—	29,495	4,754	34,249
Other comprehensive loss		—	—	—	(915)	(915)	(71)	(986)
Repurchase of Units		(3,478)	—	—	—	(3,478)	—	(3,478)
Issue of Units - DRIP		227	—	(227)	—	—	—	—
Distributions		—	—	(6,809)	—	(6,809)	(404)	(7,213)
Unitholders' equity, March 31, 2023		\$467,523	\$48,762	\$1,111,858	\$143,625	\$1,771,768	\$106,193	\$1,877,961
Changes during the period:								
Net income		—	—	146,841	—	146,841	4,191	151,032
Other comprehensive loss		—	—	—	(25,651)	(25,651)	(2,330)	(27,981)
Repurchase of Units		(20,055)	—	—	—	(20,055)	—	(20,055)
Issue of Units - DRIP		682	—	(682)	—	—	—	—
Distributions		—	—	(20,125)	—	(20,125)	(1,181)	(21,306)
Unitholders' equity, December 31, 2023		\$448,150	\$48,762	\$1,237,892	\$117,974	\$1,852,778	\$106,873	\$1,959,651
Changes during the period:								
Net income (loss)		—	—	25,731	—	25,731	(955)	24,776
Other comprehensive income		—	—	—	26,236	26,236	2,420	28,656
Repurchase of Units	11(b)	(209)	—	—	—	(209)	—	(209)
Issue of Units - DRIP	11(d)	237	—	(237)	—	—	—	—
Distributions	11(d)	—	—	(6,746)	—	(6,746)	(530)	(7,276)
Unitholders' equity, March 31, 2024		\$448,178	\$48,762	\$1,256,640	\$144,210	\$1,897,790	\$107,808	\$2,005,598

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars

For the three months ended March 31	Note	2024	2023
OPERATING ACTIVITIES			
Net income		\$24,776	\$34,249
Add (deduct) items not affecting cash	17(a)	(4,248)	(13,967)
Additions to tenant incentives		(144)	(176)
Distributions from equity-accounted investments	4	—	684
Net change in non-cash operating assets and liabilities	17(b)	(1,872)	(2,893)
Cash provided by operating activities		18,512	17,897
INVESTING ACTIVITIES			
Acquisition of income producing properties	3	—	(164,710)
Additions to real estate properties	3	(5,361)	(4,970)
Cash used in investing activities		(5,361)	(169,680)
FINANCING ACTIVITIES			
Repayment of mortgages			
Principal instalment repayments		(8,123)	(8,628)
Principal payment of lease liabilities	9	(9)	(8)
Proceeds from issuance of convertible debentures, net of costs	6	—	53,590
Redemption of convertible debentures		—	(85,500)
Proceeds from Morguard Facility		18,000	182,011
Repayments on Morguard Facility		(15,652)	(52,316)
Units repurchased for cancellation	11(b)	(209)	(3,478)
Distributions to Unitholders		(6,747)	(6,812)
Distributions to non-controlling interest		(530)	(404)
Decrease in restricted cash		364	82,291
Cash provided by (used in) financing activities		(12,906)	160,746
Net increase in cash during the period		245	8,963
Net effect of foreign currency translation on cash balance		319	617
Cash, beginning of period		17,825	14,636
Cash, end of period		\$18,389	\$24,216

See accompanying notes to the condensed consolidated financial statements.

NOTES

For the three months ended March 31, 2024 and 2023

In thousands of Canadian dollars, except Unit and per Unit amounts and where otherwise noted

NOTE 1

NATURE AND FORMATION OF TRUST

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

The REIT holds its investments in its real estate properties through its ownership in Morguard NAR Canada Limited Partnership (the “Partnership”). As at March 31, 2024, Morguard Corporation (“Morguard”), the parent company of the REIT, holds an indirect 46.1% (December 31, 2023 - 46.1%) interest through its ownership of 8,120,666 Units and 17,223,090 Class B LP Units.

NOTE 2

STATEMENT OF COMPLIANCE AND MATERIAL ACCOUNTING POLICIES

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

The condensed consolidated financial statements were approved and authorized for issue by the Board of Trustees on April 30, 2024.

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

Foreign Exchange

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

	2024	2023
Canadian dollar to United States dollar exchange rates:		
- As at March 31	\$0.7386	\$0.7389
- As at December 31	—	0.7561
- Average for the three months ended March 31	0.7414	0.7394
United States dollar to Canadian dollar exchange rates:		
- As at March 31	1.3540	1.3533
- As at December 31	—	1.3226
- Average for the three months ended March 31	1.3488	1.3525

NOTE 3

REAL ESTATE PROPERTIES

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

As at	March 31, 2024	December 31, 2023
Balance, beginning of period	\$3,999,481	\$3,626,853
Additions:		
Acquisition of income producing properties	—	207,658
Capital expenditures	5,361	44,299
Right-of-use assets	—	241
Transfer from equity-accounted investments (Note 4)	—	96,840
Fair value gain, net	52,166	80,996
Foreign currency translation	57,302	(57,717)
Other	15	311
Balance, end of period	\$4,114,325	\$3,999,481

Transactions completed during the year ended December 31, 2023

Acquisitions

On January 5, 2023, the REIT acquired from Morguard the remaining 50% interest in Fenestra at Rockville Town Square (Note 4), comprising 492 residential suites, for a purchase price of \$96,902 (US\$71,545), including closing costs, and assumed mortgages payable of \$45,997 (US\$33,961) at a contractual interest rate of 3.55%, maturing on September 1, 2027. In addition, a mark-to-market adjustment of \$3,049 (US\$2,251) was recorded to mortgages payable at an effective interest rate of 5.26%.

On March 29, 2023, the REIT acquired a multi-suite residential property comprising 240 suites located in Chicago, Illinois ("Xavier"), for a purchase price of \$113,805 (US\$83,829), including closing costs.

The REIT pursued a tax deferred exchange under Internal Revenue Code Section 1031 ("1031 Exchange") in connection with its U.S. property dispositions. Under a 1031 Exchange, the REIT was able to defer tax payable upon the acquisition of its replacement property.

As at March 31, 2024, and December 31, 2023, the REIT had its portfolio appraised by Morguard's appraisal division. In addition, the REIT's U.S. portfolio is appraised by independent U.S. real estate appraisal firms on a three-year cycle.

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

As at March 31, 2024, using the direct capitalization income approach, the properties were valued using capitalization rates in the range of 3.8% to 6.3% (December 31, 2023 - 3.8% to 6.3%), resulting in an overall weighted average capitalization rate of 4.5% (December 31, 2023 - 4.5%).

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

	March 31, 2024 Capitalization Rates			December 31, 2023 Capitalization Rates		
	Maximum	Minimum	Weighted Average	Maximum	Minimum	Weighted Average
Canada						
Alberta	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%
Ontario	4.3%	3.8%	3.9%	4.3%	3.8%	3.9%
United States						
Colorado	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Texas	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Louisiana	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Illinois	5.3%	5.0%	5.1%	5.3%	5.0%	5.1%
Georgia	5.3%	5.0%	5.2%	5.3%	4.8%	5.1%
Florida	6.3%	4.8%	5.3%	6.3%	4.5%	5.2%
North Carolina	5.0%	5.0%	5.0%	5.0%	4.8%	4.9%
Virginia	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
Maryland	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%

Fair values are most sensitive to changes in capitalization rates and stabilized net operating income. Generally, an increase in stabilized net operating income will result in an increase in the fair value of the real estate properties, and an increase in capitalization rates will result in a decrease in the fair value of the properties. The capitalization rate magnifies the effect of a change in stabilized net operating income, with a lower capitalization rate resulting in a greater impact on the fair value of the property than a higher capitalization rate. If the weighted average stabilized capitalization rate were to increase or decrease by 25 basis points (assuming no change to stabilized net operating income), the fair value of the real estate properties as at March 31, 2024 would decrease by \$210,274 or increase by \$235,148, respectively.

NOTE 4

EQUITY-ACCOUNTED INVESTMENTS

The following are the REIT's equity-accounted investments as at March 31, 2024, and December 31, 2023:

Property	Principal Place of Business	Type	REIT's Ownership		Carrying Value	
			March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Marquee at Block 37	Chicago, IL	Joint Venture	50%	50%	\$56,345	\$53,282

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

As at	March 31, 2024	December 31, 2023
Balance, beginning of period	\$53,282	\$105,462
Transfer ⁽¹⁾	—	(52,857)
Distributions received	—	(3,385)
Share of net income	1,794	5,376
Foreign exchange gain (loss)	1,269	(1,314)
Balance, end of period	\$56,345	\$53,282

⁽¹⁾ On January 5, 2023, the REIT acquired from Morguard the remaining 50% interest in Fenestra at Rockville Town Square, at which point the carrying value of the 50% interest was transferred to each respective balance sheet line item including income producing properties in the amount of \$96,840 (Note 3) and mortgages payable in the amount of \$45,997.

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

As at	March 31, 2024	December 31, 2023
Non-current assets	\$327,476	\$314,780
Current assets	2,628	2,532
Total assets	\$330,104	\$317,312
Non-current liabilities	\$202,972	\$199,464
Current liabilities	14,442	11,284
Total liabilities	\$217,414	\$210,748
Net assets	\$112,690	\$106,564
Equity-accounted investments	\$56,345	\$53,282

For the three months ended March 31	2024	2023
Revenue	\$7,856	\$7,544
Expenses	(9,376)	(10,032)
Fair value gain on income producing properties	5,108	7,996
Net income for the period	\$3,588	\$5,508
Income in equity-accounted investments	\$1,794	\$2,754

NOTE 5

MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at	March 31, 2024	December 31, 2023
Principal balance of mortgages	\$1,526,389	\$1,511,252
Deferred financing costs	(13,033)	(13,628)
Mark-to-market adjustment	(2,135)	(2,262)
	\$1,511,221	\$1,495,362
Current	\$197,272	\$167,624
Non-current	1,313,949	1,327,738
	\$1,511,221	\$1,495,362
Range of interest rates	2.03–7.38%	2.03–7.39%
Weighted average interest rate	3.72%	3.72%
Weighted average term to maturity (years)	4.6	4.9
Fair value of mortgages	\$1,437,400	\$1,438,179

As at March 31, 2024, approximately 95% of the REIT's real estate properties, and related rental revenue, have been pledged as collateral for the mortgages payable.

The aggregate principal repayments and balances maturing of the mortgages payable as at March 31, 2024, together with the weighted average contractual interest rate on debt maturing in the next five years and thereafter, are as follows:

	Principal Instalment Repayments	Balances Maturing	Total	Weighted Average Contractual Rate
2024 (remainder of the year)	\$22,630	\$140,446	\$163,076	3.28%
2025	23,527	183,248	206,775	3.28%
2026	17,900	168,356	186,256	3.25%
2027	15,761	172,872	188,633	4.43%
2028	12,499	108,779	121,278	3.90%
Thereafter	33,013	627,358	660,371	3.85%
	\$125,330	\$1,401,059	\$1,526,389	3.72%

NOTE 6

CONVERTIBLE DEBENTURES

Convertible debentures consist of the following:

As at	March 31, 2024	December 31, 2023
6.00% convertible unsecured subordinated debentures	\$52,466	\$52,245
Fair value of conversion option	1,979	2,131
Unamortized financing costs	(1,993)	(2,100)
	\$52,452	\$52,276

For the three months ended March 31, 2024, interest on the convertible debentures amounting to \$840 (2023 - \$1,068) is included in interest expense (Note 13). As at March 31, 2024, \$9 (December 31, 2023 - \$856) is included in accounts payable and accrued liabilities.

6.00% Convertible Unsecured Subordinated Debentures

On March 9, 2023, the REIT issued \$50,000 principal amount of 6.00% convertible unsecured subordinated debentures (the "2023 Debentures") maturing on March 31, 2028 (the "Maturity Date"). On March 17, 2023, an additional principal amount of \$6,000 was issued pursuant to the exercise of the over-allotment option. Interest is payable semi-annually, not in advance, on March 31 and September 30 of each year, commencing on September 30, 2023. The underwriters' commissions, legal and other issue costs attributable to the 2023 Debentures in the amount of \$2,410 have been capitalized and are being amortized over their term to maturity. Morguard and Paros Enterprises Limited, related parties, own \$5,000 and \$2,000 aggregate principal amount of the 2023 Debentures, respectively.

As at March 31, 2024, \$56,000 of the face value of the 2023 Debentures were outstanding.

Each of the 2023 Debentures can be converted into fully paid, non-assessable and freely tradable Units at the option of the holder at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately preceding the date specified by the REIT for redemption of the 2023 Debentures, at a conversion price of \$24.15 per Unit, being a ratio of approximately 41.4079 Units per \$1,000 principal amount of the 2023 Debentures.

NOTE 7

CLASS B LP UNITS

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

As at March 31, 2024, the REIT valued the Class B LP Units based on the closing price of the TSX-listed Units, which resulted in a fair value liability of \$274,708 (December 31, 2023 - \$254,385) and a corresponding fair value loss for the three months ended March 31, 2024 of \$20,323 (2023 - \$20,668).

For the three months ended March 31, 2024, distributions on Class B LP Units amounting to \$3,186 (2023 - \$3,100) are included in interest expense (Note 13).

As at March 31, 2024, and December 31, 2023, there were 17,223,090 Class B LP Units issued and outstanding.

NOTE 8

MORGUARD FACILITY

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

As at March 31, 2024, the net amount receivable under the Morguard Facility was \$nil (December 31, 2023 - \$2,627).

During the three months ended March 31, 2024, the REIT recorded net interest income of \$80 (2023 - \$301) on the Morguard Facility.

NOTE 9

LEASE LIABILITIES

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

As at	March 31, 2024	December 31, 2023
Balance, beginning of period	\$16,059	\$16,235
Interest on lease liabilities (Note 13)	237	943
Payments	(246)	(976)
Additions	—	241
Foreign exchange gain (loss)	382	(384)
	\$16,432	\$16,059

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

As at	March 31, 2024	December 31, 2023
Within 12 months	\$1,027	\$985
2 to 5 years	4,254	4,155
Over 5 years	27,085	26,716
Total minimum lease payments	32,366	31,856
Less: Future interest costs	(15,934)	(15,797)
Present value of minimum lease payments	\$16,432	\$16,059

NOTE 10

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	March 31, 2024	December 31, 2023
Accounts payable and accrued liabilities	\$44,528	\$45,620
Accrued liabilities (IFRIC 21, Levies)	24,423	—
Tenant deposits	9,351	9,154
	\$78,302	\$54,774

NOTE 11

UNITHOLDERS’ EQUITY

(a) Units

The REIT is authorized to issue an unlimited number of Units. Each Unit confers the right to one vote at any meeting of Unitholders and to participate *pro rata* in the distributions by the REIT and, in the event of termination or winding-up of the REIT, in the net assets of the REIT. The Unitholders have the right to require the REIT to redeem their Units on demand subject to certain conditions. The Units have no par value. Upon receipt of the redemption notice by the REIT, all rights to and under the Units tendered for redemption will cease and the holder thereof will be

entitled to receive a price per Unit (“Redemption Price”) as determined by a formula outlined in the Declaration of Trust. The Redemption Price will be paid in accordance with the conditions provided for in the Declaration of Trust.

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

(b) Normal Course Issuer Bids

On January 6, 2023, the REIT had the approval of the TSX under its normal course issuer bid (“NCIB”) to purchase up to 1,474,371 Units and \$4,024 principal amount of the 2018 Debentures. The program expired on January 9, 2024. On January 10, 2024, the REIT obtained the approval of the TSX under its NCIB, commencing January 12, 2024, to purchase up to 2,795,028 Units, being approximately 10% of the public float of outstanding Units; the program expires on January 11, 2025. The daily repurchase restriction for the Units is 6,634. Additionally, the REIT may purchase up to \$4,900 principal amount of the 2023 Debentures, being 10% of the public float of outstanding 2023 Debentures. The daily repurchase restriction for the 2023 Debentures is \$6. The price that the REIT would pay for any such Units or 2023 Debentures would be the market price at the time of acquisition.

During the three months ended March 31, 2024, 13,268 Units were repurchased for cash consideration of \$209 at a weighted average price of \$15.75 per Unit. During the year ended December 31, 2023, 1,431,984 Units were repurchased for cash consideration of \$23,533 at a weighted average price of \$16.43 per Unit.

(c) Special Voting Units

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

(d) Units Outstanding

The following table summarizes the changes in Units for the period from December 31, 2022, to March 31, 2024:

Issued and Fully Paid Units	Units	Amount
Balance, December 31, 2022	39,111,793	\$470,774
Units issued under the DRIP	56,150	909
Units repurchased through the NCIB plan	(1,431,984)	(23,533)
Balance, December 31, 2023	37,735,959	448,150
Units issued under the DRIP	15,414	237
Units repurchased through the REIT’s NCIB plan	(13,268)	(209)
Balance, March 31, 2024	37,738,105	\$448,178

Total distributions declared during the three months ended March 31, 2024, amounted to \$6,983, or \$0.18501 per Unit (2023 - \$7,036, or \$0.18 per Unit), including distributions payable of \$2,328 that were declared on March 15, 2024, and paid on April 15, 2024. On April 15, 2024, the REIT declared a distribution of \$0.06167 per Unit payable on May 15, 2024.

(e) Distribution Reinvestment Plan

Under the REIT’s Distribution Reinvestment Plan (“DRIP”), Unitholders can elect to reinvest cash distributions into additional Units at a weighted average closing price of the Units on the TSX for the five trading days immediately preceding the applicable date of distribution. During the three months ended March 31, 2024, the REIT issued 15,414 Units under the DRIP (year ended December 31, 2023 - 56,150 Units).

NOTE 12

RENTAL INCOME

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

For the three months ended March 31	2024	2023
Rental income	\$41,840	\$38,979
Property management and ancillary income	29,272	28,299
Property tax and insurance	13,644	12,370
	\$84,756	\$79,648

NOTE 13

INTEREST EXPENSE

The components of interest expense are as follows:

For the three months ended March 31	2024	2023
Interest on mortgages	\$14,213	\$12,925
Interest on convertible debentures (Note 6)	840	1,068
Interest on lease liabilities (Note 9)	237	235
Amortization of mark-to-market adjustment on mortgages	178	206
Amortization of deferred financing costs	748	713
Amortization of deferred financing costs on the convertible debentures (Note 6)	107	191
Accretion on convertible debentures (Note 6)	221	—
Fair value gain on conversion option on the convertible debentures (Note 6)	(152)	(289)
	16,392	15,049
Distributions on Class B LP Units (Note 7)	3,186	3,100
	\$19,578	\$18,149

NOTE 14

TRUST EXPENSES

The components of trust expenses are as follows:

For the three months ended March 31	2024	2023
Asset management fees and distributions	\$4,814	\$4,524
Professional fees	353	314
Public company expenses	198	200
Other	129	139
	\$5,494	\$5,177

NOTE 15

RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in Notes 3, 6, 7 and 8, related party transactions also include the following:

Agreements with Morguard Affiliates

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

Property Management

Pursuant to the Agreements, Morguard's affiliates administer the day-to-day operations of the Canadian and U.S. income producing properties, for which Morguard's affiliates receive partnership fees and distributions equal to 3.5% of gross property revenue of the income producing properties, payable monthly. For the three months ended March 31, 2024, fees and distributions amounted to \$3,028 (2023 - \$2,846) and are included in property operating costs and equity income from investments. As at March 31, 2024, \$885 (December 31, 2023 - \$868) is included in accounts payable and accrued liabilities.

Asset Management

Pursuant to the Agreements, Morguard's affiliates have certain duties and responsibilities for the strategic management and administration of the Partnership and its subsidiaries, for which they receive partnership fees and distributions equal to 0.25% of the Partnership's gross book value defined as acquisition cost of the REIT's assets plus: (i) fair value adjustments; and (ii) accumulated amortization on property, plant and equipment. In addition, an annual fee and distribution is calculated in arrears, determined by multiplying 15% of the Partnership's funds from operations in excess of \$0.66 per Unit. For the three months ended March 31, 2024, fees and distributions amounted to \$4,914 (2023 - \$4,624) and are included in trust expenses and equity income from investments. As at March 31, 2024, \$766 (December 31, 2023 - \$3,555) is included in accounts payable and accrued liabilities.

Acquisition

Pursuant to the Agreements, Morguard's affiliates are entitled to receive partnership fees with respect to properties acquired, directly or indirectly, by the REIT from third parties, and the fees are to be paid upon the closing of the purchase of each such property. The fees range from 0% of the purchase price paid for properties acquired directly or indirectly from Morguard, including entities controlled by Morguard, up to 0.75% of the purchase price paid for properties acquired from third parties. For the three months ended March 31, 2024, fees relating to acquisition services amounted to \$nil (2023 - \$825) and have been capitalized to income producing properties.

Financing

Pursuant to the Agreements, with respect to arranging for financing services, Morguard's affiliates are entitled to receive partnership fees equal to 0.15% of the principal amount and associated costs (excluding mortgage premiums) of any debt financing or refinancing. There were no fees relating to financing services for the three months ended March 31, 2024 and 2023.

Other Services

As at March 31, 2024, the REIT had its portfolio appraised by Morguard's appraisal division. For the three months ended March 31, 2024, fees relating to appraisal services amounted to \$52 (2023 - \$52) and are included in trust expenses.

NOTE 16

INCOME TAXES

(a) Canadian Status

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

(b) U.S. Status

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

As at March 31, 2024, the REIT's U.S. subsidiaries have total net operating losses of approximately US\$23,478 (December 31, 2023 - US\$27,333) of which deferred income tax assets were recognized as it is probable that taxable profit will be available against such losses and can be carried forward indefinitely. Included in the net operating losses is the REIT's portion of net operating losses of a subsidiary where the REIT owns a 51% effective interest in a limited partnership of US\$9,096 (December 31, 2023 - US\$9,253).

As at March 31, 2024, the REIT's U.S. subsidiaries have a total of US\$40,449 (December 31, 2023 - US\$36,171) of unutilized interest expense deductions on which deferred income tax assets were recognized and can be carried forward indefinitely.

NOTE 17

CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Items Not Affecting Cash

For the three months ended March 31	2024	2023
Fair value gain on real estate properties, net	(\$27,836)	(\$44,052)
Fair value loss on Class B LP Units	20,323	20,668
Fair value gain on conversion option on the convertible debentures	(152)	(289)
Equity income from investments	(1,794)	(2,754)
Amortization of deferred financing - mortgages	748	713
Amortization of deferred financing - convertible debentures	107	191
Amortization of mark-to-market adjustment on mortgages	178	206
Accretion on convertible debentures	221	—
Amortization of tenant incentives	129	159
Deferred income taxes	3,828	11,191
	(\$4,248)	(\$13,967)

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

For the three months ended March 31	2024	2023
Amounts receivable	\$431	\$5,218
Prepaid expenses	(830)	(4,248)
Accounts payable and accrued liabilities	(1,473)	(3,863)
	(\$1,872)	(\$2,893)

(c) Supplemental Cash Flow Information

For the three months ended March 31	2024	2023
Interest paid	\$15,841	\$14,304

(d) Reconciliation of Liabilities Arising from Financing Activities

The following provides a reconciliation of liabilities arising from financing activities:

As at March 31, 2024	Mortgages Payable	Convertible Debentures	Lease Liabilities	Total
Balance, beginning of period	\$1,495,362	\$52,276	\$16,059	\$1,563,697
Repayments	(8,123)	—	(9)	(8,132)
Non-cash changes	926	176	—	1,102
Foreign exchange	23,056	—	382	23,438
Balance, end of period	\$1,511,221	\$52,452	\$16,432	\$1,580,105

NOTE 18

MANAGEMENT OF CAPITAL

Refer to the REIT's audited consolidated financial statements as at and for the year ended December 31, 2023 for an explanation of the REIT's capital management policy.

The total managed capital for the REIT as at March 31, 2024, and December 31, 2023, is summarized below:

As at	March 31, 2024	December 31, 2023
Mortgages payable, principal balance	\$1,526,389	\$1,511,252
Convertible debentures, face value	56,000	56,000
Lease liabilities	16,432	16,059
Class B LP Units	274,708	254,385
Unitholders' equity	1,897,790	1,852,778
	\$3,771,319	\$3,690,474

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

As at	Borrowing Limits	March 31, 2024	December 31, 2023
Total debt to gross book value	70%	38.0%	38.7%
Floating-rate debt to gross book value	20%	0.9%	0.9%

NOTE 19

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Refer to the REIT's audited consolidated financial statements as at and for the year ended December 31, 2023 for an explanation of the REIT's risk management policy as it relates to financial instruments.

Fair Value of Financial Assets and Liabilities

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

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

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial obligations using March 31, 2024, market rates for debts of similar terms (Level 2). Based on these assumptions, as at March 31, 2024, the fair value of the mortgages payable before deferred financing costs and mark-to-market adjustment is estimated at \$1,437,400 (December 31, 2023 - \$1,438,179), compared with the carrying value of \$1,526,389 (December 31, 2023 - \$1,511,252). The fair value of the mortgages payable varies from the carrying value due to fluctuations in market interest rates since their issue.

The fair value of the convertible debentures is based on their market trading price (Level 1). As at March 31, 2024, the fair value of the convertible debentures before deferred financing costs has been estimated at \$55,451 (December 31, 2023 - \$54,880), compared with the carrying value of \$52,466 (December 31, 2023 - \$52,245).

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

The REIT's convertible debentures have no restrictive covenants.

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

	March 31, 2024			December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets:						
Real estate properties	\$—	\$—	\$4,114,325	\$—	\$—	\$3,999,481
Financial liabilities:						
Class B LP Units	274,708	—	—	254,385	—	—
Conversion option of the convertible debentures	—	1,979	—	—	2,131	—

NOTE 20

SEGMENTED INFORMATION

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

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

For the three months ended	March 31, 2024			March 31, 2023		
	Canada	U.S.	Total	Canada	U.S.	Total
Revenue from real estate properties	\$27,604	\$57,152	\$84,756	\$26,144	\$53,504	\$79,648
Property operating expenses	(11,966)	(52,203)	(64,169)	(12,175)	(48,165)	(60,340)
Net operating income	\$15,638	\$4,949	\$20,587	\$13,969	\$5,339	\$19,308

As at	March 31, 2024			December 31, 2023		
	Canada	U.S.	Total	Canada	U.S.	Total
Real estate properties	\$1,623,280	\$2,491,045	\$4,114,325	\$1,589,740	\$2,409,741	\$3,999,481
Mortgages payable	\$519,124	\$992,097	\$1,511,221	\$523,795	\$971,567	\$1,495,362

For the three months ended	March 31, 2024			March 31, 2023		
	Canada	U.S.	Total	Canada	U.S.	Total
Additions to real estate properties	\$2,627	\$2,734	\$5,361	\$1,986	\$307,482	\$309,468
Fair value gain on real estate properties	\$30,926	\$21,240	\$52,166	\$13,846	\$52,842	\$66,688

NOTE 21

SUBSEQUENT EVENT

Subsequent to March 31, 2024, the REIT entered into binding commitment letters for the Canada Mortgage and Housing Corporation ("CMHC") insured refinancing of three multi-suite residential properties located in Mississauga, Ontario, providing gross proceeds of up to \$203,680. The REIT expects to close the refinancing during the second quarter of 2024. The maturing mortgages amount to \$90,907, and have a weighted average interest rate of 3.36%.