MORGUARD NORTH AMERICAN RESIDENTIAL REAL ESTATE INVESTMENT TRUST
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

JUNE 30, 2026

BALANCE SHEETS

In thousands of Canadian dollars

As at	Note	June 30, 2026	December 31, 2025
ASSETS			
Non-current assets			
Real estate properties	3	**$4,472,063**	$4,312,165
Equity-accounted investments	4	**78,620**	72,640
		4,550,683	4,384,805
Current assets			
Morguard Facility	8	**—**	12,000
Amounts receivable		**9,954**	10,626
Prepaid expenses		**4,581**	9,313
Restricted cash		**5,241**	4,525
Cash		**203,935**	114,634
		223,711	151,098
		$4,774,394	$4,535,903
LIABILITIES AND EQUITY			
Non-current liabilities			
Mortgages payable	5	**$1,696,134**	$1,508,419
Convertible debentures	6	**53,709**	53,536
Class B LP Units	7	**290,209**	299,165
Deferred income tax liabilities	16	**316,469**	296,204
Lease liabilities	9	**17,539**	16,939
		2,374,060	2,174,263
Current liabilities			
Mortgages payable	5	**114,048**	191,698
Accounts payable and accrued liabilities	10	**81,444**	63,967
		195,492	255,665
Total liabilities		**2,569,552**	2,429,928
EQUITY			
Unitholders' equity		**2,086,320**	1,994,579
Non-controlling interest		**118,522**	111,396
Total equity		**2,204,842**	2,105,975
		$4,774,394	$4,535,903

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF INCOME

In thousands of Canadian dollars

		Three months ended June 30		Six months ended June 30	
	Note	**2026**	2025	**2026**	2025
Revenue from real estate properties	12	**$87,214**	$88,537	**$173,680**	$178,811
Property operating expenses					
Property operating costs		**(25,542)**	(24,234)	**(49,509)**	(48,820)
Realty taxes		**(2,684)**	(2,492)	**(37,917)**	(40,526)
Utilities		**(4,774)**	(4,914)	**(11,191)**	(11,745)
Net operating income		**54,214**	56,897	**75,063**	77,720
Other expense (income)					
Interest expense	13	**23,405**	23,042	**46,348**	45,567
Trust expenses	14	**5,638**	6,036	**11,076**	11,854
Equity income from investments	4	**(2,462)**	(2,936)	**(3,902)**	(4,934)
Foreign exchange loss		**1**	2	**2**	4
Other income		**(1,275)**	(1,760)	**(2,484)**	(3,449)
Income before fair value changes and income taxes		**28,907**	32,513	**24,023**	28,678
Fair value gain on real estate properties, net	3	**3,012**	21,203	**40,523**	69,133
Fair value gain (loss) on Class B LP Units	7	**(861)**	(15,501)	**8,956**	(19,118)
Income before income taxes		**31,058**	38,215	**73,502**	78,693
Provision for income taxes					
Current		**50**	49	**87**	573
Deferred		**4,867**	8,107	**9,092**	9,739
		4,917	8,156	**9,179**	10,312
Net income for the period		**$26,141**	$30,059	**$64,323**	$68,381
Net income attributable to:					
Unitholders		**$23,144**	$29,172	**$60,530**	$67,240
Non-controlling interest		**2,997**	887	**3,793**	1,141
		$26,141	$30,059	**$64,323**	$68,381

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

In thousands of Canadian dollars

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Net income for the period	**$26,141**	$30,059	**$64,323**	$68,381
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that may be reclassified subsequently to net income:				
Unrealized foreign currency translation gain (loss)	**26,311**	(68,969)	**48,610**	(70,175)
Total comprehensive income (loss) for the period	**$52,452**	($38,910)	**$112,933**	($1,794)
Total comprehensive income (loss) attributable to:				
Unitholders	**$47,265**	($34,345)	**$105,135**	$2,614
Non-controlling interest	**5,187**	(4,565)	**7,798**	(4,408)
	$52,452	($38,910)	**$112,933**	($1,794)

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, 2024		$422,745	$48,762	$1,312,079	$217,751	$2,001,337	$110,653	$2,111,990
Changes during the period:								
Net income		—	—	67,240	—	67,240	1,141	68,381
Other comprehensive loss		—	—	—	(64,626)	(64,626)	(5,549)	(70,175)
Repurchase of Units		(20,951)	—	—	—	(20,951)	—	(20,951)
Issue of Units - DRIP		382	—	(382)	—	—	—	—
Distributions		—	—	(13,229)	—	(13,229)	—	(13,229)
Unitholders' equity, June 30, 2025		$402,176	$48,762	$1,365,708	$153,125	$1,969,771	$106,245	$2,076,016
Changes during the period:								
Net income		—	—	35,728	—	35,728	7,426	43,154
Other comprehensive income		—	—	—	5,553	5,553	436	5,989
Repurchase of Units		(3,384)	—	—	—	(3,384)	—	(3,384)
Issue of Units - DRIP		394	—	(394)	—	—	—	—
Distributions		—	—	(13,089)	—	(13,089)	(2,711)	(15,800)
Unitholders' equity, December 31, 2025		$399,186	$48,762	$1,387,953	$158,678	$1,994,579	$111,396	$2,105,975
Changes during the period:								
Net income		**—**	**—**	**60,530**	**—**	**60,530**	**3,793**	**64,323**
Other comprehensive income		**—**	**—**	**—**	**44,605**	**44,605**	**4,005**	**48,610**
Issue of Units - DRIP	11(d)	**408**	**—**	**(408)**	**—**	**—**	**—**	**—**
Distributions	11(d)	**—**	**—**	**(13,394)**	**—**	**(13,394)**	**(672)**	**(14,066)**
Unitholders' equity, June 30, 2026		**$399,594**	**$48,762**	**$1,434,681**	**$203,283**	**$2,086,320**	**$118,522**	**$2,204,842**

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars

		Three months ended June 30		Six months ended June 30	
	Note	**2026**	2025	**2026**	2025
OPERATING ACTIVITIES					
Net income		**$26,141**	$30,059	**$64,323**	$68,381
Add (deduct) items not affecting cash	17(a)	**(6,059)**	(7,114)	**(24,771)**	(24,050)
Additions to tenant incentives		**(790)**	(527)	**(1,585)**	(703)
Distributions from equity-accounted investments	4	**—**	273	**678**	273
Net change in non-cash operating assets and liabilities	17(b)	**11,467**	10,627	**9,788**	11,696
Cash provided by operating activities		**30,759**	33,318	**48,433**	55,597
INVESTING ACTIVITIES					
Additions to real estate properties		**(17,436)**	(17,607)	**(30,739)**	(32,159)
Cash used in investing activities		**(17,436)**	(17,607)	**(30,739)**	(32,159)
FINANCING ACTIVITIES					
Proceeds from new mortgages	5	**204,202**	—	**204,202**	79,413
Financing cost on new mortgages		**(5,833)**	—	**(5,833)**	(2,475)
Repayment of mortgages					
Principal instalment repayments		**(7,480)**	(7,979)	**(14,981)**	(16,039)
Repayment on maturity	5	**(111,962)**	—	**(111,962)**	(30,832)
Principal payment of lease liabilities	9	**(11)**	(10)	**(22)**	(20)
Proceeds from Morguard Facility		**37,000**	29,000	**49,500**	40,500
Repayments/advances on Morguard Facility		**—**	—	**(37,615)**	(43,000)
Units repurchased for cancellation		**—**	(10,808)	**—**	(20,951)
Distributions to Unitholders		**(6,701)**	(6,597)	**(13,394)**	(13,304)
Distributions to non-controlling interest		**—**	—	**(672)**	—
Decrease (increase) in restricted cash		**(1,530)**	(192)	**(555)**	269
Cash provided by (used in) financing activities		**107,685**	3,414	**68,668**	(6,439)
Net increase in cash during the period		**121,008**	19,125	**86,362**	16,999
Net effect of foreign currency translation on cash balance		**1,609**	(2,244)	**2,939**	(2,253)
Cash, beginning of period		**81,318**	49,123	**114,634**	51,258
Cash, end of period		**$203,935**	$66,004	**$203,935**	$66,004

See accompanying notes to the condensed consolidated financial statements.

NOTES

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

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 June 30, 2026, Morguard Corporation (“Morguard”), the parent company of the REIT, holds an indirect 48.6% (December 31, 2025 - 48.6%) 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 IFRS Accounting 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 July 28, 2026.

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:

	2026	2025
Canadian dollar to United States dollar exchange rates:		
- As at June 30	**$0.7037**	$0.7330
- As at December 31	—	0.7296
- Average for the three months ended June 30	**0.7224**	0.7225
- Average for the six months ended June 30	**0.7256**	0.7095
United States dollar to Canadian dollar exchange rates:		
- As at June 30	**1.4210**	1.3643
- As at December 31	—	1.3706
- Average for the three months ended June 30	**1.3843**	1.3841
- Average for the six months ended June 30	**1.3781**	1.4094

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	June 30, 2026	December 31, 2025
Balance, beginning of period	**$4,312,165**	$4,333,075
Additions:		
Capital expenditures	**26,527**	64,111
Right-of-use assets	**—**	207
Fair value gain, net	**40,523**	37,832
Foreign currency translation	**92,313**	(124,052)
Other	**535**	992
Balance, end of period	**$4,472,063**	$4,312,165

As at June 30, 2026, and December 31, 2025, 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 June 30, 2026, using the direct capitalization income approach, the properties were valued using capitalization rates in the range of 3.8% to 6.3% (December 31, 2025 - 3.8% to 6.3%), resulting in an overall weighted average capitalization rate of 4.5% (December 31, 2025 - 4.5%).

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

	June 30, 2026 Capitalization Rates			December 31, 2025 Capitalization Rates		
	Maximum	**Minimum**	**Weighted Average**	Maximum	Minimum	Weighted Average
Canada						
Alberta	**5.0%**	**5.0%**	**5.0%**	5.0%	5.0%	5.0%
Ontario	**4.8%**	**3.8%**	**3.9%**	4.8%	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	**5.3%**	**5.3%**	**5.3%**	5.3%	5.3%	5.3%
Illinois	**5.3%**	**5.0%**	**5.0%**	5.3%	5.0%	5.0%
Georgia	**5.5%**	**5.3%**	**5.4%**	5.5%	5.3%	5.4%
Florida	**6.3%**	**4.8%**	**5.3%**	6.3%	4.8%	5.3%
North Carolina	**5.3%**	**5.3%**	**5.3%**	5.3%	5.3%	5.3%
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 June 30, 2026 would decrease by $228,869 or increase by $255,951, respectively.

NOTE 4

EQUITY-ACCOUNTED INVESTMENTS

The following are the REIT's equity-accounted investments as at June 30, 2026, and December 31, 2025:

			REIT's Ownership		Carrying Value	
Property	Principal Place of Business	Investment Type	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025
Marquee at Block 37	Chicago, IL	Joint Venture	50%	50%	**$78,620**	$72,640

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

As at	June 30, 2026	December 31, 2025
Balance, beginning of period	**$72,640**	$70,874
Distributions received	**(678)**	(2,350)
Share of net income	**3,902**	7,606
Foreign exchange gain (loss)	**2,756**	(3,490)
Balance, end of period	**$78,620**	$72,640

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

As at	June 30, 2026	December 31, 2025
Non-current assets	**$371,420**	$352,384
Current assets	**3,608**	2,296
Total assets	**$375,028**	$354,680
Non-current liabilities	**$200,912**	$196,456
Current liabilities	**16,876**	12,944
Total liabilities	**$217,788**	$209,400
Net assets	**$157,240**	$145,280
Equity-accounted investments	**$78,620**	$72,640

	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
Revenue	**$8,842**	$8,492	**$17,198**	$17,088
Expenses	**(4,292)**	(4,142)	**(14,734)**	(15,034)
Fair value gain on income producing properties	**374**	1,522	**5,340**	7,814
Net income for the period	**$4,924**	$5,872	**$7,804**	$9,868
Income in equity-accounted investments	**$2,462**	$2,936	**$3,902**	$4,934

NOTE 5

MORTGAGES PAYABLE

Mortgages payable consist of the following:

As at	June 30, 2026	December 31, 2025
Principal balance of mortgages	**$1,834,904**	$1,720,955
Deferred financing costs	**(24,023)**	(19,831)
Mark-to-market adjustment	**(699)**	(1,007)
	$1,810,182	$1,700,117
Current	**$114,048**	$191,698
Non-current	**1,696,134**	1,508,419
	$1,810,182	$1,700,117
Range of interest rates	**2.03−5.71%**	2.03−6.07%
Weighted average interest rate	**4.18%**	4.07%
Weighted average term to maturity (years)	**5.2**	4.8
Fair value of mortgages	**$1,806,075**	$1,697,588

As at June 30, 2026, the REIT's first mortgages are registered against specific real estate assets and approximately 95% of the REIT's real estate properties, and related rental revenue, have been pledged as collateral for the mortgages payable.

During the three months ended June 30, 2026, the REIT completed the Canada Mortgage and Housing Corporation ("CMHC") insured refinancing of three multi-suite residential properties located in Ontario and Alberta, for an aggregate amount of $162,763 at a weighted average interest rate of 4.26% and for a weighted average term of 11.2 years. The maturing mortgages amounted to $76,124 and had a weighted average interest rate of 2.88%.

On June 30, 2026, the REIT completed the refinancing of a multi-suite residential property located in Kennesaw, Georgia, in the amount of $41,439 (US$29,162) at an interest rate of 5.40% and for a term of 5 years. The maturing mortgage amounted to $35,838 (US$25,220) and had an interest rate of 3.67%.

The aggregate principal repayments and balances maturing of the mortgages payable as at June 30, 2026, 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
2026 (remainder of the year)	$14,103	$59,668	$73,771	3.53%
2027	28,158	181,426	209,584	4.10%
2028	25,233	284,681	309,914	4.75%
2029	24,481	231,490	255,971	3.99%
2030	20,564	63,127	83,691	3.12%
Thereafter	83,016	818,957	901,973	4.20%
	$195,555	$1,639,349	$1,834,904	4.18%

NOTE 6

CONVERTIBLE DEBENTURES

Convertible debentures consist of the following:

As at	June 30, 2026	December 31, 2025
6.00% convertible unsecured subordinated debentures	**$54,455**	$54,013
Fair value of conversion option	**196**	711
Unamortized financing costs	**(942)**	(1,188)
	$53,709	$53,536

For the three and six months ended June 30, 2026, interest on the convertible debentures amounting to $840 (2025 - $840) and $1,680 (2025 - $1,680), respectively, is included in interest expense (Note 13). As at June 30, 2026, $840 (December 31, 2025 - $840) is included in accounts payable and accrued liabilities.

6.00% Convertible Unsecured Subordinated Debentures

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

As at June 30, 2026, $56,000 of the face value of the 2023 Debentures was outstanding.

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

NOTE 7

CLASS B LP UNITS

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

As at June 30, 2026, 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 $290,209 (December 31, 2025 - $299,165) and a corresponding fair value loss for the three months ended June 30, 2026 of $861 (2025 - $15,501) and a fair value gain for the six months ended June 30, 2026 of $8,956 (2025 - loss of $19,118).

For the three and six months ended June 30, 2026, distributions on Class B LP Units amounting to $3,401 (2025 - $3,272) and $6,802 (2025 - $6,544), respectively, are included in interest expense (Note 13).

As at June 30, 2026, and December 31, 2025, there were 17,223,090 Class B LP Units issued and outstanding.

NOTE 8

MORGUARD FACILITY

The REIT has an unsecured revolving credit facility with Morguard (the “Morguard Facility”) that provides for borrowings or advances that can be drawn or advanced either in Canadian dollars or an equivalent amount in United States dollars at the entity’s borrowing cost, subject to the availability of sufficient funds. The maximum allowable to be borrowed or advanced under the Morguard Facility is $100,000.

As at June 30, 2026, the net amount receivable under the Morguard Facility was $nil (December 31, 2025 - $12,000).

During the three and six months ended June 30, 2026, the REIT recorded net interest income of $320 (2025 - $1,347) and $678 (2025 - $2,661), respectively, on the Morguard Facility.

NOTE 9

LEASE LIABILITIES

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

As at	June 30, 2026	December 31, 2025
Balance, beginning of period	**$16,939**	$17,612
Interest on lease liabilities (Note 13)	**533**	1,076
Payments	**(555)**	(1,117)
Additions	**—**	207
Foreign exchange gain (loss)	**622**	(839)
Balance, end of period	**$17,539**	$16,939

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

As at	June 30, 2026	December 31, 2025
Within 12 months	**$1,147**	$1,106
2 to 5 years	**13,760**	13,544
Over 5 years	**17,655**	17,310
Total minimum lease payments	**32,562**	31,960
Less: future interest costs	**(15,023)**	(15,021)
Present value of minimum lease payments	**$17,539**	$16,939

NOTE 10

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

As at	June 30, 2026	December 31, 2025
Accounts payable and accrued liabilities	**$55,226**	$54,594
Accrued liabilities (IFRIC 21, Levies)	**16,829**	—
Tenant deposits	**9,389**	9,373
	$81,444	$63,967

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 8, 2025, the REIT had the approval of the TSX under its normal course issuer bid ("NCIB") to purchase up to 2,648,573 Units and $4,900 principal amount of the 2023 Debentures. The program expired on January 11, 2026. On January 7, 2026, the REIT obtained the approval of the TSX under its NCIB, commencing January 12, 2026, to purchase up to 2,502,319 Units, being approximately 10% of the public float of outstanding Units; the program expires on January 11, 2027. The daily repurchase restriction for the Units is 6,255. 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 $5. The price that the REIT would pay for any such Units or 2023 Debentures would be the market price at the time of acquisition.

There were no repurchases of Units under the REIT's NCIB plan for the six months ended June 30, 2026. During the year ended December 31, 2025, 1,398,709 Units were repurchased for cash consideration of $24,335 at a weighted average price of $17.40 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, 2024, to June 30, 2026:

Issued and Fully Paid Units	**Units**	**Amount**
Balance, December 31, 2024	36,284,181	$422,745
Units issued under the DRIP	44,259	776
Units repurchased through the REIT's NCIB plan	(1,398,709)	(24,335)
Balance, December 31, 2025	34,929,731	399,186
Units issued under the DRIP	**23,198**	**408**
Balance, June 30, 2026	**34,952,929**	**$399,594**

Total distributions declared during the six months ended June 30, 2026, amounted to $13,802, or $0.39498 per Unit (2025 - $13,611, or $0.37998 per Unit), including distributions payable of $2,301 that were declared on June 15, 2026, and paid on July 15, 2026. On July 15, 2026, the REIT declared a distribution of $0.06583 per Unit payable on August 14, 2026.

(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 six months ended June 30, 2026, the REIT issued 23,198 Units under the DRIP (year ended December 31, 2025 - 44,259 Units).

NOTE 12

RENTAL INCOME

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

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Rental income	**$44,501**	$45,282	**$87,919**	$89,196
Property management and ancillary income	**30,278**	30,118	**60,913**	62,391
Property tax and insurance	**12,435**	13,137	**24,848**	27,224
	$87,214	$88,537	**$173,680**	$178,811

NOTE 13

INTEREST EXPENSE

The components of interest expense are as follows:

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Interest on mortgages	**$17,657**	$16,987	**$35,035**	$33,876
Interest on convertible debentures (Note 6)	**840**	840	**1,680**	1,680
Interest on lease liabilities (Note 9)	**267**	264	**533**	539
Amortization of mark-to-market adjustment on mortgages	**159**	169	**333**	362
Amortization of deferred financing costs	**871**	875	**1,792**	1,705
Amortization of deferred financing costs on convertible debentures (Note 6)	**123**	115	**246**	230
Accretion on convertible debentures (Note 6)	**221**	221	**442**	442
Fair value loss (gain) on conversion option on convertible debentures (Note 6)	**(134)**	299	**(515)**	189
	20,004	19,770	**39,546**	39,023
Distributions on Class B LP Units (Note 7)	**3,401**	3,272	**6,802**	6,544
	$23,405	$23,042	**$46,348**	$45,567

NOTE 14

TRUST EXPENSES

The components of trust expenses are as follows:

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Asset management fees and distributions	**$5,011**	$5,438	**$9,872**	$10,594
Professional fees	**298**	327	**564**	643
Public company expenses	**213**	206	**426**	413
Other	**116**	65	**214**	204
	$5,638	$6,036	**$11,076**	$11,854

NOTE 15

RELATED PARTY TRANSACTIONS

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

Agreements with Morguard Affiliates

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

Property Management

Pursuant to the Agreements, Morguard's affiliates administer the day-to-day operations of the Canadian and U.S. income producing properties, for which Morguard's affiliates receive partnership fees and distributions equal to 3.5% of gross property revenue of the income producing properties, payable monthly. Fees and distributions for the three and six months ended June 30, 2026 amounted to $3,115 (2025 - $3,173) and $6,205 (2025 - $6,393), respectively, and are included in property operating costs and equity income from investments. As at June 30, 2026, $906 (December 31, 2025 - $897) is included in accounts payable and accrued liabilities.

Asset Management

Pursuant to the Agreements, Morguard's affiliates have certain duties and responsibilities for the strategic management and administration of the Partnership and its subsidiaries, for which they receive partnership fees and distributions equal to 0.25% of the Partnership's gross book value defined as acquisition cost of the REIT's assets plus: (i) fair value adjustments; and (ii) accumulated amortization on property, plant and equipment. In addition, an annual fee and distribution are calculated in arrears, determined by multiplying 15% of the Partnership's funds from operations in excess of $0.66 per Unit. Fees and distributions for the three and six months ended June 30, 2026 amounted to $5,123 (2025 - $5,550) and $10,094 (2025 - $10,820), respectively, and are included in trust expenses and equity income from investments. As at June 30, 2026, $3,193 (December 31, 2025 - $3,420) is included in accounts payable and accrued liabilities.

Acquisition

Pursuant to the Agreements, Morguard's affiliates are entitled to receive partnership fees with respect to properties acquired, directly or indirectly, by the REIT from third parties, and the fees are to be paid upon the closing of the purchase of each such property. The fees range from 0% of the purchase price paid for properties acquired directly or indirectly from Morguard, including entities controlled by Morguard, up to 0.75% of the purchase price paid for properties acquired from third parties. There were no fees relating to acquisition services for the three and six months ended June 30, 2026, and 2025.

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. Fees relating to financing services for the three and six months ended June 30, 2026 amounted to $308 (2025 - $nil) and $308 (2025 - $119), respectively, and have been capitalized to deferred financing costs.

Development
Pursuant to the Agreements, Morguard's affiliates are entitled to receive partnership fees equal to 1.00% of development costs, where such costs exceed $1,000 and are incurred in connection with: (i) the construction, enlargement or reconstruction of any building, erection, plant, equipment or improvement on a property; or (ii) any refurbishing, additions, upgrading or restoration of or renovations to existing buildings, erections, plant, equipment or improvements, including redevelopments, other than repair and maintenance in the ordinary course of business. Fees relating to development services for the three and six months ended June 30, 2026, amounted to $14 (2025 - $nil) and $44 (2025 - $nil), respectively, and are included in real estate properties. As at June 30, 2026, $15 (December 31, 2025 - $nil) is included in accounts payable and accrued liabilities.

Other Services
As at June 30, 2026, and December 31, 2025, the REIT had its portfolio appraised by Morguard's appraisal division. Fees relating to appraisal services for the three and six months ended June 30, 2026 amounted to $52 (2025 - $52) and $104 (2025 - $104), respectively, 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 June 30, 2026, the REIT's U.S. subsidiaries have total net operating losses of approximately US$57,807 (December 31, 2025 - US$55,663) of which deferred income tax assets were recognized as it is probable that taxable income will be available against such losses and can be carried forward indefinitely. Included in the net operating losses is the REIT's portion of net operating losses of a subsidiary where the REIT owns a 51% effective interest in a limited partnership of US$10,457 (December 31, 2025 - US$10,171).

As at June 30, 2026, the REIT's U.S. subsidiaries have a total of US$66,612 (December 31, 2025 - US$65,131) 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

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Fair value gain on real estate properties, net	**($11,210)**	($29,647)	**($24,353)**	($51,250)
Fair value loss (gain) on Class B LP Units	**861**	15,501	**(8,956)**	19,118
Fair value loss (gain) on conversion option on convertible debentures	**(134)**	299	**(515)**	189
Equity income from investments	**(2,462)**	(2,936)	**(3,902)**	(4,934)
Amortization of deferred financing - mortgages	**871**	875	**1,792**	1,705
Amortization of deferred financing - convertible debentures	**123**	115	**246**	230
Amortization of mark-to-market adjustment on mortgages	**159**	169	**333**	362
Accretion on convertible debentures	**221**	221	**442**	442
Amortization of tenant incentives	**645**	182	**1,050**	349
Deferred income taxes	**4,867**	8,107	**9,092**	9,739
	($6,059)	($7,114)	**($24,771)**	($24,050)

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

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Amounts receivable	**($1,024)**	($557)	**$990**	$4,189
Prepaid expenses	**5,110**	4,315	**5,005**	2,912
Accounts payable and accrued liabilities	**7,381**	6,869	**3,793**	4,595
	$11,467	$10,627	**$9,788**	$11,696

(c) Supplemental Cash Flow Information

	Three months ended June 30		Six months ended June 30	
	2026	2025	**2026**	2025
Interest paid	**$17,830**	$17,293	**$36,857**	$35,513

(d) Reconciliation of Liabilities Arising from Financing Activities

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

As at June 30, 2026	**Mortgages Payable**	**Convertible Debentures**	**Lease Liabilities**	**Total**
Balance, beginning of period	**$1,700,117**	**$53,536**	**$16,939**	**$1,770,592**
Repayments	**(14,981)**	**—**	**(22)**	**(15,003)**
New financing, net of financing costs	**198,369**	**—**	**—**	**198,369**
Lump-sum repayments	**(111,962)**	**—**	**—**	**(111,962)**
Non-cash changes	**2,125**	**173**	**—**	**2,298**
Foreign exchange	**36,514**	**—**	**622**	**37,136**
Balance, end of period	**$1,810,182**	**$53,709**	**$17,539**	**$1,881,430**

NOTE 18

MANAGEMENT OF CAPITAL

Refer to the REIT's audited consolidated financial statements as at and for the year ended December 31, 2025 for an explanation of the REIT's capital management policy.

The total managed capital for the REIT as at June 30, 2026, and December 31, 2025, is summarized below:

As at	June 30, 2026	December 31, 2025
Mortgages payable, principal balance	**$1,834,904**	$1,720,955
Convertible debentures, face value	**56,000**	56,000
Lease liabilities	**17,539**	16,939
Class B LP Units	**290,209**	299,165
Unitholders' equity	**2,086,320**	1,994,579
	$4,284,972	$4,087,638

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	June 30, 2026	December 31, 2025
Total debt to gross book value	70%	**40.0%**	39.5%
Floating-rate debt to gross book value	20%	**0.8%**	0.8%

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, 2025 for an explanation of the REIT's risk management policy as it relates to financial instruments.

Fair Value of Financial Assets and Liabilities

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

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

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial obligations using June 30, 2026 market rates for debt of similar terms (Level 2). Based on these assumptions, as at June 30, 2026 the fair value of mortgages payable before deferred financing costs and mark-to-market adjustment is estimated at $1,806,075 (December 31, 2025 - $1,697,588), compared to the carrying value of $1,834,904 (December 31, 2025 - $1,720,955). The fair value of mortgages payable varies from the carrying value due to fluctuations in market interest rates since their issue.

The fair value of the convertible debentures are based on their market trading price (Level 1). As at June 30, 2026, the fair value of the convertible debentures before deferred financing costs has been estimated at $56,728 (December 31, 2025 - $57,949), compared with the carrying value of $54,455 (December 31, 2025 - $54,013).

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:

	June 30, 2026			December 31, 2025		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets:						
Real estate properties	**$—**	**$—**	**$4,472,063**	$—	$—	$4,312,165
Financial liabilities:						
Class B LP Units	**290,209**	**—**	**—**	299,165	—	—
Conversion option of convertible debentures	**—**	**196**	**—**	—	711	—

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:

	Three months ended June 30, 2026			Three months ended June 30, 2025		
	Canada	**U.S.**	**Total**	Canada	U.S.	Total
Revenue from real estate properties	**$27,605**	**$59,609**	**$87,214**	$28,619	$59,918	$88,537
Property operating expenses	**(11,496)**	**(21,504)**	**(33,000)**	(11,374)	(20,266)	(31,640)
Net operating income	**$16,109**	**$38,105**	**$54,214**	$17,245	$39,652	$56,897

	Six months ended June 30, 2026			Six months ended June 30, 2025		
	Canada	**U.S.**	**Total**	Canada	U.S.	Total
Revenue from real estate properties	**$55,491**	**$118,189**	**$173,680**	$57,142	$121,669	$178,811
Property operating expenses	**(23,579)**	**(75,038)**	**(98,617)**	(23,825)	(77,266)	(101,091)
Net operating income	**$31,912**	**$43,151**	**$75,063**	$33,317	$44,403	$77,720

	June 30, 2026			December 31, 2025		
As at	**Canada**	**U.S.**	**Total**	Canada	U.S.	Total
Real estate properties	**$1,869,500**	**$2,602,563**	**$4,472,063**	$1,821,080	$2,491,085	$4,312,165
Mortgages payable	**$776,175**	**$1,034,007**	**$1,810,182**	$704,005	$996,112	$1,700,117

	Three months ended June 30, 2026			Three months ended June 30, 2025		
	Canada	**U.S.**	**Total**	Canada	U.S.	Total
Additions to real estate properties	**$7,113**	**$7,933**	**$15,046**	$6,687	$8,249	$14,936
Fair value gain (loss) on real estate properties	**$12,387**	**($9,375)**	**$3,012**	$23,315	($2,112)	$21,203

	Six months ended June 30, 2026			Six months ended June 30, 2025		
	Canada	**U.S.**	**Total**	Canada	U.S.	Total
Additions to real estate properties	**$12,446**	**$14,081**	**$26,527**	$9,533	$13,024	$22,557
Fair value gain on real estate properties	**$36,045**	**$4,478**	**$40,523**	$60,086	$9,047	$69,133

NOTE 21

COMPARATIVE AMOUNTS

Certain prior period comparative amounts have been reclassified to conform to the current year’s presentation.

NOTE 22

SUBSEQUENT EVENTS

On February 25, 2026, the REIT and Morguard agreed to jointly invest approximately $1.0 billion in a Canadian multi-suite residential real estate portfolio currently owned by TD Asset Management Inc. (“TDAM”). This represents an approximate 20 percent undivided interest in a portfolio of up to 106 properties valued at approximately $5.0 billion. Management continues to progress through due diligence review, including the determination of the allocation of individual property ownership interests to the REIT. The transaction is expected to close in one tranche during the second half of 2026, subject to completion of due diligence and customary approvals and will be financed through a combination of vendor financing, assumed mortgages, cash on hand, and the remainder through short-term borrowings.

On July 1, 2026, the REIT repaid its mortgage payable secured by a multi-suite residential property located in Louisiana in the amount of $12,259 (US$8,627). The maturing mortgage was open and prepayable at no penalty before its scheduled maturity on October 1, 2026, and had an interest rate of 3.53%.