2021

ANNUAL REPORT

EQUITON RESIDENTIAL INCOME FUND TRUST

EQUITON® | We see what others don't.

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FORWARD-LOOKING INFORMATION

Certain information in this communication contains "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information may relate to future events or the Trust's performance. Forward-looking information includes, but is not limited to, information regarding the Trust's distributions, growth potential and volatility, investor returns, ability to achieve operational efficiencies, objectives, strategies to achieve those objectives, beliefs, plans, estimates, projections and intentions; and similar statements concerning anticipated future events, results, circumstances, performance or expectations and other statements that are not historical facts. These statements are based upon assumptions that the management of the Trust believes are reasonable, but there can be no assurance that actual results will be consistent with these forward-looking statements. Forward-looking information involves numerous assumptions, known and unknown risks, and uncertainties that contribute to the possibility that the forward-looking statements will not occur and may cause actual results to differ materially from those anticipated in such forward-looking statements. Some of these risks are discussed in the section "Risk Factors" in the Offering Memorandum. These forward-looking statements are made as of the date of this communication and the Trust is not under any duty to update any of the forward-looking statements after the date of this communication other than as otherwise required by applicable legislation.

LETTER FROM THE CEO

Jason Roque, CEO

As we reflect on this year, we are so proud of the commitment and resilience demonstrated by our organization as we met our goals of raising capital to build a strong portfolio of income-producing properties while mitigating risk. Most importantly, despite the numerous challenges presented by the pandemic, we generated another record year of growth and strong financial performance in 2021, a testament to the experience and dedication of the Equiton team.

Equiton's long-term strategic plan concentrates on creating lasting value for all its stakeholders. Equiton will strategically diversify into growing but economically stable rental markets. Management of the Fund believes that this diversification will enhance stability and maintain growth during periods of economic volatility and will result in Net Operating Income (NOI) growth and capital appreciation for Unitholders.

The Residential Income Fund Trust was undeterred by the effect of COVID-19. Our acquisition channel was active the entire year, purchasing over $172 million in properties. Our assets under management (AUM) grew 91% from Dec 2020 to a total of $546 million and at the end the year our portfolio consisted of 1,793 rental units. We are pleased to report to Unitholders that the unit price increased by $0.47 in 2021 to a total of $11.05.

We are confident in our ability to implement our strategy of finding the right properties and uncovering the best opportunities to create value for residents and Unitholders. We thank you for supporting and entrusting us with your capital. As we enter 2022, we predict being in an excellent position to execute on opportunities as Canada begins to recover from the pandemic.

We look forward to evolving and building our business by unlocking value and rewarding our Unitholders with continued growth for decades to come.

CORPORATE PROFILE

Founded in 2015, Equiton is a recognized leader in private equity investments and has surpassed half a billion in assets under management. Our exponential growth is a direct outcome of our leadership team understanding how the industry works and how to create long-term wealth through real estate investing. We know that finding the right opportunities involves time, experience, and discipline. Our strategy is always forward looking, anticipating trends and adapting our approach to strengthen our market position. We focus on capitalizing on value creation opportunities and building the most robust portfolio possible for our Unitholders.

Our commitment to our Unitholders is to leverage our real estate expertise to create long-term investment strategies while building and strengthening relationships. The proficiency behind Equiton's success is our people. Our culture is autonomous and collaborative, innovative and methodical, challenging and rewarding. Creating a diverse and inclusive community is imperative. At Equiton, we know that diverse teams ask superior questions and inclusive teams find excellent answers. We seek to create a community where we continually exchange insights, embrace different perspectives, and challenge existing conditions. Our diverse and inclusive community makes us better partners and ultimately helps us build better investment solutions.

> *"Our diverse and inclusive community makes us better partners"*

At Equiton, we invest in multi-residential properties and create value for stakeholders by leveraging opportunities for improvement, optimization, and redevelopment. We do our research, analyzing each investment closely to minimize risk and maximize returns. Our reputation, transparency, and best practices are critical tenets of our operation. We believe in delivering outstanding results to our Unitholders while improving the communities in which we invest. We channel all our experience, expertise, and dedication to achieving those results daily.

At Equiton, we make private equity real estate investments more accessible to all Canadians and believe everyone should have access to wealth-building real estate investments.

2021 KPIs

Equiton continues to deliver strong and accretive growth for it's Unitholders. 2021 continued to deliver solid increases in the majority of our Key Performance Indicators.

The following financial results of operations and financial condition for the year ended December 31, 2021 dated March 30, 2022, should be read in conjunction with Equiton's audited financial statements for the year ended December 31, 2021.

As at December 31,	2021	2020
Portfolio Performance		
Overall Portfolio Occupancy[1]	98.22%	96.33%
Overall Portfolio Net Average Monthly Rents	$1,287.55	$1,251.32
Operating Revenues	$22,697,214	$12,649,570
NOI	$12,822,088	$7,036,110
NOI Margin	56.49%	55.62%
Financial Metrics		
Adjusted Funds From Operations (AFFO) Payout Ratio[2]	69.57%	89.20%
Mortgage Debt to Gross Book Value	49.33%	49.79%
Weighted Average Mortgage Interest Rate[1]	2.60%	2.83%
Average Time Remaining on Loans (years)[1]	6.43	7.86
Debt Service Coverage (times)[3]	1.42	1.29
Interest Coverage (times)[3]	2.34	2.08
Revenue Gap to Market	19.66%	15.32%

[1] Leased units as at December 31, 2021

[2] Measures are not defined by IFRS, do not have standard meanings and may not be comparable with other industries or companies. See Non-IFRS Measures on page 35

[3] Based on rolling 12 months

MISSION

Equiton believes in creating lasting value by investing in people and communities. We strive to deliver superior real estate investment solutions so our customers can build their wealth and financial security.

VISION

To be a leading force in making high-quality private real estate investing accessible to all Canadians while building lasting relationships with our stakeholders.

CORE VALUES

INTEGRITY

Rigorous adherence to a set of moral and ethical standards focused on respect, honesty, and fairness.

ACCOUNTABILITY

Individual responsibility for delivering on our commitments and being accountable for our decisions, actions, and results.

EXPERTISE

Offering the highest level of professional expertise, quality service and knowledgeable insights.

CUSTOMER FOCUSED

We recognize our customers are the reason for our success and know by putting their needs first, we foster trusting, long-term relationships.

ENTREPRENEURIAL SPIRIT

Focusing on a growth mindset, continuous improvement, embracing change, and recognizing goals are achieved through dedication and hard work.

COVID-19 PANDEMIC

At Equiton, our mission is to generate value for communities while creating lasting wealth for Unitholders by investing in people and properties. Our belief holds true in both prosperous and challenging times. While COVID-19 has undoubtedly brought on significant changes, our commitment to our people and Unitholders has not waivered. Virtually overnight, the pandemic strained our health care systems, put much of the global economy on an indefinite pause and profoundly reshaped societal norms and interactions.

Restrictions mitigating the spread of COVID-19 and its variants occurred across the globe. Many of us adopted remote work, virtual learning, and online shopping in an instant. With the ever-evolving changes brought forward by the pandemic, Equiton is committed to the health of the communities in which we operate and the well-being of our employees, residents, and Unitholders. Our organization takes every preventive measure to protect our staff and residents from COVID-19 and other variants, and we work diligently to adhere to public health advice. We continuously review business needs, empower all employees to take appropriate precautions, and respond to all confirmed or suspected COVID-19 cases in any of our properties across Ontario.

> *“Equiton is committed to the health of our communities in which we operate”*

During the COVID-19 pandemic, Equiton continued to reach net asset value appreciation and steady net operating income growth while executing our strategic initiatives. Although the full impact of the COVID-19 pandemic continues to be challenging to predict, we believe that our portfolio and strong adherence to prudent practices will allow Equiton to weather the ongoing effects of COVID-19 and any oncoming variants.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE POLICY

OUR PHILOSOPHY

At Equiton, our mission is to deliver outstanding value to our clients and communities, and to channel all our experience, expertise, and dedication to achieving those results every day. Our goal as stewards of our clients' assets is to uphold a standard of responsible investing in the best interest of our clients, our employees, and our community. We recognize that environmental, social, and governance (ESG) factors can have an impact on the long-term risk and return of a given real estate investment. Incorporating relevant ESG issues into our decision-making processes is prudent practice and entirely consistent with our corporate philosophy. We understand that properties are tangible assets that people can see, visit, work, and live in on a day-to-day basis. How they look, how they operate, and how they are managed affects residents and the local community.

HOW WE DEFINE ESG FACTORS

Environmental

Factors related to a company's interactions with the physical environment. These include, but are not limited to, climate change, greenhouse gas emissions; biodiversity loss; deforestation; air, water/resource depletion or pollution; waste management; change in land use; clean energy and technology.

Social

Factors related to business practices that impact on the rights, well-being, and interests of people and communities. These include, but are not limited to, human rights; labour standards in the supply chain; workplace health and safety; freedom of association and freedom of expression; human capital management and employee relations; diversity; and relations with local communities (including indigenous communities).

Governance

Factors related to the management of a company. These include, but are not limited to, board structure, composition, size, diversity, skills and independence; executive pay; investor rights; stakeholder interactions; transparency; business ethics; bribery and corruption; internal controls; and cybersecurity, anti-money laundering, and conflicts of interest.

EQUITON'S PHILOSOPHY & COMMITMENT

We base investment decisions on our professional judgment supported by thorough due diligence. Our principal responsibility is to maximize investment returns for our Unitholders without undue risk of loss.

Our view is that real estate, as an asset class, is susceptible to ESG risk factors for three primary reasons:

- Buildings are inherently long-term in nature with long useful lives, and correspondingly, our Unitholders tend to have similarly long investment horizons. This exposes real estate investments to ESG risks over an extended period which can amplify their effects.
- Unlike corporate operations, real estate is physically immoveable. A real estate investment has exposure to localized ESG issues, which are not mitigated simply by moving operations. Such localized ESG issues may include more stringent regulatory requirements, changing societal preferences for places to work, live, and play, and exposure to climate-related events such as flooding, water quality/scarcity, and extreme weather conditions.
- With the rise of global carbon emissions being created by the construction and operation of buildings, real estate is in an industry of particular focus among ESG investors.

Our philosophy is that incorporating relevant ESG issues into our decision-making processes will result in better risk assessment, better buildings for the communities we serve, and better investment decisions for our Unitholders. Moreover, we believe that, by being active owners, we can realize greater long-term value for our Unitholders and property stakeholders. Being a responsible owner empowers us to enhance the long-term, risk-adjusted performance of our portfolios.

BUSINESS OVERVIEW

The Trust was formed on March 1, 2016, pursuant to the Declaration of Trust and has carried on business since its inception of selling the Trust Units and purchasing LP Units of the Partnership.

The Partnership was formed under the laws of the Province of Ontario on March 1, 2016, pursuant to the filing of a limited partnership declaration, and has carried on active business since its inception by entering into the material agreements set out in "*Material Agreements*" and the transactions described in the Offering Memorandum.

On December 31, 2021, the portfolio, consisted of 25 multi-residential properties located in Ontario, comprising 1,793 units that are wholly-owned by the Trust.

OBJECTIVES

Long-Term Objectives

The long-term objectives of the Trust are to maximize Unitholders' value with regular and growing cash distributions payable monthly, and through the holding of LP Units to maximize Trust unit value through the ongoing management of the assets and through future acquisition of additional properties.

To achieve our objectives, the Trust must successfully raise capital through the sale of Trust Units to fund the acquisition of multi-residential properties. Equiton seeks to invest in existing residential and other income producing multi-residential properties located in Canada.

Short-Term Objectives

The primary objective of the Trust in the ensuing 12 months is to seek out investors, close the Offering, and complete additional offerings. The Trust will invest funds raised by such offerings in the Partnership by way of purchase of LP Units which will in turn invest in income-producing investments in Canada.

INVESTMENT STRATEGIES

Equiton is actively increasing the portfolio through acquisition and consolidation of Canadian markets where the opportunity for stabilized, value-add, and select developable properties exists. The management team has significant experience in all aspects of the multi-residential housing industry, including acquisitions and dispositions, finance and administration, property management, project development, construction, and renovation. Equiton believes that these skills will allow us to capitalize upon many multi-residential real estate opportunities which may be unavailable to other real estate investors who lack the expertise in the real estate sector.

Equiton enhances the value of our properties through several distinct and well-executed strategies:

Customer Satisfaction. We strive to keep all customers satisfied and as long-term tenants by creating a clean and comfortable environment. Developing a sense of community within the properties through various programs reduces turnover and vacancy, creating demand for families wanting to live in our buildings. By reducing costs associated with turnover and higher demand allowing increasing rents, net income will grow accordingly.

Maintenance and Repair Programs. Equiton is fundamentally driven by efficiencies and cost-effective programs that are accretive to our short-term and long-term value. We believe that we are positioned to take full advantage of efficiency programs and capital investments that will attract customers and enhance the value of our portfolio.

Superior Property Management. The success of each property from both financial and customer satisfaction standpoints starts with the attitudes and work ethic of the on-site building staff. The property management staff represents the organization from being the first point of contact to the ongoing attention of our customers' needs. As well as being attentive and dedicated, our on-site staff are skilled in many areas to reduce the need for outside trades to be required for ordinary day-to-day repairs and maintenance.

Comprehensive Reporting. Equiton utilizes sophisticated financial tools to maximize income and measure the effectiveness of cost control and efficiency programs.

Strategic Debt Management. We diligently seek out financing opportunities to optimize and leverage returns. Attention to staggered maturities and terms at leverage amounts set out by the Declaration of Trust will minimize Equiton's exposure to fluctuating interest rates over the short and long term and benefit the organization.

Enhancement of the Portfolio. We are always looking at opportunities to maximize the portfolio. We look at condominium conversion, utility retrofits, sub-metering and strategic upgrades, among other things, as part of this strategy. Properties that are "mature" and no longer adding value may be sold or repositioned if there is a market for an enhanced property. We look to continue diversifying the portfolio by purchasing properties in thriving communities that will seek to strengthen and insulate the portfolio from concerns in any community.

Communications. Equiton delivers concise and current information to all Unitholders concerning the activities within the portfolio.

We believe that multi-residential properties offer an attractive investment opportunity with stability of yield, inflation protection, and growth potential. Focusing predominantly on one asset class will enable Equiton to acquire a critical mass of residential units and enable us to bolster our market presence, thereby enhancing the opportunities for future multi-residential property acquisitions at attractive prices. Given current market conditions, Equiton will continue to concentrate on communities with low vacancy levels, attractive economic prospects, and strong population demographics that align with the class of acquired multi-residential properties. We will also pursue opportunities in both secondary economic hubs and major metropolitan areas when we believe that the acquisitions are accretive to the portfolio or provide further opportunities for diversification.

MARKET OUTLOOK

The real estate industry is divided into two segments: residential and commercial. The Residential Income Fund Trust focuses on multi-residential properties where many individuals live in either apartment buildings, townhomes or land lease communities. Equiton can diversify the income generated by its portfolio which allows us the opportunity to acquire properties that are primarily residential but may have a commercial component thus is considered mixed-use.

With the portfolio consisting primarily of multi-residential real estate, rental revenue from each property is generated from a large and diverse mix of individual tenants. This large and diverse group minimizes the impact of losing any single tenant compared to other real estate classes that are more reliant on key anchor tenants. This characteristic helps mitigate cyclical swings in the multi-residential real estate market, but the market is not immune to supply and demand imbalances. For this reason, Equiton believes the three main drivers of rental demand are population growth, higher cost of homeownership, and changing demographics.

Equiton looks to acquire properties in economic hubs and metropolitan areas where population growth, lifestyle changes, and the increasing cost of homeownership has been increasing the demand for rental units, which helps to create lower vacancy rates and higher market rental rates. We look to acquire properties that have in-place revenues below market levels that can be increased to market level through operational efficiencies and capital improvements, increasing both operating income and property value. We look also for locations with an acquisition cost per unit that is below the cost to build new units, which we believe helps reduce the likelihood of new competitive construction and thereby restricts supply. Additionally, we may seek opportunities in new-build projects in select markets effectively acquiring the property at a discount to its completed market value.

Overall demand for residential rental accommodation has historically been high, and Equiton expects that such demand will continue into the foreseeable future. According to the Canada Mortgage Housing Corporation's (CMHC) Fall 2021 report, the vacancy rate in Ontario was 3.4%,[1] while the national vacancy rate in Canada was 3.1%.[2] Equiton monitors CMHC statistical data and forecasts as a benchmark tool when developing our investment objectives.

[1] Canada Mortgage Housing Corporation - Primary Rental Market Statistics-Ontario Fall 2021.

[2] Canada Mortgage Housing Corporation - Primary Rental Market Statistics-Canada Fall 2021.

Population growth in Canada is expected to continue to be high going forward due to increasing immigration. The affordability gap between homeownership and rental accommodation has increased, leading to an increase in the propensity to rent across most age groups for more extended periods. This affordability issue has been further compounded by the introduction of more stringent mortgage regulations that, combined with rising interest rates, will further increase income qualification requirements for prospective mortgage borrowers. Due to the importance of age on housing decisions, demographic shifts can profoundly impact demand for different types of housing. Equiton believes one prime renter demographic is the age group under 35. We believe there is a prevailing trend for delaying major life decisions such as getting married, having children and purchasing a home in favour of putting greater emphasis on career development and a more carefree lifestyle. Additionally, Equiton believes the aging baby boomer generation is looking toward rental living to unlock the equity in their homes to fund retirement and remove many of the burdens associated with homeownership.

Equiton realizes that there are significant barriers to creating multi-residential rental supply in many of our target markets, given the challenging economics of building new rental buildings, including high development and construction costs. This barrier further limits the supply of more affordable rental suites as newly built suites are often only economically feasible at the high-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 higher tenant turnover, a heavily regulated rent and development environment, as well as the large number of capital projects required throughout the life of an asset. The previous factors contribute to making an institutional management platform a critical component for achieving income maximization while also preventing entry barriers for smaller market participants. There has been limited new purpose-built rental supply in the country and Equiton understands that the growing demand coupled with a supply-constrained market creates a compelling investment opportunity for our Unitholders.

INVESTMENT GUIDELINES AND OPERATING POLICIES

INVESTMENT GUIDELINES

The Declaration of Trust provides for certain guidelines on investments which may be made by the Trust. Additionally, the guidelines below are intended to generally set out the parameters under which any Subsidiary of the Trust or the Partnership will be permitted to invest. References to the Trust below shall be read as applying to such Subsidiary or the Partnership. The guidelines are as follows:

a) The Trust shall focus its activities primarily on the acquisition, holding, maintaining, improving, leasing or managing of multi-residential revenue producing properties (and ancillary commercial or other real estate ventures) for investment purposes and assets ancillary thereto necessary for the operation thereof and such other activities as are consistent with the other investment guidelines of the Trust in Canada (the "Focus Activity");

b) notwithstanding anything contained in the Declaration of Trust to the contrary, the Trust will not, or permit a Subsidiary to, make or hold any investment, take any action or omit to take any action which would, at any time, result in the Trust:

  (i) Trust Units being disqualified for any class of Deferred Income Plan at any time after the date on which the Trust has over 150 Trust Unitholders each holding not less than 100 Trust Units; or

  (ii) The Trust ceasing to qualify as a "mutual fund trust" for purposes of the *Income Tax Act* (Tax Act);

c) from and after the date on which the Trust has a Gross Book Value of at least one hundred fifty million dollars ($150,000,000), no single asset (excluding the units of the Partnership and any portfolio of properties) shall be acquired if the cost of such acquisition (net of the amount of debt secured by such asset) will exceed 20% of Gross Book Value, provided that where such asset is the securities of or an interest in an entity, the foregoing tests shall be applied individually to each asset of such entity;

d) The Trust may make its investments and conduct its activities, directly or indirectly, through an investment in one or more Persons on such terms as the Trustees may from time to time determine, including by way of joint ventures, partnerships (general or limited), unlimited liability companies and limited liability companies;

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 or territory of Canada, short-term government debt securities or money market instruments of, or guaranteed by, a Schedule I Canadian chartered bank maturing prior to one year from the date of issue and except as permitted pursuant to the investment guidelines and operating policies of the Trust, the Trust directly or indirectly, 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 (a) and (b) above, the Trust may hold securities of a Person:

   (i) acquired in connection with the carrying on, directly or indirectly, of the Trust's activities or the holding of the Trust Property; or

   (ii) which focuses its activities primarily on Focus Activities, provided that, 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 an issuer (Acquired Issuer), the investment is made for the purpose of pursuing the merger or combination of the business and assets of the Trust and the Acquired Issuer or for otherwise ensuring that the Trust will control the business and operations of the Acquired Issuer;

f) no investment will be made, directly or indirectly, in operating businesses unless such investment is incidental to a transaction:

   (i) where revenue will be derived, directly or indirectly, principally from a Focus Activity; or

   (ii) which principally involves the ownership, maintenance, improvement, leasing or management, directly or indirectly, of real property held for investment purposes;

g) notwithstanding any other provisions of this section, the securities of a reporting issuer in Canada may be acquired provided that:

   (i) the activities of the issuer are focused on Trust Investment Activities; and

   (ii) in the case of any proposed investment or acquisition which would result in the beneficial ownership of more than 10% of the outstanding equity securities of the securities issuer, the investment or acquisition is of strategic interest to the Trust as determined by the Trustees in their discretion;

h) no investments will be made in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;

i) investments may be made in a mortgage, mortgage bonds, notes (except as provided for in the Declaration of Trust) or debentures (Debt Instruments) (including participating or convertible) only if:

   (i) the real property which is security thereof is real property;

   (ii) the security therefore includes a mortgage registered on title to the real property which is security thereof;

   (iii) the amount of the investment (not including any Mortgage Insurance Fees incurred in connection therewith) does not exceed 85% of the market value of the real property which is the security thereof; and

   (iv) the aggregate value of the investments of the Trust in Debt Instruments, after giving effect to the proposed investment, will not exceed 20% of the Gross Book Value;

j) no investment shall be made in raw land except for the acquisition of properties adjacent to existing properties for the purpose of renovation or expansion of existing facilities where the total cost of all such investments does not exceed 10% of Gross Book Value; and

k) notwithstanding any other provisions of the Declaration of Trust, investments may be made which do not comply with the provisions of Section 5.1 of the Declaration of Trust (other than paragraph (b) thereof) provided:

   (i) the aggregate cost thereof (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred in connection with the acquisition and secured by a mortgage on such property) does not exceed 15% of the Gross Book Value; and

   (ii) the making of such investment would not contravene the Declaration of Trust.

The Trust has complied with the guidelines set out above since its formation.

OPERATING POLICIES

The operations and affairs of the Trust shall be conducted in accordance with the following operating policies:

a) the construction or development of real property may be engaged in order to maintain its real properties in good repair or to enhance the revenue-producing potential of real properties in which it has an interest;

b) title to each real property shall be held by and registered in the name of:

(i) a corporation or other entity wholly-owned by the Partnership,

(ii) the General Partner, or

(iii) a corporation or other entity wholly-owned indirectly by the Trust or jointly owned indirectly by the Trust with joint ventures;

c) no indebtedness shall be incurred or assumed if, after giving effect to the incurring or assumption thereof of the indebtedness, the total indebtedness including amounts drawn under an acquisition and operating facility but not including Mortgage Insurance Fees incurred in connection with the incurrence or assumption of such indebtedness as a percentage of Gross Book Value, would be more than 75%;

d) the Trust will not directly or indirectly guarantee any indebtedness or liabilities of any Person unless such guarantee is given in connection with or incidental to an investment that is otherwise permitted under Section 5.1 and/or 5.2 of the Declaration of Trust, or in circumstances where the guarantee would result in the Trust ceasing to qualify as a mutual fund trust pursuant to the Tax Act;

e) at all times insurance coverage will be obtained and maintained in respect of potential liabilities of the Trust and the accidental loss of value of any of the Trust Property from risks, in amounts and with such insurers, in each case as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties and, for clarity, the Trust is not required to title insure; and

f) a Phase I environmental audit shall be conducted or obtained for each real property to be acquired and, if the Phase I environmental audit report recommends that further environmental audits be conducted or obtained, such further environmental audits shall be conducted or obtained, in each case by or from an independent and experienced environmental consultant.

For the purpose of the foregoing operating policies, the assets, indebtedness, liabilities and transactions of a corporation, trust, partnership or other entity in which the Trust has an interest, directly or indirectly, will be deemed to be those of the Trust on a proportionate consolidated basis. In addition, any references in the foregoing to investment in real property will be deemed to include an investment in a joint venture arrangement.

The term "indebtedness" means (without duplication):

a) any obligation, directly or indirectly, of the Trust for borrowed money;

b) any obligation, directly or indirectly, of the Trust incurred in connection with the acquisition of property, assets or business other than the amount of future income tax liability arising out of indirect acquisitions;

c) any obligation, directly or indirectly, of the Trust issued or assumed as the deferred purchase price of property;

d) any capital lease obligation, directly or indirectly, of the Trust;

e) any obligation, directly or indirectly, of the type referred to in clauses (a) through (d) of another Person, the payment of which the Trust has, directly or indirectly, guaranteed or for which the Trust is responsible for or liable; and

f) any amounts secured by any of the assets of the Trust;

provided that:

(i) for the purposes of (a) through (b), an obligation (other than convertible debentures) will constitute indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of the Trust in accordance with generally accepted accounting principles in Canada;

(ii) obligations referred to in clauses (a) through (c) exclude trade accounts payable, distributions payable and accrued liabilities arising in the ordinary course of business; and

(iii) convertible debentures will constitute indebtedness to the extent of the principal amount outstanding.

The Trust has complied with the operating policies set out above since its formation.

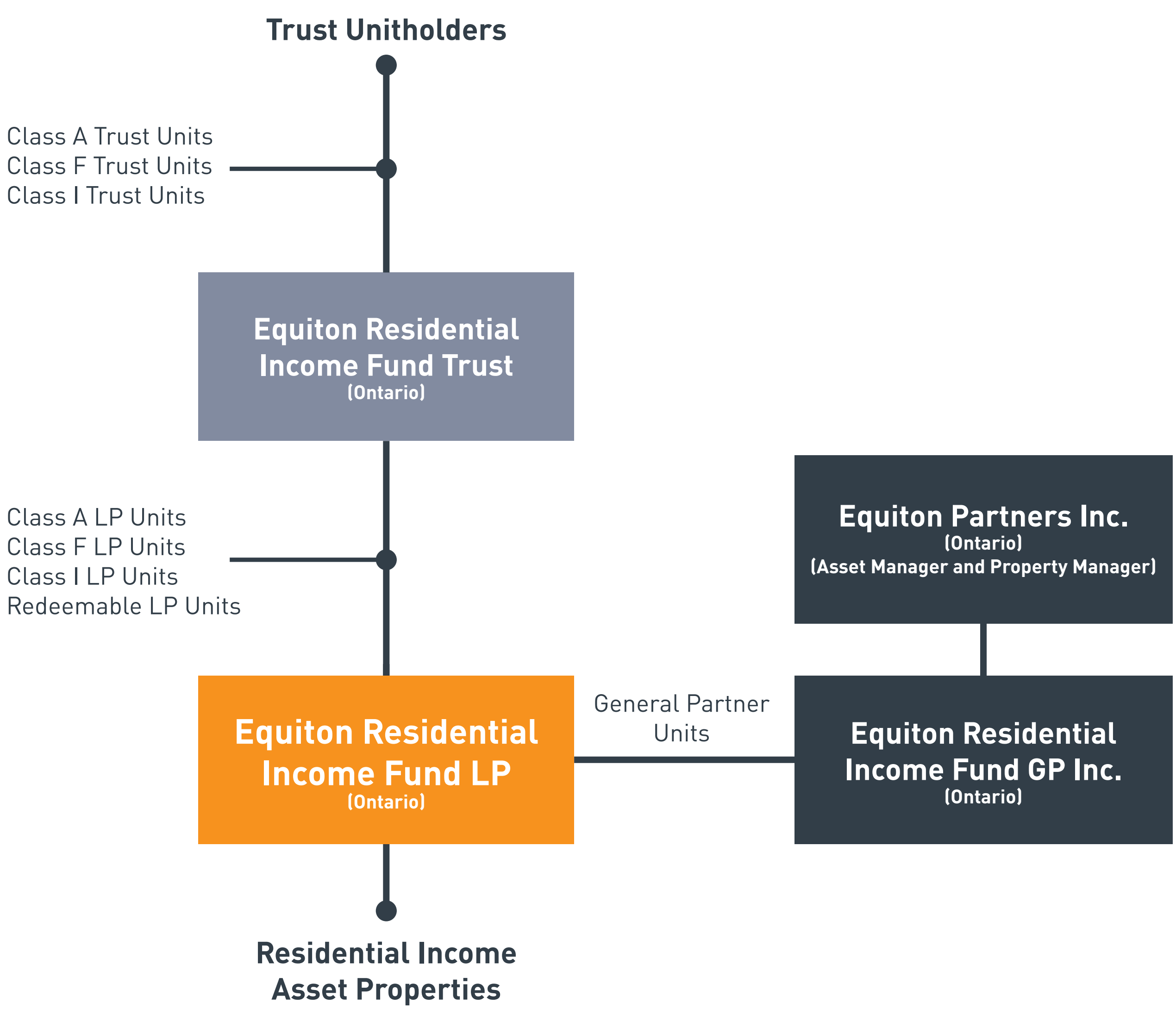
Amendments to Investment Guidelines and Operating Policies

Subject to the Declaration of Trust, any of the investment guidelines of the Trust set forth in this section may be amended by a Special Resolution at a meeting of the Voting Unitholders called for the purpose of amending the investment guidelines unless such change is necessary to ensure compliance with Applicable Laws, regulations or other requirements by applicable regulatory authorities from time to time or to maintain the status of the Trust as a "mutual fund trust" for the purposes of the Tax Act or to respond to amendments to the Tax Act or to the interpretation thereof.

THE TRUST STRUCTURE

The Trust is an unincorporated open-ended real estate investment trust formed on March 1, 2016, pursuant to the Declaration of Trust and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Trust was established with the objective of investing indirectly in the business of the Partnership through its acquisition of LP Units. All or substantially all of the net proceeds of the Offering are invested in the Partnership through the purchase of LP units.

The following diagram sets out the principal operating structure of the Trust:



VALUATION POLICY

The Declaration of Trust provides that Market Value shall be determined by the Trustees, in their sole discretion, at least annually or more frequently as the Trustees may determine. The Trustees have adopted a valuation policy which provides that Market Value shall be determined monthly in accordance with the valuation methodology set out below, which methodology the Trustees may, in their sole discretion and without notice or approval of Trust Unitholders, modify from time to time in a manner consistent with market practice.

VALUATION OF INVESTMENT PROPERTY

Market Value is largely determined by the value of the Trust's investment properties held by the limited Partnership. To value the investment properties, a fair value model will be used in accordance with IAS 40 – Investment Properties. An investment property in IAS 40 is defined as property held to earn rentals or for capital appreciation or both and are initially recorded at cost, including related transaction costs. After initial valuation, investment properties are measured at fair value, which reflects market conditions at the reporting date. The Trust applies judgment in determining if the acquisition of an individual property qualifies as a business combination in accordance with IFRS 3 or as an asset acquisition. Transaction costs (including commissions, land transfer tax, appraisals, legal fees and third-party inspection reports associated with a purchase) related to property acquisitions not considered business combinations are capitalized in accordance with IAS 40. Transaction costs are expensed in accordance with IFRS 3 where such acquisitions are considered business combinations.

The fair value of investment properties is determined using a valuation framework developed by arms-length external valuators who hold certification with the Appraisal Institute of Canada together with the Asset Manager. The valuators are retained to perform an annual valuation of each investment property which is typically done on the anniversary date of acquisition. The valuation teams use the following approaches in determining fair value:

a) the cost approach, which is based on estimating the cost of replacing or reproducing the improvements, minus the loss in value from all forms of depreciation, plus the estimated site value;

b) the sales comparison approach, which is based on estimating the value by comparing recent prices of similar properties within similar market areas; and

c) a direct capitalization method which is based on the conversion of current and future normalized earnings potential directly into an expression of market value.

The valuators will provide the following:

a) a determination of the capitalization rates that would be used in valuing the properties;

b) charts of comparable sales and supporting relevant market information;

c) a determination of the appropriate industry standard "set off" and normalization assumptions used in the calculation of net operating income; and

d) a review of the valuation framework to determine whether any changes or updates are required.

At year-end, where annual valuations do not coincide with the year-end period, the valuators will provide the following for the purposes of marking properties to market:

a) a determination of the capitalization rates that would be used in valuing the properties; and

b) charts of comparable sales and supporting relevant market information.

The Trust's auditors are responsible for:

a) reviewing the valuation framework to determine whether any changes or updates are required;

b) evaluating the work of the valuator, including assumptions and comparisons to market;

c) reviewing of the controls over the underlying data provided to the valuator from the Trust's accounting system;

d) reviewing the "Fair Value" Report prepared by the valuators and the internal team; and

e) reviewing, for the audited year-end financial statements, the resultant values for reasonableness, compliance with the valuation framework and compliance with IAS 40.

The Asset Manager and the General Partner are responsible, on a quarterly and annual basis, to:

a) gather the property specific data used in the valuation process set forth;

b) review the valuation process to determine whether any changes or updates are required;

c) input the capitalization rates, set offs and normalization assumptions; and

d) deliver the completed valuation process to the auditors at year-end for the completion of the audit on the financial statements.

Investment properties that have been disposed of or permanently withdrawn from the property portfolio will not be included in the fair value process. Any gains or losses on the disposition of investment properties are recognized in the income statement in the year of disposition.

CALCULATION OF MARKET VALUE

Market Value is calculated monthly, based on the IFRS balance sheet carrying values plus certain adjustments. The Market Value may change during a quarter or at quarter end if there are material changes or considerations that would impact the Market Value including, but not limited to, changes in capitalization rates, acquisitions, dispositions and profits or losses, whether realized or unrealized, within the investment portfolio.

The Market Value per Trust Unit is calculated by adding IFRS balance sheet assets, subtracting IFRS balance sheet liabilities, adding or subtracting appropriate non-IFRS adjustments and dividing by the total number of outstanding Trust Units. The non-IFRS adjustments include, but are not limited to:

a) capitalization of certain expenses, whose benefits accrue over a long period of time and should be allocated between exiting, remaining, and incoming Unitholders but may be written off or effectively written off under IFRS or where the value of such expense isn't as yet reflected, in whole or in part, in the investment portfolio valuation due to timing lags, if any;

b) portfolio premiums, if any;

c) portfolio inter-quarter timing adjustments, if any; and

d) discretionary adjustments, if any. The calculation of the Market Value involves critical estimates, assumptions and judgments as part of the process.

Market Value is currently determined monthly as per the above methodology and approved by the Trustees. It is announced by the Trust and is effective on the first day of each month for use in, but not limited to processing redemptions, new subscriptions, financial statements of the Trust, account statements for Trust Unitholders and marketing materials including fund fact sheets. It is also posted on the website of the Asset Manager.

2021
OPERATING HIGHLIGHTS

12
Communities

25
Properties

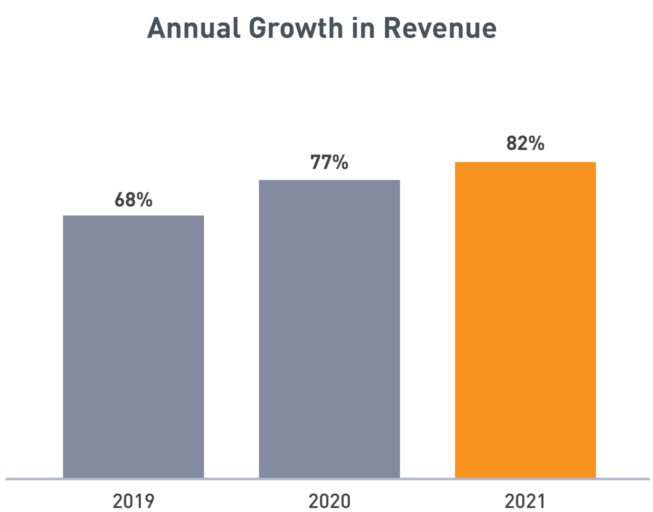
27
Buildings

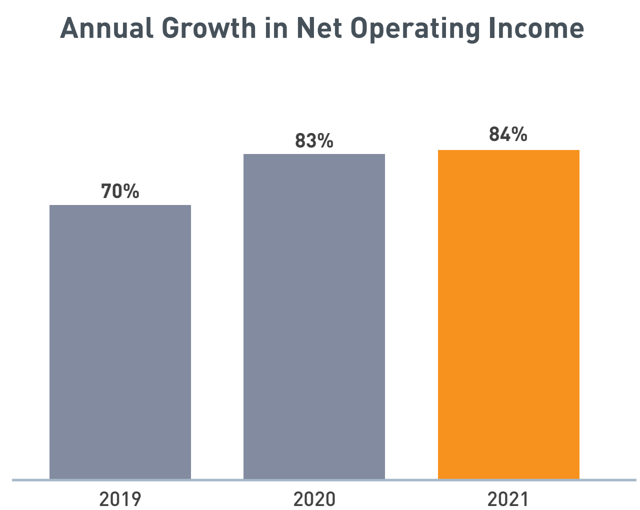
1793
Suites

METRICS

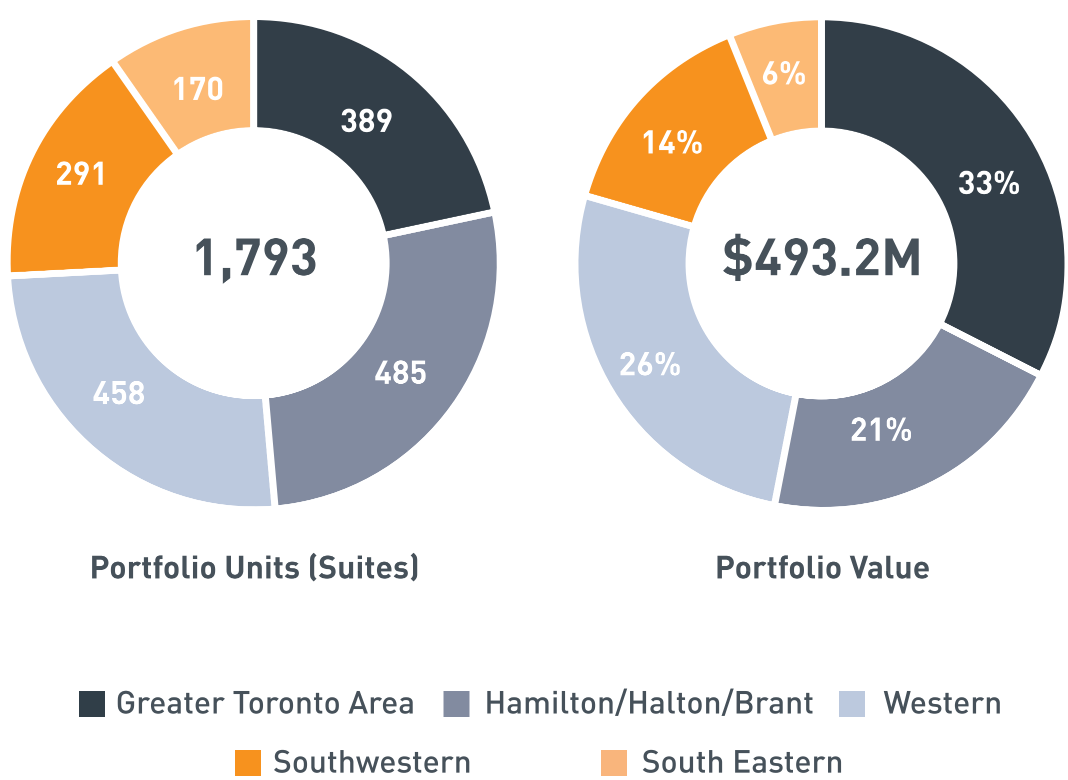
As at December 31, 2021

2021 continued to bring global changes due to the COVID-19 pandemic. Despite these challenges, we at Equiton are proud of another record year of growth and strong financial performance delivered by our caring and experienced teams.





Portfolio Mix by Region (Ontario)

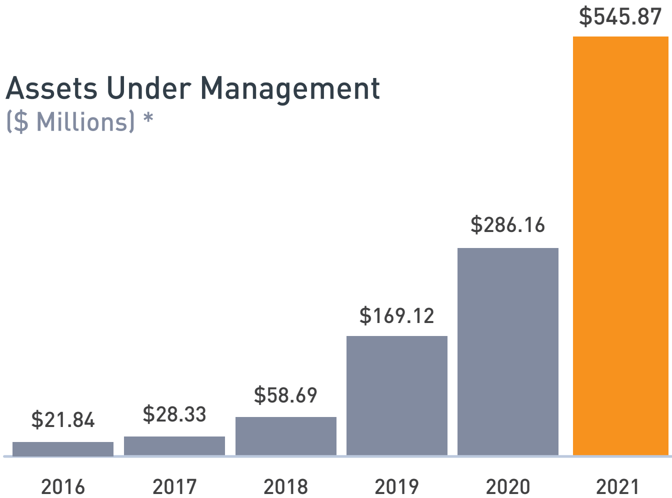


2021 FUND PERFORMANCE

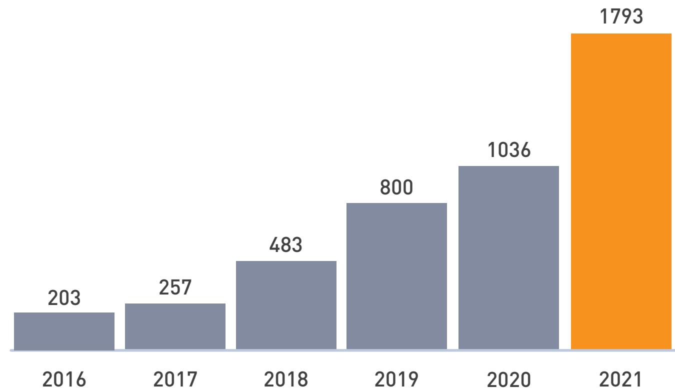
As at December 31, 2021

Assets Under Management

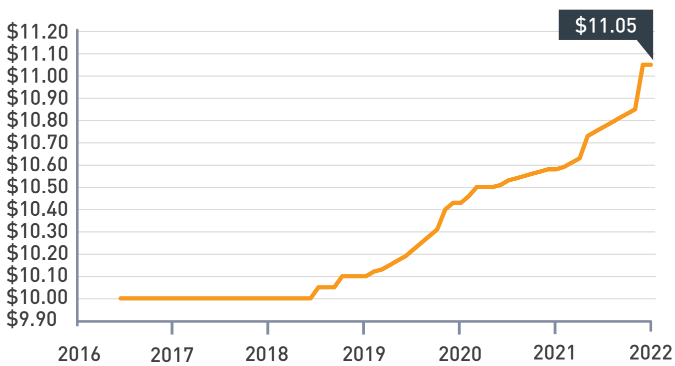
($ Millions) *



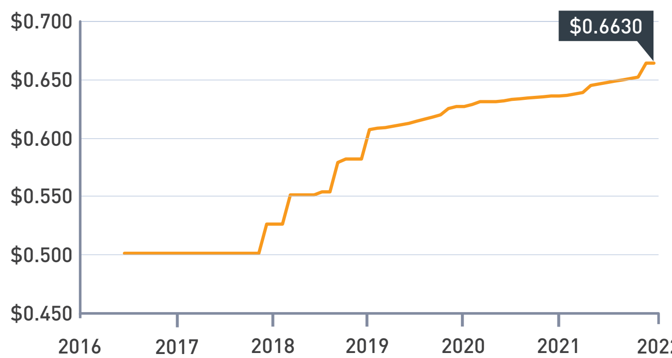
Portfolio Units



Unit Price Growth

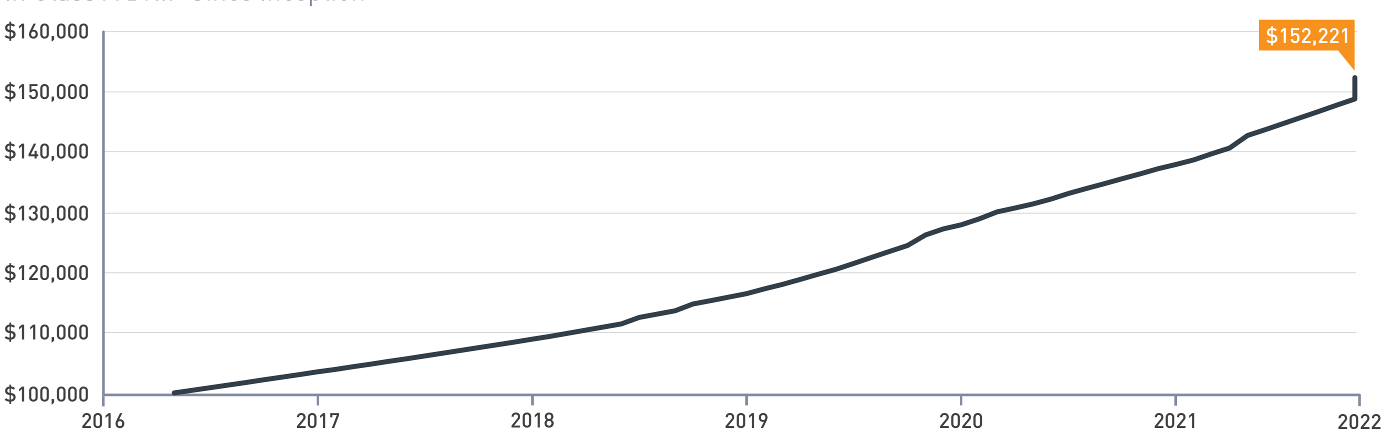


Distribution Growth Class A DRIP



$100,000 Invested

In Class A DRIP Since Inception



* Assets Under Management includes both cash and property value.

UPDATE FROM THE CFO

Summary of Year End 2021 Results of Operations

Key Transactions and Events

- Equiton continues to invest in accretive opportunities, with total acquisitions for the year ended December 31, 2021, amounting to $172.3 million, comprising of 757 suites.
- The growth in gross AUM was substantial at 90.75%.

Helen Hurlbut, CFO

Strong Operating Results and Balance Sheets

- NOI margins for the total portfolio increased to 56.5% for the year ended 2021 from 55.6% for the year ended 2020.
- Monthly rents on the stabilized and occupied units increased by 6% year over year, during a year of 0% guideline increases.
- Our gap to market increased from 15.32% in 2020 to 19.66% in 2021 as we were able to capture value through smart buying and strategic operational initiatives.
- Suite turnover rent increased by 10.50% from the outgoing rent with 25% of the units turning during the year.
- Collections of rent have been over 99% as occupancy increased to 98.22% for 2021 from 96.33% for the year ended 2020.
- Equiton's financial position remains strong as key financial metrics such as Loan to Value, Debt Service Ratios and an improving AFFO continue to strengthen our balance sheet.

For the year ended December 31, 2021, the fair value of investment properties increased by $47.9 million. This is mainly a result of operational gains (93%) with cap rate adjustments having minimal impact (7%).

Key Performance Indicators

To assist management and unitholders in monitoring and evaluating our achievements, Equiton has provided a number of metrics or key performance indicators (KPIs) to measure our performance and success. The KPI's may be impacted by, and should be read in conjunction with, any risks identified under the COVID-19 Pandemic and risk uncertainties.

Occupancy

Through a focused, hands-on approach, Equiton achieved occupancies at greater than market conditions in their respective areas. Management is confident high occupancies can be maintained between 97% and 99% over the long term.

Net Average Monthly Rent (AMR)

Our experienced team of professionals understand and study our markets regularly to deliver the highest possible AMR. Management believes, due to proven past success, increases in AMR will continue to provide sustainable increases in revenue year over year.

Net Operating Income (NOI)

NOI is a widely used operating performance indicator in the real estate industry. Equiton expects to continually increase its NOI % through strategic management of our assets. We strive to achieve between 3% and 6% growth in stabilized NOI year over year.

Adjusted Funds From Operations (AFFO)

Equiton continues to strive to see improvement in this metric as the Fund continues to mature, reducing the payout ratio year over year.

Leverage Ratios and Terms

Equiton has taken advantage of low interest rates and managing volatility risk by fixing the lowest possible interest rates for long-term mortgages, while mitigating refinancing risk by prudently managing the portfolio's average term to maturity and staggering the maturity dates. Equiton ensures it maintains strong leverage ratios and debts service coverage ratios. The majority of mortgages are CMHC insured.

Portfolio Growth

Management's objective is to continue to source accretive acquisition opportunities to increase the Fund's operational growth and diversify the portfolio by demography and geography.

The COVID-19 Pandemic

The COVID-19 pandemic has given rise to uncertainty throughout the global economy, which may have various direct or indirect impacts on the global real estate market. We continue to monitor this evolving situation with a focus on continued health and safety measures for our employees and residents by implementing appropriate actions to address potential risk to our business.

So far, the pandemic has not hindered our performance but, forward-looking forecasts, as discussed above, are subject to a degree of uncertainty as we navigate through this global event.

Rent Collection

Rent collection continues to be strong with less than 1% bad debt for 2021. A closely monitored receivable program continues to prove effective.

Rental Revenue

In 2021 there was a freeze on the permitted guideline rent increase in Ontario. For 2022, the rent freeze was lifted. However, due to highly effective rental programs, we have increased our operating revenue by 5% year over year for our stabilized properties. Also, our average rent increased 4.2% for occupied units year over year.

Equiton continues to be active in applying for Above Guideline Increases in rent for a number of properties in our portfolio when making capital improvements to these properties.

OPERATIONAL AND FINANCIAL RESULTS

Net and Occupied Average Monthly Rents and Occupancy

Net Average Monthly Rents (AMR) is defined as actual residential rents, excluding vacant units, divided by the total number of suites and does not include revenues from parking, laundry or other sources. Occupied AMR is defined as actual residential rents, excluding vacant units, divided by the total number of occupied units and does not include revenues from parking, laundry or other sources.

	Net AMR			Occupied AMR			Occupancy %	
As at December 31,	2021 AMR ($)	2020 AMR ($)	% Change in AMR	2021 AMR ($)	2020 AMR ($)	% Change in AMR	2021	2020
Ontario								
Greater Toronto Area	1,473	1,412	4.3	1,462	1,373	6.4	98.7	95.0
Hamilton/Halton/Brant	1,182	1,155	2.3	1,121	1,068	4.9	97.1	99.2
Western	1,392	1,340	3.9	1,329	1,238	7.3	99.6	98.3
Southwestern	1,187	1,102	7.7	1,132	1,069	5.8	97.3	98.1
South Eastern	1,058	1,014	4.4	1,015	961	5.6	98.2	92.4
Total	**$1,288**	**$1,251**	**2.9%**	**$1,241**	**$1,191**	**4.2%**	**98.2%**	**96.3%**

Stabilized Portfolio: Net AMR, Occupied AMR and Occupancy by Region

Stabilized AMR includes all properties held as at December 31, 2020 and are not disposed of.

	Net AMR			Occupied AMR			Occupancy %	
As at December 31,	2021 AMR ($)	2020 AMR ($)	% Change in AMR	2021 AMR ($)	2020 AMR ($)	% Change in AMR	2021	2020
Ontario								
Greater Toronto Area	1,436	1,412	1.7	1,423	1,373	3.6	98.5	95.0
Hamilton/Halton/Brant	1,202	1,155	4.1	1,187	1,068	11.1	100.0	99.2
Western	1,391	1,340	3.8	1,332	1,238	7.6	99.6	98.3
Southwestern	1,172	1,102	6.4	1,132	1,069	5.9	95.7	98.1
South Eastern	1,058	1,014	4.4	1,015	961	5.6	98.2	92.4
Total	**$1,295**	**$1,251**	**3.5%**	**$1,262**	**$1,191**	**6.0%**	**98.5%**	**96.3%**

The rate of growth in stabilized Net AMR has been primarily due to increases in rent on turnover in this strong Ontario market.

Total Operating Revenues by Region

Equiton has great representation in many parts of Ontario with diverse economies and demographic makeups. This has led to a 5% growth year over year on our stabilized assets.

As at December 31,	Total Operating Revenue - All Portfolio				Total Operating Revenue - Stabilized				
	2021 Revenue ($)	%	2020 Revenue ($)	%	2021 Revenue ($)	%	2020 Revenue ($)	%	% Growth
Ontario									
Greater Toronto Area	5,942,382	26	4,435,591	35	3,581,867	31	3,508,816	32	2
Hamilton/Halton/ Brant	5,476,299	24	1,670,048	13	1,804,262	16	1,670,048	15	8
Western	6,567,532	29	2,578,493	20	1,816,939	16	1,707,416	16	6
Southwestern	2,620,706	12	1,979,686	16	2,140,609	19	1,979,686	18	8
South Eastern	2,090,294	9	1,985,752	16	2,090,294	18	1,985,752	18	5
Total	**$22,697,214**	**100%**	**$12,649,570**	**100%**	**$11,433,971**	**100%**	**$10,851,718**	**100%**	**5%**

Net Operating Income (NOI) by Region

As at December 31,	2021			2020			
	NOI ($)	NOI (%)	NOI Margin (%)	NOI ($)	NOI (%)	NOI Margin (%)	% NOI Change
Ontario							
Greater Toronto Area	3,676,779	29	62	2,743,110	39	62	34
Hamilton/Halton/ Brant	2,884,913	22	53	925,948	13	55	212
Western	3,992,714	31	61	1,426,738	20	55	180
Southwestern	1,405,927	11	54	1,026,116	15	52	37
South Eastern	861,755	7	41	914,198	13	46	-6
Total	**$12,822,088**	**100%**	**56%**	**$7,036,110**	**100%**	**56%**	**82%**

NOI by Region – Stabilized – Properties Owned for 12 Months in 2020

As at December 31,	2021			2020			
	NOI ($)	NOI (%)	NOI Margin (%)	NOI ($)	NOI (%)	NOI Margin (%)	NOI Change (%)
Ontario							
Greater Toronto Area	2,218,137	36	62	2,129,616	36	61	4
Hamilton/Halton/ Brant	988,333	16	55	925,948	16	55	7
Western	1,008,563	16	56	908,687	15	53	11
Southwestern	1,140,542	18	53	1,026,116	17	52	11
South Eastern	861,755	14	41	914,198	15	46	-6
Total	**$6,217,330**	**100%**	**54%**	**$5,904,565**	**100%**	**54%**	**5%**

Value Creation

At Equiton our focus is to increase value organically, namely by increasing our operational efficiency through items such as rent increases, expense reduction, and acquiring new assets at a discount to market.

Year	Value Increase	% Increase Due to Operational Initiatives	% Increase Due to Cap Rate
2020	$17,597,946	76%	24%
2021	$47,922,359	93%	7%

Gap to Market

Equiton continues to increase value by purchasing assets with a gap to market and incorporating a strategic rental program to mitigate those gaps as quickly as possible.

As at December 31,	2021	2020
	% Gap to Market	% Gap to Market
Ontario		
Greater Toronto Area	22	23
Hamilton/Halton/Brant	19	16
Western	12	9
Southwestern	31	9
South Eastern	20	13
	19.66%	**15.32%**

During 2021, Equiton turned 25% of units which resulted in a 10% increase in rent for those units or $62,756 per month in additional rental income.

Net Operating Income

As at December 31,	2021 ($)	2020 ($)
Operating Revenues		
Net Rental Revenues	21,511,068	12,055,475
Other	1,186,146	594,095
Total Operating Revenues	**$22,697,214**	**$12,649,570**
Operating Expenses		
Realty Taxes	(2,751,722)	(1,653,829)
Utilities	(2,264,163)	(1,407,290)
Other	(4,859,241)	(2,552,341)
Total Operating Expenses	**($9,875,126)**	**($5,613,460)**
NOI	**$12,822,088**	**$7,036,110**
NOI Margin	**56.5%**	**55.6%**

NOI

Management believes NOI is a key indicator of operating performance in the real estate industry. NOI includes all rental revenues and other related ancillary income generated at the property level less: related direct costs such as realty taxes, utilities, R&M costs, on-site wages and salaries, insurance costs and bad debts, and appropriate allocation of overhead costs. This measure may vary as presented by other real estate investment trusts or companies.

Stabilized properties for the year ended December 31, 2021, are defined as properties owned by Equiton continuously since December 31, 2020. Stabilized suites as of December 31, 2021, represents 58% of suites.

Operating Revenues and Expenses

For the year ended December 31, 2021, total operating revenues for the total and stabilized portfolio increased compared to the previous year, due to increases in monthly rents on renewals and turnovers throughout the year. We turned 25% of units in 2021, increasing revenue on those turns by over 10%.

Realty Taxes

For the year ended December 31, 2021, the stabilized portfolio realty tax increased compared to the previous year, primarily due to increased property assessments.

Utilities

The utility costs of the portfolio can be highly variable from year to year, depending on energy consumption and rates. The table below provides utility cost by type for the portfolio.

Equiton is very proactive in implementing submetering programs to increase utility recoveries across all of the portfolio, where possible.

	Total Utilities			**Stabilized Utilities**		
As at December 31,	2021 ($)	2020 ($)	%	2021 ($)	2020 ($)	%
Electricity	911,745	623,656	46	464,532	530,458	-12
Natural Gas	463,403	298,553	55	312,256	276,620	13
Water	889,015	485,081	83	406,153	440,295	-8
	$2,264,163	**$1,407,290**	**61%**	**$1,182,941**	**$1,247,373**	**-5%**
Utility Recovery	**($118,065)**	**($56,120)**	**110%**	**($84,124)**	**($56,120)**	**50%**

Equiton actively manages utility costs by ensuring any municipal, provincial or other credits are applied for, leading to a reduction in costs for some utilities due to credits received.

Other Operating Expenses

Operating expenses increased year over year, primarily due to higher bad debts and insurance costs. As the courts reopened, Equiton was very proactive in using legal process to turn units occupied by non-paying tenants. Insurance costs increased due to tightening in the insurance industry and higher replacement cost values.

Non-IFRS Financial Measures

Equiton prepares and releases audited annual financial statements in accordance with International Financial Reporting Standards (IFRS). In the report, Equiton discloses financial measures not recognized under IFRS which do not have standard meaning prescribed by IFRS. These include "Stabilized NOI", Stabilized calculations, AFFO, and adjusted Cash Generated from Operating Activities (collectively, Non-IFRS Measures). Since these measures are not recognized under IFRS, they may not be comparable to similar measures reported by other issuers. Equiton presents Non-IFRS Measures because management believes they are relevant measures for evaluation purposes.

FFO and AFFO Calculation

Equiton continues to strive to see improvement in AFFO as the Fund continues to mature, reducing the payout ratio year over year.

As at December 31,	2021	2020
Net Income from Operations	$39,026,901	$13,628,491
Add back:		
Non-Cash Items		
Deferred Participation Fees	$4,843,124	$1,762,820
Finance Fees	$1,188,422	$399,351
Capital Expenditures (non-recurring expenses)	$5,846,945	$2,359,591
Less:		
Asset Appreciation (Month to Month)	($47,922,359)	($17,597,946)
Funds from Operations (FFO)	**$ 2,983,033**	**$ 552,307**
Add Realized Equity Through Dispositions or Mortgage Principal Payments	$3,562,784	$2,064,149
AFFO	**$6,545,817**	**$ 2,616,456**
Cash Distributions	$4,553,756	$2,333,802
AFFO Payout Ratio	69.57%	89.20%

AFFO is a measure of the financial performance by making adjustment to calculate the realized value of the Fund.

2021

ACQUISITIONS AND DISPOSITIONS

ACQUISITIONS

Riverain District, Ottawa, ON | **Under contract:** December 2021

The Development is planned to include three multi-residential high-rise towers with approximately 1,000 upscale residential rental units along with a podium featuring plans for over 32,000 square feet of commercial space.

The total project will have an estimated value at completion of approximately $500 million.

125 Wellington Street, Hamilton, Ontario | **Acquired:** March 2021

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
5	247	73	38	0	363

This property offers newly renovated modern and spacious suites with luxury plank flooring and fully updated open concept kitchens featuring 4 appliances. Amenities include a fitness facility, social room, laundry lounge with Wi-Fi, underground parking and a dedicated on-site management team.

100-170 Old Carriage Drive, Kitchener, Ontario | **Acquired:** April 2021

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
2	14	202	0	0	218

This property has been repositioned to cater to professionals making it unique in the area and creating a more stable and consistent rental base featuring spacious, renovated one-, two-, and two-bedroom-plus-den suites with beautifully landscaped grounds and is ideally located in Pioneer Park, near Conestoga College and close to a variety of shops, restaurants, parks and playgrounds.

433 King Street, London, Ontario | **Acquired:** October 2021

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
0	62	66	1	1	130

The property features one and two-bedroom units ranging from 800 sq. ft. to 1100 sq. ft. and spacious penthouses varying from 1900 sq. ft. to 2000 sq. ft. Suites feature large eat-in kitchens, in-suite laundry, and spacious walk-in closets. Building amenities include a fitness room, social room, hot tub, sauna, and access to various parks and bike paths. Underground parking and bike storage are also available.

12 & 14 Auburndale Court, Toronto, Ontario | **Acquired:** October 2021

Unit Breakdown

Bachelor	2 Bedroom	3 Bedroom	4 Bedroom	Commercial	Total Units
0	15	23	8	0	46

This property consists of two townhome maisonette style buildings on 2.38 acres of land with a total of 46 units. The spacious townhome layouts average 1,599 square feet (including basements) and feature in-suite laundry, air conditioning, functional basements, and private fenced-in backyards. Parking facilities consist of 36 outdoor spots and a concrete heated underground parking garage with 37 spots.

DISPOSITIONS

None

PROPERTY DETAILS

Property List										
City	Address	Properties	Buildings	Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	Commercial	Total
Brantford	120,126 & 130 St.Paul Ave.	1	1	0	15	31	0	0	0	46
	19 Lynnwood Ave.	1	1	0	18	35	5	0	0	58
Burlington	1050 Highland St.	1	1	0	3	15	0	0	0	18
Chatham	383-385 Wellington St.	1	1	22	26	5	1	0	0	54
	75 & 87 Mary St.	1	1	0	22	34	0	0	0	56
Guelph	5 & 7 Wilsonview Ave.	1	1	0	5	17	7	0	0	29
	8 & 16 Wilsonview Ave.	2	2	2	54	53	3	0	0	112
Hamilton	125 Wellington St.	1	1	5	247	73	38	0	0	363
Kitchener	100-170 Old Carriage Dr.	1	3	2	14	202	0	0	0	218
Kingston	252 & 268 Conacher Dr.	2	2	0	6	18	0	0	0	24
	760/780 Division St.	1	1	0	24	48	40	0	0	112
	1379 Princess St.	1	1	1	18	13	0	0	2	34
London	1355 Commissioners Rd. W.	1	1	0	14	37	0	0	0	51
	433 King St.	1	1	0	62	66	1	0	1	130
Markham	65 Times Ave.	1	1	9	37	18	0	0	0	64
Mississauga	65 & 75 Paisley Blvd. W.	2	2	13	63	76	2	0	1	155
Stratford	30 & 31 Campbell Crt.	2	2	0	33	63	3	0	0	99
Toronto	223 Woodbine Ave.	1	1	0	32	16	0	0	0	48
	650 Woodbine Ave.	1	1	0	30	8	0	0	0	38
	12&14 Auburndale Crt.	1	1	0	0	15	23	8	0	46
	787 Vaughan Rd.	1	1	7	25	6	0	0	0	38
		25	**27**	**61**	**748**	**849**	**123**	**8**	**4**	**1793**

Brantford, Ontario

120, 126 and 130 St. Paul Avenue

MAP

Acquired: July 2016

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
0	15	31	0	0	46

This property consists of one mid-level building located at 120, 126 and 130 St. Paul Avenue. The properties are situated on approximately 0.8 acres of land and the building contains a total of 41,200 square feet of area.

Amenities include 49 surface parking spaces and laundry facilities. The property is within walking distance of the Grand River, Brantford General Hospital, restaurants, schools and recreational facilities. There is easy access to public transportation and Highway 403.

Brantford, Ontario

19 Lynnwood Avenue

MAP

Acquired: July 2016

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
0	18	35	5	0	58

This property consists of a single 6-storey purpose-built building with elevator service. It is situated on approximately 1.7 acres of land and the building totals approximately 66,000 square feet of area.

Amenities include 53 surface parking spaces and laundry facilities. The property is within walking distance of public transportation, parks, shopping and restaurants. The property is also minutes from the city's main commercial corridor and Highway 403.

Burlington, Ontario

1050 Highland Street

MAP

Acquired: August 2019

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
0	3	15	0	0	18

The property consists of a single 2-storey walk up building. It is situated on approximately 0.72 acres of land with 20 surface parking spaces. Amenities include on premises laundry facilities.

The property is located in a quiet neighborhood and backs onto a large park which includes a children's playground and local tennis courts. It is conveniently located near public transportation, and close proximity to local services and shopping (including one of the city's main shopping centres). There is easy access to local highways.

Chatham, Ontario

383-385 Wellington Street

Acquired: December 2017

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
22	26	5	1	0	54

MAP

This character property consists of one four-storey building located at 383-385 Wellington Street West and one adjacent single-family dwelling at 49 Lacroix Street. It is situated on approximately 0.68 acres of land and contains a total of 40,795 square feet of area.

Amenities include 24 surface parking spaces and laundry facilities. The property is situated in a premium area dominated by single family homes with easy access to public transit. It is located near the Thames River, a hospital, shopping, restaurants, a police station and St. Clair College.

Chatham, Ontario

75 & 87 Mary Street

Acquired: August 2018

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
0	22	34	0	0	56

MAP

This property consists of two 2 ½ storey walk-up buildings. These buildings sit on approximately 1 acre of land and contain approximately 51,020 square feet of area.

Amenities include 60 surface parking spaces and laundry facilities. The property is located within a few minutes of downtown Chatham, is near the Thames River, a hospital, shopping, restaurants, a fire station, a police station and Highway 401.

Guelph, Ontario

5 & 7 Wilsonview Avenue

Acquired: October 2019

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
0	5	17	7	0	29

MAP

The property consists of two 3-storey walk-up buildings with a connecting basement corridor. It is situated on approximately 1.37 acres of land and the buildings total approximately 36,590 square feet of area.

Amenities include 42 parking spots and laundry facilities. It is situated in a prime location within walking distance of public transportation, a commercial corridor that includes a large shopping mall, services and restaurants, as well as, Guelph University. It has easy access to Highway 6 and 401.

Guelph, Ontario

8 & 16 Wilsonview Avenue

Acquired: July 2020

MAP

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
2	54	53	3	0	112

This property offers newly renovated modern and spacious suites with luxury plank flooring and fully updated open concept kitchens featuring 4 appliances. Amenities include a fitness facility, social room, laundry lounge with Wi-Fi, underground parking and a dedicated on-site management team.

Hamilton, Ontario

125 Wellington Street

Acquired: March 2021

MAP

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
5	247	73	38	0	363

This property offers newly renovated modern and spacious suites with luxury plank flooring and fully updated open concept kitchens featuring 4 appliances and high-end counters that create the ideal cooking environment. Private balconies with glass panels offer great views from all sides! Amenities include a fitness facility, social room, laundry lounge with Wi-Fi, underground parking and a dedicated on-site management team.

Conveniently located only minutes from downtown Hamilton and a short commute to McMaster University, nearby you will find several public parks, public transit, GO Transit, Hamilton General Hospital, and St. Joseph's Healthcare. Walking distance to Jackson Square, shops of Jamesville and the FirstOntario Centre, with Shopper's Drug Mart and the Hasty Market Convenience store both just steps away.

Kitchener, Ontario

100-170 Old Carriage Drive

Acquired: April 2021

MAP

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
2	14	202	0	0	218

This property has been repositioned to cater to professionals making it unique in the area and creating a more stable and consistent rental base featuring spacious, renovated one-, two-, and two bedroom- plus-den suites with beautifully landscaped grounds and is ideally located in Pioneer Park, near Conestoga College and close to a variety of shops, restaurants, parks and playgrounds.

Kingston, Ontario

252 & 268 Conacher Drive

Acquired: September 2018

MAP

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
0	6	18	0	0	24

This property consists of two 2 ½ storey walk-up buildings. These buildings are situated on approximately 1 acre of land and have approximately 24,143 square feet of area.

Amenities include 25 surface parking spaces and laundry facilities. It is located close to public transportation, a hospital, Queen's University, a fire station, a police station, shopping and services, restaurants and Highway 401.

Kingston, Ontario

760/780 Division Street & 2 Kirkpatrick Street

Acquired: March 2018

MAP

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
0	24	48	40	0	112

This property consists of one mid-rise building located at 780 Division Street and two adjacent vacant parcels of land located at 2 Kirkpatrick Street and 760 Division Street. The vacant parcels have future development potential. These properties contain approximately 5.0 acres of land, and the mid-rise building contains a total of 82,343 square feet of area.

Amenities include 112 surface parking spaces and laundry facilities. The properties are close to public transit, the St. Lawrence River, a hospital, shopping, restaurants, a police station, Queen's University and Highway 401.

Kingston, Ontario

1379 Princess Street

Acquired: May 2018

MAP

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
1	18	13	0	2	34

This property consists of one 3 ½ storey building with commercial space on the ground floor. It is situated on approximately 1.7 acres of land and the building contains approximately 25,629 square feet of area.

Amenities include 40 surface parking spaces and laundry facilities. The property is located minutes from Queen's University, St. Lawrence College, St. Lawrence River, a hospital, shopping, restaurants, fire and police stations. There is also easy access to public transportation and Highway 401.

London, Ontario

1355 Commissioners Road West

Acquired: May 2019

MAP

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
0	14	37	0	0	51

This property consists of a brand-new single, 5-storey building with elevator service. It is situated on approximately 1.31 acres of land and the building totals 71,744 square feet of area. Suite features include 9-foot ceilings, in-suite laundry with storage room, stainless appliances, luxury granite counter tops and quality design and finishes throughout. The building is in a premier location and close to public parks, conservation areas and local schools. It's surrounded by an array of shopping, restaurants and cafés, and public transit.

London, Ontario

433 King Street

Acquired: October 2021

MAP

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
0	62	66	1	1	130

The property features one and two-bedroom units ranging from 800 sq. ft. to 1100 sq. ft. and spacious penthouses varying from 1900 sq. ft. to 2000 sq. ft. Suites feature large eat-in kitchens, in-suite laundry, and spacious walk-in closets. Building amenities include a fitness room, social room, hot tub, sauna, and access to various parks and bike paths. Underground parking and bike storage are also available.

Markham, Ontario

65 Times Avenue

Acquired: March 2019

MAP

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
9	37	18	0	0	64

The property consists of a single 5-storey building with elevator service. It is situated on approximately 0.76 acres of land and the building totals approximately 51,413 square feet of area.

Amenities include 64 parking spots (20 surface and 44 below ground), and laundry facilities in each unit. The property is in a prime location and only minutes from shopping, restaurants, and amenities. It has easy access to Highway 407, Highway 404 and 7. It is also close to public transit, including a GO station that provides convenient access to downtown Toronto.

Mississauga, Ontario

65 & 75 Paisley Boulevard West

MAP

Acquired: December 2019

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
13	63	76	2	1	155

The property consists of two, 7-storey buildings with elevator service. It is situated on approximately 3.05 acres of land and the buildings total approximately 120,000 square feet of area.

Amenities include 186 parking spots (126 surface and 60 below ground), laundry facilities and an on-site convenience store. The property is in a prime location and only minutes from shopping, restaurants, and amenities including a major hospital.

It is just south of downtown Mississauga and has easy access to Highway 403 and the QEW. It is also close to public transit, including a GO station that provides convenient access to downtown Toronto.

Stratford, Ontario

30 & 31 Campbell Court

MAP

Acquired: April 2016

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
0	33	63	3	0	99

This property consists of two separate low-rise buildings located on opposite sides of the street. The properties contain approximately 2.5 acres of land and the buildings total 83,100 square feet of area (30 Campbell Court: 39,000 square feet, 31 Campbell Court: 44,100 square feet).

Amenities include 100 surface parking spaces and laundry facilities in each building. The property is located minutes from the Avon River, Lake Victoria, and the city's historic downtown core. There is easy access to public transportation, shopping and it is only a 30-minute drive to Kitchener and Waterloo.

Toronto, Ontario

223 Woodbine Avenue

MAP

Acquired: March 2020

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
0	32	16	0	0	48

This property consists of two townhome maisonette style buildings on 2.38 acres of land with a total of 46 units. The spacious townhome layouts average 1,599 square feet (including basements) and feature in-suite laundry, air conditioning, functional basements, and private fenced-in backyards. Parking facilities consist of 36 outdoor spots and a concrete heated underground parking garage with 37 spots.

Toronto, Ontario

650 Woodbine Avenue

MAP

Acquired: November 2020

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
0	30	8	0	0	38

The Beach Suites is a mid-size four-storey building located in the trendy Beaches neighbourhood of Toronto. It is situated on approximately 0.3 acres of land, and the building totals 32,080 square feet of area. Amenities include 27 surface parking spots, premium condo-style finishes, appliances, and laundry facilities.

The building is in a premier location, near several parks, the lakefront boardwalk, shopping, amenities and the Beaches Park on Lake Ontario. It's in the immediate vicinity of public transit routes for downtown Toronto.

Toronto, Ontario

787 Vaughan Road

MAP

Acquired: November 2020

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
7	25	6	0	0	38

The Gertrude Suites property is a mid-size four-storey building located in the eclectic Eglinton West neighbourhood of Toronto. It is situated on approximately 0.31 acres of land, and the building totals 29,020 square feet of area. Amenities include high-end finishes, appliances, and on-site laundry facilities.

The building is in a bustling neighbourhood, steps away from the soon to be completed Eglinton Crosstown line. Residents are within walking distance to restaurants, parks, trails, shopping, and amenities.

Toronto, Ontario

12 & 14 Auburndale Court

MAP

Acquired: October 2021

Unit Breakdown

Bachelor	2 Bedroom	3 Bedroom	4 Bedroom	Commercial	Total Units
0	15	23	8	0	46

This property consists of two townhome maisonette style buildings on 2.38 acres of land with a total of 46 units. The spacious townhome layouts average 1,599 square feet (including basements) and feature in-suite laundry, air conditioning, functional basements, and private fenced-in backyards. Parking facilities consist of 36 outdoor spots and a concrete heated underground parking garage with 37 spots.

This property is ideally located in a family-friendly residential neighbourhood within walking distance of grocery and retail stores, schools, and parks. With excellent transit-accessibility and the Highway 401 on-ramp located only minutes away, this property provides easy access to destinations throughout the GTA.

RISKS AND UNCERTAINTIES

There are certain risk factors inherent in an investment in the Trust Units and in the activities of the Trust, including, but not limited to, risks related to availability of distributable income, liquidity and potential price fluctuations of the Trust Units, redemption risk, tax related risks, litigation risks, risks of real estate investment and ownership, mortgage refinancing, availability of cash flow, risk of changes in government regulation, environmental matters, Trust Unitholder liability, dependence on key personnel, potential conflicts of interest, changes in legislation, investment eligibility and dilution arising from the issue of additional Trust Units. See "OFFERING MEMORANDUM" for full list of Risks.

SENIOR MANAGEMENT TEAM

Jason Roque,
CEO

Helen Hurlbut,
CFO

Chris Nickerson
Managing Director,
Equiton Capital

Bill Flinders
Chief Technology Officer

Don Cant
General Counsel &
Chief Compliance Officer

Aaron Pittman
Senior VP, Head of
Canadian Institutional
Investments

Ryan Donkers
VP, Acquisitions

Paul Holowaty
VP, Operations Income
Producing Properties

Alan Dillabough
VP, Development

Residential Income Fund Independent Board Members

David Hamilton
Independent
Board Member

Aida Tammer*
Independent
Board Member

Scot Caithness
Independent
Board Member

*Aida Tammer appointed as a trustee effective March 31, 2022

Grant Thornton

Financial Statements

Equiton Residential Income Fund Limited Partnership

For the year ended December 31, 2021

Contents

Independent Auditor's Report

Grant Thornton LLP
11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4

T +1 416 366 0100
F +1 416 360 4949

To the Partners of
Equiton Residential Income Fund Limited Partnership

Opinion

We have audited the financial statements of Equiton Residential Income Fund Limited Partnership (the "Partnership"), which comprise the statements of financial position as at December 31, 2021 and December 31, 2020, and the statements of income and comprehensive income, statements of changes in partners' equity and statements of cash flows for the years ended December 31, 2021 and December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Equiton Residential Income Fund Limited Partnership as at December 31, 2021 and December 31, 2020, and its financial performance and its cash flows for the years ended December 31, 2021 and December 31, 2020, in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Partnership or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Partnership's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Partnership's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Partnerships' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Partnership to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Toronto, Canada
March 30, 2021

Chartered Professional Accountants
Licensed Public Accountants

Equiton Residential Income Fund Limited Partnership

Statements of Financial Position

As at December 31,	2021	2020
Assets		
Investment properties (Note 4)	**$ 493,180,000**	$ 264,700,000
Cash	**39,220,913**	17,633,818
Advances to related parties (Note 5)	**23,749,541**	18,719,784
Land deposits (Note 13)	**3,500,000**	-
Tenant and other receivables	**1,429,895**	1,115,914
Prepaid expenses	**3,014,454**	318,873
Total assets	**$ 564,094,803**	$ 302,488,389
Liabilities		
Mortgages payable (Note 6)	**$ 234,735,785**	$ 126,925,931
Amounts due to related parties (Note 7)	**18,432,123**	13,365,502
Payables and accruals	**4,124,835**	1,701,853
Tenant deposits	**2,265,794**	1,325,200
Deferred revenue	**309,381**	151,138
	259,867,918	143,469,624
Partners' equity	**304,226,885**	159,018,765
Total liabilities and partners' equity	**$ 564,094,803**	$ 302,488,389

Subsequent events (Note 13)

Approved on behalf of the Partnership by Equiton Residential Income Fund GP Inc., (General Partner)

_______________ Director _______________ Director

Equiton Residential Income Fund Limited Partnership

Statements of Income and Comprehensive Income

For the years ended December 31,	**2021**	2020
Revenue		
Rental income	**$ 21,511,068**	$ 12,055,475
Other revenue	**1,309,428**	661,821
	22,820,496	12,717,296
Operating expenses		
Property operating costs	**15,714,958**	7,969,940
Interest and finance costs	**6,214,147**	3,783,341
General and administrative	**18,000**	15,320
	21,947,105	11,768,601
Income from rental operations	**873,391**	948,695
Asset management fee (Note 9)	**4,194,790**	2,262,883
Performance incentive fee (Note 9)	**4,843,124**	1,762,820
Professional fees	**289,712**	179,769
	9,327,626	4,205,472
Increase in fair value of investment properties (Note 4)	**47,922,359**	17,597,946
Net income and comprehensive income	**$ 39,468,124**	$ 14,341,169

Equiton Residential Income Fund Limited Partnership

Statements of Changes in Partners' Equity

For the years ended December 31, 2020 and 2021

	Limited Partners' Capital (Note 8)	Limited Partners' Equity 99.999%	General Partner 0.001%	Total 100%
Balance, January 1, 2020	$ 77,488,643	$ 9,524,638	$ 147	$ 87,013,428
Issuance of Class A Limited Partnership units	26,669,281	-	-	26,669,281
Redemption of Class A Limited Partnership units	(1,576,211)	-	-	(1,576,211)
Issuance of Class F Limited Partnership units	32,343,580	-	-	32,343,580
Redemption of Class F Limited Partnership units	(993,359)	-	-	(993,359)
Issuance of Class I Limited Partnership units	19,233,657	-	-	19,233,657
Redemption of Class I Limited Partnership units	(500,000)	-	-	(500,000)
Redemption of Redeemable Limited Partnership units	(9,999,062)	-	-	(9,999,062)
Loss on Redemption of Redeemable units	-	(486,032)	-	(486,032)
Net income	-	14,341,026	143	14,341,169
Distributions	-	(7,027,686)	-	(7,027,686)
Partners' equity, December 31, 2020	**$ 142,666,529**	**$ 16,351,946**	**$ 290**	**$ 159,018,765**
Balance, January 1, 2021	$ 142,666,529	$ 16,351,946	$ 290	$ 159,018,765
Issuance of Class A Limited Partnership units	40,775,752	-	-	40,775,752
Redemption of Class A Limited Partnership units	(2,288,964)	-	-	(2,288,964)
Issuance of Class F Limited Partnership units	43,572,469	-	-	43,572,469
Redemption of Class F Limited Partnership units	(2,236,286)	-	-	(2,236,286)
Issuance of Class I Limited Partnership units	40,853,548	-	-	40,853,548
Redemption of Class I Limited Partnership units	(747,341)	-	-	(747,341)
Net income	-	39,467,729	395	39,468,124
Distributions	-	(14,189,182)	-	(14,189,182)
Partners' equity, December 31, 2021	**$ 262,595,707**	**$ 41,630,493**	**$ 685**	**$ 304,226,885**

See accompanying notes to the financial statements.

Equiton Residential Income Fund Limited Partnership
Statements of Cash Flows

For the years ended December 31,	**2021**	2020
Increase in cash		
Operating activities		
Net income	**$ 39,468,124**	$ 14,341,169
Items not affecting cash:		
Increase in fair value of investment properties	**(47,922,359)**	(17,597,946)
Amortization of deferred financing fees	**767,569**	390,016
	(7,686,666)	(2,866,761)
Changes in non-cash operating items (Note 11)	**549,121**	(526,733)
Cash used in operating activities	**(7,137,545)**	(3,393,494)
Financing activities		
Proceeds from mortgage payable	**114,545,165**	48,226,850
Repayment of mortgages payable	**(3,505,932)**	(2,040,080)
Interest reserve holdback	**350,740**	609,515
(Repayment) proceeds from loan payable	**-**	(4,500,000)
Deferred financing fees	**(4,482,269)**	(2,361,137)
Distributions	**(14,189,182)**	(7,027,686)
Proceeds from Class A Limited Partnership units issued	**40,775,752**	26,669,281
Proceeds from Class F Limited Partnership units issued	**43,572,469**	21,858,486
Proceeds from Class I Limited Partnership units issued	**40,853,548**	19,233,657
Redemption of Class A Limited Partnership units	**(2,288,964)**	(1,576,211)
Redemption of Class F Limited Partnerhip units	**(2,236,286)**	(993,359)
Redemption of Class I Limited Partnership units	**(747,341)**	(500,000)
Cash provided by financing activities	**212,647,700**	97,599,316
Investing activities		
Building improvements	**(1,479,628)**	-
Land deposits	**(3,500,000)**	-
Acquisition of investment properties	**(178,943,432)**	(80,045,388)
Cash used in investing activities	**(183,923,060)**	(80,045,388)
Net increase in cash	**21,587,095**	14,160,434
Cash, beginning of year	**17,633,818**	3,473,384
Cash, end of year	**$ 39,220,913**	$ 17,633,818

Non-cash transactions		
Assumed mortgage on acquisition of property	**$ 134,581**	$ -
Additions of investment properties	**$ (134,581)**	$ -
Redemption of Redeemable Limited Partnership units	**$ -**	$ (10,485,094)
Issuance of Class F Limited Partnership units issued	**$ -**	$ 10,485,094

See accompanying notes to the financial statements.

1. Nature of operations

Equiton Residential Income Fund Limited Partnership (the “Partnership”) was formed on March 1, 2016 under the laws of the Province of Ontario. The general partner of the Partnership is Equiton Residential Income Fund GP Inc. The Partnership invests in residential investment properties located in Canada.

The Partnership has entered into an Asset Management Agreement with Equiton Partners Inc. (the “Manager”), a related party who is also one of the limited partners in the Partnership. (See Note 11).

No provision for income taxes has been made in these financial statements as the Partnership income is taxed at the partner level.

2. General information and statement of compliance with IFRS

The financial statements of the Partnership have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The financial statements have been prepared on a historical cost basis except for investment properties and certain categories of financial instruments, if any, that have been measured at fair value. The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise indicated.

The financial statements are presented in Canadian dollars, which is the functional currency of the Partnership. The address of the Partnership's registered office is 1111 International Boulevard, Suite 600, Burlington, Ontario, L7L 6W1.

The financial statements for the year ended December 31, 2021 were approved and authorized for issue by the Partnership on March 30, 2022.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

Investment Properties

The Limited Partnership accounts for its investment properties using the fair value model in accordance with IAS 40- Investment properties (“IAS 40”). Properties that are held for long-term rental yields or for capital appreciation or both, are classified as investment properties. Investment properties also include properties that are being constructed or will be developed for future use as investment properties.

Investment properties are recorded initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

3. Summary of significant accounting policies (continued)

Additions to investment properties are expenditures incurred for the expansion or redevelopment of the existing property, or to maintain or improve its productive capacity. Productive capacity maintenance costs are major maintenance costs and tenant improvements. Subsequent to initial recognition, investment properties are recorded at fair value. The changes in fair value in each reporting period are recorded in the consolidated statement of income and comprehensive income. Fair value is based upon valuations performed by an appraiser accredited through the Appraisal Institute of Canada, using valuation techniques including the direct capitalization income and discounted cash flow methods or if appraised by an external appraisal during the year then an internal valuation is done at year end.

Recent real estate transactions with similar characteristics and location to the Limited Partnership's assets are also considered. The direct capitalization income method applies a capitalization rate to the property's stabilized net operating income which incorporates allowances for vacancy, management fees and structural reserves for capital expenditures for the property. The resulting capitalized value is further adjusted, where appropriate, for extraordinary costs to stabilize the income and non-recoverable capital expenditures.

Tenant deposits

Tenant deposits are recognized initially at the fair value of the cash received and subsequently measured at amortized cost. The Partnership obtains deposits from tenants as a guarantee for returning the leased premises at the end of the lease term in a specified good condition or for specified lease payments according to the terms of the lease.

Revenue recognition

The Partnership has retained substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases.

Revenue from investment properties include rents from tenants under leases, parking income, laundry income and other miscellaneous income paid by the tenants under the terms of their existing leases. Rental revenue under a lease commences when a tenant has a right to use the leased asset and revenue is recognized pursuant to the terms of the lease agreement. Revenue is recognized systematically over the term of the lease, which is generally not more than 12 months. Other rental revenues such as parking revenues and laundry revenue is considered non-lease components and within the scope of IFRS 15- Revenue from Contracts with Customers. The performance obligation for property management and ancillary services is satisfied over time.

3. Summary of significant accounting policies (continued)

Financial instruments and fair values

(i) Financial assets

In accordance with IFRS 9, 'Financial Instruments', financial assets are required to be measured at fair value on initial recognition. Subsequent to initial recognition, financial assets are categorized and measured based on how the Partnership manages its financial instruments and the characteristics of their contractual cash flows. IFRS 9 contains three principal classification categories for financial assets:

i) Measured at amortized cost,
ii) Fair value through other comprehensive income, and
iii) Fair value through profit or loss

A financial asset is measured at amortized cost if it meets both of the following conditions

i) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
ii) 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.

The Partnership's financial assets consist of cash, tenant and other receivables and advances to related parties and are recognized initially at fair value and subsequently at amortized cost using the effective interest method.

Impairment - Expected Credit Loss Model:

For the impairment of financial assets, IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' ('ECL') model. The measurement options for the ECL are lifetime expected credit losses and 12-month expected credit losses

The Partnership adopted the practical expedient to determine ECL on receivables using a provision matrix based on historical credit loss experiences adjusted for forward-looking factors specific to the debtors and to the economic environment to estimate lifetime ECL.

(i) Financial liabilities

In accordance with IFRS 9, 'Financial Instruments', financial liabilities are required to be measured at fair value on initial recognition. Subsequent to initial recognition, financial liabilities are measured based on two categories:

i) Amortized cost, and
ii) Fair value through profit or loss

Under IFRS 9, all financial liabilities are classified and subsequently measured at amortized cost except in certain cases. The Partnership has no financial liabilities that meet the definitions of these specific cases. Financial liabilities consist of mortgages payable, loan payable, deferred revenue, due to related party and payables and accruals.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

3. Summary of significant accounting policies (continued)

Financial instruments and fair values (continued)

(ii) Transaction Costs

Direct and indirect financing costs that are attributable to the issue of other financial liabilities measured at amortized cost are presented as a reduction from the carrying amount of the related debt and are amortized using the effective interest rate method over the term of the related debt. These costs include interest, amortization of discounts or premiums relating to borrowings, fees and commissions paid to lenders, agents, brokers and advisers, and transfer taxes and duties that are incurred in connection with the arrangement of borrowings.

(iii) Fair value

Fair value measurements recognized in the statement of financial position are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values. Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The fair value hierarchy for measurement of assets and liabilities is as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data.

The fair values of cash, tenants and other receivables, tenant deposits, advances to/from related their carrying values parties, payables and accruals approximate due to the relatively short periods to maturity of these financial instruments.

3. Summary of significant accounting policies (continued)

Financial instruments and fair values (continued)

(iii) Fair value (continued)

Fair value of financial assets and liabilities

The fair values of cash, tenant and other receivables, payables and amounts due to/from related parties, loan payable and tenant deposits approximate their carrying value due to the short-term maturity of those instruments.

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial instruments using December 31, 2021 and 2020 market rates for debts of similar terms.

	2021		
	Fair Value Hierarchy	**Carrying Value**	**Fair Value**
Assets:			
Investment properties	**Level 3**	**$ 493,180,000**	**$ 493,180,000**
Liabilities:			
Mortgages payable	**Level 2**	**$ 243,277,290**	**$ 237,026,561**

	2020		
	Fair Value Hierarchy	Carrying Value	Fair Value
Assets:			
Investment properties	Level 3	$ 264,700,000	$ 264,700,000
Liabilities:			
Mortgages payable	Level 2	$ 131,804,798	$ 131,609,825

Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

In determining estimates of fair values for its investment properties, the assumptions underlying estimated values are limited by the availability of comparable data and the uncertainty of predictions concerning future events. Should the underlying assumptions change, actual results could differ from the estimated amounts.

i. Property tenancies
ii. Market rents
iii. Market terminal capitalization rates
iv. Discount rates
v. Direct capitalization rates
vi. Economic environment and market conditions
vii. Market activity

The critical estimates and assumptions underlying the valuation of the investment properties are outlined in Note 4.

3. Summary of significant accounting policies (continued)

Financial instruments and fair values (continued)

(iii) Fair value (continued)

Critical judgements in applying the Partnership's accounting policies

The following are the critical judgements that have been made in applying the Partnership's accounting policies and that have the most significant effect on the amounts in the financial statements.

Partners' equity

Partnership 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. Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met, in which case, the puttable instruments may be presented as unitholder's equity. The Partnership units meet the necessary conditions and have therefore been presented as unitholder's equity under IAS 32.

4. Investment properties

Reconciliation of the carrying amount for investment properties for the beginning and end of the financial period are as follows:

Balance, January 1, 2020	$ 167,056,666
Purchase of investment property	80,045,388
Building improvements to investment properties	-
Increase in fair value of investment properties	17,597,946
Balance, December 31, 2020	$ 264,700,000
Purchase of investment property	179,078,013
Building improvements to investment properties	1,479,628
Increase in fair value of investment properties	47,922,359
Balance, December 31, 2021	**$ 493,180,000**

On March 30, 2021, the Partnership acquired an investment property located at 125 Wellington Street North & 50 Cathcart Street, Hamilton, Ontario for a purchase price of $56,241,784. On April 22, 2021, the Partnership acquired an investment property located at 100-170 Old Carriage Drive, Kitchener, Ontario for a purchase price of $65,220,408. On October 1, 2021, the Partnership acquired an investment property located at 433 King Street, London, Ontario for a purchase price of $35,253,191. On October 29, 2021, the Partnership acquired an investment property located at 12-14 Auburndale Court, Etobicoke, Ontario for a purchase price of $22,228,048.

4. Investment properties (continued)

The Partnerships' investment properties were valued at December 31, 2021 by independent professionally qualified appraisers who hold a recognized relevant professional qualification and have recent experience in the locations of the income producing properties valued or where an external valuation was done during the year an internal valuation was done at year end. The estimated fair values per these appraisals are as follows:

	December 31, 2021	December 31, 2020
30-31 Campbell Court, Stratford	**$ 15,900,000**	$ 13,540,000
19 Lynnwood Drive, Brantford	**12,500,000**	10,730,000
120, 126 and 130 St Paul Avenue, Brantford	**8,780,000**	8,030,000
383-385 Wellington Street and 49 Lacroix Street, Chatham	**7,750,000**	6,000,000
780 Division Street, Kingston	**20,450,000**	17,146,000
1379 Princess Street, Kingston	**6,090,000**	5,300,000
75 and 87 Mary Street, Chatham	**7,970,000**	6,175,000
252 and 268 Conacher Drive, Kingston	**3,320,000**	3,090,000
1355 Commissioners Road West, London	**18,800,000**	18,000,000
65 Times Avenue, Markham	**28,400,000**	26,436,000
1050 Highland Street, Burlington	**6,220,000**	5,920,000
5 & 7 Wilsonview Avenue, Guelph	**10,000,000**	9,245,000
65 & 75 Paisley Boulevard West, Mississauga	**56,300,000**	52,000,000
223 Woodbine Avenue, Toronto	**24,700,000**	22,252,000
8-16 Wilsonview Avenue, Guelph	**36,600,000**	34,336,000
650 Woodbine Avenue, Toronto	**15,200,000**	14,900,000
787 Vaughan Road, Toronto	**12,900,000**	11,600,000
100-170 Old Carriage Drive, Kitchener	**67,200,000**	-
125 Wellington Street North & 50 Cathcart Street, Hamilton	**74,000,000**	-
12-14 Auburndale Court, Etobicoke	**23,800,000**	-
433 King Street, London	**36,300,000**	-
	$ 493,180,000	$ 264,700,000

The Partnership determined the fair value of each investment property based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the applicable statement of financial position dates, less future cash outflow pertaining to the respective leases. The properties are appraised using several approaches that typically include a direct capitalization income method and a direct comparison approach.

4. Investment properties (continued)

The significant assumption made relating to valuations of investment properties using direct capitalization income method is the capitalization rate. The capitalization rates used are as follows:

	December 31, 2021	December 31, 2020
30-31 Campbell Court, Stratford	**5.00%**	5.00%
19 Lynnwood Drive, Brantford	**4.75%**	4.70%
120, 126 and 130 St. Paul Avenue, Brantford	**4.75%**	4.75%
383-385 Wellington Street and 49 Lacroix Street, Chatham	**5.00%**	5.00%
760 and 780 Division Street, Kingston	**4.40%**	4.45%
1379 Princess Street, Kingston	**4.30%**	4.30%
75 and 87 Mary Street, Chatham	**5.00%**	5.00%
252 and 268 Conacher Drive, Kingston	**4.50%**	4.50%
1355 Commissioners Road West, London	**3.75%**	3.75%
65 Times Avenue, Markham	**3.50%**	3.75%
1050 Highland Street, Burlington	**3.75%**	3.75%
5 & 7 Wilsonview Avenue, Guelph	**4.00%**	4.00%
65 & 75 Paisley Boulevard West, Mississauga	**2.75%**	2.75%
223 Woodbine Avenue, Toronto	**3.10%**	3.30%
8-16 Wilsonview Avenue, Guelph	**4.00%**	4.05%
650 Woodbine Avenue, Toronto	**3.25%**	3.30%
787 Vaughan Road, Toronto	**3.25%**	3.30%
100-170 Old Carriage Drive, Kitchener	**4.00%**	-
125 Wellington Street North & 50 Cathcart Street, Hamilton	**4.25%**	-
12-14 Auburndale Court, Etobicoke	**3.00%**	-
433 King Street, London	**3.50%**	-

Values are most sensitive to changes in capitalization rates, and the variability of cash flows. If the capitalization rate were to increase by 25 basis points ("bps"), the value of investment properties would decrease by $31,447,307 (2020 - decrease by $16,821,218). If the capitalization rate were to decrease by 25 bps, the value of investment properties would increase by $35,491,562.96 (2020 - increase by $19,591,791).

5. Advances to related parties

	2021	2020
Equiton Residential Income Fund Trust	**$ 23,749,541**	$ 18,719,784

Both entities are related parties by virtue of common ownership.

6. Mortgages payable

	Blended monthly payments	Interest rate	Maturity date	**December 31, 2021**	December 31, 2020
Bank of Montreal - 1st mortgage (i)	$33,464	3.91%	07/31/2026	**$ 5,488,661**	$ 5,671,726
Bank of Montreal - 1st mortgage (i)	7,581	4.60%	10/01/2028	**1,257,883**	1,290,139
Bank of Montreal - 1st mortgage (i)	12,657	3.50%	06/01/2028	**2,291,942**	2,368,637
Bank of Montreal - 1st mortgage (i)	15,042	3.80%	09/01/2028	**2,676,193**	2,754,282
Bank of Montreal - 2nd mortgage (i)	2,518	4.35%	08/31/2028	**424,448**	435,926
First National - 1st mortgage	20,288	2.73%	09/01/2026	**4,342,563**	4,466,308
First National - 1nd mortgage	12,168	3.31%	03/01/2028	**2,224,525**	2,296,130
People's Trust - 1st mortgage (iii)	30,582	2.44%	03/01/2025	**5,319,644**	5,528,909
People's Trust - 2nd mortgage	5,751	3.24%	03/01/2028	**954,826**	992,454
First National - 1st Mortgage	41,055	3.18%	09/01/2029	**10,767,113**	10,917,048
First National - 1st mortgage	47,339	2.58%	09/01/2029	**12,534,355**	12,777,370
First National - 1st mortgage	11,137	2.84%	06/01/2030	**2,584,233**	2,643,997
First National - 1st mortgage	24,449	2.74%	06/01/2030	**5,009,816**	5,164,421
First National - 1st mortgage	71,999	2.49%	06/01/2030	**19,559,638**	19,934,055
First National - 2nd mortgage (ii)	39,177	6.50%	01/01/2025	**7,330,000**	7,330,000
First National - 1st mortgage	41,878	2.20%	06/01/2030	**11,881,256**	12,100,665
First National - 1st mortgage	79,227	2.17%	06/01/2030	**20,304,338**	20,768,731
First National - 1st mortgage	30,073	2.00%	03/01/2031	**7,961,688**	7,980,000
First National - 1st mortgage	24,063	2.00%	03/01/2031	**6,370,462**	6,384,000
First National - 1st mortgage	154,157	2.43%	12/01/2031	**43,392,020**	-
First National - 1st mortgage	46,085	4.45%	03/01/2022	**12,600,000**	-
First National - 1st mortgage	75,589	4.45%	02/01/2022	**20,000,000**	-
First National - 1st mortgage (iv)	53,282	2.86%	12/01/2025	**12,755,480**	-
First National - 1st mortgage	100,727	2.53%	12/01/2031	**$ 25,246,206**	$ -
				$ 243,277,290	$ 131,804,798

6. Mortgages payable (continued)

Total from previous page	**$ 243,277,290**	$ 131,804,798
Less: Deferred financing charges	**(8,161,537)**	(4,148,159)
Less: Interest reverse holdback	**(379,968)**	(730,708)
	$ 234,735,785	$ 126,925,931

The mortgages payable are secured by the investment properties in Note 5 and are repayable as follows:

2022	$ 37,279,222
2023	4,913,787
2024	5,057,504
2025	28,048,002
2026	12,738,483
Thereafter	155,240,292
	$ 243,277,290

(i) There are covenants pertaining to the Bank of Montreal facilities and they were all met as at December 31, 2021.
(ii) The First National second mortgage is an interest only loan.
(iii) The People's Trust first mortgage on loan was assumed on the purchase of the 780 Division Street, Kingston, Ontario property. The difference between the fair value and carrying value of the mortgage was determined to be at a discount of $205,372 at the assumption date and the difference is amortized over the term of the mortgage.
(iv) The First National first mortgage on loan was assumed on the purchase of the 125 Wellington Street North, Hamilton, Ontario property. The difference between the fair value and carrying value of the mortgage was determined to be at a premium of $134,581 at the assumption date and the difference is amortized over the term of the mortgage.

7. Amounts due to related parties

	2021	2020
Equiton Residential Income GP	**$ 5,824,593**	$ 982,474
Equiton Partners Inc.	**12,607,530**	12,383,028
	$ 18,432,123	$ 13,365,502

The amounts due to related parties are non-interest bearing, due on demand and unsecured.

8. Partners' capital

In accordance with the Limited Partnership Agreement, the Partnership may issue an unlimited number of partnership units of various classes, with each unit representing an equal undivided interest in any distributions from the Partnership and in partnership equity in the event of dissolution or wind-up of the Partnership.

8. Partners' capital (continued)

Authorized

(i) Unlimited number of Class A Limited Partnership Units

Class A Limited Partnership Units participate in the income distributions of the Partnership, with one vote per unit and no par value.

(ii) Unlimited number of Class F Limited Partnership Units

Class F Limited Partnership Units participate in the income distributions of the Partnership, with one vote per unit and no par value.

Authorized (continued)

(iii) Unlimited number of Class I Limited Partnership Units

Class I Limited Partnership Units participate in the income distributions of the Partnership, with one vote per unit and no par value.

(iv) Unlimited number of Redeemable Limited Partnership Units

Redeemable Limited Partnership Units participate in the income distributions of the Partnership, with one vote per unit and no par value and are redeemable only at the option of the Partnership.

Issued

Class A Limited Partnership Units	Number	Amount
Balance, January 1, 2020	**4,374,838**	**$ 44,267,873**
New units issued	2,539,776	26,669,281
Units redeemed	(150,592)	(1,576,211)
Balance, December 31, 2020	**6,764,022**	**$ 69,360,943**
New units issued	3,805,852	40,775,752
Units redeemed	(214,427)	(2,288,964)
Balance, December 31, 2021	**10,355,447**	**$ 107,847,731**

Class F Limited Partnership Units	Number	Amount
Balance, January 1, 2020	**1,188,750**	**$ 12,178,161**
New units issued	3,074,077	32,343,580
Units redeemed	(94,399)	(993,359)
Balance, December 31, 2020	**4,168,428**	**$ 43,528,382**
New units issued	4,087,274	43,572,469
Units redeemed	(208,869)	(2,236,286)
Balance, December 31, 2021	**8,046,833**	**$ 84,864,565**

8. Partners' capital (continued)

Issued (continued)

Class I Limited Partnership Units	Number	Amount
Balance, January 1, 2020	**1,072,065**	**$ 11,043,547**
New units issued	1,830,962	19,233,657
Units redeemed	(47,627)	(500,000)
Balance, December 31, 2020	**2,855,400**	**29,777,204**
New units issued	3,809,167	40,853,548
Units redeemed	(69,386)	(747,341)
Balance, December 31, 2021	**6,595,181**	**$ 69,883,411**
Total Partners' capital, December 31, 2021	**24,997,461**	**$ 262,595,707**
Total Partners' capital, December 31, 2020	13,787,850	$ 142,666,529

9. Asset management agreement

The Manager previously outsourced the property management functions to an unrelated third party. On July 1, 2020, the Manager took over the property management activities. The Manager is entitled to the following fees pursuant to the Asset Management Agreement:

(i) Transaction fee

The transaction fee is charged at 1.00% of the purchase price with respect to each property acquired or sold by the Partnership.

(ii) Asset management fee

The asset management fee is charged at 1.00% annually with respect to the gross asset value of the assets in the Partnership. The asset management fee is calculated and charged monthly.

(iii) Financing fee

The financing fee is charged at 1.00% of the loan amount with respect to each senior or first ranking financing transaction, at 0.50% of the loan amount with respect to each refinancing transaction and at 1.5% of the loan amount with respect to each mezzanine or non-first ranking financing transaction.

(iv) Performance incentive fee

During the term of the Asset Management Agreement, the Manager shall be entitled to a 20% interest in cash distributions of the Partnership, and a 20% interest in any increase in the equity value of the investment properties, calculated and payable at the time such increase in equity value is realized or the issuance of additional limited partner units by the Partnership. The Manager has indicated that it will either defer payment of such performance incentive fees until such time as sufficient cash is available or to elect to receive such performance incentive fees in the form of limited partnership units of the Partnership.

9. Asset management agreement (continued)

(v) Property Management fees

As compensation for providing the Property Management Services, a fee equal to 4.0% of the gross income from the Properties for the Initial Term and for each Renewal. As compensation for providing Project Management Services, a fee equal to 5.0% of the total cost to (i) construct tenant improvements and/or co-ordinate the construction, modification, improvement, re-construction, or effecting of material repairs to any tenant premises at any of the Properties, or (ii) construct, modify, improve, re-construct or effect material repair to any portion of the Property or Properties;

The Asset Management Agreement is for an initial term of five years and automatically renews for a further five years unless terminated by either of the parties.

The Manager charged the following fees during the year:

	December 31, 2021	December 31, 2020
Asset management fee	**$ 4,194,790**	$ 2,262,883
Transaction fee	**1,947,104**	817,807
Financing fee	**1,188,422**	538,083
Performance incentive fee	**4,843,124**	1,762,820
Property Management fee	**892,070**	495,169
	$ 13,065,510	$ 5,876,762

The asset management and performance incentive fees are recorded in the statement of income. The transaction fee is recorded in investment properties on the statement of financial position. Financing fees are recorded as deferred financing fees in the mortgages payable on the statement of financial position.

Transactions with related parties are in normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. Management of capital

The Partnership defines capital that it manages as the aggregate of its partners' equity and interest-bearing debt less cash. The Partnership's objective when managing capital is to ensure that the Partnership will continue as a going concern so that it can sustain daily operations and provide adequate returns to its partners.

The Partnership is subject to risks associated with debt financing, including the possibility that existing mortgages may not be refinanced or may not be refinanced on favourable terms or with interest rates as favourable as those of the existing debt. The Partnership manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The total managed capital for the Partnership is summarized below:

	December 31, 2021	December 31, 2020
Mortgages payable	**$ 234,735,785**	$ 126,925,931
Cash	**(39,220,913)**	(17,633,818)
Net debt	**195,514,872**	109,292,113
Partners' equity	**304,226,885**	159,018,765
	$ 499,741,757	$ 268,310,878

11. Changes in non-cash operating items

	2021	2020
Advances to related parties	**$ (5,029,757)**	$ (13,861,765)
Prepaid expenses	**(2,695,581)**	454,871
Tenant and other receivables	**(313,981)**	(677,144)
Deferred revenue	**158,243**	(38,862)
Tenant deposits	**940,594**	486,056
Amounts due to related party	**5,066,621**	12,251,641
Payables and accruals	**2,422,982**	858,470
	$ 549,121	$ (526,733)

12. Financial instruments and risk management

Risks associated with financial assets and liabilities

Financial risks arise from financial instruments to which the Partnership is exposed during or at the end of the reporting period. Financial risk comprises market risk, credit risk and liquidity risk. Management identifies, evaluates and monitors these risks throughout the year.

(i) 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 due to currency risk, price risk and interest rate risk. Due to the nature of the Partnership's financial instruments it has no exposure to currency or price risk.

Interest rate risk

The Partnership is subject to risk associated with debt financings including the risk that credit facilities will not be refinanced on terms as favourable as those of existing indebtedness.

The Partnership's objective of managing interest rate risk is to minimize the volatility of the Partnership's income. As at December 31, 2021, interest rate risk has been minimized, as the mortgages payable are financed at fixed interest rates.

Receivables and payables and accruals are interest free and with a term of less than one year, so it is assumed that there is no interest rate risk associated with these financial assets and liabilities.

Tenant deposits are non-interest bearing, so it is assumed that there is no interest rate risk associated with these financial liabilities.

(ii) Credit risk

Credit risk is the risk that the counterparty to a financial asset will default resulting in the Partnership incurring a financial loss. A substantial portion of the Partnership's amounts receivable is with various tenants and individuals and is subject to normal industry credit risks.

The Partnership's principal assets are residential buildings. Credit risk arises from the possibility that tenants may not fulfil their lease obligations. The Partnership mitigates this credit risk by performing credit checks and due diligence on prospective tenants and on existing tenants when appropriate, and by negotiating leases for spaces of varying sizes.

The carrying amount of receivables is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of income and comprehensive income within other expenses. When a receivable balance is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of income and comprehensive income. The total provision taken on the receivables in fiscal 2021 is $300,448 (2020 - $110,266).

The Partnership's maximum credit risk exposure at December 31, 2021 and 2020 is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

12. Financial instruments and risk management(continued)

Risks associated with financial assets and liabilities (continued)

(iii) Liquidity risk

Liquidity risk is the risk the Partnership will encounter difficulties in meeting its financial liability obligations. The Partnership's objective in minimizing liquidity risk is to maintain appropriate levels of leverage on its real estate assets. As at December 31, 2021, the Partnership was holding cash of $39,220,913 (2020 - $17,633,818). The Partnership's payables are payable on demand and the mortgages payable and loan payable are payable as described in Note 6.

The table below summarizes the maturity profile of the financial liabilities based on contractual undiscounted payments.

December 31, 2021	On demand	1 Year	2 - 5 Years	>5 Years
Mortgage payable	$ -	$ 37,279,222	$ 50,757,776	$154,941,614
Due to related parties	18,432,123	-	-	-
Payables and accruals	-	4,124,835	-	-
	$ 18,432,123	$ 41,404,057	$ 50,757,776	$ 154,941,614

December 31, 2020	On demand	1 Year	2 - 5 Years	>5 Years
Mortgage payable	$ -	$ 16,933,401	$ 22,770,412	$ 92,230,980
Due to related parties	13,365,502	-	-	-
Payables and accruals	-	1,701,853	-	-
	$ 13,365,502	$ 18,635,254	$ 22,770,412	$ 92,230,980

(iv) Environmental risk

The Partnership is subject to various Canadian laws relating to the environment. The Partnership has formal policies and procedures dealing with limiting environmental exposures which are administered by Equiton Partners Inc. in their function as the asset manager. Costs related to environmental risk are mitigated by carrying environmental insurance. There is an exposure to financial risks arising from environmental factors which could cause a variation in earnings to the extent that costs may exceed such coverage.

13. Subsequent events

On December 9, 2021, Equiton Acquisition Corporation, a corporation formed for the purpose of acquiring properties on behalf of the Partnership, firmed up on a commitment to close on the purchase of land for a development project at 2 Montreal Road, Ottawa, Ontario (Riverain District) for approximately $30,000,000 in partnership with Main and Main, a real estate investment and development firm. Deposits of $500,000 and $2,000,000 were made prior to year end and was applied against the purchase which was finalized on January 13, 2022.

On December 17, 2021, Equiton Acquisition Corporation, firmed up on a commitment to close on the purchase of two buildings at 208 Woolwich Street South, Breslau, Ontario (Joseph's Place) and 98 Farley Drive, Guelph, Ontario for approximately $36,000,000 and $41,550,000 respectively. A deposit of $1,000,000 was made prior to year end and applied against the purchase which was finalized on March 7, 2022.

Grant Thornton

Consolidated Financial Statements

Equiton Residential Income Fund Trust

For the year ended December 31, 2021

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Independent Auditor's Report

Grant Thornton LLP
11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4

T +1 416 366 0100
F +1 416 360 4949

To the Trustees of

Equiton Residential Income Fund Trust

Opinion

We have audited the consolidated financial statements of **Equiton Residential Income Fund Trust** (the "Trust"), which comprise the consolidated statements of financial position as at December 31, 2021 and December 31, 2020 and the consolidated statements of income and comprehensive income, consolidated statements of changes in net assets attributable to Unitholders and consolidated statements of cash flows for the years ended December 31, 2021 and December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **Equiton Residential Income Fund Trust** as at December 31, 2021 and December 31, 2020, and its financial performance and its cash flows for the years ended December 31, 2021 and December 31, 2020, in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated financial statements* section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

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Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Trust’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Toronto, Canada	Chartered Professional Accountants
March 30, 2021	Licensed Public Accountants

Equiton Residential Income Fund Trust

Consolidated Statements of Financial Position

December 31	2021	2020
Assets		
Investment properties (Note 4)	**$ 493,180,000**	$ 264,700,000
Cash	**46,673,839**	21,464,755
Due from related parties (Note 6(b))	**10,493,492**	10,482,469
Land deposits (Note 12)	**3,500,000**	-
Tenant and other receivables	**1,429,895**	1,115,914
Prepaid expenses	**3,014,454**	318,873
	$ 558,291,680	$ 298,082,011
Liabilities		
Mortgages payable (Note 5)	**$ 236,267,442**	$ 128,457,586
Due to related parties (Note 6(c))	**18,434,200**	13,367,579
Payables and accruals	**11,689,825**	5,578,067
Tenant deposits	**2,265,794**	1,325,200
Deferred revenue	**309,381**	151,138
Distributions payable (Note 7(b))	**1,550,934**	799,637
	270,517,576	149,679,207
Net assets attributable to unitholders	**287,774,104**	148,402,804
	$ 558,291,680	$ 298,082,011

Subsequent events (Note 12)

On behalf of the Trustees

____________________ Trustee ____________________ Trustee

Equiton Residential Income Fund Trust

Consolidated Statements of Income and Comprehensive Income

For the year ended December 31,	2021	2020
Revenue		
Equity accounted share of income of Limited Partnership	**$ -**	$ 1,007,060
Rental income	**21,511,068**	5,694,641
Interest income	**7,467**	6,849
Other revenue	**1,372,265**	296,036
	22,890,800	7,004,586
Operating expenses		
Property operating costs	**15,714,958**	4,517,434
Interest and finance costs	**6,214,147**	1,745,764
General and administrative	**89,233**	76,634
	22,018,338	6,339,832
Income from operations	**872,462**	664,754
Other expenses		
Performance incentive fee (Note 8)	**4,843,124**	1,043,995
Asset management fee (Note 8)	**4,194,790**	1,079,862
Professional fees	**675,288**	602,244
Dues and subscriptions	**47,268**	45,480
Bank fees	**7,450**	6,766
	(9,767,920)	(2,778,347)
Increase in fair value of investment properties (Note 4)	**47,922,359**	15,742,084
Net income and comprehensive income	**$ 39,026,901**	$ 13,628,491

Equiton Residential Income Fund Trust
Consolidated Statements of Changes in Net assets Attributable to Unitholders
For the year ended December 31

	Units (Note 7)	Retained Earnings	Contributed Surplus	**Total Unitholders' Equity**
Net assets attributable to unitholders, January 1, 2020	**$ 63,083,223**	**$ 5,647,218**	**$ -**	**$ 68,730,441**
Issuance of units	73,882,560	-	-	**73,882,560**
Issuance of units under distribution reinvestment plan	4,363,958	-	-	**4,363,958**
Redemption of units	(3,069,570)	-	-	**(3,069,570)**
Issuance costs	(3,234,331)	-	-	**(3,234,331)**
Change in control of the Limited Partnership (Note 3)	-	-	825,183	**825,183**
Net income	-	13,628,491	-	**13,628,491**
Distribution to unitholders	-	(6,723,928)	-	**(6,723,928)**
Net assets attributable to unitholders, December 31, 2020	**$ 135,025,840**	**$ 12,551,781**	**$ 825,183**	**$ 148,402,804**
Issuance of units	116,061,523	-	-	**116,061,523**
Issuance of units under distribution reinvestment plan	9,140,246	-	-	**9,140,246**
Redemption of units	(5,272,591)	-	-	**(5,272,591)**
Issuance costs	(5,395,597)	-	-	**(5,395,597)**
Net income	-	39,026,901	-	**39,026,901**
Distribution to unitholders	-	(14,189,182)	-	**(14,189,182)**
Net assets attributable to unitholders, December 31, 2021	**$ 249,559,421**	**$ 37,389,500**	**$ 825,183**	**$ 287,774,104**

Equiton Residential Income Fund Trust

Consolidated Statements of Cash Flows

For the years ended December 31,		2021		2020
Operating activities				
Net income	$	**39,026,901**	$	13,628,491
Items not affecting cash:				
Increase in fair value of investment properties		**(47,922,359)**		(15,742,084)
Amortization of deferred financing fees		**767,569**		122,845
Share of income from investment in Limited Partnership		**-**		(1,007,060)
		(8,127,889)		(2,997,808)
Change in non-cash operating items (Note 10)		**10,007,928**		6,782,716
Cash provided by operating activities		**1,880,039**		3,784,908
Financing activities				
Proceeds from issuance of units		**116,061,523**		63,397,493
Redemption of units		**(5,272,591)**		(3,069,570)
Distribution to unitholders		**(5,048,936)**		(1,931,462)
Issuance costs		**(5,395,597)**		(3,234,331)
Loan payable		**-**		(4,500,000)
Deferred financing fees		**(4,482,269)**		(1,178,202)
Interest reserve holdback		**350,740**		-
Proceeds from mortgage payable		**114,545,168**		35,132,731
Repayment of mortgage payable		**(3,505,932)**		(541,988)
Cash provided by financing activities		**207,252,106**		84,074,671
Investing activities				
Distributions from Limited Partnership		**-**		1,211,015
Cash acquired on acquisition		**-**		19,327,805
Redemption of Limited Partnership units		**-**		1,358,730
Purchase of Limited Partnership units		**-**		(29,882,310)
Building improvements		**(1,479,629)**		-
Land deposits		**(3,500,000)**		-
Acquisition of investment properties		**(178,943,432)**		(58,934,694)
Cash used in investing activities		**(183,923,061)**		(66,919,454)
Net increase in cash and cash equivalents during the year		**25,209,084**		20,940,125
Cash, beginning of year		**21,464,755**		524,630
Cash, end of year	$	**46,673,839**	$	21,464,755

Non-cash items				
Assumed mortgage on acquisition of property	**$**	**134,581**	$	-
Additions of investment properties	**$**	**(134,581)**	$	-
Issuance of units under distribution reinvestment plan	**$**	**(9,140,246)**	$	(4,363,958)
Reinvestment in LP under distribution reinvestment plan	**$**	**9,140,246)**	$	4,363,958
Issuance of Class F Trust units	**$**	**-**	$	10,485,067
Purchase of Class F Limited Partnership units	**$**	**-**	$	(10,485,067)
Net assets acquitted on control of Limited Partnership of $113,648,000 net of cash acquired of $19,327,205	**$**	**-**	$	94,320,285

See accompanying notes to the financial statements.

1. Nature of operations

Equiton Residential Income Fund Trust (the “Trust”) is an open-ended real estate investment trust (“REIT”) established on March 1, 2016 under the laws of the Province of Ontario. The Trust’s head office is located at 1111 International Boulevard, Suite 500, Burlington, Ontario L7L 6W1.

The Trust qualified as a “mutual fund trust” (pursuant to subsection 132(6) of the Income Tax Act) and it was formed primarily to acquire income-producing properties located in Canada.

2. General information and statement of compliance with IFRS

The consolidated financial statements of the Trust have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The financial statements have been prepared on a historical cost basis except for investment properties and certain categories of financial instruments, if any, that have been measured at fair value. The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise indicated.

The financial statements are presented in Canadian dollars, which is the Company’s functional currency. The address of the Trust's registered office is 1111 International Boulevard, Suite 600, Burlington, Ontario, L7L 6W1.

The consolidated financial statements were approved and authorized for issuance by the Trustees on March 30, 2021.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

Principles of consolidation

These consolidated financial statements include the accounts of the Trust and its controlled entity: Equiton Residential Income Fund Limited Partnership (the “Limited Partnership”). The results of the Limited Partnership will continue to be included in the consolidated financial statements of the Trust until the date that the Trust’s control over the Limited Partnership ceases. Control exists when the Trust has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

On July 20, 2020, Equiton Partner Inc., the Asset Manager (as described in Note 5) redeemed their redeemable units in the Limited Partnership which led to the Trust controlling the Limited Partnership. Prior to July 20, 2020, the investment in Limited Partnership was accounted for using the equity method in accordance with IAS 28. The Trust accounted for the change in control as a business combination under the acquisition method of accounting in accordance with IFRS 3 Business Combinations. Under business combination accounting, net assets assumed on the change of control of the Limited Partnership were recorded at their fair values as at the date of the change of control. The difference between the consideration and the fair value of net assets acquired was recorded as contributed surplus in the amount of $825,183 in the statement of changes in net assets attributable to unitholders.

3. Summary of significant accounting policies (continued)

Investment Properties

The Trust accounts for its investment properties using the fair value model in accordance with IAS 40- Investment properties ("IAS 40"). Properties that are held for long-term rental yields or for capital appreciation or both, are classified as investment properties. Investment properties also include properties that are being constructed or will be developed for future use as investment properties.

Investment properties are recorded initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

Additions to investment properties are expenditures incurred for the expansion or redevelopment of the existing property, or to maintain or improve its productive capacity. Productive capacity maintenance costs are major maintenance costs and tenant improvements. Subsequent to initial recognition, investment properties are recorded at fair value. The changes in fair value in each reporting period are recorded in the consolidated statement of income and comprehensive income. Fair value is based upon valuations performed by an appraiser accredited through the Appraisal Institute of Canada, using valuation techniques including the direct capitalization income and discounted cash flow methods or if appraised by an external appraisal during the year then an internal valuation is done at year end.

Recent real estate transactions with similar characteristics and location to the Trust's assets are also considered. The direct capitalization income method applies a capitalization rate to the property's stabilized net operating income which incorporates allowances for vacancy, management fees and structural reserves for capital expenditures for the property. The resulting capitalized value is further adjusted, where appropriate, for extraordinary costs to stabilize the income and non-recoverable capital expenditures.

Tenant deposits

Tenant deposits are recognized initially at the fair value of the cash received and subsequently measured at amortized cost. The Trust obtains deposits from tenants as a guarantee for returning the leased premises at the end of the lease term in a specified good condition or for specified lease payments according to the terms of the lease.

3. Summary of significant accounting policies (continued)

Revenue recognition

The Trust has retained substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases.

Revenue from investment properties include rents from tenants under leases, parking income, laundry income and other miscellaneous income paid by the tenants under the terms of their existing leases. Rental revenue under a lease commences when a tenant has a right to use the leased asset and revenue is recognized pursuant to the terms of the lease agreement. Revenue is recognized systematically over the term of the lease, which is generally not more than twelve months. Other rental revenues such as parking revenues and laundry revenue is considered non-lease components and within the scope of IFRS 15- Revenue from Contracts with Customers. The performance obligation for property management and ancillary services is satisfied over time.

Financial instruments and fair values

(i) Financial assets

In accordance with IFRS 9, 'Financial Instruments', financial assets are required to be measured at fair value on initial recognition. Subsequent to initial recognition, financial assets are categorized and measured based on how the Trust manages its financial instruments and the characteristics of their contractual cash flows. IFRS 9 contains three principal classification categories for financial assets:

i) Measured at amortized cost,
ii) Fair value through other comprehensive income, and
iii) Fair value through profit or loss

A financial asset is measured at amortized cost if it meets both of the following conditions

i) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
ii) 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.

The Trust's financial assets include cash, due from related parties, tenant and other receivables and are recognized initially at fair value and subsequently at amortized cost using the effective interest method.

3. Summary of significant accounting policies (continued)

Financial instruments and fair values (continued)

(i) Financial assets (continued)

Impairment - Expected Credit Loss Model:

For the impairment of financial assets, IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' ('ECL') model. The measurement options for the ECL are lifetime expected credit losses and 12-month expected credit losses.

The Trust adopted the practical expedient to determine ECL on receivables using a provision matrix based on historical credit loss experiences adjusted for forward-looking factors specific to the debtors and to the economic environment to estimate lifetime ECL.

(ii) Financial liabilities

In accordance with IFRS 9, ‘Financial Instruments’, financial liabilities are required to be measured at fair value on initial recognition. Subsequent to initial recognition, financial liabilities are measured based on two categories:

i) Amortized cost, and
ii) Fair value through profit or loss

Under IFRS 9, all financial liabilities are classified and subsequently measured at amortized cost except in certain cases. The Trust has no financial liabilities that meet the definitions of these specific cases. Financial liabilities consist of mortgages payable, loan payable, deferred revenue, due to related party and payables and accruals.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

(iii) Transaction Costs

Direct and indirect financing costs that are attributable to the issue of other financial liabilities measured at amortized cost are presented as a reduction from the carrying amount of the related debt and are amortized using the effective interest rate method over the term of the related debt. These costs include interest, amortization of discounts or premiums relating to borrowings, fees and commissions paid to lenders, agents, brokers and advisers, and transfer taxes and duties that are incurred in connection with the arrangement of borrowings.

(iv) Fair value

Fair value measurements recognized in the statement of financial position are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values. Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

3. Summary of significant accounting policies (continued)

Financial instruments and fair values (continued)

(iv) Fair value (continued)

The fair value hierarchy for measurement of assets and liabilities is as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data.

The fair values of cash, tenants and other receivables, tenant deposits, advances to/from related their carrying values parties, payables and accruals approximate due to the relatively short periods to maturity of these financial instruments.

Fair value of financial assets and liabilities

The fair values of cash, tenant and other receivables, payables and amounts due to/from related parties, loan payable and tenant deposits approximate their carrying value due to the short-term maturity of those instruments.

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial instruments using December 31, 2021 and 2020 market rates for debts of similar terms.

	2021		
	Fair Value Hierarchy	**Carrying Value**	**Fair Value**
Assets:			
Investment properties	**Level 3**	**$493,180,000**	**$493,180,000**
Liabilities:			
Mortgages payable	**Level 2**	**$243,277,290**	**$237,026,561**

	2020		
	Fair Value Hierarchy	Carrying Value	Fair Value
Assets:			
Investment properties	Level 3	$264,700,000	$264,700,000
Liabilities:			
Mortgages payable	Level 2	$131,804,798	$131,609,825

3. Summary of significant accounting policies (continued)

Critical accounting estimates, assumptions and judgements

Estimates and judgments are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors. Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Trust has made the following critical accounting estimates, assumptions and judgements:

Accounting for the change in control of investment in Limited Partnership

In an acquisition that constitutes a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities.

The Trust exercised judgement in determining whether the acquisition of a property should be accounted for as an asset purchase or business combination. This assessment impacts the treatment of transaction costs (including commissions, land transfer tax, appraisal and legal fees associated with an acquisition). A business generally consists of inputs, processes applied to these inputs and resulting outputs that are, or will be, used to generate revenues. In the absence of such criteria, a group of assets is deemed to be acquired. The Trust generally accounts for its investment property acquisitions as asset acquisition. On July 20, 2020 the Trust exchanged all the remaining units in the Limited Partnership for units in the Trust resulting in a change of control. The Trust recognized this pool of net assets as a business combination based on the judgement.

Investment properties

In determining estimates of fair values for its investment properties, the assumptions underlying estimated values are limited by the availability of comparable data and the uncertainty of predictions concerning future events. Should the underlying assumptions change, actual results could differ from the estimated amounts.

i. Property tenancies
ii. Market rents
iii. Market terminal capitalization rates
iv. Discount rates
v. Direct capitalization rates
vi. Economic environment and market conditions
vii. Market activity

The critical estimates and assumptions underlying the valuation of the investment properties are outlined in Note 4.

Critical judgements in applying the Partnership's accounting policies

The following are the critical judgements that have been made in applying the Partnership's accounting policies and that have the most significant effect on the amounts in the financial statements.

3. Summary of significant accounting policies (continued)

Net assets attributable to unitholders'

Trust 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. Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met, in which case, the puttable instruments may be presented as net assets attributable to unitholders. The Trust units meet the necessary conditions and have therefore been presented as net assets attributable to unitholders under IAS 32.

4. Investment properties

Reconciliation of the carrying amount for investment properties for the beginning and end of the financial period are as follows:

Balance, January 1, 2020	$ -
Fair market value of properties acquired on July 20, 2020	167,056,666
Purchase of investment properties	80,045,388
Increase in fair value of investment properties	17,597,946
Balance, December 31, 2020	**$ 264,700,000**
Purchase of investment property	179,078,012
Building improvements to investment properties	1,479,629
Increase in fair value of investment properties	47,922,359
Balance, December 31, 2021	**$ 493,180,000**

On March 30, 2021, the Trust acquired an investment property located at 125 Wellington Street North & 50 Cathcart Street, Hamilton, Ontario for a purchase price of $56,241,784. On April 22, 2021, the Trust acquired an investment property located at 100-170 Old Carriage Drive, Kitchener, Ontario for a purchase price of $65,220,408. On October 1, 2021, the Trust acquired an investment property located at 433 King Street, London, Ontario for a purchase price of $35,253,191. On October 29, 2021, the Trust acquired an investment property located at 12-14 Auburndale Court, Etobicoke, Ontario for a purchase price of $22,228,048.

The Trusts' investment properties were valued at December 31, 2021 by independent professionally qualified appraisers who hold a recognized relevant professional qualification and have recent experience in the locations of the income producing properties valued or where an external valuation was done during the year an internal valuation was done at year end.

4. Investment properties (continued)

The estimated fair values per these appraisals are as follows:

	December 31, 2021	December 31, 2020
30-31 Campbell Court, Stratford	**$ 15,900,000**	$ 13,540,000
19 Lynnwood Drive, Brantford	**12,500,000**	10,730,000
120, 126 and 130 St Paul Avenue, Brantford	**8,780,000**	8,030,000
383-385 Wellington Street and 49 Lacroix Street, Chatham	**7,750,000**	6,000,000
780 Division Street, Kingston	**20,450,000**	17,146,000
1379 Princess Street, Kingston	**6,090,000**	5,300,000
75 and 87 Mary Street, Chatham	**7,970,000**	6,175,000
252 and 268 Conacher Drive, Kingston	**3,320,000**	3,090,000
1355 Commissioners Road West, London	**18,800,000**	18,000,000
65 Times Avenue, Markham	**28,400,000**	26,436,000
1050 Highland Street, Burlington	**6,220,000**	5,920,000
5 & 7 Wilsonview Avenue, Guelph	**10,000,000**	9,245,000
65 & 75 Paisley Boulevard West, Mississauga	**56,300,000**	52,000,000
223 Woodbine Avenue, Toronto	**24,700,000**	22,252,000
8-16 Wilsonview Avenue, Guelph	**36,600,000**	34,336,000
650 Woodbine Avenue, Toronto	**15,200,000**	14,900,000
787 Vaughan Road, Toronto	**12,900,000**	11,600,000
100-170 Old Carriage Drive, Kitchener	**67,200,000**	-
125 Wellington Street North & 50 Cathcart Street, Hamilton	**74,000,000**	-
12-14 Auburndale Court, Etobicoke	**23,800,000**	-
433 King Street, London	**36,300,000**	-
	$ 493,180,000	$ 264,700,000

The Trust determined the fair value of each investment property based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting market conditions at the applicable statement of financial position dates, less future cash outflow pertaining to the respective leases. The properties are appraised using several approaches that typically include a direct capitalization income method and a direct comparison approach.

4. Investment properties (continued)

The significant assumption made relating to valuations of investment properties using direct capitalization income method is the capitalization rate. The capitalization rates used are as follows:

	December 31, 2021	December 31, 2020
30-31 Campbell Court, Stratford	**5.00%**	5.00%
19 Lynnwood Drive, Brantford	**4.75%**	4.70%
120, 126 and 130 St. Paul Avenue, Brantford	**4.75%**	4.75%
383-385 Wellington Street and 49 Lacroix Street, Chatham	**5.00%**	5.00%
760 and 780 Division Street, Kingston	**4.40%**	4.45%
1379 Princess Street, Kingston	**4.30%**	4.30%
75 and 87 Mary Street, Chatham	**5.00%**	5.00%
252 and 268 Conacher Drive, Kingston	**4.50%**	4.50%
1355 Commissioners Road West, London	**3.75%**	3.75%
65 Times Avenue, Markham	**3.50%**	3.75%
1050 Highland Street, Burlington	**3.75%**	3.75%
5 & 7 Wilsonview Avenue, Guelph	**4.00%**	4.00%
65 & 75 Paisley Boulevard West, Mississauga	**2.75%**	2.75%
223 Woodbine Avenue, Toronto	**3.10%**	3.30%
8-16 Wilsonview Avenue, Guelph	**4.00%**	4.05%
650 Woodbine Avenue, Toronto	**3.25%**	3.30%
787 Vaughan Road, Toronto	**3.25%**	3.30%
100-170 Old Carriage Drive, Kitchener	**4.00%**	-
125 Wellington Street North & 50 Cathcart Street, Hamilton	**4.25%**	-
12-14 Auburndale Court, Etobicoke	**3.00%**	-
433 King Street, London	**3.50%**	-

Values are most sensitive to changes in capitalization rates, and the variability of cash flows. If the capitalization rate were to increase by 25 basis points ("bps"), the value of investment properties would decrease by $31,447,307 (2020 - decrease by $16,821,218). If the capitalization rate were to decrease by 25 bps, the value of investment properties would increase by $35,491,563 (2020 - increase by $19,591,791).

5. Mortgages payable

	Blended monthly payments	Interest rate	Maturity date	**December 31, 2021**	December 31, 2020
Bank of Montreal - 1st mortgage (i)	$33,464	3.91%	07/31/2026	**$ 5,488,661**	$ 5,671,726
Bank of Montreal - 1st mortgage (i)	7,581	4.60%	10/01/2028	**1,257,883**	1,290,139
Bank of Montreal - 1st mortgage (i)	12,657	3.50%	06/01/2028	**2,291,942**	2,368,637
Bank of Montreal - 1st mortgage (i)	15,042	3.80%	09/01/2028	**2,676,193**	2,754,282
Bank of Montreal - 2nd mortgage (i)	2,518	4.35%	08/31/2028	**424,448**	435,926
First National - 1st mortgage	20,288	2.73%	09/01/2026	**4,342,563**	4,466,308
First National - 1nd mortgage	12,168	3.31%	03/01/2028	**2,224,525**	2,296,130
People's Trust - 1st mortgage (iii)	30,582	2.44%	03/01/2025	**5,319,644**	5,658,909
People's Trust - 2nd mortgage	5,751	3.24%	03/01/2028	**954,826**	992,454
First National - 1st Mortgage	41,055	3.18%	09/01/2029	**10,767,113**	10,917,048
First National - 1st mortgage	47,339	2.58%	09/01/2029	**12,534,355**	12,777,370
First National - 1st mortgage	11,137	2.84%	06/01/2030	**2,584,233**	2,643,997
First National - 1st mortgage	24,449	2.74%	06/01/2030	**5,009,816**	5,164,421
First National - 1st mortgage	71,999	2.49%	06/01/2030	**19,559,638**	19,934,055
First National - 2nd mortgage (ii)	39,177	6.50%	01/01/2025	**7,330,000**	7,330,000
First National - 1st mortgage	41,878	2.20%	06/01/2030	**11,881,256**	12,100,665
First National - 1st mortgage	79,227	2.17%	06/01/2030	**20,304,338**	20,768,731
First National - 1st mortgage	30,073	2.00%	03/01/2031	**7,961,688**	7,980,000
First National - 1st mortgage	24,063	2.00%	03/01/2031	**6,370,462**	6,384,000
First National - 1st mortgage	154,157	2.43%	12/01/2031	**43,392,020**	-
First National - 1st mortgage	46,085	4.45%	03/01/2022	**12,600,000**	-
First National - 1st mortgage	75,589	4.45%	02/01/2022	**20,000,000**	-
First National - 1st mortgage (iv)	53,282	2.86%	12/01/2025	**12,755,480**	-
First National - 1st mortgage	$100,727	2.53%	12/01/2031	**$ 25,246,206**	$ -
				$ 243,277,290	$ 131,934,793

5. Mortgages payable (continued)

Total from previous page	**$ 243,277,290**	$ 131,934,793
Less: Deferred financing charges	**(6,629,880)**	(2,764,499)
Less: Interest reverse holdback	**(379,968)**	(730,708)
	$ 236,267,442	$ 128,457,586

The mortgages payable are secured by the investment properties disclosed in Note 4 and are repayable as follows:

2022	$ 37,279,222
2023	4,913,787
2024	5,057,504
2025	28,048,002
2026	12,738,483
Thereafter	155,240,292
	$ 243,277,290

(i) There are covenants pertaining to the Bank of Montreal facilities and they were all met as at December 31, 2021.
(ii) The First National second mortgage is an interest only loan.
(iii) The People's Trust first mortgage on loan was assumed on the purchase of the 780 Division Street, Kingston, Ontario property. The difference between the fair value and carrying value of the mortgage was determined to be at a discount of $205,372 at the assumption date and the difference is amortized over the term of the mortgage.
(iv) The First National first mortgage on loan was assumed on the purchase of the 125 Wellington Street North, Hamilton, Ontario property. The difference between the fair value and carrying value of the mortgage was determined to be at a premium of $134,581 at the assumption date and the difference is amortized over the term of the mortgage.

6. Related party transactions and balances

(a) Agreement with Equiton Capital Inc.

The Trust has entered into an Agency Agreement with Equiton Capital Inc. (the "Agent"), a related party through (a) sharing key management personnel with the Trust and (b) one of the Trustees of the Trust indirectly controls Equiton Capital Inc. The Trust has retained the Agent to act as a selling agent of the Trust units.

Pursuant to the Agency Agreement, the Trust incurred agency fees with the Agent related to the issuance of trust units in the amount of $5,395,626 (2020 - $3,061,487), which are included in issuance costs in the statements of unitholders' equity.

6. Related party transactions and balances (continued)

(b) Due from related parties

	2021	2020
Due from Equiton Partners' Inc.	**$ 10,482,589**	$ 10,477,621
Due from Equiton Balanced Real Estate Fund Trust	**10,903**	4,848
	$ 10,493,492	$ 10,482,469

Equiton Balanced Real Estate Fund Trust has the same common management as the Trust and one of the Trustees are the same in both Trusts and have an indirect interest in Equiton partners Inc. who are the property managers and Equiton Capital Inc., the Agent of the Trust.

Due from related parties are all unsecured, non-interest bearing and due on demand.

(c) Due to related parties

	2021	2020
Due to Equiton Residential Income GP Inc. (general partner of Equiton Residential Income Limited Partnership)	**$ 5,824,593**	$ 982,474
Due to Equiton Partners Inc.	**12,607,530**	12,383,028
Due to Equiton Capital Inc.	**2,077**	2,077
	$ 18,434,200	$ 13,367,579

Due to related parties are all unsecured, non-interest bearing and due on demand.

7. Unitholders' equity

Unitholder transactions excluding allocations of net income distributions and contributed surplus:

(i) Class A Trust Units

The Trust is authorized to issue an unlimited number of Class A Trust units.

(ii) Class F Trust Units

The Trust is authorized to issue an unlimited number of Class F Trust units.

7. Unitholders' equity (continued)

(iii) Class I Trust Units

The Trust is authorized to issue an unlimited number of Class I Trust units.

(a) Units outstanding

	Number	Amount
Class A Trust Units		
Balance, January 1, 2020	**4,374,838**	**$ 40,715,374**
Issuance of units	2,322,867	24,434,137
Issuance of units through distribution reinvestment plan	216,909	2,235,144
Redemption of units	(150,592)	(1,576,211)
Issuance costs	-	(1,071,579)
Balance, December 31, 2020	**6,764,022**	**$ 64,736,865**
Issuance of units	3,465,421	37,198,347
Issuance of units through distribution reinvestment plan	340,431	3,577,405
Redemption of units	(214,427)	(2,288,964)
Issuance costs	-	(1,729,448)
Balance, December 31, 2021	**10,355,447**	**$ 101,494,205**
Class F Trust Units		
Balance, January 1, 2020	**1,188,750**	**$ 11,711,293**
Issuance of units	2,970,086	31,271,884
Issuance of units through distribution reinvestment plan	103,991	1,071,696
Redemption of units	(94,399)	(993,359)
Issuance costs	-	(1,367,110)
Balance, December 31, 2020	**4,168,428**	**$ 41,694,404**
Issuance of units	3,837,289	40,944,621
Issuance of units through distribution reinvestment plan	249,985	2,627,848
Redemption of units	(208,869)	(2,236,286)
Issuance costs	-	(1,909,521)
Balance, December 31, 2021	**8,046,833**	**$ 81,121,066**
Class I Trust Units		
Balance, January 1, 2020	**1,072,065**	**$ 10,656,556**
Issuance of units	1,728,558	18,176,539
Issuance of units through distribution reinvestment plan	102,404	1,057,118
Redemption of units	(47,627)	(500,000)
Issuance costs	-	(795,642)
Balance, December 31, 2020	**2,855,400**	**$ 28,594,571**

7. Unitholders' equity (continued)

Class I Trust Units	Number	Amount
Balance, January 1, 2020	**2,855,400**	**$ 28,594,571**
Issuance of units	3,530,103	37,918,555
Issuance of units through distribution reinvestment plan	279,064	2,934,993
Redemption of units	(69,386)	(747,341)
Issuance costs	-	(1,756,628)
Balance, December 31, 2021	**6,595,181**	**$ 66,944,150**
Total A, F and I units, December 31, 2021	**24,997,461**	**$ 249,559,421**

b) Distributions and distribution reinvestment

On December 19, 2016, the Trust had instituted a DRIP whereby Canadian unitholders may elect to have their distributions automatically reinvested in additional units, retroactive to the commencement of the Trust.

During the year, the Trust made distributions of $14,189,182 (2020 - $6,723,927). $9,140,246 of the $14,189,182 (2020 - $4,363,958 of the $6,723,927) distributions were reinvested through the DRIP.

In fiscal 2020, $563,733 of the accrued distributions at December 31, 2020 were reinvested in the DRIP. No distributions are accrued for in fiscal 2021.

8. Asset management agreement

The property management fees were performed by a related party, Equiton Partners Inc. As compensation for providing the Property Management Services, a fee equal to 4.0% of the gross income from the Properties for the Initial Term and for each Renewal. As compensation for providing Project Management Services, a fee equal to 5.0% of the total cost to (i) construct tenant improvements and/or co-ordinate the construction, modification, improvement, re-construction, or effecting of material repairs to any tenant premises at any of the Properties, or (ii) construct, modify, improve, re-construct or effect material repair to any portion of the Property or Properties.

Equiton Partners Inc. is also entitled to the following fees pursuant to the Asset Management Agreement:

(i) Transaction fee

The transaction fee is charged at 1.00% of the purchase price with respect to each property acquired or sold by the Limited Partnership.

8. Asset management agreement (continued)

(ii) Asset management fee

The asset management fee is charged at 1.00% annually with respect to the gross asset value of the assets in the Limited Partnership. The asset management fee is calculated and charged monthly.

(iii) Financing fee

The financing fee is charged at 1.00% of the loan amount with respect to each senior or first ranking financing transaction, at 0.50% of the loan amount with respect to each refinancing transaction and at 1.5% of the loan amount with respect to each mezzanine or non-first ranking financing transaction.

(iv) Performance incentive fee

During the term of the Asset Management Agreement, the Manager shall be entitled to a 20% interest in cash distributions of the Limited Partnership, and a 20% interest in any increase in the equity value of the investment properties, calculated and payable at the time such increase in equity value is realized or the issuance of additional limited partner units by the Limited Partnership. The Manager has indicated that it will either defer payment of such performance incentive fees until such time as sufficient cash is available or to elect to receive such performance incentive fees in the form of Limited Partnership units of the Limited Partnership.

The Asset Management Agreement is for an initial term of five years and automatically renews for a further five years unless terminated by either of the parties.

The Manager charged the following fees under the property and asset management agreement during the year:

	December 31, 2021	December 31, 2020
Asset management fee	**$ 4,194,790**	$ 1,079,862
Transaction fee	**1,947,104**	635,837
Financing fee	**1,188,422**	399,351
Performance incentive fee	**4,843,124**	1,043,995
Property Management fee	**892,070**	235,495
	$ 13,065,510	$ 3,394,540

The asset management and performance incentive fees are recorded in the statement of income. The transaction fee is recorded in investment properties on the statement of financial position. Financing fees are recorded as deferred financing fees in the mortgages payable on the statement of financial position.

Transactions with related parties are in normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. Management of capital

The Trust defines capital that it manages as the aggregate of net assets attributable to unitholders and interest-bearing debt less cash. The Trust's objective when managing capital is to ensure that the Trust will continue as a going concern so that it can sustain daily operations. The Trust's primary objective is to ensure that it has sufficient cash resources to indirectly invest in real estate assets in order to provide adequate returns in the form of dividends to its unitholders. To secure the additional capital necessary to pursue these plans, the Trust may attempt to raise additional funds through the issuance of additional trust units.

The Trust is subject to risks associated with debt financing, including the possibility that existing mortgages may not be refinanced or may not be refinanced on favourable terms or with interest rates as favourable as those of the existing debt. The Trust manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The total managed capital for the Trust is summarized below:

	December 31, 2021	December 31, 2020
Mortgages payable	**$ 236,267,442**	$ 128,457,586
Cash	**(46,673,839)**	(21,464,755)
Net debt	**189,593,603**	106,992,831
Net assets attributable to unitholders	**287,774,104**	148,402,804
	$ 477,367,707	$ 255,395,635

10. Changes in non-cash operating items

	2021	2020
Payables and accruals	**$ 6,111,758**	$ 3,652,835
Tenant deposits	**940,594**	219,748
Deferred revenue	**158,243**	37,949
Tenant and other receivables	**(313,981)**	(85,603)
Prepaid expenses	**(2,695,581)**	124,959
Distributions payable	**751,297**	-
Due to/from related parties	**5,055,598**	2,832,828
	$ 10,007,928	$ 6,782,716

11. Financial Instruments and risk management

Risks associated with financial assets and liabilities

Financial risks arise from financial instruments to which the Trust is exposed during or at the end of the reporting period. Financial risk comprises market risk, credit risk and liquidity risk. Management identifies, evaluates and monitors these risks throughout the year.

(i) 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 due to currency risk, price risk and interest rate risk. Due to the nature of the Trust's financial instruments it has no exposure to currency or price risk.

Interest rate risk

The Trust is subject to risk associated with debt financings including the risk that credit facilities will not be refinanced on terms as favourable as those of existing indebtedness.

The Trust’s objective of managing interest rate risk is to minimize the volatility of the Trust’s income. As at December 31, 2021 cash flow, interest rate risk has been minimized, as the mortgages payable are financed at fixed interest rates. The fair market value of the mortgages payable is disclosed above.

Receivables and payables are interest free and with a term of less than one year, so it is assumed that there is no interest rate risk associated with these financial assets and liabilities. Tenant deposits are non-interest bearing, so it is assumed that there is no interest rate risk associated with these financial liabilities.

11. Financial Instruments and risk management (continued)

Risks associated with financial assets and liabilities (continued)

(ii) Credit risk

Credit risk is the risk that the counterparty to a financial asset will default resulting in the Trust incurring a financial loss. A substantial portion of the Trust's amounts receivable is with various tenants and individuals and is subject to normal industry credit risks.

The Trust's principal assets are residential buildings. Credit risk arises from the possibility that tenants may not fulfil their lease obligations. The Trust mitigates this credit risk by performing credit checks and due diligence on prospective tenants and on existing tenants when appropriate, and by negotiating leases for spaces of varying sizes.

The carrying amount of receivables is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of income and comprehensive income within other expenses. When a receivable balance is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of income and comprehensive income. The total provision taken on the receivables in fiscal 2021 is $300,448 (2020 - $110,266).

The Trust's maximum credit risk exposure at December 31, 2021 and 2020 is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

(iii) Liquidity risk

Liquidity risk is the risk the Trust will encounter difficulties in meeting its financial liability obligations. The Trust's objective in minimizing liquidity risk is to maintain appropriate levels of leverage on its real estate assets. As at December 31, 2021, the Trust was holding cash of $46,673,839 (2020 - $21,464,755). The Trust's payables are payable on demand and the mortgages payable and loan payable are payable as described in Note 5.

December 31, 2021	On demand	1 Year	2 - 5 Years	>5 Years
Mortgage payable	$ -	$ 37,279,222	$ 50,757,776	$ 154,941,614
Due to related parties	18,434,200	-	-	-
Payables and accruals	-	13,240,759	-	-
	$ 18,434,200	$ 50,519,981	$ 50,757,776	154,941,614

December 31, 2020	On demand	1 Year	2 - 5 Years	>5 Years
Mortgage payable	$ -	$ 16,933,401	$ 22,770,412	$ 92,100,985
Due to related parties	13,367,579	-	-	-
Payables and accruals	-	5,578,067	-	-
	$ 13,367,579	$ 22,511,468	$ 22,770,412	$ 92,100,985

11. Financial Instruments and risk management (continued)

Risks associated with financial assets and liabilities (continued)

(iv) Environmental risk

The Trust is subject to various Canadian laws relating to the environment. The Trust has formal policies and procedures dealing with limiting environmental exposures which are administered by Equiton Partners Inc. in their function as the asset manager. Costs related to environmental risk are mitigated by carrying environmental insurance. There is an exposure to financial risks arising from environmental factors which could cause a variation in earnings to the extent that costs may exceed such coverage.

12. Subsequent events

On December 9, 2021, Equiton Acquisition Corporation, a corporation formed for the purpose of acquiring properties on behalf of the Limited Partnership, firmed up on a commitment to close on the purchase of land for a development project at 2 Montreal Road, Ottawa, Ontario (Riverain District) for approximately $30,000,000 in partnership with Main and Main, a real estate investment and development firm. Deposits of $500,000 and $2,000,000 were made prior to year end and was applied against the purchase which was finalized on January 13, 2022.

On December 17, 2021, Equiton Acquisition Corporation, firmed up on a commitment to close on the purchase of two buildings at 208 Woolwich Street South, Breslau, Ontario (Joseph’s Place) and 98 Farley Drive, Guelph, Ontario for approximately $36,000,000 and $41,550,000 respectively. A deposit of $1,000,000 was made prior to year end and applied against the purchase which was finalized on March 7, 2022.