



Q1



QUARTERLY REPORT

EQUITON RESIDENTIAL INCOME FUND TRUST

2023



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*On the cover: Bottom left - Wellington Place, Hamilton, Ontario;
Bottom Right - Adanac Crossing, Kitchener, Ontario*

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 AND CFO



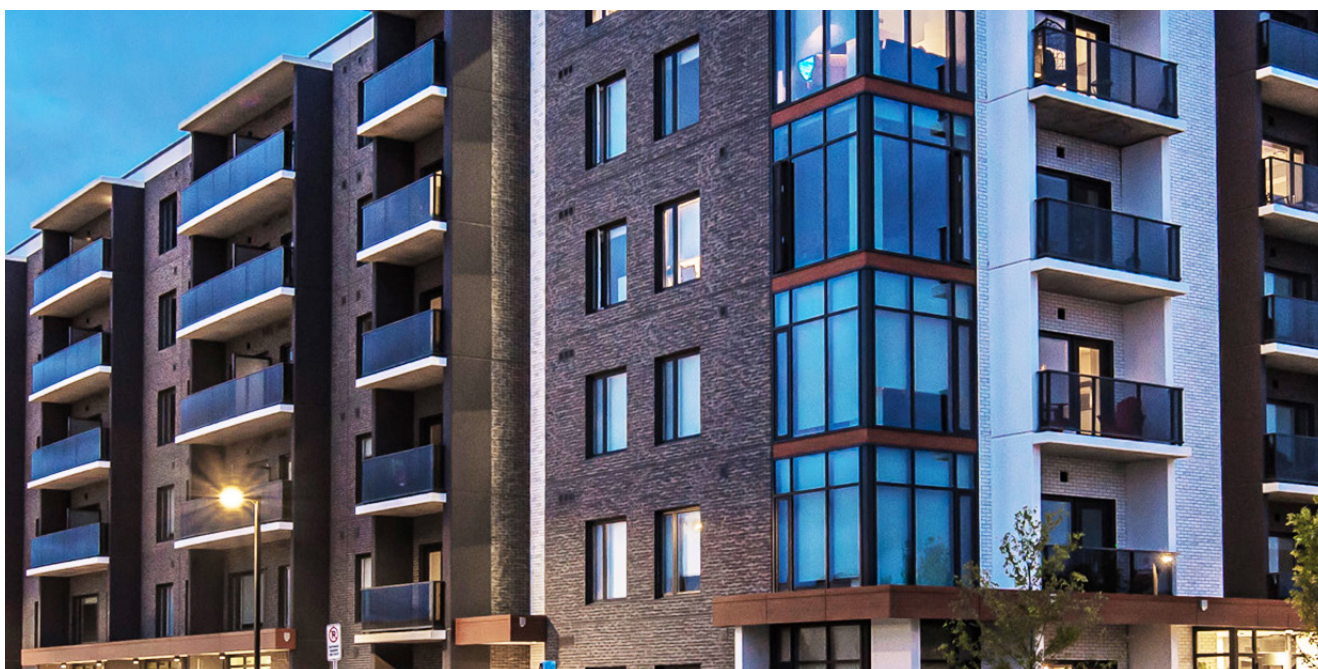
JASON ROQUE, CEO
HELEN HURLBUT, CFO

The first quarter of 2023 has been a period of continued operational and share price growth for the Equiton Residential Income Fund Trust (the Trust). The results demonstrate the resiliency of the asset portfolio, with positive performance despite the Bank of Canada's restrictive monetary policies throughout the second half of 2022 which created headwinds in the real estate market.

These economic headwinds resulted in a significant reduction in transactional volume to start the year, as investment activity was down over 60% compared to last year.¹ There are early signs that the market is stabilizing as inflation continues to ease and interest rates remain steady. Due to this stabilization, Management anticipates that capital will flow back into the multifamily sector in the second half of this year, resulting in an expected market improvement despite elevated interest rates. Management took advantage of this market slowdown to focus on actively exploring new strategic markets and opportunities to expand the portfolio across Canada.

Positive portfolio performance resulted from strong market fundamentals as market rents continued to increase during the quarter, to an average of \$1,920 compared to \$1,587 (Q1'22), while the average occupancy remained at 97.8%. The portfolio continues to maintain a gap to market of 32.6% providing future organic growth opportunities that our management team is focused on unlocking. The Trust also successfully integrated the newly acquired

¹ Colliers Q1-23 GTA Multifamily Report



URBN Lofts, Guelph, Ontario

properties from Q4'22, at 2303 Eglinton, Toronto and 10001 Bellamy Hill Rd NW, Edmonton. The properties generated NOIs of \$329,385 and \$282,109 respectively during this quarter which were ahead of forecast.

The income-producing property portfolio's market value increased by \$11.4M during the quarter to \$802.9 million. The appreciation in market values were reflective of the operational gains, offset by a slight expansion in cap rates. The portfolio's average cap rate increased from 3.84% at year-end 2022 to 3.90% for properties appraised at the end of the quarter.

The investment in the Trust continued to grow during the quarter with the Trust's unitholding total value standing at \$462.5M as at March 31, 2023. In addition to this increased investment, Equiton acquired over \$10M of Partnership Units in the Trust since the beginning of the year, increasing its ownership interest to ~7%, indicating Management's continued confidence in the Trust's investment strategy and the property portfolio's future growth.

As of March 31, 2023, our weighted average interest rate was a favourable 3.0%, well below the current market rates, and our weighted mortgage average term to maturity was 7.52 years. The debt portfolio remains conservatively levered at a loan-to-value of 47.2% and maintained a debt service coverage of 1.41x. Management has mitigated refinancing risk by prudently managing the average maturity date of

the portfolio and staggering the maturity dates. With all our mortgage debt having fixed rates, the Trust is well-positioned to reduce the impact of future interest rate fluctuations.

At Equiton, we remain steadfast in our commitment to Environmental, Social and Governance (ESG) performance. We are developing a greenhouse gas (GHG) reduction action plan to reduce our energy consumption and emissions footprint. This plan includes strategies for reducing GHG emissions, such as energy efficiency upgrades, electrification, and renewable energy, as well as performance targets for energy, water, waste, and GHG emissions. We plan to conduct energy, water, and waste audits for all our multi-residential buildings by the end of the year. Additionally, we formally embedded sustainability and climate-related factors in our due diligence and asset management procedures, established a regular schedule to assess our portfolio's resilience, and engaged with Residents and Tenants on sustainability topics.

Management is grateful for our team's dedication and our Stakeholders' support, which has enabled us to achieve a strong quarterly performance. We appreciate your commitment and investment in the Trust while we continue our dedication to delivering long-term value and growth.

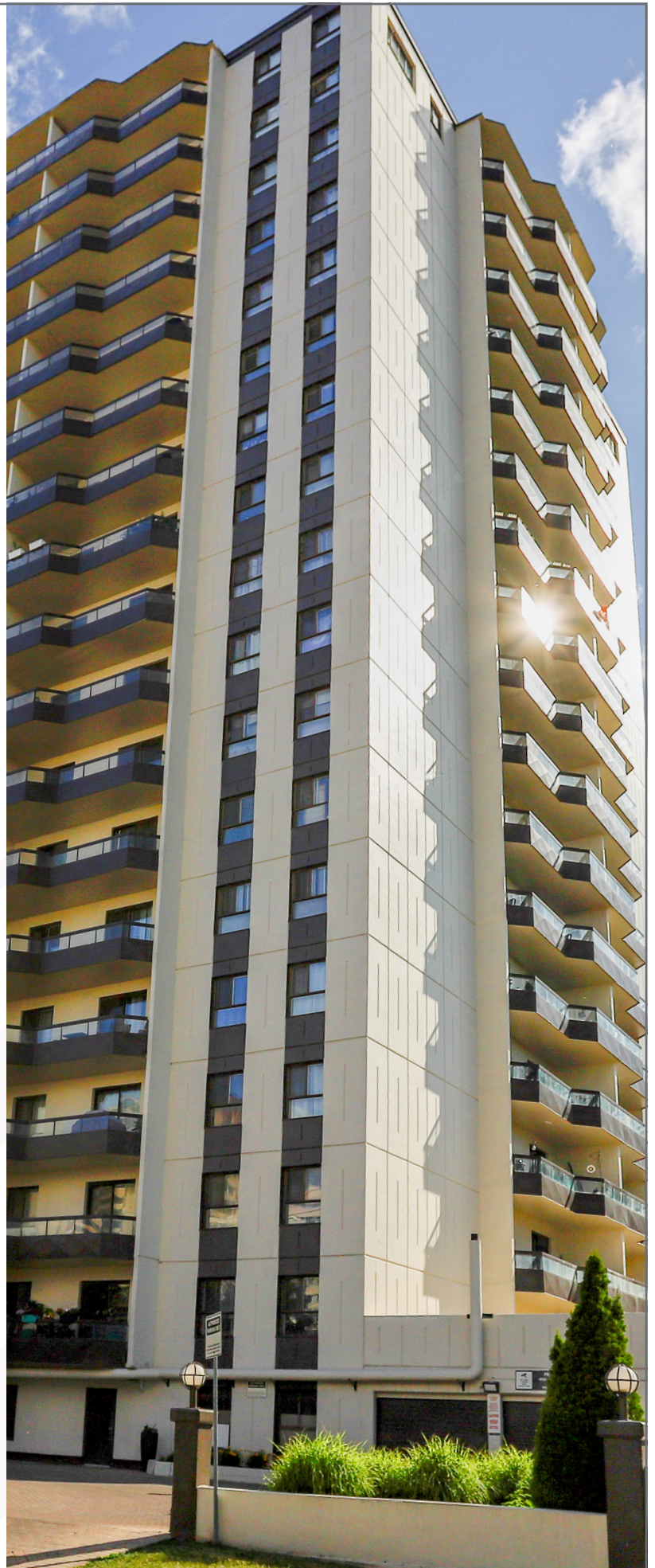
Jason Roque, CEO, Helen Hurlbut, CFO



CORPORATE PROFILE

Established in 2015, Equiton has become a leader in private equity investments. Our remarkable growth is a result of our leadership team's expertise in the industry and their ability to generate long-term wealth through real estate investments. 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 Investors. We create value by investing in real estate and leveraging opportunities for improvement, optimization, and redevelopment. At Equiton, we make private equity real estate investments more accessible to all Canadians and believe everyone should be able to build their wealth through these solutions.

Kingswell Towers, London, Ontario



The following table presents key performance metrics of the Trust and includes both IFRS and Non-IFRS financial measures for the nine month periods ended March 31, 2022 and 2023.

| As at March 31, | Q1 2023 | Q1 2022 |
|---|--------------|-------------|
| Portfolio Performance | | |
| Overall Portfolio Occupancy ⁽¹⁾ | 97.80% | 98.73% |
| Average Monthly Gross Potential Rents - Quarter | \$1,459 | \$1,358 |
| Monthly In-Place Rents - Quarter End | \$1,391 | \$1,306 |
| Monthly Market Rents - Quarter End | \$1,920 | \$1,587 |
| Operating Revenues | \$11,325,155 | \$7,260,775 |
| NOI | \$6,071,392 | \$4,071,189 |
| NOI Margin (%) | 53.61% | 56.07% |
| Financial Metrics⁽²⁾ | | |
| Adjusted Funds From Operations (AFFO) Payout Ratio | 88.73% | 82.55% |
| Mortgage Debt to Gross Book Value ^{(3) (4)} | 47.18% | 48.06% |
| Weighted Average Mortgage Interest Rate ⁽³⁾ | 3.02% | 3.02% |
| Weighted Average Time Remaining On Loans (years) ^{(3) (4)} | 7.52 | 7.76 |
| Debt Service Coverage (times) ^{(3) (4) (5)} | 1.41 | 1.41 |
| Interest Coverage (times) ^{(3) (4) (5)} | 2.25 | 2.28 |
| Revenue Gap to Market ⁽⁶⁾ | 32.55% | 28.82% |
| AUM | | |
| Growth in AUM - Q1'23 vs Q1'22 | 36.68% | |
| Growth in Operational Revenue - Q1'23 vs Q1'22 | 55.98% | |
| Growth in NOI - Q1'23 vs Q1'22 | 49.13% | |

⁽¹⁾ Leased units as of March 31, 2023 and March 31, 2022.

⁽²⁾ Measures are not defined by International Financial Reporting Standards (IFRS), does not have standard meanings and may not be comparable with other industries or companies.

⁽³⁾ December 31, 2022 data calculated using \$22.7 million term loan with an interest rate of 4.2% on 2303 Eglinton Ave E. that was entered into in January 2023. The bridge loan outstanding on the property as of December 31, 2022 was \$21.9 million.

⁽⁴⁾ Excludes TD line of credit and construction property - Riverain; Including these LTV ratio is 48.05%.

⁽⁵⁾ Based on rolling 12 months.

⁽⁶⁾ Gap to Market is as of 12 month period ended.



Q1 2023 OPERATING HIGHLIGHTS



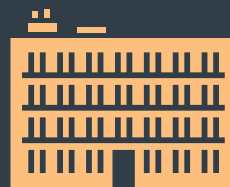
17

Communities



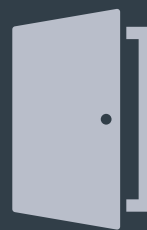
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Properties



33

Buildings



2550

Units



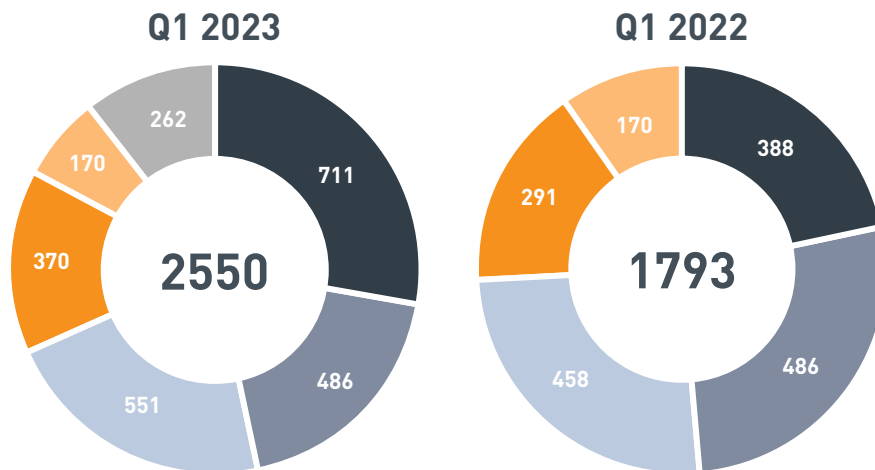
Q1 2023 METRICS

As at March 31, 2023

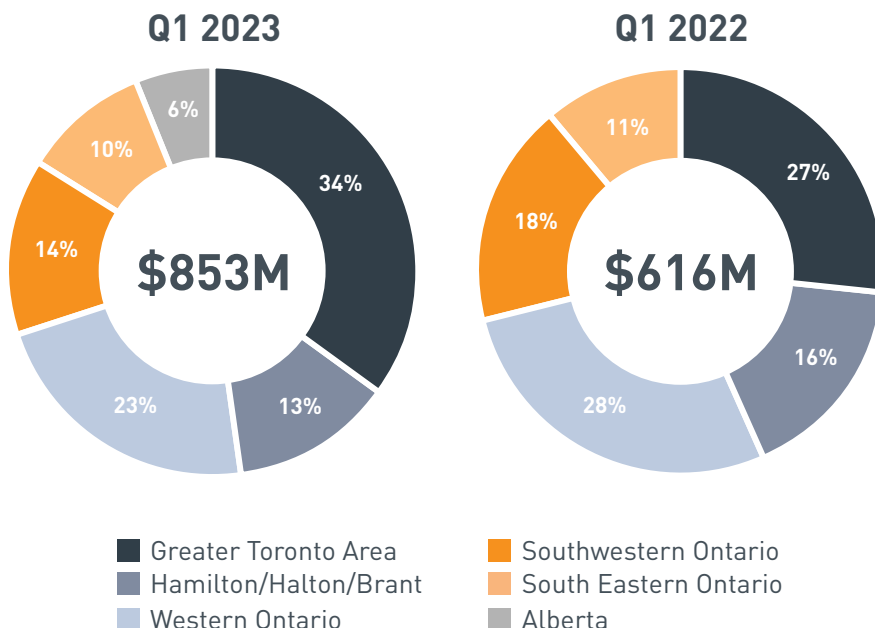
Integration of the six newly purchased properties resulted in the portfolio growth year-over-year.

Portfolio Mix by Region

Portfolio Units



Portfolio Value*



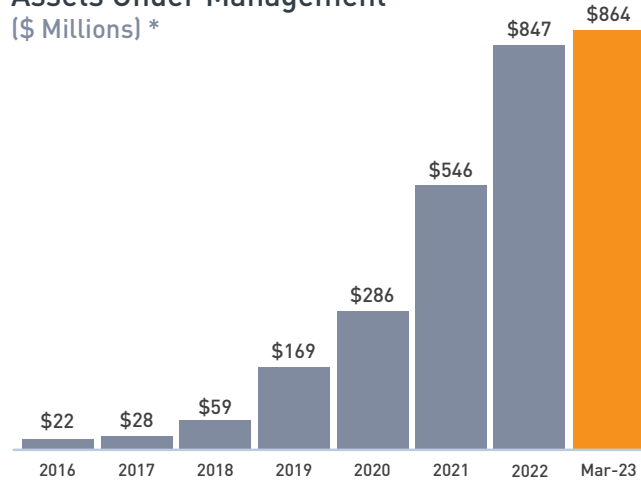
* Portfolio value by region excludes cash and prepaid balances held by the Trust.



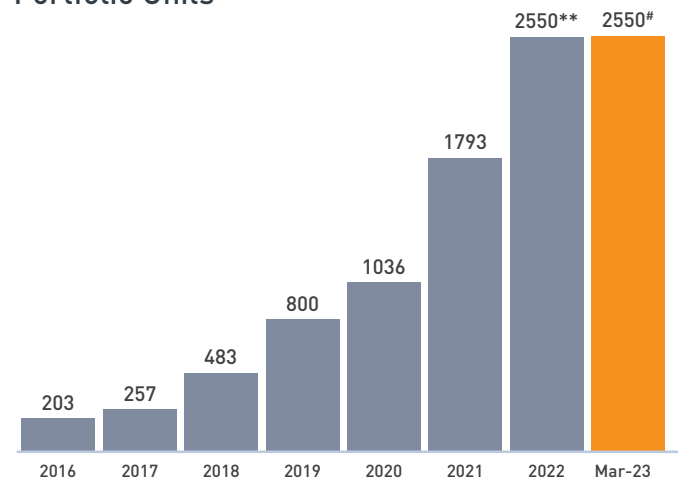
Q1 2023 FUND PERFORMANCE

As at March 31, 2023

Assets Under Management (\$ Millions) *



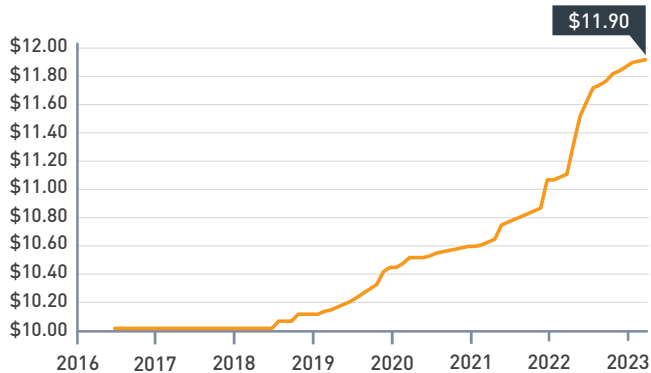
Portfolio Units



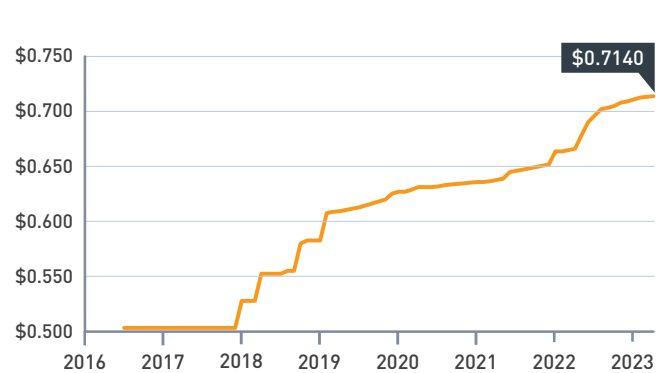
Includes six commercial units

** Total portfolio unit count adjusted to include two active commercial units.

Unit Price Growth

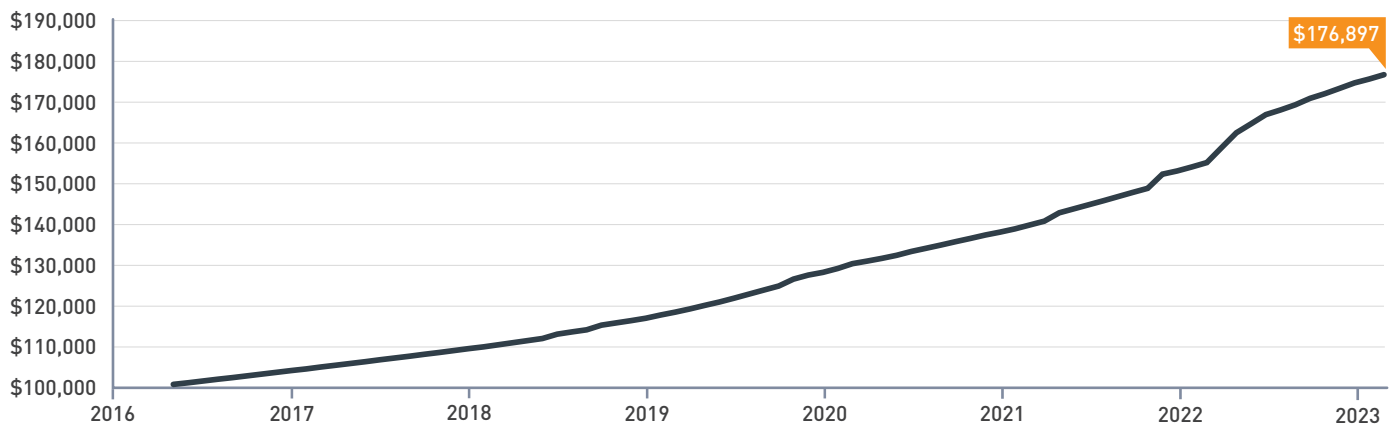


Distribution Growth Class A DRIP



\$100,000 Invested

In Class A DRIP Since Inception[§]



* Assets Under Management includes both cash and property value.

SUMMARY OF FIRST THREE MONTHS OF 2023

RESULTS OF OPERATIONS

Key Transactions and Events

- The Trust AUM grew by 36.68% year over year to \$864 million.

Strong Operating Results and Balance Sheets

- The Trust's financial position remains strong as key financial metrics continue to strengthen.
- Revenue gap to market was 32.6% as of March 31st, 2023, compared to 28.8% at the end of 2022. The gap to market increased through market rents and the portfolio benefiting from the value-add investments completed during 2022. Market fundamentals remained strong during the quarter as low supply and high demand continued to drive market rents up. Management continues to capture the gap to market by turning 3.7% of the portfolio units in Q1'23.
- NOI for the stabilized portfolio increased by 4.3% to \$4.0M in Q1'23 compared to \$3.8M in Q1'22, and for the overall portfolio is up 49.1% over the same period. The NOI margin for the quarter changed from 56.1% in Q1'22 to 53.6% in Q1'23 for the total portfolio and from 54.8% to 52.7% for the stable portfolio for the same period. The change in margin is mostly attributable to inflationary pressure on wages and repair and maintenance expenses, although the increase in operating costs was partially offset by improving top line performance.
- Occupancy remained consistent period to period with a rate of 97.8% for Q1'23 compared to 98.7% for Q1'22, and collections of rent was over 99%.

Key Performance Indicators (KPIs)

To assist Management and Unitholders in monitoring and evaluating the Trust's achievements, Management has provided a number of metrics or KPIs to measure performance and success.

Occupancy

Through a focused and hands-on approach, Management has been successful at maintaining occupancies above market 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 team of professionals monitor the markets and adjusts rents throughout the portfolio regularly to deliver the highest possible AMR. Based on current market conditions management forecasts 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. Management expects to increase NOI through strategic management of the assets.

Adjusted Funds From Operations (AFFO)

Management continues to see a strong metric which will improve as the Trust matures.

Leverage Ratios and Terms

Volatility risk has been managed 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. The Trust's average weighted mortgage rate remained flat when compared to year end 2022. Management will continue to follow strict debt service coverage and interest coverage ratio targets.

Portfolio Growth

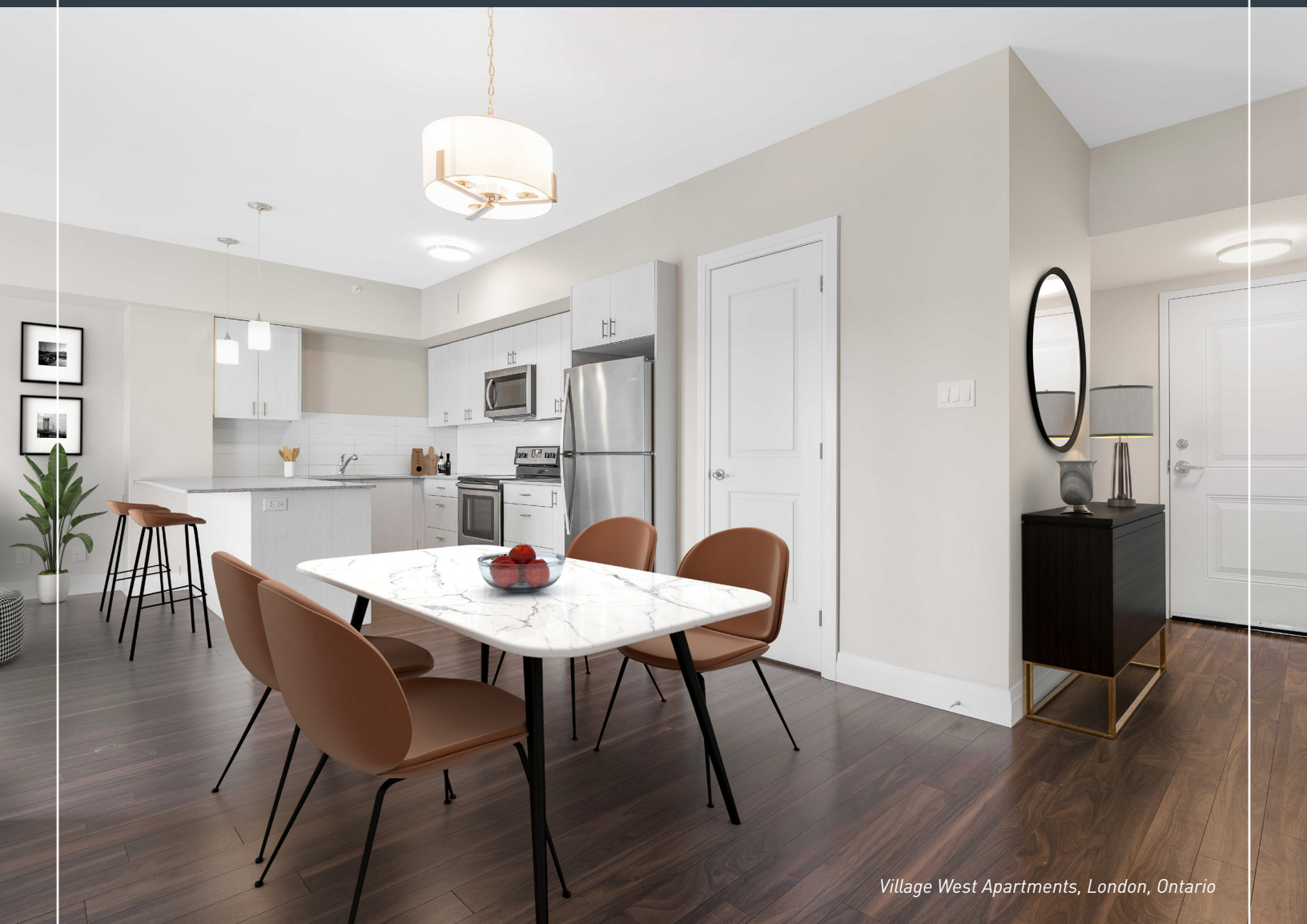
Management's objective is to continue to source accretive acquisition opportunities to increase the Trust's operational growth and diversify the portfolio by demography and geography.

Rent Collection

Rent collections continue to be strong as under 1% of Q1'23 revenues were bad debts. A closely monitored receivables program continues to prove effective.

Rental Revenue

The average occupied monthly rents per unit increased by 7.7% from Q1'22 to Q1'23. Turned units during the period saw an average increase in rental revenue of 18.1%. Management continues to be active in applying for above guideline increases in rent for a number of properties in the portfolio when making capital improvements to these properties.



Village West Apartments, London, Ontario



OPERATIONAL AND FINANCIAL RESULTS

Net and Occupied Average Monthly Rents and Occupancy

Net AMR is defined as gross potential rents, including vacant units, divided by the total number of Units 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.

| As at March 31, | Net AMR | | | Occupied AMR | | | Occupancy % | | |
|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------|--------------|--------------------|
| | Q1 2023 AMR(\$) | Q1 2022 AMR(\$) | % Change in AMR | Q1 2023 AMR(\$) | Q1 2022 AMR(\$) | % Change in AMR | Q1 2023 | Q1 2022 | % Change in AMR |
| Ontario | | | | | | | | | |
| Greater Toronto Area | 1,507 | 1,486 | 1.4 | 1,489 | 1,444 | 3.1 | 99.7 | 98.7 | 1.0 |
| Hamilton/Halton/Brant | 1,277 | 1,197 | 6.7 | 1,240 | 1,157 | 7.2 | 96.3 | 98.4 | -2.1 |
| Western | 1,592 | 1,495 | 6.5 | 1,564 | 1,454 | 7.6 | 98.2 | 99.3 | -1.1 |
| Southwestern | 1,459 | 1,363 | 7.0 | 1,400 | 1,343 | 4.3 | 97.8 | 98.1 | -0.3 |
| South Eastern | 1,141 | 1,065 | 7.1 | 1,109 | 1,015 | 9.2 | 98.2 | 99.4 | -1.2 |
| Total Ontario | \$1,444 | \$1,358 | 6.3% | \$1,413 | \$1,320 | 7.0% | 98.2% | 98.7% | -0.5% |
| Alberta | 1,587 | NA | NA | 1,503 | NA | NA | 94.3% | NA | NA |
| Total Portfolio | \$1,459 | \$1,358 | 7.4% | \$1,422 | \$1,320 | 7.7% | 97.8% | 98.7% | -0.9% |

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

Stabilized AMR includes all properties that have been owned by the Trust as at January 1, 2022.

| As at March 31, | Net AMR | | | Occupied AMR | | | Occupancy % | | |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------|--------------|--------------------|
| | Q1 2023 AMR(\$) | Q1 2022 AMR(\$) | % Change in AMR | Q1 2023 AMR(\$) | Q1 2022 AMR(\$) | % Change in AMR | Q1 2023 | Q1 2022 | % Change in AMR |
| Ontario | | | | | | | | | |
| Greater Toronto Area | 1,559 | 1,486 | 5.2 | 1,544 | 1,444 | 7.2 | 100.0 | 98.7 | 1.3 |
| Hamilton/Halton/Brant | 1,277 | 1,195 | 7.2 | 1,240 | 1,159 | 7.2 | 96.3 | 97.9 | -1.7 |
| Western | 1,509 | 1,414 | 6.7 | 1,478 | 1,372 | 7.7 | 98.3 | 99.3 | -1.1 |
| Southwestern | 1,315 | 1,204 | 9.6 | 1,254 | 1,196 | 5.2 | 97.9 | 97.6 | 0.4 |
| South Eastern | 1,141 | 1,077 | 7.1 | 1,109 | 1,028 | 9.2 | 98.2 | 99.4 | -1.2 |
| Total Ontario | \$1,391 | \$1,305 | 6.9% | \$1,358 | \$1,270 | 7.3% | 98.0% | 98.5% | -0.5% |
| Alberta | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Stabilized Portfolio | \$1,391 | \$1,305 | 6.9% | \$1,358 | \$1,270 | 7.3% | 98.0% | 98.5% | -0.5% |

NA stands for 'Not Applicable'

Total Operating Revenues by Region

The six acquisitions in 2022 and strong operating performance resulted in growth year over year in operating revenues in both overall and stabilized portfolio, with increases of 56.0% y/y for the overall portfolio and 8.4% y/y for the stable portfolio.

| As at March 31, | Total Operating Revenue - All Portfolio | | | | |
|------------------------|---|---------------|-------------------------|---------------|--------------|
| | Q1 2023 Revenue (\$) | Revenue (%) | Q1 2022 Revenue (\$) | Revenue (%) | % Growth |
| Ontario | | | | | |
| Greater Toronto Area | 3,330,639 | 29.4 | 1,729,056 | 23.8 | 92.6 |
| Hamilton/Halton/Brant | 1,816,029 | 16.0 | 1,686,312 | 23.2 | 7.7 |
| Western | 2,712,081 | 23.9 | 2,142,005 | 29.5 | 26.6 |
| Southwestern | 1,636,091 | 14.4 | 1,166,784 | 16.1 | 40.2 |
| South Eastern | 605,463 | 5.3 | 536,618 | 7.4 | 12.8 |
| Total Ontario | \$10,100,303 | 89.2% | \$7,260,775 | 100.0% | 39.1% |
| Alberta | 1,224,852 | 10.8 | NA | NA | NA |
| Total Portfolio | \$11,325,155 | 100.0% | \$7,260,775 | 100.0% | 56.0% |

Net Operating Income (NOI) by Region

| As at March 31, | Q1 2023 | | | Q1 2022 | | | % Growth |
|------------------------|--------------------|---------------|-------------------|--------------------|---------------|-------------------|--------------|
| | NOI (\$) | NOI (%) | NOI Margin (%) | NOI (\$) | NOI (%) | NOI Margin (%) | |
| Ontario | | | | | | | |
| Greater Toronto Area | 1,830,204 | 30.1 | 55.0 | 991,137 | 24.3 | 57.3 | 84.7 |
| Hamilton/Halton/Brant | 762,694 | 12.6 | 42.0 | 916,763 | 22.5 | 54.4 | -16.8 |
| Western | 1,650,633 | 27.2 | 60.9 | 1,281,053 | 31.5 | 59.8 | 28.8 |
| Southwestern | 942,268 | 15.5 | 57.6 | 671,482 | 16.5 | 57.5 | 40.3 |
| South Eastern | 263,572 | 4.3 | 43.5 | 210,697 | 5.2 | 39.3 | 25.1 |
| Total Ontario | \$5,449,371 | 89.8% | 54.0% | \$4,071,132 | 100.0% | 56.1% | 33.9% |
| Alberta | 622,021 | 10.2 | 50.8 | NA | NA | NA | NA |
| Total Portfolio | \$6,071,392 | 100.0% | 53.6% | \$4,071,132 | 100.0% | 56.1% | 49.1% |

NA stands for 'Not Applicable'

Stabilized Operating Revenues by Region

| As at March 31, | Stabilized Operating Revenue - All Portfolio | | | | |
|------------------------|--|---------------|-------------------------|---------------|-------------|
| | Q1 2023 Revenue (\$) | Share % | Q1 2022 Revenue (\$) | Share % | % Growth |
| Ontario | | | | | |
| Greater Toronto Area | 1,894,189 | 25.0 | 1,729,056 | 24.7 | 9.6 |
| Hamilton/Halton/Brant | 1,816,029 | 24.0 | 1,686,312 | 24.1 | 7.7 |
| Western | 2,122,205 | 28.0 | 1,993,118 | 28.5 | 6.5 |
| Southwestern | 1,140,126 | 15.0 | 1,044,193 | 14.9 | 9.2 |
| South Eastern | 605,463 | 8.0 | 536,674 | 7.7 | 12.8 |
| Total Ontario | \$7,578,012 | 100.0% | \$6,989,353 | 100.0% | 8.4% |
| Alberta | NA | NA | NA | NA | NA |
| Total Portfolio | \$7,578,012 | 100.0% | \$6,989,353 | 100.0% | 8.4% |

Stabilized Net Operating Income (NOI) by Region

| As at March 31, | Q1 2023 | | | Q1 2022 | | | % Growth |
|------------------------|--------------------|---------------|-------------------|--------------------|---------------|-------------------|-------------|
| | NOI (\$) | NOI (%) | NOI Margin (%) | NOI (\$) | NOI (%) | NOI Margin (%) | |
| Ontario | | | | | | | |
| Greater Toronto Area | 1,109,544 | 27.8 | 58.6 | 991,137 | 25.9 | 57.3 | 11.9 |
| Hamilton/Halton/Brant | 762,694 | 19.1 | 42.0 | 916,763 | 23.9 | 54.4 | -16.8 |
| Western | 1,244,112 | 31.1 | 58.6 | 1,140,929 | 29.8 | 57.2 | 9.0 |
| Southwestern | 616,988 | 15.4 | 54.1 | 571,255 | 14.9 | 54.7 | 8.0 |
| South Eastern | 263,571 | 6.6 | 43.5 | 210,753 | 5.5 | 39.3 | 25.1 |
| Total Ontario | \$3,996,909 | 100.0% | 52.7% | \$3,830,837 | 100.0% | 54.8% | 4.3% |
| Alberta | NA | NA | NA | NA | NA | NA | NA |
| Total Portfolio | \$3,996,909 | 100.0% | 52.7% | \$3,830,837 | 100.0% | 54.8% | 4.3% |

NA stands for 'Not Applicable'

Operating Revenues and Expenses

For the quarter ended March 31, 2023, the total portfolio operating revenues were 56.0% higher compared to the quarter ended March 31, 2022, as the portfolio grew through acquisition, four new properties were closed during the last nine months of 2022, along with strong portfolio performance from the stabilized portfolio.

The stabilized portfolio operating revenue increased by 8.4% compared to the previous year, due to increases in market rents on turnover. The portfolio turned 3.7% of units in Q1'23, increasing revenue on those turns by over 18.1%.

Realty Taxes

For the quarter ended March 31, 2023, the stabilized portfolio realty tax increased compared to the previous year, primarily due to an increase in municipal property tax rates.

Utilities

The utility costs of the portfolio can be highly variable from year to year, depending on energy consumption and market rates. The table below provides utility cost by type for the portfolio. Management is very proactive in implementing submetering programs to increase utility recoveries across all of the portfolio, where possible. Overall, the utility expense has increased year over year as a result of the higher gas expenses, which were impacted by market driven pricing as commodity prices and the federal carbon tax increased.

| For the Quarter Ended March 31, | Net Utilities * | | | Stabilized - Net Utilities* | | |
|------------------------------------|--------------------|------------------|------------|-----------------------------|------------------|------------|
| | 2023 (\$) | 2022 (\$) | Change (%) | 2023 (\$) | 2022 (\$) | Change (%) |
| Electricity | 387,863 | 299,622 | 29 | 289,850 | 299,622 | -3 |
| Natural Gas | 658,702 | 287,076 | 129 | 429,796 | 287,076 | 50 |
| Water | 395,360 | 280,513 | 41 | 270,834 | 280,513 | -3 |
| | \$1,441,925 | \$867,211 | 66% | \$990,480 | \$867,211 | 14% |

* Utilities are net of recoveries

Management 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 inflationary pressure on wages, repair and maintenance. Insurance costs also increased due to tightening in the insurance industry and higher replacement cost values.

Value Creation

At Equiton our focus is to increase the value of our properties, namely by increasing our operational efficiency through items such as increase in rent, reduction in expenses, and purchasing at a discount to market.

| | Q1 2023 | Q1 2022 |
|-----------------------------------|--------------|-------------|
| Value Increase | \$11,435,646 | \$6,150,000 |
| Increase Due to Operational Gains | 100% | 82% |
| Increase Due to Cap Rate | 0% | 18% |

Gap to Market

The Trust 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.

| | Q1 2023 | Q1 2022 |
|------------------------|-----------------|-----------------|
| As at March 31, | % Gap to Market | % Gap to Market |
| Ontario | | |
| Greater Toronto Area | 49 | 21 |
| Hamilton/Halton/Brant | 31 | 18 |
| Western | 23 | 10 |
| Southwestern | 31 | 22 |
| South Eastern | 43 | 19 |
| Total Ontario | 35% | 17% |
| Alberta | 8 | NA |
| Total Portfolio | 33% | 17% |

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, repair and maintenance 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.

Net Operating Income

| As at March 31, | Q1 2023 (\$) | Q1 2022 (\$) |
|---------------------------|----------------------|----------------------|
| Operating Revenues | | |
| Net Rental Revenues | 10,754,825 | 7,021,231 |
| Other | 422,717 | 197,118 |
| Total Operating Revenues | \$11,177,542 | \$7,218,349 |
| Operating Expenses | | |
| Realty Taxes | (1,283,481) | (850,080) |
| Utilities | (1,441,925) | (867,211) |
| Other | (2,380,744) | (1,429,869) |
| Total Operating Expenses | (\$5,106,150) | (\$3,147,160) |
| NOI | \$6,071,392 | \$4,071,189 |

Non-IFRS Financial Measures

Management prepares and releases audited annual financial statements in accordance with International Financial Reporting Standards (IFRS). In the report, financial measures not recognized under IFRS which do not have standard meaning prescribed by IFRS are disclosed. 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. Non-IFRS Measures are presented because Management believes they are relevant for evaluation purposes.

Q1 2023 ACQUISITIONS AND DISPOSITIONS

ACQUISITIONS

None

DISPOSITIONS

None

Park Square Apartments, Edmonton, Alberta





PROPERTY DETAILS

| CITY | ADDRESS | PROPERTIES | BUILDINGS | BACHELOR | 1 BEDROOM | 2 BEDROOM | 3 BEDROOM | 4 BEDROOM | COMMERCIAL | TOTAL |
|--------------------------|----------------------------|------------|-----------|-----------|------------|-------------|------------|-----------|------------|-------------|
| Brampton, ON | 78 Braemar Dr. | 1 | 1 | 0 | 40 | 112 | 1 | 0 | 0 | 153 |
| Brantford, ON | 19 Lynnwood Dr. | 1 | 1 | 0 | 18 | 35 | 5 | 0 | 0 | 58 |
| | 120,126 & 130 St.Paul Ave. | 1 | 1 | 0 | 15 | 31 | 0 | 0 | 0 | 46 |
| Breslau, ON | 208 Woolwich St. S. | 1 | 1 | 0 | 3 | 74 | 1 | 0 | 0 | 78 |
| Burlington, ON | 1050 Highland St. | 1 | 1 | 0 | 3 | 15 | 0 | 0 | 0 | 18 |
| Chatham, ON | 75 & 87 Mary St. | 1 | 1 | 0 | 22 | 34 | 0 | 0 | 0 | 56 |
| | 383-385 Wellington St. W. | 1 | 1 | 22 | 26 | 5 | 1 | 0 | 0 | 54 |
| Edmonton, AB | 10001 Bellamy Hill Rd. NW. | 1 | 1 | 3 | 0 | 155 | 0 | 0 | 0 | 158 |
| Guelph, ON | 98 Farley Dr. | 1 | 1 | 22 | 41 | 30 | 0 | 0 | 0 | 93 |
| | 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, ON | 125 Wellington St. N. | 1 | 1 | 5 | 247 | 73 | 38 | 0 | 1 | 364 |
| Kingston, ON | 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 |
| Kitchener, ON | 100-170 Old Carriage Dr. | 1 | 3 | 2 | 14 | 202 | 0 | 0 | 0 | 218 |
| London, ON | 1355 Commissioners Rd. W. | 1 | 1 | 0 | 14 | 37 | 0 | 0 | 1 | 52 |
| | 433 King St. | 1 | 1 | 0 | 62 | 66 | 1 | 0 | 1 | 130 |
| Markham, ON | 65 Times Ave. | 1 | 1 | 9 | 37 | 18 | 0 | 0 | 0 | 64 |
| Mississauga, ON | 65 & 75 Paisley Blvd. W. | 2 | 2 | 13 | 63 | 76 | 2 | 0 | 1 | 155 |
| Ottawa, ON | Riverain District | 1 | | | | | | | | |
| Sherwood Park, AB | 200 Edgar Ln. | 1 | 1 | 4 | 8 | 92 | 0 | 0 | 0 | 104 |
| Stratford, ON | 30 & 31 Campbell Crt. | 2 | 2 | 0 | 33 | 63 | 3 | 0 | 0 | 99 |
| Toronto, ON | 12 & 14 Auburndale Crt. | 1 | 1 | 0 | 0 | 15 | 23 | 8 | 0 | 46 |
| | 2303 Eglinton Ave. E. | 1 | 1 | 6 | 67 | 96 | 0 | 0 | 0 | 169 |
| | 787 Vaughan Rd. | 1 | 1 | 7 | 25 | 6 | 0 | 0 | 0 | 38 |
| | 223 Woodbine Ave. | 1 | 1 | 0 | 32 | 16 | 0 | 0 | 0 | 48 |
| | 650 Woodbine Ave. | 1 | 1 | 0 | 30 | 8 | 0 | 0 | 0 | 38 |
| | | 32 | 33 | 96 | 907 | 1408 | 125 | 8 | 6 | 2550 |



Brampton, Ontario

78 Braemar Drive

Acquired: July 2022

Unit Breakdown

| Bachelor | 1 Bedroom | 2 Bedroom | 3 Bedroom | Commercial | Total Units |
|----------|-----------|-----------|-----------|------------|-------------|
| 0 | 40 | 112 | 1 | 0 | 153 |



MAP

Braemar Place is a modern rental residence with 15 storeys, 153 units, 57 indoor and 141 outdoor parking spaces. Ideally located at the corner of Dixie Road and Clark Boulevard, across from the Bramalea City Centre, one of the largest shopping malls in Canada. This property is also close to a variety of area schools, parks and playgrounds, and offers easy access to Highways 410, 401 and 407 as well as local public transit. Condo-style amenities include on-site laundry, storage lockers, bicycle storage, playground and outdoor swimming pool.



Brantford, Ontario

19 Lynnwood Drive

Acquired: July 2016

Unit Breakdown

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



MAP

Lynnwood Place consists of a single six-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.



Brantford, Ontario

120, 126 and 130 St. Paul Avenue

Acquired: July 2016

Unit Breakdown

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



MAP

Park Manor consists of one mid-level building located at 120, 126 and 130 St. Paul Avenue. The property is 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.



Breslau, Ontario

208 Woolwich Street South

Acquired: March 2022

Unit Breakdown

| Bachelor | 1 Bedroom | 2 Bedroom | 3 Bedroom | Commercial | Total Units |
|----------|-----------|-----------|-----------|------------|-------------|
| 0 | 3 | 74 | 1 | 0 | 78 |



MAP

Joseph's Place is a luxury, fully accessible rental property with four storeys, 78 units and 114 parking spaces. Condo-style amenities include a fitness room, social room, lockers, bicycle storage and an outdoor BBQ area. Units have in-suite laundry, balconies, high-end finishes, and large units (988 square feet average) which is attractive to residents and commands higher rents.



Burlington, Ontario

1050 Highland Street

Acquired: August 2019



MAP

Unit Breakdown

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

Parkland Apartments consists of a single two-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 neighbourhood 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

75 & 87 Mary Street

Acquired: August 2018



MAP

Unit Breakdown

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

Thamesview Apartments consists of two 2 ½ storey walk-up buildings. These buildings sit on approximately one 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.



Chatham, Ontario

383-385 Wellington Street West

Acquired: December 2017



MAP

Unit Breakdown

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

Kent Manor 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.



Edmonton, Alberta

10001 Bellamy Hill Road Northwest

Acquired: December 2022



MAP

Unit Breakdown

| Bachelor | 1 Bedroom | 2 Bedroom | 3 Bedroom | Commercial | Total Units |
|----------|-----------|-----------|-----------|------------|-------------|
| 3 | 0 | 155 | 0 | 0 | 158 |

Park Square Apartments is a premium high-rise rental tower with 158 units and 21 storeys, including five floors of open-air parking with 195 stalls. Suites are spacious, ranging from 850-1050 square feet, and feature luxury vinyl plank flooring, quartz countertops, stainless-steel appliances, in-suite laundry and an electric fireplace. Condo-style amenities include a fitness centre, social room, and a rooftop lounge with incredible views of the city and the scenic Edmonton River Valley.



Guelph, Ontario

98 Farley Drive

Acquired: March 2022



MAP

Unit Breakdown

| Bachelor | 1 Bedroom | 2 Bedroom | 3 Bedroom | Commercial | Total Units |
|----------|-----------|-----------|-----------|------------|-------------|
| 22 | 41 | 30 | 0 | 0 | 93 |

URBN Lofts is a modern rental residence with six storeys, 93 units and 124 outdoor parking spots. Condo-style amenities include a fitness room, social room, lockers, bicycle storage, an outdoor BBQ area and a co-working space with internet. Ideally located in one of the most sought-after neighbourhoods in Guelph, walking distance to a shopping centre with a Zehrs, Shoppers Drug Mart, LCBO, and many sit-down or quick service restaurants. It also offers easy access to Highway 401.



Guelph, Ontario

5 & 7 Wilsonview Avenue

Acquired: October 2019



MAP

Unit Breakdown

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

Treeview Manor consists of two three-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, University of Guelph. 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 |

Treeview Towers offers newly renovated modern and spacious suites with luxury plank flooring and fully updated open concept kitchens featuring four 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 North

Acquired: March 2021



MAP

Unit Breakdown

| Bachelor | 1 Bedroom | 2 Bedroom | 3 Bedroom | Commercial | Total Units |
|----------|-----------|-----------|-----------|------------|-------------|
| 5 | 247 | 73 | 38 | 1 | 364 |

Wellington Place offers newly renovated modern and spacious suites with luxury plank flooring and fully updated open concept kitchens featuring four 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.



Kingston, Ontario

252 & 268 Conacher Drive

Acquired: September 2018



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, Riverstone Place and Millstone Place. These buildings are situated on approximately one 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



Unit Breakdown

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

Treeview Apartments consist 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



Unit Breakdown

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

The Lucerne 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.



Kitchener, Ontario

100-170 Old Carriage Drive

Acquired: April 2021



Unit Breakdown

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

Adanac Crossing 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 + 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.



London, Ontario

1355 Commissioners Road West

Acquired: May 2019



Unit Breakdown

| Bachelor | 1 Bedroom | 2 Bedroom | 3 Bedroom | Commercial | Total Units |
|----------|-----------|-----------|-----------|------------|-------------|
| 0 | 14 | 37 | 0 | 1 | 52 |

Village West Apartments consists of a brand-new single, five-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 nine-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



Unit Breakdown

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

Kingswell Towers features one-and two-bedroom units ranging from 800 square feet to 1100 square feet and spacious penthouses varying from 1900 square feet to 2000 square feet. 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



Unit Breakdown

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

The Foresite consists of a single five-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

Acquired: December 2019



Unit Breakdown

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

Seville East & West consists of two, seven-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.



Ottawa, Ontario

Riverain District

Acquired: January 2022

This Ottawa project is a three-tower mixed-use, purpose-built rental development that will bring much-needed housing to Ottawa's core. Spanning four acres next to the Rideau River at Montreal Road, the project will offer over 1,000 residential units and 20,000 square feet of retail space.

The first tower of three is well underway, the ground floor under the tower is 100% complete, and the shear walls and columns for the second floor are 58% complete. May 1st will mark the start of the second-floor deck. Footings outside the footprint of the tower are 90% complete, columns and shear walls are 70% complete, the concrete deck (garage roof) is 18% complete, and the perimeter foundation wall (outside of the tower) is 35% complete.



Sherwood Park, Alberta

200 Edgar Lane

Acquired: September 2022

Unit Breakdown

| Bachelor | 1 Bedroom | 2 Bedroom | 3 Bedroom | Commercial | Total Units |
|----------|-----------|-----------|-----------|------------|-------------|
| 4 | 8 | 92 | 0 | 0 | 104 |



MAP

Emerald Hills Landing has four storeys and includes 79 indoor and 36 outdoor parking spaces. Generously sized suites (avg. 902 square feet) feature in-suite laundry, quartz counters, stainless-steel appliances, and provide ample natural light. Building amenities include a social room, lounge area, and a fitness centre. Conveniently located less than 20 minutes from downtown Edmonton and close to a hospital and a wide variety of dining, grocery, and retail options.



Stratford, Ontario

30 & 31 Campbell Court

Acquired: April 2016

Unit Breakdown

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



MAP

This property consists of two separate low-rise buildings located on opposite sides of the street, the Mayfair and Wynbrook. 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

12 & 14 Auburndale Court

Acquired: October 2021

Unit Breakdown

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



MAP

Scotch Elms consists of two townhome 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 29 outdoor spots, 37 underground spots and 7 visitor 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.



Toronto, Ontario

2303 Eglinton Avenue East

Acquired: December 2022



Unit Breakdown

| Bachelor | 1 Bedroom | 2 Bedroom | 3 Bedroom | Commercial | Total Units |
|----------|-----------|-----------|-----------|------------|-------------|
| 6 | 67 | 96 | 0 | 0 | 169 |

Ravine Park Apartments has seven storeys, 169 units, and 183 combined indoor and outdoor parking spots. Suites range from 450 square feet to 750 square feet. Amenities include common laundry facilities and lockers. This property's transit-friendly location will appeal to residents. It provides easy access to several public transit options including the upcoming Eglinton Crosstown LRT, the Kennedy subway and Kennedy GO stations.



Toronto, Ontario

787 Vaughan Road

Acquired: November 2020



Unit Breakdown

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

Gertrude Suites 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 Eglinton Crosstown line. Residents are within walking distance to restaurants, parks, trails, shopping, and amenities.



Toronto, Ontario

223 Woodbine Avenue

Acquired: March 2020



Unit Breakdown

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

Beach Park Apartments consists of a single 3 ½ storey building located in the affluent Beaches neighbourhood of Toronto. It is situated on approximately 0.6 acres of land and the building totals approximately 26,000 square feet of area. Amenities include 51 surface parking spots and laundry facilities. The building is in a premier location, next to new condo developments and in walking distance to restaurants, shopping, amenities and the Beaches Park on Lake Ontario. It's in the immediate vicinity of public transit and only minutes from downtown Toronto.



Toronto, Ontario

650 Woodbine Avenue

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.



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.

Consolidated Financial Statements

Equiton Residential Income Fund Trust (Unaudited)

For the three month period ended March 31, 2023

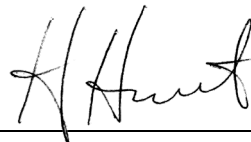
Equiton Residential Income Fund Trust

Consolidated Statements of Financial Position

| | March 31, 2023 | December 31, 2022 |
|--|-----------------------|-----------------------|
| Assets | | |
| Investment properties (Note 4) | \$ 802,934,155 | \$ 791,494,826 |
| Investment property under development (Note 5) | 49,756,116 | 43,711,951 |
| Cash | 6,753,055 | 5,016,263 |
| Restricted cash (Note 6) | 4,104,705 | 5,321,088 |
| Land deposits | - | 300,000 |
| Tenant and other receivables | 2,816,069 | 858,003 |
| Loan receivable (Note 8) | 596,890 | 1,547,500 |
| Prepaid expenses | 442,030 | 889,816 |
| | <u>\$ 867,403,020</u> | <u>\$ 849,139,447</u> |
| Liabilities | | |
| Mortgages payable (Note 9) | \$ 364,499,982 | \$ 365,644,474 |
| Construction loan payable (Note 10) | 19,500,000 | 9,384,375 |
| Bank loan payable (Note 11) | 11,450,000 | 12,050,000 |
| Due to related parties (Note 12) | 6,078,808 | 11,695,788 |
| Unit subscriptions held in trust (Note 6) | 4,104,705 | 4,452,588 |
| Payables and accruals | 8,295,433 | 12,191,854 |
| Tenant deposits and deferred revenue | 3,844,029 | 3,825,900 |
| Distributions payable (Note 13(b)) | 2,578,444 | 2,450,881 |
| | <u>420,351,401</u> | <u>421,695,860</u> |
| Net assets attributable to unitholders | <u>447,051,619</u> | <u>427,443,587</u> |
| | <u>\$ 867,403,020</u> | <u>\$ 849,139,447</u> |



Trustee



Trustee

Equiton Residential Income Fund Trust
Consolidated Statements of Income and Comprehensive Income

| | March 31, 2023 | March 31, 2022 |
|---|-------------------|-------------------|
| Revenue | | |
| Rental income | \$ 10,754,825 | \$ 7,021,231 |
| Other revenue | 826,034 | 271,483 |
| | <u>11,580,859</u> | <u>7,292,714</u> |
| Operating Expenses | | |
| Property operating costs | 7,331,778 | 5,899,581 |
| Interest and finance costs | 3,504,944 | 1,996,519 |
| General and administrative | 79,486 | 46,329 |
| | <u>10,916,208</u> | <u>7,942,429</u> |
| Income from operations | 664,651 | (649,715) |
| Other expenses | | |
| Performance incentive fee (Note 14) | 1,802,109 | 1,199,077 |
| Asset management fee (Note 14) | 2,305,782 | 1,478,659 |
| Professional fees | 152,020 | 154,519 |
| | <u>4,259,911</u> | <u>2,832,255</u> |
| Increase in fair value of investment properties | 11,435,646 | 10,134,737 |
| Net income and comprehensive income | <u>7,840,386</u> | <u>6,652,767</u> |

Equiton Residential Income Fund Trust

Consolidated Statements of Changes in Net Assets Attributable to Unitholders

| | Units (Note 13) | Retained Earnings | Contributed Surplus | Total |
|---|--------------------|----------------------|------------------------|--------------------|
| Net assets attributable to Unitholders | | | | |
| - January 1, 2022 | 249,559,421 | 37,389,500 | 825,183 | 287,774,104 |
| Issuance of units | 140,230,871 | - | - | 140,230,871 |
| Issuance of units under DRIP | 16,239,898 | - | - | 16,239,898 |
| Redemption of units | (18,122,959) | - | - | (18,122,959) |
| Issuance costs | (6,507,045) | - | - | (6,507,045) |
| Net income | - | 32,403,372 | - | 32,403,372 |
| Distributions | - | (24,574,654) | - | (24,574,654) |
| Net assets attributable to Unitholders | | | | |
| - December 31, 2022 | 381,400,186 | 45,218,218 | 825,183 | 427,443,587 |
| Issuance of units | 49,791,361 | - | - | 49,791,361 |
| Issuance of units under DRIP | 4,668,243 | - | - | 4,668,243 |
| Redemption of units | (33,547,465) | - | - | (33,547,465) |
| Issuance costs | (1,985,701) | - | - | (1,985,701) |
| Net income | - | 7,840,386 | - | 7,840,386 |
| Distributions | - | (7,158,792) | - | (7,158,792) |
| | | | - | |
| Net assets attributable to Unitholders | | | | |
| - March 31, 2023 | <u>400,326,624</u> | <u>45,899,812</u> | <u>825,183</u> | <u>447,051,619</u> |

Equiton Residential Income Fund Trust

Consolidated Statements of Cash Flows

| | March 31, 2023 | December 31, 2022 |
|--|-------------------|----------------------|
| Operating activities | | |
| Net income | \$ 7,840,386 | \$ 32,403,372 |
| Items not affecting cash: | | |
| Performance incentive fee | 1,802,109 | 9,800,210 |
| Increase in fair value of investment properties | (11,435,646) | (44,894,199) |
| Amortization of deferred finance fees and fair value adjustments | 415,263 | 1,197,369 |
| | (1,377,888) | (1,493,248) |
| Change in non-cash operating items (Note 16) | (1,855,345) | 10,337,932 |
| Cash (used in) provided by operating activities | (3,233,233) | 8,844,684 |
| Financing activities | | |
| Proceeds from issuance of units | 39,991,163 | 132,749,681 |
| Redemption of units | (33,547,465) | (18,122,959) |
| Distribution to unitholders | (2,362,987) | (7,434,781) |
| Issuance costs | (1,985,701) | (6,507,045) |
| Proceeds from loan payable | (600,000) | 12,050,000 |
| Deferred financing fees | (780,457) | (4,202,973) |
| Interest reserve holdback | 29,227 | 350,741 |
| Proceeds from mortgage payable | 8,615,625 | 82,704,548 |
| Repayment of mortgage payable | (808,525) | (5,488,444) |
| Cash provided by financing activities | 8,550,880 | 186,098,768 |
| Investing activities | | |
| Building improvements | (3,683) | (6,578,901) |
| Net receipts on loan receivable | 950,610 | (1,547,500) |
| Land deposits | 300,000 | 3,200,000 |
| Acquisition of investment properties | - | (182,641,588) |
| Investment in land under development | (6,044,165) | (43,711,951) |
| Cash used in investing activities | (4,797,238) | (231,279,940) |
| Net change in cash and cash equivalents during the year | 520,409 | (36,336,488) |
| Cash, beginning of year | 10,337,351 | 46,673,839 |
| Cash, end of year | 10,857,760 | \$ 10,337,351 |
| Cash presented as: | | |
| Cash | \$ 6,753,055 | \$ 5,016,263 |
| Restricted cash | 4,104,705 | 5,321,088 |
| | 10,857,760 | 10,337,351 |

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

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 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 consolidated 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 consolidated financial statements unless otherwise indicated.

The consolidated financial statements are presented in Canadian dollars, which is the Trust’s functional currency. The address of the Trust’s registered office is 1111 International Boulevard, Suite 500, Burlington, Ontario, L7L 6W1. The financial statements for the period ended March 31, 2023 were approved and authorized for issue by the Trust on May 15, 2023.

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.

Joint arrangements

A joint arrangement is a contractual arrangement pursuant to which the Trust or a controlled entity and other parties undertake an economic activity that is subject to joint control, whereby the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control. Joint arrangements are of two types - joint ventures and joint operations. A joint operation is a joint arrangement in which the Trust has rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement in which the Trust has rights to only the net assets of the arrangement.

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

3. Summary of significant accounting policies (continued)

Joint arrangements (continued)

The Trust is party to a single joint arrangement, which is a joint operation, through a 75% co-ownership interest called Riverain Co-ownership ("Riverain"). Riverain includes an investment property under development located at 29 Selkirk Street and 2 Montreal Road in the City of Ottawa, Ontario (Note 7). Joint operations are accounted for by recognizing the Trust's proportionate share of the assets, liabilities, revenue, expenses and cash flows of the joint operation.

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.

Recent real estate transactions with similar characteristics and locations 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 the 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.

Investment property under development

The investment property undergoing development takes a substantial period of time to prepare for its intended use as an investment property. The investment property under development is initially recorded at the purchase price plus transaction costs.

Subsequent to acquisition, the cost of development properties includes all direct expenditures incurred in connection with their development and construction. These expenditures consist of all direct costs, realty taxes and borrowing costs. The development period commences when expenditures are being incurred and activities necessary to prepare the asset for its intended use are in progress. Capitalization ceases when substantially all the activities necessary to prepare the asset for its intended use are complete.

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

3. Summary of significant accounting policies (continued)

Investment property under development (continued)

Properties under development are measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably determinable.

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.

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 are 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.

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

3. Summary of significant accounting policies (continued)

The Trust's financial assets include cash, due from related parties, tenants and other receivables and loan receivable. All financial assets are recognized initially at fair value and subsequently at amortized cost using the effective interest method with the exception of the loan receivable which is subsequently measured at fair value through profit or loss.

Impairment – Expected Credit Loss Model:

For the impairment of financial assets, the Trust uses 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, construction loan payable, loan payable due to related party, unit subscriptions held in trust, payables and accruals, loan payable, deferred revenue and distributions payable.

A financial liability is derecognized when the obligation under the liability is discharged, canceled 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.

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

3. Summary of significant accounting policies (continued)

(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 of 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 judgment, 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.

Fair value of financial assets and liabilities

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

The fair value of the mortgages payable and loan receivable have been determined by discounting the cash flows of these financial instruments using March 31, 2023 and December 31, 2022 market rates for debts of similar terms.

| March 31, 2023 | | | |
|-----------------------|-----------------------------|-----------------------|-------------------|
| | <u>Fair Value Hierarchy</u> | <u>Carrying Value</u> | <u>Fair Value</u> |
| Assets: | | | |
| Investment properties | Level 3 | \$ 802,934,155 | \$ 802,934,155 |
| Loan receivable | Level 2 | \$ 596,890 | \$ 596,890 |
| Liabilities: | | | |
| Mortgages payable | Level 2 | \$ 374,545,208 | \$ 325,042,141 |
| December 31, 2022 | | | |
| | <u>Fair Value Hierarchy</u> | <u>Carrying Value</u> | <u>Fair Value</u> |
| Assets: | | | |
| Investment properties | Level 3 | \$ 791,494,826 | \$ 791,494,826 |
| Loan receivable | Level 2 | \$ 1,547,500 | \$ 1,547,500 |
| Liabilities: | | | |
| Mortgages payable | Level 2 | \$ 375,309,185 | \$ 326,015,349 |

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

3. Summary of significant accounting policies (continued)

Critical accounting estimates, assumptions, and judgments

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 judgments:

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 following 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; and
- vii. Market activity.

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

Joint operations

When determining the appropriate basis of accounting for the Trust's investment in co-ownership, the Trust makes judgments about the degree of control that the Trust exerts directly or through an arrangement over the co-ownership's relevant activities.

The Trust has determined that its interest in the co-ownership is a joint operation (Note 7).

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.

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

4. Investment properties

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

| | |
|---|-----------------------------|
| Balance, December 31, 2021 | \$493,180,000 |
| Purchase of investment property | 246,841,726 |
| Building improvements to investment properties | 6,578,901 |
| Increase in fair value of investment properties | <u>44,894,199</u> |
| Balance, December 31, 2022 | \$791,494,826 |
| Building improvements to investment properties | 3,683 |
| Increase in fair value of investment properties | <u>11,435,646</u> |
| Balance, March 31, 2023 | <u>\$802,934,155</u> |

At March 31, 2023 all Investment Properties that the Trust owned as at April 1, 2022 were valued 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.

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

4. Investment properties (continued)

The estimated fair values per these appraisals are as follows:

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.

| | March 31, 2023 | December 31, 2022 |
|--|-----------------------|-----------------------|
| 30-31 Campbell Court, Stratford | \$ 20,300,000 | \$ 19,900,000 |
| 19 Lynnwood Drive, Brantford | 14,900,000 | 14,300,000 |
| 120, 126 and 130 St Paul Avenue, Brantford | 9,020,000 | 8,810,000 |
| 383-385 Wellington Street and 49 Lacroix Street, Chatham | 8,680,000 | 8,640,000 |
| 780 Division Street, Kingston | 23,550,000 | 22,850,000 |
| 1379 Princess Street, Kingston | 6,800,000 | 6,560,000 |
| 75 and 87 Mary Street, Chatham | 10,200,000 | 10,100,000 |
| 252 and 268 Conacher Drive, Kingston | 4,080,000 | 3,900,000 |
| 1355 Commissioners Road West, London | 19,700,000 | 19,400,000 |
| 65 Times Avenue, Markham | 30,800,000 | 30,200,000 |
| 1050 Highland Street, Burlington | 6,580,000 | 6,530,000 |
| 5 & 7 Wilsonview Avenue, Guelph | 11,000,000 | 10,800,000 |
| 65 & 75 Paisley Boulevard West, Mississauga | 61,100,000 | 60,300,000 |
| 223 Woodbine Avenue, Toronto | 25,700,000 | 25,400,000 |
| 8-16 Wilsonview Avenue, Guelph | 39,500,000 | 38,500,000 |
| 650 Woodbine Avenue, Toronto | 16,200,000 | 15,700,000 |
| 787 Vaughan Road, Toronto | 13,000,000 | 12,700,000 |
| 100-170 Old Carriage Drive, Kitchener | 79,400,000 | 77,700,000 |
| 125 Wellington Street North & 50 Cathcart Street, Hamilton | 84,300,000 | 80,000,000 |
| 12-14 Auburndale Court, Etobicoke | 27,300,000 | 27,000,000 |
| 433 King Street, London | 41,000,000 | 41,000,000 |
| 98 Farley Drive, Guelph | 42,800,000 | 43,061,524 |
| 208 Woolwich Street South, Breslau | 36,200,000 | 37,322,830 |
| 78 Braemar Drive, Brampton | 65,488,534 | 65,484,521 |
| 200 Edgar Lane, Sherwood Park | 28,290,888 | 28,288,499 |
| 10001 Bellamy Hill, Edmonton | 24,224,113 | 24,225,965 |
| 2303 Eglinton Ave East, Toronto | 52,820,620 | 52,821,487 |
| | \$ 802,934,155 | \$ 791,494,826 |

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

4. Investment properties (continued)

The significant assumption made relating to valuations of investment properties using direct capitalization income method is the capitalization rate.

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 \$48,400,853 (December 31, 2022 – decrease by \$47,943,903). If the capitalization rate were to decrease by 25 bps, the value of investment properties would increase by \$62,140,568 (December 31, 2022 – increase by \$61,250,948). The capitalization rates used are as follows:

| | March 31, 2023 | December 31, 2022 |
|--|-------------------|----------------------|
| 30-31 Campbell Court, Stratford | 5.00% | 5.00% |
| 19 Lynnwood Drive, Brantford | 4.75% | 4.75% |
| 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% |
| 780 Division Street, Kingston | 4.40% | 4.40% |
| 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 | 3.90% | 3.90% |
| 65 Times Avenue, Markham | 3.60% | 3.50% |
| 1050 Highland Street, Burlington | 3.90% | 3.90% |
| 5 & 7 Wilsonview Avenue, Guelph | 4.00% | 4.00% |
| 65 & 75 Paisley Boulevard West, Mississauga | 2.85% | 2.75% |
| 223 Woodbine Avenue, Toronto | 3.05% | 3.00% |
| 8-16 Wilsonview Avenue, Guelph | 4.00% | 4.00% |
| 650 Woodbine Avenue, Toronto | 3.25% | 3.25% |
| 787 Vaughan Road, Toronto | 3.35% | 3.25% |
| 100-170 Old Carriage Drive, Kitchener | 4.00% | 4.00% |
| 125 Wellington Street North & 50 Cathcart Street, Hamilton | 4.25% | 4.25% |
| 12-14 Auburndale Court, Etobicoke | 3.00% | 3.00% |
| 433 King Street, London | 3.70% | 3.65% |
| 98 Farley Drive, Guelph | 4.15% | N/A |
| 208 Woolwich Street South, Breslau | 4.00% | N/A |

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

5. Investment property under development

| | |
|---|-----------------------------|
| Balance, December 31, 2021 | \$ - |
| Purchase of investment property under development | 30,000,000 |
| Property under development expenditures | <u>13,711,951</u> |
| Balance, December 31, 2022 | 43,711,951 |
| Property under development expenditures | <u>6,044,165</u> |
| Balance, March 31, 2023 | <u>\$ 49,756,116</u> |

This property under development represents the Trust's 75% interest in Riverain (Note 7).

6. Restricted cash

At March 31, 2023, the restricted cash is \$4,104,705 (2022 - \$5,321,088). Restricted cash of \$4,104,705 represents unitholder subscriptions held in trust until the trade settlement date. These amounts will be returned to investors if the proposed unitholder subscriptions do not successfully proceed. In addition, at December 31, 2022, Riverain had a deposit held in trust of \$1,158,000 with the City of Ottawa which represented Riverain's estimated costs for the public and private lands. The Trust's portion of this deposit was \$868,500. During the first quarter of 2023, the deposit held in trust was replaced with the \$1,158,000 Letter of Credit from Dejardins and the funds were returned on February 23, 2023. The Trust's portion of this Letter of Credit is \$868,500.

7. Joint arrangement

The Trust's indirect interests in Riverain is subject to joint control and accounted for as a joint operation. The Limited Partnership entered into a co-ownership agreement with Selkirk & Main Holdings Inc. and is developing a multi residential property in Ottawa, Ontario. There is a building currently on the property that generated rental income from commercial tenants in 2020 and 2021, however the intention is to demolish the building for redevelopment. Therefore, the purchase price was allocated entirely to the land. The co-ownership was formed on January 18, 2022 and is governed by co-owner's agreement effective as of that date. The co-ownership agreement stipulates that a co-owners committee be formed consisting of two members, of whom one member shall be appointed by each of the co-owners. All major decisions, as defined in the agreements, require the unanimous vote of the members of the co-owners committee. The Limited Partner's ownership interest is 75%.

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

7. Joint arrangement (continued)

The financial information in respect of the Trust's indirect 75% proportionate share of the joint operation is as follows:

| | March 31, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| Assets | | |
| Cash | \$ 297,584 | \$ 1,531,578 |
| Accounts receivable | 2,013,627 | 136,738 |
| Prepays | 24,256 | 185 |
| Investment property under development | 49,756,116 | 43,711,951 |
| Total Assets | <u>\$ 52,091,583</u> | <u>\$ 45,380,452</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities | \$ 3,333,614 | \$ 5,016,747 |
| Loans payable | 19,500,000 | 9,384,375 |
| Total Liabilities | 22,833,614 | 14,401,122 |
| Co-owners' Equity | <u>29,257,969</u> | <u>30,979,330</u> |
| Total Liabilities and Co-owners' Equity | <u>\$ 52,091,583</u> | <u>\$ 45,380,452</u> |

8. Loan receivable

On January 18, 2022, the Limited Partnership entered into an equity loan agreement with Selkirk & Main Holdings Inc. The Limited Partnership has agreed to provide loans to Selkirk & Main Holdings Inc. from time to time as equity funds are required for the joint operation of Riverain (Note 7) in principal amount equal to 12.5% of the required equity funds of the joint operation.

The equity loan bears in interest at a rate equal to 7.75% per annum. The equity loan is repayable upon the earlier of the following:

- the day upon which the first advance of any long-term financing for such phase is made following the construction thereof; and
- the day upon which the Selkirk & Main Holdings Inc. ceases to be a co-owner of the property or such phase.

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

8. Loan receivable (continued)

The loan is secured as follows:

- a joint and several corporate guarantee and postponement from Selkirk & Main Holdings Inc. and Main and Main Asset Management Inc. for the full amount of the equity loan.
- a pledge in favour of the Limited Partnership of all of the issued and outstanding shares of the nominees;
- the co-owners charge made by Selkirk & Main Holdings Inc. in favour of the Limited Partnership (including the registered co-owners charge in favour of Equiton granted by the Nominees) which shall, in addition to the matters set out in Section 7.3(1) of the co-owners agreement, secure payment of the equity Loan.

The equity loan was assessed at March 31, 2023 to determine whether there is objective evidence of impairment. A loan investment is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of an asset, and that the loss event had a negative effect on these estimated future cash flows of that asset that can be estimated reliably. For the period ended March 31, 2023, there was no provisions for loan investment losses. The fair value of the loan receivable is estimated to approximate its carrying value (Note 3).

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

9. Mortgages payable

| | mortgage | Blended Monthly payments | Rate | Maturity date | March 31, 2023 | December 31, 2022 |
|------------------------------|---|-----------------------------|--------------------|------------------|-----------------------|-----------------------|
| BMO (1) - Brantford | 1st (i) | \$ 33,464 | 3.91% | 7/31/2026 | \$ 5,249,548 | \$ 5,298,308 |
| BMO - Kingston Conacher | 1st (i) | 7,581 | 4.60% | 10/1/2028 | 1,216,272 | 1,224,960 |
| BMO - Kingston Princess | 1st (i) | 12,657 | 3.50% | 6/1/2028 | 2,206,094 | 2,224,756 |
| BMO - Chatham Mary | 1st (i) | 15,042 | 3.80% | 9/1/2028 | 2,574,570 | 2,595,298 |
| BMO - Chatham Mary | 2nd (i) | 2,518 | 4.35% | 8/31/2028 | 409,389 | 412,460 |
| FN (2) - Stratford | 1st | 20,288 | 2.73% | 9/1/2026 | 4,183,087 | 4,215,416 |
| FN - Chatham Wellington | 1st | 12,168 | 3.31% | 3/1/2028 | 2,131,648 | 2,150,530 |
| PT (3) - Kingston Division | 1st (ii) | 30,582 | 2.44% | 3/1/2025 | 5,127,621 | 5,188,002 |
| PT - Kingston Division | 2nd | 5,751 | 3.24% | 3/1/2028 | 906,059 | 915,970 |
| FN - London Commissioner | 1st | 41,055 | 3.18% | 9/1/2029 | 10,572,919 | 10,612,373 |
| FN - Markham 65 Times | 1st | 47,339 | 2.58% | 9/1/2029 | 12,221,694 | 12,285,030 |
| FN - Highland | 1st | 11,137 | 2.84% | 6/1/2030 | 2,507,118 | 2,522,759 |
| FN - 5-7 Wilsonview | 1st | 24,449 | 2.74% | 6/1/2030 | 4,810,548 | 4,850,945 |
| FN - Paisley | 1st | 71,999 | 2.49% | 6/1/2030 | 19,078,396 | 19,175,839 |
| FN - Paisley | 2nd (iii) | 39,177 | 6.50% | 1/1/2025 | 7,310,105 | 7,330,000 |
| FN - 223 Woodbine | 1st | 41,878 | 2.20% | 6/1/2030 | 11,574,096 | 11,636,135 |
| FN - 8 & 16 Wilsonview | 1st | 79,227 | 2.17% | 6/1/2030 | 19,656,085 | 19,787,138 |
| FN - 650 Woodbine | 1st | 30,073 | 2.00% | 3/1/2031 | 7,705,854 | 7,757,532 |
| FN - 787 Vaughan | 1st | 24,063 | 2.00% | 3/1/2031 | 6,165,751 | 6,207,102 |
| FN - 100 Old Carriage | 1st | 154,157 | 2.43% | 12/1/2031 | 42,376,833 | 42,582,330 |
| FN - 125 Wellington | 1st (iv) | 53,282 | 2.86% | 12/1/2025 | 12,286,306 | 12,358,482 |
| FN - 125 Wellington (Loan 2) | 2nd | 100,727 | 2.53% | 12/1/2031 | 24,518,918 | 24,666,210 |
| FN - 433 King Street | 1st | 41,818 | 2.87% | 1/1/2025 | 17,485,000 | 17,485,000 |
| FN - 433 King Street | 2nd | 14,147 | 6.75% | 1/1/2025 | 2,515,000 | 2,515,000 |
| FN - 12 & 14 Auburndale | 1st | 46,285 | 2.83% | 12/1/2031 | 13,112,334 | 13,158,744 |
| PC (4) - 208 Woolwich | 1st (v) | 76,130 | 2.13% | 8/1/2031 | 23,989,947 | 24,092,526 |
| FN - 98 Farley | 1st (vi) | 95,276 | 2.83% | 12/1/2031 | 26,959,583 | 27,055,339 |
| CICI (5) - 200 Edgar Lane | 1st (vii) | 82,752 | 3.53% | 9/1/2032 | 21,161,306 | 21,223,808 |
| FN - 78 Braemar Drive | 1st | 124,893 | 3.92% | 9/1/2032 | 30,226,034 | 30,306,368 |
| FN - 10001 Bellamy | 1st | 69,615 | 4.38% | 6/1/2033 | 15,819,584 | 15,844,236 |
| FN - 2303 Eglinton Avenue Ea | 1st | Variable payment | Prime Rate + 2.00% | 5/1/2023 | - | 21,915,000 |
| FN - 2303 Eglinton Avenue Ea | 1st(viii) | 97,393 | 4.20% | 6/1/2033 | 22,727,372 | - |
| | | | | | \$ 378,785,071 | \$ 379,593,596 |
| | Deferred Finance Charges | | | | (10,045,225) | (9,635,484) |
| | Acquisition date unamortized fair value adjustments | | | | (4,239,864) | (4,284,411) |
| | Interest reserve holdback | | | | - | (29,227) |
| | | | | | \$ 364,499,982 | \$ 365,644,474 |

(BMO) Bank of Montreal

(FN) First National Financial LP

(PT) People's Trust

(PC) Peakhill Capital Inc.

(CICI) Canada ICI Capital Corporation

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

| | |
|-------------------|-----------------------|
| Remainder of 2023 | \$ 5,158,774 |
| 2024 | 7,053,965 |
| 2025 | 50,102,268 |
| 2026 | 14,867,481 |
| 2027 | 6,552,254 |
| Thereafter | 295,050,329 |
| | \$ 378,785,071 |

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

9. Mortgages payable (continued)

- (i) There are financial and non-financial covenants pertaining to the Bank of Montreal facilities and they were all met as at March 31, 2023.
- (ii) The People's Trust first mortgage on loan was assumed on the purchase of 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.
- (iii) The First National second mortgage was interest-only loan up January 31, 2023.
- (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.
- (v) The Peakhill Capital first mortgage on loan was assumed on the purchase of the 208 Woolwich Street South, Breslau, Ontario property. The difference between the fair value and carrying value of the mortgage was determined to be at a premium of \$660,053 at the assumption date.
- (vi) The First National first mortgage on loan was assumed on the purchase of the 98 Farley, Guelph, Ontario property. The difference between the fair value and carrying value of the mortgage was determined to be at a premium of \$274,766 at the assumption date.
- (vii) The Canada ICI first mortgage on loan was assumed on the purchase of the 200 Edgar Lane, Sherwood Park, Alberta property. The difference between the fair value and carrying value of the mortgage was determined to be at a premium of \$3,516,420 at the assumption date.
- (viii) The variable interest rate mortgage for 2303 Eglinton was increased and converted to a fixed rate mortgage in January 2023. The mortgage is \$22,745,843 and bears interest at a fixed rate of 4.2%. The mortgage matures on June 1, 2033 and is repayable in blended principal and interest payments of \$97,393

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

10. Construction loan payable

On January 19, 2023, Riverrain entered into a \$26,000,000 Land Loan Facility agreement with Desjardins to refinance the land located in Ottawa. The original Land Loan facility of \$12,512,500 was repaid upon issuance of proceeds. Desjardins retained a \$2,000,000 holdback on the Land Loan facility, which is associated with the completion of environmental remediation work. The interest rate is fixed during the 18-month term at the lenders cost of funds plus 150 basis points. The Land Loan matures on August 1, 2024.

Borrowings under each of these agreements are secured by a first collateral mortgage charge on the lands and improvements and a general security agreement.

11. Bank loan payable

On January 25, 2022, the Limited Partnership entered into a \$20,000,000 credit facility with TD Commercial Banking. The facility has a contractual term of 12 months from the date of the first draw down. The first draw down took place on December 14, 2022 in the form of an operating loan.

The facility bears interest as follows:

- Prime Based Loans: Prime rate plus 1.00% per annum
- Banker Acceptances: Stamping Fee at 2.00% per annum

A commitment standby fee of 0.25% per annum is payable on the undrawn portion of the facility. The commitment fee is payable on the third business day following the last business day of March, June, September and December.

There are financial and non-financial covenants pertaining to the facility. As at March 31, 2023, all covenants were met.

As at March 31, 2023, the Limited Partnership had drawn down \$11,450,000 (December 31, 2022 - \$12,050,000) of the facility.

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

12. 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 \$1,985,701 (December 31, 2022 - \$6,507,045), which are included in issuance costs in the statements of changes in net assets attributable to unitholders.

(b) Due from related parties

| | <u>March 31, 2023</u> | <u>December 31, 2022</u> |
|---|-----------------------|--------------------------|
| Due from Equiton Partners' Inc. | \$ 1,585,032 | \$ 4,174,757 |
| Due from Equiton Balanced Real Estate Fund Trust | 42,357 | 18,733 |
| Due from Equiton Real Estate Income and Development Limited Partnership | 480 | 480 |
| Due from Sandstones Condo Trust | 752 | 526 |
| | <u>\$ 1,628,621</u> | <u>\$ 4,194,496</u> |

(c) Due to related parties

| | <u>March 31, 2023</u> | <u>December 31, 2022</u> |
|---|-----------------------|--------------------------|
| Due to Equiton Residential Income GP Inc. (<i>general partner of Equiton Residential Income Limited Partnership</i>) | \$ 7,625,977 | \$ 15,624,065 |
| Due to Equiton Capital Inc. | 81,452 | 266,219 |
| | <u>\$ 7,707,429</u> | <u>\$ 15,890,284</u> |

Related parties are all unsecured, non-interest bearing, and due on demand.

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

13. 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 B Trust Units

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

(iii) Class C Trust Units

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

(iv) Class F Trust Units

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

(v) Class I Trust Units

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

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

13. Unitholders' equity (continued)

(a) Units outstanding

| | Number | Amount |
|--|-------------------|-----------------------|
| Class A Trust Units | | |
| Balance, December 31, 2022 | 13,928,165 | \$ 140,608,727 |
| Issuance of units | 1,425,715 | 16,944,400 |
| Issuance of units through distribution reinvestment plan | 145,556 | 1,693,320 |
| Redemption of units | (183,305) | (2,176,132) |
| Issuance of costs | - | (675,750) |
| Balance, March 31, 2023 | 15,316,131 | \$ 156,394,565 |
| Class B Trust Units | | |
| Balance, December 31, 2022 | 188,461 | \$ 2,101,785 |
| Issuance of units | 121,443 | 1,444,347 |
| Issuance of units through distribution reinvestment plan | 2,534 | 29,479 |
| Issuance of costs | - | (57,601) |
| Balance, March 31, 2023 | 312,438 | \$ 3,518,010 |
| Class C Trust Units | | |
| Balance, December 31, 2022 | 467,396 | \$ 5,212,377 |
| Issuance of units | 244,847 | 2,909,708 |
| Issuance of units through distribution reinvestment plan | 4,505 | 52,411 |
| Redemption of units | (898) | (10,673) |
| Issuance of costs | - | (116,041) |
| Balance, March 31, 2023 | 715,850 | \$ 8,047,782 |
| Class F Trust Units | | |
| Balance, December 31, 2022 | 11,430,992 | \$ 117,622,336 |
| Issuance of units | 1,644,213 | 19,542,101 |
| Issuance of units through distribution reinvestment plan | 123,294 | 1,434,576 |
| Redemption of units | (624,819) | (7,407,879) |
| Issuance of costs | - | (779,347) |
| Balance, March 31, 2023 | 12,573,680 | \$ 130,411,787 |
| Class I Trust Units | | |
| Balance, December 31, 2022 | 11,087,788 | \$ 115,854,961 |
| Issuance of units | 754,390 | 8,950,805 |
| Issuance of units through distribution reinvestment plan | 125,393 | 1,458,457 |
| Redemption of units | (2,020,847) | (23,952,781) |
| Issuance of costs | - | (356,962) |
| Balance, March 31, 2023 | 9,946,724 | \$ 101,954,480 |
| Total A, B, C, F and I units, March 31, 2023 | 38,864,823 | \$ 400,326,624 |

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

13. Unitholders' equity (continued)

b) Distributions and distribution reinvestment

On December 19, 2016, the Trust 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 quarter, the Trust made distributions of \$7,158,792 (year ended December 2022 - \$24,574,654). Of this amount, \$ 4,668,243 (year ended December 2022 - \$16,239,898) were reinvested through the DRIP.

14. 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 is paid equal to 4.0% of the gross income from the Properties for the Initial Term and for each Renewal. In addition, Equiton Partners Inc. is paid a fee equal to 5.0% of the total cost to (i) construct tenant improvements and/or coordinate 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 a 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.

(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.

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

14. Asset management agreement (continued)

(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 1.50% 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 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:

| | March 31, 2023 | March 31, 2022 |
|---------------------------|----------------------------|----------------------------|
| Asset management fee | \$ 2,305,782 | \$ 1,478,659 |
| Transaction fee | - | 876,315 |
| Financing fee | 123,695 | 584,675 |
| Performance incentive fee | 1,802,109 | 1,199,077 |
| Property management fee | 450,208 | 296,788 |
| | <u>\$ 4,681,794</u> | <u>\$ 4,435,514</u> |

The asset management, property management fee and performance incentive fees are recorded in the statement of income and comprehensive 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 the 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.

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

15. 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 distributions 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 less favourable than 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:

| | March 31, 2023 | December 31, 2022 |
|--|------------------------------|------------------------------|
| Mortgages payable | \$ 364,499,982 | \$ 365,664,474 |
| Construction loan payable | 19,500,000 | 9,384,375 |
| Bank loan payable | 11,450,000 | 12,050,000 |
| Cash | (10,857,760) | (10,337,351) |
| Net debt | 384,592,222 | 376,761,498 |
| Net assets attributable to unitholders | 447,051,619 | 427,443,587 |
| | <u>\$ 831,643,841</u> | <u>\$ 804,205,085</u> |

16. Changes in non-cash operating items

| | March 31, 2023 | December 31, 2022 |
|----------------------------------|------------------------------|-----------------------------|
| Payables and accruals | \$ (3,896,421) | \$ 7,857,992 |
| Tenant deposits | 18,129 | 1,184,819 |
| Tenant and other receivables | (458,065) | 637,798 |
| Prepaid expenses | 447,786 | 2,124,638 |
| Unit subscriptions held in trust | (347,883) | (2,903,375) |
| Due to/from related parties | 2,381,109 | 1,436,060 |
| | <u>\$ (1,855,345)</u> | <u>\$ 10,337,932</u> |

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

17. 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 favorable as those of existing indebtedness.

The Trust's objective in managing interest rate risk is to minimize the volatility of the Trust's income. As of March 31, 2023, the Trust is subject to a fair value risk through the mortgages which are primarily financed at fixed interest rates with the exception of one variable rate mortgage which subjects the Trust to a cash flow risk. The fair market value of the mortgages payable is disclosed above. The construction loan payable and loan payable also subject the Trust to a cash flow risk due to the variable interest rates.

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.

(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.

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

18. Financial instruments and risk management (continued)

Risks associated with financial assets and liabilities (continued)

(iii) Credit risk

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 as at March 31, 2023 is \$801,534 (December 2022 - \$722,999).

The Trust's maximum credit risk exposure at March 31, 2023 and December 31, 2022 is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

(iv) 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 March 31, 2023, the Trust was holding cash of \$10,857,760 (December 2022 - \$10,337,351) of which \$4,104,705 (December 2022 - \$4,452,588) was restricted for the future issuance of units and \$nil (December 2022 - \$868,500) was restricted for deposits held in trust with a third party relating to Riverain (Note 7). The mortgages payable, construction loan payable and loan payable have repayment terms outlined in Note 9, Note 10 and Note 11, respectively.

| March 31, 2023 | On Demand | 2023 | 2-5 Years | >5Years |
|----------------------------------|----------------------|----------------------|----------------------|-----------------------|
| Mortgages payable | \$ - | \$ 5,158,773 | \$ 78,575,968 | \$ 295,050,329 |
| Construction loan payable | - | - | 19,500,000 | - |
| Bank loan payable | - | 11,450,000 | - | - |
| Due to related parties | 7,707,429 | - | - | - |
| Unit subscriptions held in trust | 4,104,705 | - | - | - |
| Distributions payable | - | 2,578,444 | - | - |
| Payables & accruals | - | 8,295,433 | - | - |
| | <u>\$ 11,812,134</u> | <u>\$ 27,482,650</u> | <u>\$ 98,075,968</u> | <u>\$ 295,050,329</u> |
| December 31, 2022 | On Demand | 1 Year | 2-5 Years | >5Years |
| Mortgages payable | \$ - | \$ 28,412,898 | \$ 89,670,682 | \$ 261,511,745 |
| Construction loan payable | - | 9,384,375 | - | - |
| Bank loan payable | - | 12,050,000 | - | - |
| Due to related parties | 15,890,284 | - | - | - |
| Unit subscriptions held in trust | 4,452,588 | - | - | - |
| Distributions payable | - | 2,450,881 | - | - |
| Payables & accruals | - | 12,191,854 | - | - |
| | <u>\$ 20,342,872</u> | <u>\$ 64,490,008</u> | <u>\$ 89,670,682</u> | <u>\$ 261,511,745</u> |

Equiton Residential Income Fund Trust

Notes to the Consolidated Financial Statements

March 31, 2023

18. 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.
