

2026 Second Quarter Report

MORGUARD NORTH AMERICAN RESIDENTIAL REIT

Management's Discussion and Analysis
& Consolidated Financial Statements



Morguard



MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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PART I

Morguard North American Residential Real Estate Investment Trust ("Morguard Residential REIT" or the "REIT") is pleased to provide this review of operations and update on our financial performance for the three and six months ended June 30, 2026. Unless otherwise noted, dollar amounts are stated in thousands of Canadian dollars, except per suite and REIT trust unit ("Unit") amounts.

The following Management's Discussion and Analysis ("MD&A") sets out the REIT's strategies and provides an analysis of the financial performance for the three and six months ended June 30, 2026, and significant risks facing the business. Historical results, including trends that might appear, should not be taken as indicative of future operations or results.

This MD&A should be read in conjunction with the REIT's unaudited condensed consolidated financial statements and accompanying notes for the three and six months ended June 30, 2026 and 2025. This MD&A is based on financial information prepared in accordance with IFRS Accounting Standards ("IFRS") IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and is dated July 28, 2026. Disclosure contained in this document is current to that date unless otherwise noted.

Additional information relating to Morguard Residential REIT, including the REIT's Annual Information Form, can be found at www.sedarplus.ca and www.morguard.com.

FORWARD-LOOKING STATEMENTS DISCLAIMER

Statements contained herein that are not based on historical or current fact, including without limitation, statements containing the words "anticipates", "believes", "may", "continue", "estimate", "expects" and "will" and words of similar expression, constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, both nationally and in the regions in which the REIT operates; changes in business strategy or development/acquisition plans; environmental exposures; financing risk; existing governmental regulations and changes in, or failure to comply with, governmental regulations; liability and other claims asserted against the REIT; risks and uncertainties relating to pandemics or epidemics and other factors referred to in the REIT's filings with Canadian securities regulators. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Morguard Residential REIT does not assume the obligation to update or revise any forward-looking statements.

SPECIFIED FINANCIAL MEASURES

Morguard Residential REIT reports its financial results in accordance with IFRS. However, this MD&A also uses specified financial measures that are not defined by IFRS, which follow the disclosure requirements established by National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure*. Specified financial measures are categorized as non-GAAP financial measures, non-GAAP ratios and other financial measures, which are capital management measures, supplementary financial measures and total of segments measures.

NON-GAAP FINANCIAL MEASURES

Non-GAAP financial measures do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. These measures should be considered as supplemental in nature and not as substitutes for related financial information prepared in accordance with IFRS. The REIT's management uses these measures to aid in assessing the REIT's underlying core performance and provides these additional measures so that investors may do the same. Management believes that the non-GAAP financial measures described below, which supplement the IFRS measures, provide readers with a more comprehensive understanding of management's perspective on the REIT's operating results and performance.

The following discussion describes the non-GAAP financial measures the REIT uses in evaluating its operating results:

Proportionate Share Basis

The REIT's balance sheet and statements of income prepared in accordance with IFRS have been adjusted (as described below) to derive the REIT's proportionately owned financial results ("Proportionate Basis"). The Proportionate Basis adjustment excludes the impact of realty taxes accounted for under IFRIC 21 (described below) and records realty taxes for all properties on a *pro rata* basis over the entire fiscal year. Management believes that the Proportionate Basis non-GAAP financial measures, which supplement the IFRS measures, provide readers with a more comprehensive understanding of management's perspective on the REIT's operating results and performance.

Non-controlling Interest Share ("NCI Share")

NCI Share adjusts for three Canadian properties and two U.S. properties whereby the REIT controls but does not own a 100% interest in the subsidiary and, as a result, the REIT fully consolidates their financial results within its consolidated financial statements. The adjustment removes the non-controlling interest portion that is consolidated under IFRS. The presentation of *pro rata* assets, liabilities, revenue and expenses represents a non-GAAP financial measure and may not accurately depict the legal and economic implications of the REIT's interest in the joint ventures.

Equity-accounted Investments ("Equity Interest")

Equity Interest adjusts interests in joint arrangements that are accounted for using the equity method of accounting. The financial results of one U.S. property under IFRS is presented on a single line within the consolidated balance sheet and statements of income (loss) and have been adjusted on a proportionately owned basis to each respective financial statement line presented within the balance sheet and statements of income (loss). The presentation of *pro rata* assets, liabilities, revenue and expenses represents a non-GAAP financial measure and may not accurately depict the legal and economic implications of the REIT's interest in the joint venture.

IFRIC 21

Net operating income ("NOI") includes the impact of realty taxes accounted for under the International Financial Reporting Interpretations Committee ("IFRIC") Interpretation 21, Levies ("IFRIC 21"). IFRIC 21 states that an entity recognizes a levy liability in accordance with the relevant legislation. The obligating event for realty taxes for the U.S. municipalities in which the REIT operates is ownership of the property on January 1 of each year for which the tax is imposed and, as a result, the REIT records the entire annual realty tax expense for its U.S. properties on January 1, except for U.S. properties acquired during the year in which the realty taxes are not recorded in the year of acquisition.

A reconciliation of the REIT's proportionately owned financial results from the IFRS financial statement presentation is presented in Part IX, "Reconciliation of Non-GAAP Financial Measures."

Proportionate Share NOI ("Proportionate NOI")

NOI and Proportionate NOI are important measures in evaluating the operating performance of the REIT's real estate properties and are a key input in determining the fair value of the REIT's properties. Proportionate NOI represents NOI (an IFRS measure) adjusted for the following: i) to exclude the impact of realty taxes accounted for under IFRIC 21 as noted above. Proportionate NOI records realty taxes for all properties on a *pro rata* basis over the entire fiscal year; ii) to exclude the non-controlling interest share of NOI for those properties that are consolidated under IFRS; and iii) to include equity-accounted investments NOI at the REIT's ownership interest.

In addition, included in Proportionate Share NOI is the composition of revenue from real estate properties (an IFRS measure) in three categories: i) gross rental revenue (before vacancy and ancillary revenue); ii) vacancy; and iii) ancillary revenue. The presentation of revenue from real estate properties in these three categories (on a Proportionate Share Basis) represents a non-GAAP financial measure and is presented in this MD&A because management considers this non-GAAP financial measure to be an important measure of the REIT's operating performance that provides a more comprehensive understanding of revenue from real estate properties.

A reconciliation of Proportionate NOI from the IFRS financial statement presentation of NOI (revenue from real estate properties (and the composition of revenue), property operating costs, realty taxes and utilities) is presented in Part IX, "Reconciliation of Non-GAAP Financial Measures."

Same Property Proportionate NOI

Same Property Proportionate NOI is presented in this MD&A because management considers this non-GAAP financial measure to be an important measure of the REIT's operating performance for properties owned by the REIT continuously for the current and comparable reporting period and does not take into account the impact of the operating performance of property acquisitions and dispositions as well as development properties until reaching stabilized occupancy. In addition, Same Property Proportionate NOI is presented in local currency and by country, isolating any impact of foreign exchange fluctuations. A reconciliation of the components of Same Property Proportionate NOI is presented in Part III, "Review of Operational Results."

A reconciliation of Same Property Proportionate NOI from the IFRS financial statement presentation of NOI (revenue from real estate properties (and the composition of revenue), property operating costs, realty taxes and utilities) is presented in Part IX, "Reconciliation of Non-GAAP Financial Measures."

Funds from Operations ("FFO")

FFO (and FFO per Unit) is a non-GAAP financial measure widely used as a real estate industry standard that supplements net income (loss) and evaluates operating performance but is not indicative of funds available to meet the REIT's cash requirements. FFO can assist with comparisons of the operating performance of the REIT's real estate between periods and relative to other real estate entities. FFO is computed by the REIT in accordance with the current definition of the Real Property Association of Canada ("REALPAC") and is defined as net income (loss) attributable to Unitholders adjusted for fair value adjustments, distributions on the Class B LP Units, realty taxes accounted for under IFRIC 21, deferred income taxes (on the REIT's U.S. properties), gains/losses on the sale of real estate properties (including income taxes on the sale of real estate properties) and other non-cash items. The REIT considers FFO to be a useful measure for reviewing its comparative operating and financial performance. FFO per Unit is calculated as FFO divided by the weighted average number of Units outstanding (including Class B LP Units) during the period.

A reconciliation of net income (loss) attributable to Unitholders (an IFRS measure) to FFO is presented in Part III, "Funds From Operations."

Indebtedness

Indebtedness (as defined in the Declaration of Trust) is a measure of the amount of debt financing utilized by the REIT. Indebtedness is presented in this MD&A because management considers this non-GAAP financial measure to be an important measure of the REIT's financial position.

A reconciliation of indebtedness from the IFRS financial statement presentation is presented in Part IX, "Reconciliation of Non-GAAP Financial Measures."

Gross Book Value

Gross book value (as defined in the Declaration of Trust) is a measure of the value of the REIT's assets. Gross book value is presented in this MD&A because management considers this non-GAAP financial measure to be an important measure of the REIT's asset base and financial position.

A reconciliation of gross book value from the IFRS financial statement presentation is presented in Part IX, "Reconciliation of Non-GAAP Financial Measures."

Total Distributions (Including Class B LP Units)

Total distributions (including Class B LP Units) is a non-GAAP financial measure calculated by combining distributions to Unitholders and distributions on the Class B LP Units that originate from different IFRS financial statement line items. Under IFRS, the Class B LP Units are classified as financial liabilities, and the corresponding distributions paid to the unitholders are classified as interest expense. Total distributions (including Class B LP Units) is presented in this MD&A because management believes Class B LP Unit distribution payments do not represent financing charges because these amounts are payable only if the REIT

declares distributions and only for the amount of any distributions declared, both of which are at the discretion of the Board of Trustees, as outlined in the Declaration of Trust (defined below).

A reconciliation of the IFRS financial statement presentation of Unitholders' distributions plus distributions on the Class B LP Units is presented in Part III, "Distributions."

NON-GAAP RATIOS

Non-GAAP ratios do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. These measures should be considered as supplemental in nature and not as substitutes for related financial information prepared in accordance with IFRS. The REIT's management uses these measures to aid in assessing the REIT's underlying core performance and provides these additional measures so that investors may do the same. Management believes that the non-GAAP ratios described below provide readers with a more comprehensive understanding of management's perspective on the REIT's operating results and performance.

The following discussion describes the non-GAAP ratios the REIT uses in evaluating its operating results:

Proportionate NOI Margin

Proportionate NOI margin is calculated as Proportionate NOI divided by revenue (on a Proportionate Basis) and is an important measure in evaluating the operating performance (including the level of operating expenses) of the REIT's real estate properties. Proportionate NOI margin is presented in this MD&A because management considers this non-GAAP ratio to be an important measure of the REIT's operating performance and financial position.

FFO Payout Ratio

FFO payout ratio compares distributions (including Class B LP Units) to FFO. Distributions (including Class B LP Units) is calculated based on the monthly distribution per Unit multiplied by the weighted average number of Units outstanding (including Class B LP Units) during the period and is an important metric in assessing the sustainability of retained cash flow to fund capital expenditures and distributions. FFO payout ratio is presented in this MD&A because management considers this non-GAAP ratio to be an important measure of the REIT's operating performance and financial position.

Indebtedness to Gross Book Value Ratio

Indebtedness to gross book value ratio is a compliance measure in the Declaration of Trust and establishes the limit for financial leverage of the REIT. Indebtedness to gross book value ratio is presented in this MD&A because management considers this non-GAAP ratio to be an important measure of the REIT's financial position.

Interest Coverage Ratio

Interest coverage ratio measures the amount of cash flow available to meet annual interest payments on the REIT's indebtedness. Generally, the higher the interest coverage ratio, the lower the credit risk. Interest coverage ratio is presented in this MD&A because management considers this non-GAAP ratio to be an important measure of the REIT's operating performance and financial position.

Indebtedness Coverage Ratio

Indebtedness coverage ratio measures the amount of cash flow available to meet annual principal and interest payments on the REIT's indebtedness. Generally, the higher the indebtedness coverage ratio, the higher the capacity for additional debt. Indebtedness coverage ratio is presented in this MD&A because management considers this non-GAAP ratio to be an important measure of the REIT's operating performance and financial position.

SUPPLEMENTARY FINANCIAL MEASURES

Supplementary financial measures represent a component of a financial statement line item (including ratios that are not non-GAAP ratios) that are presented in a more granular way outside the financial statements,

calculated in accordance with the accounting policies used to prepare the line item presented in the financial statements.

The following discussion describes the supplementary financial measures the REIT uses in evaluating its operating results:

Same Property NOI

Same Property NOI is presented in this MD&A because management considers this supplementary financial measure to be an important measure of the REIT's operating performance, representing NOI for properties owned by the REIT continuously for the current and comparable reporting period and does not take into account the impact of the operating performance of property acquisitions and dispositions as well as development properties until reaching stabilized occupancy. In addition, Same Property NOI is presented in local currency and by country, isolating any impact of foreign exchange fluctuations. A summary of the components of Same Property NOI is presented in Part III, "Review of Operational Results."

Included in Same Property NOI is the composition of revenue from real estate properties (an IFRS measure) in three categories: i) gross rental revenue (before vacancy and ancillary revenue); ii) vacancy; and iii) ancillary revenue. The presentation of revenue from real estate properties in these three categories represents a supplementary financial measure and is presented in this MD&A because management considers this measure to be an important measure of the REIT's operating performance that provides a more comprehensive understanding of revenue from real estate properties.

NOI Margin

NOI margin is calculated as NOI divided by revenue and is an important measure in evaluating the operating performance (including the level of operating expenses) of the REIT's real estate properties. NOI margin is presented in this MD&A because management considers this supplementary financial measure to be an important measure of the REIT's operating performance and financial position.

Real Estate Properties by Region

The composition of the REIT's real estate properties by region is presented in this MD&A because management considers this supplementary financial measure to be an important measure of the REIT's asset base and financial position. A summary of the components of real estate properties by region is presented in Part IV, "Balance Sheet Analysis."

Capital Expenditures by Country

The composition of the REIT's capital expenditures by country is presented in this MD&A because management considers this supplementary financial measure to be an important measure of the REIT's capital expenditures by its Canadian and U.S. portfolios. The REIT is committed to improving its operating performance by incurring appropriate capital expenditures in order to replace and maintain the productive capacity of its property portfolio so as to sustain its rental income generating potential over the portfolio's useful life. A summary of the components of capital expenditures by country is presented under the section Part IV, "Balance Sheet Analysis."

Loan-to-Value ("LTV")

LTV is calculated by multiplying a rate of leverage by the real estate properties' fair value and is presented in this MD&A by year and plotted against the balance at maturity of the REIT's mortgages payable. Included in the analysis is an equity-accounted investment at the REIT's interest. The presentation of LTV against its corresponding mortgage maturity balance represents a supplementary financial measure and is presented in this MD&A because management considers this measure to be an important measure of the REIT's financial position. A table illustrating LTV by year, plotted against the REIT's mortgage maturity profile, is presented in Part V, "Capital Structure and Debt Profile."

CAPITAL MANAGEMENT MEASURES

The REIT's capital management is designed to maintain a level of capital that allows it to implement its business strategy while complying with investment and debt restrictions pursuant to the Declaration of Trust, as well as existing debt covenants, while continuing to build long-term Unitholder value and maintaining sufficient capital contingencies.

The following discussion describes the REIT's capital management measures:

Total Capitalization

Total capitalization as disclosed in the notes to the REIT's unaudited condensed consolidated financial statements for the three and six months ended June 30, 2026, and 2025 is calculated as the sum of the principal amount of the REIT's total debt (including mortgages payable, convertible debentures, lease liabilities and amounts drawn under its revolving credit facility with Morguard Corporation), Unitholders' equity and Class B LP Units liability, and is presented in this MD&A because management considers this capital management measure to be an important measure of the REIT's financial position.

Liquidity

Liquidity is calculated as the sum of cash, amounts available under its revolving credit facility with Morguard and any committed net additional mortgage financing proceeds, and is presented in this MD&A because management considers this capital management measure to be an important measure of the REIT's financial position as well as determining the annual level of distributions to Unitholders.

PART II

BUSINESS OVERVIEW AND STRATEGY

The REIT is an unincorporated open-ended real estate investment trust established pursuant to a declaration of trust dated March 1, 2012, and as most recently amended and restated on February 16, 2021 (the "Declaration of Trust"), under and governed by the laws of the Province of Ontario. The Units of the REIT trade on the Toronto Stock Exchange ("TSX") under the symbol "MRG.UN."

The REIT has been formed to own multi-suite residential rental properties across Canada and the United States. The objectives of the REIT are to: i) generate stable and growing cash distributions on a tax-efficient basis; ii) enhance the value of the REIT's assets and maximize the long-term value of the Units through active asset and property management; and iii) expand the asset base of the REIT primarily through acquisitions and improvement of its properties through targeted and strategically deployed capital expenditures.

The REIT's internal growth strategy will focus on maximizing cash flow from its portfolio. The REIT intends to increase cash flows by maximizing occupancy and average monthly rent ("AMR"), taking into account local conditions in each of its regional markets, managing its operating expenses as a percentage of revenues and strengthening its asset base through its building infrastructure improvement and capital expenditure programs.

The REIT's external growth strategy is focused on opportunities to acquire additional multi-suite residential properties located in urban centres and major suburban regions in Canada and the United States that satisfy the REIT's investment criteria, as well as generating greater cash flows from acquired properties. The REIT will seek to leverage its relationship with Morguard Corporation ("Morguard") to access acquisition opportunities that satisfy the REIT's investment criteria. Additionally, subject to limited exceptions, the REIT has the right of first opportunity to acquire the existing interests in Morguard's multi-suite residential properties prior to any disposition by Morguard to a third party.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

As at (In thousands of dollars, except as noted otherwise)	June 30, 2026	December 31, 2025	June 30, 2025
Operational Information			
Number of properties	43	43	43
Total suites	13,089	13,089	13,089
Occupancy percentage - Canada	91.4%	93.3%	95.2%
Occupancy percentage - U.S.	92.8%	91.3%	94.8%
AMR - Canada (in actual dollars)	\$1,885	\$1,851	\$1,821
AMR - U.S. (in actual U.S. dollars)	US\$1,933	US\$1,930	US\$1,898
Summary of Financial Information			
Gross book value ⁽¹⁾	\$4,774,394	\$4,535,903	\$4,536,576
Indebtedness ⁽¹⁾	\$1,908,443	\$1,793,894	\$1,793,811
Indebtedness to gross book value ratio ⁽¹⁾	40.0%	39.5%	39.5%
Weighted average mortgage interest rate	4.18%	4.07%	3.90%
Weighted average term to maturity on mortgages payable (years)	5.2	4.8	5.1
Exchange rates - United States dollar to Canadian dollar	\$1.42	\$1.37	\$1.36
Exchange rates - Canadian dollar to United States dollar	\$0.70	\$0.73	\$0.73

(1) Represents a non-GAAP financial measure/ratio that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. This measure should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. Additional information on this non-GAAP financial measure/ratio can be found in Part I, "Specified Financial Measures."

(In thousands of dollars, except per Unit amounts)	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
Summary of Financial Information				
Interest coverage ratio ⁽¹⁾	2.11	2.32	2.10	2.29
Indebtedness coverage ratio ⁽¹⁾	1.53	1.63	1.52	1.61
Revenue from real estate properties	\$87,214	\$88,537	\$173,680	\$178,811
NOI	\$54,214	\$56,897	\$75,063	\$77,720
Proportionate NOI ⁽¹⁾	\$45,989	\$48,354	\$91,061	\$95,410
NOI margin - IFRS	62.2%	64.3%	43.2%	43.5%
NOI margin - Proportionate ⁽¹⁾	52.9%	54.9%	52.6%	53.6%
Net income (loss)	\$26,141	\$30,059	\$64,323	\$68,381
FFO - basic ⁽¹⁾	\$22,017	\$24,765	\$43,455	\$47,966
FFO - diluted ⁽¹⁾	\$22,857	\$25,605	\$45,135	\$49,646
FFO per Unit - basic ⁽¹⁾	\$0.42	\$0.47	\$0.83	\$0.91
FFO per Unit - diluted ⁽¹⁾	\$0.42	\$0.47	\$0.83	\$0.90
Distributions per Unit	\$0.19749	\$0.18999	\$0.39498	\$0.37998
FFO payout ratio ⁽¹⁾	46.8%	40.3%	47.4%	41.9%
Weighted average number of Units outstanding (in thousands):				
Basic ⁽²⁾	52,170	52,515	52,164	52,916
Diluted ^{(2) (3)}	54,489	54,834	54,483	55,235
Average exchange rates - United States dollar to Canadian dollar	\$1.38	\$1.38	\$1.38	\$1.41
Average exchange rates - Canadian dollar to United States dollar	\$0.72	\$0.72	\$0.73	\$0.71

(1) Represents a non-GAAP financial measure/ratio that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. This measure should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. Additional information on this non-GAAP financial measure/ratio can be found in Part I, "Specified Financial Measures."

(2) For purposes of calculating FFO per Unit, Class B LP Units are included as Units outstanding on both a basic and diluted basis.

(3) Includes the dilutive impact of convertible debentures.

REAL ESTATE PROPERTIES

As at June 30, 2026, the REIT's multi-suite residential property portfolio consists of 16 Canadian properties and 27 U.S. properties, having a total of 13,089 residential suites and 230,000 square feet of commercial area. The properties are primarily located in urban centres and major suburban regions in Alberta, Ontario, Colorado, Texas, Louisiana, Illinois, Georgia, Florida, North Carolina, Virginia and Maryland.

Approximately 79% of the suites in Canada are located in Toronto and Mississauga, which form part of the Greater Toronto Area ("GTA"). The GTA is Canada's most significant economic cluster and contains the largest concentration of people. The regional distribution of the remaining suites serves to add stability to the REIT's cash flows because it reduces the REIT's vulnerability to economic fluctuations affecting any particular region.

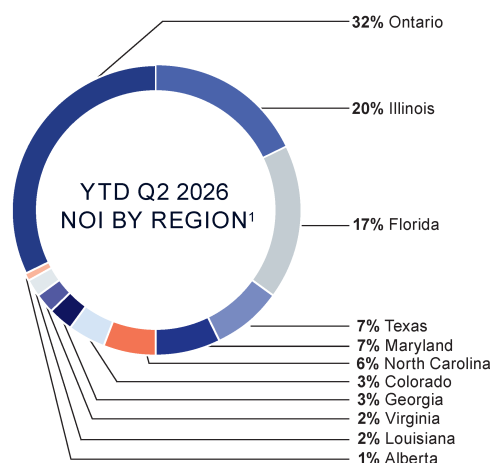
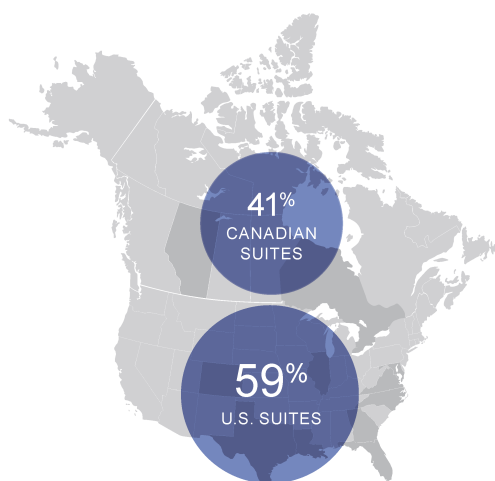
The following table details the regional distribution of the REIT's portfolio as at June 30, 2026:

Region (In thousands of dollars, except as otherwise noted)	Number of Properties	Total Suites ⁽¹⁾	% of the Portfolio (based on suites)	Fair Value of Real Estate Properties ⁽¹⁾
Canadian Properties				
Alberta	1	277	2.1%	\$59,350
Ontario				
Mississauga	7	2,219	17.0%	947,500
Toronto	6	1,997	15.3%	593,450
Other ⁽²⁾	2	842	6.4%	269,200
	16	5,335	40.8%	\$1,869,500
U.S. Properties				
Colorado	2	454	3.5%	\$166,825
Texas	3	1,021	7.8%	279,084
Louisiana	2	249	1.9%	66,219
Illinois	4	1,795	13.7%	975,517
Georgia	2	522	4.0%	136,274
Florida	9	2,253	17.2%	719,168
North Carolina	2	864	6.6%	249,670
Virginia	1	104	0.8%	72,899
Maryland ⁽³⁾	2	492	3.7%	288,260
	27	7,754	59.2%	\$2,953,916
Impact of realty taxes accounted for under IFRIC 21				20,067
Total	43	13,089	100.0%	\$4,843,483

(1) Total suites and fair value of real estate properties include non-controlling interest; the REIT, on a proportionate basis, has ownership of 12,315 suites. Fair value of real estate properties represents the sum of income producing properties (\$4,472,063) and an equity-accounted investment properties (\$371,420), inclusive of non-controlling interest share.

(2) Other Ontario includes one property in each of Kitchener and Ottawa.

(3) Includes a retail property comprising 181,500 square feet of commercial area.



¹ Includes equity-accounted investments at ownership share and excludes the impact of realty taxes under IFRIC 21.

AVERAGE MONTHLY RENT AND OCCUPANCY BY REGION

The following table details AMR (in actual dollars), stated in local currency, and occupancy of the REIT's portfolio for the following periods and is calculated on a proportionate ownership basis:

Region	AMR/Suite at June 30, 2026	AMR/Suite at June 30, 2025	% Change	Occupancy at June 30, 2026	Occupancy at June 30, 2025
Canadian Properties (in Canadian dollars)					
Alberta	\$1,535	\$1,533	0.1%	92.4%	96.0%
Ontario					
Mississauga	2,126	2,053	3.6%	90.5%	93.4%
Toronto	1,692	1,628	3.9%	92.0%	96.8%
Other ⁽¹⁾	1,819	1,758	3.5%	92.0%	96.0%
Total Ontario	1,905	1,837	3.7%	91.3%	95.2%
Total Canada (in Canadian dollars)	\$1,885	\$1,821	3.5%	91.4%	95.2%
U.S. Properties (in U.S. dollars)					
Colorado	\$1,818	\$1,815	0.2%	88.2%	92.4%
Texas	1,623	1,629	(0.4%)	93.8%	95.0%
Louisiana	1,633	1,635	(0.1%)	87.7%	89.8%
Illinois	2,860	2,741	4.3%	96.9%	98.0%
Georgia	1,589	1,569	1.3%	91.3%	94.0%
Florida⁽²⁾	1,777	1,742	2.0%	92.6%	94.4%
North Carolina	1,454	1,456	(0.1%)	92.9%	92.9%
Virginia	2,634	2,615	0.7%	91.3%	99.0%
Maryland	2,326	2,267	2.6%	90.8%	96.1%
Total U.S. (in U.S. dollars)⁽²⁾	\$1,933	\$1,898	1.8%	92.8%	94.8%
Total (in local currencies)	\$1,912	\$1,865	2.5%	92.2%	95.0%

(1) Other Ontario includes one property in each of Kitchener and Ottawa.

(2) Excludes 37 suites under renovation at Village Crossing Apartment Homes (West Palm Beach). As at June 30, 2026, when including the offline suites, Florida and total U.S. occupancy were 90.9% and 92.1%, respectively.

CANADIAN PROPERTIES

As at June 30, 2026, Canadian AMR per suite was \$1,885, an increase of 3.5% compared to June 30, 2025, and increased sequentially by 0.7%, compared to \$1,872 at March 31, 2026.

Effective January 1, 2026, the Ontario guideline rental rate increase is 2.1% (2025 - 2.5%). The REIT also experienced rental rate growth from above-guideline increases ("AGI") at several properties upon the completion of capital projects as well as rental rate increases on suite turnover. Additionally, within the Ontario portfolio, the REIT has submitted AGI applications related to eligible capital repairs, allowing for rent increases upon approval from the Landlord and Tenant Board. During the first six months of the year, approximately 57% of leases in the Ontario portfolio renewed, and a combination of the 2.1% guideline increase, AGI and an uplift on rent on turnover contributed to AMR growth in 2026.

The REIT has been impacted by softening market conditions, but continues to see an uplift in rent on turnover. During the six months ended June 30, 2026, the REIT's Canadian portfolio turned over 272 suites, or 5.1% of total suites, and achieved AMR growth of 6.8% on suite turnover. Overall, Canadian turnover was higher compared to 4.4% achieved during the six months ended June 30, 2025.

As at June 30, 2026, AMR at the REIT's single property in Edmonton, Alberta, increased by 0.1% compared to June 30, 2025. The increase was due to higher market rent on renewals as well as on turnover. Alberta does not have any restrictions on annual rent increases, which provides flexibility to adjust rent according to demand.

Occupancy within the REIT's Ontario region decreased to 91.3% at June 30, 2026, compared to 95.2% at June 30, 2025, and sequentially, decreased slightly from 91.5% at March 31, 2026. The decline primarily reflects intensified competition from newly constructed rental buildings and condominium rentals, which elevated vacancy levels across major urban markets. Leasing activity was also impacted by a shift to a measured approach in immigration policy, following four years of historically high post-pandemic immigration levels, with the impact most pronounced in Mississauga and Toronto. In response, rental rates on select suites were reduced to align with competitive market conditions and support leasing activity until occupancy levels stabilize.

Mississauga properties saw reduced occupancy due to increased move-outs, driven by temporary leasing disruptions from capital projects, relocations, home purchases prompted by lower interest rates, and tenant financial challenges. Heightened competition from new rental buildings and condos and lower immigration further impacted leasing. New developments, marketed aggressively, offer similar rents and incentives such as two months free rent. Promotions such as "more space less rent" highlight our larger suites as a competitive position, and market rents have been lowered until new supply is absorbed.

Occupancy levels across the Toronto portfolio declined year-over-year, primarily due to a modest increase in resident move-outs. The elevated turnover, while impacting short-term vacancy, provides an opportunity to achieve higher market rents as occupancy improves, particularly for suites that were previously leased at rates below current market levels.

Occupancy at the REIT's single property located in Edmonton, Alberta, was 92.4% at June 30, 2026, compared to 96.0% at June 30, 2025, and decreased sequentially from 94.2% at March 31, 2026. The year-over-year decline was primarily attributable to two newly constructed rental buildings in initial lease-up that are offering significant leasing incentives. Occupancy is expected to improve as these new suites are absorbed into the market.

As at June 30, 2026, Canadian occupancy declined to 91.4%, compared to 95.2% at June 30, 2025, and sequentially, decreased slightly from 91.6% at March 31, 2026. In addition to the reasons noted above, the decrease during the second quarter was partly attributable to seasonal move-outs by university students in Ottawa and Edmonton, with occupancy expected to improve as September move-ins occur. As at the date of this report, rent reductions have supported improved leasing activity and increased the portfolio availability rate to 92.7%. Occupancy is expected to continue improving as new supply is absorbed and incentive-driven competition moderates. The REIT also continues to benefit from embedded revenue growth opportunities at properties with below-market rents, which should support stronger leasing performance as suites turn over.

U.S. PROPERTIES

As at June 30, 2026, U.S. AMR per suite was US\$1,933, an increase of 1.8% compared to June 30, 2025. AMR growth was led by Illinois, Maryland and Florida as these regions continue to show signs of solid market fundamentals. AMR in Illinois and Maryland rose by 4.3% and 2.6%, respectively, primarily due to continued strong rental demand while maintaining stable occupancy levels. AMR in Florida increased by 2.0% compared to June 30, 2025, but occupancy continues to be impacted by tenant relocations out of the immediate markets due to commuting, job relocation/loss, affordability and financial reasons, as well as increased home buying due to decreasing home prices and modestly lower mortgage rates as compared to a year ago. This trend aligns with what is being reported across the Sunbelt region as far as regional softening due to elevated supply after the 2022-2024 construction boom, and rent resistance at current price points. Prioritizing occupancy and concessions over rent growth has led to short-term leasing specials requiring new residents to sign a 12-month lease, and a specific move-in date.

As at June 30, 2026, AMR at the REIT's properties located in Chicago increased by 4.3% compared to June 30, 2025, and sequentially, AMR increased slightly by 0.7% compared to March 31, 2026, due to strong rental demand and stabilized occupancies, allowing management to increase rents. With limited new inventory coming online in Downtown Chicago over the next two years, management's focus will continue to find the optimal balance of occupancy and market rent growth. Though there have been some new deliveries in certain submarkets as well as the hybrid work-from-home adoption, the Chicago market continues in a positive direction with healthy demand and low supply on a relative basis. To maintain that balance, market rents for the

REIT's Chicago assets are expected to continue their positive trend into the busy summer leasing season. We expect rent growth in Downtown Chicago to strengthen as leasing activity increases during the third quarter. In addition, 33 suites at Coast at Lakeshore East (51% owned) are down due to suite renovations. The suites will be upgraded to include premium finishes throughout, including kitchen upgrades such as new soft-close cabinetry and undermount lighting, new faucets and stainless-steel appliances and full height quartz backsplashes. In addition, upgrades will also include walk-in showers, new flooring, custom closets and roller shades throughout the suite. Management expects the suites to be available to lease for the busy summer leasing seasons and we expect to achieve AMR uplift of approximately 25%.

As at June 30, 2026, AMR at the REIT's properties located in Florida increased by 2.0% compared to June 30, 2025, and sequentially, AMR increased by 1.0% compared to March 31, 2026. The year-over-year modest increase across a majority of the Florida portfolio, demonstrates the stability of the REIT's Florida assets as rental demand remains stable while it continues to absorb new deliveries. Further, Village Crossing Apartment Homes, a 189-suite property located in West Palm Beach, continues its major renovation with 37 suites offline. Currently, 54 suites are complete, of which 46 suites have been leased achieving an AMR uplift of 23.0%. These suites are undergoing a wholesome renovation, equipped with new windows and doors, appliances, mechanical systems, fixtures, cabinetry, countertops, and flooring. This renovation will reposition the community and strengthen long term value and performance within the affluent West Palm Beach submarket.

Sequentially, U.S. AMR at June 30, 2026 increased by 0.5% to US\$1,933, compared to US\$1,924 at March 31, 2026, as Florida, Maryland and Illinois drove the increase despite the recent challenges with occupancy across a majority of the portfolio. These AMR increases were partially offset by the AMR decreases in all other U.S. regions. As we move into the busier summer leasing season, management expects occupancies to continue to grow moderately which should be followed by modest AMR growth. As supply decline and absorption improves through 2026, the REIT will continue its focus on steady AMR growth while working to maintain optimal occupancy levels.

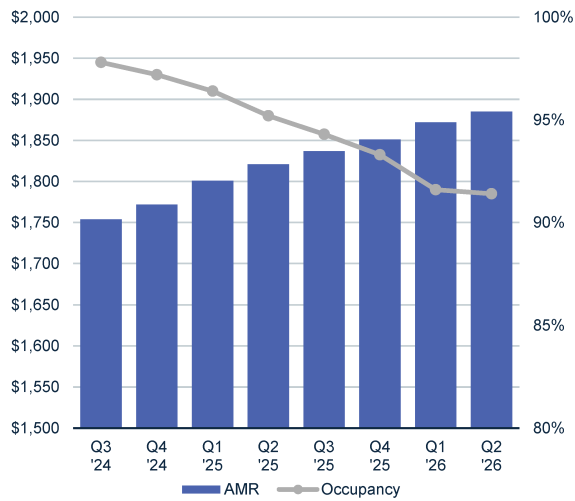
As at June 30, 2026, U.S. occupancy decreased to 92.8%, compared to 94.8% at June 30, 2025. The REIT's properties located in Virginia (770 bps), Maryland (530 bps) and Colorado (420 bps), all of which achieved modest AMR growth, experienced the largest decreases in occupancy, as did the majority of the portfolio, that experienced modest decreases in occupancy, for similar reasons. Management notes that a combination of relocations due to commuting/job, relocation/job loss, affordability and other financial reasons, and increased home buying due to modestly lower home prices and mortgage rates are the top reasons that contributed to the decline in occupancy across the portfolio. Additional reasons include a sharp decline in government jobs in the Washington D.C. region which include the Virginia and Maryland properties, as well as new competition offering concessions. While one of the REIT's two properties located in Colorado experienced the largest year over year decline in occupancy due to affordability and new inventory, rent reductions and concessions boosted occupancy by 12.5% since March 31, 2026. Short-term move-in specials are being offered across the portfolio in order to stabilize occupancies that dipped due to softer leasing environments, and softening demand. Looking ahead, management expects occupancy to grow modestly as we enter the busy summer leasing season with a combination of seasonal suite turnover, moderate AMR growth and adjusting concession levels as occupancy improves throughout the portfolio.

Sequentially, as at June 30, 2026, U.S. occupancy of 92.8% increased and remained stable as compared to 91.7% as at March 31, 2026. Occupancy improved in all of the REIT's regions except for Virginia, Maryland and Texas, primarily due to move-in specials with concessions and moderate AMR growth, specifically 1.5% on new leases and 1.3% on renewals across the portfolio.

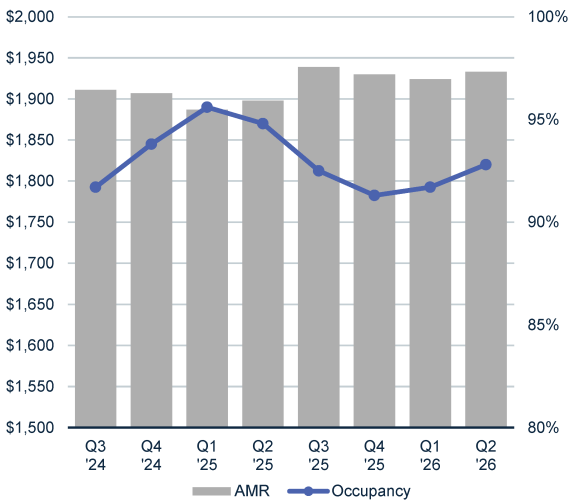
For the six months ended June 30, 2026, the REIT's rental incentives amounted to \$1,585 (2025 - \$703). Incentives were used on an as-needed basis in certain submarkets to compete with new inventory and mitigate affordability pressures. The REIT's stable occupancies in most markets should eliminate the need for these incentives and allow for steady AMR growth.

The following table details AMR (in actual dollars), stated in local currency, and occupancy of the REIT's Same Property portfolio at each quarter end since September 30, 2024:

CANADA



U.S.



PART III

REVIEW OF OPERATIONAL RESULTS

The REIT's operational results are summarized below:

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

REVENUE FROM REAL ESTATE PROPERTIES

The lower rental revenue for the three and six months ended June 30, 2026, is mainly due to an increase in vacancy and foreign exchange fluctuations, partly offset by rental rate increases.

NET OPERATING INCOME

The following tables provide the NOI and Proportionate NOI for the REIT's consolidated Canadian and U.S. operations and present the following non-GAAP financial measures/ratios: Proportionate NOI and Proportionate NOI margin. These non-GAAP measures do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. These measures should be considered as supplemental in nature and not as substitutes for related financial information prepared in accordance with IFRS. Additional information on these non-GAAP financial measures/ratios can be found in Part I, "Specified Financial Measures."

Consolidated and Proportionate results for the three and six months ended June 30, 2026 represent 12,399 and 12,315 residential suites, respectively.

Net Operating Income - Three Months Ended June 30, 2026

The following table provides the consolidated NOI for the REIT's Canadian and U.S. properties:

For the three months ended June 30 (In thousands of dollars)	2026		2025	
	Proportionate		Proportionate	
	NOI	NOI	NOI	NOI
Revenue from properties				
Gross rental revenue (before vacancy and ancillary revenue)	\$86,258	\$85,822	\$84,451	\$84,048
Vacancy	(9,132)	(8,704)	(5,642)	(5,457)
Ancillary	10,088	9,852	9,728	9,506
Total revenue from properties	87,214	86,970	88,537	88,097
Property operating expenses				
Operating costs	25,542	25,286	24,234	23,928
Realty taxes	2,684	10,931	2,492	10,920
Utilities	4,774	4,764	4,914	4,895
Total property operating expenses	33,000	40,981	31,640	39,743
NOI	\$54,214	\$45,989	\$56,897	\$48,354
NOI margin	62.2%	52.9%	64.3%	54.9%

For the three months ended June 30, 2026, NOI from the REIT's properties decreased by \$2,683 (or 4.7%) to \$54,214, compared to \$56,897 in 2025. The decrease in NOI is due to a decrease in Canada of \$1,136 (or 6.6%), a decrease in the U.S. of US\$1,111 (or 3.9%), and the change in foreign exchange rate which decreased NOI by \$436.

For the three months ended June 30, 2026, Proportionate NOI from the REIT's properties decreased by \$2,365 (or 4.9%) to \$45,989, compared to \$48,354 in 2025. The decrease in Proportionate NOI is due to a decrease in Canada of \$1,125 (or 6.6%), a decrease in the U.S. of US\$885 (or 3.9%), and the change in foreign exchange rate which decreased Proportionate NOI by \$355.

The following table provides the consolidated NOI for the REIT's Canadian and U.S. properties in local currency:

For the three months ended June 30 (In thousands of dollars)	2026		2025	
	Proportionate		Proportionate	
	NOI	NOI	NOI	NOI
NOI - Canada (local currency)	\$16,109	\$16,028	\$17,245	\$17,153
NOI - U.S. (local currency)	27,537	21,655	28,648	22,540
Exchange amount to Canadian dollars	10,568	8,306	11,004	8,661
Total NOI	\$54,214	\$45,989	\$56,897	\$48,354

The following table provides the NOI and Proportionate NOI for the REIT's Canadian properties:

For the three months ended June 30 (In thousands of dollars)	2026		2025	
	Proportionate		Proportionate	
	NOI	NOI	NOI	NOI
Revenue from properties				
Gross rental revenue (before vacancy and ancillary revenue)	\$29,877	\$29,713	\$28,901	\$28,743
Vacancy	(3,491)	(3,462)	(1,794)	(1,782)
Ancillary ⁽¹⁾	1,219	1,212	1,512	1,506
Revenue from properties	27,605	27,463	28,619	28,467
Property operating expenses				
Operating costs	5,954	5,924	5,948	5,918
Realty taxes	3,152	3,131	3,002	2,983
Utilities	2,390	2,380	2,424	2,413
Total property operating expenses	11,496	11,435	11,374	11,314
NOI	\$16,109	\$16,028	\$17,245	\$17,153
NOI margin	58.4%	58.4%	60.3%	60.3%

(1) Ancillary revenue mainly comprises parking, laundry and cable income; amortized rent concessions and storage fees. Ancillary revenue also includes commercial revenue, net of vacancy.

For the three months ended June 30, 2026, NOI from the Canadian properties decreased by \$1,136 (or 6.6%) to \$16,109, compared to \$17,245 in 2025. The decrease in NOI is primarily due to a decrease in revenue of \$1,014 (or 3.5%) from higher vacancy and a decrease in ancillary revenue (mainly due to higher amortized rent concessions), net of higher gross rental revenue (3.4%) resulting from an increase in AMR, and an increase in operating expenses of \$122 (or 1.1%). Higher vacancy is due to increased competition from new rental buildings and lower immigration levels. The increase in operating expenses was due to higher operating costs of \$6 (0.1%) and an increase in realty taxes of \$150 (5.0%), partially offset by lower utilities of \$34 (1.4%). The increase in operating costs was mainly due to an increase in payroll costs (hiring for vacant positions), partially offset by a decrease in administrative expenses (lower bad debts and legal expense). The increase in realty taxes was mainly due to a higher mill rate as most property assessments continue to be based on 2016 assessed values. The decrease in utilities was mainly due to: i) higher rebates under Ontario Electricity Rebate program partially offset by an increase in hydro consumption and rate, and ii) a decrease in gas rate as well as a decrease in gas consumption, partially offset by iii) an increase in water rate.

For the three months ended June 30, 2026, Proportionate NOI from the Canadian properties decreased by \$1,125 (or 6.6%) to \$16,028, compared to \$17,153 in 2025. The decrease in Proportionate NOI is due to a decrease in revenue of \$1,004 (or 3.5%) from higher vacancy and a decrease in ancillary revenue, net of higher gross rental revenue (3.4%) resulting from an increase in AMR, for the same reasons described above, and an increase in operating expenses of \$121 (or 1.1%). The increase in operating expenses was due to higher operating costs of \$6 and an increase in realty taxes of \$148, partially offset by lower utilities of \$33, for the same reasons described above.

The REIT's Canadian NOI margin and Proportionate NOI margin were 58.4% and 58.4%, respectively, for the three months ended June 30, 2026, compared to 60.3% and 60.3%, respectively, for the three months ended June 30, 2025. Overall, as noted above, the impact of higher vacancy, net of increase in AMR, and the increase in operating expenses, contributed to the decrease in NOI margin.

The following table provides the NOI and Proportionate NOI for the U.S. properties:

For the three months ended June 30 (In thousands of U.S. dollars, unless otherwise stated)	2026		2025	
	Proportionate		Proportionate	
	NOI	NOI	NOI	NOI
Revenue from properties				
Gross rental revenue (before vacancy and ancillary revenue)	\$40,749	\$40,554	\$40,131	\$39,953
Vacancy	(4,075)	(3,786)	(2,783)	(2,658)
Ancillary ⁽¹⁾	6,409	6,242	5,940	5,783
Total revenue from properties	43,083	43,010	43,288	43,078
Property operating expenses				
Operating costs	14,161	13,997	13,207	13,008
Realty taxes	(338)	5,635	(366)	5,738
Utilities	1,723	1,723	1,799	1,792
Total property operating expenses	15,546	21,355	14,640	20,538
NOI (in US dollars)	27,537	21,655	28,648	22,540
Exchange amount to Canadian dollars	10,568	8,306	11,004	8,661
NOI (in Canadian dollars)	\$38,105	\$29,961	\$39,652	\$31,201
NOI margin (in US dollars)	63.9%	50.3%	66.2%	52.3%

(1) Ancillary revenue mainly comprises parking, laundry and cable income; amortized rent concessions; storage fees; utility chargebacks and other fee income associated with moving in or out (such as application fees and cleaning fees), late rental payment fees from residents under the terms of the lease arrangements. Ancillary revenue also includes commercial revenue, net of vacancy.

For the three months ended June 30, 2026, NOI from the U.S. properties decreased by \$1,547 (or 3.9%) to \$38,105, compared to \$39,652 in 2025. The decrease is comprised of a decrease in NOI of US\$1,111 (or 3.9%) and the change in foreign exchange rate which decreased NOI by \$436. The decrease in NOI is primarily due to a decrease in revenue of US\$205 (or 0.5%) from an increase in vacancy, partially offset by higher gross rental revenue (1.5%) resulting from an increase in AMR, and an increase in ancillary revenue (from higher cable income and chargeback and fee income), and an increase in operating expenses of US\$906 (or 6.2%). The increase in vacancy includes a net impact of US\$90 from suites that are offline due to renovations, predominantly at Coast at Lakeshore East and Village Crossing Apartment Homes. The increase in operating expenses was primarily due to higher operating costs of US\$954 (7.2%) and an increase in realty taxes of US\$28 (7.7%), partially offset by a decrease in utilities of US\$76 (4.2%). The higher operating costs is primarily due to an increase in repairs and maintenance (in-suite and cable/waste contracts), payroll costs (inflationary increases and hiring for new and vacant positions), marketing expenses and higher commercial bad debt expense, partially offset by a decrease in insurance expense (lower premiums). The increase in realty taxes is mainly due to lower tax rebates received on successful appeals at several properties located in Florida, North Carolina and Texas amounting to US\$102 and a lower IFRIC 21 adjustment, partially offset by a decrease in property taxes (mainly from Chicago properties). The decrease in utilities is mainly due to a decrease in gas from lower rates and occupancy.

For the three months ended June 30, 2026, Proportionate NOI from the U.S. properties decreased by \$1,240 (or 4.0%) to \$29,961, compared to \$31,201 in 2025. The decrease in Proportionate NOI is due to lower Proportionate NOI of US\$885 (or 3.9%) and the change in foreign exchange rate which decreased Proportionate NOI by \$355. The decrease in Proportionate NOI was due to a decrease in revenue of US\$68 (or 0.2%) from an increase in vacancy, partially offset by higher gross rental revenue (1.5%) and an increase in ancillary revenue for the same reasons described above, and an increase in operating expenses of US\$817 (or 4.0%). The increase in operating expenses was due to higher operating costs of US\$989, partially offset by a decrease in realty taxes of US\$103 and a decrease in utilities of US\$69, for the same reasons described above.

The REIT's U.S. NOI margin and Proportionate NOI margin were 63.9% and 50.3%, respectively, for the three months ended June 30, 2026, compared to 66.2% and 52.3%, respectively, for the three months ended June 30, 2025. The NOI margin and Proportionate NOI margin were both impacted by the decrease in revenue

from higher vacancy, net of an increase in AMR and ancillary income, and higher operating expenses. In addition, the NOI margin was impacted by accounting for realty taxes under IFRIC 21.

Net Operating Income - Six Months Ended June 30, 2026

The following table provides the consolidated NOI for the REIT's Canadian and U.S. properties:

For the six months ended June 30 (In thousands of dollars)	2026		2025	
	Proportionate		Proportionate	
	NOI	NOI	NOI	NOI
Revenue from properties				
Gross rental revenue (before vacancy and ancillary revenue)	\$171,817	\$170,994	\$170,402	\$169,603
Vacancy	(18,424)	(17,784)	(10,883)	(10,632)
Ancillary	20,287	19,799	19,292	18,871
Total revenue from properties	173,680	173,009	178,811	177,842
Property operating expenses				
Operating costs	49,509	48,977	48,820	48,183
Realty taxes	37,917	21,832	40,526	22,594
Utilities	11,191	11,139	11,745	11,655
Total property operating expenses	98,617	81,948	101,091	82,432
NOI	\$75,063	\$91,061	\$77,720	\$95,410
NOI margin	43.2%	52.6%	43.5%	53.6%

For the six months ended June 30, 2026, NOI from the REIT's properties decreased by \$2,657 (or 3.4%) to \$75,063, compared to \$77,720 in 2025. The decrease in NOI is due to a decrease in Canada of \$1,405 (or 4.2%), a decrease in the U.S. of US\$741 (or 2.3%), and the change in foreign exchange rate, which decreased NOI by \$511.

For the six months ended June 30, 2026, Proportionate NOI from the REIT's properties decreased by \$4,349 (or 4.6%) to \$91,061, compared to \$95,410 in 2025. The decrease in Proportionate NOI is due to a decrease in Canada of \$1,391 (or 4.2%), a decrease in the U.S. of US\$1,137 (or 2.6%) and the change in foreign exchange rate, which decreased Proportionate NOI by \$1,821.

The following table provides the consolidated NOI for the REIT's Canadian and U.S. properties in local currency:

For the six months ended June 30 (In thousands of dollars)	2026		2025	
	Proportionate		Proportionate	
	NOI	NOI	NOI	NOI
Same Property NOI - Canada (local currency)	\$31,912	\$31,746	\$33,317	\$33,137
Same Property NOI - U.S. (local currency)	31,220	43,058	31,961	44,195
Exchange amount to Canadian dollars	11,931	16,257	12,442	18,078
Total NOI	\$75,063	\$91,061	\$77,720	\$95,410

The following table provides the NOI and Proportionate NOI for the REIT's Canadian properties:

For the six months ended June 30 (In thousands of dollars)	2026		2025	
	Proportionate		Proportionate	
	NOI	NOI	NOI	NOI
Revenue from properties				
Gross rental revenue (before vacancy and ancillary revenue)	\$59,545	\$59,219	\$57,380	\$57,067
Vacancy	(6,646)	(6,592)	(3,305)	(3,283)
Ancillary ⁽¹⁾	2,592	2,579	3,067	3,054
Revenue from properties	55,491	55,206	57,142	56,838
Property operating expenses				
Operating costs	11,477	11,423	11,533	11,474
Realty taxes	6,301	6,260	6,004	5,966
Utilities	5,801	5,777	6,288	6,261
Total property operating expenses	23,579	23,460	23,825	23,701
NOI	\$31,912	\$31,746	\$33,317	\$33,137
NOI margin	57.5%	57.5%	58.3%	58.3%

(1) Ancillary revenue mainly comprises parking, laundry and cable income, amortized rent concessions and storage fees. Ancillary revenue also includes commercial revenue, net of vacancy.

For the six months ended June 30, 2026, NOI from the Canadian properties decreased by \$1,405 (or 4.2%) to \$31,912, compared to \$33,317 in 2025. The decrease in NOI is primarily due to a decrease in revenue of \$1,651 (or 2.9%) from higher vacancy and a decrease in ancillary revenue (mainly due to higher amortized rent concessions), net of higher gross rental revenue (3.8%) resulting from an increase in AMR, partially offset by a decrease in operating expenses of \$246 (or 1.0%). Higher vacancy is due to increased competition from new rental buildings and lower immigration levels. The decrease in operating expenses is primarily due to lower operating costs of \$56 (0.5%) and utilities of \$487 (7.7%), partially offset by an increase in realty taxes of \$297 (4.9%). The decrease in operating costs is mainly due to a decrease in general and administrative expenses (lower legal and bad debt expenses) and repairs and maintenance expense, partially offset by an increase in payroll costs (hiring for vacant positions), marketing expense and insurance expense. The decrease in utilities is predominantly due to: i) a decrease in gas expense due to a lower rate from the removal of the federal carbon charge subsequent to the first quarter of 2025 and a decrease in consumption as energy efficiencies gained from boiler replacements and building automation systems offset a colder winter relative to prior year, partly offset by ii) an increase in hydro expense due to an increase in rate and consumption, net of higher hydro rebates under the Ontario Electricity Rebate program, and iii) an increase in water expense due to an increase in rate and consumption. The increase in realty taxes is mainly due to a higher mill rate as most property assessments continue to be based on 2016 assessed values.

For the six months ended June 30, 2026, Proportionate NOI from the Canadian properties decreased by \$1,391 (or 4.2%) to \$31,746, compared to \$33,137 in 2025. The decrease in Proportionate NOI is due to a decrease in revenue of \$1,632 (or 2.9%) from higher vacancy and a decrease in ancillary revenue, net of higher gross rental revenue (3.8%) resulting from an increase in AMR, for the same reasons described above, partially offset by a decrease in operating expenses of \$241 (or 1.0%). The decrease in operating expenses was due to lower operating costs of \$51 and utilities of \$484, partially offset by an increase in realty taxes of \$294, for the same reasons described above.

The REIT's Canadian NOI margin and Proportionate NOI margin were 57.5% and 57.5%, respectively, for the six months ended June 30, 2026, compared to 58.3% and 58.3%, respectively, for the six months ended June 30, 2025. Overall, as noted above, the impact of higher vacancy, net of the increase in AMR, relative to the decrease in operating expenses, contributed to the decrease in NOI margin.

The following table provides the NOI and Proportionate NOI for the U.S. properties:

For the six months ended June 30 (In thousands of U.S. dollars, unless otherwise noted)	2026		2025	
	Proportionate		Proportionate	
	NOI	NOI	NOI	NOI
Revenue from properties				
Gross rental revenue (before vacancy and ancillary revenue)	\$81,497	\$81,138	\$80,185	\$79,840
Vacancy	(8,549)	(8,124)	(5,381)	(5,217)
Ancillary ⁽¹⁾	12,845	12,498	11,515	11,224
Total revenue from properties	85,793	85,512	86,319	85,847
Property operating expenses				
Operating costs	27,607	27,259	26,447	26,037
Realty taxes	23,052	11,301	24,045	11,795
Utilities	3,914	3,894	3,866	3,820
Total property operating expenses	54,573	42,454	54,358	41,652
NOI (in U.S. dollars)	31,220	43,058	31,961	44,195
Exchange amount to Canadian dollars	11,931	16,257	12,442	18,078
NOI (in Canadian dollars)	\$43,151	\$59,315	\$44,403	\$62,273
NOI margin (in U.S. dollars)	36.4%	50.4%	37.0%	51.5%

(1) Ancillary revenue mainly comprises parking, laundry and cable income; amortized rent concessions; storage fees; utility chargebacks; and other fee income associated with moving in or out (such as application fees and cleaning fees), and late rental payment fees from residents under the terms of the lease arrangements. Ancillary revenue also includes commercial revenue, net of vacancy.

For the six months ended June 30, 2026, NOI from the U.S. properties decreased by \$1,252 (or 2.8%) to \$43,151, compared to \$44,403 in 2025. The decrease is comprised of a decrease in NOI of US\$741 (or 2.3%) and the change in foreign exchange rate, which decreased NOI by \$511. The decrease in NOI is primarily due to a decrease in revenue of US\$526 (or 0.6%) from higher vacancy, net of higher gross rental revenue (1.6%) resulting from an increase in AMR, and an increase in ancillary revenue (from higher cable income, chargeback and fee income, and higher commercial revenue from an increase in rent and occupancy), and an increase in operating expenses of US\$215 (or 0.4%). The increase in vacancy includes a net impact of US\$362 from suites that are offline due to renovations, predominantly at Coast at Lakeshore East and Village Crossing Apartment Homes. The increase in operating expenses is due to higher operating costs of US\$1,160 (4.4%) and an increase in utilities of US\$48 (1.2%), partially offset by a decrease in realty taxes of US\$993 (4.1%). The increase in operating costs is primarily due to an increase in repairs and maintenance (in-suite and cable/waste contracts), payroll costs (inflationary increases and hiring for new and vacant positions), marketing expenses and higher commercial bad debt expense, partially offset by a decrease in insurance expense (lower premiums). The decrease in realty taxes is mainly due to lower property taxes (mainly from Chicago properties), tax rebates received on successful appeals at several properties located in Texas and North Carolina amounting to US\$205 and a lower IFRIC 21 adjustment. The increase in utilities is mainly due to an increase in water rates, partially offset by a decrease in gas from lower rates and occupancy.

For the six months ended June 30, 2026, Proportionate NOI from the U.S. properties decreased by \$2,958 (or 4.8%) to \$59,315, compared to \$62,273 in 2025. The decrease in Proportionate NOI is due to lower Proportionate NOI of US\$1,137 (or 2.6%) and the change in foreign exchange rate, which decreased Proportionate NOI by \$1,821. The decrease in Proportionate NOI is due to a decrease in revenue of US\$335 (or 0.4%) from an increase in vacancy, net of higher gross rental revenue (1.6%) resulting from an increase in AMR, and an increase in ancillary revenue for the same reasons described above, and an increase in operating expenses of US\$802 (or 1.9%). The increase in operating expenses is due to a higher operating costs of US\$1,222 and an increase in utilities of US\$74, partially offset by a decrease in realty taxes of US\$494, for the same reasons described above.

The REIT's U.S. NOI margin and Proportionate NOI margin were 36.4% and 50.4%, respectively, for the six months ended June 30, 2026, compared to 37.0% and 51.5%, respectively, for the six months ended June 30, 2025. The NOI margin and Proportionate NOI margin were both impacted by the decrease in revenue from

higher vacancy, net of an increase in AMR and ancillary income, and higher operating expenses. In addition, the NOI margin was impacted by accounting for realty taxes under IFRIC 21.

INTEREST EXPENSE

Interest expense consists of the following:

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

Interest expense increased by \$363 during the three months ended June 30, 2026, to \$23,405, compared to \$23,042 in 2025. The increase is predominantly due to an increase in interest on mortgages of \$670 and an increase in distribution on Class B LP Units of \$129, partially offset by a higher non-cash fair value gain on the convertible debentures' conversion option of \$433. The increase in interest on mortgages is largely attributable to the REIT's refinancings at higher interest rates and additional net mortgage proceeds. The change in foreign exchange rate increased interest expense on U.S. mortgages by \$196.

Interest expense increased by \$781 during the six months ended June 30, 2026 to \$46,348, compared to \$45,567 in 2025. The increase is predominantly due to an increase in interest on mortgages of \$1,159 and an increase in distribution on Class B LP Units of \$258, partly offset by an increase in non-cash fair value gain on conversion option on convertible debentures of \$704. The increase in interest on mortgages is largely attributable to the REIT's refinancings at higher interest rates and additional net mortgage proceeds. The change in foreign exchange rate decreased interest expense on U.S. mortgages by \$88.

Under IFRS, the Class B LP Units are classified as financial liabilities, and the corresponding distributions paid to the Unitholders are classified as interest expense. The REIT believes these distribution payments do not represent financing charges because these amounts are payable only if the REIT declares distributions and only for the amount of any distributions declared, both of which are at the discretion of the Board of Trustees, as outlined in the Declaration of Trust. The total distributions paid and accrued to Class B LP Unitholders for the three and six months ended June 30, 2026 amounted to \$3,401 (2025 - \$3,272) and \$6,802 (2025 - \$6,544), respectively.

TRUST EXPENSES

Trust expenses consist of the following:

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

Trust expenses decreased by \$398 during the three months ended June 30, 2026, to \$5,638, compared to \$6,036 in 2025, and decreased by \$778 during the six months ended June 30, 2026, to \$11,076, compared to \$11,854 in 2025. The decrease during the three and six months ended June 30, 2026 is mainly due to lower asset management fees and distributions, resulting from a decrease in incentive distributions from lower FFO per Unit (see Part VI, "Related Party Transactions").

EQUITY INCOME FROM INVESTMENTS

The REIT has a 50% interest in one property comprising 690 suites located in Chicago, Illinois, in which the REIT has joint control of the investment.

Equity income from investment for the three months ended June 30, 2026, was \$2,462 and included a non-cash fair value gain on real estate properties of \$187 and an IFRIC 21 adjustment of \$788. For the three months ended June 30, 2025, equity income from investment was \$2,936 and included a non-cash fair value gain on real estate properties of \$761 and an IFRIC 21 adjustment of \$804. Excluding the impact of IFRIC 21, NOI increased by \$93, predominantly due to a positive impact from a change in foreign exchange rate.

Equity income from investment for the six months ended June 30, 2026, was \$3,902 and included a non-cash fair value gain on real estate properties of \$2,670 and an IFRIC 21 expense adjustment of \$1,555. For the six months ended June 30, 2025, equity income from investment was \$4,934 and included a non-cash fair value gain on real estate properties of \$3,907 and an IFRIC 21 expense adjustment of \$1,696. Excluding the impact of IFRIC 21, NOI decreased by \$22.

FOREIGN EXCHANGE LOSS

IFRS requires monetary assets and liabilities denominated in foreign currencies to be translated into Canadian dollars at the exchange rate in effect at the reporting date, and any gain or loss recognized in the consolidated statements of income (loss). For the three and six months ended June 30, 2026, the REIT's foreign exchange loss amounted to \$1 (2025 - \$2) and \$2 (2025 - \$4), respectively, which is mainly the result of the fluctuation of the Canadian dollar against the United States dollar as at June 30, 2026, compared to December 31, 2025.

OTHER INCOME

Other expense (income) mainly represents interest income earned or expense incurred on the Morguard Facility for advances made to/from Morguard and other expense (income). For the three months ended June 30, 2026, other income amounted to \$1,275 (2025 - \$1,760) and for the six months ended June 30, 2026, other income amounted to \$2,484 (2025 - \$3,449). The decrease in other income for the three and six months ended June 30, 2026, was predominantly due to lower interest income earned on the Morguard Facility, partially offset by an increase in interest income earned on excess cash held.

FAIR VALUE GAIN ON REAL ESTATE PROPERTIES, NET

The REIT elected to adopt the fair value model to account for its real estate properties, and changes in fair value each period have been recognized as fair value gain or loss in the consolidated statements of income (loss). Fair value adjustments are determined based on the movement of various valuation parameters on a quarterly basis, including stabilized NOI and capitalization rates.

For the three months ended June 30, 2026, the REIT recognized a net fair value gain of \$3,012 (2025 - \$21,203). The net fair value gain comprises a \$12,387 fair value gain at the Canadian properties and a loss of \$9,375 at the U.S. properties. The net fair value gain in Canada was predominantly due to an increase in stabilized NOI across the properties in the REIT's Canadian portfolio. The U.S. fair value loss was predominantly due to an \$8,198 adjustment on realty taxes accounted for under IFRIC 21.

For the six months ended June 30, 2026, the REIT recognized a net fair value gain of \$40,523 (2025 - \$69,133). The net fair value gain comprises a \$36,045 fair value gain at the Canadian properties and a \$4,478 fair value gain at the U.S. properties. The fair value gain in Canada was predominantly due to an increase in stabilized NOI across the properties in the REIT's Canadian portfolio. The U.S. fair value gain included a \$16,170 adjustment on realty taxes accounted for under IFRIC 21 and was partly offset by a net decrease in stabilized NOI.

FAIR VALUE GAIN (LOSS) ON CLASS B LP UNITS

The Class B LP Units are classified as financial liabilities in accordance with IFRS and, as a result, are recorded at their fair value at each reporting date. As at June 30, 2026, the REIT valued the Class B LP Units based on the closing price of the TSX-listed Units, which resulted in a fair value liability of \$290,209 (December 31, 2025 - \$299,165) and a corresponding fair value loss for the three months ended June 30, 2026 of \$861 (2025 - \$15,501) and a fair value gain for the six months ended June 30, 2026 of \$8,956 (2025 - loss of \$19,118). The fair value gain/loss was due to a decrease/increase in the trading price of the REIT's Units (see Part V, "Capital Structure and Debt Profile").

INCOME TAXES

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

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

For the three and six months ended June 30, 2026, the REIT recorded current income tax expense of \$50 (2025 - \$49) and \$87 (2025 - \$573), respectively. The decrease in current tax expense for the six months ended June 30, 2026 is primarily due to the 100% bonus depreciation on fixed assets during 2026.

For the three and six months ended June 30, 2026, the REIT recorded deferred income tax associated with the U.S. subsidiaries of \$4,867 (2025 - \$8,107) and \$9,092 (2025 - \$9,739), respectively. The decrease in deferred tax is primarily due to higher fair value loss recorded under IFRS on U.S. properties, partially offset by lower non-deductible interest expenses.

The REIT's income tax provision consists of the following:

	Three months ended June 30		Six months ended June 30	
(In thousands of dollars)	2026	2025	2026	2025
Current	\$50	\$49	\$87	\$573
Deferred	4,867	8,107	9,092	9,739
Provision for income taxes	\$4,917	\$8,156	\$9,179	\$10,312

As at June 30, 2026, the REIT's U.S. subsidiaries have total net operating losses of approximately US\$57,807 (December 31, 2025 - US\$55,663) of which deferred income tax assets were recognized as it is probable that taxable income will be available against such losses and can be carried forward indefinitely. Included in the net

operating losses is the REIT's portion of net operating losses of a subsidiary where the REIT owns a 51% effective interest in a limited partnership of US\$10,457 (December 31, 2025 - US\$10,171).

As at June 30, 2026, the REIT's U.S. subsidiaries have a total of US\$66,612 (December 31, 2025 - US\$65,131) of unutilized interest expense deductions on which deferred income tax assets were recognized and can be carried forward indefinitely.

FUNDS FROM OPERATIONS

FFO (and FFO per Unit) is a non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. This measure should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. FFO is computed by the REIT in accordance with the current definition of the Real Property Association of Canada ("REALPAC") and is widely used as a real estate industry standard that supplements net income and evaluates operating performance but is not indicative of funds available to meet the REIT's cash requirements. Additional information on this non-GAAP financial measure can be found in Part I, "Specified Financial Measures."

The following table provides a reconciliation of FFO to its closely related financial statement measurement for the following periods:

(In thousands of dollars, except per Unit amounts)	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
Net income for the period attributable to Unitholders	\$23,144	\$29,172	\$60,530	\$67,240
Add/(deduct):				
Realty taxes accounted for under IFRIC 21 ⁽¹⁾	(8,266)	(8,435)	16,305	17,862
Fair value loss (gain) on conversion option on convertible debentures	(134)	299	(515)	189
Distributions on Class B LP Units recorded as interest expense ⁽²⁾	3,401	3,272	6,802	6,544
Foreign exchange loss	1	2	2	4
Fair value gain on real estate properties, net ⁽³⁾	(3,199)	(21,964)	(43,193)	(73,040)
Non-controlling interests' share of fair value gain (loss) on real estate properties	1,342	(1,189)	3,388	310
Fair value loss (gain) on Class B LP Units	861	15,501	(8,956)	19,118
Deferred income tax expense	4,867	8,107	9,092	9,739
FFO - basic	\$22,017	\$24,765	\$43,455	\$47,966
Interest expense on convertible debentures	840	840	1,680	1,680
FFO - diluted	\$22,857	\$25,605	\$45,135	\$49,646
FFO per Unit - basic	\$0.42	\$0.47	\$0.83	\$0.91
FFO per Unit - diluted	\$0.42	\$0.47	\$0.83	\$0.90
Weighted average number of Units outstanding (in thousands):				
Basic ⁽⁴⁾	52,170	52,515	52,164	52,916
Diluted ^{(4) (5)}	54,489	54,834	54,483	55,235

(1) Realty taxes accounted for under IFRIC 21 (including equity-accounted investments) and excluding non-controlling interests' share.

(2) Under IFRS, the Class B LP Units are considered financial liabilities and, as a result of this classification, their corresponding distribution amounts are considered interest expense. The REIT believes these distribution payments do not truly represent financing charges because these amounts are payable only if the REIT declares distributions and only for the amount of any distributions declared, both of which are at the discretion of the Board of Trustees as outlined in the Declaration of Trust. Therefore, these distributions are excluded from the calculation of FFO.

(3) Includes fair value adjustment on real estate properties for equity-accounted investments.

(4) For purposes of calculating FFO per Unit, Class B LP Units are included as Units outstanding on both a basic and diluted basis.

(5) Includes the dilutive impact of convertible debentures.

Basic FFO for the three months ended June 30, 2026 decreased by \$2,748 (or 11.1%) to \$22,017 (\$0.42 per Unit), compared to \$24,765 (\$0.47 per Unit) in 2025. The decrease (calculated on a Proportionate Basis) is mainly due to lower Proportionate NOI of \$2,365, an increase in interest expense of \$229 (excluding distributions on Class B LP Units and fair value adjustments on the conversion option on convertible debentures), a decrease in other income of \$497 and an increase in current income tax of \$48, partially offset by a decrease in trust expense of \$391.

Basic FFO per Unit for the three months ended June 30, 2026 decreased by \$0.05 to \$0.42 per Unit, compared to \$0.47 per Unit in 2025 due to the following factor:

- i) on a Proportionate Basis, in local currency, a decrease in NOI, lower interest income and an increase in interest expense, partly offset by a decrease in trust expense, had a net \$0.04 per Unit negative impact.

In addition, a change in foreign exchange rate had a \$0.01 per Unit negative impact, primarily from a decrease in FFO generated from U.S. properties.

Basic FFO for the six months ended June 30, 2026 decreased by \$4,511 (or 9.4%) to \$43,455 (\$0.83 per Unit), compared to \$47,966 (\$0.91 per Unit) in 2025. The decrease (calculated on a Proportionate Basis) is mainly due to lower Proportionate NOI of \$4,349, an increase in interest expense of \$357 (excluding distributions on Class B LP Units and fair value adjustments on the conversion option on convertible debentures) and a decrease in other income of \$1,007, partially offset by a decrease in trust expense of \$772 and a decrease in current income tax of \$430.

Basic FFO per Unit for the six months ended June 30, 2026 decreased by \$0.08 to \$0.83 per Unit, compared to \$0.91 per Unit in 2025 due to the following factors:

- i) on a Proportionate Basis, in local currency, a decrease in NOI, lower interest income and an increase in interest expense, partly offset by a decrease in trust expense and current tax expense, had a net \$0.06 per Unit negative impact. The net \$0.06 negative impact includes offsetting adjustments relating to a \$0.01 per Unit favorable impact from a higher realty tax refund received, offset by a \$0.01 per Unit negative impact relating to suites that are offline due to renovations. In addition, a change in foreign exchange rate had a \$0.03 per Unit negative impact, primarily from a decrease in FFO generated from U.S. properties; and
- ii) the impact from Units repurchased under the REIT's NCIB had a \$0.01 per Unit positive impact.

DISTRIBUTIONS

Total distributions (including Class B LP Units) is a non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. This measure should be considered as supplemental in nature and not as substitutes for related financial information prepared in accordance with IFRS. Additional information on this non-GAAP financial measure can be found under the section Part I, "Specified Financial Measures."

The Trustees have discretion with respect to the timing and amounts of distributions. For the three and six months ended June 30, 2026, total distributions amounted to \$10,303 (2025 - \$10,004) and \$20,604 (2025 - \$20,155), respectively.

	2026			2025		
Three months ended June 30 (In thousands of dollars)	Class B LP			Class B LP		
	Units	Units	Total	Units	Units	Total
Distributions paid and declared	\$6,700	\$3,401	\$10,101	\$6,538	\$3,272	\$9,810
Distributions – DRIP	202	—	202	194	—	194
Total	\$6,902	\$3,401	\$10,303	\$6,732	\$3,272	\$10,004

	2026			2025		
Six months ended June 30 (In thousands of dollars)	Class B LP			Class B LP		
	Units	Units	Total	Units	Units	Total
Distributions paid and declared	\$13,394	\$6,802	\$20,196	\$13,229	\$6,544	\$19,773
Distributions – DRIP	408	—	408	382	—	382
Total	\$13,802	\$6,802	\$20,604	\$13,611	\$6,544	\$20,155

The following table summarizes distributions paid to holders of Units in relation to net income and cash provided by operating activities:

	Three months ended June 30, 2026	Six months ended June 30, 2026	Year ended December 31, 2025	Year ended December 31, 2024
(In thousands of dollars)				
Net income	\$26,141	\$64,323	\$111,535	\$99,396
Cash provided by operating activities	30,759	48,433	87,761	86,143
Distributions - Units ⁽¹⁾	\$6,902	\$13,802	\$27,094	\$27,671
Excess of net income over distributions	\$19,239	\$50,521	\$84,441	\$71,725
Excess of cash provided by operating activities over distributions	\$23,857	\$34,631	\$60,667	\$58,472

(1) Excludes distributions on Class B LP Units since these were recorded as interest expense and, therefore, were deducted in calculating net income and cash provided by operating activities.

Net income for the three and six months ended June 30, 2026, includes a net income of \$7,944 and \$28,119, respectively, of non-cash components relating to a fair value gain (loss) on real estate properties, fair value loss on Class B LP Units, equity income from investments, an IFRIC 21 adjustment to realty taxes and deferred taxes. Net income exceeded distributions when removing the impact of these non-cash items.

In determining the annual level of distributions to Unitholders, the REIT looks at forward-looking cash flow information, including forecasts and budgets, and the future prospects of the REIT. Furthermore, the REIT does not consider periodic cash flow fluctuations resulting from items such as the timing of property operating costs, property tax instalments or semi-annual debenture interest payments in determining the level of distributions to Unitholders in any particular quarter. Additionally, in establishing the level of distributions to the Unitholders, the REIT considers the impact of, among other items, the future growth in the income producing properties, the impact of future acquisitions and capital expenditures related to the income producing properties.

PART IV

BALANCE SHEET ANALYSIS

REAL ESTATE PROPERTIES

The REIT accounts for its real estate properties using the fair value model. The following table provides the regional allocation of real estate properties for the following periods:

As at (In thousands of Canadian dollars, unless otherwise stated)	June 30, 2026	December 31, 2025
Canadian Properties		
Alberta	\$59,350	\$59,000
Ontario	1,810,150	1,762,080
Total Canadian Properties	1,869,500	1,821,080
U.S. Properties (in US dollars)		
Colorado	117,400	121,700
Texas	196,400	201,900
Louisiana	46,600	47,200
Illinois	427,400	415,700
Georgia	95,900	98,000
Florida	506,100	501,300
North Carolina	175,700	178,200
Virginia	51,300	51,100
Maryland	202,857	202,415
	1,819,657	1,817,515
Impact of realty taxes accounted for under IFRIC 21	11,843	—
Total U.S. Properties (in US dollars)	1,831,500	1,817,515
Exchange amount to Canadian dollars	771,063	673,570
Total U.S. Properties (in Canadian dollars)	2,602,563	2,491,085
Total real estate properties	\$4,472,063	\$4,312,165

The value of real estate properties increased by \$159,898 as at June 30, 2026, to \$4,472,063, compared to \$4,312,165 at December 31, 2025. The increase is mainly the result of the following:

- Capitalization of property enhancements of \$26,527;
- A net fair value gain on real estate properties of \$40,523; and
- An increase of \$92,313 due to the change in U.S. dollar foreign exchange rate.

APPRAISAL CAPITALIZATION RATES

Morguard's appraisal division consists of Appraisal Institute of Canada ("AIC") designated Accredited Appraiser Canadian Institute ("AACI") members who are qualified to offer valuation and consulting services and expertise for all types of real property, all of whom are knowledgeable and have recent experience in the fair value techniques for investment properties. AACI members must adhere to AIC's Canadian Uniform Standards of Professional Appraisal Practice and undertake ongoing professional development. Morguard's appraisal division is responsible for determining the fair value of investment properties every quarter. Morguard's valuation processes and results are reviewed by the REIT's senior management at least once every quarter, in line with the REIT's quarterly reporting dates.

Key assumptions used in determining the valuation of income producing properties include estimates of capitalization rates and stabilized net operating income (primarily influenced by revenue growth, vacancy rates, inflation rates and operating costs), which pertain to forward-looking assumptions and market evidence, and accordingly could materially and adversely impact the underlying valuation of the REIT's income producing properties.

As at June 30, 2026, and December 31, 2025, the REIT had all its portfolio appraised by Morguard's appraisal division. In addition, the REIT's U.S. portfolio is appraised by independent U.S. real estate appraisal firms on a three-year cycle.

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

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

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

	June 30, 2026 Capitalization Rates			December 31, 2025 Capitalization Rates		
	Max.	Min.	Weighted Average	Max.	Min.	Weighted Average
Canada						
Alberta	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Ontario	4.8%	3.8%	3.9%	4.8%	3.8%	3.9%
United States						
Colorado	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Texas	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Louisiana	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%
Illinois ⁽¹⁾	5.3%	5.0%	5.1%	5.3%	5.0%	5.1%
Georgia	5.5%	5.3%	5.4%	5.5%	5.3%	5.4%
Florida	6.3%	4.8%	5.3%	6.3%	4.8%	5.3%
North Carolina	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%
Virginia	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
Maryland	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%

(1) Includes equity-accounted investment.

Fair values are most sensitive to changes in capitalization rates and stabilized net operating income. Generally, an increase in stabilized net operating income will result in an increase in the fair value of the real estate properties, and an increase in capitalization rates will result in a decrease in the fair value of the properties. The capitalization rate magnifies the effect of a change in stabilized net operating income, with a lower capitalization rate resulting in a greater impact on the fair value of the property than a higher capitalization rate. If the weighted average stabilized capitalization rate were to increase or decrease by 25 basis points (assuming no change in stabilized net operating income), the value of the real estate properties as at June 30, 2026, would decrease by \$228,869 or increase by \$255,951, respectively.

PROPERTY CAPITAL INVESTMENTS

The REIT has a continual capital improvement program with respect to its investment properties. The program is designed to maintain and improve the operating performance of the properties and has enhanced the value of the properties by allowing the REIT to charge higher rents or by enabling it to lower operating expenses. The capital investments have also increased resident retention by ensuring that the properties retain their attractiveness to both existing and prospective tenants.

The REIT is committed to improving its operating performance by incurring appropriate capital expenditures in order to replace and maintain the productive capacity of its property portfolio so as to sustain its rental income-generating potential over the portfolio's useful life. In accordance with IFRS, the REIT capitalizes all capital improvement expenditures on its properties which enhance the service potential of the property and extend the useful life of the asset.

The following table provides additional details on total capital expenditures over the following periods:

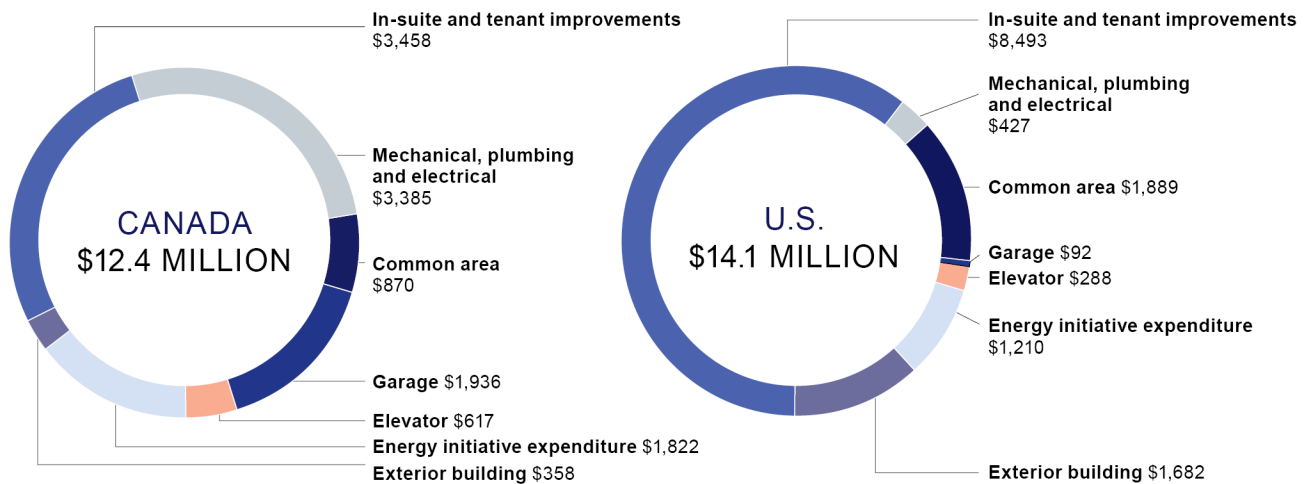
(In thousands of dollars)	Six months ended June 30		Year ended December 31	
	2026	2025	2025	2024
Common area	\$2,759	\$1,999	\$7,070	\$9,519
Mechanical, plumbing and electrical	3,812	1,954	4,987	3,600
Exterior building	2,040	5,933	14,936	7,631
Garage	2,028	1,541	9,287	10,127
Elevator	905	347	1,157	2,930
Energy initiative expenditure	3,032	1,108	3,542	5,820
In-suite and tenant improvements	11,951	9,675	23,132	19,775
Total capital expenditures	\$26,527	\$22,557	\$64,111	\$59,402

Capital Expenditures by Country

The following details total capital expenditures by country:

For the six months ended June 30, 2026

(In thousands of dollars)



EQUITY-ACCOUNTED INVESTMENTS

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

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

Marquee at Block 37 is a 38-storey apartment building located in the heart of downtown Chicago which features 690 suites and extensive best-in-class amenities.

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

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

PART V

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

The REIT has liquidity of \$304,000, comprised of approximately \$204,000 in cash and \$100,000 in available credit under its revolving credit facility with Morguard Corporation. In addition, the REIT has \$246,000 of unencumbered assets which could be utilized for financing.

Net cash flows from operating activities represent the primary source of liquidity to fund distributions and maintenance capital expenditures. The REIT's net cash flows from operating activities depend on the occupancy level of its rental properties, rental rates on its leases, collectability of rent from its tenants, level of operating expenses and other factors. Material changes in these factors may adversely affect the REIT's cash flows from operating activities and liquidity (see Part VII, "Risks and Uncertainties").

The REIT expects to be able to meet all of its obligations, including distributions to Unitholders, maintenance and property capital expenditure commitments as they become due, and to provide for the future growth of the business. The REIT anticipates meeting all future obligations and has no off-balance sheet financing arrangements. Short-term fluctuations in working capital are funded through the Morguard Facility, and the REIT expects to have sufficient liquidity as a result of cash flows from operating activities and financing available through the Morguard Facility. Accordingly, the REIT does not intend to repay maturing debt from cash flow but rather with proceeds from refinancing such debt, subject to certain conditions (see Part V, "Capital Structure and Debt Profile").

CASH FLOWS

The following table details the changes in cash for the following periods:

(In thousands of dollars)	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
Cash provided by operating activities	\$30,759	\$33,318	\$48,433	\$55,597
Cash used in investing activities	(17,436)	(17,607)	(30,739)	(32,159)
Cash provided by (used in) financing activities	107,685	3,414	68,668	(6,439)
Net increase in cash during the period	121,008	19,125	86,362	16,999
Net effect of foreign currency translation on cash balance	1,609	(2,244)	2,939	(2,253)
Cash, beginning of the period	81,318	49,123	114,634	51,258
Cash, end of period	\$203,935	\$66,004	\$203,935	\$66,004

Three Months Ended June 30, 2026 and 2025

Cash Provided by Operating Activities

Cash provided by operating activities during the three months ended June 30, 2026, was \$30,759, compared to \$33,318 in 2025. The change during the period mainly relates to a decrease in NOI (excluding IFRIC 21 adjustment) of \$2,437, an increase in interest expense of \$802 and a decrease in other income of \$485, partially offset by an increase in non-cash operating assets and liabilities of \$840 and a decrease in trust expense of \$398.

Cash Used in Investing Activities

Cash used in investing activities during the three months ended June 30, 2026, totalled \$17,436, compared to \$17,607 during the same period in 2025. Cash used in investing activities during the period consists of capitalization of property enhancements of \$17,436.

Cash Provided by Financing Activities

Cash provided by financing activities during the three months ended June 30, 2026, was \$107,685, compared to \$3,414 during the same period in 2025. The cash provided by financing activities during the period was largely due to net proceeds from new mortgages of \$198,369 and proceeds from the Morguard Facility of \$37,000, partially offset by repayment of mortgages on maturity of \$111,962, mortgage principal installment repayments totalling \$7,480, distributions paid to Unitholders of \$6,701 and an increase in restricted cash of \$1,530.

Six Months Ended June 30, 2026 and 2025

Cash Provided by Operating Activities

Cash provided by operating activities during the six months ended June 30, 2026, was \$48,433, compared to \$55,597 in 2025. The change during the period mainly relates to a decrease in NOI (excluding IFRIC 21 adjustment) of \$4,370, an increase in interest expense of \$1,411, a decrease in other income of \$965, a net decrease in non-cash operating assets and liabilities of \$1,908 and an increase in additions to tenant incentives of \$882, partially offset by a decrease in trust expense of \$778, a decrease in current income taxes of \$486 and an increase in distributions from equity-accounted investments of \$405.

Cash Used in Investing Activities

Cash used in investing activities during the six months ended June 30, 2026, totalled \$30,739, compared to \$32,159 during the same period in 2025. The cash used in investing activities during the period consists of the capitalization of property enhancements of \$30,739.

Cash Provided by (Used In) Financing Activities

Cash provided by financing activities during the six months ended June 30, 2026, totalled \$68,668, compared to cash used in financing activities of \$6,439 during the same period in 2025. The cash provided by financing activities during the period was largely due to net proceeds from new mortgages of \$198,369 and net proceeds on the Morguard Facility of \$11,885, partially offset by the repayment of mortgages on maturity of \$111,962, mortgage principal instalment repayments of \$14,981, distributions paid to Unitholders of \$13,394 and distributions paid to non-controlling interest of \$672.

CAPITAL STRUCTURE AND DEBT PROFILE

The REIT's capital management is designed to maintain a level of capital that allows it to implement its business strategy while complying with investment and debt restrictions pursuant to the Declaration of Trust, as well as existing debt covenants, while continuing to build long-term Unitholder value and maintaining sufficient capital contingencies. Total capitalization is calculated as the sum of the principal amount of the REIT's total debt (including mortgages payable, convertible debentures, lease liabilities and amounts drawn under its revolving credit facility with Morguard), Unitholders' equity and Class B LP Units liability.

The total managed capital of the REIT is summarized below:

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

DEBT PROFILE

As at June 30, 2026, the overall leverage, as represented by the ratio of total indebtedness to gross book value was 40.0%. The requirements of the REIT's operating policies as outlined in the Declaration of Trust include the requirement that the REIT will not incur or assume indebtedness if, after giving effect to the incurring or

assumption of the indebtedness, the total indebtedness of the REIT would be more than 70% of the gross book value.

The interest coverage ratio and the indebtedness coverage ratio are calculated based on obligations associated with mortgages payable, lease liabilities, the convertible debentures and the Morguard Facility.

The following tables summarize the key liquidity metrics:

	June 30, 2026	December 31, 2025
As at		
Total indebtedness to gross book value ⁽¹⁾	40.0%	39.5%
Weighted average mortgage interest rate ⁽²⁾	4.18%	4.07%
Weighted average term to maturity on mortgages payable (years)	5.2	4.8

(1) A calculation of indebtedness to gross book value (a non-GAAP ratio) and a reconciliation of the ratio's non-GAAP financial measure components from the IFRS financial statement presentation is presented under the section Part IX, "Reconciliation of Non-GAAP Financial Measures."

(2) Represents the contractual interest rates on mortgages payable.

	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
Interest coverage ratio ⁽¹⁾	2.11	2.32	2.10	2.29
Indebtedness coverage ratio ⁽¹⁾	1.53	1.63	1.52	1.61

(1) A calculation of interest and indebtedness coverage ratios (non-GAAP ratios) and a reconciliation of the ratio's non-GAAP financial measure components from the IFRS financial statement presentation is presented under the section Part IX, "Reconciliation of Non-GAAP Financial Measures."

MORTGAGES PAYABLE

Mortgages payable consist of the following:

	June 30, 2026	December 31, 2025
As at		
(In thousands of dollars)		
Principal balance of mortgages	\$1,834,904	\$1,720,955
Deferred financing costs	(24,023)	(19,831)
Mark-to-market adjustment	(699)	(1,007)
	\$1,810,182	\$1,700,117
Range of interest rates	2.03–5.71%	2.03–6.07%
Weighted average interest rate	4.18%	4.07%
Weighted average term to maturity (years)	5.2	4.8
Fair value of mortgages	\$1,806,075	\$1,697,588

As at June 30, 2026, the principal balance on the mortgages payable totalled \$1,834,904 (December 31, 2025 - \$1,720,955), the deferred financing costs associated with the mortgages amounted to \$24,023 (December 31, 2025 - \$19,831) and the mark-to-market adjustment amounted to \$699 (December 31, 2025 - \$1,007).

Mortgages payable increased by \$110,065 as at June 30, 2026 to \$1,810,182, compared to \$1,700,117 at December 31, 2025. The increase is mainly due to the following:

- The repayment of mortgages totalling \$76,124 on three multi-suite residential properties located in Ontario and Alberta, which were refinanced for an amount totalling \$162,763;
- The repayment of mortgages of \$35,838 (US\$25,220) on a multi-suite residential property located in Kennesaw, Georgia, which was refinanced for an amount \$41,439 (US\$29,162);
- Financing costs of \$5,833;

- Scheduled principal repayments of \$14,981;
- An increase of \$36,514 due to the change in the U.S. dollar foreign exchange rate; and
- Amortization of deferred financing costs and mark-to-market adjustment on mortgages totalling \$2,125.

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

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

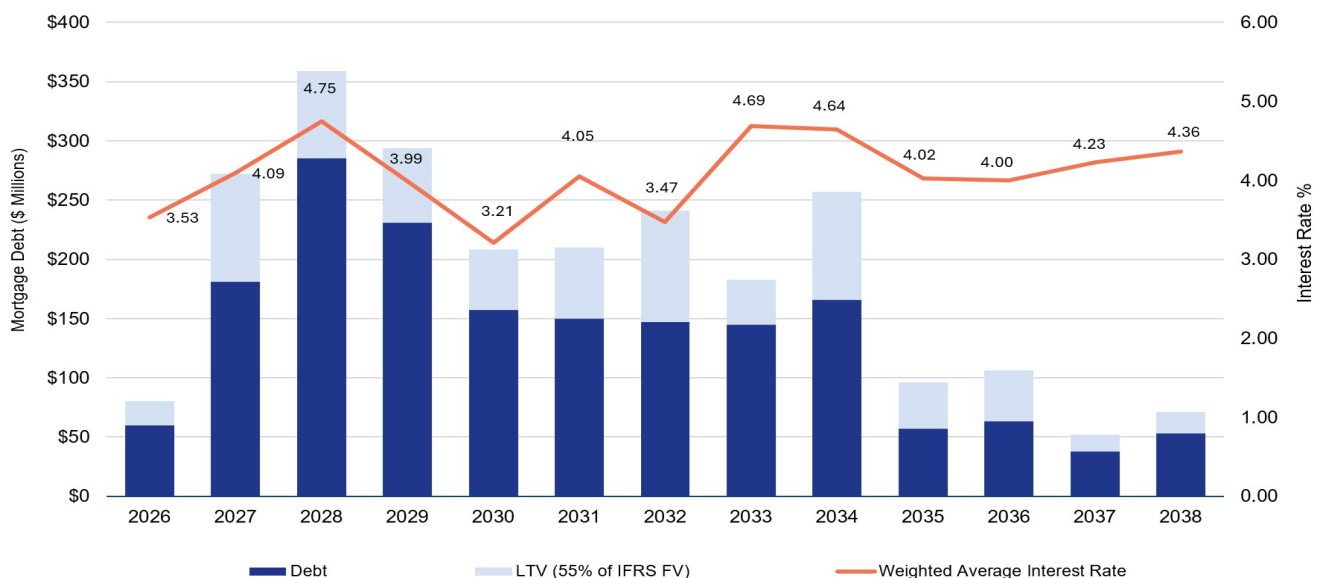
As at June 30, 2026, the REIT's first mortgages are registered against specific real estate assets, and approximately 95% of the REIT's real estate properties, and related rental revenue, have been pledged as collateral for the mortgages payable.

The following table details the REIT's mortgages that are scheduled to mature in the next two years.

Asset Type	Number of Properties	Principal Maturing	2026		2027	
			Weighted Average Interest Rate	Maturing Loan-to-Value Ratio	Weighted Average Interest Rate	Maturing Loan-to-Value Ratio
Canada	—	\$—	—%	—%	—	\$—
U.S.	3	59,668	3.53%	41.2%	4	181,426
	3	\$59,668	3.53%	41.2%	4	\$181,426

As at June 30, 2026, the following table illustrates the REIT's mortgage balance at maturity (including equity-accounted investment at the REIT's interest), along with the IFRS fair value (at a loan-to-value ratio of 55%) secured against the mortgages by year of maturity:

As at June 30, 2026



CONVERTIBLE DEBENTURES

Convertible debentures consist of the following:

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

For the three and six months ended June 30, 2026, interest on the convertible debentures amounting to \$840 (2025 - \$840) and \$1,680 (2025 - \$1,680), respectively, is included in interest expense.

6.00% Convertible Unsecured Subordinated Debentures

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

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

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

MORGUARD FACILITY

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

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

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

UNITHOLDERS' EQUITY, SPECIAL VOTING UNITS AND CLASS B LP UNITS

UNITS

The REIT is authorized to issue an unlimited number of Units. Each Unit confers the right to one vote at any meeting of Unitholders and to participate pro rata in the distributions by the REIT and, in the event of termination or winding-up of the REIT, in the net assets of the REIT. The Unitholders have the right to require the REIT to redeem their Units on demand subject to certain conditions. The Units have no par value. Upon receipt of the redemption notice by the REIT, all rights to and under the Units tendered for redemption will cease and the holder thereof will be entitled to receive a price per Unit ("Redemption Price") as determined by a formula outlined in the Declaration of Trust. The Redemption Price will be paid in accordance with the conditions provided for in the Declaration of Trust.

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

The following table summarizes the changes in Units for the period from December 31, 2024, to June 30, 2026:

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

NORMAL COURSE ISSUER BIDS

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

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

DISTRIBUTION REINVESTMENT PLAN

Under the REIT's Distribution Reinvestment Plan ("DRIP"), Unitholders can elect to reinvest cash distributions into additional Units at a weighted average closing price of the Units on the TSX for the five trading days immediately preceding the applicable date of distribution. During the six months ended June 30, 2026, the REIT issued 23,198 Units under the DRIP (year ended December 31, 2025 - 44,259 Units).

SPECIAL VOTING UNITS AND CLASS B LP UNITS

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

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

As at June 30, 2026, the REIT valued the Class B LP Units based on the closing price of the TSX-listed Units which resulted in a fair value liability of \$290,209 (December 31, 2025 - \$299,165) and a corresponding fair value loss for the three months ended June 30, 2026 of \$861 (2025 - \$15,501) and a fair value gain for the six months ended June 30, 2026 of \$8,956 (2025 - loss of \$19,118). For the three and six months ended June 30, 2026, distributions on Class B LP Units amounting to \$3,401 (2025 - \$3,272) and \$6,802 (2025 - \$6,544), respectively, are included in interest expense.

As at June 30, 2026, Morguard owned a 48.6% effective interest in the REIT through its ownership of 8,120,666 Units and 17,223,090 Class B LP Units.

As at June 30, 2026, there were 34,952,929 Units and 17,223,090 exchangeable Class B LP Units issued and outstanding.

As at July 28, 2026, there were 34,956,931 Units and 17,223,090 exchangeable Class B LP Units issued and outstanding.

PART VI

RELATED PARTY TRANSACTIONS

Related party transactions that are in the normal course of operations are subject to the same processes and controls as other transactions; that is, they are subject to standard approval procedures and management oversight but are also considered by management for reasonability against fair value. Related party transactions that are found to be material are subject to review and approval by a committee of independent Trustees.

AGREEMENTS WITH MORGUARD AFFILIATES

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

Property Management

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

Asset Management

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

Acquisition

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

Financing

Pursuant to the Agreements, with respect to arranging for financing services, Morguard's affiliates are entitled to receive partnership fees equal to 0.15% of the principal amount and associated costs (excluding mortgage premiums) of any debt financing or refinancing. Fees relating to financing services for the three and six months ended June 30, 2026 amounted to \$308 (2025 - \$nil) and \$308 (2025 - \$119), respectively, and have been capitalized to deferred financing costs.

Development

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

Other Services

As at June 30, 2026, and December 31, 2025, the REIT had its portfolio appraised by Morguard's appraisal division. Fees relating to appraisal services for the three and six months ended June 30, 2026 amounted to \$52 (2025 - \$52) and \$104 (2025 - \$104), respectively, and are included in trust expenses.

All the Agreements have an initial term of 10 years and are renewable for further terms of five years each, subject to certain notice provisions or upon the occurrence of an event of default as stipulated in the provisions of the Agreements.

PART VII

SUMMARY OF MATERIAL ACCOUNTING POLICIES AND ESTIMATES

The REIT's unaudited condensed consolidated financial statements for the three and six months ended June 30, 2026 and 2025, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the IASB. The condensed consolidated financial statements use the same accounting policies and methods of their application as the most recent annual audited consolidated financial statements and accompanying notes for the year ended December 31, 2025, which include the material accounting policies most affected by estimates and judgments, and should be read in conjunction with the most recent annual audited consolidated financial statements.

The MD&A for the year ended December 31, 2025, contains a discussion of the material accounting policies most affected by estimates and judgments used in the preparation of the consolidated financial statements, being the accounting estimates of fair values of income producing properties and valuation of financial instruments. Management determined that as at June 30, 2026, there is no change to the assessment of the material accounting policies most affected by estimates and judgments as detailed in the MD&A for the year ended December 31, 2025.

FINANCIAL INSTRUMENTS

The following describes the REIT's recognized and unrecognized financial instruments.

The REIT's financial assets and liabilities comprise cash, restricted cash, amounts receivable, the Morguard Facility, accounts payable and accrued liabilities, mortgages payable, Class B LP Units, lease liabilities and convertible debentures.

Financial assets must be classified and measured on the basis of both the business model in which the assets are managed and the contractual cash flow characteristics of the asset. Financial assets subsequent to initial recognition are classified and measured based on three categories: amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). Financial liabilities are classified and measured based on two categories: amortized cost and FVTPL. Fair values of financial assets and liabilities are presented as follows:

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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

The REIT's convertible debentures have no restrictive covenants.

RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the Units and activities of the REIT that investors should carefully consider before investing in securities of the REIT. Risks and uncertainties are disclosed in the REIT's MD&A for the year ended December 31, 2025 and in the Risks and Uncertainties section of the latest Annual Information Form, dated February 10, 2026.

CONTROLS AND PROCEDURES CONCERNING FINANCIAL INFORMATION

The financial certification process project team has documented and assessed the design and effectiveness of the internal controls in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. This undertaking has enabled the Chief Executive Officer and Chief Financial Officer to attest that the design and effectiveness of the internal controls with regard to financial information are effective using the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control - Integrated Framework (2013). In order to ensure that the consolidated financial statements and MD&A present fairly, in all material respects, the financial position of the REIT and the results of its operations, management is responsible for establishing and maintaining disclosure controls and procedures, as well as internal control over financial reporting.

The REIT's management has evaluated the effectiveness of the REIT's disclosure controls and procedures and, based on such evaluation, has concluded that their design is adequate and effective as of and for the six months ended June 30, 2026. The REIT's management has also evaluated the effectiveness of the internal controls over financial reporting and has concluded that their design is effective as of and for the six months ended June 30, 2026.

An information disclosure policy constitutes the framework for the information disclosure process with regard to the annual and interim filings, as well as to other reports filed or submitted under securities legislation. This policy aims in particular at identifying material information and validating the related reporting. Morguard's Disclosure Committee, established in 2005, is responsible for ensuring compliance with this policy for both Morguard and the REIT. Morguard's senior management acts as the Disclosure Committee, ensuring compliance with this policy and reviewing main documents to be filed with regulatory authorities to ensure that all significant information regarding operations is communicated in a timely manner.

PART VIII

SUMMARY OF QUARTERLY INFORMATION

The following table provides a summary of operating results for the last eight quarters.

(In thousands of dollars, except per Unit amounts)	Revenue	NOI	Proportionate NOI	FFO	Net Income (Loss) Attributable to Unitholders	Net Income (Loss) Attributable to Unitholders per Unit	
						Basic	Diluted ⁽¹⁾
June 30, 2026	\$87,214	\$54,214	\$45,989	\$22,017	\$23,144	\$0.44	\$0.44
March 31, 2026	86,466	20,849	45,072	21,438	37,386	0.72	0.70
December 31, 2025	88,173	57,882	47,609	23,838	27,879	0.54	0.54
September 30, 2025	87,664	54,132	45,548	22,281	7,849	0.15	0.15
June 30, 2025	88,537	56,897	48,354	24,765	29,172	0.56	0.55
March 31, 2025	90,274	20,823	47,056	23,201	38,068	0.71	0.70
December 31, 2024	87,888	54,153	45,554	22,788	48,602	0.90	0.89
September 30, 2024	85,788	52,031	44,353	21,852	(20,791)	(0.38)	(0.35)

(1) Includes the dilutive impact of the convertible debentures.

SUMMARY OF QUARTERLY RESULTS

A significant portion of the REIT's real estate properties are located in the United States. As a result, the REIT is exposed to foreign currency exchange rate fluctuations with respect to its quarterly results derived from its properties located in the U.S.

Quarterly results fluctuate due to acquisitions and dispositions, the impact of foreign exchange rate fluctuations and mortgage refinancing. In addition, net income (loss) includes a number of non-cash components, such as, fair value gain (loss) on Class B LP Units, fair value gain (loss) on real estate properties, an IFRIC 21 adjustment to realty taxes, equity income (loss) from investments and deferred taxes.

Revenue and Net Operating Income

The regional distribution of the REIT's suites serves to add stability to the REIT's cash flows because it reduces the REIT's vulnerability to economic fluctuations affecting any particular region. However, tenant retention and leasing vacant suites are critical to maintaining occupancy levels.

In Canada, certain provinces and territories have enacted residential tenancy legislation that, among other things, imposes rent control guidelines that limit the REIT's ability to raise rental rates at its properties. For the calendar year 2026, the Ontario guideline increase amount was established at 2.1% (2.5% for 2025 and 2024). In addition, overbuilding in the multi-suite residential sector, particularly in the United States, may increase the supply of multi-suite residential properties, further increasing the level of competition in certain markets. Such competition may reduce occupancy rates and rental revenues of the REIT and, consequently, revenue and operating results.

As at June 30, 2026, Same Property occupancy in Canada was 91.4%, reflecting stable demand predominantly in Ontario. Approximately 79% of the suites in Canada are located in the GTA. The GTA is Canada's most significant economic cluster and contains the largest concentration of people.

As at June 30, 2026, Same Property occupancy in the U.S. was 92.8% as the REIT aims to balance optimal occupancy levels and market rent growth.

The REIT has seen stable revenue resulting from an increase in Same Property revenue due to AMR growth, partly offset by higher vacancy in certain regions.

Similar to revenue, NOI has been stable over the last eight quarters resulting from stable revenue and the REIT's ability to control expenses as a percentage of revenue. The impact of foreign exchange rates and higher utility costs during the winter months also factored into the variance from quarter to quarter. Furthermore, the first quarter results (three months ended March 31) are impacted by IFRIC 21, whereby the REIT records the entire annual realty tax expense for its U.S. properties on January 1, except for U.S. properties acquired during the year in which the realty taxes are not recorded in the year of acquisition. As a result, the second, third and fourth quarters typically have no realty tax expense, which results in higher NOI and NOI margins.

In addition, the REIT incurred higher interest expense mainly due to the increase in mortgages from refinancing activities and higher interest income from excess cash and advances to Morguard on the Morguard Facility.

Net Income (Loss) Attributable to Unitholders

Taking into account the above factors for revenue and NOI variations, the change in net income (loss) is predominantly due to a change in non-cash components as described below:

- The REIT valued the Class B LP Units based on the closing price of the TSX-listed Units from period to period, resulting in a fair value gain/loss on Class B LP Units due to volatility in the trading price of the REIT's Units;
- The REIT recognized a fair value gain on real estate properties for the three months ended June 30, 2026 mainly due to net increase in stabilized NOI across the REIT's Canadian properties, net of a decrease in stabilized NOI across the REIT's U.S. portfolio and an IFRIC 21 adjustment on the REIT's U.S. properties. In addition, the equity-accounted investment includes non-cash fair value changes on real estate properties; and
- The REIT has recorded deferred tax expense/recovery coinciding with a fair value gain/loss on the REIT's U.S. real estate properties.

SUBSEQUENT EVENTS

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

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

PART IX

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

The REIT's proportionate consolidated financial statements are as follows:

BALANCE SHEETS - AS AT JUNE 30, 2026

	Non-GAAP Adjustments				Proportionate Basis (Non-GAAP)
	IFRS	NCI Share	Equity Interest	IFRIC 21	
ASSETS					
Non-current assets					
Real estate properties	\$4,472,063	(\$225,487)	\$185,710	(\$18,447)	\$4,413,839
Equity-accounted investments	78,620	—	(78,620)	—	—
	4,550,683	(225,487)	107,090	(18,447)	4,413,839
Current assets					
Amounts receivable	9,954	(525)	90	—	9,519
Prepaid expenses	4,581	(50)	21	—	4,552
Restricted cash	5,241	(1,308)	—	—	3,933
Cash	203,935	(4,749)	1,693	—	200,879
	223,711	(6,632)	1,804	—	218,883
	\$4,774,394	(\$232,119)	\$108,894	(\$18,447)	\$4,632,722
LIABILITIES AND EQUITY					
Non-current liabilities					
Mortgages payable	\$1,696,134	(\$106,663)	\$100,456	\$—	\$1,689,927
Convertible debentures	53,709	—	—	—	53,709
Class B LP Units	290,209	—	—	—	290,209
Deferred income tax liabilities	316,469	—	—	—	316,469
Lease liabilities	17,539	—	—	—	17,539
	2,374,060	(106,663)	100,456	—	2,367,853
Current liabilities					
Mortgages payable	114,048	107	2,663	—	116,818
Accounts payable and accrued liabilities	81,444	(7,041)	5,775	(18,447)	61,731
	195,492	(6,934)	8,438	(18,447)	178,549
Total liabilities	2,569,552	(113,597)	108,894	(18,447)	2,546,402
EQUITY					
Unitholders' equity	2,086,320	—	—	—	2,086,320
Non-controlling interest	118,522	(118,522)	—	—	—
Total equity	2,204,842	(118,522)	—	—	2,086,320
	\$4,774,394	(\$232,119)	\$108,894	(\$18,447)	\$4,632,722

The following table provides a reconciliation of gross book value and indebtedness as defined in the Declaration of Trust from their IFRS financial statement presentation:

	Non-GAAP Adjustments				Proportionate Basis (Non-GAAP)
	IFRS	NCI Share	Equity Interest	IFRIC 21	
Total Assets / Gross book value ⁽¹⁾	\$4,774,394	(\$232,119)	\$108,894	(\$18,447)	\$4,632,722
Mortgage payable	\$1,810,182	(\$106,556)	\$103,119	\$—	\$1,806,745
Add: Deferred financing costs	24,023	(530)	170	—	23,663
Mark-to-market adjustment	699	—	—	—	699
	1,834,904	(107,086)	103,289	—	1,831,107
Convertible debentures, face value	56,000	—	—	—	56,000
Lease liabilities	17,539	—	—	—	17,539
Indebtedness	\$1,908,443	(\$107,086)	\$103,289	\$—	\$1,904,646
Indebtedness / Gross book value	40.0%				41.1%

(1) Gross book value (as defined in the Declaration of Trust) includes the impact of any fair value adjustments.

STATEMENTS OF INCOME - FOR THE THREE MONTHS ENDED JUNE 30

	2026					2025				
	Non-GAAP Adjustments				Proportionate Basis	Non-GAAP Adjustments				Proportionate Basis
(In thousands of dollars)	IFRS	NCI Share	Equity Interest	IFRIC 21		IFRS	NCI Share	Equity Interest	IFRIC 21	
Revenue from properties										
Gross rental revenue	\$86,258	(\$4,694)	\$4,258	\$—	\$85,822	\$84,451	(\$4,488)	\$4,085	\$—	\$84,048
Vacancy	(9,132)	569	(141)	—	(8,704)	(5,642)	292	(107)	—	(5,457)
Ancillary	10,088	(540)	304	—	9,852	9,728	(490)	268	—	9,506
Total revenue from properties	87,214	(4,665)	4,421	—	86,970	88,537	(4,686)	4,246	—	88,097
Property operating expenses										
Operating costs	25,542	(1,332)	1,076	—	25,286	24,234	(1,273)	967	—	23,928
Realty taxes	2,684	(20)	1	8,266	10,931	2,492	(9)	2	8,435	10,920
Utilities	4,774	(130)	120	—	4,764	4,914	(149)	130	—	4,895
Total property operating expenses	33,000	(1,482)	1,197	8,266	40,981	31,640	(1,431)	1,099	8,435	39,743
NOI⁽¹⁾	54,214	(3,183)	3,224	(8,266)	45,989	56,897	(3,255)	3,147	(8,435)	48,354
Interest expense	(23,405)	1,455	(839)	—	(22,789)	(23,042)	1,038	(860)	—	(22,864)
Trust expenses	(5,638)	85	(110)	—	(5,663)	(6,036)	94	(112)	—	(6,054)
Equity income from investments	2,462	—	(2,462)	—	—	2,936	—	(2,936)	—	—
Foreign exchange loss	(1)	—	—	—	(1)	(2)	—	—	—	(2)
Other income	1,275	(12)	—	—	1,263	1,760	—	—	—	1,760
Income before fair value changes and income taxes	28,907	(1,655)	(187)	(8,266)	18,799	32,513	(2,123)	(761)	(8,435)	21,194
Fair value gain on real estate properties, net	3,012	(1,342)	187	8,266	10,123	21,203	1,189	761	8,435	31,588
Fair value loss on Class B LP Units	(861)	—	—	—	(861)	(15,501)	—	—	—	(15,501)
Income before income taxes	31,058	(2,997)	—	—	28,061	38,215	(934)	—	—	37,281
Provision for income taxes										
Current	(50)	—	—	—	(50)	(49)	47	—	—	(2)
Deferred	(4,867)	—	—	—	(4,867)	(8,107)	—	—	—	(8,107)
	(4,917)	—	—	—	(4,917)	(8,156)	47	—	—	(8,109)
Net income for the period	\$26,141	(\$2,997)	\$—	\$—	\$23,144	\$30,059	(\$887)	\$—	\$—	\$29,172
⁽¹⁾ IFRIC 21 included in NOI	(\$8,198)	\$720	(\$788)	\$8,266	\$—	(\$8,444)	\$813	(\$804)	\$8,435	\$—

The following table provides a reconciliation of interest and indebtedness coverage ratios from their IFRS financial statement presentation:

	2026					2025				
	Non-GAAP Adjustments				Proportionate Basis	Non-GAAP Adjustments				Proportionate Basis
(In thousands of dollars)	IFRS	NCI Share	Equity Interest	IFRIC 21		IFRS	NCI Share	Equity Interest	IFRIC 21	
NOI	\$54,214	(\$3,183)	\$3,224	(\$8,266)	\$45,989	\$56,897	(\$3,255)	\$3,147	(\$8,435)	\$48,354
IFRIC 21 adjustment	(8,198)	720	(788)	8,266	—	(8,444)	813	(804)	8,435	—
Trust expenses	(5,638)	85	(110)	—	(5,663)	(6,036)	94	(112)	—	(6,054)
Other income	1,275	(12)	—	—	1,263	1,760	—	—	—	1,760
	\$41,653	(\$2,390)	\$2,326	\$—	\$41,589	\$44,177	(\$2,348)	\$2,231	\$—	\$44,060
Interest expense	\$23,405	(\$1,455)	\$839	\$—	\$22,789	\$23,042	(\$1,038)	\$860	\$—	\$22,864
Amortization of mark-to-market adjustment on mortgages	(159)	—	—	—	(159)	(169)	—	—	—	(169)
Accretion on convertible debentures	(221)	—	—	—	(221)	(221)	—	—	—	(221)
Fair value gain (loss) on conversion option on convertible debentures	134	—	—	—	134	(299)	—	—	—	(299)
Distributions on Class B LP Units	(3,401)	—	—	—	(3,401)	(3,272)	—	—	—	(3,272)
	\$19,758	(\$1,455)	\$839	\$—	\$19,142	\$19,081	(\$1,038)	\$860	\$—	\$18,903
Interest coverage ratio	2.11				2.17	2.32				2.33
Indebtedness coverage ratio	1.53				1.53	1.63				1.63

STATEMENTS OF INCOME - FOR THE SIX MONTHS ENDED JUNE 30

	2026					2025				
	Non-GAAP Adjustments					Non-GAAP Adjustments				
		NCI	Equity		Proportionate		NCI	Equity		Proportionate
(In thousands of dollars)	IFRS	Share	Interest	IFRIC 21	Basis (Non-GAAP)	IFRS	Share	Interest	IFRIC 21	Basis (Non-GAAP)
Revenue from properties										
Gross rental revenue	\$171,817	(\$9,309)	\$8,486	\$—	\$170,994	\$170,402	(\$9,113)	\$8,314	\$—	\$169,603
Vacancy	(18,424)	1,128	(488)	—	(17,784)	(10,883)	551	(300)	—	(10,632)
Ancillary	20,287	(1,089)	601	—	19,799	19,292	(951)	530	—	18,871
Total revenue from properties	173,680	(9,270)	8,599	—	173,009	178,811	(9,513)	8,544	—	177,842
Property operating expenses										
Operating costs	49,509	(2,570)	2,038	—	48,977	48,820	(2,540)	1,903	—	48,183
Realty taxes	37,917	(2,906)	3,126	(16,305)	21,832	40,526	(3,406)	3,336	(17,862)	22,594
Utilities	11,191	(357)	305	—	11,139	11,745	(384)	294	—	11,655
Total property operating expenses	98,617	(5,833)	5,469	(16,305)	81,948	101,091	(6,330)	5,533	(17,862)	82,432
NOI ⁽¹⁾	75,063	(3,437)	3,130	16,305	91,061	77,720	(3,183)	3,011	17,862	95,410
Interest expense	(46,348)	2,902	(1,675)	—	(45,121)	(45,567)	2,115	(1,758)	—	(45,210)
Trust expenses	(11,076)	172	(223)	—	(11,127)	(11,854)	181	(226)	—	(11,899)
Equity income from investments	3,902	—	(3,902)	—	—	4,934	—	(4,934)	—	—
Foreign exchange loss	(2)	—	—	—	(2)	(4)	—	—	—	(4)
Other income	2,484	(42)	—	—	2,442	3,449	—	—	—	3,449
Income before fair value changes and income taxes	24,023	(405)	(2,670)	16,305	37,253	28,678	(887)	(3,907)	17,862	41,746
Fair value gain on real estate properties, net	40,523	(3,388)	2,670	(16,305)	23,500	69,133	(310)	3,907	(17,862)	54,868
Fair value gain (loss) on Class B LP Units	8,956	—	—	—	8,956	(19,118)	—	—	—	(19,118)
Income before income taxes	73,502	(3,793)	—	—	69,709	78,693	(1,197)	—	—	77,496
Provision for income taxes										
Current	(87)	—	—	—	(87)	(573)	56	—	—	(517)
Deferred	(9,092)	—	—	—	(9,092)	(9,739)	—	—	—	(9,739)
	(9,179)	—	—	—	(9,179)	(10,312)	56	—	—	(10,256)
Net income for the period	\$64,323	(\$3,793)	\$—	\$—	\$60,530	\$68,381	(\$1,141)	\$—	\$—	\$67,240
⁽¹⁾ IFRIC 21 included in NOI	\$16,170	(\$1,420)	\$1,555	(\$16,305)	\$—	\$17,883	(\$1,717)	\$1,696	(\$17,862)	\$—

The following table provides a reconciliation of interest and indebtedness coverage ratios from their IFRS financial statement presentation:

	2026					2025				
	Non-GAAP Adjustments					Non-GAAP Adjustments				
					Proportionate					Proportionate
		NCI	Equity		Basis		NCI	Equity		Basis
(In thousands of dollars)	IFRS	Share	Interest	IFRIC 21	(Non-GAAP)	IFRS	Share	Interest	IFRIC 21	(Non-GAAP)
NOI	\$75,063	(\$3,437)	\$3,130	\$16,305	\$91,061	\$77,720	(\$3,183)	\$3,011	\$17,862	\$95,410
IFRIC 21 adjustment	16,170	(1,420)	1,555	(16,305)	—	17,883	(1,717)	1,696	(17,862)	—
Trust expenses	(11,076)	172	(223)	—	(11,127)	(11,854)	181	(226)	—	(11,899)
Other income	2,484	(42)	—	—	2,442	3,449	—	—	—	3,449
	\$82,641	(\$4,727)	\$4,462	\$—	\$82,376	\$87,198	(\$4,719)	\$4,481	\$—	\$86,960
Interest expense	\$46,348	(\$2,902)	\$1,675	\$—	\$45,121	\$45,567	(\$2,115)	\$1,758	\$—	\$45,210
Amortization of mark-to-market adjustment on mortgages	(333)	—	—	—	(333)	(362)	—	—	—	(362)
Accretion on convertible debentures	(442)	—	—	—	(442)	(442)	—	—	—	(442)
Fair value gain (loss) on conversion option on convertible debentures	515	—	—	—	515	(189)	—	—	—	(189)
Distributions on Class B LP Units	(6,802)	—	—	—	(6,802)	(6,544)	—	—	—	(6,544)
	\$39,286	(\$2,902)	\$1,675	\$—	\$38,059	\$38,030	(\$2,115)	\$1,758	\$—	\$37,673
Interest coverage ratio	2.10				2.16	2.29				2.31
Indebtedness coverage ratio	1.52				1.52	1.61				1.61

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BALANCE SHEETS

In thousands of Canadian dollars

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

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF INCOME

In thousands of Canadian dollars

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

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

In thousands of Canadian dollars

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

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY

In thousands of Canadian dollars

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

See accompanying notes to the condensed consolidated financial statements.

STATEMENTS OF CASH FLOWS

In thousands of Canadian dollars

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

See accompanying notes to the condensed consolidated financial statements.

NOTES

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

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

NOTE 1

NATURE AND FORMATION OF TRUST

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

The REIT holds its investments in its real estate properties through its ownership in Morguard NAR Canada Limited Partnership (the “Partnership”). As at June 30, 2026, Morguard Corporation (“Morguard”), the parent company of the REIT, holds an indirect 48.6% (December 31, 2025 - 48.6%) interest through its ownership of 8,120,666 Units and 17,223,090 Class B LP Units.

NOTE 2

STATEMENT OF COMPLIANCE AND MATERIAL ACCOUNTING POLICIES

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

The condensed consolidated financial statements were approved and authorized for issue by the Board of Trustees on July 28, 2026.

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

Foreign Exchange

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

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

NOTE 3

REAL ESTATE PROPERTIES

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

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

As at June 30, 2026, and December 31, 2025, the REIT had its portfolio appraised by Morguard's appraisal division. In addition, the REIT's U.S. portfolio is appraised by independent U.S. real estate appraisal firms on a three-year cycle.

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

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

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

	June 30, 2026 Capitalization Rates			December 31, 2025 Capitalization Rates		
	Maximum	Minimum	Weighted Average	Maximum	Minimum	Weighted Average
Canada						
Alberta	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Ontario	4.8%	3.8%	3.9%	4.8%	3.8%	3.9%
United States						
Colorado	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Texas	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Louisiana	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%
Illinois	5.3%	5.0%	5.0%	5.3%	5.0%	5.0%
Georgia	5.5%	5.3%	5.4%	5.5%	5.3%	5.4%
Florida	6.3%	4.8%	5.3%	6.3%	4.8%	5.3%
North Carolina	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%
Virginia	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
Maryland	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%

Fair values are most sensitive to changes in capitalization rates and stabilized net operating income. Generally, an increase in stabilized net operating income will result in an increase in the fair value of the real estate properties, and an increase in capitalization rates will result in a decrease in the fair value of the properties. The capitalization rate magnifies the effect of a change in stabilized net operating income, with a lower capitalization rate resulting in a greater impact on the fair value of the property than a higher capitalization rate. If the weighted average stabilized capitalization rate were to increase or decrease by 25 basis points (assuming no change to stabilized net operating income), the fair value of the real estate properties as at June 30, 2026 would decrease by \$228,869 or increase by \$255,951, respectively.

NOTE 4

EQUITY-ACCOUNTED INVESTMENTS

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

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

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

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

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

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

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

NOTE 5

MORTGAGES PAYABLE

Mortgages payable consist of the following:

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

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

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

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

The aggregate principal repayments and balances maturing of the mortgages payable as at June 30, 2026, together with the weighted average contractual interest rate on debt maturing in the next five years and thereafter, are as follows:

	Principal Instalment Repayments	Balances Maturing	Total	Weighted Average Contractual Rate
2026 (remainder of the year)	\$14,103	\$59,668	\$73,771	3.53%
2027	28,158	181,426	209,584	4.10%
2028	25,233	284,681	309,914	4.75%
2029	24,481	231,490	255,971	3.99%
2030	20,564	63,127	83,691	3.12%
Thereafter	83,016	818,957	901,973	4.20%
	\$195,555	\$1,639,349	\$1,834,904	4.18%

NOTE 6

CONVERTIBLE DEBENTURES

Convertible debentures consist of the following:

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

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

6.00% Convertible Unsecured Subordinated Debentures

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

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

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

NOTE 7

CLASS B LP UNITS

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

As at June 30, 2026, the REIT valued the Class B LP Units based on the closing price of the TSX-listed Units, which resulted in a fair value liability of \$290,209 (December 31, 2025 - \$299,165) and a corresponding fair value loss for the three months ended June 30, 2026 of \$861 (2025 - \$15,501) and a fair value gain for the six months ended June 30, 2026 of \$8,956 (2025 - loss of \$19,118).

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

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

NOTE 8

MORGUARD FACILITY

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

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

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

NOTE 9

LEASE LIABILITIES

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

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

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

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

NOTE 10

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

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

NOTE 11

UNITHOLDERS' EQUITY

(a) Units

The REIT is authorized to issue an unlimited number of Units. Each Unit confers the right to one vote at any meeting of Unitholders and to participate pro rata in the distributions by the REIT and, in the event of termination or winding-up of the REIT, in the net assets of the REIT. The Unitholders have the right to require the REIT to redeem their Units on demand subject to certain conditions. The Units have no par value. Upon receipt of the redemption notice by the REIT, all rights to and under the Units tendered for redemption will cease and the holder thereof will be entitled to receive a price per Unit ("Redemption Price") as determined by a formula outlined in the Declaration of Trust. The Redemption Price will be paid in accordance with the conditions provided for in the Declaration of Trust.

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

(b) Normal Course Issuer Bids

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

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

(c) Special Voting Units

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

(d) Units Outstanding

The following table summarizes the changes in Units for the period from December 31, 2024, to June 30, 2026:

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

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

(e) Distribution Reinvestment Plan

Under the REIT's Distribution Reinvestment Plan ("DRIP"), Unitholders can elect to reinvest cash distributions into additional Units at a weighted average closing price of the Units on the TSX for the five trading days immediately preceding the applicable date of distribution. During the six months ended June 30, 2026, the REIT issued 23,198 Units under the DRIP (year ended December 31, 2025 - 44,259 Units).

NOTE 12

RENTAL INCOME

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

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

NOTE 13

INTEREST EXPENSE

The components of interest expense are as follows:

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

NOTE 14

TRUST EXPENSES

The components of trust expenses are as follows:

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

NOTE 15

RELATED PARTY TRANSACTIONS

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

Agreements with Morguard Affiliates

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

Property Management

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

Asset Management

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

Acquisition

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

Financing

Pursuant to the Agreements, with respect to arranging for financing services, Morguard's affiliates are entitled to receive partnership fees equal to 0.15% of the principal amount and associated costs (excluding mortgage premiums) of any debt financing or refinancing. Fees relating to financing services for the three and six months ended June 30, 2026 amounted to \$308 (2025 - \$nil) and \$308 (2025 - \$119), respectively, and have been capitalized to deferred financing costs.

Development

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

Other Services

As at June 30, 2026, and December 31, 2025, the REIT had its portfolio appraised by Morguard's appraisal division. Fees relating to appraisal services for the three and six months ended June 30, 2026 amounted to \$52 (2025 - \$52) and \$104 (2025 - \$104), respectively, and are included in trust expenses.

NOTE 16

INCOME TAXES

(a) Canadian Status

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

(b) U.S. Status

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

As at June 30, 2026, the REIT's U.S. subsidiaries have total net operating losses of approximately US\$57,807 (December 31, 2025 - US\$55,663) of which deferred income tax assets were recognized as it is probable that taxable income will be available against such losses and can be carried forward indefinitely. Included in the net operating losses is the REIT's portion of net operating losses of a subsidiary where the REIT owns a 51% effective interest in a limited partnership of US\$10,457 (December 31, 2025 - US\$10,171).

As at June 30, 2026, the REIT's U.S. subsidiaries have a total of US\$66,612 (December 31, 2025 - US\$65,131) of unutilized interest expense deductions on which deferred income tax assets were recognized and can be carried forward indefinitely.

NOTE 17

CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Items Not Affecting Cash

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

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

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

(c) Supplemental Cash Flow Information

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

(d) Reconciliation of Liabilities Arising from Financing Activities

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

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

NOTE 18

MANAGEMENT OF CAPITAL

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

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

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

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

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

NOTE 19

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Fair Value of Financial Assets and Liabilities

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

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

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

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

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

The REIT's convertible debentures have no restrictive covenants.

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

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

NOTE 20

SEGMENTED INFORMATION

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

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

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

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

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

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

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

NOTE 21

COMPARATIVE AMOUNTS

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

NOTE 22

SUBSEQUENT EVENTS

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

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