



Q1 2022 REPORT
EQUITON RESIDENTIAL
INCOME FUND TRUST



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FORWARD-LOOKING INFORMATION

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

LETTER FROM THE CEO AND CFO

While public markets experienced volatility in Q1'22, we are pleased to announce that The Equiton Residential Income Fund Trust (The Trust) is reporting a strong first quarter with significant growth in key performance metrics. Assets under management have increased by 16% from Q4'21 to \$632 million. When comparing to Q1'21, the Trust has experienced a 41% growth in units and an 85% growth in net operating income demonstrating Management's ability to drive value for Unitholders.

Management remains dedicated to growing the Trust in a strategic and controlled manner. Future growth is anticipated to come from:

- a. Continuing to source properties in key markets that will be accretive to the portfolio and leveraging Management's expertise in a manner that continues to provide long-term value for the Unitholders;
- b. Implementing operational initiatives that drive revenues, create new revenue streams and reduce operating costs within the portfolio; and
- c. Participating in select developments where Management can leverage their expertise allowing the Trust to acquire new assets at a discount to market and adding value through experience owning and operating multi-residential properties.

The Trust acquired two recently built properties in the first quarter, one in Guelph and one in Breslau, Ontario for \$77.6 million. The Guelph property is a modern rental residence newly built in April 2021 with six storeys, 93 units and 124 outdoor parking spots, and is located in one of the most sought-after neighbourhoods in Guelph. The Breslau building, located 15 minutes from downtown Kitchener, was built in November 2020 and is a luxury, fully accessible rental property with four storeys, 78 generously sized units and 114 parking spaces.

In January, the Trust acquired an interest in the Riverain District development project in Ottawa, Ontario in partnership with Main and Main, a leading real estate investment and development firm with a strong track record in the area. The Trust purchased a 75% share of the project for \$30 million with an estimated value at completion of approximately \$500 million. This is a multi-phased project with phase 1 construction planned to start in Summer 2022 and phase 1 occupancy anticipated to begin in 2024. The Riverain District will consist of three proposed high-rise towers with over 790,000 square feet of residential area and approximately 1,000 upscale residential rental units, along with a two-storey podium featuring over 32,000 square feet of commercial space. With multiple greenspaces and street-front commercial retail, the project will benefit both future residents and the surrounding community. The Trust now comprises 28 properties across 14 communities in Ontario, with a total unit count of 1,964.

It's been two years since COVID-19 was declared a global pandemic. While developing methods for protecting lives and livelihoods was swift, new variants and other factors have meant that there have been times when the virus has seemed to be one step ahead of every countermeasure. However, in February there was a slow return to normalcy with social gathering limits increasing and, by the end of March, some provinces began lifting masking requirements in most indoor settings including schools, restaurants, gyms, and stores. The Trust has also seen a slow and steady return to the workplace. Coronavirus infections are down, hopes are up, and Management

remains dedicated to the success of the Trust.

Management remains committed to strategically growing the portfolio while delivering solid value to Investors and Residents. The Trust's results throughout the pandemic demonstrate that it is well positioned to continue delivering a track record of growth as economical constraints related to the pandemic ease. Management thanks the Unitholders and operational partners for their continued support.



Jason Roque, CEO



Helen Hurlbut, CFO

CORPORATE PROFILE

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

At Equiton, we invest in multi-residential properties and create value for stakeholders by leveraging opportunities for improvement, optimization, and redevelopment. We do our research, analyzing each investment closely to minimize risk and maximize returns. At Equiton, we make private equity real estate investments more accessible to all Canadians and believe everyone should have access to wealth building real estate investments.



Q1 2022 KPIs

The following table presents key performance metrics of the Trust and include both IFRS and Non-IFRS financial measures for the periods ended March 31, 2022 and 2021.

As at March 31,	Q1 2022	Q1 2021
Portfolio Performance		
Overall Portfolio Occupancy ⁽¹⁾	98.73%	96.98%
Overall Portfolio Net Average Monthly Rents	\$1,358	\$1,225
Operating Revenues	\$7,260,454	\$3,801,460
NOI	\$4,071,189	\$2,190,522
NOI Margin	56.07%	57.62%
Average Rent by Suite Type		
Bachelor	\$837	\$794
1 Bedroom	\$1,194	\$1,061
2 Bedroom	\$1,404	\$1,187
3 Bedroom	\$1,398	\$1,263
4 Bedroom	\$1,616	\$1,513
All Types	\$1,358	\$1,225

The following financial metrics compare Q1'22 to Q4'21.

Financial Metrics	Q1 2022	Q4 2021
Mortgage Debt to Gross Book Value	51.07%	49.33%
Weighted Average Mortgage Interest Rate ⁽²⁾	2.53%	2.60%
Average Time Remaining on Loans (years) ⁽²⁾	6.05	6.43
Debt Service Coverage (times) ⁽³⁾	1.42	1.34
Interest Coverage (times) ⁽³⁾	2.33	2.34
Revenue Gap to Market	21.62%	24.25%
AUM		
Growth in AUM - Quarter Over Quarter [†]	15.82%	
Growth in Operational Revenue - Quarter Over Quarter	24.08%	
Growth in NOI - Quarter Over Quarter	85.85%	

⁽¹⁾ Leased units as of March 31, 2022 and March 31, 2021.

⁽²⁾ Measures are not defined by IFRS, do not have standard meanings and may not be comparable with other industries or companies.

⁽³⁾ Based on rolling 12 months.

† Q1'22 vs. Q4'21.

Q1 2022

OPERATING HIGHLIGHTS



14

Communities



28

Properties



29

Buildings



1,964

Suites



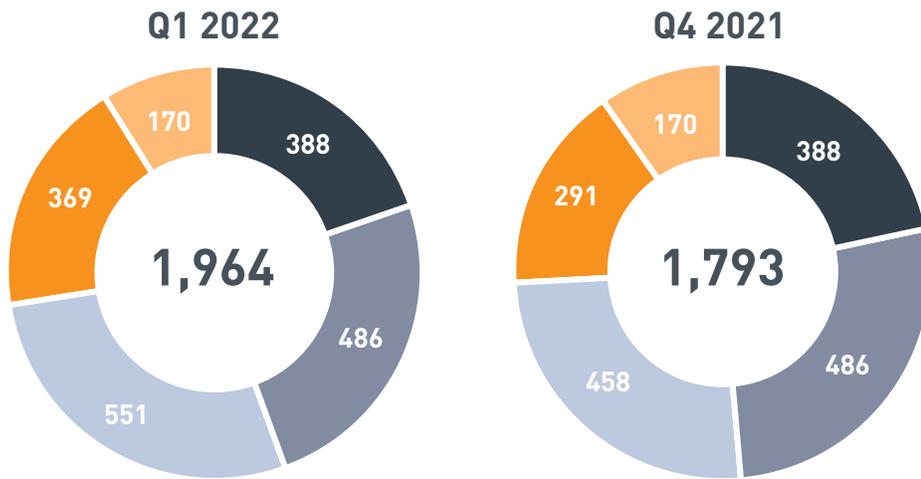
METRICS

As at March 31, 2022

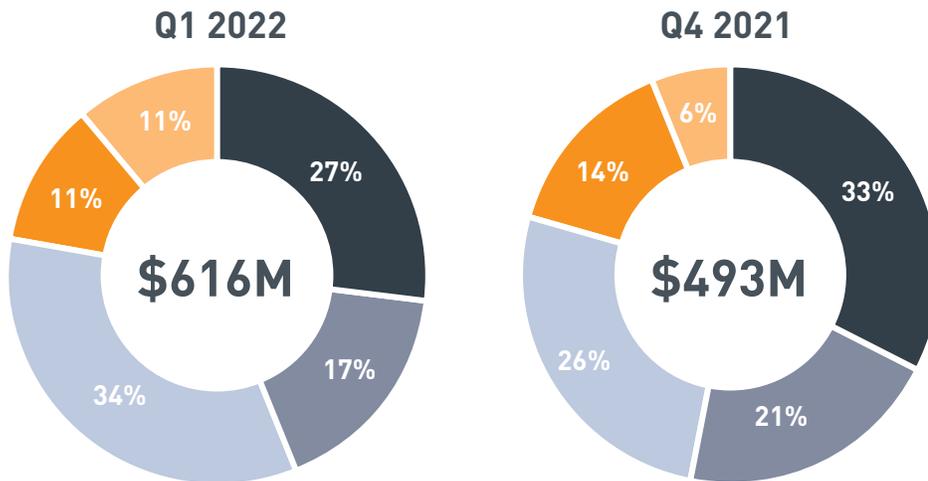
Q1'22 saw continued growth in the Trust as our team of experts worked to identify and acquire new properties to expand the portfolio.

Portfolio Mix by Region (Ontario)

Portfolio Units (Suites)



Portfolio Value*



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

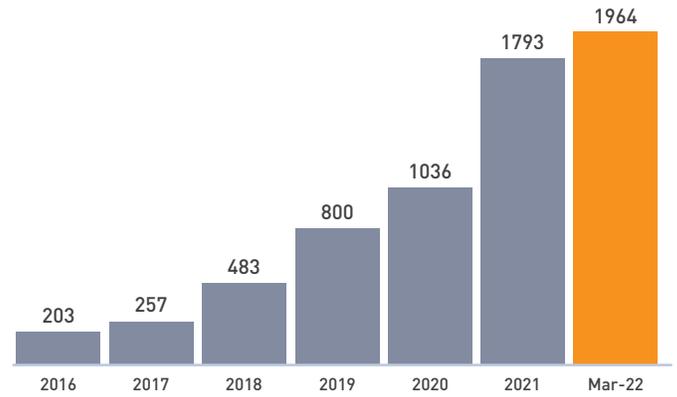
Q1 2022 FUND PERFORMANCE

As at March 31, 2022

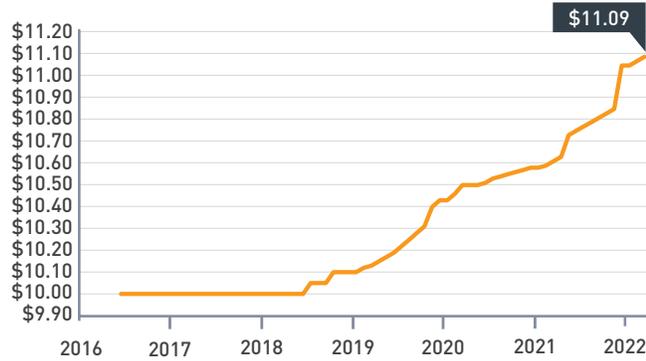
Assets Under Management (\$ Millions) *



Portfolio Units



Unit Price Growth

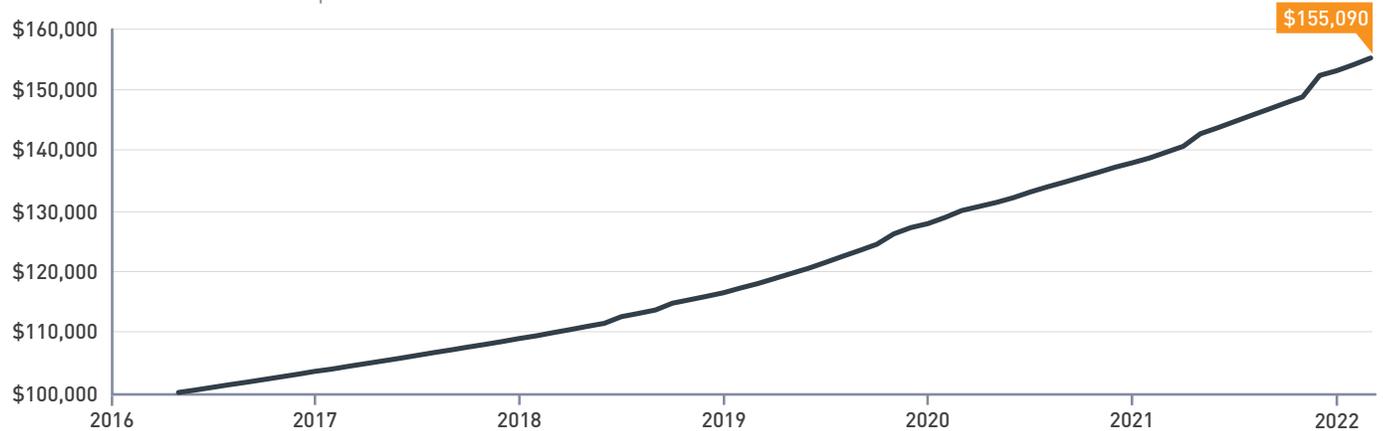


Distribution Growth Class A DRIP



\$100,000 Invested

In Class A DRIP Since Inception



* Assets Under Management includes both cash and property value.

SUMMARY OF Q1 2022 RESULTS OF OPERATIONS

Key Transactions and Events

- Management continues to invest in accretive opportunities, with total acquisitions for the period ended March 31, 2022, amounting to \$78 million, comprising of 171 suites.
- The growth in AUM from Q4'21 was 16%.

Strong Operating Results and Balance Sheets

- NOI margins for the total portfolio were 56.1% for Q1'22 compared to 56.49% in Q4'21. ^{††}
- Revenue gap to market was 24.25% in Q4'21 and 21.62% in Q1'22 as a result of acquisitions and a capture of gap to market.
- Collections of rent were over 99% as occupancy increased to 98.73% for Q1'22 from 96.98% for Q1'21.
- The Trust's financial position remains strong as key financial metrics such as Loan to Value, Debt Service Ratios and an improving AFFO continue to strengthen the balance sheet. For the period ended March 31, 2022, the fair value of investment properties increased by \$6 million. This is mainly a result of operational gains (82%) with cap rate adjustments having minimal impact (18%). Additionally there was approximately a \$4 million gain for the Riverain development land purchase.

Key Performance Indicators

To assist Management and Unitholders in monitoring and evaluating the Trust's achievements, Management has provided a number of metrics or KPIs to measure performance and success. The KPIs may be impacted by, and should be read in conjunction with, any risks identified under the COVID-19 pandemic and risk uncertainties.

^{††} NOI comparison between Q1'21 and Q1'22 is not a true representation as utility costs in Q1'21 were less due to credits received in that period.

Occupancy

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

Net Average Monthly Rent

Our team of professionals understand and study the markets regularly to deliver the highest possible AMR. Management believes increases in AMR will continue to provide sustainable increases in revenue year over year.

Net Operating Income

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

Adjusted Funds From Operations

Management continues to see improvement in this metric as the Trust continues to mature, reducing the payout ratio year over year.

Leverage Ratios and Terms

Volatility risk has been managed by fixing the lowest possible interest rates for long-term mortgages, while mitigating refinancing risk by prudently managing the portfolio's average term to maturity and staggering the maturity dates. The Trust's average weighted rate decreased over 2021 and as interest rates continue to rise Management will continue to follow strict debt service coverage and interest coverage ratio targets.

Portfolio Growth

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

The COVID-19 Pandemic

The COVID-19 pandemic has given rise to uncertainty throughout the global economy, which may have various direct or indirect impacts on the global real estate market. By continuing to monitor this evolving situation with a focus on health and safety measures for both residents and employees, the Trust has implemented appropriate actions to mitigate potential risk. To date, the pandemic has not hindered the Trust's performance but, forward-looking forecasts, as discussed above, are subject to a degree of uncertainty.

Rent Collection

Rent collection continues to be strong with 1% bad debt for Q1'22. A closely monitored receivable program continues to prove effective.

Rental Revenue

In 2021 there was a freeze on the permitted guideline rent increase in Ontario. For 2022, the rent freeze was lifted. Average rent increased 10.80% for occupied units from Q1'21 to Q1'22. Management continues to be active in applying for Above Guideline Increases in rent for a number of properties in the portfolio when making capital improvements to these properties.



OPERATIONAL AND FINANCIAL RESULTS

Net and Occupied Average Monthly Rents and Occupancy

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

As at March 31,	Net AMR			Occupied AMR			Occupancy %		
	Q1 2022 AMR(\$)	Q1 2021 AMR(\$)	% Change in AMR	Q1 2022 AMR(\$)	Q1 2021 AMR(\$)	% Change in AMR	Q1 2022	Q1 2021	% Change in AMR
Ontario									
Greater Toronto Area	1,486	1,411	5.4	1,444	1,353	6.7	98.7	95.6	3.2
Hamilton/Halton/Brant	1,197	1,151	4.0	1,157	1,099	5.3	98.4	96.1	2.4
Western	1,495	1,337	11.8	1,454	1,298	12.0	99.3	98.8	0.5
Southwestern	1,363	1,106	23.2	1,343	1,045	28.5	98.1	98.9	-0.8
South Eastern	1,065	1,017	4.7	1,015	996	2.0	99.4	96.5	3.0
Total	\$1,358	\$1,225	10.8%	\$1,320	\$1,177	12.2%	98.7%	97.0%	1.8%

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

Stabilized AMR includes all properties held for at least one year.

As at March 31,	Net AMR			Occupied AMR			Occupancy %		
	Q1 2022 AMR(\$)	Q1 2021 AMR(\$)	% Change in AMR	Q1 2022 AMR(\$)	Q1 2021 AMR(\$)	% Change in AMR	Q1 2022	Q1 2021	% Change in AMR
Ontario									
Greater Toronto Area	1,450	1,407	3.1	1,415	1,377	2.7	99.1	95.6	3.7
Hamilton/Halton/Brant	1,197	1,160	3.2	1,140	1,141	0.0	99.8	100.0	-0.2
Western	1,406	1,150	22.3	1,386	1,156	19.9	99.2	98.8	0.4
Southwestern	1,186	1,106	7.2	1,181	1,045	13.0	96.3	98.1	-1.9
South Eastern	1,065	1,017	4.7	1,015	996	2.0	99.4	96.5	3.0
Total	\$1,277	\$1,197	6.7%	\$1,239	\$1,168	6.1%	99.1%	98.1%	1.0%

The rate of growth in stabilized Net AMR has been primarily due to increases in rent on turnover in this strong Ontario market, coupled with an increase in occupancy rates year over year.

Total Operating Revenues by Region

By being situated in strategic markets across Ontario, the Trust has experienced growth year over year in operating revenues in both overall and stabilized portfolio. Stabilized revenue increased 8% year over year.

As at March 31,	Total Operating Revenue - All Portfolio				
	Q1 2022 Revenue (\$)	%	Q1 2021 Revenue (\$)	%	% Growth
Ontario					
Greater Toronto Area	1,729,056	24	1,393,500	36	24
Hamilton/Halton/Brant	1,686,312	23	445,747	12	278
Western	2,142,005	30	958,975	25	123
Southwestern	1,166,784	16	514,395	14	127
South Eastern	536,618	7	488,843	13	10
Total	\$7,260,775	100%	\$3,801,460	100%	91%

Net Operating Income (NOI) by Region

As at March 31,	Q1 2022			Q1 2021			
	NOI (\$)	NOI (%)	NOI Margin (%)	NOI (\$)	NOI (%)	NOI Margin (%)	NOI Change (%)
Ontario							
Greater Toronto Area	991,137	24	57	894,589	41	64	11
Hamilton/Halton/Brant	916,763	23	54	222,103	10	50	313
Western	1,281,053	32	60	592,511	27	62	116
Southwestern	671,482	16	58	276,881	13	54	143
South Eastern	210,697	5	39	195,099	9	40	8
Total	\$4,071,132	100%	56%	\$2,181,183	100%	57%	87%

Gap to Market

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

	Q1 2022	Q1 2021
As at March 31,	% Gap to Market	% Gap to Market
Ontario		
Greater Toronto Area	27	31
Hamilton/Halton/Brant	24	18
Western	14	18
Southwestern	25	32
South Eastern	26	28
	21.62%	24.25%

Value Creation

The Trust creates additional value by increasing operational efficiency through items such as rent increases, expense reduction, and acquiring new assets at a discount to market.

Year	Value Increase	% Increase Due to Operational Initiatives	% Increase Due to Cap Rate
Q1 2022	\$6,150,000	82%	18%

Net Operating Income

As at March 31,	Q1 2022 (\$)
Operating Revenues	
Net Rental Revenues	7,021,231
Other	239,223
Total Operating Revenues	\$7,260,454
Operating Expenses	
Realty Taxes	(850,080)
Utilities	(825,484)
Other	(1,513,701)
Total Operating Expenses	(\$3,189,265)
NOI	\$4,071,189
NOI Margin	56.1%

NOI

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

Operating Revenues and Expenses

For the period ended March 31, 2022, operating revenues experienced an increase from the previous year. This was a result of increases in monthly rents on renewals and turnovers throughout the year. The Trust has continued to generate strong income through incremental revenues related to turned units.

Realty Taxes

For the period ended March 31, 2022, the stabilized portfolio realty tax increased compared to the previous year, primarily due to increased property assessments.

Utilities

The utility costs of the portfolio can be highly variable from year to year, depending on energy consumption and rates.

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

Non-IFRS Financial Measures

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

FFO and AFFO Calculation

Management continues to strive to see improvement in AFFO as the Trust continues to mature, reducing the payout ratio year over year. During Q1'22, several acquisitions were made towards the end of the period. As projects and work continue to proceed as planned, capital expenditures will increase driving down the AFFO payout ratio.

As at March 31,	Q1 2022
Net Income from Operations	\$46,974,318
Add back:	
Non-Cash Items	
<i>Deferred Participation Fees</i>	\$5,423,615
<i>Finance Fees</i>	\$897,411
<i>Capital Expenditures (non-recurring expenses)</i>	\$7,502,707
Less:	
<i>Asset Appreciation (Month to Month)</i>	(\$58,057,096)
Funds from Operations (FFO)	\$2,740,955
Add Realized Equity Through Dispositions or Mortgage Principal Payments	\$4,061,458
AFFO	\$6,802,413
Cash Distributions	\$5,258,674
AFFO Payout Ratio	77.31%

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

Q1 2022

ACQUISITIONS AND DISPOSITIONS

ACQUISITIONS



Riverain District, Ottawa, ON | Acquired: January 2022

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

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



98 Farley Dr., Guelph, ON | Acquired: March 2022

Unit Breakdown

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

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



208 Woolwich St. S, Breslau, ON | Acquired: March 2022

Unit Breakdown

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

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

DISPOSITIONS

None

PROPERTY DETAILS

Property List										
City	Address	Properties	Buildings	Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	Commercial	Total
Brantford	120,126 & 130 St.Paul Ave.	1	1	0	15	31	0	0	0	46
	19 Lynnwood Dr.	1	1	0	18	35	5	0	0	58
Breslau	208 Woolwich St. S.	1	1	0	3	74	1	0	0	78
Burlington	1050 Highland St.	1	1	0	3	15	0	0	0	18
Chatham	383-385 Wellington St. W.	1	1	22	26	5	1	0	0	54
	75 & 87 Mary St.	1	1	0	22	34	0	0	0	56
Guelph	5 & 7 Wilsonview Ave.	1	1	0	5	17	7	0	0	29
	8 & 16 Wilsonview Ave.	2	2	2	54	53	3	0	0	112
	98 Farley Dr.	1	1	22	41	30	0	0	0	93
Hamilton	125 Wellington St. N.	1	1	5	247	73	38	0	0	363
Kitchener	100-170 Old Carriage Dr.	1	3	2	14	202	0	0	0	218
Kingston	252 & 268 Conacher Dr.	2	2	0	6	18	0	0	0	24
	760/780 Division St.	1	1	0	24	48	40	0	0	112
	1379 Princess St.	1	1	1	18	13	0	0	2	34
London	1355 Commissioners Rd. W.	1	1	0	14	37	0	0	0	51
	433 King St.	1	1	0	62	66	1	0	1	130
Markham	65 Times Ave.	1	1	9	37	18	0	0	0	64
Mississauga	65 & 75 Paisley Blvd. W.	2	2	13	63	76	2	0	1	155
Stratford	30 & 31 Campbell Crt.	2	2	0	33	63	3	0	0	99
Toronto	223 Woodbine Ave.	1	1	0	32	16	0	0	0	48
	650 Woodbine Ave.	1	1	0	30	8	0	0	0	38
	12 & 14 Auburndale Crt.	1	1	0	0	15	23	8	0	46
	787 Vaughan Rd.	1	1	7	25	6	0	0	0	38
Ottawa	Riverain District	1								
		28	29	83	792	953	124	8	4	1964



Brantford, Ontario

120, 126 and 130 St. Paul Avenue



Acquired: July 2016

Unit Breakdown

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

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

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



Brantford, Ontario

19 Lynnwood Drive



Acquired: July 2016

Unit Breakdown

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

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

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



Breslau, Ontario

208 Woolwich Street South



Acquired: March 2022

Unit Breakdown

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

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



Burlington, Ontario

1050 Highland Street

Acquired: August 2019

Unit Breakdown

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



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

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



Chatham, Ontario

383-385 Wellington Street West

Acquired: December 2017

Unit Breakdown

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



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

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



Chatham, Ontario

75 & 87 Mary Street

Acquired: August 2018

Unit Breakdown

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



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

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



Guelph, Ontario
5 & 7 Wilsonview Avenue



Acquired: October 2019

Unit Breakdown

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

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

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



Guelph, Ontario
8 & 16 Wilsonview Avenue



Acquired: July 2020

Unit Breakdown

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

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



Guelph, Ontario
98 Farley Drive



Acquired: March 2022

Unit Breakdown

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

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



Hamilton, Ontario
125 Wellington Street North



Acquired: March 2021

Unit Breakdown

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

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

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



Kitchener, Ontario
100-170 Old Carriage Drive



Acquired: April 2021

Unit Breakdown

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

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



Kingston, Ontario
252 & 268 Conacher Drive



Acquired: September 2018

Unit Breakdown

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

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

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



Kingston, Ontario

760/780 Division Street & 2 Kirkpatrick Street

Acquired: March 2018

Unit Breakdown

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



MAP

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

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



Kingston, Ontario

1379 Princess Street

Acquired: May 2018

Unit Breakdown

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



MAP

This property consists of one 3 1/2 storey building with commercial space on the ground floor. It is situated on approximately 1.7 acres of land and the building contains approximately 25,629 square feet of area.

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



London, Ontario

1355 Commissioners Road West

Acquired: May 2019

Unit Breakdown

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



MAP

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



London, Ontario

433 King Street

Acquired: October 2021

Unit Breakdown

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



MAP

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



Markham, Ontario

65 Times Avenue

Acquired: March 2019

Unit Breakdown

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



MAP

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

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



Mississauga, Ontario

65 & 75 Paisley Boulevard West

Acquired: December 2019

Unit Breakdown

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



MAP

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

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

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



Stratford, Ontario
30 & 31 Campbell Court



Acquired: April 2016

Unit Breakdown

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

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

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



Toronto, Ontario
223 Woodbine Avenue



Acquired: March 2020

Unit Breakdown

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

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



Toronto, Ontario
650 Woodbine Avenue



Acquired: November 2020

Unit Breakdown

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

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

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



Toronto, Ontario

787 Vaughan Road

Acquired: November 2020

Unit Breakdown

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



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

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



Toronto, Ontario

12 & 14 Auburndale Court

Acquired: October 2021

Unit Breakdown

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



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

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



Ottawa, Ontario

Riverain District

Acquired: January 2022

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

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

RISKS AND UNCERTAINTIES

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



Consolidated Financial Statements

Equiton Residential Income Fund Trust (Unaudited)

For the three month period ended March 31, 2022

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Equiton Residential Income Fund Trust
 Consolidated Statements of Financial Position

	March 31, 2022	December 31, 2021
Assets		
Investment properties (Note 4)	\$ 615,844,524	\$ 493,180,000
Cash	16,400,971	46,673,839
Due from related parties (Note 6(b))	5,739,387	10,903
Land deposits	-	3,500,000
Tenant and other receivables	1,129,560	1,429,895
Prepaid expenses	1,357,991	3,014,454
	<u>\$ 640,472,433</u>	<u>\$ 547,809,091</u>
Liabilities		
Mortgages payable (Note 5)	\$ 296,053,104	\$ 236,267,442
Due to related parties (Note 6(c))	7,025,011	7,951,611
Payables and accruals	9,360,232	11,689,825
Tenant deposits	2,677,229	2,265,794
Deferred revenue	385,345	309,381
Distributions payable (Note 7(b))	1,745,904	1,550,934
	<u>317,246,825</u>	<u>260,034,987</u>
Net assets attributable to unitholders	<u>323,225,608</u>	<u>287,774,104</u>
	<u>\$ 640,472,433</u>	<u>\$ 547,809,091</u>

On behalf of the Trustees

_____ Trustee _____ Trustee

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

	March 31, 2022	December 31, 2021
Revenue		
Rental income	\$ 7,021,231	\$ 21,511,068
Other revenue	271,483	1,379,732
	<u>7,292,714</u>	<u>22,890,800</u>
Operating expenses		
Property operating costs	3,189,264	8,368,025
Interest and finance costs	1,996,519	6,214,147
General and administrative	46,239	89,233
	<u>5,232,022</u>	<u>14,671,405</u>
Income from operations	<u>2,060,692</u>	<u>8,219,395</u>
Other expenses		
Performance incentive fee (Note 8)	1,199,077	4,843,124
Asset management fee (Note 8)	1,478,659	4,194,790
Professional fees	151,308	675,288
Dues and subscriptions	-	47,268
Bank fees	3,211	7,450
	<u>(2,832,255)</u>	<u>(9,767,920)</u>
Capital expenditures on investment properties	(2,710,317)	(7,346,933)
Increase in fair value of investment properties (Note 4)	<u>10,134,737</u>	<u>47,922,359</u>
Net income and comprehensive income	<u>\$ 6,652,857</u>	<u>\$ 39,026,901</u>

Equiton Residential Income Fund Trust

Consolidated Statements of Changes in Net assets Attributable to Unitholders

	Units (Note 7)	Retained Earnings	Contributed Surplus	Total Unitholders' Equity
Net assets attributable to unitholders, December 31, 2020	\$ 135,025,840	\$ 12,551,781	\$ 825,183	\$ 148,402,804
Issuance of units	116,061,523	-	-	116,061,523
Issuance of units under distribution reinvestment plan	9,140,246	-	-	9,140,246
Redemption of units	(5,272,591)	-	-	(5,272,591)
Issuance costs	(5,395,597)	-	-	(5,395,597)
Net income	-	39,026,901	-	39,026,901
Distribution of unitholders	-	(14,189,182)	-	(14,189,182)
Net assets attributable to unitholders, December 31, 2021	\$ 249,559,421	\$ 37,389,500	\$ 825,183	\$ 287,774,104
Issuance of units	43,538,350	-	-	43,538,350
Issuance of units under distribution reinvestment plan	3,220,808	-	-	3,220,808
Redemption of units	(11,625,656)	-	-	(11,625,656)
Issuance costs	(1,419,150)	-	-	(1,419,150)
Net income	-	6,652,857	-	6,652,857
Distribution of unitholders	-	(4,915,705)	-	(4,915,705)
Net assets attributable to unitholders, March 31, 2022	\$ 283,273,773	\$ 39,126,652	\$ 825,183	\$ 323,225,608

Equiton Residential Income Fund Trust

Consolidated Statements of Cash Flows

	March 31, 2022	December 31, 2021
Operating activities		
Net income	\$ 6,652,857	\$ 39,026,901
Items not affecting cash:		
Increase in fair value of investment properties	(10,134,737)	(47,922,359)
Amortization of deferred financing fees	248,537	767,569
	(3,233,343)	(8,127,889)
Change in non-cash operating items (Note 10)	(6,345,510)	10,007,928
Cash provided by operating activities	(9,578,853)	1,880,039
Financing activities		
Proceeds from issuance of units	43,538,350	116,061,523
Redemption of units	(11,625,656)	(5,272,591)
Distribution to unitholders	(1,694,897)	(5,048,936)
Issuance costs	(1,419,150)	(5,395,597)
Deferred financing fees	(871,794)	(4,482,269)
Interest reserve holdback	87,685	350,740
Proceeds from mortgage payable	61,851,643	114,545,168
Repayment of mortgage payable	(1,251,034)	(3,505,932)
Issuance of mortgage	(279,375)	-
Cash provided by financing activities	88,335,772	207,252,106
Investing activities		
Building improvements	-	(1,479,629)
Land deposits	3,500,000	(3,500,000)
Acquisition of investment properties	(80,385,200)	(178,943,432)
Investment in land under development	(32,144,587)	-
Cash used in investing activities	(109,029,787)	(183,923,061)
Net increase in cash and acash equivalents during the year	(30,272,868)	25,209,084
Cash, beginning of year	46,673,839	21,464,755
Cash, end of year	\$ 16,400,971	\$ 46,673,839

1. Nature of operations

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

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

2. General information and statement of compliance with IFRS

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

The financial statements are presented in Canadian dollars, which is the Company’s functional currency. The address of the Trust’s registered office is 1111 International Boulevard, Suite 500, Burlington, Ontario, L7L 6W1.

3. Summary of significant accounting policies

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

Principles of consolidation

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

Investment Properties

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

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

3. Summary of significant accounting policies (continued)

Investment Properties (continued)

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

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

Tenant Deposits

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

Revenue recognition

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

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

3. Summary of significant accounting policies (continued)

Financial instruments and fair values

(i) Financial assets

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

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

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

- i) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Impairment – Expected Credit Loss Model:

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

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

3. Summary of significant accounting policies (continued)

Financial instruments and fair values (continued)

(ii) Financial liabilities

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

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

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

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

(iii) Transaction Costs

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

(iv) Fair value

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

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

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

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

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

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

3. Summary of significant accounting policies (continued)

Fair value of financial assets and liabilities

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

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial instruments using March 31, 2022 and December 31, 2021 market rates for debts of similar terms.

	<u>March 31, 2022</u>		
	<u>Fair Value Hierarchy</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Assets:			
Investment properties	Level 3	\$ 615,844,524	\$ 615,844,524
Liabilities:			
Mortgages payable	Level 2	\$ 295,627,039	\$ 259,176,235

	<u>December 31, 2021</u>		
	<u>Fair Value Hierarchy</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Assets:			
Investment properties	Level 3	\$ 493,180,000	\$ 493,180,000
Liabilities:			
Mortgages payable	Level 2	\$ 243,277,290	\$ 237,026,561

Critical accounting estimates, assumptions, and judgments

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

Investment properties

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

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

3. Summary of significant accounting policies (continued)

Critical accounting estimates, assumptions, and judgments (continued)

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

Net assets attributable to unitholders

Trust units are redeemable at the holder's option and therefore are considered a puttable instrument in accordance with International Accounting Standard 32 - Financial Instruments: Presentation ("IAS 32"), subject to certain limitations and restrictions. Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met, in which case, the puttable instruments may be presented as net assets attributable to unitholders. The Trust units meet the necessary conditions and have therefore been presented as net assets attributable to unitholders under IAS 32.

4. Investment properties

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

Balance, January 1, 2021	\$ 264,700,000
Purchase of investment property	178,943,432
Building improvements to investment properties	1,479,629
Increase in fair value of investment properties	<u>48,056,940</u>
Balance, December 31, 2021	\$ 493,180,000
Purchase of investment property	80,385,200
Building improvements to investment properties	-
Increase in fair value of investment properties	10,134,737
Properties under development	<u>32,144,587</u>
Balance, March 31, 2022	<u>\$ 615,844,524</u>

On March 7, 2022, the Trust acquired an investment property located at 98 Farley Drive, Geulph, Ontario for a purchase price of \$43,062,370. On March 7, 2022, the Trust acquired an investment property located at 208 Woolwich Street South, Breslau, Ontario for a purchase price of \$37,322,830.

The Trusts' investment properties were valued on March 31, 2022, by independent professionally qualified appraisers who hold a recognized relevant professional qualification and have recent experience in the locations of the income-producing properties valued.

Equiton Residential Income Fund Trust
Notes to the Consolidated Financial Statements
March 31, 2022

4. Investment properties (continued)

The estimated fair values per these appraisals are as follows:

	March 31, 2022	December 31, 2021
30-31 Campbell Court, Stratford	16,400,000	15,900,000
19 Lynnwood Drive, Brantford	12,593,985	12,500,000
120, 126 and 130 St Paul Avenue, Brantford	8,846,015	8,780,000
383-385 Wellington Street and 49 Lacroix Street, Chatham	7,820,000	7,750,000
780 Division Street, Kingston	20,650,000	20,450,000
1379 Princess Street, Kingston	6,120,000	6,090,000
75 and 87 Mary Street, Chatham	8,140,000	7,970,000
252 and 268 Conacher Drive, Kingston	3,420,000	3,320,000
1355 Commissioners Road West, London	18,900,000	18,800,000
65 Times Avenue, Markham	28,400,000	28,400,000
1050 Highland Street, Burlington	6,240,000	6,220,000
5 & 7 Wilsonview Avenue, Guelph	10,300,000	10,000,000
65 & 75 Paisley Boulevard West, Mississauga	56,900,000	56,300,000
223 Woodbine Avenue, Toronto	24,700,000	24,700,000
8-16 Wilsonview Avenue, Guelph	36,600,000	36,600,000
650 Woodbine Avenue, Toronto	15,200,000	15,200,000
787 Vaughan Road, Toronto	13,178,531	12,900,000
100-170 Old Carriage Drive, Kitchener	67,500,000	67,200,000
125 Wellington Street North & 50 Cathcart Street, Hamilton	75,000,000	74,000,000
12-14 Auburndale Court, Etobicoke	26,000,000	23,800,000
433 King Street, London	36,400,000	36,300,000
98 Farley Drive, Guelph	43,062,370	-
208 Woolwich Street South, Breslau	37,322,830	-
Riverain - under development	36,150,793	-
	\$ 615,844,524	\$ 493,180,000

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

Equiton Residential Income Fund Trust
Notes to the Consolidated Financial Statements
March 31, 2022

4. Investment properties (continued)

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

	March 31, 2022	December 31, 2021
30-31 Campbell Court, Stratford	5.00%	5.00%
19 Lynnwood Drive, Brantford	4.75%	4.75%
120, 126 and 130 St Paul Avenue, Brantford	4.75%	4.75%
383-385 Wellington Street and 49 Lacroix Street, Chatham	5.00%	5.00%
780 Division Street, Kingston	4.40%	4.40%
1379 Princess Street, Kingston	4.30%	4.30%
75 and 87 Mary Street, Chatham	5.00%	5.00%
252 and 268 Conacher Drive, Kingston	4.50%	4.50%
1355 Commissioners Road West, London	3.75%	3.75%
65 Times Avenue, Markham	3.50%	3.50%
1050 Highland Street, Burlington	3.75%	3.75%
5 & 7 Wilsonview Avenue, Guelph	4.00%	4.00%
65 & 75 Paisley Boulevard West, Mississauga	2.75%	2.75%
223 Woodbine Avenue, Toronto	2.95%	3.10%
8-16 Wilsonview Avenue, Guelph	4.00%	4.00%
650 Woodbine Avenue, Toronto	3.25%	3.25%
787 Vaughan Road, Toronto	3.25%	3.25%
100-170 Old Carriage Drive, Kitchener	4.00%	4.00%
125 Wellington Street North & 50 Cathcart Street, Hamilton	4.25%	4.25%
12-14 Auburndale Court, Etobicoke	3.00%	3.00%
433 King Street, London	3.50%	3.50%
98 Farley Drive, Guelph	N/A	N/A
208 Woolwich Street South, Breslau	N/A	N/A

Values are most sensitive to changes in capitalization rates, and the variability of cash flows. If the capitalization rate were to increase by 25 basis points ("bps"), the value of investment properties would decrease by \$31,594,521 (December 31, 2021 – decrease by \$16,821,218). If the capitalization rate were to decrease by 25 bps, the value of investment properties would increase by \$36,463,548 (December 31, 2021 – increase by \$19,591,791).

Equiton Residential Income Fund Trust
Notes to the Consolidated Financial Statements
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5. Mortgages payable

	Mortgage	Blended Monthly payments	Interest rate	Maturity date	March 31, 2022	December 31, 2021
BMO - Brantford	1st (i)	33,464	3.91%	7/1/2026	\$ 5,441,767	\$ 5,488,661
BMO - Kingston Conacher	1st (i)	7,581	4.60%	11/1/2030	\$ 1,249,584	\$ 1,257,883
BMO - Kingston Princess	1st (i)	12,657	3.50%	6/12/2028	\$ 2,279,884	\$ 2,291,942
BMO - Chatham Mary	1st (i)	15,042	3.80%	9/1/2028	\$ 2,656,324	\$ 2,676,193
BMO - Chatham Mary	2nd (i)	2,518	4.35%	9/1/2028	\$ 421,500	\$ 424,448
FN - Stratford	1st (i)	20,288	2.73%	9/1/2026	\$ 4,311,099	\$ 4,342,563
FN - Chatham	1st (i)	12,168	3.31%	3/1/2028	\$ 2,206,253	\$ 2,224,525
PT - Kingston	1st (iii)	30,582	2.44%	3/1/2025	\$ 5,237,762	\$ 5,319,644
PT - Kingston	2nd	5,751	3.24%	3/1/2028	\$ 945,229	\$ 954,826
FN - London Commissioner	1st	41,055	3.18%	5/31/2029	\$ 10,728,885	\$ 10,767,113
FN - Markham 65 Times	1st	47,339	2.58%	9/1/2029	\$ 12,472,622	\$ 12,534,355
FN - Highland	1st	11,137	2.84%	6/1/2030	\$ 2,569,027	\$ 2,584,233
FN - 5-7 Wilsonview	1st	24,449	2.74%	6/1/2030	\$ 4,970,502	\$ 5,009,816
FN - Paisley	1st	71,999	2.49%	6/1/2030	\$ 19,464,576	\$ 19,559,638
FN - Paisley	2nd (ii)	39,177	6.50%	1/1/2025	\$ 7,330,000	\$ 7,330,000
FN - 223 Woodbine	1st	41,878	2.20%	6/1/2030	\$ 11,820,559	\$ 11,881,256
FN - 8 & 16 Wilsonview	1st	79,227	2.17%	6/1/2030	\$ 20,176,082	\$ 20,304,338
FN - 650 Woodbine	1st	30,073	2.00%	3/31/2031	\$ 7,745,731	\$ 7,961,688
FN - 787 Vaughan	1st	24,063	2.00%	3/31/2031	\$ 6,196,546	\$ 6,370,462
FN - 100 Old Carriage	1st	154,157	2.43%	12/1/2031	\$ 43,191,427	\$ 43,392,020
FN - Aurburndale (Bridge Loan)	1st	46,085	4.45%	3/1/2022	\$ -	\$ 12,600,000
FN - 433 King (Bridge Loan)	1st	75,589	4.45%	2/1/2022	\$ -	\$ 20,000,000
FN - 125 Wellington	1st (v)	53,282	2.86%	12/1/2025	\$ 12,238,211	\$ 12,755,480
FN - 125 Wellington (Loan 2)	1st	100,727	2.53%	12/1/2031	\$ 25,436,320	\$ 25,246,206
FN - 433 King Street	1st	41,818	2.87%	1/1/2025	\$ 17,485,000	\$ -
FN - 433 King Street	2nd	14,147	6.75%	1/1/2025	\$ 2,515,000	\$ -
FN - 12 & 14 Aurburndale	1st	46,285	2.83%	12/1/2031	\$ 13,296,032	\$ -
FN - 208 Woolwich	1st	76,130	2.13%	8/1/2031	\$ 24,365,332	\$ -
FN - 98 Farley	1st	95,276	2.83%	12/1/2031	\$ 27,307,371	\$ -
					\$ 294,058,625	\$ 243,277,290
					\$ 9,384,375	\$ -
					\$ (7,097,614)	\$ (6,629,880)
					\$ (292,283)	\$ (379,968)
					\$ 296,053,104	\$ 236,267,442

5. Mortgages payable (continued)

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

2022	\$ 4,241,695
2023	5,781,658
2024	5,936,614
2025	33,418,911
2026	9,918,889
Thereafter	<u>234,760,858</u>
	<u>\$ 294,058,625</u>

- (i) There are covenants pertaining to the Bank of Montreal facilities and they were all met as of March 31, 2022.
- (ii) The First National second mortgage is an interest-only loan.
- (iii) The People's Trust first mortgage on loan was assumed on the purchase of 780 Division Street, Kingston, Ontario property. The difference between the fair value and carrying value of the mortgage was determined to be at a discount of \$205,372 at the assumption date and the difference is amortized over the term of the mortgage.
- (iv) The First National first mortgage on loan was assumed on the purchase of the 125 Wellington Street North, Hamilton, Ontario property. The difference between the fair value and carrying value of the mortgage was determined to be at a premium of \$134,581 at the assumption date and the difference is amortized over the term of the mortgage.

6. Related party transactions and balances

(a) Agreement with Equiton Capital Inc.

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

Pursuant to the Agency Agreement, the Trust incurred agency fees with the Agent related to the issuance of trust units in the amount of \$1,419,150 (December 31, 2021 - \$5,395,626), which are included in issuance costs in the statements of changes in net assets attributable to unitholders.

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Notes to the Consolidated Financial Statements
 March 31, 2022

6. Related party transactions and balances (continued)

(b) Due from related parties

	March 31, 2022	December 31, 2021
Due from Equiton Partners' Inc.	\$ 5,727,908	\$ -
Due from Equiton Balanced Real Estate Fund Trust	<u>11,478</u>	<u>10,903</u>
	\$ <u>5,739,387</u>	\$ <u>10,903</u>

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

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

(c) Due to related parties

	March 31, 2022	December 31, 2021
Due to Equiton Residential Income GP Inc. <i>(general partner of Equiton Residential Income Limited Partnership)</i>	\$ 7,022,933	\$ 5,824,593
Due to Equiton Partners Inc.	-	2,124,941
Due to Equiton Capital Inc.	<u>2,078</u>	<u>2,077</u>
	\$ <u>7,025,011</u>	\$ <u>7,951,611</u>

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

7. Unitholders' equity

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

(i) Class A Trust Units

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

(ii) Class F Trust Units

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

(iii) Class I Trust Units

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

Equiton Residential Income Fund Trust
Notes to the Consolidated Financial Statements
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7. Unitholders' equity (continued)

(a) Units outstanding

	Number	Amount
Class A Trust Units		
Balance, December 31, 2021	10,355,447	\$ 101,494,205
Issuance of units	945,413	10,466,191
Issuance of units through distribution reinvestment plan	106,188	1,150,695
Redemption of units	(170,953)	(1,889,013)
Issuance of costs	-	(392,939)
Balance, March 31, 2022	11,236,095	\$ 110,829,139
Class B Trust Units		
Balance, December 31, 2021	-	\$ -
Issuance of units	902	10,000
Issuance of units through distribution reinvestment plan	-	-
Redemption of units	-	-
Issuance of costs	-	(404)
Balance, March 31, 2022	902	\$ 9,596
Class C Trust Units		
Balance, December 31, 2021	902	10,000
Issuance of units	-	-
Issuance of units through distribution reinvestment plan	-	-
Redemption of units	-	-
Issuance of costs	-	(404)
Balance, March 31, 2022	902	\$ 9,596
Class F Trust Units		
Balance, December 31, 2021	\$ 8,046,833	\$ 81,121,066
Issuance of units	1,932,063	21,359,272
Issuance of units through distribution reinvestment plan	87,477	947,948
Redemption of units	(849,935)	(9,393,609)
Issuance of costs	-	(521,620)
Balance, March 31, 2022	9,216,438	\$ 93,513,057
Class I Trust Units		
Balance, December 31, 2021	6,595,181	\$ 66,944,150
Issuance of units	1,057,579	11,692,887
Issuance of units through distribution reinvestment plan	103,620	1,122,165
Redemption of units	(31,027)	(343,034)
Issuance of costs	-	(503,783)
Balance, March 31, 2022	7,725,353	\$ 78,912,385
Total A, B, C, F and I units, March 31, 2022	28,179,690	\$ 283,273,773

7. Unitholders' equity (continued)

b) Distributions and distribution reinvestment

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

During the period, the Trust made distributions of \$4,915,705 (December 31, 2021 - \$14,189,182). \$1,550,920 of the \$4,915,705 (December 31, 2021 - \$9,140,246 of the \$14,189,182) distributions were reinvested through the DRIP.

8. Asset management agreement

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

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

(i) Transaction fee

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

(ii) Asset management fee

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

(iii) Financing fee

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

8. Asset management agreement (continued)

(iv) Performance incentive fee

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

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

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

	March 31, 2022	December 31, 2021
Asset management fee	\$ 1,478,659	\$ 4,194,790
Transaction fee	876,315	1,947,104
Financing fee	584,675	1,188,422
Performance incentive fee	1,199,077	4,843,124
Property Management fee	<u>296,788</u>	<u>892,070</u>
	\$ <u>4,435,514</u>	\$ <u>13,065,510</u>

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

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

Equiton Residential Income Fund Trust
Notes to the Consolidated Financial Statements
March 31, 2022

9. Financial Instruments and risk management

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

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

The total managed capital for the Trust is summarized below:

	March 31, 2022	December 31, 2021
Mortgage payable	\$ 296,053,104	\$ 236,267,442
Cash	(16,400,971)	(46,673,839)
Net debt	279,652,133	189,593,603
Net assets attributable to unitholders	323,225,608	287,774,104
	\$ 602,877,741	\$ 477,367,707

10. Changes in non-cash operating items

	March 31, 2022	December 31, 2021
Payables and accruals	\$ (2,329,593)	\$ 6,111,758
Tenant deposits	411,435	940,594
Deferred revenue	75,964	158,243
Tenant and other receivables	300,335	(313,981)
Prepaid expenses	1,656,463	(2,695,581)
Distributions payable	194,970	751,297
Due to/from related parties	(6,655,084)	5,055,598
	\$ (6,345,510)	\$ 10,007,928

11. Financial Instruments and risk management

Risks associated with financial assets and liabilities

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

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices due to currency risk, price risk, and interest rate risk. Due to the nature of the Trust's financial instruments, it has no exposure to currency or price risk.

Interest rate risk

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

The Trust's objective in managing interest rate risk is to minimize the volatility of the Trust's income. As of March 31, 2022 cash flow, and interest rate risk has been minimized, as the mortgages payable are financed at fixed interest rates. The fair market value of the mortgages payable is disclosed above.

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

(ii) Credit risk

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

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

The carrying amount of receivables is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of income and comprehensive income within other expenses. When a receivable balance is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of income and comprehensive income. The total provision taken on the receivables in as at March 31, 2022 is \$300,448 (December 31, 2021 - \$300,448).

The Trust's maximum credit risk exposure at March 31, 2022 and December 31, 2021 is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

11. Financial instruments and risk management (continued)

Risks associated with financial assets and liabilities (continued)

(iii) Liquidity risk

Liquidity risk is the risk the Trust will encounter difficulties in meeting its financial liability obligations. The Trust's objective in minimizing liquidity risk is to maintain appropriate levels of leverage on its real estate assets. As at March 31, 2022, the Trust was holding cash of \$16,400,971 (December 31, 2021 - \$46,673,839). The Trust's payables are payable on demand and the mortgages payable and loan payable are payable as described in Note 5.

<u>March 31, 2022</u>	<u>On-demand</u>	<u>1 Year</u>	<u>2 - 5 Years</u>	<u>>5 Years</u>
Mortgage payable	\$ -	\$ 4,241,695	\$ 55,056,072	\$ 244,145,233
Due to related parties	1,290,624	-	-	-
Payables & accruals	-	11,106,136	-	-
	<u>\$ 1,290,624</u>	<u>\$ 15,347,831</u>	<u>\$ 55,056,072</u>	<u>\$ 244,145,233</u>
<u>December 31, 2021</u>	<u>On-demand</u>	<u>1 Year</u>	<u>2 - 5 Years</u>	<u>>5 Years</u>
Mortgage payable	\$ -	\$ 37,279,222	\$ 50,757,776	\$ 154,941,614
Due to related parties	18,434,200	-	-	-
Payables and accruals	-	13,240,759	-	-
	<u>\$ 18,434,200</u>	<u>\$ 50,519,981</u>	<u>\$ 22,770,412</u>	<u>\$ 92,100,985</u>

(iv) Environmental risk

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