EQUITON®

We see what others don’t.

2023 ANNUAL REPORT

EQUITON RESIDENTIAL INCOME FUND TRUST

CONTENTS

208 Woolwich St. S., Breslau, ON

65 Times Avenue,
Markham, ON

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.

Jason Roque, CEO and Founder

LETTER FROM THE CEO AND CFO

In 2023, the Bank of Canada's aggressive rate-hiking campaign pushed borrowing costs to multi-decade highs and impacted key market measures from transaction volume to housing starts. For many Canadian real estate firms, this represented an unprecedented operating environment defined by uncertainty and difficult decisions. Against this economic backdrop, the Equiton Residential Income Fund Trust (the Trust) entered the year from a position of strength.

The Trust maintained a selective, but proactive approach to acquisitions and development, and focused on improving the quality of its portfolio through property upgrades. Under the guidance of Management, the Trust delivered a solid return of 11.9% (Class F DRIP). This result reflects Management's dedication to operating a resilient portfolio that provides consistent returns in the face of broader market turbulence while building attractive, vibrant communities.

The portfolio's strong foundation resulted in notable financial performance growth. The Trust's NOI increased 32.4% ($6.6M) year-over-year (Y/Y), with same store NOI growth of 5.8%. NOI margins held at 57.2% due to a concentration on creating operational efficiencies, such as water-saving devices, energy efficient upgrades, and exterior envelope restorations across the portfolio, and leveraging natural turnover opportunities to increase revenue. Total property values increased by 3.0% ($24.3M) Y/Y, although the portfolio's weighted average cap rate appreciated, in light of market conditions. The Trust's unit price increased by 4.3% to $12.36 in December 2023 while maintaining monthly distributions.

Additionally, demand for the Trust's properties accelerated in what was a banner year for Canadian rental growth and occupancy rates. The Trust maximized occupancy within its portfolio at 98.5%, which was well above the national market average (97.3%) for rental apartments[1]. Meanwhile, occupied average market rent (AMR) at the Trust's properties increased by 7.7% on natural turnover. Coming off a historically tight market, the exceptionally fast pace of growth in these key measures is anticipated to experience some characteristic moderation and continue to trend upward in 2024.

Interest rate increases paused mid-year, but not before impacting transactional activity. For example, in the Greater Toronto Area — historically Canada's largest and most active rental market — total multi-residential property sales volume dropped 51.2% to $1.12 billion, while the number of annual transactions (64) reflected the low activity of recent years[2]. Although market resilience suggests a recovery in the upcoming year, many firms were sidelined. However, the Trust is well-positioned after years of conservative due diligence, and Management successfully navigated market uncertainty through the selective acquisitions of two properties at prices assessed at below market value. The properties

[1] Yardi Canadian National Multifamily Report Fourth Quarter 2023
[2] https://www.collierscanada.com/en-ca/research/gta-multifamily-market-report-2023-year-in-review

added 170 rental units to the Trust's portfolio and a forecasted annual $1.34M of NOI. Similar to the successful integration of the six income-producing properties purchased in 2022, the positive impact on the portfolio's value was immediate.

Additionally, there has been good progress at our Maison Riverain development project in Ottawa with the "topping out" of the project's first 22-storey tower. Since then, precast concrete installation was completed at the tower, and the fitting of windows and exterior sheathing is well under way. The installation of demising walls have also been progressing well. The significant progress of this joint venture with Main and Main puts phase one of the three-tower development on track to welcome Residents in early 2025.

As of Q4'23, the Trust comprised 34 properties across 17 communities in two provinces, for a total of 2,729 units. As 2024 unfolds, Management seeks to further diversify and expand its operations into Ontario, Alberta, and other provinces where demand drivers such as surging immigration and low housing affordability have created strong momentum for rental markets.

As of the end of last quarter, the Trust's assets under management (AUM) increased to $951M, a 12.2% gain Y/Y. The achievement was attributed to the acquisition of two new properties, as well as moderate gains in portfolio value despite the market driven cap rate expansion. Meanwhile, the Trust's financial position remains strong through a conservative leverage strategy and robust capital-raise initiatives. Its long-term positioned debt portfolio maintained interest rates well below current market levels, mitigating potential impacts on cash flow from the Bank of Canada's rate hikes.

Management is dedicated to fulfilling our responsibilities to our Residents and the communities they call home. To take our Environmental, Social, and Governance (ESG) strategy further, Management has committed to achieving net-zero emissions by 2050. Over the coming year, greenhouse gas emissions across the portfolio will be audited and GRESB environmental guidelines will be implemented to help determine areas for improvement. This pledge expands on several achievements from the past year which positively impacted the portfolio's sustainability and financial performance. For example, Management recently completed window rehabilitation projects at five of its largest properties to reduce energy consumption and expanded the sub-metering program at several others to reduce hydro and water usage.

With Resident satisfaction in focus, the Trust also launched new social initiatives at select properties. One such program, Apartment Life, was piloted in Edmonton with the aim of cultivating new friendships among Residents. Regular satisfaction surveys help us learn more about our Residents, and the positive reaction to these social programs has been highly encouraging. Management is proud to announce that these efforts were recognized by SatisFacts, an independent multi-residential housing evaluator.

Three of the Trust's properties, including two piloting new social programs, were presented with a 2023 SatisFacts Resident Satisfaction Award for superior resident satisfaction and retention. As a key facet of Management's growth-oriented, long-term investment strategy, an adherence to ESG best practices is expected to help the Trust support its strong operating performance.

Coming off a year of historically high rents and occupancy rates, the Canadian rental market is expected to remain strong in 2024. Population growth and tight market conditions continue to provide significant tailwinds for rentals. As Canadian inflation tracks further downward and potential rate cuts materialize, Equiton is poised to continue growing the Trust through its proven strategies for maximizing value. We would like to thank our Residents, Unitholders, and dedicated team members for helping deliver value and promote sustainable growth.

Jason Roque, CEO and Founder
Helen Hurlbut, CFO and Co-Founder

Helen Hurlbut, CFO and Co-Founder

CORPORATE PROFILE

Established in 2015, Equiton has become a leader in private equity investments. Our remarkable growth is a result of our leadership team's expertise in the industry and their ability to generate long-term wealth through real estate investments. We know that finding the right opportunities involves time, experience, and discipline. Our strategy is always forward looking, anticipating trends and adapting our approach to strengthen our market position. We focus on capitalizing on value creation opportunities and building the most robust portfolio possible for our Investors. We create value by investing in real estate and leveraging opportunities for improvement, optimization, and redevelopment. At Equiton, we strive to make private equity real estate investments more accessible to all Canadians, fostering the belief that everyone should have the opportunity to build their wealth.

SUMMARY OF
KEY PERFORMANCE INDICATORS (KPIs)

Equiton continues to deliver strong and accretive growth for its Unitholders. 2023 continued to deliver solid increases in the majority of our KPIs.

The following financial results of operations and financial condition for the years ended December 31, 2023 and December 31, 2022, should be read in conjunction with the Trust's audited financial statements dated March 1, 2024 for the year ended December 31, 2023.

As at December 31,	2023	2022
PORTFOLIO PERFORMANCE		
Overall Portfolio Occupancy [1]	98.5%	96.9%
Net Average Monthly Rent	$1,496	$1,405
Occupied Average Monthly Rent	$1,485	$1,378
Monthly Market Rents - Quarter End	$1,991	$1,831
Operating Revenues	$46,866,025	$34,200,422
NOI	$26,828,714	$20,261,529
NOI Margin (%)	57.2%	59.2%
FINANCIAL METRICS [2]		
Mortgage Debt to Gross Book Value [3] [4]	45.9%	48.1%
Weighted Average Mortgage Interest Rate [3]	3.06%	3.02%
Weighted Average Time Remaining On Mortgages (years) [3]	6.55	7.76
Debt Service Coverage (times) [3] [4] [5]	1.44	1.45
Interest Coverage (times) [3] [4] [5]	2.27	2.40
Revenue Gap to Market [6]	31.1%	28.8%
AUM	**$951M**	**$847M**
Growth in AUM - Y/Y	12.2%	55.2%
Growth in Operational Revenue - Y/Y	37.0%	52.5%
Growth in NOI - Y/Y	32.4%	58.0%

(1) Leased rent ready units as of December 31, 2023 and December 31, 2022.
(2) Measures are not defined by International Financial Reporting Standards (IFRS) , does not have standard meanings and may not be comparable with other industries or companies.
(3) December 31, 2022 data calculated using $22.7M term loan with an interest rate of 4.2% on 2303 Eglinton Ave E. that was entered into in January 2023. The bridge loan outstanding on the property as of December 31, 2022 was $21.9M.
(4) Excludes TD line of credit and construction property - Riverain; Including these LTV ratio is 45.18%.
(5) Based on rolling 12 months.
(6) Gap to Market is as at December 31, 2023 and December 31, 2022.

MISSION

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

VISION

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

65 & 75 Paisley Boulevard West, Mississauga, ON

CORE **VALUES**

INTEGRITY

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

ACCOUNTABILITY

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

EXPERTISE

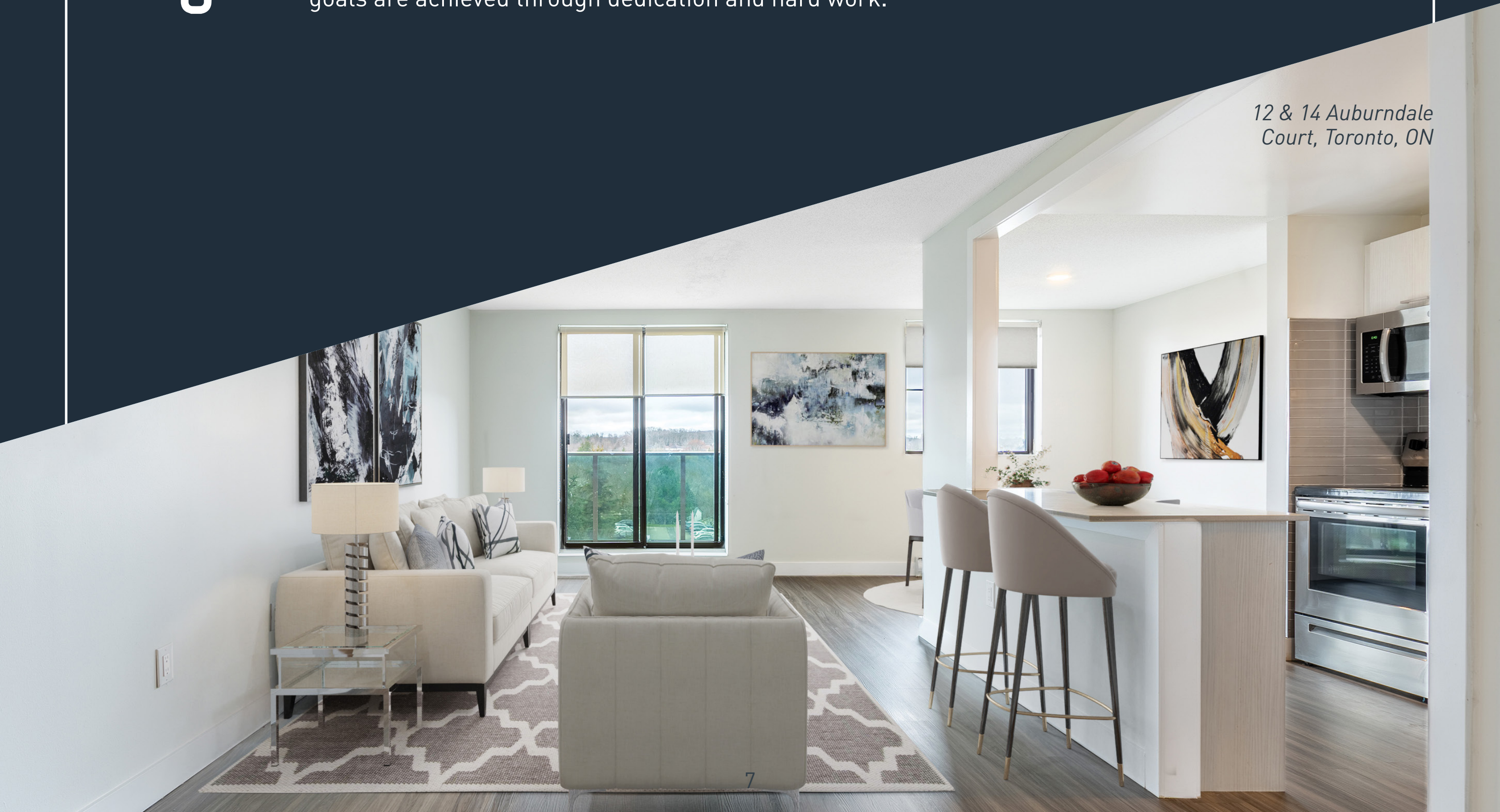
Offering the highest level of professional expertise, quality service and knowledgeable insights.

CUSTOMER FOCUSED

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

ENTREPRENEURIAL SPIRIT

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



12 & 14 Auburndale Court, Toronto, ON

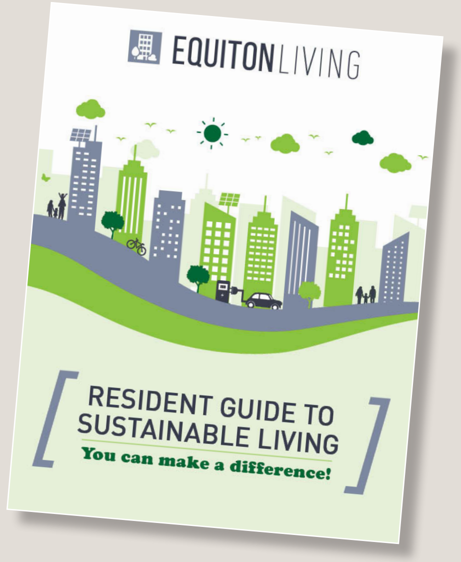
OUR ESG **OBJECTIVE**

With a focus on sustainability, Equiton's ESG objective is integral to our investment strategies, from how we select and manage our properties to the results we deliver. Through this approach, we aim to design investment solutions that lead to lasting positive impacts that benefit our company while improving the environment and society's well-being.

Equiton has seamlessly integrated environmentally responsible strategies and practices into our business operations and investment strategies. These operations entail optimizing energy usage in our buildings, offering water conservation and waste diversion resources to our Residents, developing community programs, and ensuring compliance with environmental reporting standards throughout our portfolio. Through these efforts, we aim to deliver strong results for Investors and contribute meaningfully to a more sustainable and equitable future.

EQUITON MADE SIGNIFICANT STRIDES IN OUR SUSTAINABILITY MANAGEMENT AND PERFORMANCE

These advancements reflect our ongoing commitment to environmental responsibility and operational excellence:



2023 ESG MILESTONES

- Committed to net-zero emissions by 2050
- Completed a comprehensive window rehabilitation project, involving the reconstruction of nearly 1,000 windows and patio doors
- Installed sub-metering for 396 suites
- Replaced boilers at four properties and rebuilt an additional three boilers at other locations
- Launched the Resident Guide to Sustainable Living
- Launched the Wellness Works Program, addressing diverse workforce needs, including mental, physical, financial, and environmental well-being
- Conducted 1,238 Resident satisfaction surveys at multiple touch points throughout their rental term to gather insights on how to continually improve our customer service strategy
- Won the 2023 SatisFacts Resident Satisfaction Award at three of our properties
- Provided staff with 1,473 hours of in-classroom training and 819 hours of online training, for a total of 2,292 hours
- Defined a new Diversity, Equity, & Inclusion (DEI) Policy with formal commitment from all Employees

2024 ESG TARGETS AND COMMITMENTS

Embarking on our journey into 2024, we have outlined a set of commitments aimed at fortifying our corporate values and advancing our sustainability efforts. These encompass a range of initiatives, including Employee engagement surveys, comprehensive sustainability training, enhanced well-being programs for our Residents, and the establishment of targets for key environmental metrics.

	TARGET
Develop Resident Guide to Sustainable Living	COMPLETED 2023
Perform annual Resident satisfaction surveys and promote ongoing enhancement at the asset level	COMPLETED 2023 AND ONGOING
Conduct annual Employee surveys	COMPLETED 2023 AND ONGOING
We aim to achieve a reduction of water use by 2% year-over-year across portfolio	2024 IN PROGRESS
We aim to achieve a reduction of energy consumption by 2% year-over-year across portfolio	2024 IN PROGRESS
Launched due diligence checklist for residential and commercial properties	2022 AND ONGOING
Roll out sustainability training company-wide	2024
Broaden health and well-being programs for our Residents	2024
Develop a strategy to increase social programs across portfolio	2023 IN PROGRESS
Achieve net-zero carbon emissions across portfolio	2050 IN PROGRESS

MAISON RIVERAIN
DEVELOPMENT UPDATE

The Trust holds a 75% share in the Maison Riverain development, a large scale, multi-phase project with three planned high-rise towers and over 1,100 upscale rental units. The development sits on a 4.2-acre site in the Vanier neighbourhood of Ottawa, close to downtown and will have a two-storey podium with over 20,000 sq. ft. of commercial space. This critical infusion of rental units to the Ottawa housing market will help offset the city's housing crisis fuelled by the continued influx of immigration, housing affordability issues driven by rising interest rates and the strong labour market attracting workers to the area.

Artist Concept

ONGOING

Phase One of this project has made significant strides towards achieving its objectives. Key milestones have been met, and progress continues to be made in line with the project timeline and budget.

All approvals for Phase One were obtained as of December 21, 2023. Construction contracts are now largely awarded and are consistent with the proposed budget. The roof of the first tower was topped off in Q4'23 including the completion of the mechanical penthouse structure. The window installation is advancing well. A CMHC energy model was initiated to qualify for the MLI Select sustainability program (provides insurance rewards for affordable, energy-efficient, and accessible properties, whether they're newly built or existing). Tier two status was achieved due to 36.5% energy efficiency savings.

NEXT PHASE

Building Permit drawings were finished on December 10, 2023, and Phase Two construction drawings are now 90% complete. Taking a proactive stance into 2024, the consulting team met in early January 2024 for full coordination, and tender drawings were fully completed in February 2024. Site Plan Approval is expected in March 2024. An energy model assessed Tower C's compliance with the MLI Select energy efficiency standards, showing a 26% increase compared to the CMHC baseline, qualifying the project for level two energy efficiency classification. Phase Two of the project is set to commence in late 2025.

OUTLOOK

The Maison Riverain development is progressing well, thanks to ongoing dedication and collaboration among all Stakeholders. We've achieved significant milestones and are on schedule to welcome Residents in the first tower by mid-2025. Looking ahead, we're fully committed to completing this project successfully, confident in its positive impact on the Ottawa housing market and its profitability for Investors.

BUSINESS OVERVIEW

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

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

433 King Street,
London, ON

LONG-TERM OBJECTIVES

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

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

SHORT-TERM OBJECTIVES

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

INVESTMENT STRATEGIES

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

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

CUSTOMER SATISFACTION

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

MAINTENANCE AND REPAIR PROGRAMS

Management is fundamentally driven by efficiencies and cost-effective programs that are accretive to the Trust's short-term and long-term value. Management believes that the Trust is positioned to take full advantage of efficiency programs and capital investments that will attract Investors and enhance the value of the Trust's portfolio.

SUPERIOR PROPERTY MANAGEMENT

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

COMPREHENSIVE REPORTING

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

STRATEGIC DEBT MANAGEMENT

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

ENHANCEMENT OF THE PORTFOLIO

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

COMMUNICATIONS

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

ESG STRATEGY INTEGRATION

Management is committed to embedding its multi-year ESG road map into the Trust's overall growth strategy. Supported by the Trustees and Equiton's ESG Committee, Management is dedicated to the advancement of a comprehensive ESG strategy to ensure continual improvement as a steward of the environment, real estate Investor, community developer and employer, and to make progress as an ethically responsible forward-thinking organization.

The integration of ESG into the Trust's investment process sits primarily with Equiton's Investment Committee and the Operations team. Equiton's Investment Committee utilizes a proprietary ESG scorecard to formalize its approach to assessing and evaluating new acquisitions. This approach undertakes a fulsome analysis of ESG factors that, when combined with other non-ESG factors, aids in the understanding of the Trust's investments including risk profile. Management supports the ongoing commitment to providing and maintaining a working environment based on respect, dignity and the rights of everyone in the organization and, further, incorporating relevant ESG issues into the decision-making processes resulting in better risk assessment, better buildings for the communities served, increased transparency, and measured investment decisions for Investors.

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

MARKET OUTLOOK

Canadian real estate market watchers may look back on 2023 as an inflection point for the rental industry. Over the past year, rising homeownership costs, surging population growth, and a marked shift in renter demographics and expectations have firmly established a broad, enduring trend toward rentership. It is Management's belief that these forces will continue to bolster the position of the Trust's portfolio as they shape the rental landscape, offering new opportunities for growth and diversification.

The Bank of Canada's (BoC) protracted rate-hiking cycle spanning the previous two years is widely considered to have ended, but not before placing many Canadians in an uncertain financial position. The average Canadian found themselves spending 62.5%[1] (+2.8% Y/Y) of their household income on homeownership costs including mortgage payments in July 2023, the month of the BoC's most recent and possibly final rate increase. The high cost-of-living areas around Vancouver and Toronto saw the sharpest increases. Based on market conditions in Q3'23, home ownership costs in Vancouver would work out to 102.6% (+4.4% Y/Y) of the average household income, and 84.1% (+4.2% Y/Y) in Toronto.

The estimated 40%[2] of Canadian mortgage holders who refinanced at higher rates in 2022-2023 when rates were rising have thus far shown some resilience with only a slight increase in mortgage delinquency rates. However, 14%[3] of Canadian mortgage holders are expected to renew $251 billion in mortgages at higher rates this year, and 24% of mortgages representing $352 billion are expected to renew in 2025. In 2026, that number reaches 34% of mortgages. Although interest rates are widely expected to soften within this period, earlier remarks[4] from the BoC serve to temper expectations that rates will settle at levels comparable to those seen before the COVID-19 pandemic.

Escalating shelter costs have also resulted in a mild correction for home prices. Accordingly, a recent poll finds that a diminishing number of current Canadian homeowners[5] view single-family homes as a long-term investment, suggesting a new source of permanent rentership. Meanwhile, prospective homeowners continue to face challenges in the form of stress tests and amassing a down payment.

This dynamic coupled with population growth and attitudinal shifts toward renting has seen increased demand for rental units, decreasing vacancies and accelerating rental prices, particularly in high-growth markets. The asking rent for all residential property types averaged $2,178 (+8.6% Y/Y)[6] in December 2023, ending the year at a new all-time high with above-average rent increases primarily in relatively affordable markets like Alberta. According to the Canada Mortgage and Housing Corporation's (CMHC) 2023 Rental Market Report released in January 2024, the national vacancy rate for purpose-built rental apartments reached a new low of 1.5%[7] with most major markets reporting declines. In the Greater Toronto Area, vacancies declined from 1.7% to 1.5%, whereas Vancouver held steady at 0.9%. Edmonton and Calgary saw steep declines from 4.3% to 2.4% and 2.7% to 1.4%, respectively. Management monitors CMHC statistical data and forecasts as a benchmarking tool when developing investment objectives.

Population growth in Canada is expected to continue to increase with immigration as the primary driver, stoking further demand for multi-residential housing. The federal government has reiterated its plan to welcome in 485,000 immigrants in 2024 and 500,000 immigrants in 2025[8]. Growth is not expected to affect all regions equally, as newcomers tend to settle in heavily populated major metros[9]. Management expects the affordability gap between homeownership and rental accommodation to continue to increase as a result, limiting renters' ability to transition into homeownership which has been on the decline in Canada since hitting its peak in 2011[10]. Although affordability is a key factor in this shift away from single-family homes, especially in high-cost-of-living markets, more Canadians report renting by choice with a significant percentage (46%) disclosing a preference for rental living.

Management believes that economic and attitudinal shifts will continue to encourage new age groups to pivot to the comparatively more flexible rental lifestyle. The aging baby boomer generation is also seen as significant opportunity. In Canada, growth in rentership is highest[11] among this new generation of financially stable renters aged 56 to 75. Baby boomers numbered more than nine million in 2021[12] and made up the largest portion of the country's homeowners[13]. As this generation ages, many sell their single-family homes to help fund retirement or step away from the hassles of maintaining a property[14]. The age group under 35 continues to delay traditional milestones such as getting married, having children, and purchasing a home in favour of putting greater emphasis on career development and a flexible lifestyle.

The creation of new multi-residential rental supply in target markets faces constraints, including high development and construction costs attributed to entrenched inflation costs and a protracted labour shortage in the trades. Management continues to monitor key markets for development opportunities, noting that despite a 7% drop in total Canadian housing starts in 2023[15], strong multi-unit construction (-1% Y/Y)[16] offset slowed construction among other types of real estate, such as single-family homes (-25% Y/Y).

Providing some relief, the federal government has removed the Goods and Services tax levied on the construction of certain purpose-built rental housing, with major provinces removing their corresponding portions as well. Meanwhile, major cities including Vancouver, Toronto, and Edmonton have waged campaigns to update zoning regulations for the purpose of easing the development of new rental density. As such initiatives gather momentum, a stock of modern, high-quality rentals can provide an attractive alternative to condo apartments for prospective and downsizing homeowners alike. Management believes that established development firms are best positioned to benefit most from the relaxation of red tape, as new market entrants continue to face significant capital and logistical barriers. Furthermore, supply constraints are unlikely to resolve for many years. For these reasons, Management firmly believes that the multi-residential rental market continues to provide a compelling investment opportunity for Investors.

1 https://thoughtleadership.rbc.com/high-rates-and-prices-make-it-less-affordable-to-own-a-home-in-canada/
2 https://www.canadianmortgagetrends.com/2023/12/2024-housing-market-and-interest-rate-forecasts/
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15 https://www.cmhc-schl.gc.ca/media-newsroom/news-releases/2024/housing-starts-down-2023-from-2022
16 CMHC New Housing Construction Starts (Actual) - https://www03.cmhc-schl.gc.ca/hmip-pimh/en/TableMapChart/Table?TableId=5.6.1&GeographyId=1&GeographyTypeId=1&BreakdownGeographyTypeId=0&DisplayAs=Table&GeograghyName=Canada&Ytd=False&Frequency=Annual&DefaultDataField=measure-12&Survey=Scss&ForTimePeriod.Year=1990&ToTimePeriod.Year=2023

INVESTMENT GUIDELINES AND OPERATING POLICIES

INVESTMENT GUIDELINES

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

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

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

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

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

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

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

e) except for temporary investments held in cash, deposits with a Canadian or U.S. chartered bank or Trust company registered under the laws of a province or territory of Canada, short-term government debt securities or money market instruments of, or guaranteed by, a Schedule I Canadian chartered bank maturing prior to one year from the date of issue and except as permitted pursuant to the investment guidelines and operating policies of the Trust, the Trust directly or indirectly, may not hold securities of a Person other than to the extent such securities would constitute an investment in real property (as determined by the Trustees) and provided further that, notwithstanding anything contained in the Declaration of Trust to the contrary, but in all events subject to (a) and (b) above, the Trust may hold securities of a Person:

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

   (ii) which focuses its activities primarily on Focus Activities, provided that, in the case of any proposed investment or acquisition which would result in the beneficial ownership of more than 10% of the outstanding securities of an issuer (Acquired Issuer), the investment is made for the purpose of pursuing the merger or combination of the business and assets of the Trust and the Acquired Issuer or for otherwise ensuring that the Trust will control the business and operations of the Acquired Issuer;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

OPERATING POLICIES

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

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

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

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

   (ii) the General Partner, or

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

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

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

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

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

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

The term "indebtedness" means (without duplication):

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

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

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

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

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

f) any amounts secured by any of the assets of the Trust; provided that:

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

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

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

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

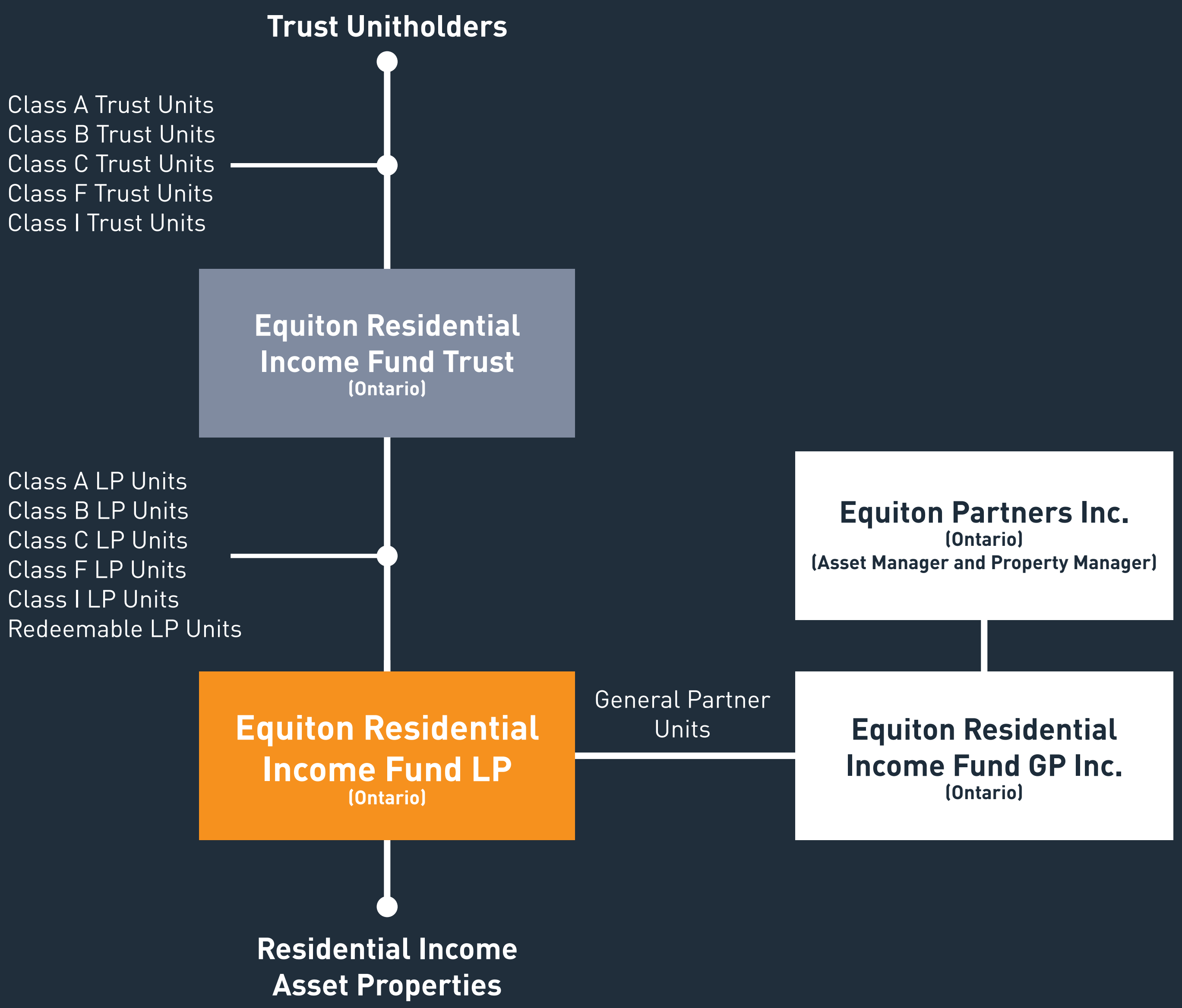
AMENDMENTS TO INVESTMENT GUIDELINES AND OPERATING POLICIES

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

THE TRUST **STRUCTURE**

The Trust is an unincorporated open-ended real estate investment trust created by a Declaration of Trust dated March 1, 2016, as amended and restated on February 28, 2019, and as amended as of March 30, 2022, governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. See "Declaration of Trust" and "Terms of Trust Units". The Trust was established with the objective of investing indirectly in the business of the Partnership through its acquisition of Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units. All or substantially all of the net proceeds of the offering will be invested in the Partnership through the purchase of Class A LP Units, Class B LP Units, Class C LP Units, Class F LP Units and Class I LP Units, in equal proportion to the number of Class A Trust Units, Class B Trust Units, Class C Trust Units, Class F Trust Units and Class I Trust Units sold pursuant to the offering.

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



VALUATION POLICY

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

VALUATION OF INVESTMENT PROPERTY

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

98 Farley Drive, Guelph, ON

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

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

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

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

The valuators will provide the following:

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

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

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

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

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

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

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

The Trust's auditors are responsible for:

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

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

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

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

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

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

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

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

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

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

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

CALCULATION OF MARKET VALUE

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

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

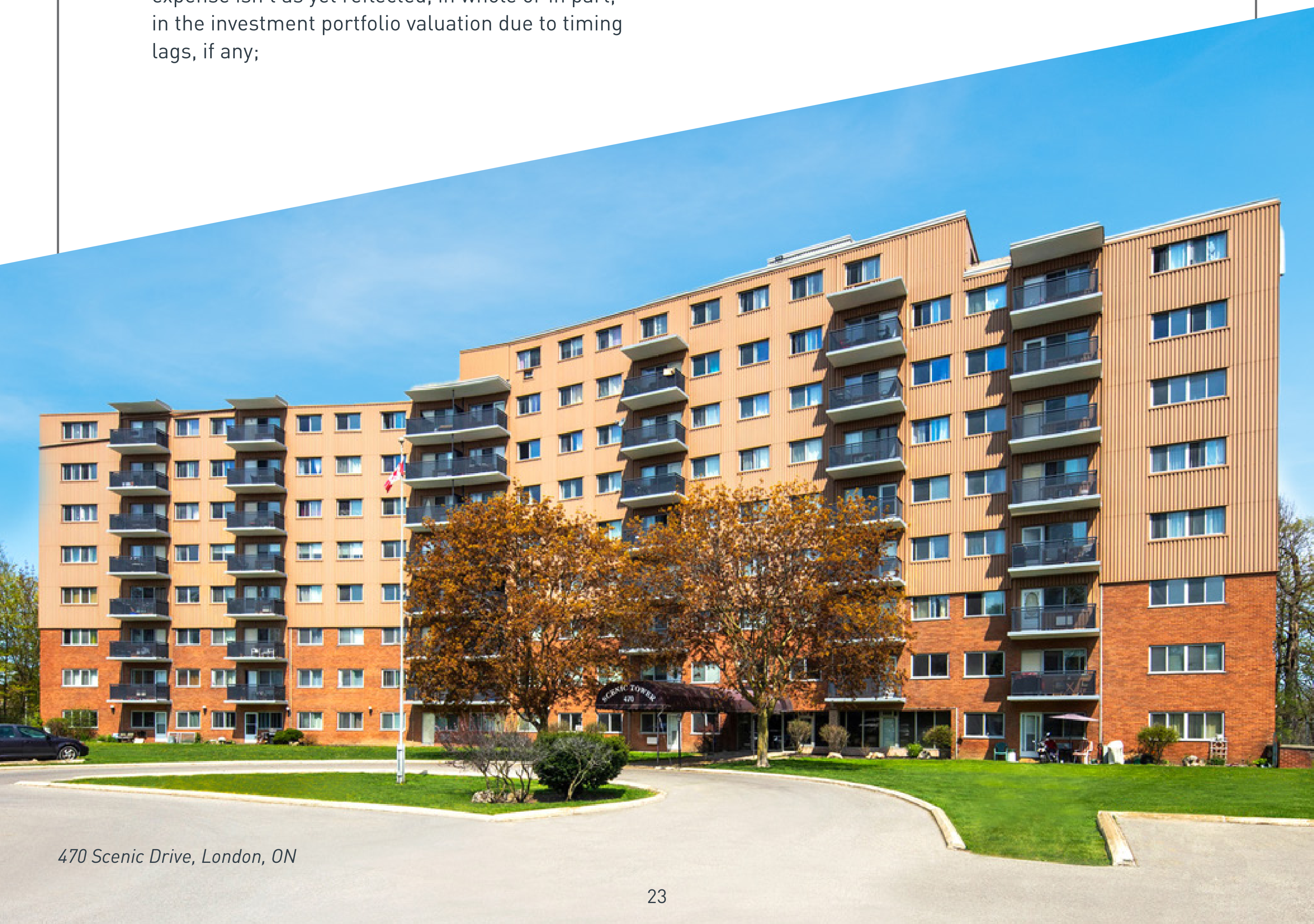
a) capitalization of certain expenses, whose benefits accrue over a long period of time and should be allocated between exiting, remaining, and incoming Unitholders but may be written off or effectively written off under IFRS or where the value of such expense isn't as yet reflected, in whole or in part,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

b) portfolio premiums, if any;

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

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

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



470 Scenic Drive, London, ON

2023 OPERATING **HIGHLIGHTS**

2,729 RESIDENTIAL UNITS

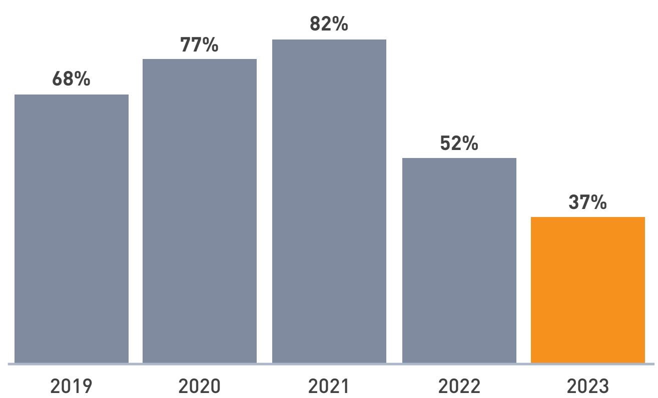
34 PROPERTIES

17 COMMUNITIES

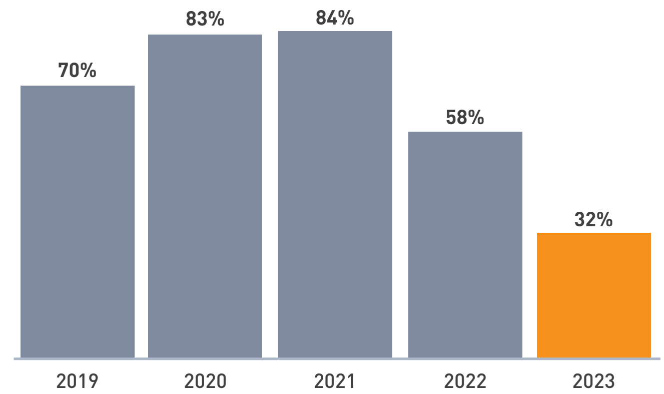
PORTFOLIO METRICS

As at December 31, 2023

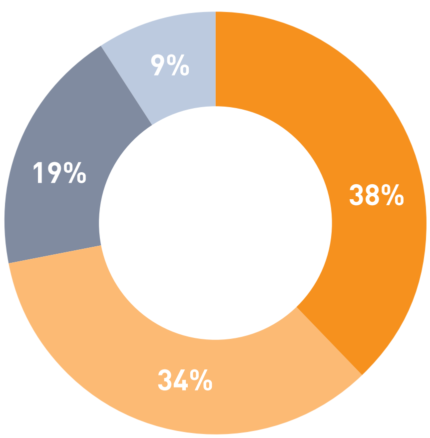
Annual Growth in Revenue



Annual Growth in Net Operating Income



Portfolio Mix by Investment Strategy/Type



Portfolio Investment Strategy Breakdown

- Non-Stabilized
- Repositioning
- Stabilized
- Development

Y/Y Same Store Revenue Growth

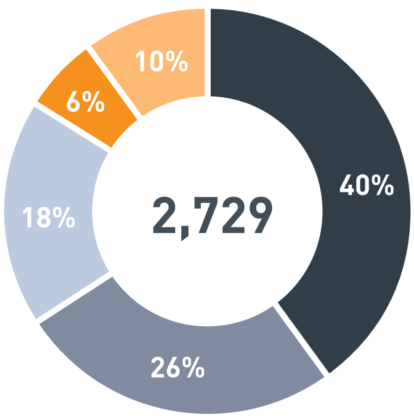
8.2%

Y/Y Same Store NOI Growth

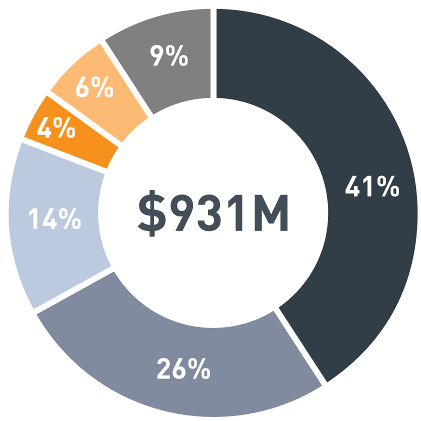
5.8%

Portfolio Mix by Region

Portfolio Units



Portfolio Value

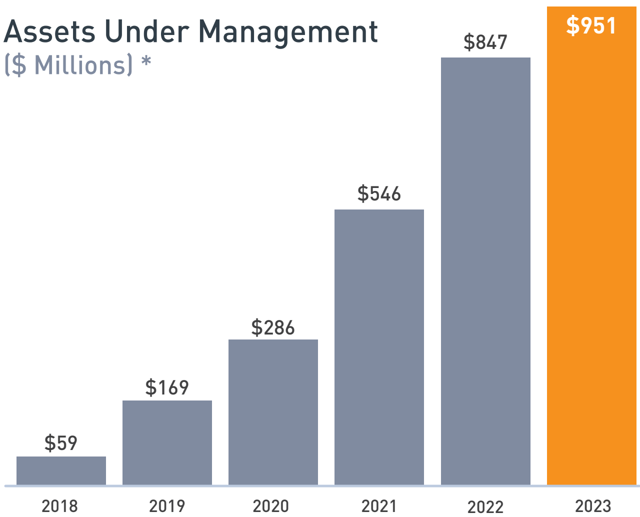


- Greater Toronto and Hamilton Area (GTHA)
- Southwestern Ontario
- Alberta
- Western Ontario
- Southeastern Ontario
- Ottawa Riverain

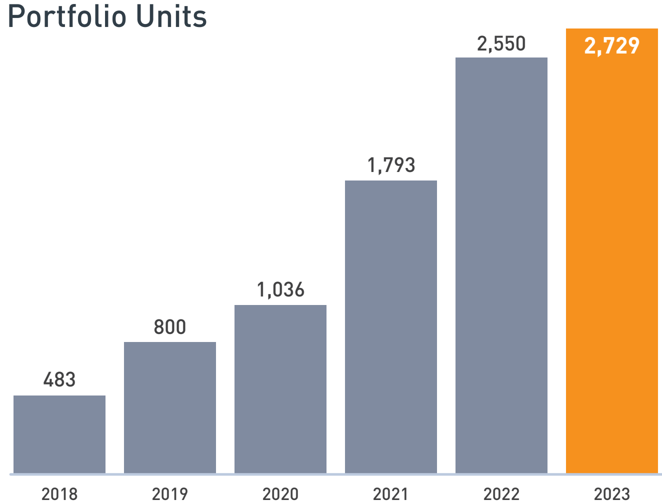
FUND PERFORMANCE

As at December 31, 2023

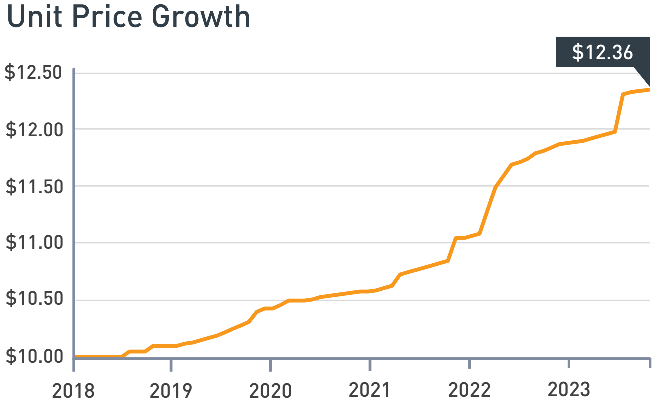
Assets Under Management
($ Millions) *



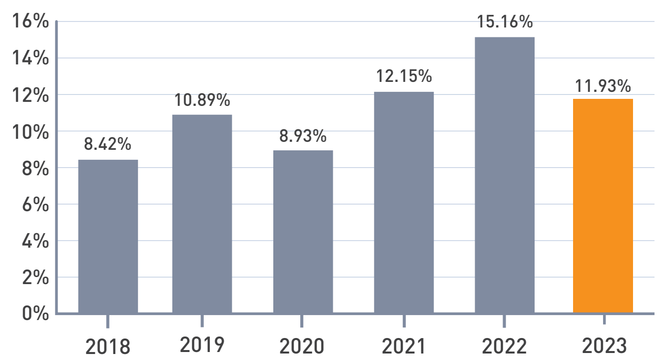
Portfolio Units



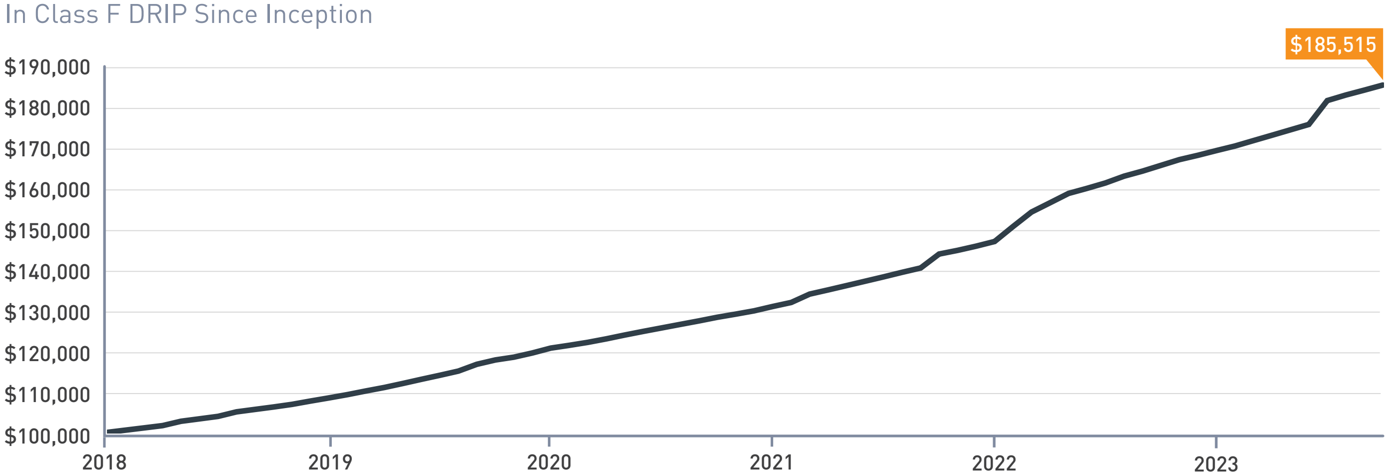
Unit Price Growth



Annual Returns - Class F DRIP



$100,000 Invested
In Class F DRIP Since Inception



* Assets Under Management includes both cash and property value.

SUMMARY OF
RESULTS OF OPERATIONS AND KPIs

Key Transactions and Events

- The Trust AUM grew by 12.2% Y/Y to $951M, with NOI growth of 32.4% to $26.8M over the same period.
- The Trust's share of the Maison Riverain development project costs as at Q4'23 was $80.9M ($43.7M as at Q4'22), with a $45.2M equity investment ($31.0M as at Q4'22).
- During Q4'23, the Trust completed the acquisition of two properties, adding 170 residential units, for a total purchase price of $33M.
- The transactional activity, along with a $24.3M Y/Y change in market values increased the income-producing portfolio's fair value to $850M, a 7.4% increase from December 31, 2022.

Strong Operating Results and Balance Sheets

- The Trust delivered strong financial and operational results and remains well-positioned as key financial metrics continue to strengthen.
- The occupancy rate for the rent-ready units was 98.5% for Q4'23 compared to 96.9% for Q4'22. The rate remains above the national average of 97.3%[1].
- Overall revenues continued to grow, up 37.0% Y/Y, with the same store asset portfolio having revenue and NOI growth of 8.2% and 5.8% Y/Y.
- The revenue gap to market was 31.1% as of the end of 2023, compared to 28.8% at the end of 2022. The gap to market increased as market rents continued to grow across the portfolio, up 8.7% Y/Y, with market fundamentals remaining strong throughout the year. Management continues to capture the gap to market by turning 19.0% of the portfolio units during 2023.
- The NOI margin for the total portfolio was 57.2% for Q4'23 compared to 59.2% in Q4'22. The change in margin is mostly attributable to the increase in property taxes, wages and market-driven utility expenses that were partially offset by the higher revenues.
- Collections of rent remained strong at ~99.0%.
- The Trust maintains borrowing capacity through a line of credit; as of the end of 2023, it has $6.6M of available capacity, providing it liquidity for future growth.
- The Trust maintained healthy debt service and interest coverage ratios of 1.44 times and 2.27 times, respectively as at December 31, 2023. The mortgage portfolio has an average interest rate of 3.06%, well below the current mortgage lending rates. The Trust adopted a conservative and long-term leverage strategy, resulting in operations generating sufficient cash flow to service its debt obligations and mitigate interest rate fluctuations.
- Capital expenditures of $17.8M have been incurred for 2023, including $2.3M of costs related to the nine new units at 65-75 Paisley and approximately $1.8M for various energy savings projects.
- The acquisitions of 470 Scenic Drive (115 residential units) and 23 Lynnwood Drive (55 residential units) were completed in Q4'23. These properties increased the Trust's total residential portfolio to 2,729 units and are forecasted to add annual revenues and NOI of $2.7M and $1.3M, respectively.

(1) Yardi Canadian National Multifamily Report Fourth Quarter 2023.

KPIs

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

Occupancy

Management has successfully maintained occupancies above market in their respective areas through a focused and hands-on approach. Management is confident high occupancies can be maintained between 97% and 99% over the long term.

Net Average Monthly Rent (AMR)

Our team of professionals monitor the markets and adjust rents throughout the portfolio regularly to deliver the highest possible AMR. Market rents continued to grow during the quarter and are up 8.7% for the year. Based on current market conditions, Management forecasts increases in AMR will continue to provide sustainable increases in revenue Y/Y.

Net Operating Income (NOI)

NOI is a widely used operating performance indicator in the real estate industry. Management expects to increase NOI through the generation of operating efficiencies, revenue stream assessments and strategic asset management.

Adjusted Funds From Operations (AFFO)

Management governs its liquidity and financing activities and anticipates the metric will improve as the Trust continues its growth and matures.

Leverage Ratios and Terms

Volatility risk has been managed by fixing the lowest possible interest rates for long-term mortgages, while mitigating refinancing risk by prudently managing the portfolio's average term to maturity and staggering the maturity dates. The Trust's weighted average mortgage rate remained flat compared to Q4'22 at a favourable rate of 3.06%. Management will continue to follow strict debt service coverage and interest coverage ratio targets.

Portfolio Growth

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

Rent Collection

Rent collections remain strong, as around 1% of revenues were bad debts for Q4'23. A closely monitored receivables program continues to prove effective.

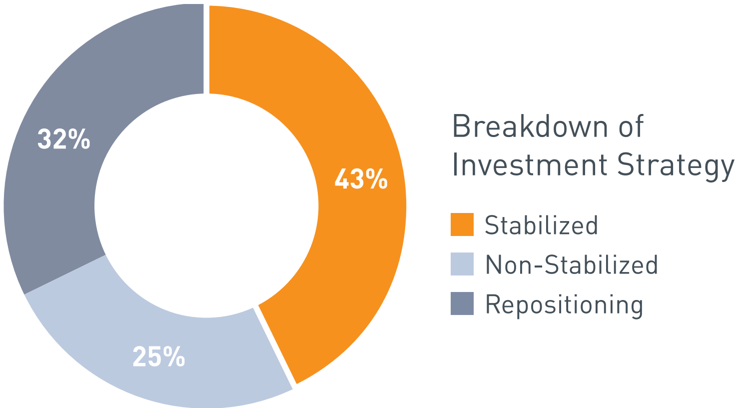
Rental Revenue

The average occupied monthly rent per unit increased by 7.7% to $1,485 in Q4'23 from $1,378 in Q4'22. As a result, above guideline increases (AGIs) do not constitute an integral part of Equiton's strategy, with applications only active for selected suites and sites meeting certain criteria.

*470 Scenic Drive,
London, ON*

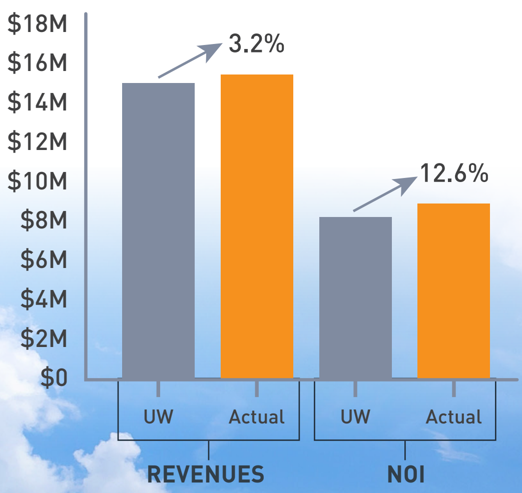
UPDATE ON
2022 PROPERTY ACQUISITIONS

During 2022 the Trust acquired six income-producing properties located in Ontario (four) and Alberta (two). The purchases added 755 units to the portfolio at a total acquisition cost of $242.3M. The acquisition provided geographical diversification and exposure into the Alberta market and consisted of a diverse mix of investment strategies. At acquisition, the properties had a weighted average gap to market of 32%, which has decreased to 27% as at December 31, 2023 through revenue optimization. As at December 31, 2023 the six properties were valued at $259.1M, representing a fair value increase of 7% from acquisition cost.



The properties have experienced strong operational and financial performance, with growing revenues that have outperformed the underwritten parameters, leading to an annual total return of 7.9% for 2023.

Financial Performance Metric Comparison
Actuals vs. Underwriting (UW)



	At acquisition		Year-end 2023
In-place Rent	$1,517	13%	$1,706
Market Rent	$1,999	9%	$2,172

Appreciation in Property Value

$16.8M
6%

2023 Returns

Yield	**3.7%**
Capital Return	**4.2%**
Total Return	**7.9%**

200 Edgar Lane, Sherwood Park, AB

OPERATIONAL AND FINANCIAL RESULTS

Net and Occupied Average Monthly Rents and Occupancy

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

	Net AMR			Occupied AMR			Occupancy %		
As at December 31,	2023 AMR($)	2022 AMR($)	% Change in AMR	2023 AMR($)	2022 AMR($)	% Change in AMR	2023	2022	% Change
Ontario									
GTHA	1,472	1,391	5.8	1,459	1,362	7.1	99.3	98.5	0.7
Western	1,576	1,479	6.6	1,567	1,458	7.5	98.7	96.2	2.7
Southwestern	1,471	1,396	5.4	1,460	1,369	6.7	96.4	96.7	-0.3
Southeastern	1,183	1,108	6.8	1,160	1,079	7.5	98.2	97.6	0.5
Total Ontario	**$1,480**	**$1,397**	**5.9%**	**$1,469**	**$1,371**	**7.1%**	**98.5%**	**97.5%**	**1.0%**
Alberta	**$1,636**	**$1,677**	**-2.5%**	**$1,632**	**$1,616**	**1.0%**	**99.2%**	**92.0%**	**7.2%**
Total Portfolio	**$1,496**	**$1,405**	**6.4%**	**$1,485**	**$1,378**	**7.7%**	**98.5%**	**96.9%**	**1.6%**

Same Store Portfolio: Net AMR, Occupied AMR and Occupancy by Region

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

	Net AMR			Occupied AMR			Occupancy %		
As at December 31,	2023 AMR($)	2022 AMR($)	% Change in AMR	2023 AMR($)	2022 AMR($)	% Change in AMR	2023	2022	% Change
Ontario									
GTHA	1,464	1,374	6.5	1,450	1,353	7.2	97.7	98.7	-1.0
Western	1,502	1,400	7.3	1,493	1,381	8.1	99.3	96.8	2.6
Southwestern	1,339	1,243	7.7	1,327	1,215	9.2	99.3	96.9	2.5
Southeastern	1,183	1,108	6.8	1,160	1,079	7.5	97.0	97.6	-0.6
Total Ontario	**$1,418**	**$1,336**	**6.1%**	**$1,417**	**$1,314**	**7.8%**	**98.4%**	**97.7%**	**0.7%**
Alberta	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Same Store Portfolio	**$1,418**	**$1,336**	**6.1%**	**$1,417**	**$1,314**	**7.8%**	**98.4%**	**97.7%**	**0.7%**

NA stands for 'Not Applicable'

Total Operating Revenue and NOI by Region – All Portfolio

The six income-producing acquisitions in 2022 and strong portfolio operating performance during 2023 resulted in a 37.0% Y/Y growth in the operating revenues that resulted in a 32.4% Y/Y increase in the NOI. The properties purchased in 2022 contributed $15.5M in operating revenues and $9.3M in NOI to the total portfolio during 2023.

Total Operating Revenue by Region

	2023		2022		
Year Ended December 31,	Revenue ($)	Revenue (%)	Revenue ($)	Revenue (%)	% Growth
Ontario					
GTHA	19,285,786	41.2	13,883,551	40.6	38.9
Western	13,006,487	27.8	11,528,028	33.7	12.8
Southwestern	7,008,076	15.0	5,740,912	16.8	22.1
Southeastern	2,392,602	5.1	2,230,833	6.5	7.3
Total Ontario	**$41,692,951**	**89.0%**	**$33,383,325**	**97.6%**	**24.9%**
Alberta	**$5,173,074**	**11.0%**	**$817,097**	**2.4%**	**NA**
Total Portfolio	**$46,866,025**	**100.0%**	**$34,200,422**	**100.0%**	**37.0%**

Net Operating Income (NOI) by Region

	2023			2022			
Year Ended December 31,	NOI ($)	NOI (%)	NOI Margin (%)	NOI ($)	NOI (%)	NOI Margin (%)	NOI Growth (%)
Ontario							
GTHA	10,661,702	39.7	55.3	7,903,234	39.0	56.9	34.9
Western	8,207,176	30.6	63.1	7,240,133	35.7	62.8	13.4
Southwestern	4,045,349	15.1	57.7	3,556,852	17.6	62.0	13.7
Southeastern	1,061,731	4.0	44.4	1,086,633	5.4	48.7	-2.3
Total Ontario	**$23,975,958**	**89.4%**	**57.5%**	**$19,786,852**	**97.7%**	**59.3%**	**21.2%**
Alberta	**$2,852,756**	**10.6%**	**55.1%**	**$474,676**	**2.3%**	**58.1%**	**NA**
Total Portfolio	**$26,828,714**	**100.0%**	**57.2%**	**$20,261,529**	**100.0%**	**59.2%**	**32.4%**

NA stands for 'Not Applicable'

Total Operating Revenue and NOI by Region – Same Store Portfolio

The same store portfolio operating revenue grew 8.2% Y/Y, while NOI grew by 5.8% during the same period due to increases in market rents on natural turnover. The NOI margin of 56.2% for 2023 benefited from higher revenues but was offset by inflationary factors compared to 2022.

Same Store Operating Revenues by Region

	2023		2022		
Year Ended December 31,	Revenue ($)	Revenue (%)	Revenue ($)	Revenue (%)	% Growth
Ontario					
GTHA	13,331,242	43.1	12,430,822	43.5	7.2
Western	10,514,602	34.0	9,696,615	33.9	8.4
Southwestern	4,675,348	15.1	4,215,807	14.8	10.9
Southeastern	2,392,602	7.8	2,230,833	7.8	7.3
Total Ontario	**$30,913,794**	**100.0%**	**$28,574,078**	**100.0%**	**8.2%**
Alberta	**NA**	**NA**	**NA**	**NA**	**NA**
Total Portfolio	**$30,913,794**	**100.0%**	**$28,574,078**	**100.0%**	**8.2%**

Same Store Net Operating Income (NOI) by Region

	2023			2022			
Year Ended December 31,	NOI ($)	NOI (%)	NOI Margin (%)	NOI ($)	NOI (%)	NOI Margin (%)	NOI Growth (%)
Ontario							
GTHA	7,245,964	41.7	54.4	7,005,216	42.6	56.4	3.4
Western	6,464,907	37.2	61.5	5,874,049	35.8	60.6	10.1
Southwestern	2,612,251	15.0	55.9	2,469,592	15.0	58.6	5.8
Southeastern	1,061,731	6.1	44.4	1,086,633	6.6	48.7	-2.3
Total Ontario	**$17,384,854**	**100.0%**	**56.2%**	**$16,435,491**	**100.0%**	**57.5%**	**5.8%**
Alberta	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Total Portfolio	**$17,384,854**	**100.0%**	**56.2%**	**$16,435,491**	**100.0%**	**57.5%**	**5.8%**

NA stands for 'Not Applicable'

Operating Expenses

Realty Taxes

For the quarter ending December 31, 2023, the same store portfolio realty tax increased compared to the previous year, primarily due to increased municipal property tax rates.

Utilities

The utility costs of the portfolio can be highly variable from year to year, depending on energy consumption and market rates. The table below provides net utility cost by type for the portfolio. Management is proactive in implementing energy-saving initiatives to manage utility costs, including sub-metering programs to increase utility recoveries, Y/Y recoveries increased by 62%. Overall, utility expenses have increased Y/Y due to higher gas expenses, which were impacted by market-driven pricing (the portfolio's Ontario properties had ~22% increase and Alberta an increase of ~30% Y/Y) as commodity prices and the federal carbon tax increased.

	Net Utilities *			**Same Store - Net Utilities***		
For the Year Ended December 31,	2023 ($)	2022 ($)	Y/Y Expense Change (%)	2023 ($)	2022 ($)	Y/Y Expense Change (%)
Electricity	1,440,887	1,081,677	33	909,455	796,903	14
Natural Gas	1,400,490	958,598	46	941,271	767,773	23
Water	1,607,797	1,168,312	38	1,121,116	932,299	20
	$4,449,174	**$3,208,587**	**39%**	**$2,971,842**	**$2,496,975**	**19%**

* Net of utility recoveries

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

Other Operating Expenses

Operating expenses increased Y/Y, primarily due to inflationary pressure on wages and benefits and insurance costs from market factors impacting the insurance industry.

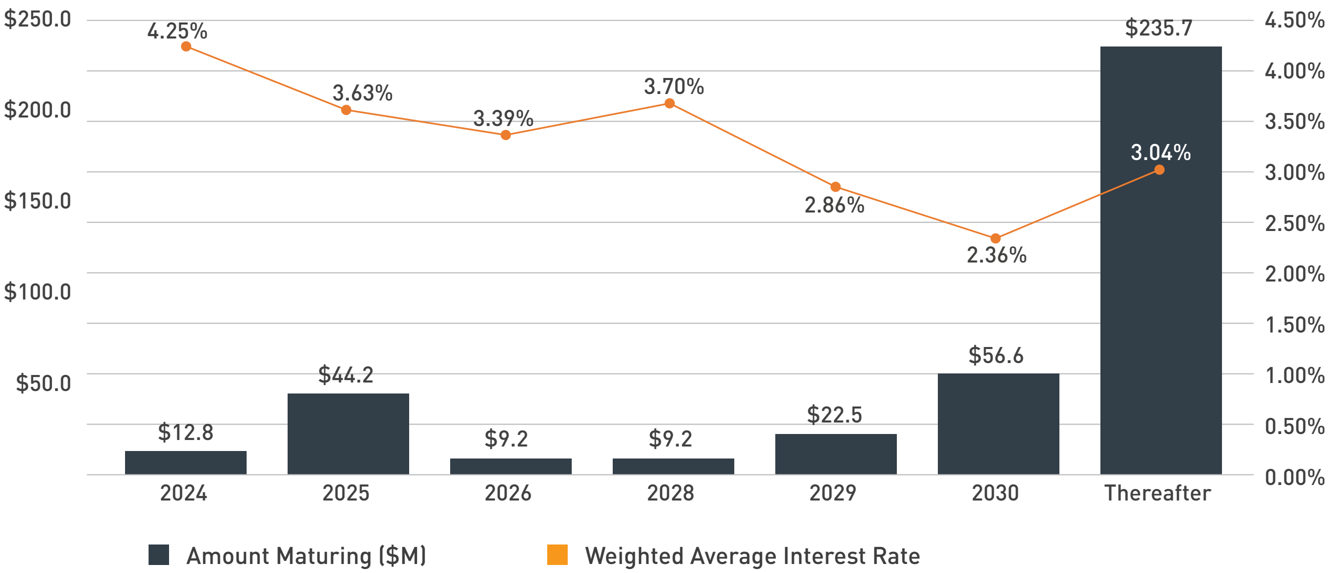
Debt Portfolio

The Trust's loan portfolio consists of long-term fixed-rate mortgages secured against individual properties and an operating line of credit. The mortgage portfolio is diversified across various lending institutions and has staggered maturity dates over the long term to manage interest rate risk. The weighted average mortgage interest rate as of Q4'23 was 3.06% with weighted average time remaining to maturity at 6.55 years. Below is a breakdown of mortgage maturities over the next five years and beyond.

82% Mortgage Debt - CMHC Insured

$39.3M New Financing Obtained 2023

Income-Producing Property Mortgage Maturity by Year



12 & 14 Auburndale Court., Toronto, ON

Value Creation

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

	Year ended December 2023	Year ended December 2022
Value Increase/(decrease)	**$24.3M**	**$47.3M**
Change Due to Operational Gains	100%	100%
Change Due to Cap Rate	0%	0%

Although the portfolio overall weighted average cap rate increased by approximately 30 bps Y/Y, the operational gains realized through revenue optimization and strategic management of the portfolio resulted in a $24.3M or 3% increase in fair values Y/Y.

Cap Rate by Region

	Weighted Avg Cap Rate
Alberta	5.50%
GTHA	3.77%
Southeastern Ontario	4.62%
Southwestern Ontario	4.23%
Western Ontario	4.46%

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.

	2023	2022
As at December 31,	% Gap to Market	% Gap to Market
Ontario		
Greater Toronto Area	40.8	35.4
Western	27.5	25.8
Southwestern	32.4	30.1
Southeastern	7.4	29.9
Total Ontario	**35.3%**	**31.3%**
Alberta	**2.7%**	**7.8%**
Total Portfolio	**31.1%**	**28.8%**

Net Operating Income

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 operating costs. These include, but are not limited to, 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.

NOI

Year Ended December 31,	2023 ($)	2022 ($)
Operating Revenues		
Net Rental Revenues	44,448,406	33,066,984
Other	1,760,633	1,133,438
Total Operating Revenues*	**$46,209,039**	**$34,200,422**
Operating Expenses		
Realty Taxes	4,996,330	3,896,782
Utilities	4,449,174	3,208,587
Other Expenses	9,934,822	6,833,525
Total Operating Expenses	**$19,380,325**	**$13,938,893**
NOI	**$26,828,714**	**$20,261,529**

* Excluding Utility Recoveries

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.

2023 ACQUISITIONS AND DISPOSITIONS

ACQUISITIONS

Brantford, Ontario

Lynnwood Place
23 Lynnwood Drive
Acquired: December 2023

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
0	17	33	5	0	55

Lynnwood Place is a six-storey building with 55 units located next door to our existing property at 19 Lynnwood Drive. Amenities include 74 surface parking spaces, laundry facilities and lockers. The property is in a quiet residential area, within walking distance of public transportation, parks, shopping, and restaurants and is minutes from Highway 403.

London, Ontario

Scenic Tower
470 Scenic Drive
Acquired: October 2023

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
16	32	63	4	0	115

Scenic Tower is a mid-rise building with nine storeys, 115 units, 100 outdoor parking spaces and 48 underground parking spaces. Amenities include a social room, common laundry facilities, lockers, and an outdoor amenity area. This property ideally sits within walking distance of the Victoria Hospital, the Thames River Valley, and numerous parks with walking and cycling trails. It offers easy access to public transit and Highway 401.

DISPOSITIONS: None

PROPERTY DETAILS

CITY	ADDRESS	PROPERTIES	BUILDINGS	BACHELOR	1 BEDROOM	2 BEDROOM	3 BEDROOM	4 BEDROOM	COMMERCIAL	TOTAL
Brampton, ON	78 Braemar Dr.	1	1	0	40	112	1	0	0	153
Brantford, ON	19 & 23 Lynnwood Dr.	2	2	0	35	68	10	0	0	113
	120,126 & 130 St.Paul Ave.	1	1	0	15	31	0	0	0	46
Breslau, ON	208 Woolwich St. S.	1	1	0	3	74	1	0	0	78
Burlington, ON	1050 Highland St.	1	1	0	3	15	0	0	0	18
Chatham, ON	75 & 87 Mary St.	1	1	0	22	34	0	0	0	56
	383-385 Wellington St. W.	1	1	22	26	5	1	0	0	54
Edmonton, AB	10001 Bellamy Hill Rd. NW.	1	1	3	0	155	0	0	0	158
Guelph, ON	98 Farley Dr.	1	1	22	41	30	0	0	0	93
	5 & 7 Wilsonview Ave.	1	1	0	5	17	7	0	0	29
	8 & 16 Wilsonview Ave.	2	2	2	54	53	3	0	0	112
Hamilton, ON	125 Wellington St. N.	1	1	5	247	73	38	0	1	364
Kingston, ON	252 & 268 Conacher Dr.	2	2	0	6	18	0	0	0	24
	760/780 Division St.	1	1	0	24	48	40	0	0	112
	1379 Princess St.	1	1	1	18	13	0	0	2	34
Kitchener, ON	100-170 Old Carriage Dr.	1	3	2	14	202	0	0	0	218
London, ON	1355 Commissioners Rd. W.	1	1	0	14	37	0	0	1	52
	433 King St.	1	1	0	62	66	1	0	1	130
	470 Scenic Dr.	1	1	16	32	63	4	0	0	115
Markham, ON	65 Times Ave.	1	1	9	37	18	0	0	0	64
Mississauga, ON	65 & 75 Paisley Blvd. W.	2	2	15	67	79	2	0	1	164
Ottawa, ON	Riverain District	1								
Sherwood Park, AB	200 Edgar Ln.	1	1	4	8	92	0	0	0	104
Stratford, ON	30 & 31 Campbell Crt.	2	2	0	33	63	3	0	0	99
Toronto, ON	12 & 14 Auburndale Crt.	1	1	0	0	15	23	8	0	46
	2303 Eglinton Ave. E.	1	1	6	67	96	0	0	0	169
	787 Vaughan Rd.	1	1	7	25	6	0	0	0	38
	223 Woodbine Ave.	1	1	0	32	16	0	0	0	48
	650 Woodbine Ave.	1	1	0	30	8	0	0	0	38
		34	35	114	960	1,507	134	8	6	2,729

PROPERTY DETAILS

BRAMPTON, ONTARIO

78 Braemar Drive

Acquired: July 2022

MAP

Unit Breakdown

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

Braemar Place is a modern rental residence with 15 storeys, 153 units, and 57 indoor and 141 outdoor parking spaces. Condo-style amenities include on-site laundry, storage lockers, bicycle storage, a dog run, and an outdoor swimming pool. The property is across from the Bramalea City Centre and close to various schools, parks, and playgrounds, with easy access to public transit and Highways 410, 401 and 407.

BRANTFORD, ONTARIO

19 & 23 Lynnwood Drive

Acquired: July 2016 and December 2023

MAP

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
0	35	68	10	0	113

Lynnwood Place consists of two neighbouring six-storey buildings with a shared driveway and a combined 113 units. Amenities include 127 surface parking spaces and laundry facilities in both buildings. The property is in a quiet residential area, within walking distance of public transportation, parks, shopping, and restaurants and is minutes from Highway 403.

BRANTFORD, ONTARIO

120, 126 and 130 St. Paul Avenue

Acquired: July 2016

MAP

Unit Breakdown

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

Park Manor is a mid-rise, four-storey building with 46 units, and 49 surface parking spots, featuring on-site laundry facilities. The property is within walking distance of the Grand River, Brantford General Hospital, restaurants, schools, and recreational facilities, with easy access to public transportation and Highway 403.

BRESLAU, ONTARIO

208 Woolwich Street South

Acquired: March 2022

MAP

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 property with four storeys, 78 units, and 114 parking spaces. Condo-style amenities include a fitness room, social room, lockers, bicycle storage, chair lift access, and an outdoor BBQ area. This property is in a quaint small town, just a 15-minute drive from downtown Kitchener, with many amenities just minutes away, including restaurants, cafés, schools, shops, banks, and grocery stores.

BURLINGTON, ONTARIO

1050 Highland Street

Acquired: August 2019

MAP

Unit Breakdown

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

Parkland Apartments is a two-storey walk-up building with 18 units and 20 surface parking spots. Amenities include laundry facilities and on-site management. The property is in a quiet neighbourhood and backs onto a large park with a children's playground and local tennis courts. It offers convenient access to public transportation and major highways, with many nearby amenities, including shopping, restaurants, and local services.

CHATHAM, ONTARIO

75 & 87 Mary Street

Acquired: August 2018

MAP

Unit Breakdown

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

Thamesview Apartments consists of a pair of two-and-a-half-storey walk-up buildings with 56 units. Amenities include 60 surface parking spaces and laundry facilities. The property is within walking distance of the regional hospital, and close to downtown Chatham, shopping, restaurants, a fire station, a police station, the Thames River and Highway 401.

CHATHAM, ONTARIO

383-385 Wellington Street West

Acquired: December 2017

MAP

Unit Breakdown

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

Kent Manor consists of one four-storey building and one adjacent single-family dwelling , totalling 54 units. Amenities include 24 surface parking spaces and laundry facilities. The property is in a premium area dominated by single-family homes with easy public transit access. It lies near the Thames River, a hospital, shopping, restaurants, a police station, and St. Clair College.

EDMONTON, ALBERTA

10001 Bellamy Hill Road Northwest

MAP

Acquired: December 2022

Unit Breakdown

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

Park Square Apartments is a 21-storey high-rise rental tower with 158 units and five floors of open-air parking, totalling 195 stalls. Condo-style amenities include a fitness centre, social room, and a rooftop lounge and patio with incredible views of the city and the scenic Edmonton River Valley. The property is within walking distance of downtown Edmonton, rapid transit, and abundant services and amenities, including grocery stores, banks, restaurants, and retail stores.

GUELPH, ONTARIO

98 Farley Drive

MAP

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 lounge, shared workspace, free Wi-Fi throughout, electric vehicle chargers, an outdoor BBQ area, bike storage, and lockers. Ideally located in one of the most sought-after neighbourhoods in Guelph, with easy access to Highway 401, it is within walking distance of several major grocery stores, banks, drug stores, and multiple sit-down and quick-serve restaurants.

GUELPH, ONTARIO

5 & 7 Wilsonview Avenue

MAP

Acquired: October 2019

Unit Breakdown

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

Treeview Manor consists of two, three-storey walk-up buildings with a connecting basement corridor featuring 29 units. Amenities include 42 parking spots and laundry facilities. This property is in a prime location with easy access to Highways 6 and 401 and within walking distance of public transportation. Nearby amenities include a large shopping mall, services, restaurants, and the University of Guelph.

GUELPH, ONTARIO

8 & 16 Wilsonview Avenue

MAP

Acquired: July 2020

Unit Breakdown

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

Treeview Towers is a seven-storey building with 112 units. Amenities include onsite laundry, storage lockers and outdoor parking. This property is conveniently located next to a major shopping centre with a variety of retailers and restaurants. It is close to several parks, walking trails, public transportation, and the University of Guelph.

HAMILTON, ONTARIO

125 Wellington Street North

Acquired: March 2021

MAP

Unit Breakdown

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

Wellington Place comprises two connected buildings, 19 and six storeys respectively, occupying nearly an entire city block, with 364 units and underground parking. Amenities include a fitness facility, social room, and laundry lounge with Wi-Fi. This property is conveniently located only minutes from downtown Hamilton and a short commute to McMaster University, Hamilton General Hospital, and St. Joseph's Healthcare. Public transit, GO Transit, shopping, restaurants, and parks are all just steps away.

KINGSTON, ONTARIO

252 & 268 Conacher Drive

Acquired: September 2018

MAP

Unit Breakdown

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

Riverstone Place and Millstone Place are a pair of two-and-a-half-storey walk-up buildings containing a total of 24 units. Amenities include 25 surface parking spaces and laundry facilities. This property is located close to public transportation, a hospital, fire station, police station, shopping, services, restaurants, Queen's University, and Highway 401.

KINGSTON, ONTARIO

760/780 Division Street & 2 Kirkpatrick Street

Acquired: March 2018

MAP

Unit Breakdown

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

Treeview Apartments consists of one mid-rise building with three-and-a-half-storeys and 112 units, and two adjacent vacant parcels of land with future development potential. Amenities include 112 surface parking spaces and laundry facilities. This property is close to public transit, the St. Lawrence River, a hospital, police station, shopping, restaurants, Queen's University, and Highway 401.

KINGSTON, ONTARIO

1379 Princess Street

Acquired: May 2018

MAP

Unit Breakdown

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

The Lucerne is a three-and-a-half-storey building with commercial space on the ground floor. It features 34 units, 40 surface-level parking spaces, an elevator, and laundry facilities. The property is located minutes from Queen's University, St. Lawrence College, the St. Lawrence River, a hospital, fire station, police station, shopping, and restaurants. There is also easy access to public transportation and Highway 401.

KITCHENER, ONTARIO
100-170 Old Carriage Drive

Acquired: April 2021

MAP

Unit Breakdown

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

Adanac Crossing consists of one, nine-storey building with 108 units and two, three-storey walk-up buildings with 55 units each. It is on a significant piece of land, with 253 surface parking spaces and a large, wooded area with mature trees. Amenities include a fenced-in dog park and laundry facilities. This property is ideally located near Conestoga College and close to shops, restaurants, parks, and playgrounds, with easy access to public transit and major highways.

LONDON, ONTARIO
1355 Commissioners Road West

Acquired: May 2019

MAP

Unit Breakdown

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

Village West Apartments is a five-storey building with 52 units and outdoor parking. Amenities in this condo-style building include a large, well-appointed lobby, social room, and fitness centre. This property, located in the quaint village of Byron, backs onto a park-like setting with nearby shops, restaurants, schools, parks, conservation areas, and public transit.

LONDON, ONTARIO
433 King Street

Acquired: October 2021

MAP

Unit Breakdown

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

Kingswell Towers is an 18-storey building with 130 units and underground parking. Amenities include a fitness room, social room, sauna, and bike storage. The building is within walking distance of downtown London and has an abundance of retail, dining, entertainment venues, and nightlife options. It also offers easy access to many city parks, walking trails, bike paths, and the Thames River.

LONDON, ONTARIO
470 Scenic Drive

Acquired: October 2023

MAP

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
16	32	63	4	0	115

Scenic Tower is a mid-rise building with nine storeys, 115 units, 100 outdoor parking spaces and 48 underground parking spaces. Amenities include a social room, common laundry facilities, lockers, and an outdoor amenity area. This property ideally sits within walking distance of the Victoria Hospital, the Thames River Valley, and numerous parks with walking and cycling trails. It offers easy access to public transit and Highway 401.

MARKHAM, ONTARIO

65 Times Avenue

Acquired: March 2019

MAP

Unit Breakdown

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

The Foresite is a five-storey building with 64 units Amenities include 20 surface and 44 underground parking spots, in suite laundry facilities, and elevator service. The building is in a prime location, close to public transit, only minutes from shopping, restaurants, and amenities with easy access to Highway 407, Highway 404 and 7.

MISSISSAUGA, ONTARIO

65 & 75 Paisley Boulevard West

Acquired: December 2019

MAP

Unit Breakdown

Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	Commercial	Total Units
15	67	79	2	1	164

Seville East & West consists of two, seven-storey buildings, totalling 164 units. Amenities include 126 surface and 60 underground parking spaces, laundry facilities, and an on-site convenience store. The property is just south of downtown Mississauga in a prime location and only minutes from shopping, restaurants, and amenities, including a major hospital. It also has easy access to Highway 403, the QEW, public transit and a GO station.

OTTAWA, ONTARIO

Riverain District

Acquired: January 2022

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

The Maison Riverain development is progressing well with the first of three towers topped off. Phase Two of the project is underway with Site Plan Approval expected in March 2024. Significant milestones have been achieved and the project is on schedule to welcome the first residents by mid-2025.

SHERWOOD PARK, ALBERTA

200 Edgar Lane

Acquired: September 2022

MAP

Unit Breakdown

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

Emerald Hills Landing is a luxury 55+ rental residence with four storeys, 104 units, and 79 indoor and 36 outdoor parking spaces. Building amenities include a social room, lounge area, and a fitness centre. This property is located less than 20 minutes from downtown Edmonton and is close to a hospital and a wide variety of dining, grocery, and retail options.

STRATFORD, ONTARIO

30 & 31 Campbell Court

Acquired: April 2016

MAP

Unit Breakdown

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

The Wynbrook and the Mayfair are two low-rise, three-storey buildings on opposite sides of the street with a combined 99 units. Amenities include 100 surface parking spaces and laundry facilities in each building. The property is minutes from Stratford's historic downtown core, the Avon River, and Lake Victoria. There is easy access to public transportation and shopping, and it is only a 30-minute drive to Kitchener and Waterloo.

TORONTO, ONTARIO

12 & 14 Auburndale Court

Acquired: October 2021

MAP

Unit Breakdown

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

The Scotch Elms is a 46-unit townhome property with 29 outdoor, 37 underground, and seven visitor parking spots. Townhomes feature in-suite laundry, functional basements, and private fenced-in backyards. This property is located in a family-friendly residential neighbourhood within walking distance of grocery and retail stores, schools, and parks, with excellent transit accessibility and Highway 401 only minutes away.

TORONTO, ONTARIO

2303 Eglinton Avenue East

Acquired: December 2022

MAP

Unit Breakdown

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

Ravine Park Apartments has seven storeys, 169 units, and 183 combined indoor and outdoor parking spots. Amenities include common laundry facilities and lockers. This property is near a large commercial district, offering diverse dining, entertainment, and lifestyle amenities. It also provides excellent public transit accessibility with subway and GO stations within walking distance and a planned LRT station across the street.

TORONTO, ONTARIO

787 Vaughan Road

Acquired: November 2020

MAP

Unit Breakdown

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

Gertrude Suites is a four-storey building with 38 units and on-site laundry facilities. Residents of this eclectic Eglinton West neighbourhood of Toronto are within walking distance of the Eglinton Crosstown line, restaurants, parks, trails, shopping, and other amenities.

TORONTO, ONTARIO

223 Woodbine Avenue

Acquired: March 2020

MAP

Unit Breakdown

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

Beach Park Apartments is a three-and-a-half-storey building with 48 units offering 51 surface parking spaces and laundry facilities. This building is in a premier location just steps from the Beaches Park and boardwalk along Lake Ontario and close to shopping, restaurants, and amenities. The property is near public transit and only minutes from downtown Toronto.

TORONTO, ONTARIO

650 Woodbine Avenue

Acquired: November 2020

MAP

Unit Breakdown

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

The Beach Suites is a four-storey building with 38 units, 27 surface parking spots, and laundry facilities in the trendy Beaches neighbourhood of Toronto. The building is in a premier location near public transit routes for downtown Toronto and several parks, the lakefront boardwalk, shopping, amenities, and the Beaches Park on Lake Ontario.

RISKS AND UNCERTAINTIES

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

SENIOR MANAGEMENT TEAM

Jason Roque
Chief Executive Officer

Helen Hurlbut
Chief Financial Officer

Greg Placidi
Chief Investment Officer & Portfolio Manager

Don Cant
General Counsel & Chief Compliance Officer

Bill Flinders
Chief Technology Officer

Aaron Pittman
SVP, Head of Canadian Institutional Investments

Kathy Gjamovska
VP, Marketing & Communications

Paul Holowaty
VP, Operations Income-Producing Properties

Ryan Donkers
VP, Investments

Martha Varinsky
VP, People and Culture

Michael Kowalczyk
VP, Investment Finance & Asset Management

Sheetal Chetan
VP, Corporate Finance & Treasury

Alan Dillabough
VP, Development

Kim Kopyl
VP, Sales and Marketing, Equiton Developments

Les Siddall
VP, Construction

Jean Zhou
VP, Construction Finance

Equiton Residential Income Fund Trust Independent Board Members

David Hamilton

Aida Tammer

Scot Caithness

Grant Thornton

Consolidated Financial Statements

Equiton Residential Income Fund Trust

For the years ended December 31, 2023 and 2022

Contents

Grant Thornton

Independent Auditor's Report

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

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

To the Trustees of

Equiton Residential Income Fund Trust

Opinion

We have audited the consolidated financial statements of Equiton Residential Income Fund Trust (the "Trust"), which comprise the consolidated statement of financial position as at December 31, 2023 and December 31, 2022, the consolidated statements of (loss) income and comprehensive (loss) income, consolidated statements of changes in net assets attributable to Unitholders and consolidated statements of cash flows for the year ended December 31, 2023 and December 31, 2022, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Equiton Residential Income Fund Trust as at December 31, 2023 and December 31, 2022, and its financial performance and its cash flows for the year ended December 31, 2023 and December 31, 2022 in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

Grant Thornton LLP

Toronto, Canada
March 1, 2024

Chartered Professional Accountants
Licensed Public Accountants

Equiton Residential Income Fund Trust

Consolidated Statements of Financial Position

	Note	December 31, 2023	December 31, 2022
ASSETS			
Non-current assets			
Investment properties	[4]	**$849,831,240**	$791,494,826
Investment property under development	[5]	**80,882,849**	43,711,951
		930,714,089	835,206,777
Current assets			
Cash		**15,893,055**	5,016,263
Restricted cash	[6]	**2,212,198**	5,321,088
Tenant and other receivables		**867,191**	858,003
Loan receivable	[8]	**2,136,672**	1,547,500
Prepaid expenses		**1,231,975**	889,816
Land deposits		**-**	300,000
Due from related parties	[12]	**-**	4,194,496
		22,341,091	18,127,166
TOTAL ASSETS		**$953,055,180**	$853,333,943
EQUITY AND LIABILITIES			
Non-current Liabilities			
Mortgages Payable	[9]	**$356,292,048**	$337,231,576
		356,292,048	337,231,576
Current Liabilities			
Construction loan payable	[10]	**30,942,767**	9,384,375
Bank loan payable	[11]	**13,435,000**	12,050,000
Current portion of mortgages payable	[9]	**19,987,871**	28,412,898
Accounts payable and accrued liabilities		**13,582,695**	12,191,854
Tenant deposits and deferred revenue		**4,062,453**	3,825,900
Unit subscriptions held in trust	[6]	**2,212,198**	4,452,588
Distributions payable	[13b]	**3,091,133**	2,450,881
Due to related parties	[12]	**12,984,256**	15,890,284
		100,298,373	88,658,780
TOTAL LIABILITIES		**$456,590,421**	$425,890,356
Net assets attributable to unitholders		**$496,464,759**	$427,443,587
TOTAL NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND LIABILITIES		**$953,055,180**	$853,333,943
Commitments and contingencies	[17]		
Subsequent event	[20]		

On behalf of the Trustees

__________ Trustee __________ Trustee

See accompanying notes to the financial statements

Equiton Residential Income Fund Trust

Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income

	Note	Year ended December 31, 2023	2022
Property revenue		**$47,344,893**	$34,637,657
Property operating expenses			
Operating expenses		**(10,251,784)**	(12,179,664)
Utilities		**(5,198,019)**	(3,270,906)
Property taxes		**(4,996,330)**	(3,896,782)
		(20,446,133)	(19,347,351)
Net operating income		**$26,898,760**	$15,290,305
Other income		**723,478**	494,496
Financing cost		**(14,304,433)**	(10,124,444)
Administration		**(1,401,220)**	(1,088,475)
Asset management fee	[14]	**(9,655,136)**	(7,262,499)
Performance incentive fee	[14]	**(10,736,966)**	(9,800,210)
Fair value adjustment on investment properties	[4]	**7,023,675**	44,894,199
Net (loss) income		**$(1,451,842)**	$32,403,372
Comprehensive (loss) income		**$ (1,451,842)**	$32,403,372

See accompanying notes to the financial statements

Equiton Residential Income Fund Trust

Consolidated Statements of Changes in Net Assets Attributable to Unitholders

Year ended December 31, 2022	Trust Units [Note 13]	Retained Earnings	Contributed Surplus	Total Unitholders' Equity
As at January 1, 2022	$249,559,421	$37,389,500	$825,183	$287,774,104
Issuance of units	140,230,871	-	-	140,230,871
Issuance of units under DRIP	16,239,898	-	-	16,239,898
Redemption of units	(18,122,959)	-	-	(18,122,959)
Issuance costs	(6,507,045)	-	-	(6,507,045)
Net income and comprehensive income	-	32,403,372	-	32,403,372
Distributions	-	(24,574,654)	-	(24,574,654)
As at December 31, 2022	**$381,400,186**	**$45,218,218**	**$825,183**	**$427,443,587**

Year ended December 31, 2023	Trust Units	Retained Earnings	Contributed Surplus	Total Unitholders' Equity
As at January 1, 2023	**$381,400,186**	**$45,218,218**	**$825,183**	**$427,443,587**
Issuance of units	**143,703,972**	**-**	**-**	**143,703,972**
Issuance of units under DRIP	**21,249,397**	**-**	**-**	**21,249,397**
Redemption of units	**(54,628,818)**	**-**	**-**	**(54,628,818)**
Issuance costs	**(7,430,100)**	**-**	**-**	**(7,430,100)**
Net loss and comprehensive loss	**-**	**(1,451,842)**	**-**	**(1,451,842)**
Distributions	**-**	**(32,421,437)**	**-**	**(32,421,437)**
As at December 31, 2023	**$484,294,637**	**$11,344,939**	**$825,183**	**$496,464,759**

See accompanying notes to the financial statements

Equiton Residential Income Fund Trust
Consolidated Statements of Cash Flows

	Note	Year ended December 31, 2023	2022
OPERATING ACTIVITIES			
Net (loss) income and comprehensive loss (income)		**$(1,451,842)**	$32,403,372
Add (deduct) items not affecting cash			
Increase in fair value of investment properties		**(7,023,675)**	(44,894,199)
Amortization of deferred financing fees		**1,357,056**	1,197,369
Change in non-cash operating items	[16]	**10,124,323**	20,138,142
Cash (used in) provided by operating activities		**$3,005,862**	$8,844,684
FINANCING ACTIVITIES			
Proceeds from issue of units		**133,903,774**	132,749,681
Redemption of units		**(54,628,818)**	(18,122,959)
Distribution to unitholders		**(10,531,788)**	(7,434,781)
Payment of issuance costs		**(7,430,100)**	(6,507,045)
Proceeds on loan payable		**1,385,000**	12,050,000
Payment of deferred financing fees		**(1,357,056)**	(4,202,973)
Interest reserve holdback		**29,227**	350,741
Repayment of mortgages payable		**10,606,218**	(5,488,444)
Proceeds from mortgage payable		**-**	82,704,548
Proceed from construction Loan		**21,558,392**	-
Cash provided by financing activities		**$93,534,849**	$186,098,768
INVESTING ACTIVITIES			
Building improvements		**(17,221,499)**	(6,578,901)
Proceeds from issuance of loan		**(589,172)**	(1,547,500)
Land deposits		**300,000**	3,200,000
Acquisition of investment properties		**(34,091,240)**	(182,641,588)
Investment in land under development		**(37,170,898)**	(43,711,951)
Cash used in investing activities		**$(88,772,809)**	$(231,279,940)
Net increase (decrease) in cash		**7,767,902**	(36,336,488)
Cash, beginning of year		**10,337,351**	46,673,839
Cash, end of year		**$18,105,253**	$10,337,351

See accompanying notes to the financial statements

1. Nature of operations

Equiton Residential Income Fund Trust (the "Trust") is an open-ended real estate investment trust ("REIT") established on March 1, 2016 under the laws of the Province of Ontario. The Trust qualified as a "mutual fund trust" (pursuant to subsection 132(6) of the Income Tax Act) and it was formed primarily to acquire income-producing properties located in Canada.

2. General information and statement of compliance with IFRS

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

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The address of the Trust's registered office is 1111 International Boulevard, Suite 500, Burlington, Ontario, L7L 6W1. The financial statements for the year ended December 31, 2023 were approved and authorized for issue by the Trust on March 1, 2024.

3. Summary of material accounting policies

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

Principles of consolidation

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

Joint arrangements

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

3. Summary of material accounting policies (continued)

Joint arrangements (continued)

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

Investment properties

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

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

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

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

Investment property under development

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

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

3. Summary of material accounting policies (continued)

Investment property under development (continued)

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

Tenant deposits

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

Revenue recognition

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

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

Financial instruments and fair values

(i) Financial assets

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

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

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

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

3. Summary of material accounting policies (continued)

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

Impairment – Expected Credit Loss Model:

For the impairment of financial assets, the Trust uses a forward-looking 'expected credit loss' ('ECL') model. The measurement options for the ECL are lifetime expected credit losses and 12-month expected credit losses.

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

(ii) Financial liabilities

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

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

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

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

(iii) Transaction costs

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

3. Summary of material accounting policies (continued)

(iv) Fair value

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

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

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

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

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

Fair value of financial assets and liabilities

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

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

	December 31, 2023		
	Fair Value Hierarchy	**Carrying Value**	**Fair Value**
Assets:			
Investment properties	**Level 3**	**$ 849,831,240**	**$849,831,240**
Loan receivable	**Level 2**	**$ 2,136,672**	**$ 2,136,672**
Liabilities:			
Mortgages payable	**Level 2**	**$ 385,774,998**	**$ 337,566,925**

	December 31, 2022		
	Fair Value Hierarchy	Carrying Value	Fair Value
Assets:			
Investment properties	Level 3	$ 791,494,826	$ 791,494,826
Loan receivable	Level 2	$ 1,547,500	$ 1,547,500
Liabilities:			
Mortgages payable	Level 2	$ 375,309,185	$ 326,015,349

3. Summary of material accounting policies (continued)

Critical accounting estimates, assumptions, and judgments

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

Investment properties

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

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

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

Joint operations

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

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

Net assets attributable to unitholders

Trust units are redeemable at the holder's option and therefore are considered a puttable instrument in accordance with International Accounting Standard 32 - Financial Instruments: Presentation ("IAS 32"), subject to certain limitations and restrictions. Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met, in which case, the puttable instruments may be presented as equity. The Trust units do not meet the necessary conditions and have therefore been presented as net assets attributable to unitholders under IAS 32.

3. Summary of material accounting policies (continued)

New standards adopted

The following accounting pronouncements, which have become effective and were adopted January 1, 2023, do not have a significant impact on the Company's financial results or financial position:

- IFRS 17, 'Insurance Contracts'
- Disclosure of Accounting Policies (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8)

4. Investment properties

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

Balance, January 1, 2022	**$493,180,000**
Purchase of investment property	246,841,726
Building improvements to investment properties	6,578,901
Increase in fair value of investment properties	44,894,199
Balance, December 31, 2022	**$791,494,826**
Purchase of investment property	34,091,240
Building improvements to investment properties	17,221,499
Increase in fair value of investment properties	7,023,675
Balance, December 31, 2023	**$849,831,240**

On October 19, 2023, the Partnership acquired an investment property located at 470 Scenic Drive, London, Ontario for a cost of $22,350,580.

On December 19, 2023, the Partnership acquired an investment property located at 23 Lynnwood Drive, Brantford, Ontario for a cost of $11,740,660.

On December 31, 2023, all Investment Properties that the Partnership owned as at January 1, 2023 were valued by independent professionally qualified appraisers who hold a recognized relevant professional qualification and have recent experience in the locations of the income-producing properties valued.

4. Investment properties (continued)

The estimated fair values per these appraisals are as follows:

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

30-31 Campbell Court, Stratford	**$ 19,100,000**	$ 19,900,000
19 Lynnwood Drive, Brantford	**13,300,000**	14,300,000
120, 126 and 130 St Paul Avenue, Brantford	**9,790,000**	8,810,000
383-385 Wellington Street and 49 Lacroix Street, Chatham	**9,110,000**	8,640,000
780 Division Street, Kingston	**25,750,000**	22,850,000
1379 Princess Street, Kingston	**6,800,000**	6,560,000
75 and 87 Mary Street, Chatham	**10,600,000**	10,100,000
252 and 268 Conacher Drive, Kingston	**4,100,000**	3,900,000
1355 Commissioners Road West, London	**20,000,000**	19,400,000
65 Times Avenue, Markham	**29,300,000**	30,200,000
1050 Highland Street, Burlington	**6,190,000**	6,530,000
5 & 7 Wilsonview Avenue, Guelph	**9,900,000**	10,800,000
65 & 75 Paisley Boulevard West, Mississauga	**61,700,000**	60,300,000
223 Woodbine Avenue, Toronto	**23,300,000**	25,400,000
8-16 Wilsonview Avenue, Guelph	**40,100,000**	38,500,000
650 Woodbine Avenue, Toronto	**15,100,000**	15,700,000
787 Vaughan Road, Toronto	**13,600,000**	12,700,000
100-170 Old Carriage Drive, Kitchener	**82,400,000**	77,700,000
125 Wellington Street North & 50 Cathcart Street, Hamilton	**91,400,000**	80,000,000
12-14 Auburndale Court, Etobicoke	**26,000,000**	27,000,000
433 King Street, London	**39,100,000**	41,000,000
98 Farley Drive, Guelph	**45,800,000**	43,061,524
208 Woolwich Street South, Breslau	**36,800,000**	37,322,830
78 Braemar Drive, Brampton	**64,800,000**	65,484,521
200 Edgar Lane, Sherwood Park	**29,000,000**	28,288,499
10001 Bellamy Hill, Edmonton	**29,600,000**	24,225,965
2303 Eglinton Ave East, Toronto	**53,100,000**	52,821,487
470 Scenic Drive, London	**22,350,580**	-
23 Lynnwood Drive, Brantford	**11,740,660**	-
	$ 849,831,240	$ 791,494,826

4. Investment properties (continued)

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

Values are most sensitive to changes in capitalization rates, and the variability of cash flows. If the capitalization rate were to increase by 25 basis points ("bps"), the value of investment properties would decrease by $48,684,969 (December 31, 2022 – decrease by $55,795,139). If the capitalization rate were to decrease by 25 bps, the value of investment properties would increase by $55,091,603 (December 31, 2022 – increase by $50,966,598). The capitalization rates used are as follows:

	2023	2022
30-31 Campbell Court, Stratford	**5.26%**	5.00%
19 Lynnwood Drive, Brantford	**5.00%**	4.75%
120, 126 and 130 St Paul Avenue, Brantford	**5.00%**	4.75%
383-385 Wellington Street and 49 Lacroix Street, Chatham	**5.25%**	5.00%
780 Division Street, Kingston	**4.60%**	4.40%
1379 Princess Street, Kingston	**4.58%**	4.30%
75 and 87 Mary Street, Chatham	**5.23%**	5.00%
252 and 268 Conacher Drive, Kingston	**4.78%**	4.50%
1355 Commissioners Road West, London	**4.15%**	3.90%
65 Times Avenue, Markham	**3.75%**	3.50%
1050 Highland Street, Burlington	**4.15%**	3.90%
5 & 7 Wilsonview Avenue, Guelph	**4.50%**	4.00%
65 & 75 Paisley Boulevard West, Mississauga	**3.25%**	2.75%
223 Woodbine Avenue, Toronto	**3.36%**	3.00%
8-16 Wilsonview Avenue, Guelph	**4.25%**	4.00%
650 Woodbine Avenue, Toronto	**3.49%**	3.25%
787 Vaughan Road, Toronto	**3.74%**	3.25%
100-170 Old Carriage Drive, Kitchener	**4.25%**	4.00%
125 Wellington Street North & 50 Cathcart Street, Hamilton	**4.36%**	4.25%
12-14 Auburndale Court, Etobicoke	**3.51%**	3.00%
433 King Street, London	**4.35%**	3.65%
98 Farley Drive, Guelph	**4.40%**	3.89%
208 Woolwich Street South, Breslau	**4.25%**	3.74%
78 Braemar Drive, Brampton	**3.50%**	3.01%
200 Edgar Lane, Sherwood Park	**5.50%**	5.61%
10001 Bellamy Hill, Edmonton	**5.50%**	6.05%
2303 Eglinton Ave East, Toronto	**3.50%**	3.09%
470 Scenic Drive, London	**4.50**%	N/A
23 Lynnwood Drive, Brantford	**4.65%**	N/A

5. Investment property under development

	2023	2022
Opening balance, January 1	**$ 43,711,951**	$ -
Purchase of investment property under development	**-**	30,000,000
Property under development expenditures	**37,170,898**	13,711,951
Balance, December 31	**$ 80,882,849**	$ 43,711,951

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

6. Restricted cash

As at December 31, 2023, the restricted cash is $2,212,198 (2022 - $5,321,088). Restricted cash of $2,212,198 represents unitholder subscriptions held in trust until the trade settlement date. These amounts will be returned to investors if the proposed unitholder subscriptions do not successfully proceed. For the year ended December 31, 2022, Riverain had a deposit held in trust of $1,158,000 with the City of Ottawa which represents the Riverain's estimated costs for the public and private lands. The Trust's portion of this deposit was $868,500. In 2023, the deposit held in trust was replaced with the $1,158,000 Letter of Credit from Desjardins and the funds were returned on February 23, 2023.

7. Joint arrangement

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

7. Joint arrangement (continued)

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

	December 31, 2023	December 31, 2022
Assets		
Cash	**$ 661,891**	$ 1,531,578
Accounts receivable	**320,816**	136,738
Prepaid expense	**-**	185
Investment property under development	**80,882,849**	43,711,951
Total assets	**$ 81,865,556**	$ 45,380,452
Liabilities		
Accounts payable and accrued liabilities	**$ 5,757,010**	$ 5,016,747
Loans payable	**16,875,000**	-
Construction loan payable	**14,067,767**	9,384,375
Total liabilities	**36,699,777**	14,401,122
Co-owners' equity	**45,165,779**	30,979,330
Total liabilities and co-owners' equity	**$ 81,865,556**	$45,380,452

8. Loan receivable

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

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

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

8. Loan receivable (continued)

The loan is secured as follows:

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

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

9. Mortgages payable

mortgage		Blended Monthly payments	Interest rate	Maturity date	**December 31, 2023**	December 31, 2022
BMO (1) - Brantford	1st (i)	33,464	3.91%	7/31/2026	**$ 5,100,379**	$ 5,298,308
BMO - Kingston Conacher	1st (i)	7,581	4.60%	10/1/2028	**1,189,601**	1,224,960
BMO - Kingston Princess	1st (i)	12,657	3.50%	6/1/2028	**2,148,983**	2,224,756
BMO - Chatham Mary	1st (i)	15,042	3.80%	9/1/2028	**2,511,203**	2,595,298
BMO - Chatham Mary	2nd (i)	2,518	4.35%	8/31/2028	**399,941**	412,460
FN (2) - Stratford	1st	20,288	2.73%	9/1/2026	**4,084,774**	4,215,416
FN - Chatham	1st	12,168	3.31%	3/1/2028	**2,074,065**	2,150,530
PT (3) - Kingston	1st (ii)	30,582	2.44%	3/1/2025	**4,944,266**	5,188,002
PT - Kingston	2nd	5,751	3.24%	3/1/2028	**875,844**	915,970
FN - London Commissioner	1st	41,055	3.18%	9/1/2029	**10,452,673**	10,612,373
FN - Markham 65 Times	1st	47,339	2.58%	9/1/2029	**12,029,231**	12,285,030
FN - Highland	1st	11,137	2.84%	6/1/2030	**2,459,527**	2,522,759
FN - 5-7 Wilsonview	1st	24,449	2.74%	6/1/2030	**4,687,692**	4,850,945
FN - Paisley	1st	71,999	2.49%	6/1/2030	**18,782,424**	19,175,839
FN - Paisley	2nd (iii)	39,177	6.50%	1/1/2025	**7,217,904**	7,330,000
FN - 223 Woodbine	1st	41,878	2.20%	6/1/2030	**11,385,927**	11,636,135
FN - 8 & 16 Wilsonview	1st	79,227	2.17%	6/1/2030	**19,258,655**	19,787,138
FN - 650 Woodbine	1st	30,073	2.00%	3/1/2031	**7,549,269**	7,757,532
FN - 787 Vaughan	1st	24,063	2.00%	3/1/2031	**6,040,458**	6,207,102
FN - 100 Old Carriage	1st	154,157	2.43%	12/1/2031	**41,752,845**	42,582,330
FN - 125 Wellington	1st (iv)	53,282	2.86%	12/1/2025	**12,066,680**	12,358,482
FN - 125 Wellington (Loan 2)	1st	100,727	2.53%	12/1/2031	**24,071,447**	24,666,210
FN - 433 King Street	1st	41,818	2.87%	1/1/2025	**17,485,000**	17,485,000
FN - 433 King Street	2nd	14,147	6.75%	1/1/2025	**2,515,000**	2,515,000
FN - 12 & 14 Auburndale	1st	46,285	2.83%	12/1/2031	**12,971,132**	13,158,744
PC (4) - 208 Woolwich	1st (v)	76,130	2.13%	8/1/2031	**23,442,652**	23,448,619
FN - 98 Farley	1st (vi)	95,276	2.83%	12/1/2031	**26,446,235**	26,787,063
CICI (5) - 200 Edgar Lane	1st (vii)	82,752	3.53%	9/1/2032	**17,597,275**	17,851,580
FN - 78 Braemar Drive	1st	124,893	3.92%	9/1/2032	**29,980,304**	30,306,368
FN - 10001 Bellamy	1st	69,615	4.38%	6/1/2033	**15,706,416**	15,844,236
FN - 2303 Eglinton Avenue East (Bridge Loan)	1st	Variable payment	Prime Rate + 2.00%	5/1/2023	**-**	21,915,000
FN - 2303 Eglinton Avenue East	1st	97,393	4.20%	5/1/2023	**22,558,228**	-
SCI(6) - 470 Scenic Drive	1st	45,422	4.25%	6/12/2024	**12,825,000**	-
PT - 23 Lynnwood Drive	1st	15,871	2.28%	10/1/2029	**3,163,968**	-
					$ 385,774,998	$ 375,309,185
			Less: Deferred financing charges		**(9,495,079)**	(9,635,484)
			Less: Interest reserve holdback		**-**	(29,227)
					$ 376,279,919	$ 365,644,474
			Less: current portion		**(19,987,871)**	(28,412,898)
					356,292,048	337,231,576

(1) Bank of Montreal
(2) First National Financial LP
(3) People's Trust
(4) Peakhill Capital Inc.
(5) Canada ICI Capital Corporation
(6) (SCI) Scenic Place Inc.

9. Mortgages payable (continued)

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

2024	$ 19,987,871
2025	50,214,330
2026	14,981,852
2027	6,669,308
2028	14,242,727
Thereafter	284,072,498
	$ 390,168,586

(i) There are financial and non-financial covenants pertaining to the Bank of Montreal facilities and they were all met as at December 31, 2023.

(ii) The People's Trust first mortgage on loan was assumed on the purchase of 780 Division Street, Kingston, Ontario property. The difference between the fair value and carrying value of the mortgage was determined to be at a discount of $205,372 at the assumption date.

(iii) The First National second mortgage is an interest-only loan.

(iv) The First National first mortgage on loan was assumed on the purchase of the 125 Wellington Street North, Hamilton, Ontario property. The difference between the fair value and carrying value of the mortgage was determined to be at a premium of $134,581 at the assumption date.

(v) The Peakhill Capital first mortgage on loan was assumed on the purchase of the 208 Woolwich Street South, Breslau, Ontario property. The difference between the fair value and carrying value of the mortgage was determined to be at a premium of $660,053 at the assumption date.

(vi) The First National first mortgage on loan was assumed on the purchase of the 98 Farley, Guelph, Ontario property. The difference between the fair value and carrying value of the mortgage was determined to be at a premium of $274,766 at the assumption date.

(vii) The Canada ICI first mortgage on loan was assumed on the purchase of the 200 Edgar Lane, Sherwood Park, Alberta property. The difference between the fair value and carrying value of the mortgage was determined to be at a premium of $3,516,420 at the assumption date.

(viii) The People's Trust first mortgage on loan was assumed on the purchase of 23 Lynnwood Drive, Brantford, Ontario property. The difference between the fair value and carrying value of the mortgage was determined to be at a premium of $553,911 at the assumption date.

(ix) The balances repayable as noted above are exclusive of the fair value adjustments recorded upon initial recognition of the mortgages that have been assumed during the year as noted by (ii) – (viii) above. As at December 31, 2023 these fair value adjustments totalled $4,393,588.

10. Construction loan payable

Land Loan Facility

Riverain entered into a $12,512,500 land loan facility ("land loan") agreement with Caisse Populaire Rideau-Vision d'Ottawa Inc. ("Desjardins") to finance the acquisition of the land located in Ottawa. The loan bore interest at a fixed rate of 3.69% for the first 18 months of the term and was converted to a variable rate loan based on the prime interest rate increased by fifty basis points (0.50%) for the remaining six months of the 24-month term with interest payable monthly. The loan which was to mature on February 1, 2022 was extended for an additional 12-month period and matured on February 1, 2023.

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

On October 16, 2023, Riverain entered into a new $22,500,000 Land Loan facility agreement with Desjardins to refinance the phase two and phase three land located in Ottawa. The original Land Loan facility outstanding of $24,000,000 was replaced and the loan differential of $1,500 was repaid upon issuance of the first construction loan draw. The interest rate is fixed at 7.69% for 12 months equal to the lender's cost of funds plus 150 basis points (1.5%) with interest-only paid monthly. The $22,500 Land Loan matures on November 1, 2024. As at December 31, 2023, the outstanding balance is $22,500 (December 31, 2022, $12,513). The other co-owner and the Limited Partnership have provided a corporate guarantee and postponement of claim for the full loan amount of $22,500,000 plus interest and costs for the full duration of the existing land loan facility on phase two and phase three units and any renewals thereof.

Construction Loan Facility

On October 16, 2023, Riverain entered into a $88,254,000 Construction Loan Facility ("CLF") agreement with Desjardins to finance the construction of phase one. The CLF is a variable rate loan based on the prime interest rate increased by fifty basis points (0.50%). Accrued interest is due on the first day of the month. The CLF matures on November 1, 2026. In conjunction with the CLF, Riverain entered into a $1,500 revolving operating line of credit to bridge approved project costs between advances at the same variable interest rate as the CLF. The maximum authorized amount for both facilities together is $88,254,000.

Draws on the CLF are completed once per month with the issuance of the construction report by the project monitor AMS Quantity Surveyors. As at December 31, 2023 the outstanding balance is $18,757,420 (2022 - $nil) of which the Partnership has recorded its 75%. Borrowings under each of these agreements are secured by a first collateral mortgage charge on the lands and improvements and a general security agreement. The other co-owner and the Limited Partnership have provided a corporate guarantee and postponement of claim or the full loan amount plus interest and costs for the full duration of the existing construction loan facility on phase one construction and any renewals thereof.

10. Construction loan payable (continued)

Letter of credit

On January 17, 2020, Riverain also entered into a $500,000 Letters of Credit Facility (“LCF”) agreement with Desjardins, which can only be used to finance the municipal bodies and public utilities for development purposes. Letter of credits will be for a term of one year and will be subject to an annual fee of 1% upon issuance. The LCF had been extended for an additional 12-month term to February 1, 2023. On January 19, 2023, the LCF agreement was increased to $2,000,000 in conjunction with the refinancing of the Land Loan. On October 16, 2023, the LCF was increased to $3,000,000 in conjunction with the Construction Loan Facility for a period of one year under the same terms and conditions. The LCF is renewable prior to maturity provided there is no material default beyond any applicable notice period.

11. Bank loan payable

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

The facility bears interest as follows:

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

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

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

As at December 31, 2023, the Limited Partnership had drawn down $13,435,000 of the facility.

12. Related party transactions and balances

(a) Agreement with Equiton Capital Inc.

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

Pursuant to the Agency Agreement, the Trust incurred agency fees with the Agent related to the issuance of trust units in the amount of $6,942,379 (December 31, 2022 - $6,507,045), which are included in issuance costs in the statements of changes in net assets attributable to unitholders.

12. Related party transactions and balances

(b) Due from related parties

	December 31, 2023	December 31, 2022
Due from Equiton Partners' Inc.	**$ -**	$ 4,174,757
Due from Sandstones Condo Trust	**-**	526
Due from Equiton Real Estate Income and Development Fund LP	**-**	480
Due from Equiton Real Estate Income and Development Fund Trust	**-**	18,733
	$ -	$ 4,194,496

Equiton Capital Inc., Sandstones Condo Trust, Equiton Real Estate Income and Development Fund LP and Equiton Real Estate Income and Development Fund Trust have the same common management as the Trust.
Amounts due from related parties are unsecured, non-interest bearing, and due on demand.

(c) Due to related parties

	December 31, 2023	December 31, 2022
Due to Equiton Residential Income GP Inc. (general partner of Equiton Residential Income Limited Partnership)	**$ 10,713,303**	$ 15,624,065
Due to Equiton Partners' Inc.	**2,050,168**	-
Due to Equiton Capital Inc.	**220,785**	266,219
	$ 12,984,256	$ 15,890,284

Equiton Residential Income GP Inc. has the same common management as the Trust.

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

13. Net assets attributable to unitholders

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

(i) Class A Trust Units

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

(ii) Class B Trust Units

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

(iii) Class C Trust Units

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

(iv) Class F Trust Units

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

(v) Class I Trust Units

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

(a) Units outstanding

Class A Trust Units	**Number**	**Amount**
Balance, January 1, 2022	10,355,447	$ 101,494,205
Issuance of units	3,544,586	40,775,922
Issuance of units through distribution reinvestment plan	493,257	5,551,075
Redemption of units	(465,125)	(5,320,375)
Issuance of costs	-	(1,892,100)
Balance, December 31, 2022	**13,928,165**	**$ 140,608,727**
Issuance of units	4,142,966	49,840,759
Issuance of units through distribution reinvestment plan	663,031	7,818,340
Redemption of units	(739,252)	(8,840,659)
Transfer of units from Class A to Class IS1	(132,893)	(1,625,676)
Issuance of costs	-	(2,576,977)
Balance, December 31, 2023	**17,862,017**	**$ 185,224,514**

Class B Trust Units	**Number**	**Amount**
Balance, January 1, 2022	**-**	**$ -**
New units issued	188,461	2,101,785
Units redeemed	-	-
Balance, December 31, 2023	188,461	$ 2,101,785
Issuance of units	572,660	6,892,011
Issuance of units through distribution reinvestment plan	21,351	252,805
Redemption of units	(17,094)	(204,274)
Issuance of costs	-	(356,346)
Balance, December 31, 2023	**765,378**	**$ 8,685,981**

13. Net assets attributable to unitholders (continued)

Class C Trust Units		
Balance, January 1, 2022	**-**	**$ -**
New units issued	467,396	5,212,377
Units redeemed	-	-
Balance, December 31, 2022	467,396	$ 5,212,377
Issuance of units	872,071	10,411,108
Issuance of units through distribution reinvestment plan	34,732	410,768
Redemption of units	(22,844)	(273,366)
Issuance of costs	-	(538,298)
Balance, December 31, 2023	**1,351,355**	**$ 15,222,589**
Class F Trust Units		
Balance, January 1, 2022	**8,046,833**	**$ 81,121,066**
Issuance of units	3,718,905	42,346,216
Issuance of units through distribution reinvestment plan	429,929	4,842,022
Redemption of units	(764,675)	(8,722,003)
Issuance of costs	-	(1,964,965)
Balance, December 31, 2022	**11,430,992**	**$117,622,336**
Issuance of units	4,906,511	59,187,329
Issuance of units through distribution reinvestment plan	580,442	6,844,748
Redemption of units	(618,499)	(7,460,621)
Transfer of units from Class F to Class IS1	(1,528,054)	(18,348,317)
Issuance of costs	-	(3,060,234)
Balance, December 31, 2023	**14,771,392**	**$ 154,785,241**
Class I Trust Units		
Balance, January 1, 2022	**6,595,181**	**$ 66,944,150**
Issuance of units	4,329,073	49,496,640
Issuance of units through distribution reinvestment plan	514,077	5,791,513
Redemption of units	(350,543)	(4,080,581)
Issuance of costs	-	(2,296,761)
Balance, December 31, 2022	**11,087,788**	**$115,854,961**
Issuance of units	1,438,985	17,372,766
Issuance of units through distribution reinvestment plan	503,046	5,922,736
Redemption of units	(3,177,019)	(37,849,899)
Transfer of units from Class A to Class IS1	132,893	1,625,676
Transfer of units from Class F to Class IS1	1,528,054	18,348,317
Issuance of costs	-	(898,245)
Balance, December 31, 2023	**11,513,747**	**$ 120,376,312**
Total A, B, C, F and I Units, December 31, 2023	**46,263,889**	**$ 484,294,637**

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.

13. Net assets attributable to unitholders (continued)

b) Distributions and distribution reinvestment (continued)

During the year, the Trust made distributions of $32,421,437 (2022 - $24,574,654). Of this amount, $21,249,397 (2022 - $16,239,898) were reinvested through the DRIP.

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14. Asset management agreement

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

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

(i) Transaction fee

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

(ii) Asset management fee

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

(iii) Financing fee

The financing fee is charged at 1.00% of the loan amount with respect to each senior or first ranking financing transaction, at 0.50% of the loan amount with respect to each refinancing transaction and at 1.50% of the loan amount with respect to each mezzanine or non-first ranking financing transaction.

14. 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 Partnership. The Manager has indicated that it will either defer payment of such performance incentive fees until such time as sufficient cash is available or to elect to receive such performance incentive fees in the form of limited partnership units of the Partnership.

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

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

	December 31, 2023	December 31, 2022
Asset management fee	**$ 9,655,136**	$ 7,262,499
Transaction fee	**370,075**	3,073,600
Financing fee	**344,455**	1,701,288
Performance incentive fee	**10,736,966**	9,800,210
Property management fee	**1,872,556**	1,408,815
	$ 22,979,188	$ 23,246,412

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

15. Management of capital

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

15. Management of capital (continued)

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

The total managed capital for the Trust is summarized below:

	December 31, 2023	December 31, 2022
Mortgages payable	**$ 385,774,998**	$ 375,309,185
Construction loan payable	**30,942,767**	9,384,375
Bank loan payable	**13,435,000**	12,050,000
Cash	**(15,893,055)**	(5,016,263)
Net debt	**414,259,710**	391,727,297
Net assets attributable to unitholders	**496,464,759**	427,443,587
	$ 910,724,469	$ 819,170,884

16. Changes in non-cash operating items

	December 31, 2023	December 31, 2022
Payables and accruals	**$ 1,390,841**	$ 7,857,992
Tenant deposits	**236,553**	1,184,819
Deferred revenue	**-**	65,906
Tenant and other receivables	**(9,188)**	571,892
Prepaid expenses	**(342,159)**	2,124,638
Unit subscriptions held in trust	**(2,240,390)**	(2,903,375)
Due to/from related parties	**11,088,666**	11,236,270
	$ 10,124,323	$ 20,138,142

17. Commitment

The Limited Partnership has committed to costs for future building improvements in the amount of $52,931 (2022 - $2,938,000). As at December 31, 2023, the Limited Partnership has entered into contract with consultants as part of its joint arrangement in Riverain with its co-owner totalling $3,947,000 of which $1,567,000 is the balance to complete.

18. 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 December 31, 2023, the Trust is subject to a fair value risk through the mortgages which are primarily financed at fixed interest rates with the exception of one variable rate mortgage which subjects the Trust to a cash flow risk. The fair market value of the mortgages payable is disclosed above. The construction loan payable and loan payable also subject the Trust to a cash flow risk due to the variable interest rates.

Receivables and payables are non-interest bearing 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 (loss) and comprehensive income (loss). The total provision taken on the receivables as at December 31, 2023 is $1,212,154 (2022 - $722,999).

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

18. 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 December 31, 2023, the Trust was holding cash of $15,893,055 (2022 - $5,016,263) of which $2,212,198 (2022 - $4,452,588) was restricted for the future issuance of units and $Nil (2022 - $868,500) was restricted for deposits held in trust with a third party relating to Riverain (Note 7). The mortgages payable, construction loan payable and loan payable have repayment terms outlined in Note 9, Note 10 and Note 11, respectively.

December 31, 2023	On Demand	1 Year	2-5 Years	>5Years
Mortgages payable	$ -	$ 19,987,871	$ 86,108,316	$ 284,072,398
Construction loan payable	-	30,942,767	-	-
Bank loan payable	-	13,435,000	-	-
Due to related parties	16,779,819	-	-	-
Unit subscriptions held in trust	2,212,198	-	-	-
Distributions payable	-	3,091,133	-	-
Payables & accruals	-	13,616,300	-	-
	$ 18,992,017	$ 81,073,071	$ 86,108,316	$ 284,072,398

December 31, 2022	On Demand	1 Year	2-5 Years	>5Years
Mortgages payable	$ -	$ 28,412,898	$ 89,670,682	$ 261,511,745
Construction loan payable	-	9,384,375	-	-
Bank loan payable	-	12,050,000	-	-
Due to related parties	15,890,284	-	-	-
Unit subscriptions held in trust	4,452,588	-	-	-
Distributions payable	-	2,450,881	-	-
Payables & accruals	-	12,191,854	-	-
	$ 20,342,872	$ 64,490,008	$ 89,670,682	$ 261,511,745

(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.

19. Comparative figures

Comparative figures have been reclassified to conform to changes in the current year presentation.

20. Subsequent events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.