

Minto Apartment Real Estate Investment Trust

Form 51-102F4

Business Acquisition Report

Item 1 Identity of Company

1.1 Name and Address of Company

Minto Apartment Real Estate Investment Trust (the “**REIT**”)
200 – 180 Kent Street
Ottawa, Ontario
K1P 0B6

1.2 Executive Officer

Julie Morin, Chief Financial Officer
Tel: 613.696.8198

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

In connection with the completion of the REIT’s initial public offering on July 3, 2018 (the “**IPO**”), the REIT indirectly acquired a portfolio of 22 multi-residential rental properties, comprising an aggregate of 4,279 suites, located in Toronto, Ottawa, Calgary and Edmonton (the “**Initial Properties**”) held indirectly by Minto Properties Inc. (“**MPI**”).

The Initial Properties are further described in the final prospectus of the REIT dated June 22, 2018 (the “**Prospectus**”), which has been filed on SEDAR at www.sedar.com.

2.2 Acquisition Date

July 2, 2018.

2.3 Consideration

In connection with the Acquisition, MPI initially transferred the Initial Properties to Minto Apartment Limited Partnership (the “**Partnership**”), a subsidiary of the REIT, prior to completion of the Offering. As consideration for such transfer of Initial Properties, the Partnership assumed certain debt on the Initial Properties, paid cash to MPI of approximately \$65.5 million (funded from a refinancing of certain of the properties), issued two promissory notes in favour of MPI in the principal amount of \$28.5 million and \$25.7 million, respectively, and credited MPI’s capital account of limited partner interest in the Partnership. Thereafter, MPI transferred all of its Class A limited partnership units in the Partnership and the shares of Minto Apartment GP Inc., general partner of the Partnership, to the REIT in consideration for a non-interest bearing

promissory note in the amount of \$183,288,000 (the “**Acquisition Note**”) and a non-interest bearing promissory note in the amount of \$8,356,000 on account of a deferred portion of the purchase price which will be payable upon the full-lease up of replacement buildings which were previously subject to fire damage. The REIT used the net proceeds of the Offering to repay in full the Acquisition Note on completion of the IPO (the “**Closing**”).

Following Closing (including the completion of the over-allotment option, exercised in full by the underwriters), an entity wholly-owned by MPI (the “**Retained Interest Holder**”) owned 20,859,410 Class B limited partnership units (“**Class B Units**”) of the Partnership, which Class B Units are economically equivalent to and exchangeable for units of the REIT on a one-for-one basis, representing an aggregate approximate 56.8% ownership interest in the REIT (determined as if all Class B Units are exchanged for units of the REIT).

2.4 Effect on Financial Position

See the *pro forma* financial statements and the accompanying notes incorporated by reference in this Business Acquisition Report. The unaudited pro forma consolidated financial statements are presented for informational purposes only and are not necessarily indicative of what the REIT’s results of operations and financial position would have been had the transaction been completed on the dates indicated. In addition, the pro forma financial statements do not purport to project the future results of operations or financial position of the REIT.

The REIT presently has no plans or proposals for material changes in the REIT’s business affairs or the affairs of the acquired business that may have a significant effect on the results of operations and financial position of the REIT.

2.5 Prior Valuations

No valuation opinion of the Initial Properties has been obtained by the REIT or, to the knowledge of the REIT, by MPI or the prior owners of the Initial Properties within the last 12 months that was required by securities legislation or a Canadian exchange or market.

However, in connection with the IPO, MPI retained Altus Group Limited to provide an independent opinion as to the aggregate market value of the Initial Properties on a portfolio basis, as of July 1, 2018 (the “**Appraisal**”). A description of the Appraisal is set out in the “Assessment and Valuation of the Initial Properties — Independent Appraisal” section in the Prospectus, which section of the Prospectus is incorporated by reference into this section 2.5. A copy of the summary of such appraisal is available under the REIT’s profile on SEDAR at www.sedar.com.

2.6 Parties to Transaction

The parties involved with the Acquisition, directly and indirectly, were the REIT, the Partnership and MPI.

As noted above under Section 2.3, following Closing (including the completion of the over-allotment option, exercised in full by the underwriters), an entity wholly-owned by MPI owned 20,859,410 Class B Units of the Partnership, which Class B Units are economically equivalent to and exchangeable for units of the REIT on a one-for-one basis, representing an aggregate approximate 56.8% ownership interest in the REIT (determined as if all Class B Units are exchanged for units of the REIT).

In connection with the IPO, the REIT, the Partnership and the Retained Interest Holder entered into an investor rights agreement (the “**Investor Rights Agreement**”) which governs the rights of the Retained Interest Holder as holder of Class B Units. Pursuant to the Investor Rights Agreement, the Retained Interest Holder was granted, among other things, the right to nominate a number of trustees of the REIT based on: (i) the proportion of outstanding units of the REIT held by the Retained Interest Holder (determined as if all Class B Units had been exchanged for units), whether held directly or indirectly, at the time of nomination; and (ii) the size of the board of trustees of the REIT. For so long as Michael Waters is the Chief Executive Officer of the REIT, he will comprise one of the Retained Interest Holder’s nominees. On Closing, the Retained Interest Holder was entitled to nominate three of the seven trustees of the REIT.

Additional disclosure concerning the Acquisition, the relationship of the parties thereto with the REIT, and the rights of the Retained Interest Holder is set out in the Prospectus.

2.7 Date of Report

August 9, 2018.

Item 3 Financial Statements and Other Information

Exemptive Relief from Certain Provisions of National Instrument 51-102

The REIT applied for, and has obtained, exemptive relief pursuant to Part 13 of National Instrument 51-102 – Continuous Disclosure Obligations (“**NI 51-102**”), from certain requirements in Item 3 of Form 51-102F4 and Part 8 of NI 51-102 in respect of certain of the Initial Properties located in Edmonton and Calgary (collectively, the “**Specified Initial Properties**”), so that the REIT does not need to include financial statements for the Specified Initial Properties for certain periods prior to their date of acquisition by MPI, as more specifically set out in the table below (collectively, the “**Excluded Financial Statements**”). The Specified Initial Properties were acquired by MPI in 2015 and 2016. The decision document for the exemptive relief is dated August 9, 2018 and the Ontario Securities Commission has confirmed with the REIT that the decision document will be made available on the Ontario Securities Commission’s website located at www.osc.gov.on.ca.

Specified Initial Property	Period For Which Financial Statements Are Not Included or Incorporated by Reference in This Business Acquisition Report
York House, The Lancaster House and Hi-Level Place, Edmonton, Alberta (all of which were acquired as part of a single transaction by MPI)	January 1, 2015 – December 14, 2016
The Laurier, Calgary, Alberta	January 1, 2015 – March 14, 2015

Pro Forma Financial Statements of the REIT

The following unaudited pro forma consolidated financial statements of the REIT, as set out under the heading “Index to Financial Statements” in the Prospectus available under the REIT’s profile on the SEDAR website at www.sedar.com, are incorporated by reference into this Item 3:

- Unaudited pro forma consolidated financial statements as at and for the three month period ended March 31, 2018 and for the year ended December 31, 2017

Financial Statements and Financial Forecast

The following financial statements and the related notes thereto and auditors’ report thereon (as applicable), as set out under the heading “Index to Financial Statements” in the Prospectus available under the REIT’s profile on the SEDAR website at www.sedar.com, are incorporated by reference into this Item 3:

Initial Properties (other than the Excluded Financial Statements)

- Audited combined carve-out financial statements for the years ended December 31, 2017, 2016 and 2015.
- Unaudited condensed combined carve-out financial statements for the three months ended March 31, 2018 and 2017.

Readers should note that the financial statements as at and for year ended December 31, 2015 that are contained in the Prospectus and incorporated by reference herein are not required to be included in this Business Acquisition Report.

The REIT has not obtained the consent of the auditors of the above noted financial statements and reports, to incorporate by reference their audit reports in this Business Acquisition Report.

Financial Forecast

The following are incorporated by reference in this Item 3:

- Audited financial forecast included in the Prospectus consisting of the consolidated statements of forecasted net income and comprehensive income for each of the three-month periods ending September 30, 2018, December 31, 2018, March 31, 2019 and June 30, 2019 and the 12 month period ending June 30, 2019 (including the related notes thereto and the auditor's report thereon) under the heading "Financial Forecast" in the Prospectus, which is available under the REIT's profile on the SEDAR website at www.sedar.com.
- The disclosure under the heading "Forecast Non-IFRS Reconciliation" in the Prospectus, which is available under the REIT's profile on the SEDAR website at www.sedar.com.

The REIT has not obtained the consent of the auditors of the above noted financial forecast and report, to incorporate by reference their audit report in this Business Acquisition Report.