InterRent REIT Management's Discussion & Analysis

For the Three and Six Months Ended June 30, 2021

August 9, 2021

5501 Adalbert Avenue,
Côte Saint-Luc, QC

MANAGEMENT'S DISCUSSION & ANALYSIS

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FORWARD-LOOKING STATEMENTS

Caution Regarding Forward-Looking Statements

This Management's Discussion and Analysis ("MD&A") of InterRent Real Estate Investment Trust ("InterRent REIT", the "REIT" or the "Trust") contains "forward-looking statements" within the meaning of applicable securities legislation. This document should be read in conjunction with material contained in the Trust's audited consolidated financial statements for the year ended December 31, 2020 along with InterRent REIT's other publicly filed documents. Forward-looking statements appear in this MD&A under the heading "Outlook" and generally include, but are not limited to, statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results circumstances, performance or expectations, including but not limited to financial performance and equity or debt offerings, new markets for growth, financial position, comparable multi-residential REITs and proposed acquisitions. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of InterRent REIT to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: the duration and impact of the COVID-19 pandemic on the business, operations and financial condition of InterRent REIT and its tenants, as well as on the economy in general, the risks related to the market for InterRent REIT's securities, the general risks associated with real property ownership and acquisition, that future accretive acquisition opportunities will be identified and/or completed by InterRent REIT, risk management, liquidity, debt financing, credit risk, competition, general uninsured losses, interest rate fluctuations, environmental matters, restrictions on redemptions of outstanding InterRent REIT securities, lack of availability of growth opportunities, diversification, potential unitholder liability, potential conflicts of interest, the availability of sufficient cash flow, fluctuations in cash distributions, the market price of InterRent REIT's trust units, the failure to obtain additional financing, dilution, reliance on key personnel, changes in legislation, failure to obtain or maintain mutual fund trust status and delays in obtaining governmental approvals or financing as well as those additional factors discussed in the section entitled "Risks and Uncertainties" and in other sections of this Management's Discussion and Analysis.

In addition, certain material assumptions are applied by the Trust in making forward looking statements including, without limitation, factors and assumptions regarding:

- Overall national economic activity
- Regional economic and demographic factors, such as employment rates and immigration trends
- Inflationary/deflationary factors
- Long, medium and short term interest rates
- Availability of financing
- Housing starts
- Housing affordability
- Provincial government housing policies
- Canadian Mortgage and Housing Corporation (CMHC) policies

Although the forward-looking information contained herein is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. InterRent REIT has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, however there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. InterRent REIT does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.

Certain statements included herein may be considered “financial outlook” for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this MD&A.

INTERRENT REAL ESTATE INVESTMENT TRUST

InterRent Real Estate Investment Trust (“InterRent REIT”, the “REIT” or the “Trust”) is an unincorporated, open-ended real estate investment trust created pursuant to a Declaration of Trust, dated October 10, 2006, and as amended and restated on June 29, 2007, September 30, 2009, December 29, 2010 and May 21, 2019, under the laws of the Province of Ontario. InterRent REIT was created to invest in income producing multi-family residential properties within Canada initially through the acquisition of InterRent International Properties Inc. (the “Corporation”) and of the Silverstone Group by the way of a plan of arrangement (the “Arrangement”) under the *Business Corporations Act* (Ontario), which was completed on December 7, 2006.

InterRent REIT’s principal objectives are to provide its unitholders (“Unitholders”) with stable and growing monthly cash distributions, partially on a Canadian income tax-deferred basis, and to increase the value of its trust units (the “Units”) through the effective management of its residential multi-family revenue producing properties and the acquisition of additional, accretive properties.

DECLARATION OF TRUST

The investment policies of the Trust are outlined in the Trust’s Amended and Restated Declaration of Trust (the “DOT”) dated as of May 21, 2019 and a copy of this document is available on SEDAR (www.sedar.com).

At June 30, 2021 the Trust was in material compliance with all investment guidelines and operating policies stipulated in the DOT.

ACCOUNTING POLICIES

InterRent REIT’s accounting policies are described in note 3 of the audited consolidated financial statements for the year ended December 31, 2020 and note 2 of the condensed consolidated interim financial statements for June 30, 2021.

In applying these policies, in certain cases it is necessary to use estimates, which management determines using information available to the Trust at the time. Management reviews key estimates on a quarterly basis to determine their appropriateness and any change to these estimates is applied prospectively in compliance with IFRS. Significant estimates are made with respect to the fair values of investment properties and the fair values of financial instruments.

NON-GAAP MEASURES

Gross Rental Revenue, Net Operating Income, Same Property results, Repositioned Property results, Funds from Operations, Adjusted Funds from Operations, Adjusted Cash Flows from Operations and EBITDA (or, in each case, substantially similar terms) are measures sometimes used by Canadian real estate investment trusts as indicators of financial performance, however they do not have standardized meanings prescribed by IFRS (GAAP). These measures may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to similarly termed measures reported by other such issuers.

Gross Rental Revenue is the total potential revenue from suite rentals before considering vacancy and rebates and excludes other revenue from ancillary sources.

Net Operating Income ("NOI") is a key measure of operating performance used in the real estate industry and includes all rental revenues generated at the property level, less related direct costs such as utilities, realty taxes, insurance and on-site maintenance wages and salaries. As one of the factors that may be considered relevant by readers, management believes that NOI is a useful supplemental measure that may assist prospective investors in assessing the Trust.

Same property results are revenues, expenses and NOI from properties owned by the Trust throughout the comparative periods, which removes the impact of situations that result in the comparative period to be less meaningful. Some examples include: acquisitions, dispositions, redevelopments or properties going through a lease-up period.

Repositioned property results are revenues, expenses and NOI from properties owned by the Trust prior to January 1, 2018.

Funds from Operations ("FFO") and Adjusted Funds from Operations ("AFFO") are financial measures commonly used by many Canadian real estate investment trusts which should not be considered as an alternative to net income, cash flow from operations, or any other operating or liquidity measure prescribed under GAAP. The Trust presents FFO and AFFO in accordance with the REALpac White Paper on Funds from Operations and Adjusted Funds from Operations for IFRS dated February 2019. Management considers FFO and AFFO a useful measure of recurring economic earnings.

Adjusted Cash Flows from Operations ("ACFO") is an additional financial measure of economic cash flow based on the operating cash flows of a business adjusted for specific items. The Trust presents ACFO in accordance with the REALpac White Paper dated February 2019. Management considers ACFO a useful measure of sustainable cash flow.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") is calculated as earnings before interest, taxes, depreciation, amortization and other adjustments including gain/loss on sale and fair value adjustments.

Readers are cautioned that Gross Rental Revenue, NOI, Same property, Repositioned property, FFO, AFFO, ACFO and EBITDA are not alternatives to measures under GAAP and should not, on their own, be construed as indicators of the Trust's performance or cash flows, measures of liquidity or as measures of actual return on Units of the Trust. These non-GAAP measures, as presented, should only be used in conjunction with the consolidated financial statements of the Trust.

As a result of the redeemable feature of the Trust Units, the Trust's Units are defined as a financial liability and not considered an equity instrument. Therefore, no denominator exists to calculate per unit calculations. Consequently, all per unit calculations are considered non-GAAP measures. Management feels that certain per unit calculations are an important method of measuring results from period to period and as such has determined basic and diluted weighted average number of units. Per unit calculations as computed by the Trust may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to other such issuers.

COVID-19 OVERVIEW, RISK AND UPDATE

In early 2020, the COVID-19 pandemic led to an unprecedented contraction in global economic activity. After a short, but partial economic recovery during the first reopening phase in the back half of 2020, the Canadian economy faced additional setbacks as case counts climbed and a second wave took hold. The Canadian economy again showed signs of positive momentum in early 2021, and many provinces eased restrictions, before a third wave led to renewed lockdown measures. At the time of writing, the health situation in Canada has significantly improved with 71.5% of the population having received at least one vaccination and 57.6% having received two doses.[1] According to Export Development Canada, the Canadian Economic Recovery Tracker (CERT) reading as of July 16 had risen to its highest level since spring 2020 and is on the cusp of returning to pre-pandemic levels.[2]

Rising vaccination rates, declining COVID-19 cases and reduced pressure on health care capacity, also gave the government confidence to move forward with border easing measures that will allow fully vaccinated travellers to enter Canada in phases beginning on August 9, 2021. On the back of successful vaccination progress, the three provinces in which we operate are in advanced stages of reopening plans. At the time of writing, Ontario is currently in the final step of its Roadmap to Reopen, which includes resuming activities in indoor settings, with restrictions, while the entire province of Quebec moved to alert level green, the designation with the fewest restrictions, at the end of June 2021. In British Columbia, the province is in step 3 of its Restart and will move to its final step 4 on September 7, 2021, should the prescribed levels for vaccination, case count and hospitalizations be met.

Although economic activity and the easing of restrictions are encouraging signs that Canada is well on the path to recovery, the highly contagious Delta variant could unravel some of the progress Canada has made, according to the Public Health Agency of Canada. However, Chief Public Health Officer Dr. Theresa Tam opined that "Canada has every opportunity to avoid a strong Delta wave by remaining vigilant to keep infection rates low as we build the vaccination barrier wall high." As such, it is not known what potential government programs might be put in place to combat the Delta variant, or whether provinces will be forced to take a step back in their reopening plans to increase protection against the variant. As a result, the duration and impact of the COVID-19 pandemic on the Trust remains unknown at this time, and it is not possible to reliably estimate the length and severity of COVID-19-related impacts on the Trust's financial results and operations.

The health and safety of residents and team members remains the Trust's top priority. InterRent REIT took quick action at the beginning of the COVID-19 crisis by introducing several new building protocols and procedures designed to ensure the wellbeing of all our communities. The Trust has also placed a high priority on maintaining strong, ongoing communication with our residents through multiple channels. The Trust recognizes that the pandemic has created significant hardship for many residents. Accordingly, the Trust is working to support residents experiencing financial difficulties through various means. The Trust has been extremely encouraged by the goodwill, positive sentiment, and community spirit that our residents have shown in the face of the pandemic and in response to the Trust's actions.

Operations Update:

- Overall portfolio occupancy has improved by 20 basis points to 91.5% since the end of March, primarily driven by leasing performance in our GMA portfolio where we saw provincial restrictions first start to ease. In our other markets, we are seeing positive momentum build going into the summer months as government restrictions are relaxing and companies move forward with office re-opening plans that are bringing young professionals back to the city centres.

[1] https://ourworldindata.org/covid-vaccinations?country=CAN
[2] https://www.edc.ca/en/guide/edc-canadian-economic-recovery-tracker.html

- Leasing activity continues to build with leads in Q2 2021 showing a strong improvement relative to Q1 2021 (+34.0%) and tracking just ahead of a more normalized baseline of Q2 2019 (+3%). That strength has continued to gather steam going into the summer with July 2021 recording a 40% jump in leads over June 2021 and reaching a high-water mark for the year.
- Residential rent collection remained above 99% for Q2 2021. At this point in the quarter, the collection rates for July and August are trending in line with that of previous months.
- The Trust continues to work closely with any resident experiencing financial difficultly resulting from the pandemic. There was no meaningful change in rent deferral arrangements in the quarter.
- InterRent continues to employ the enhanced cleaning protocol it developed and launched last spring, CLV Clean & Secure+TM, across all of its properties, and continues to provide regular updates and resources for residents on its dedicated COVID-19 online info hub.
- The Trust continues to invest in its portfolio as a driver of future organic growth, spending $36.7 million in the first half of which $16.0 million was spent on improvements for non-repositioned properties, $2.4 million on properties under development, and $14.5 million on value-enhancing initiatives and $3.8 million on sustaining and maintaining existing spaces across the remaining portfolio.

OVERVIEW

BUSINESS OVERVIEW AND STRATEGY

InterRent REIT is a growth-oriented real estate investment trust engaged in increasing Unitholder value and creating a growing and sustainable distribution through the acquisition and ownership of multi-residential properties. The REIT generates revenues, cash flows and earnings from rental operations and from the sale of revenue producing properties. InterRent REIT’s largest and most consistent source of income is its rental operations, which involves leasing individual suites to tenants for lease terms generally ranging from month-to-month to twelve-months.

InterRent's strategy is to expand its portfolio primarily within markets that have exhibited stable market vacancies, sufficient suites available to attain the critical mass necessary to implement an efficient portfolio management structure and, offer opportunities for accretive acquisitions.

InterRent's primary objectives are to use the proven industry experience of the Trustees, Management and Operational Team to: (i) grow both funds from operations per Unit and net asset value per Unit through investments in a diversified portfolio of multi-residential properties; (ii) provide Unitholders with sustainable and growing cash distributions, payable monthly; and (iii) maintain a conservative payout ratio and balance sheet.

In the first six months of 2021, the Trust:

- purchased one property comprised of 114 suites in St Catharines for $22.0 million;
- purchased a 50% ownership stake in fifteen properties comprised of 614 suites in Vancouver for $146.3 million;
- purchased a 50% ownership stake in two properties comprised of 45 suites in Vancouver for $9.5 million;
- purchased one property comprised of 158 suites in St Catharines for $31.4 million;
- purchased two properties comprised of 100 suites in Oakville for $46.7 million;
- purchased one property comprised of 95 suites in Mississauga for $32.7 million; and
- purchased one property comprised of 5 suites and a parking lot with 24 parking stalls adjacent to Liv Apartments in Ottawa for $4.0 million.

The team we have assembled has a proven track record and we believe we have both the experience and ability necessary to execute on our growth strategy in the years to come.

As at June 30, 2021, the Trust has 100% ownership interest in 11,850 suites of which: a) 10,167 are included in same property suites, or 85.8% of the overall portfolio; and, b) 8,314 are included in repositioned property suites, or 70.2% of the overall portfolio.

OUTLOOK

- The immediate concern of the Trust is ensuring the health and safety of both our residents and team members and making sure operational disruptions due to COVID-19 are kept to a minimal effect on the Trust. Management remains committed to growing the REIT in a strategic and structured manner and although timing may be impacted by the current pandemic, future growth is still anticipated to come from:
    a) continuing to source properties in our core markets that allow us to build scale within these areas and apply our repositioning experience and expertise in a manner that continues to provide long term accretion for our Unitholders;
    b) continuously looking for new ways and opportunities to drive existing revenues, create new revenue streams and reduce operating costs within our portfolio;
    c) re-deploying capital from areas where management believes that properties have reached their economic peak or that the area will not allow the REIT to reach the desired level of scale;
    d) developing purpose built rental on existing sites that have the ability to add more density; and
    e) participating in joint ventures for mixed-use sites where the REIT can add value through its experience and expertise in owning and operating multi-family rentals.
- The REIT is continuing to make progress on its four active developments as well as the evaluation of other intensification opportunities within the portfolio. The current active developments include:
    - 473 Albert Street, Ottawa – conversion of office tower to 158 residential suites: The site plan application for the development has been approved by the City of Ottawa and a final site plan agreement is being prepared by the City. The building permit application submitted in Q1 2021 received approval from the City. Interior and exterior demolition continues and the REIT anticipates partial occupancy of the building to commence in the second half of 2022;
    - 900 Albert Street, Ottawa (TIP Albert joint venture and direct ownership) – development: The site plan application was approved by Ottawa City Council in July 2020 and the final site plan agreement is currently ongoing. The approved site plan application allows for 1,241 residential suites, 423,764 sq ft of office space, and 87,844 sq ft of retail space. The REIT continues to work with its partners and external consultants to develop detailed design plans in order to deliver an offering that reflects not only the current needs of the market but also incorporates concepts and technologies to ensure its continued relevance as rental housing needs continue to evolve;
    - Richmond & Churchill, Ottawa – development: The zoning bylaw amendment for the property has been successfully approved by the City of Ottawa to allow for a 9-storey mixed-use building, as well as an additional rooftop amenity level. The rezoning allows the REIT to develop 184 residential suites and 18,706 sq ft of commercial space on the site. With rezoning completed and the site plan application approved by the City in principle, the REIT is progressing the drawing set into design development; and,
    - Burlington GO Lands (Fairview joint venture) – development: The site plan application was submitted in Q1 2020 and comments were received from the City of Burlington staff and external agencies. A second site plan application was submitted in October 2020. The REIT, its partners, and consultants have received a full set of comments from the City addressing the prior submissions and they are working through the comments as required, which are being incorporated into the detailed drawings. The REIT anticipates that the final site plan application submission should occur late Q3 or early Q4 2021. The current submission proposes 2,494 residential suites with 42,976 sq ft of commercial space.

- Liquidity Update:
  - The Trust's current credit facilities total $172.0 million and the ability to increase the current facilities by a further $60.0 million providing a total of $232.0 million of available credit. There is approximately $39.8 million drawn on these facilities as at June 30, 2021.
  - The Trust has approximately $237.5 million in unencumbered properties that do not have mortgages nor provide security for any credit facilities.
  - With a debt-to-GBV ratio of 34.4%, the REIT has significant liquidity available through both CMHC insured and conventional mortgage financing to finance future capital programs, development opportunities and acquisitions.

236 Richmond Road,
Ottawa, ON

Q2 PERFORMANCE HIGHLIGHTS

The following table presents a summary of InterRent's operating performance for the three months ended June 30, 2021 compared to the same period in 2020:

Selected Consolidated Information In $000's, except per Unit amounts and other non-financial data	**3 Months Ended June 30, 2021**	**3 Months Ended June 30, 2020**	**Change**
Total suites	**11,850**	10,226	**+15.9%**
Average rent per suite (June)	**$1,339**	$1,291	**+3.7%**
Occupancy rate (June)	**91.5%**	93.0%	**-150bps**
Operating revenues	**$44,966**	$39,004	**+15.3%**
Net operating income (NOI)	**$28,765**	$24,839	**+15.8%**
NOI %	**64.0%**	63.7%	**+30bps**
Same Property average rent per suite (June)	**$1,339**	$1,291	**+3.7%**
Same Property occupancy rate (June)	**92.2%**	93.0%	**-80bps**
Same Property NOI	**$25,448**	$24,796	**+2.6%**
Same Property NOI %	**64.7%**	64.0%	**+70bps**
Net Income	**$61,066**	$22,714	**+168.8%**
Funds from Operations (FFO)	**$17,766**	$15,250	**+16.5%**
FFO per weighted average unit - diluted	**$0.124**	$0.117	**+6.0%**
Adjusted Funds from Operations (AFFO)	**$15,672**	$13,752	**+14.0%**
AFFO per weighted average unit - diluted	**$0.110**	$0.105	**+4.8%**
Distributions per unit	**$0.0814**	$0.0775	**+5.0%**
Adjusted Cash Flow from Operations (ACFO)	**$17,738**	$18,157	**-2.3%**
Debt-to-GBV	**34.4%**	28.0%	**+640bps**
Interest coverage (rolling 12 months)	**3.53x**	3.28x	**+0.25x**
Debt service coverage (rolling 12 months)	**1.90x**	1.93x	**-0.03x**

- Overall Portfolio:
  a) Operating revenue for the quarter rose by $6.0 million to $45.0 million, an increase of 15.3% over Q2 2020.
  b) Average monthly rent per suite increased to $1,339 (June 2021) from $1,291 (June 2020), an increase of 3.7%.
  c) Occupancy for June 2021 was 91.5%, an increase of 20 basis points to March 2021 and a decrease of 150 basis points when compared to June 2020.
  d) NOI for the quarter was $28.8 million, an increase of $3.9 million, or 15.8%, over Q2 2020. NOI margin for the quarter was 64.0%, up 30 basis points over Q2 2020.
- Same Property Portfolio:
  a) Operating revenue for the quarter increased by $0.6 million to $39.3 million, an increase of 1.4% over Q2 2020.
  b) Average monthly rent per suite for the same property portfolio increased to $1,339 (June 2021) from $1,291 (June 2020), an increase of 3.7%.
  c) Occupancy for June 2021 was 92.2%, an increase of 10 basis points when compared to March 2021 and a decrease of 80 basis points when compared to June 2020.
  d) NOI for the quarter was $25.4 million, an increase of $0.7 million, or 2.6%, over Q2 2020. Same property NOI margin for the quarter was 64.7%, up 70 basis points over Q2 2020.
- Repositioned properties had an average monthly rent per suite of $1,375, occupancy of 92.6% for June 2021 and an NOI margin for the quarter of 65.4%.

- Net income for the quarter was $61.1 million, an increase of $38.4 million compared to Q2 2020. This difference was due primarily to the $59.5 million fair value gain on investment properties and an increase in operating revenue to $45.0 million for the quarter from $39.0 million in Q2 2020, representing an increase of $6.0 million. These gains were offset by the non-cash fair value losses on unit-based liabilities and Class B unit liability of $16.0 million that occurred as a result of Unit price appreciation of 14.0% in the quarter.
- FFO for the quarter increased by 16.5% to $2.5 million compared to Q2 2020.
- FFO per Unit for the quarter increased by 6.0% to $0.124 per Unit compared to $0.117 per Unit for Q2 2020.
- AFFO for the quarter increased by 14.0% to $15.7 million compared to Q2 2020.
- AFFO per Unit for the quarter increased by 4.8% to $0.110 per Unit compared to $0.105 per Unit for Q2 2020.
- ACFO for the quarter decreased by 2.3% to $17.7 million compared to Q2 2020; despite increased cash generated from operating activities there was a negative change in timing of working capital.
- Debt-to-GBV at quarter end was 34.4%, an increase of 640 and 170 basis points from June 2020 (28.0%) and March 2021 (32.7%), respectively.
- The Trust completed the following investment property transactions during the three months ended June 30, 2021:

Transaction Date	Property	City	Region	Property Type	# of Suites	Transaction Price
13-Apr-21	2054 Comox Street	Vancouver	GVA	Residential	23	
	8735 Selkirk Street	Vancouver	GVA	Residential	22	
	Total Vancouver No. 1 Apartments Partnership (100% interest)				45	$ 18,900,000
	Trust's 50% financial interest in Vancouver No. 1 Apartments Partnership					$ 9,450,000
29-Apr-21	165 Ontario Street	St Catharines	Other Ontario	Residential	158	$ 31,400,000
13-May-21	150 Allan Street	Oakville	GTHA	Residential	55	$ 26,375,000
13-May-21	265 Reynolds Street	Oakville	GTHA	Residential	45	$ 20,275,000
1-Jun-21	920 Inverhouse Drive	Mississauga	GTHA	Residential	95	$ 32,651,000
9-Jun-21	774-778 Gladstone Avenue & 174 Bell Street N	Ottawa	NCR	Residential(1)	5	$ 4,000,000
Q2 2021 Acquisitions						**$ 124,151,000**

(1) Includes a parking lot with 24 parking stalls.

PORTFOLIO SUMMARY

The Trust started the year with 11,047 suites and the second quarter with 11,468 suites. During the three months ended June 30, 2021, the Trust purchased five investment properties (totalling 358 suites) and purchased a 50% ownership stake in two properties with 45 suites in Vancouver. The Trust also added a suite to a property in St. Catharines. At June 30, 2021, the Trust owned 11,850 suites. Management continuously reviews the markets that the REIT operates in to determine if the portfolio mix remains suitable. Management believes that there are significant opportunities within the portfolio to drive rents, reduce operating costs, and streamline operations. At June 30, 2021, 85.8% of the portfolio was same property suites and 70.2% of the portfolio was repositioned property suites. We are actively seeking opportunities within our target markets, as well as evaluating other gateway cities in Canada, in order to continue to build our acquisition pipeline and grow the REIT in a fiscally prudent manner. The following chart shows our suite mix by region. InterRent's focus on recycling capital and growing its core markets of the Greater Toronto & Hamilton Area ("GTHA"), National Capital Region ("NCR"), Greater Montréal Area ("GMA"), and Greater Vancouver Area ("GVA") has resulted in approximately 84% of InterRent's suites being located in these core markets.

▼ Suites By Region at June 30, 2021

Region	Total Portfolio		Same Property	
	Suites	% of Portfolio	Suites	% of Portfolio
Greater Toronto & Hamilton Area	3,761	30.9%	2,885	28.4%
National Capital Region	2,970	24.4%	2,961	29.1%
Other Ontario	2,002	16.4%	1,534	15.1%
Greater Montreal Area	2,787	22.9%	2,787	27.4%
Greater Vancouver Area	659[1]	5.4%	0	0.0%
Total	12,179	100.0%	10,167	100.0%

[1] Represents total suites of which the REIT owns a 50% interest in.

ANALYSIS OF OPERATING RESULTS

In $ 000's	3 Months Ended June 30, 2021		3 Months Ended June 30, 2020		6 Months Ended June 30, 2021		6 Months Ended June 30, 2020	
Gross rental revenue	**$ 46,957**		$ 39,273		**$ 91,919**		$ 78,076	
Less: vacancy & rebates	**(4,968)**		(2,609)		**(9,722)**		(4,530)	
Other revenue	**2,977**		2,340		**5,820**		4,826	
Operating revenues	**$ 44,966**		$ 39,004		**$ 88,017**		$ 78,372	
Expenses								
Property operating costs	**7,641**	**17.0%**	6,907	17.7%	**14,283**	**16.2%**	13,201	16.8%
Property taxes	**5,355**	**11.9%**	4,749	12.2%	**10,752**	**12.2%**	9,467	12.1%
Utilities	**3,205**	**7.1%**	2,510	6.4%	**7,729**	**8.8%**	6,158	7.9%
Operating expenses	**$ 16,201**	**36.0%**	$ 14,166	36.3%	**$ 32,764**	**37.2%**	$ 28,826	36.8%
Net operating income	**$ 28,765**		$ 24,838		**$ 55,253**		$ 49,546	
Net operating margin	**64.0%**		63.7%		**62.8%**		63.2%	


Auburn Park, London, ON

REVENUE

Gross rental revenue for the three months ended June 30, 2021 increased 19.6% to $47.0 million compared to $39.3 million for the three months ended June 30, 2020. Operating revenue for the quarter was up $6.0 million to $45.0 million, or 15.3% compared to Q2 2020. The Trust owned, on a weighted average basis, 11,683 suites throughout Q2 2021 as compared to 10,226 throughout Q2 2020, an increase of 1,457 suites over the period. On a weighted average suite basis, operating revenue for the second quarter of 2021 increased by 0.9% over the second quarter of 2020.

The average monthly rent across the portfolio for June 2021 increased to $1,339 per suite from $1,291 (June 2020), an increase of 3.7% and from $1,325 (March 2021), an increase of 1.1%. On a same property basis, the average rent increased by $48 per suite to $1,339 (or up 3.7%) over June 2020 and by $11 per suite (or up 0.8%) over March 2021. The overall increase in average rent is a result of organic growth and changes in property mix (through the acquisition of properties in our targeted growth markets and dispositions in non-core markets). Management expects to continue to grow rent organically, as well as continuing to drive other ancillary revenue streams such as parking, laundry, locker rentals, and cable and telecom revenue share agreements.

▼ Average Rent By Region(1)

Region	Total Portfolio			Same Property		
	Jun 2021	Jun 2020	Change	Jun 2021	Jun 2020	Change
Greater Toronto & Hamilton Area	$1,423	$1,369	+3.9%	$1,432	$1,371	+4.4%
National Capital Region(1)	$1,422	$1,388	+2.4%	$1,425	$1,388	+2.7%
Other Ontario	$1,285	$1,272	+1.0%	$1,340	$1,272	+5.3%
Greater Montreal Area	$1,153	$1,119	+3.0%	$1,153	$1,119	+3.0%
Greater Vancouver Area	$1,569	-	-	-	-	-
Total	**$1,339**	**$1,291**	**+3.7%**	**$1,339**	**$1,291**	**+3.7%**

(1) Excludes extended stay suites.

The REIT estimates that the average market rental gap on the total portfolio under normal conditions to be in excess of 25% however in light of the current economic environment, the current mark to market rental gap is estimated to be approximately 20% higher than the average in-place rent of $1,339. The REIT is continuing to carefully monitor the demand in the market and will adjust rents based on balancing short-term occupancy against long term rental revenue growth.

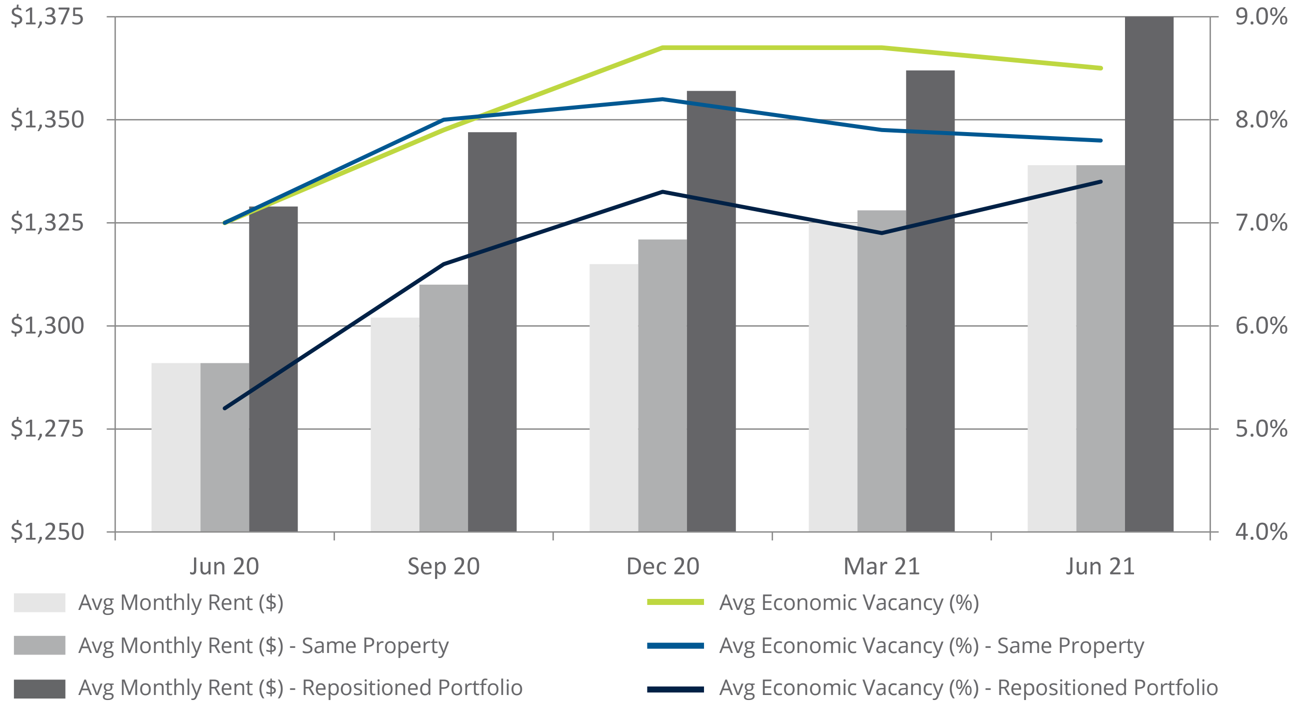
Portfolio Occupancy

As part of the ongoing effort to drive rents throughout the portfolio, the vacancy rate on an annual basis is expected to be in the 4% range once a property is repositioned. Going forward, management believes that minor variations in economic vacancy will continue to occur from one quarter to another given the seasonal nature of rental activity. The rental growth objectives are being achieved as a direct result of:

1. ensuring that properties are safe, secure and well maintained;
2. ensuring suites are properly repaired and maintained before being rented to new residents;
3. marketing that is tailored to the specific features, location and demographics of each individual property; and,
4. ensuring that operations are running as efficiently and cost effectively as possible to ensure the well-being of residents and resident enjoyment of their homes.

This is part of the Trust's repositioning strategy to maximize rental revenues, lower operating costs and create value for Unitholders. Management intends to continue to pursue this strategy both within the existing portfolio and as it looks to add new properties within targeted regions.

The following chart represents the economic vacancy for the entire portfolio for the month listed. This data is calculated by taking financial vacancy loss and dividing it by gross rental revenue.



	June 2020	September 2020	December 2020	March 2021	June 2021
Average monthly rents all properties	$1,291	$1,302	$1,315	$1,325	$1,339
Average monthly rents same property	$1,291	$1,310	$1,321	$1,328	$1,339
Average monthly rents repositioned property	$1,329	$1,347	$1,357	$1,362	$1,375

The overall economic vacancy for June 2021 across the entire portfolio was 8.5%, a decrease of 20 basis points from the 8.7% recorded in March 2021 and an increase of 150 basis points as compared to the 7.0% recorded for June 2020.

The overall economic vacancy for June 2021 for the same property portfolio was 7.8%, a decrease of 10 basis points from the 7.9% recorded in March 2021 and an increase of 80 basis points as compared to the 7.0% recorded for June 2020.

The impact in leasing activity from COVID-19 seen in 2020 as a result of the government mandated shutdowns (including immigration and international students) continued throughout the second quarter of 2021. However, we are encouraged to see positive momentum building alongside easing in government restrictions, with young professionals and domestic students coming back to the urban core to secure accommodation as offices and campuses move forward with reopening plans. Nearly all post secondary institutions to which the REIT has exposure have announced the return to on campus learning this fall. This, coupled with Canada welcoming +35,000 foreign arrivals in June 2021 and the government's announcement that it will open its borders to eligible fully vaccinated travellers in the coming weeks, suggest that international student and immigration figures will gradually return to more normalized levels. We believe these factors will combine to generate strong rental demand across our regions, driving down vacancy and creating upward rental pressure. The REIT continues to believe that capturing market rents is critical as the market trend to lower turnover continues and, as such, reviews every property closely to balance short term vacancy with long term value creation.

Vacancy By Region

Region	Total Portfolio			Same Property		
	Jun 2021	Jun 2020	Change	Jun 2021	Jun 2020	Change
Greater Toronto & Hamilton Area	6.0%	3.4%	+260 bps	5.0%	3.2%	+180 bps
National Capital Region	10.8%	6.3%	+450 bps	10.8%	6.3%	+450 bps
Other Ontario	4.5%	3.4%	+110 bps	2.5%	3.4%	-90 bps
Greater Montreal Area	10.8%	14.7%	-390 bps	10.8%	14.7%	-390 bps
Greater Vancouver Area	23.5%	-	-	-	-	-
Total	**8.5%**	**7.0%**	**+150 bps**	**7.8%**	**7.0%**	**+80 bps**

Other Revenue

Other rental revenue for the three months ended June 30, 2021 increased 27.2% to $3.0 million compared to $2.3 million for the three months ended June 30, 2020. The increased revenues from commercial space as well as ancillary sources such as parking, laundry, locker rentals and cable and telecom continues to be a focus as it provides organic revenue growth. For the three months ended June 30, 2021, other revenue represents 6.6% of operating revenue compared to 6.0% for Q2 2020.

PROPERTY OPERATING COSTS

Property operating costs for the investment properties include repairs and maintenance, insurance, caretaking, superintendents' wages and benefits, property management salaries and benefits, uncollectible accounts and eviction costs, marketing, advertising and leasing costs.

Property operating costs for the three months ended June 30, 2021 amounted to $7.6 million or 17.0% of revenue compared to $6.9 million or 17.7% of revenue for the three months ended June 30, 2020. As a percentage of revenue, operating costs decreased by 70 basis points as compared to 2020 due in part to the normalization of cleaning and staffing costs associated with the COVID-19 pandemic (see COVID-19 Overview, Risk and Update section).

PROPERTY TAXES

Property taxes for the three months ended June 30, 2021 amounted to $5.4 million or 11.9% of revenue compared to $4.7 million or 12.2% of revenue for the three months ended June 30, 2020. The overall increase in taxes is mainly attributable to the increase in suites from the second quarter of 2020 to 2021 as well as increases in assessed property values.

The Trust is constantly reviewing property tax assessments for its properties and this active approach shall continue to help drive down costs. Where appropriate, the Trust will appeal individual property assessments.

UTILITY COSTS

Utility costs for the three months ended June 30, 2021 amounted to $3.2 million or 7.1% of revenue compared to $2.5 million or 6.4% of revenue for the three months ended June 30, 2020. As a percentage of operating revenues, utility costs increased over the same quarter last year and increased on a per suite basis in part due to higher consumption throughout COVID as residents spend more time at home.

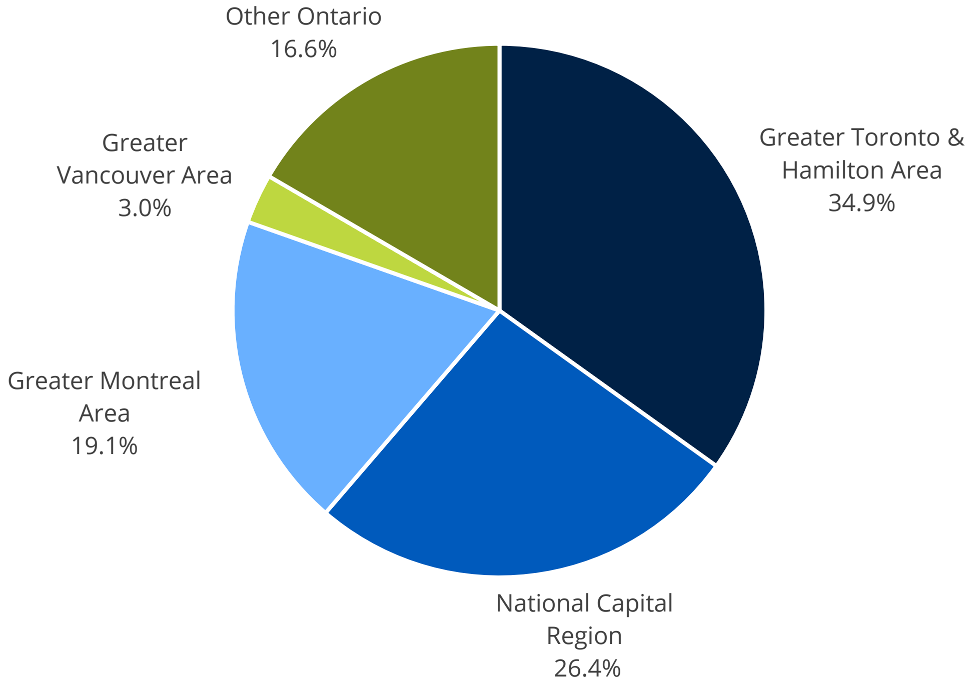
Across the entire portfolio, our hydro sub-metering initiative reduced our electricity costs by 23.0%, or $0.4 million for the quarter. At June 30, 2021, the REIT had approximately 87% of its portfolio (10,274 suites) that had the capability to submeter hydro in order to recover the cost. Of the 10,274 suites that have the infrastructure in place, 8,019 suites were on hydro extra leases whereby the REIT is recovering the cost from the resident, which represents approximately 68% of the total portfolio. The REIT plans on continuing to roll this program out to new properties as they are acquired.

NET OPERATING INCOME (NOI)

NOI for the three months ended June 30, 2021 amounted to $28.8 million or 64.0% of operating revenue compared to $24.8 million or 63.7% of operating revenue for the three months ended June 30, 2020. The $4.0 million increase in the quarter is as a result of growing the portfolio and increasing operating revenue by 15.3%.

NOI from the same property portfolio was $25.4 million, or 64.7% of operating revenue. Management continues to focus on top line revenue growth through acquisitions, suite additions and ancillary revenue as well as operating cost reductions (such as efficiencies of scale, investment in energy saving initiatives, and investments to reduce ongoing operating costs).

▼ **NOI By Region – 3 Months Ended June 30, 2021**



Liv Apartments, Ottawa, ON

SAME PROPERTY PORTFOLIO PERFORMANCE

Same property results for the three months ended June 30, 2021 are defined as all properties owned and operated by the Trust throughout the comparative periods being reported, and therefore do not take into account the impact on performance of acquisitions, dispositions or properties going through a lease-up period completed during the period from January 1, 2020 to June 30, 2021. As at June 30, 2021, the Trust has 10,167 suites in the same property portfolio. The same property portfolio represents 85.8% of the overall portfolio.

In $ 000's	3 Months Ended June 30, 2021		3 Months Ended June 30, 2020		6 Months Ended June 30, 2021		6 Months Ended June 30, 2020	
Gross rental revenue	**$ 40,936**		$ 39,062		**$ 81,343**		$ 77,788	
Less: vacancy & rebates	**(4,122)**		(2,587)		**(8,164)**		(4,502)	
Other revenue	**2,496**		2,282		**4,862**		4,709	
Operating revenues	**$ 39,310**		$ 38,757		**$ 78,041**		$ 77,995	
Expenses								
Property operating costs	**6,635**	**16.9%**	6,810	17.5%	**12,536**	**16.1%**	13,087	16.8%
Property taxes	**4,624**	**11.8%**	4,716	12.2%	**9,385**	**12.0%**	9,418	12.1%
Utilities	**2,603**	**6.6%**	2,435	6.3%	**6,479**	**8.3%**	6,051	7.7%
Operating expenses	**$ 13,862**	**35.3%**	$ 13,961	36.0%	**$ 28,400**	**36.4%**	$ 28,556	36.6%
Net operating income	**$ 25,448**		$ 24,796		**$ 49,641**		$ 49,439	
Net operating margin	**64.7%**		64.0%		**63.6%**		63.4%	

For the three months ended June 30, 2021, operating revenues for same property increased by 1.4% compared to Q2 of 2020 despite experiencing increased vacancy and rebates. Operating costs and property taxes decreased by 2.6% and 2.0% respectively while utilities increased by 6.9% resulting in a 0.7% decrease in overall operating expenses as compared to the same period last year. Overall, same property NOI has increased by $0.7 million, or 2.6%, as compared to the same period last year. NOI margin for Q2 2021 was 64.7% as compared to 64.0% for Q2 2020, an increase of 70 basis points.

The average monthly rent for June 2021 for same property increased to $1,339 per suite from $1,291 (June 2020), an increase of 3.7%. Economic vacancy for June 2021 for same property was 7.8%, compared to 7.0% for June 2020.

	June 2020	September 2020	December 2020	March 2021	June 2021
Average monthly rents same property portfolio	$1,291	$1,310	$1,321	$1,328	$1,339
Average monthly vacancy same property portfolio	7.0%	8.0%	8.2%	7.9%	7.8%

REPOSITIONED PROPERTY PORTFOLIO PERFORMANCE

The Trust's repositioning program following the acquisition of a property typically spans 3 to 4 years, depending on how significant the capital requirements are and what the tenant turnover at the property is like. Repositioned property suites for the three months ended June 30, 2021 are defined as all properties owned and operated by the Trust prior to January 1, 2018. As at June 30, 2021, the Trust has 8,314 repositioned property suites, which represents 70.2% of the overall portfolio.

In $ 000's	3 Months Ended June 30, 2021					
	Repositioned Property Portfolio		Non- Repositioned Property Portfolio		Total Portfolio	
Gross rental revenue	$ 34,395		$ 12,562		**$ 46,957**	
Less: vacancy & rebates	(3,233)		(1,735)		**(4,968)**	
Other revenue	1,915		1,062		**2,977**	
Operating revenues	$ 33,077		$ 11,889		**$ 44,966**	
Expenses						
Property operating costs	5,373	16.2%	2,268	19.1%	**7,641**	**17.0%**
Property taxes	3,953	12.0%	1,402	11.8%	**5,355**	**11.9%**
Utilities	2,123	6.4%	1,082	9.1%	**3,205**	**7.1%**
Operating expenses	$ 11,449	34.6%	$ 4,752	40.0%	**$ 16,201**	**36.0%**
Net operating income	$ 21,628		$ 7,137		**$ 28,765**	
Net operating margin	65.4%		60.0%		**64.0%**	

In $ 000's	6 Months Ended June 30, 2021					
	Repositioned Property Portfolio		Non- Repositioned Property Portfolio		Total Portfolio	
Gross rental revenue	$ 68,315		$ 23,604		**$ 91,919**	
Less: vacancy & rebates	(6,307)		(3,415)		**(9,722)**	
Other revenue	3,687		2,133		**5,820**	
Operating revenues	$ 65,695		$ 22,322		**$ 88,017**	
Expenses						
Property operating costs	10,127	15.4%	4,157	18.6%	**14,284**	**16.2%**
Property taxes	7,995	12.2%	2,757	12.4%	**10,752**	**12.2%**
Utilities	5,256	8.0%	2,473	11.1%	**7,729**	**8.8%**
Operating expenses	$ 23,378	35.6%	$ 9,387	42.1%	**$ 32,765**	**37.2%**
Net operating income	$ 42,317		$ 12,935		**$ 55,252**	
Net operating margin	64.4%		57.9%		**62.8%**	

The average monthly rent for June 2021 for the repositioned property portfolio was $1,375 per suite and the economic vacancy for June 2021 was 7.4% whereas the non-repositioned properties had an average monthly rent of $1,254 per suite and an economic vacancy of 11.6% for June 2021.

Region	Repositioned Property Portfolio			Non-Repositioned Property Portfolio		
	Suites	June 2021 Average Rent	June 2021 Vacancy	Suites	June 2021 Average Rent	June 2021 Vacancy
Greater Toronto & Hamilton Area	2,588	$1,470	5.2%	1173	$1,318	7.7%
National Capital Region	2,883	$1,405	10.8%	87	$1,924	10.1%
Other Ontario	1,460	$1,350	2.6%	542	$1,107	10.7%
Greater Montreal Area	1,383	$1,164	9.8%	1,404	$1,142	11.9%
Greater Vancouver Area	-	-	-	330	$1,569	23.5%
Total	**8,314**	**$1,375**	**7.4%**	**3,536**	**$1,254**	**11.6%**

FINANCING AND ADMINISTRATIVE COSTS

In $ 000's	3 Months Ended June 30, 2021	3 Months Ended June 30, 2020	6 Months Ended June 30, 2021	6 Months Ended June 30, 2020
Net operating income	**$ 28,765**	$ 24,838	**$ 55,253**	$ 49,546
Expenses				
Financing costs	**7,493**	6,459	**14,488**	13,379
Administrative costs	**3,242**	2,790	**6,247**	5,777
Income before other income and expenses	**$ 18,030**	$ 15,589	**$ 34,518**	$ 30,390

FINANCING COSTS

Financing costs amounted to $7.5 million or 16.7% of operating revenue for the three months ended June 30, 2021 compared to $6.5 million or 16.6% of operating revenue for the three months ended June 30, 2020.

In $ 000's	3 Months Ended June 30, 2021		3 Months Ended June 30, 2020	
	Amount	% of Revenue	Amount	% of Revenue
Cash based:				
Mortgage interest	$ 7,278	16.2%	$ 6,362	16.3%
Credit facilities	283	0.7%	320	0.8%
Interest capitalized	(213)	(0.5%)	(205)	(0.5%)
Interest income	(89)	(0.2%)	(148)	(0.4%)
Non Cash based:				
Amortization of deferred finance cost and premiums on assumed debt	234	0.5%	130	0.4%
Total	$ 7,493	16.7%	$ 6,459	16.6%

Financing costs amounted to $7.5 million or 16.7% of operating revenue for the six months ended June 30, 2021 compared to $6.5 million or 16.6% of operating revenue for the six months ended June 30, 2020.

In $ 000's	6 Months Ended June 30, 2021		6 Months Ended June 30, 2020	
	Amount	% of Revenue	Amount	% of Revenue
Cash based:				
Mortgage interest	$ 14,102	16.0%	$ 13,083	16.7%
Credit facilities	583	0.7%	794	1.0%
Interest capitalized	(420)	(0.5%)	(533)	(0.7%)
Interest income	(199)	(0.2%)	(248)	(0.3%)
Non Cash based:				
Amortization of deferred finance cost and premiums on assumed debt	422	0.5%	283	0.4%
Total	$ 14,488	16.5%	$ 13,379	17.1%

Mortgage Interest

Mortgage interest is one of the single largest expense line items for InterRent REIT. Given the current rates in the market for both CMHC insured and conventional mortgages, it is management's expectation that it will be able to continue to refinance existing mortgages as they come due at rates that are in line with the overall weighted average. Mortgage debt has increased on an overall basis, mainly attributable to up-financing for property acquisitions and repositioning.

ADMINISTRATIVE COSTS

Administrative costs include such items as: director pay; salaries and incentive payments; employee benefits; investor relations; transfer agent listing and filing fees; legal, tax, audit, other professional fees; and, amortization on corporate assets.

Administrative costs for the three months ended June 30, 2021 amounted to $3.2 million compared to $2.8 million for the three months ended June 30, 2020, both being 7.2% of operating revenue.

OTHER INCOME AND EXPENSES

In $ 000's	3 Months Ended June 30, 2021	3 Months Ended June 30,2020	6 Months Ended June 30, 2021	6 Months Ended June 30, 2020
Income before other income and expenses	**$ 18,030**	$ 15,589	**$ 34,518**	$ 30,390
Other income and expenses				
Income from joint ventures	**9**	10	**19**	21
Other income and fees	**96**	-	**158**	-
Fair value adjustments of investment	**59,537**	15,994	**157,176**	16,976
Unrealized gain/(loss) on financial liabilities	**(15,960)**	(8,266)	**(24,804)**	14,443
Distributions expense on units classified as financial liabilities	**(646)**	(613)	**(1,292)**	(1,205)
Net income	**$ 61,066**	$ 22,714	**$165,775**	$ 60,625

OTHER INCOME AND FEES

The Trust has a contractual arrangement with Vancouver No. 1 Apartments Partnership and receives fees to perform the property and project management services for the 659 residential suites within the joint operation.

FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES

The fair value of the portfolio at June 30, 2021 was determined internally by the Trust. In order to substantiate management's valuation, the Trust engaged a leading independent national real estate appraisal firm to provide appraisals for substantially all of the portfolio at December 31, 2020. The Trust engaged the firm once again to review and advise of any significant changes in any of the key input assumptions in the model (such as capitalization rate, turnover rate and market rental rate estimates) as at June 30, 2021. For the three month period ended June 30, 2021, a fair value gain of $59.5 million was recorded on the financial statements as a result of changes in the fair value of investment properties. The weighted average capitalization rate used across the portfolio at the end of Q2 2021 was 3.98% as compared to 4.06% for Q1 2021 and 4.23% for Q2 2020.

UNREALIZED FAIR VALUE GAIN/LOSS ON FINANCIAL LIABILITIES

The Trust used a price of $16.86 based on the closing price of the TSX listed InterRent REIT Trust Units to determine the fair value of the deferred unit compensation liability. The total fair value of the deferred units recorded on the condensed interim consolidated balance sheet at June 30, 2021 was $65.7 million and a corresponding fair value loss of $8.5 million was recorded on the condensed interim consolidated statement of income for the three months ended June 30, 2021.

The Trust determined the fair value of the option plan (unit-based compensation liability) at June 30, 2021 was $5.6 million and a corresponding fair value loss of $0.6 million was recorded on the condensed interim consolidated statement of income for the three months ended June 30, 2021.

The Trust used a price of $16.86 based on the closing price of the TSX listed InterRent REIT Trust Units to determine the fair value of the Class B LP unit liability. The total fair value of these Units recorded on the condensed consolidated interim balance sheet at June 30, 2021 was $57.5 million and a corresponding fair value loss of $7.1 million was recorded on the condensed consolidated interim statement of income for the three months ended June 30, 2021.

In $ 000's	3 Months Ended June 30, 2021	3 Months Ended June 30, 2020	6 Months Ended June 30, 2021	6 Months Ended June 30, 2020
Fair value gain/(loss) on financial liabilities:				
Deferred unit compensation plan	**$ (8,455)**	$ (4,076)	**$ (12,845)**	$ 9,043
Option plan	**(559)**	(710)	**(1,243)**	931
Class B LP unit liability	**(7,060)**	(3,480)	**(10,812)**	4,469
Rate swap	**114**	-	**96**	-
Fair value gain/(loss) on financial liabilities	**$ (15,960)**	$ (8,266)	**$ (24,804)**	$ 14,443

DISTRIBUTION EXPENSE

The distribution expense is comprised of distributions to holders of the Class B LP units and distributions earned on the deferred unit plan, as both are classified as a liability.

INVESTMENT PROPERTIES

The following chart shows the changes in investment properties from December 31, 2020 to June 30, 2021.

In $ 000's	June 30, 2021
Balance, December 31, 2020	$ 3,106,240
Acquisitions	302,186
Property capital investments	36,657
Fair value gains	157,176
Total investment properties	$ 3,602,259

During the first six months of 2021 the Trust purchased six investment properties (totalling 472 suites) and purchased a 50% ownership stake in seventeen properties with 659 suites in Vancouver for an aggregate price of $302.2 million.

The Trust's repositioning program following the acquisition of a property typically spans 3 to 4 years, depending on how significant the capital requirements are and what the tenant turnover at the property is like. For the purpose of identifying capital expenditures related to properties being repositioned, for 2021 the REIT uses a cut-off of December 31, 2017. Any property purchased after this date is considered a repositioning property and capital expenditures are all part of the program to improve the property by lowering operating costs and/or enhancing revenue. For properties acquired prior to January 1, 2018, management reviews the capital expenditures to identify and allocate, to the best of its abilities, those that relate to enhancing the value of the property (either through lowering operating costs or increasing revenue) and those expenditures that relate to sustaining and maintaining the existing space. There are 8,314 suites in the REIT's portfolio that were acquired prior to January 1, 2018 and are considered repositioned properties for the purpose of calculating maintenance capital investment.

For the six month period ended June 30, 2021, the Trust invested $36.7 million in the portfolio. Of the $36.7 million invested in the first six months of the year, $16.0 million was invested in the non-repositioned properties and $2.4 million was invested in properties under development. Of the remaining $18.3 million, $14.5 million was invested in value enhancing initiatives and $3.8 million was related to sustaining and maintaining existing spaces.

For the six month period ended June 30, 2021, a fair value gain of $157.2 million was recorded on the condensed interim financial statements as a result of changes in the fair value of investment properties.

UNITHOLDERS' EQUITY

The following chart shows the changes in reported Unitholders' equity from December 31, 2020 to June 30, 2021.

Summary of Unitholders' Capital Contributions	Trust Units	Amount (in $ 000's)
December 31, 2020	138,416,700	$1,003,526
Units issued under the deferred unit plan	120,120	1,877
Units issued under distribution reinvestment plan	574,126	8,125
Units issued from options exercised	93,900	1,225
June 30, 2021	139,204,846	$1,014,753

As at June 30, 2021 there were 139,204,846 Trust Units issued and outstanding.

DISTRIBUTIONS

The Trust is currently making monthly distributions of $0.027125 per Unit, which equates to $0.3255 per Unit on an annualized basis. For the three months ended June 30, 2021, the Trust's FFO and AFFO was $0.125 and $0.110 per unit (basic) respectively, compared to $0.117 and $0.106 for the three months ended June 30, 2020, while the distributions were $0.0814 for 2021 and $0.0775 for 2020.

Distributions to Unitholders are as follows:

In $ 000's	3 Months Ended June 30, 2021	3 Months Ended June 30, 2020	6 Months Ended June 30, 2021	6 Months Ended June 30, 2020
Distributions declared to Unitholders	**$ 11,316**	$ 9,856	**$ 22,600**	$ 19,287
Distributions reinvested through DRIP	**(4,160)**	(3,003)	**(8,125)**	(6,652)
Distributions declared to Unitholders, net of DRIP	**$ 7,156**	$ 6,853	**$ 14,475**	$ 12,635
DRIP participation rate	**36.8%**	30.5%	**36.0%**	34.5%

InterRent's Declaration of Trust provides the trustees with the discretion to determine the payout of distributions that would be in the best interest of the Trust. In establishing the level of distributions to Unitholders, consideration is given to future cash requirements of the Trust as well as forward-looking cash flow information.

3474 Hutchison Road, Montréal, QC

WEIGHTED AVERAGE NUMBER OF UNITS

The following table sets forth the weighted average number of Units outstanding:

	3 Months Ended June 30, 2021	3 Months Ended June 30, 2020	6 Months Ended June 30, 2021	6 Months Ended June 30, 2020
Trust units	**138,980,252**	126,548,677	**138,780,209**	124,088,156
LP Class B units	**3,410,766**	3,410,766	**3,410,766**	3,410,766
Weighted average units outstanding - Basic	**142,391,018**	129,959,443	**142,190,975**	127,498,922
Unexercised dilutive options [1]	**415,430**	424,895	**415,530**	424,895
Weighted average units outstanding - Diluted	**142,806,449**	130,384,338	**142,606,406**	127,923,817

[1] Calculated using the treasury method.

PERFORMANCE MEASURES

Management believes that Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO) are key measures for real estate investment trusts, however they do not have standardized meanings prescribed by IFRS (GAAP). These measures may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to similarly termed measures reported by other such issuers.

As both measures exclude the fair value adjustments on investment properties and gains and losses from property dispositions, it provides an operating performance measure that, when compared period over period, reflects the impact on operations of trends in occupancy levels, rental rates, operating costs and realty taxes, acquisition activities and interest costs, and provides a perspective of the financial performance that is not immediately apparent from net income determined in accordance with GAAP. As these measures are based on historical performance, they lag current operation and are negatively impacted, most notably on a per unit basis, during periods of significant growth. This is further amplified when the growth stems primarily from repositioning/development properties.

FFO Reconciliation In $000's, except per Unit amounts and Units outstanding	3 Months Ended June 30, 2021	3 Months Ended June 30, 2020	6 Months Ended June 30,2021	6 Months Ended June 30, 2020
Net income	**$ 61,066**	$ 22,714	$ 165,775	$ 60,625
Add (deduct):				
Fair value adjustments on investment property	**(59,537)**	(15,994)	(157,176)	(16,976)
Unrealized (gain) loss on financial instruments	**15,960**	8,266	24,804	(14,443)
Interest expense on puttable units classified as liabilities	**277**	264	555	528
Funds from Operations (FFO)	**$ 17,766**	$ 15,250	$ 33,958	$ 29,734
FFO per weighted average unit - basic	**$0.125**	$0.117	$0.239	$0.233
FFO per weighted average unit - diluted	**$0.124**	$0.117	$0.238	$0.232

AFFO Reconciliation In $000's, except per Unit amounts and Units outstanding	**3 Months Ended June 30, 2021**	**3 Months Ended June 30, 2020**	**6 Months Ended June 30,2021**	**6 Months Ended June 30, 2020**
Funds from Operations	**$ 17,766**	$ 15,250	**$ 33,958**	$ 29,734
Add (deduct):				
Actual maintenance capital investment	**(2,094)[(1)]**	(1,498)[(2)]	**(3,760)[(1)]**	(3,420)[(2)]
Adjusted Funds from Operations (AFFO)	**$ 15,672**	$ 13,752	**$ 30,198**	$ 26,314
AFFO per weighted average unit - basic	**$0.110**	$0.106	**$0.212**	$0.206
AFFO per weighted average unit - diluted	**$0.110**	$0.105	**$0.212**	$0.206

(1) Maintenance capital investment total is for the 8,314 repositioned suites for 2021

(2) Maintenance capital investment total is for the weighted average of 7,712 repositioned suites for 2020

Adjusted Cash Flow from Operations (ACFO) was introduced in February 2017, and updated February 2019, in REALpac's "White Paper on Adjusted Cashflow from Operations (ACFO) for IFRS" as a sustainable, economic cash flow metric. Management believes ACFO can be a useful measure to evaluate the Trusts ability to fund distributions to unitholders. ACFO should not be construed as an alternative to cash flows provided by or used in operating activities determined in accordance with IFRS. ACFO is calculated in accordance with the REALpac definition but may differ from other REIT's methods and accordingly, may not be comparable to ACFO reported by other issuers.

ACFO Reconciliation In $000's, except per Unit amounts and Units outstanding	**3 Months Ended June 30, 2021**	**3 Months Ended June 30, 2020**	**6 Months Ended June 30, 2021**	**6 Months Ended June 30, 2020**
Cash generated from operating activities	**$24,566**	$19,635	**$44,344**	$31,190
Add (deduct):				
Changes in non-cash working capital not indicative of sustainable cash flows	**(4,500)**	150	**(9,250)**	(300)
Amortization of finance costs	**(234)**	(130)	**(422)**	(283)
Actual maintenance capital investment	**(2,094)**	(1,498)	**(3,760)**	(3,420)
ACFO	**$17,738**	$18,157	**$30,912**	$27,187
Distributions declared [(1)]	**$11,594**	$10,120	**$23,155**	$19,815
Excess/(shortfall) of ACFO over distributions	**$6,144**	$8,037	**$7,757**	$7,372
ACFO payout ratio	**65.4%**	55.7%	**74.9%**	72.9%

(1) Includes distributions on LP Class B units

For the three months ended June 30, 2021, ACFO exceeded distributions declared by $6.1 million. Amounts retained in excess of the declared distributions are used to fund acquisitions and capital expenditure requirements.

CASH FROM OPERATING ACTIVITIES AND CASH DISTRIBUTIONS

The following table outlines the differences between cash flows from operating activities and net income and cash distributions in accordance with National Policy 41-201, "Income Trusts and Other Indirect Offerings":

In $ 000's	3 Months Ended June 30, 2021	3 Months Ended June 30, 2020	6 Months Ended June 30, 2021	6 Months Ended June 30, 2020
Net income	**$61,066**	$22,714	**$165,775**	$60,625
Cash flows from operating activities	**24,567**	19,635	**44,345**	31,190
Distributions paid [1]	**7,423**	6,704	**15,009**	12,742
Distributions declared [1]	**11,594**	10,120	**23,155**	19,815
Excess of net income over distributions paid	**53,643**	16,010	**150,766**	47,883
Excess of net income over distributions declared	**49,472**	12,594	**142,620**	40,810
Excess of cash flows from operations over distributions paid	**17,144**	12,931	**29,336**	18,448
Excess of cash flows from operations over distributions declared	**12,973**	9,515	**21,190**	11,375

[1] Includes distributions on LP Class B units

For the three months ended June 30, 2021, cash flows from operating activities exceeded distributions paid by $17.1 million. Net income is not used as a proxy for distributions as it includes fair value changes on investment properties and fair value change on financial instruments, which are not reflective of the Trust's ability to make distributions. Amounts retained in excess of the declared distributions are used to fund acquisitions and capital expenditure requirements.

LIQUIDITY AND CAPITAL RESOURCES

InterRent REIT's overall debt level was at 34.4% of Gross Book Value ("GBV") at June 30, 2021. GBV is a non-GAAP term that is defined in the DOT and includes all operations. The following chart sets out the Trust's computed debt-to-GBV:

In $ 000's	June 30, 2021	December 31, 2020
Total assets per Balance Sheet	$3,657,545	$3,214,047
Mortgages payable	$1,219,179	$999,595
Credit facilities	39,795	-
Total debt	$1,258,974	$999,595
Debt-to-GBV	34.4%	31.1%

With a DOT limit of 75% of Debt-to-Gross Book Value, InterRent REIT has the ability to further leverage the existing portfolio to assist with future investments in new assets. The Trust is conscious of the current credit environment and how this affects the ability of the Trust to grow. Management continues to evaluate on-going repositioning efforts, potential new acquisition opportunities as well as potential dispositions in order to continue to grow the Trust in a fiscally prudent manner.

INTEREST AND DEBT SERVICE COVERAGE

The following schedule summarizes the interest and debt service coverage ratios for InterRent for the comparable rolling 12-month periods ending June 30th:

In $000's	12 Months Ended June 30, 2021	12 Months Ended June 30, 2020
NOI	$107,846	$101,537
Less: Administrative costs	12,069	12,019
EBITDA	$95,777	$89,518
Interest expense [1]	27,101	27,277
Interest coverage ratio	**3.53x**	**3.28x**
Contractual principal repayments	23,326	19,131
Total debt service payments	$50,427	$46,408
Debt service coverage ratio	**1.90x**	**1.93x**

[1] Interest expense includes interest on mortgages and credit facilities, including interest capitalized to properties under development and interest income, and excludes interest (distributions) on units classified as financial liabilities.

MORTGAGE AND DEBT SCHEDULE

The following schedule summarizes the aggregate future minimum principal payments and debt maturities for the mortgages of InterRent REIT.

Year Maturing	Mortgage Balances At June 30, 2021 (in $ 000's)	Weighted Average by Maturity	Weighted Average Interest Rate
2021	$ 248,881	20.1%	2.00%
2022	$ 130,284	10.5%	1.96%
2023	$ 190,843	15.4%	2.25%
2024	$ 74,482	6.0%	3.70%
2025	$ 110,717	8.9%	2.21%
Thereafter	$ 484,104	39.1%	2.87%
Total	$ 1,239,311	100.0%	2.41%

At June 30, 2021, the average term to maturity of the mortgage debt was approximately 3.7 years and the weighted average cost of mortgage debt was 2.41%. At June 30, 2021, approximately 67% of InterRent REIT's mortgage debt was backed by CMHC insurance.

During the quarter the Trust up-financed two mortgages for $76.1 million, added four mortgages on properties acquired in the quarter for $44.5 million and paid down $6.4 million in mortgage principal. The net result at June 30, 2021 compared to December 31, 2020 was:

- A decrease in the average term to maturity of the mortgage debt to 3.7 years from 5.2 years;
- A decrease in the weighted average cost of mortgage debt to 2.41% from 2.56%; and
- A decrease in the mortgage debt backed by CMHC insurance to approximately 67% from 81%.

As at June 30, 2021, the Trust had the following credit facilities:

- A $2.0 million demand credit facility with a Canadian chartered bank secured by a general security agreement. Interest is charged at a floating rate plus a pre-defined spread. As at June 30, 2021, the Trust had no balance outstanding under this facility.
- A $55.0 million term credit facility, maturing in 2022, with a Canadian chartered bank secured by a general security agreement and second collateral mortgages on nine of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread. As at June 30, 2021, the Trust had had utilized $34.3 million of this facility.
- A $15.0 million term credit facility, maturing in 2021, with a Canadian chartered bank secured by a general security agreement, a first mortgage on one of the Trust's properties and second collateral mortgages on one of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread. As at June 30, 2021, the Trust had utilized $5.5 million of this facility.
- A $100.0 million term credit facility, maturing in 2021, with a Canadian chartered bank secured by a general security agreement, first mortgages on two of the Trust's properties and second collateral mortgages on four of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread for prime advances and banker's acceptances. As at June 30, 2021, the Trust had no balance outstanding under this facility.

ACCOUNTING

RISKS AND UNCERTAINTIES

A comprehensive description of the risks and uncertainties can be found in InterRent REIT's December 31, 2020 MD&A and other securities filings at www.sedar.com.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The duration and impact of the COVID-19 pandemic on the Trust is unknown at this time but has resulted in the federal and provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Uncertain economic conditions resulting from the COVID-19 outbreak may, in the short or long term, materially adversely impact the Trust's tenants and/or the debt and equity markets, both of which could materially adversely affect the Trust's operations and financial performance.

Refer to "COVID-19 Overview, Risk and Update" section for discussion of the impact of COVID-19 on the Trust's business and operations.

Financial Risk Management and Financial Instruments

a) Overview

The Trust is exposed to credit risk, liquidity risk and market risk. The Trust's primary risk management objective is to protect earnings and cash flow and, ultimately, unitholders value. Risk management strategies, as discussed below, are designed and implemented to ensure the Trust's risks and the related exposures are consistent with its business objectives and risk tolerance.

b) Credit Risk

The Trust's credit risk is attributable to its rents and other receivables and loan receivable long-term incentive plan.

Credit risk arises from the possibility that: (i) tenants may experience financial difficulty and be unable to fulfil their lease commitments; and (ii) a party defaults on the repayment of their debt causing a financial loss to the Trust.

The Trust has established various internal controls designed to mitigate credit risk such as credit checks and, where permitted, adequate security to assist in potential recoveries. While the Trust's credit controls and processes have been effective in mitigating credit risk, these controls cannot eliminate credit risk and there can be no assurance that these controls will continue to be effective or that the Trust's current credit loss experience will improve. The Trust monitors its collection process on a regular basis and all receivables from past tenants and tenant receivables over 30 days are provided for in allowances for doubtful accounts. The Trust believes that the concentration of credit risk of accounts receivable is limited due to its broad tenant base, dispersed across varying geographic locations.

Credit risk relating to other receivables and loan receivable long-term incentive plan is mitigated through recourse against such parties and/or the underlying security. These receivables are considered to have low credit risk.

The amounts disclosed as rents and other receivables and loan receivable long-term incentive plan in the consolidated balance sheet are net of allowances for doubtful accounts. At June 30, 2021, the Trust had past due rents and other receivables of $5.5 million net of an allowance for doubtful accounts of $2.0 million which adequately reflects the Trust's credit risk.

c) Liquidity Risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust manages liquidity risk through the management of its capital structure and financial leverage, as outlined in note 21 in the June 30, 2021 condensed consolidated interim financial statements. It also manages liquidity risk by continuously monitoring actual and projected cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Trust's reputation.

As at June 30, 2021, the Trust had credit facilities as described in note 9 in the June 30, 2021 condensed consolidated interim financial statements.

Note 8 in the June 30, 2021 condensed consolidated interim financial statements reflects the contractual maturities for mortgage payable of the Trust at June 30, 20201, excluding interest payments. The Trust continues to refinance the outstanding debts as they mature. Given the Trust's available credit and its available liquid resources from both financial assets and on-going operations, management assesses the Trust's liquidity risk to be low.

d) Fair Value

Financial instruments are defined as a contractual right to receive or deliver cash or another financial asset. The fair values of the Trust's financial instruments, except for mortgages payable, approximate their recorded values due to their short-term nature and or the credit terms of those instruments.

The fair value of the mortgages payable has been determined by discounting the cash flows using current market rates of similar instruments. These estimates are subjective in nature and therefore cannot be determined with precision. The fair value of mortgages payable and credit facilities is approximately $1,295 million as at June 30, 2021 excluding any deferred financing costs.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect estimates.

e) Market Risk

Market risk includes the risk that changes in interest rates will affect the Trust's cash flows or the fair value of its financial instruments.

At June 30, 2021, approximately 13% of the Trust's mortgage debt was at variable interest rates. The Trust's credit facilities bear interest at variable rates. If there was a 100 basis point change in the interest rate, cash flows would have changed by approximately $0.8 million for the three months ended June 30, 2021.

OFF-BALANCE SHEET ARRANGEMENTS

As of June 30, 2021 the Trust did not have any off-balance sheet arrangements in place.

RELATED PARTY TRANSACTIONS

There have been no transactions with related parties during the three months ended June 30, 2021 and 2020.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer and the Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. The preparation of this information is supported by a set of disclosure controls and procedures implemented by management.

Pursuant to Canadian Securities Administrators requirements 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, InterRent REIT's Chief Executive Officer and Chief Financial Officer have satisfied themselves that as at June 30, 2021:

1. the design of disclosure controls and procedures was appropriate in order to provide reasonable assurance that material information relating to InterRent REIT is made known to us by others;

2. the design of internal controls over financial reporting was appropriate in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purposes in accordance with GAAP; and,

3. there have been no changes in InterRent REIT's internal controls over financial reporting during the quarter that has materially affected, or is reasonably likely to materially affect, InterRent REIT's internal controls over financial reporting.

SUBSEQUENT EVENTS

The Trust, together with Crestpoint Real Estate Investments Ltd. ("Crestpoint"), acquired one property (94 suites) in Mississauga (the "Property") for a combined purchase price of approximately $30,100 on July 26, 2021. Under the arrangements, the Trust and Crestpoint will each own a 50% interest in the Property. The Trust will property manage the Property and collect industry standard fees. The acquisition was financed with a combination of cash and new debt.

OUTSTANDING SECURITIES DATA

As of August 9, 2021, the Trust had issued and outstanding: (i) 139,328,458 units; (ii) LP Class B Units that are exchangeable for 3,410,766 units of the Trust; (iii) options exercisable to acquire 649,345 units of the Trust; and (iv) deferred units that are redeemable for 4,482,330 units of the Trust.

ADDITIONAL INFORMATION

Additional information concerning InterRent REIT, including InterRent REIT's annual information form, is available on SEDAR at www.sedar.com.