InterRent REIT

Management's Discussion & Analysis

For the Quarter Ended March 31, 2024

May 9, 2024

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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, 2023, 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 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, as most recently amended on 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, and to increase the value of its trust units (the “Units”) through the effective management of its residential multi-family revenue producing properties, the acquisition of additional, accretive properties, and delivering new supply through intensification and development.

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.sedarplus.ca).

At March 31, 2024 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, 2023 and note 2 of the condensed consolidated interim financial statements for March 31, 2024.

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

Proportionate results represent financial information adjusted to reflect the Trust’s equity accounted joint ventures on a proportionately consolidated basis at the Trust’s ownership percentage of the related investment. Under IFRS (GAAP), the Trust’s equity accounted joint ventures are presented on one line in the consolidated balance sheets and the consolidated statement of income (loss) in aggregate. In this MD&A the consolidated balance sheets and consolidated statement of income (loss) are presented as if the joint ventures were proportionately consolidated. The presentation of financial information at the Trust’s proportionate interest provide a more detailed view of performance and reflect how Management operates the business. Reconciliations of the proportionate balance sheet and proportionate statement of income (loss) to those prepared on a GAAP basis are found in the non-IFRS reconciliations and performance measures section of this MD&A.

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, properties held for sale, 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, 2021.

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 January 2022. 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.

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, development, and ownership of multi-residential properties. The REIT generates revenues, cash flows and earnings from rental operations and continually assesses its assets for accretive capital recycling purposes. InterRent REIT's largest and most consistent source of income is its rental operations, which involves leasing individual suites to residents 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 three months of 2024, the Trust sold five properties comprising 224 suites in Côte Saint-Luc, Québec for a sale price of $46.0 million, or $205,000 per suite.

As at March 31, 2024, the Trust has 100% ownership interest in 11,876 suites, a 50% financial interest in 1,214 suites, and a 10% financial interest in 605 suites, representing 13,695 total suites, of which: a) 12,593 are included in same property suites; and, b) 10,799 are included in repositioned property suites. On a proportionate basis, this amounts to 12,544 total suites, 11,896 on a same property basis (or 95.6% of the portfolio), and 10,799in repositioned property suites (or 86.1% of the portfolio).

The Government of Canada has recently introduced measures aimed at moderating population growth in the upcoming years, including a cap on international student permits and plans to reduce the proportion of temporary workers in the country. Although these efforts may help restore Canada's population growth to a more balanced state, it is anticipated that the substantial supply-demand gap in the housing market will persist. The Trust is working with various levels of government to try and create policies to encourage more supply and currently has over 4,000 suites under various stages of development with the potential for further intensification at various sites within its portfolio.

OPERATIONS UPDATE

- Total portfolio occupancy of 96.8% for March 2024 was down 20 basis points from 97.0% in December 2023, and is consistent with March 2023. Occupancy has remained steady through the first four months of 2024 and the trend is inline with Q2 2023.
- Delivered strong average monthly rent ("AMR") growth of 7.8% for the total portfolio and 7.1% for the same property portfolio for March 2024, as compared to March 2023. AMR growth into 2024 has continued at a rate that is in-line with what we've seen in recent years moving from Q4 to Q1.
- The Trust signed 461 new leases during the quarter for an average gain-on-lease of 20.3%. As average monthly rents continue to increase, the Trust expects that the average length of its tenancies will increase.
- The Trust continues to invest in its portfolio as a driver of future organic growth, spending $17.2 million during the quarter on a proportionate basis, of which $2.3 million was spent on improvements for non-repositioned properties ($1,318 per suite), $2.7 million on properties under development, and $12.2 million on the repositioned portfolio ($1,130 per suite). This investment in the portfolio and the programming offered at the properties allows the Trust to capture above average market rents within its various communities, which is of the utmost importance especially in an environment of declining turnover.

OUTLOOK

a) Management remains committed to growing the REIT in a strategic and structured manner, although timing is being impacted by the current economic environment, future growth is still anticipated to come from:

   i. 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;

   ii. continuously looking for new ways and opportunities to drive existing revenues, create new revenue streams and reduce operating costs within our portfolio;

   iii. 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;

   iv. developing purpose-built rental on existing sites that have the ability to add more density; and

   v. participating in joint ventures where the REIT can add value through its experience and expertise in owning and operating multi-family rentals.

b) The REIT continues to evaluate intensification opportunities within the portfolio.

c) In addition to the intensification projects, the REIT is continuing to make progress on its four active developments, see "Properties Under Development" for further details on ongoing development projects.

d) Disposition Update:

   - During the quarter, the trust sold five properties, totaling 224 suites, in Côte-Saint-Luc, Québec for a sale price of $46.0 million, or approximately $205,000 per suite; and committed to sell four properties and one vacant parcel of land, totaling 497 suites, in Gatineau, Québec for a sale price of $92.0 million, or approximately $185,000 per suite, scheduled to close in June 2024.
   - Proceeds from the sale of properties may be used to fund the REIT's capital requirements, pay down debt, or to repurchase units under the NCIB.

e) Liquidity Update:

   - With a debt-to-GBV ratio of 37.5%, the REIT has significant liquidity available through both CMHC insured and conventional mortgage financing to fund future capital programs, development opportunities and acquisitions.
   - The Trust's current credit facilities total $223.0 million of available credit. There was nothing drawn on these facilities as at March 31, 2024.
   - With proceeds from the financings and dispositions during the quarter, the REIT has reduced its variable rate exposure, including credit facilities, to below 1%.
   - As of the date of this report, the Trust had approximately $147.3 million in unencumbered properties that do not have mortgages nor provide security for any credit facilities.

Q1 PERFORMANCE HIGHLIGHTS

The following table presents a summary of InterRent's proportionate operating performance for the three months ended March 31, 2024 compared to the same period in 2023:

Selected Consolidated Information In $000's, except per Unit amounts and other non-financial data	3 Months Ended March 31, 2024	3 Months Ended March 31, 2023	Change
Total suites	**12,544**[1]	12,689[1]	**-1.1%**
Average rent per suite (March)	**$ 1,622**	$ 1,504	**+7.8%**
Occupancy rate (March)	**96.8%**	96.8%	**no change**
Proportionate operating revenues	**$ 62,104**	$ 57,740	**+7.6%**
Proportionate net operating income (NOI)	**$ 40,396**	$ 36,321	**+11.2%**
NOI %	**65.0%**	62.9%	**+210 bps**
Same Property average rent per suite (March)	**$ 1,635**	$ 1,526	**+7.1%**
Same Property occupancy rate (March)	**96.8%**	96.7%	**+10 bps**
Same Property proportionate operating revenues	**$ 59,409**	$ 55,125	**+7.8%**
Same Property proportionate NOI	**$ 38,717**	$ 34,669	**+11.7%**
Same Property NOI %	**65.2%**	62.9%	**+230 bps**
Net Income	**$ 26,699**	$ 82,761	**-67.7%**
Funds from Operations (FFO)	**$ 21,128**	$ 18,910	**+11.7%**
FFO per weighted average unit - diluted	**$ 0.144**	$ 0.130	**+10.8%**
Adjusted Funds from Operations (AFFO)	**$ 18,534**	$ 16,430	**+12.8%**
AFFO per weighted average unit - diluted	**$ 0.126**	$ 0.113	**+11.5%**
Distributions per unit	**$ 0.0945**	$ 0.0900	**+5.0%**
Adjusted Cash Flow from Operations (ACFO)	**$ 15,202**	$ 8,194	**+85.5%**
Debt-to-GBV	**37.5%**	38.0%	**-50 bps**
Interest coverage (rolling 12 months)	**2.31x**	2.52x	**-0.21x**
Debt service coverage (rolling 12 months)	**1.55x**	1.59x	**-0.04x**

[1] Represents 11,876 (2023 - 12,021) suites fully owned by the REIT, 1,214 (2023 - 1,214) suites owned 50% by the REIT, and 605 (2023 - 605) suites owned 10% by the REIT.

- Overall Portfolio:
  - a) Proportionate operating revenues for the quarter increased by $4.4 million to $62.1 million, an increase of 7.6% over Q1 2023.
  - b) Average monthly rent per suite increased to $1,622 (March 2024) from $1,504 (March 2023), an increase of 7.8%, and from $1,596 (December 2023) an increase of 1.6%.
  - c) Occupancy for March 2024 was 96.8%, a decrease of 20 basis points compared to December 2023 and no change when compared to March 2023.
  - d) Proportionate NOI for the quarter was $40.4 million, an increase of $4.1 million, or 11.2%, over Q1 2023. NOI margin for the quarter was 65.0%, an increase of 210 basis points from Q1 2023.
- Same Property Portfolio:
  - a) Proportionate operating revenues for the quarter increased by $4.3 million to $59.4 million, an increase of 7.8% from Q1 2023.
  - b) Average monthly rent per suite for the same property portfolio increased to $1,635 (March 2024) from $1,526 (March 2023), an increase of 7.1%, and from $1,616 (December 2023) an increase of 1.2%.
  - c) Occupancy for March 2024 was 96.8%, a decrease of 20 basis points compared to December 2023 and an increase of 10 basis points when compared to March 2023.

d) Same property proportionate NOI for the quarter was $38.7 million, an increase of $4.0 million, or 11.7% over Q1 2023. Same property NOI margin for the quarter was 65.2%, an increase of 230 basis points from Q1 2023.

- Repositioned properties had an average monthly rent per suite of $1,594 and occupancy of 96.9% for March 2024. Repositioned properties had proportionate NOI for the quarter of $34.5 million and NOI margin of 65.3%.
- Net income for the quarter was $26.7 million, a decrease of $56.1 million compared to 2023. This decrease was due primarily to unrealized gains on the fair value adjustment of investment properties, dropping from a $70.2 million gain in 2023 to a $8.2 million gain in 2024. This is offset by the increase in NOI and a lower unrealized loss on the revaluation of unit-based liabilities.
- FFO for the quarter was $21.1 million, an increase of $2.2 million, or 11.7%, over Q1 2023 and on a per unit basis increased by 10.8% over Q1 2023.
- AFFO for the quarter was $18.5 million, an increase of $2.1 million, or 12.8%, over Q1 2023 and on a per unit basis increased by 11.5% over Q1 2023.
- ACFO increased by $7.0 million, or 85.5%, to $15.2 million compared to Q1 2023.
- Debt-to-GBV at quarter end was 37.5%, a decrease of 50 basis points and a decrease of 60 basis points compared to March 2023 and December 2023, respectively.

PORTFOLIO SUMMARY

The Trust started the year with 12,756 suites. During the quarter ended March 31, 2024, the Trust:

- added two suites to the Greater Montréal Area as part of our conversion of C-Class office space to new residential supply (the Montréal intensification project);
- brought 11 suites online at The Slayte development in the National Capital Region;
- disposed of five properties comprising 224 suites in the Greater Montréal Area; and
- removed one suite at a property in the Greater Toronto and Hamilton Area to make room for a parcel locker to better serve our residents.

At March 31, 2024, the Trust owned 12,544 suites. Management continuously reviews the markets that the REIT operates in to maintain a suitable portfolio mix. Management believes there are significant organic growth opportunities within the portfolio through continued robust rent growth, further operational streamlining, and reductions in operating costs. At March 31, 2024, 95.6% of the portfolio was included in same property suites and 86.1% of the portfolio was included in repositioned property suites. The REIT continues to evaluate opportunities within our target markets, as well as other gateway cities in Canada. Given current market conditions, the REIT will remain judicious with its investment strategy in order to continue to grow in a fiscally prudent manner. The following chart shows 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 its suites being located in these core markets.

▼ SUITES BY REGION AT MARCH 31, 2024

Region	Total Portfolio			Same Property		
	Suites – 100% basis	Suites – proportionate	% of Portfolio	Suites – 100% basis	Suites – proportionate	% of Portfolio
Greater Toronto & Hamilton Area	4,747	4,156	33.0%	4,142	4,095	34.2%
National Capital Region	3,057	3,057	24.4%	2,560	2,560	21.4%
Other Ontario	2,004	2,004	16.0%	2,004	2,004	16.7%
Greater Montreal Area	3,021	2,894	23.1%	3,021	2,894	24.1%
Greater Vancouver Area	866	433	3.5%	866	433	3.6%
Total	13,695	12,544	100.0%	12,593	11,986	100.0%

DISPOSITIONS

During the quarter, the Trust completed the sale of five properties, in Côte-Saint-Luc, Québec for a sale price of $46.0 million, or approximately $205,000 per suite, against a carrying value of $45.2 million. The properties were sold for $0.8 million above their fair market value, however selling costs of $1.7 million (which includes commission, legal expense, any unamortized portion of the CMHC insurance premium and mortgage discharge penalties) were incurred as part of the transactions, resulting in a loss on disposition. Proceeds from the sale were used to fund the REIT’s capital requirements and pay down debt.

The Trust also committed to sell four properties and one vacant parcel of land in Gatineau, Québec totaling 497 suites for a sale price of $92.0 million, or approximately $185,000 per suite, scheduled to close in June of 2024. The properties are included in assets held for sale in the REIT’s March 31, 2024 consolidated balance sheets.

PROPERTIES UNDER DEVELOPMENT

Development activity is another important way through which the REIT generates long-term value through FFO and NAV accretion. The REIT’s development pipeline will add much needed housing to Canada’s rental market. InterRent's development strategy is to expand its portfolio in supply-constrained markets where acquiring a significant scale of stabilized, new-build rental product would be challenging. Development opportunities are regularly reviewed by Management, and are selectively undertaken based on a rigorous analysis of projected returns relative to the REIT’s cost of capital, market dynamics, and broader capital allocation decision making.

The REIT currently has four ongoing development projects that, when complete, could provide over 4,000 additional suites and over 650,000 square feet of commercial and retail space.

Project	City	Suite Count	Commercial Sq. Ft.	Ownership Interest	Target Completion Date
360 Laurier	Ottawa	139	1,736	25.0%	Q3 2025
Richmond & Churchill	Ottawa	177	11,591	100.0%	H2 2027
Burlington GO Lands	Burlington	1,526 (Phases 1-2) 989 (Phases 3-4)	20,081 (Phases 1-2) 19,779 (Phases 3-4)	25.0%	2032 (Phases 1-2)
900 Albert Street	Ottawa	1,241	597,368	50.0%	TBD

Transfers into the operating portfolio occur when the property is operating in the manner intended by Management. Generally this occurs upon completion of construction, as well as the receipt of all necessary permits.

360 LAURIER

360 Laurier Ave W is an office conversion project located in downtown Ottawa, with 139 residential suites and 1,736 sq ft of retail space across 11 storeys. The site plan control process with minor variances was approved by the City of Ottawa in October 2023. The project draft site plan was approved in December 2023, and the Trust received the full site plan agreement in April 2024. Investigative demolition is complete, and full demolition commenced in February 2024. The building permit was submitted December 2023 with comments received in January 2024. The permit is anticipated to be issued in Q2. The design team continues to work through the construction drawings for tendering.

RICHMOND & CHURCHILL

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 177 residential suites and 11,591 sq ft of commercial space on the site. The site plan application was formally approved February 2022 and the draft Site Plan agreement was received June 2022. The REIT is working through construction drawings to gain a high degree of cost certainty through active tendering based on completed drawings, as well as positioning the REIT with the ability to obtain building permits. The REIT is also exploring incorporating a geothermal heating and cooling technology to minimize long-term operating costs, reduce greenhouse gas emissions, and qualify for potential government incentives and attractive financing.

BURLINGTON GO LANDS

A settlement was reached with the City of Burlington regarding the Phase 1 site plan application, subject to conditions, and was ultimately approved at the Ontario Land Tribunal. The REIT is finalizing working drawings for the building permit. Fulfillment of the site plan conditions and building permit submission is anticipated in Q4 2024. The full site plan contemplates 2,515 residential suites with 39,860 sq ft of commercial space. Phase 1 will include 775 units across two point towers on a 4 storey podium along with 9,304 sq ft of retail space.

900 ALBERT STREET

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 and 511,608 sq ft of commercial space. The REIT continues to work with its partner 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. Management continues to monitor, and is encouraged by, the redevelopment progress in the broader LeBreton Flats area. A study of the contemplated residential, office, and retail mix is underway to optimize the layout of the site relative to current market conditions to maximize potential value. A pedestrian bridge to the LRT station has been erected by the City and is anticipated to be completed by Q3 2024.

ANALYSIS OF PROPORTIONATE OPERATING RESULTS

The following operating results are presented on a proportionate basis, inclusive of the Trust's proportionate share of equity accounted joint ventures, for the periods indicated. For a reconciliation to the Trust's operating results as reported under GAAP, see the "Non-IFRS Reconciliations and Performance Measures" section of this MD&A.

In $ 000's	3 Months Ended March 31, 2024			3 Months Ended March 31, 2023		
Gross rental revenue	$	**61,265**		$	56,789	
Less: vacancy & rebates		**(2,685)**			(2,370)	
Other revenue		**3,524**			3,321	
Operating revenues	$	**62,104**		$	57,740	
Expenses						
Property operating costs		**9,374**	**15.1%**		8,972	15.5%
Property taxes		**6,754**	**10.9%**		6,231	10.8%
Utilities		**5,580**	**9.0%**		6,216	10.8%
Operating expenses	$	**21,708**	**35.0%**	$	21,419	37.1%
Net operating income	$	**40,396**		$	36,321	
Net operating margin		**65.0%**			62.9%	

REVENUE

Management expects to continue to grow rent organically, as well as continuing to drive other ancillary revenue streams such as parking, commercial, laundry, cable and telecom revenue share agreements, and locker rentals.

Gross rental revenue for the quarter ended March 31, 2024 increased 7.9% to $61.3 million compared to $56.8 million for the quarter ended March 31, 2023. Operating revenue for the quarter was up $4.4 million to $62.1 million, or 7.6% compared to 2023. The Trust owned, on a weighted average basis, 12,652 suites for the quarter ended March 31, 2024 as compared to 12,615 for the quarter ended March 31, 2023, an increase of 37 suites over the period. On a per weighted average suite basis, operating revenue for 2024 was an average of $1,636 per month ($1,526 in 2023) a 7.2% year over year increase.

Average monthly rent for March 2024 of $1,622 per suite has increased compared to $1,504 for March 2023, (7.8% increase), and $1,596 for December 2023 (1.6% increase). On a same property basis, the average rent increased by $109 per suite (or up 7.1%) over March 2023 and by $19 per suite (or up 1.2%) over December 2023.

▾ GAIN-ON-LEASE

Organic growth for the REIT occurs in large part from the movement of rental rates from older in-place rents to current market rates when new residents take occupancy. During the three months ended March 31, 2024, new leases resulted in annualized proportionate revenue growth of approximately $1,727 with an average gain-on-lease of 20.3% for the 461 new leases signed this quarter, consistent with the 465 new leases signed during Q1 2023.

Seasonal variation in turnover is expected, and the third quarter of the year is generally the strongest quarter for move-ins. The following table presents the number of new leases signed, as well as the outgoing and newly signed rents on these suites and a calculation of the annualized gain-on-lease.

Quarter	New Leases(1)	Outgoing AMR(1)	New AMR(1)	Realized Gain-On-Lease(1)	Annualized Gain-On-Lease(2)
Q1 2024	461	$ 1,721	$ 2,070	20.3%	$ 1,727
Q4 2023	801	1,724	2,021	17.2%	2,669
Q3 2023	1,293	1,640	1,979	20.7%	4,878
Q2 2023	584	1,632	2,021	23.8%	2,503
Total/Average	**3,139**	**$ 1,672**	**$ 2,011**	**20.3%**	**$ 11,777**

(1) Includes 100% of new leases from joint ventures and investment properties held for sale
(2) In thousands, calculated on a proportionate basis

The REIT estimates the average market rental gap on the total portfolio to be approximately 30%. The REIT continues to carefully monitor the demand in the market and will adjust rents based on balancing short-term occupancy against long term rental revenue growth.

▼ AVERAGE RENT BY REGION(1)

Region	Total Portfolio			Same Property		
	March 2024	March 2023	Change	March 2024	March 2023	Change
Greater Toronto & Hamilton Area	$1,728	$1,608	+7.5%	$1,726	$1,609	+7.3%
National Capital Region(1)	$1,664	$1,551	+7.3%	$1,743	$1,638	+6.4%
Other Ontario	$1,591	$1,472	+8.1%	$1,591	$1,472	+8.1%
Greater Montreal Area	$1,397	$1,297	+7.7%	$1,397	$1,308	+6.8%
Greater Vancouver Area	$1,948	$1,800	+8.2%	$1,948	$1,800	+8.2%
Total	**$1,622**	**$1,504**	**+7.8%**	**$1,635**	**$1,526**	**+7.1%**

(1) Excludes extended stay suites.

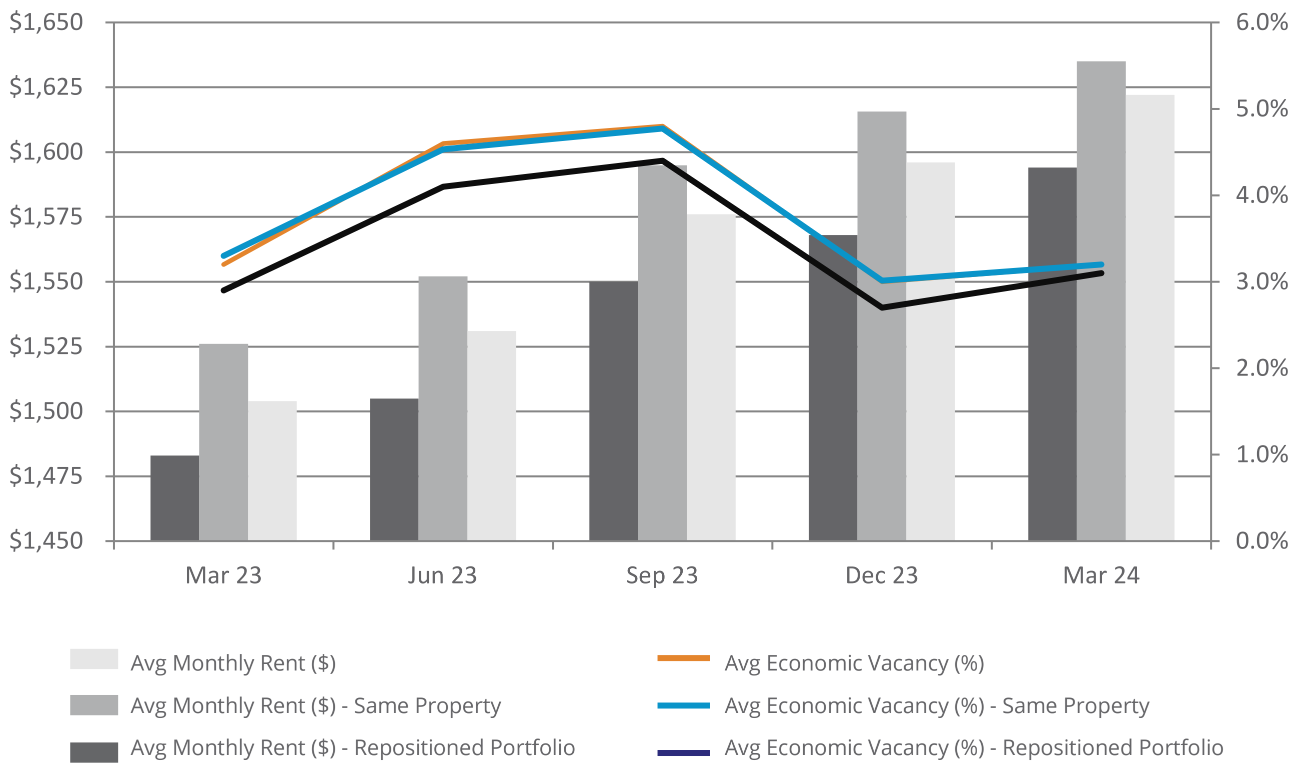
PORTFOLIO OCCUPANCY

As part of the ongoing effort to balance organic revenue growth and occupancy levels, the vacancy rate on an annual basis is expected to be in the 3%-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. tailoring marketing 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 safe, quality communities for its residents, extending the useful life of its buildings, and thereby creating value for all stakeholders. 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 both the average monthly rents and the economic occupancy for the entire portfolio for the months listed. Economic occupancy is calculated by taking financial vacancy loss and dividing it by gross rental revenue.



	March 2023	June 2023	September 2023	December 2023	March 2024
Average monthly rents repositioned property	$1,483	$1,505	$1,550	$1,568	$1,594
Average monthly rents same property	$1,526	$1,552	$1,595	$1,616	$1,635
Average monthly rents all properties	$1,504	$1,531	$1,576	$1,596	$1,622

The overall economic vacancy for March 2024 across the entire portfolio was 3.2%, an increase of 20 basis points as compared to the 3.0% vacancy in December 2023, and consistent with the 3.2% in March 2023. Overall vacancy is in line with our 3-4% expectation with some variation in individual regions.

The economic vacancy for March 2024 on a same property portfolio basis was 3.2%, an increase of 20 basis points as compared to the 3.0% vacancy in December 2023, and a decrease of 10 basis points from 3.3% in March 2023.

VACANCY BY REGION

Region	Total Portfolio			Same Property		
	March 2024	March 2023	Change	March 2024	March 2023	Change
Greater Toronto & Hamilton Area	3.3%	3.6%	-30 bps	3.3%	3.6%	-30 bps
National Capital Region	3.1%	1.8%	+130 bps	3.0%	1.8%	+120 bps
Other Ontario	4.2%	2.8%	+140 bps	4.2%	2.8%	+140 bps
Greater Montreal Area	2.3%	4.4%	-210 bps	2.3%	4.7%	-240 bps
Greater Vancouver Area	3.9%	2.8%	+110 bps	3.9%	2.8%	+110 bps
Total	**3.2%**	**3.2%**	**no change**	**3.2%**	**3.3%**	**-10 bps**

OTHER REVENUE

Other rental revenue for the three months ended March 31, 2024 was up $0.2 million to $3.5 million compared to 2023. 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 a source of organic revenue growth.

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 March 31, 2024 amounted to $9.4 million or 15.1% of revenue compared to $9.0 million or 15.5% of revenue for the three months ended March 31, 2023. As a percentage of revenue, operating costs decreased by 40 basis points as compared to 2023.

PROPERTY TAXES

Property taxes for the three ended March 31, 2024 amounted to $6.8 million or 10.9% of revenue compared to $6.2 million or 10.8% of revenue for 2023. Overall property taxes have increased by $0.6 million or 10 basis points as a percentage of operating revenues.

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

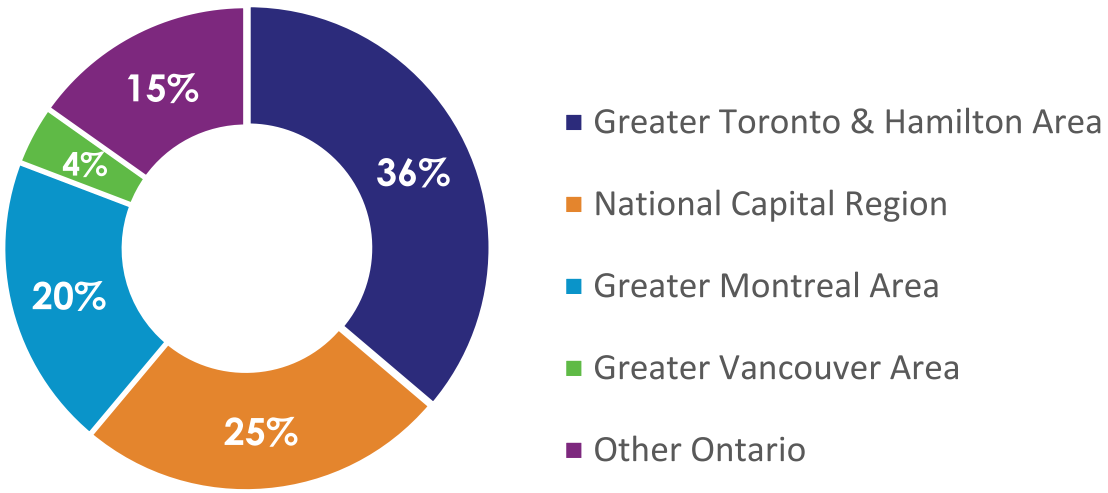
Utility costs for the quarter ended March 31, 2024 amounted to $5.6 million or 9.0% of revenue, compared to $6.2 million or 10.8% of revenue in 2023, a decrease of $0.6 million or 180 basis points as a percentage of operating revenue. On a per suite basis, utility costs have decreased 10.5% compared to 2023, to $441 per suite. Natural gas drove the savings on this line, with per suite costs dropping 28.6% over 2023. Rates were down an average of 20%, and there was a 9% decrease in natural gas usage. This was driven by a combination of fewer heating degree days, 6% fewer than in the prior year, as well as the Trust's investment in energy-efficient boilers and Building Automation Systems. Electricity costs on a per suite basis are up 7.0% compared to last year with an 8% increase in average rates offset by a small decrease in usage.

The Trust continues to manage its electricity costs through its hydro sub-metering initiative, which reduced electricity costs by 21.1%, or $0.5 million for the quarter (2023 - $0.5 million). At March 31, 2024, the REIT has approximately 82% of its portfolio that has the capability to sub-meter hydro in order to recover the cost. Of these, approximately 85% were on hydro extra leases whereby the resident either pays the local utility provider directly or the REIT recovers the cost from the resident. This represents approximately 70% of the total portfolio. Having residents responsible for utility costs encourages more conscientious behaviour and lowers consumption.

PROPORTIONATE NET OPERATING INCOME (NOI)

Proportionate NOI for the quarter ended March 31, 2024 amounted to $40.4 million or 65.0% of operating revenues compared to $34.5 million or 62.9% of operating revenue for the quarter ended March 31, 2023. The $4.1 million, or 11.2%, increase was driven primarily by top line rent growth and reduction in utilities costs.

NOI BY REGION – 3 MONTHS ENDED MARCH 31, 2024



SAME PROPERTY PROPORTIONATE PORTFOLIO PERFORMANCE

Same property results for the three months ended March 31, 2024 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, assets held for sale, or properties going through a lease-up during the period from January 1, 2023 to March 31, 2024. As at March 31, 2024, the Trust has 11,986 suites in the same property portfolio on a proportionate basis. On a proportionate basis, the same property portfolio represents 95.6% of the overall portfolio.

The following same property operating results are presented on a proportionate basis, inclusive of the Trust's proportionate share of equity accounted joint ventures, for the periods ended:

In $ 000's	3 Months Ended March 31, 2024		3 Months Ended March 31, 2023	
Gross rental revenue	$ 58,629		$ 54,257	
Less: vacancy & rebates	(2,565)		(2,280)	
Other revenue	3,345		3,148	
Operating revenues	$ 59,409		$ 55,125	
Expenses				
Property operating costs	8,880	14.9%	8,536	15.5%
Property taxes	6,493	10.9%	5,976	10.8%
Utilities	5,319	9.0%	5,944	10.8%
Operating expenses	$ 20,692	34.8%	$ 20,456	37.1%
Net operating income	$ 38,717		$ 34,669	
Net operating margin	65.2%		62.9%	

For the quarter ended March 31, 2024, operating revenues for the same property portfolio increased by 7.8% compared to March 31, 2023. Property operating costs are down 60 basis points as a percentage of operating revenues, property taxes are up 10 basis points, and utilities are down 180 basis points. This resulted in an overall decrease in operating expenses, as a percentage of operating revenues, of 230 basis points as compared to the same period last year.

The net impact of a 7.8% increase in operating revenue and a 1.2% increase in operating expenses was an increase in same property proportionate NOI of $4.0 million, or 11.7%, as compared to the same period last year. NOI margin for 2024 was 65.2% as compared to 62.9% for 2023, a 230 basis point increase.

The average monthly rent for March 2024 for same property increased to $1,635 per suite from $1,526 (March 2023), an increase of 7.1%. Economic vacancy for March 2024 for same property was 3.2%, compared to 3.3% for March 2023.

	March 2023	June 2023	September 2023	December 2023	March 2024
Average monthly rent same property	$1,526	$1,552	$1,595	$1,616	$1,635
Average monthly vacancy same property	3.3%	4.5%	4.8%	3.0%	3.2%

REPOSITIONED PROPERTY PROPORTIONATE 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 on the resident turnover at the property. Repositioned property suites for the three months ended March 31, 2024 are defined as all properties owned and operated by the Trust prior to January 1, 2021. As at March 31, 2024, the Trust has 10,799 repositioned property suites, which represents 86.1% of the overall portfolio.

The following repositioned property operating results are presented on a proportionate basis, inclusive of the Trust's proportionate share of equity accounted joint ventures, for the periods indicated.

In $ 000's	3 Months Ended March 31, 2024								
	Repositioned Property Portfolio			Non-Repositioned Property Portfolio			Total Portfolio		
Gross rental revenue	$	51,904		$	9,361		**$**	**61,265**	
Less: vacancy & rebates		(2,188)			(497)			**(2,685)**	
Other revenue		3,056			468			**3,524**	
Operating revenues	$	52,772		$	9,332		**$**	**62,104**	
Expenses									
Property operating costs		7,768	14.7%		1,606	17.3%		**9,374**	**15.1%**
Property taxes		5,752	10.9%		1,002	10.7%		**6,754**	**10.9%**
Utilities		4,795	9.1%		785	8.4%		**5,580**	**9.0%**
Operating expenses	$	18,315	34.7%	$	3,393	36.4%	**$**	**21,708**	**35.0%**
Net operating income	$	34,457		$	5,939		**$**	**40,396**	
Net operating margin		65.3%			63.6%			**65.0%**	

The average monthly rent for March 2024 for the repositioned property portfolio was $1,594 per suite and the economic vacancy for March 2024 was 3.1% whereas the non-repositioned properties had an average monthly rent of $1,796 per suite and an economic vacancy of 4.1% for March 2024.

Region	Repositioned Property Portfolio			Non-Repositioned Property Portfolio		
	Suites	March 2024 Average Rent	March 2024 Vacancy	Suites	March 2024 Average Rent	March 2024 Vacancy
Greater Toronto & Hamilton Area	3,568	$1,717	3.4%	588	$1,797	3.0%
National Capital Region	2,901	1,640	2.9%	156	2,113	6.3%
Other Ontario	1,732	1,598	3.9%	272	1,544	6.2%
Greater Montreal Area	2,598	1,370	2.1%	296	1,633	3.5%
Greater Vancouver Area	-	-	-	433	1,948	3.9%
Total	**10,799**	**$1,594**	**3.1%**	**1,745**	**$1,796**	**4.1%**

PROPORTIONATE FINANCING AND ADMINISTRATIVE COSTS

Financing and administrative costs below are presented on a proportionate basis, inclusive of the Trust's proportionate share of equity accounted joint ventures, for the periods indicated. For a reconciliation to the Trust's financing and administrative costs as reported under GAAP, see the "Non-IFRS Reconciliations and Performance Measures" section of this MD&A.

In $ 000's	3 Months Ended March 31, 2024	3 Months Ended March 31, 2023
Net operating income	**$ 40,396**	$ 36,321
Expenses		
Financing costs	**15,208**	13,862
Administrative costs	**4,090**	3,496
Income before other income and expenses	**$ 21,098**	$ 18,963

FINANCING COSTS

Financing costs amounted to $15.2 million or 24.5% of operating revenue for the three months ended March 31, 2024 compared to $13.9 million or 24.0% of operating revenue for the three months ended March 31, 2023.

In $ 000's	3 Months Ended March 31, 2024			3 Months Ended March 31, 2023		
	GAAP Basis	Proportionate Basis		GAAP Basis	Proportionate Basis	
	Amount	Amount	% of Revenue	Amount	Amount	% of Revenue
Cash based:						
Mortgage interest	**$ 14,897**	**$ 15,196**	**24.5%**	$ 14,075	$ 14,232	24.6%
Credit facilities	**583**	**583**	**0.9%**	342	343	0.6%
Interest capitalized	**(809)**	**(1,016)**	**(1.6%)**	(835)	(989)	(1.7%)
Interest income	**(180)**	**(180)**	**(0.3%)**	(165)	(165)	(0.3%)
Non-Cash based:						
Amortization of deferred finance cost and premiums on assumed debt	**625**	**625**	**1.0%**	441	441	0.8%
Total	**$ 15,116**	**$ 15,208**	**24.5%**	$ 13,858	$ 13,862	24.0%

On a proportionate basis, financing costs increased $1.3 million during the three months ended March 31, 2024, compared to the same period in 2023. This increase was primarily driven by refinancing activities carried out throughout 2023 which resulted in the weighted average cost of mortgage debt increase from 3.22% at the end of 2022 to 3.50% at the end of 2023. Including its lines of credit, the REIT also had 7% of its debt exposed to variable interest rates at the end of last year. The financing activities, in conjunction with the net proceeds from the sale of investment properties completed in the quarter allowed the REIT to reduce its variable rate exposure to less than 1% and reduce its weighted average cost of mortgage debt to 3.37%, its lowest rate since Q4 of 2022.

Mortgage interest is one of the single largest expense line items for the REIT. Since the beginning of the year, CMHC insured mortgage rates have increased by approximately 30 basis points for both 5-year and 10-year terms, ending the quarter at approximately 4.30% and 4.45%, respectively. The REIT has remained proactive in managing its mortgage ladder during Q1, closely monitoring the debt markets, and utilizing early rate locks or hedges when deemed advantageous to mitigate interest rate risk.

Throughout the quarter, the REIT experienced higher levels of debt on its credit facilities compared to the comparable period, leading to higher credit facilities costs. Using proceeds from both financing activities and capital recycling, the REIT paid down its credit facilities and ends the quarter without balances drawn on its facilities.

The REIT capitalizes the amount of interest that could have been avoided during the development period if expenditures for the assets had not been made. In assessing avoidable interest, the REIT first applies interest from any liabilities secured by the properties under development whose funds are used specifically for that property. To the extent that expenditures exceed those liabilities, the REIT then uses the prevailing rate on its drawn credit facilities. To the extent the expenditures exceed the drawn amounts on its credit facilities, the REIT then uses the prevailing CMHC insured mortgage rate to calculate the remaining interest.

ADMINISTRATIVE COSTS

Administrative costs include such items as: director pay; salaries and incentive payments; employee benefits; investor relations; work on the REIT's climate commitments and various biodiversity initiatives; transfer agent listing and filing fees; legal, tax, audit, other professional fees; amortization on corporate assets; and donations. Administrative costs for the quarter ended March 31, 2024 amounted to $4.1 million, or 6.6% of operating revenue, compared to $3.5 million for the same period in 2023, being 6.1% of operating revenue.

During the quarter ended March 31, 2024, the Trust incurred $0.2 million of property management costs (2023 - $0.1 million). These costs represent salaries, employee benefits, travel, and other expenses incurred in order to earn fees for the property and project management services for the 1,819 residential suites within its joint operations and joint ventures. Property management fees are presented in other income and fees.

PROPORTIONATE OTHER INCOME AND EXPENSES

The following table of other income and expenses is presented on a proportionate basis, inclusive of the Trust's proportionate share of equity accounted joint ventures, for the periods indicated. For a reconciliation to the Trust's other income and expenses as reported under GAAP, see the "Non-IFRS Reconciliations and Performance Measures" section of this MD&A.

In $ 000's	3 Months Ended March 31, 2024	3 Months Ended March 31, 2023
Income before other income and expenses	**$ 21,098**	$ 18,963
Other income and expenses		
Fair value adjustments of investment properties	**8,352**	70,165
Other income and fees	**528**	382
Loss on sale of investment properties	**(950)**	-
Unrealized gain/(loss) on financial liabilities	**(1,632)**	(6,007)
Distributions expense on units classified as financial liabilities	**(697)**	(742)
Net income	**$ 26,699**	$ 82,761

OTHER INCOME AND FEES

The Trust has contractual arrangements and receives compensation to perform the property and project management services for 1,819 residential suites within its joint operations and joint ventures.

SALE OF ASSETS

During the three months ended March 31, 2024, the Trust sold five investment properties for a total transaction price of $46.0 million compared to a carrying value of $45.2 million. The property was sold for $0.8 million above its fair market value however selling costs of $1.7 million (which includes commission, legal expense, any unamortized portion of the CMHC insurance premium and mortgage discharge penalties) were incurred as part of the transactions, resulting in a loss on disposition.

FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES

The fair value of the portfolio at March 31, 2024 and 2023 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, 2023. 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 March 31, 2024. For the three months ended March 31, 2024, a proportionate fair value gain of $8.4 million was recorded as a result of changes in the fair value of investment properties. The weighted average capitalization rate used across the portfolio at March 31, 2024 was 4.17%, down 4 basis point from 4.21% at December 2023, and up 13 basis points from the 4.04% for Q1 2023.

UNREALIZED FAIR VALUE GAIN/LOSS ON FINANCIAL LIABILITIES

The Trust used a price of $13.56 (December 31, 2023 - $13.23) based on the closing price of the TSX listed InterRent REIT Trust Units at the end of the quarter to determine the fair value of the deferred unit compensation liability.

The total fair value of the deferred units recorded on the consolidated balance sheet at March 31, 2024 was $58.5 million and a corresponding fair value loss of $1.2 million was recorded on the consolidated statement of income for the three months ended March 31, 2024.

The total fair value of the performance and restricted units recorded on the consolidated balance sheet at March 31, 2024 was $3.5 million with $0.2 million fair value gain recorded on the consolidated statement of income for the three months ended March 31, 2024.

The Trust determined the fair value of the option plan (unit-based compensation liability) at March 31, 2024 was $0.4 million with a minimal fair value gain recorded on the consolidated statement of income for the three months ended March 31, 2024.

The total fair value of the Class B LP Unit Liability recorded on the consolidated balance sheet at March 31, 2024 was $28.6 million with a $0.7 million fair value loss recorded on the consolidated statement of income for the three months ended March 31, 2024.

The Trust uses rate swaps and forward rate locks in order to reduce its exposure to movements in interest rates. As a result of the market interest rates at quarter end and settlements during the quarter, the REIT recognized a minimal fair value gain on interest rate swaps and a gain of $0.4 million on forward rate locks.

In $ 000's	3 Months Ended March 31, 2024	3 Months Ended March 31, 2023
Fair value gain/(loss) on financial liabilities:		
Deferred unit compensation plan	**$ (1,221)**	$ (2,337)
Performance and restricted unit compensation plan	**(168)**	2
Option plan	**28**	(151)
Class B LP unit liability	**(713)**	(2,012)
Rate swaps	**19**	(874)
Forward rate locks	**423**	(635)
Fair value gain/(loss) on financial liabilities	**$ (1,632)**	$ (6,007)

DISTRIBUTION EXPENSE

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

INVESTMENT PROPERTIES

The following chart shows the changes in investment properties from December 31, 2023 to March 31, 2024:

In $ 000's	March 31, 2024	
	GAAP Basis	Proportionate Basis
Balance, December 31, 2023	$ 4,315,742	$ 4,389,547
Dispositions	(45,226)	(45,226)
Net change in reclassification to assets held for sale	(45,015)	(45,015)
Property capital investments	15,689	17,204
Fair value gains	8,236	8,352
Total investment properties	$ 4,249,426	$ 4,324,862

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 on the resident turnover at the property. For the purpose of identifying capital expenditures related to properties being repositioned, for 2023 the REIT uses a cut-off of December 31, 2020. 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, 2021, 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 10,799 suites in the REIT's portfolio that were acquired prior to January 1, 2021 and are considered repositioned properties for the purpose of calculating maintenance capital investment.

The Trust continues to invest in its portfolio as a driver of future organic growth, spending $17.2 million during the quarter on a proportionate basis, of which $2.3 million was spent on improvements for non-repositioned properties ($1,318 per suite), $2.7 million on properties under development, and $12.2 million on the repositioned portfolio ($1,130 per suite). This investment in the portfolio and the programming offered at the properties allows the Trust to capture above average market rents within its various communities, which is of the utmost importance especially in an environment of declining turnover.

UNITHOLDERS' EQUITY

The following chart shows the changes in reported Unitholders' equity from December 31, 2023 to March 31, 2024.

Summary of Unitholders' Capital Contributions	Trust Units	Amount (in $ 000's)
December 31, 2023	144,783,151	$1,088,679
Units issued under the deferred unit plan	23,033	311
Units issued under distribution reinvestment plan	372,503	4,817
Units issued from options exercised	6,460	83
March 31, 2024	**145,185,147**	**$1,093,890**

As at March 31, 2024 there were 145,185,147 Trust Units issued and outstanding.

DISTRIBUTIONS

The distributions per Unit were $0.0945 and $0.0900 for the three months ended March 31, 2024 and 2023, respectively. The Trust is currently making monthly distributions of $0.0315 per Unit, which equates to $0.378 per Unit on an annualized basis. For the three months ended March 31, 2024, the Trust's FFO and AFFO were $0.144 and $0.126 per unit (diluted) respectively, compared to $0.130 and $0.113 for the quarter ended March 31, 2023.

Distributions to Unitholders are as follows:

In $ 000's	3 Months Ended March 31, 2024	3 Months Ended March 31, 2023
Distributions declared to Unitholders	$ **13,709**	$ 12,780
Distributions reinvested through DRIP	**(4,817)**	(5,160)
Distributions declared to Unitholders, net of DRIP	$ **8,892**	$ 7,620
DRIP participation rate	**35.1%**	40.4%

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.

WEIGHTED AVERAGE NUMBER OF UNITS

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

	3 Months Ended March 31, 2024	3 Months Ended March 31, 2023
Trust units	**144,994,033**	142,091,587
LP Class B units	**2,160,766**	3,410,766
Weighted average units outstanding - Basic	**147,154,799**	145,502,353
Unexercised dilutive options [1]	**37,589**	111,428
Weighted average units outstanding - Diluted	**147,192,388**	145,613,781

[1] Calculated using the treasury method.

NON-IFRS RECONCILIATIONS AND 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 $000's, except per Unit amounts and Units outstanding	3 Months Ended March 31, 2024	3 Months Ended March 31, 2023
Net income	**$ 26,699**	$ 82,761
Add (deduct):		
Fair value adjustments on investment property	**(8,236)**	(70,165)
Loss on sale of investment properties	**950**	-
Adjustment for equity accounted joint ventures	**(116)**	-
Unrealized (gain) loss on financial instruments	**1,632**	6,007
Interest expense on puttable units classified as liabilities	**199**	307
Funds from Operations (FFO)	**$ 21,128**	$ 18,910
FFO per weighted average unit - basic	**$ 0.144**	$ 0.130
FFO per weighted average unit - diluted	**$ 0.144**	$ 0.130

AFFO Reconciliation In $000's, except per Unit amounts and Units outstanding	**3 Months Ended March 31, 2024**	**3 Months Ended March 31, 2023**
Funds from Operations	**$ 21,128**	$ 18,910
Add (deduct):		
Actual maintenance capital investment	**(2,594)[1]**	(2,480)[1]
Adjusted Funds from Operations (AFFO)	**$ 18,534**	$ 16,430
AFFO per weighted average unit - basic	**$ 0.126**	$ 0.113
AFFO per weighted average unit - diluted	**$ 0.126**	$ 0.113

[1] Maintenance capital investment total is for the 10,799 (2023 – 10,166) repositioned suites

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 Trust's 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 $000's, except per Unit amounts and Units outstanding	**3 Months Ended March 31, 2024**	**3 Months Ended March 31, 2023**
Cash generated from operating activities	**$ 18,493**	$ 11,464
Add (deduct):		
Changes in non-cash working capital not indicative of sustainable cash flows	**-**	(300)
Amortization of finance costs	**(625)**	(441)
Principal portion of lease payments	**(72)**	(49)
Actual maintenance capital investment[1]	**(2,594)**	(2,480)
ACFO	**$ 15,202**	$ 8,194
Distributions declared [2]	**$ 13,908**	$ 13,087
Excess of ACFO over distributions declared	**$ 1,294**	$ (4,893)
ACFO payout ratio	**91.5%**	159.7%

[1] Maintenance capital investment total is for the 10,799 (2023 – 10,166) repositioned suites
[2] Includes distributions on Class B LP units

For the three months ended March 31, 2024, ACFO exceeded distributions declared by $1.3 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 March 31, 2024	3 Months Ended March 31, 2023
Net income	**$ 26,699**	$ 82,761
Cash flows from operating activities	**18,493**	11,464
Distributions paid [(1)]	**9,079**	7,914
Distributions declared [(1)]	**13,908**	13,087
Excess of net income/loss compared to distributions paid	**17,620**	74,847
Excess of net income/loss compared to distributions declared	**12,791**	69,674
Excess of cash flows from operations over distributions paid	**9,414**	3,550
Excess (deficit) of cash flows from operations over distributions declared	**4,585**	(1,623)

[(1)] Includes distributions on LP Class B units

For the quarter ended March 31, 2024, cash flows from operating activities exceeded distributions paid by $9.4 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.

RECONCILIATION OF Q1 PROPORTIONATE INCOME STATEMENT

The following table reconciles the Trust's consolidated statement of income (loss) on a GAAP basis to a proportionate basis for the periods ended:

In $ 000's	3 Months Ended March 31, 2024 GAAP Basis	3 Months Ended March 31, 2024 Adjustments for Proportionate Interest	3 Months Ended March 31, 2024 Proportionate Share Basis	3 Months Ended March 31, 2023 GAAP Basis	3 Months Ended March 31, 2023 Adjustments for Proportionate Interest	3 Months Ended March 31, 2023 Proportionate Share Basis
Operating revenues						
Revenue from Investment properties	$ 61,754	$ 350	$ 62,104	$ 57,709	$ 31	$ 57,740
Operating expenses						
Property operating costs	9,318	56	9,374	8,967	5	8,972
Property taxes	6,713	41	6,754	6,229	2	6,231
Utilities	5,546	34	5,580	6,215	1	6,216
Total operating expenses	21,577	131	21,708	21,411	8	21,419
Net operating income	40,177	219	40,396	36,298	23	36,321
Financing costs	15,116	92	15,208	13,858	4	13,862
Administrative costs	4,088	2	4,090	3,495	1	3,496
Income before other income and expenses	20,973	125	21,098	18,945	18	18,963
Other income and expenses						
Fair value adjustments on investment properties	8,236	116	8,352	70,165	-	70,165
Other income and fees	528	-	528	382	-	382
Income from investment in joint ventures	241	(241)	-	18	(18)	-
Loss on sale of investment properties	(950)	-	(950)	-	-	-
Other fair value gains/losses	(1,632)	-	(1,632)	(6,007)	-	(6,007)
Interest on units classified as financial liabilities	(697)	-	(697)	(742)	-	(742)
Net income for the period	$ 26,699	$ -	$ 26,699	$ 82,761	$ -	$ 82,761

RECONCILIATION OF PROPORTIONATE BALANCE SHEET

The following table reconciles the Trust's consolidated balance sheet on a GAAP basis to a proportionate basis as at:

In $ 000's	March 31, 2024 GAAP Basis	March 31, 2024 Adjustments for Proportionate Interest	March 31, 2024 Proportionate Share Basis	December 31, 2023 GAAP Basis	December 31, 2023 Adjustments for Proportionate Interest	December 31, 2023 Proportionate Share Basis
Assets						
Investment properties	**$ 4,249,426**	**$ 75,436**	**$ 4,324,862**[(1)]	$ 4,315,742	$ 73,805	$ 4,389,547[(1)]
Investment in joint ventures	**48,863**	**(48,863)**	**-**	47,454	(47,454)	-
Prepaids and deposits	**9,133**	**9**	**9,142**	2,403	45	2,448
Assets held for sale	**90,623**	**-**	**90,623**	45,432	-	45,432
Receivables and other assets	**26,687**	**3,810**	**30,497**	22,760	4,365	27,125
Cash	**7,176**	**1,142**	**8,318**	2,547	791	3,338
Total Assets	**$ 4,431,908**	**$ 31,534**	**$ 4,463,442**	$ 4,436,338	$ 31,552	$ 4,467,890
Liabilities						
Mortgages payable	**$ 1,663,031**	**$ 31,071**	**$ 1,694,102**	$ 1,650,035	$ 31,098	$ 1,681,133
Credit facilities	**-**	**-**	**-**	40,847	-	40,847
Class B LP unit liability	**29,300**	**-**	**29,300**	28,587	-	28,587
Unit-based compensation liabilities	**62,429**	**-**	**62,429**	59,721	-	59,721
Lease liabilities	**1,604**	**-**	**1,604**	1,672	-	1,672
Resident rental deposits	**19,592**	**141**	**19,733**	19,781	115	19,896
Liabilities associated with assets held for sale	**24,793**	**-**	**24,793**	22,988	-	22,988
Accounts payable and accrued liabilities	**39,577**	**322**	**39,899**	39,326	339	39,665
Total liabilities	**1,840,326**	**31,534**	**1,871,860**	1,862,957	31,552	1,894,509
Unitholders' equity						
Unit capital	**1,093,890**	**-**	**1,093,890**	1,088,679	-	1,088,679
Retained earnings	**1,497,692**	**-**	**1,497,692**	1,484,702	-	1,484,702
Total unitholders' equity	**2,591,582**	**-**	**2,591,582**	2,573,381	-	2,573,381
Total liabilities and unitholders' equity	**$ 4,431,908**	**$ 31,534**	**$ 4,463,442**	$ 4,436,338	$ 31,552	$ 4,467,890

(1) Proportionate investment properties consists of $4,230,993 of income producing properties (December 2023 - $4,298,385) and $93,869 of properties under development (December 2023 - $91,162).

LIQUIDITY AND CAPITAL RESOURCES

InterRent REIT's overall debt level was at 37.5% of Gross Book Value ("GBV") at March 31, 2024. 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	March 31, 2024	December 31, 2023
Total assets per balance sheet	$ 4,431,908	$ 4,436,338
Mortgages payable	1,663,031	$ 1,650,035
Credit facilities	-	40,847
Total debt	$ 1,663,031	$ 1,690,882
Debt-to-GBV	37.5%	38.1%

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 March 31, 2024 (GAAP basis):

In $000's	12 Months Ended March 31, 2024	12 Months Ended March 31, 2023
NOI	$ 159,493	$ 143,161
Less: Administrative costs	17,209	15,473
EBITDA	$ 142,284	$ 127,688
Interest expense [1]	$ 61,634	$ 50,756
Interest coverage ratio	**2.31x**	**2.52x**
Contractual principal repayments	$ 30,019	$ 29,618
Total debt service payments	$ 91,653	$ 80,374
Debt service coverage ratio	**1.55x**	**1.59x**

[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, excluding mortgages associated with assets held for sale:

Year Maturing	Mortgage Balances At March 31, 2024 (in $ 000's)	Weighted Average by Maturity	Weighted Average Interest Rate
2024	$ 106,820	6.3%	5.20%
2025	$ 228,830	13.4%	3.26%
2026	$ 146,423	8.6%	2.85%
2027	$ 214,454	12.5%	3.74%
2028	$ 243,635	14.3%	3.13%
Thereafter	$ 768,804	44.9%	3.28%
Total	$ 1,708,966	100.0%	3.37%

At March 31, 2024, the average term to maturity of the mortgage debt was approximately 5.1 years and the weighted average cost of mortgage debt was 3.37%. At March 31, 2024, approximately 90% of InterRent REIT's mortgage debt was backed by CMHC insurance.

During the quarter, the Trust successfully up-financed four CMHC insured mortgages for gross loan proceeds of $83.7 million (maturing loans totaled $25.3 million), converted sixteen conventional mortgages (three fixed and thirteen variable) to CMHC insured mortgages for gross loan proceeds of $110.1 million (maturing loans totaled $117.6 million), and repaid three mortgages for a total of $24.7 million (two of these mortgages, totaling $22.8 million, were repaid in connection with the dispositions in the Greater Montréal Area). The net result at March 31, 2024 compared to December 31, 2023 was:

- Increase in overall term to maturity to 5.1 years, from 4.7 years at the end of 2023;
- A decrease in the weighted average cost of mortgage debt to 3.37% from 3.50%; and
- An increase in the mortgage debt backed by CMHC from 83% to 90%.

As at March 31, 2024, the Trust had the following credit facilities:

- A $3.0 million demand credit facility with a Canadian chartered bank secured by a general security agreement. Interest is charged at prime plus a pre-defined spread. As at March 31, 2024, the Trust had no amounts drawn on this facility.
- A $105.0 million term credit facility, maturing in 2025, with a Canadian chartered bank secured by a general security agreement and second collateral mortgages on eight of the Trust's properties. Interest is charged at a pre-defined spread for prime advances and banker's acceptances. As at March 31, 2024, the Trust had no amounts drawn on this facility.
- A $15.0 million term credit facility, maturing in 2025, 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 prime plus a pre-defined spread. As at March 31, 2024, the Trust had no amounts drawn on this facility.
- A $100.0 million term credit facility, maturing in 2025, 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 two of the Trust's properties. Interest is charged at a pre-defined spread for prime advances and banker's acceptances. As at March 31, 2024, the Trust had no amounts drawn on this facility.

ACCOUNTING

RISKS AND UNCERTAINTIES

A comprehensive description of the risks and uncertainties can be found in InterRent REIT's December 31, 2023 MD&A and other securities filings at www.sedarplus.com.

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) residents 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 residents and resident 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 resident 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 March 31, 2024, the Trust had past due rents and other receivables of $8.6 million net of an allowance for doubtful accounts of $3.5 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 23(c) in the March 31, 2024 consolidated 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 March 31, 2024, the Trust had credit facilities as described in note 10 in the March 31, 2024 condensed consolidated financial statements.

Note 9 in the March 31, 2024 condensed consolidated financial statements reflects the contractual maturities for mortgages payable of the Trust at March 31, 2024, excluding interest payments and mortgages associated with properties held for sale. 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 $1,706 million as at March 31, 2024 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 March 31, 2024, less than 1% (December 31, 2023 - 5%) 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 $0.2 million for the quarter ended March 31, 2024.

OFF-BALANCE SHEET ARRANGEMENTS

As of March 31, 2024 the Trust did not have any off-balance sheet arrangements in place.

RELATED PARTY TRANSACTIONS

The Audit Committee and Nominations and Governance Committee have reviewed and recommended approval to the Board, and the Board has subsequently approved, the entering into of a services agreement with CLV Group Developments to carry out certain entitlement, development, and construction services on behalf of the REIT in relation to the REITs developments. CLV Group Developments is a private company controlled by an officer and Trustee of the REIT with a long track record of developing and constructing multifamily properties in Ontario. In order to mitigate the potential conflict of interest, both firms retained separate and independent legal representation for this matter. In addition, an independent external consultant reviewed the services to be supplied and provided a report in regards to the typical range of fees that would be charged for such services. The fees included in the agreement are either at or below the bottom end of the range provided by the consultant. During the three months ended March 31, 2024, the Trust incurred $0.2 million (2023 - $0.3 million) in entitlement, development, and construction management services related to the agreement which have been capitalized to the investment properties.

On June 26, 2023, 1,250,000 Class B LP Units were exchanged for 1,250,000 Trust Units by a company controlled by an officer and Trustee of the Trust. All Class B LP Units are exchangeable at the option of the holder and the exchange occurred at market prices.

OUTSTANDING SECURITIES DATA

As of May 9, 2024, the Trust had issued and outstanding: (i) 145,313,902 units; (ii) LP Class B Units that are exchangeable for 2,160,766 units of the Trust; (iii) options exercisable to acquire 70,880 units of the Trust; and (iv) deferred units that are redeemable for 4,740,202 units of the Trust. Additionally, the Trust has 298,692 Restricted Units and 298,692 Performance Units outstanding under the Trust's Performance and Restricted Unit Plan.

COMMITMENTS AND CONTINGENCIES

During the quarter, the Trust committed to sell four properties (497 suites) in Gatineau, Québec scheduled to close in June of 2024 that were included in assets held for sale for a sale price of $92.0 million.

ADDITIONAL INFORMATION

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