InterRent REIT

Management's Discussion & Analysis

For the Three Months Ended September 30, 2024

November 4, 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, 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, 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 September 30, 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 September 30, 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, 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 net asset value per Unit and funds from operations 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 nine 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; four properties comprising 497 suites and one vacant parcel of land, in Aylmer Québec for a sale price of $92.0 million, or $185,000 per suite; and one property comprising 27 suites in Ottawa, Ontario for $5.5 million, or $204,000 per suite. Altogether, the properties were sold for $2.2 million above their carrying value and the trust received net proceeds of $139.6 million after closing costs but before the repayment of $46.3 million in mortgages on the disposed properties.

As at September 30, 2024, the Trust has 100% ownership interest in 11,363 suites, a 50% financial interest in 1,214 suites, and a 10% financial interest in 605 suites, representing 13,182 total suites, of which: a) 12,577 are included in same property suites; and, b) 10,278 are included in repositioned property suites. On a proportionate basis, this amounts to 12,031 total suites, 11,970 on a same property basis (or 99.5% of the portfolio), and 10,278 in repositioned property suites (or 85.4% of the portfolio).

The Government of Canada has recently announced a new immigration plan that includes a reduced projected number of new permanent residents and lower annual targets for temporary residents. If these goals are achieved, Canada's population is expected to decline over the next two years before returning to growth in 2027. While the government anticipates that this plan will help reduce the housing supply gap by approximately 670,000 units over the next few years, the long-term accumulative housing shortage persists.

Although these efforts may help restore Canada's population growth to a more balanced state, it is anticipated that there will still be a substantial supply-demand gap in the housing market. 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 96.4% for September 2024 was up 20 basis points from 96.2% in June 2024 and up 120 basis points from 95.2% in September 2023.
- Delivered average monthly rent ("AMR") growth of 7.0% for the total portfolio and 5.6% for the same property portfolio for September 2024, as compared to September 2023.
- The Trust signed 1,279 new leases during the quarter for an average gain-on-lease of 11.4%. As average monthly rents continue to increase, the Trust expects that the average length of its tenancies will also continue to increase.
- The Trust continues to invest in its portfolio as a driver of future organic growth, spending $18.5 million during the quarter on a proportionate basis, of which $2.4 million was spent on improvements for non-

repositioned properties ($1,369 per suite), $3.0 million on properties under development, and $13.1 million on the repositioned portfolio ($1,274 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 is continuing to make progress on its four active developments, see “Properties Under Development” for further details on ongoing development projects.

c) Liquidity Update:
   - With a debt-to-GBV ratio of 38.5%, 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 $225.0 million of available credit. There was nothing drawn on these facilities as at September 30, 2024 and approximately $35.0 million drawn as of November 4, 2024 relating to the post-quarter acquisition (refer to the subsequent events note in this report).
   - Throughout the quarter, the Trust kept its variable rate exposure, including credit facilities, to less than 1%. Following the end of the third quarter and the subsequent credit facility draw, the REIT’s total variable exposure now stands at 2%.
   - As of the date of this report, the Trust had approximately $193.4 million in unencumbered properties that do not have mortgages nor provide security for any credit facilities, inclusive of the post-quarter acquisition.
   - The Trust continues to look for opportunities to up-finance existing properties at attractive rates, with the potential to add up to an additional $48.0 million of debt on remaining 2024 maturities, and up to $81.0 million on loans maturing in 2025.

Q3 PERFORMANCE HIGHLIGHTS

The following table presents a summary of InterRent's proportionate operating performance for the three months ended September 30, 2024 compared to the same period in 2023:

Selected Consolidated Information In $000's, except per Unit amounts and other non-financial data	**3 Months Ended September 30, 2024**	**3 Months Ended September 30, 2023**	**Change**
Total suites	**12,031[(1)]**	12,728[(1)]	**-5.5%**
Average rent per suite (September)	**$ 1,687**	$ 1,576	**+7.0%**
Occupancy rate (September)	**96.4%**	95.2%	**+120 bps**
Proportionate operating revenues	**$ 61,213**	$ 59,596	**+2.7%**
Proportionate net operating income (NOI)	**$ 41,730**	$ 40,291	**+3.6%**
NOI %	**68.2%**	67.6%	**+60 bps**
Same Property average rent per suite (September)	**$ 1,686**	$ 1,596	**+5.6%**
Same Property occupancy rate (September)	**96.4%**	95.2%	**+120 bps**
Same Property proportionate operating revenues	**$ 60,836**	$ 56,380	**+7.9%**
Same Property proportionate NOI	**$ 41,499**	$ 38,190	**+8.7%**
Same Property proportionate NOI %	**68.2%**	67.8%	**+40 bps**
Net Income (Loss)	**$ (74,153)**	$ (54,560)	**+35.9%**
Funds from Operations (FFO)	**$ 23,410**	$ 21,335	**+9.7%**
FFO per weighted average unit - diluted	**$ 0.159**	$ 0.146	**+8.9%**
Adjusted Funds from Operations (AFFO)	**$ 20,910**	$ 18,957	**+10.3%**
AFFO per weighted average unit - diluted	**$ 0.142**	$ 0.130	**+9.2%**
Distributions per unit	**$ 0.0945**	$ 0.0900	**+5.0%**
Adjusted Cash Flow from Operations (ACFO)	**$ 22,394**	$ 17,415	**+28.6%**
Debt-to-GBV	**38.5%**	38.6%	**-10 bps**
Interest coverage (rolling 12 months)	**2.46x**	2.30x	**+0.16x**
Debt service coverage (rolling 12 months)	**1.63x**	1.52x	**+0.11x**

(1) Represents 11,363 (2023 - 12,060) 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) Quarter-to-date and year-to-date revenue and NOI above are impacted by the disposition of the 10 properties during the year. 224 suites were disposed in Q1 2024, and 524 suites were disposed during Q2 2024, and therefore have no contribution to Q3 2024 results.
  b) Proportionate operating revenues for the quarter increased by $1.6 million to $61.2 million, an increase of 2.7% over Q3 2023.
  c) Average monthly rent per suite increased to $1,687 (September 2024) from $1,576 (September 2023), an increase of 7.0%, and from $1,660 (June 2024) an increase of 1.6%.
  d) Occupancy for September 2024 was 96.4%, an increase of 120 basis points when compared to September 2023.
  e) Proportionate NOI for the quarter was $41.7 million, an increase of $1.4 million, or 3.6%, over Q3 2023. NOI margin for the quarter was 68.2%, an increase of 60 basis points from Q3 2023.
- Same Property Portfolio:
  a) Proportionate operating revenues for the quarter increased by $4.5 million to $60.8 million, an increase of 7.9% from Q3 2023.
  b) Average monthly rent per suite for the same property portfolio increased to $1,686 (September 2024) from $1,596 (September 2023), an increase of 5.6%, and from $1,658 (June 2024) an increase of 1.7%.

c) Occupancy for September 2024 was 96.4%, an increase of 120 basis points when compared to September 2023.
d) Same property proportionate NOI for the quarter was $41.5 million, an increase of $3.3 million, or 8.7% over Q3 2023. Same property NOI margin for the quarter was 68.2%, an increase of 40 basis points from Q3 2023.

- Repositioned properties had an average monthly rent per suite of $1,657 and occupancy of 96.7% for September 2024. Repositioned properties had proportionate NOI for the quarter of $35.0 million and NOI margin of 68.0%.
- Net loss for the quarter was $74.2 million, a decrease of $19.6 million compared to Q3 2023. This decrease was due primarily to unrealized gains on the fair value adjustment of investment properties, which was a $93.5 million loss in 2024 and a $76.9 million loss in 2023, and a higher loss on the revaluation of unit-based liabilities. This is offset by the increase in NOI.
- FFO for the quarter was $23.4 million, an increase of $2.1 million, or 9.7%, over Q3 2023 and on a per unit basis increased by 8.9% over Q3 2023.
- AFFO for the quarter was $20.9 million, an increase of $2.0 million, or 10.3%, over Q3 2023 and on a per unit basis increased by 9.2% over Q3 2023.
- ACFO increased by $5.0 million, or 28.6%, to $22.4 million compared to Q3 2023.
- Debt-to-GBV at quarter end was 38.5%, a decrease of 10 basis points compared to September 2023.

PORTFOLIO SUMMARY

The Trust started the year with 12,756 suites. During the nine months ended September 30, 2024, the Trust:

- added five suites to the Greater Montréal Area as part of our conversion of C-Class office space to new residential supply (the Montréal intensification project), which is now fully occupied;
- brought the final 17 suites online at The Slayte development in the National Capital Region;
- disposed of five properties comprising 224 suites in the Greater Montréal Area;
- disposed of five properties comprising 524 suites in the National Capital region;
- added three suites to existing properties in the Greater Toronto and Hamilton Area; and
- removed two suites at existing properties in the Greater Toronto and Hamilton Area to make room for additional amenities at these properties in order to better serve our residents.

At September 30, 2024, the Trust owned 12,031 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 September 30, 2024, 99.5% of the portfolio was included in same property suites and 85.4% 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 83% of its suites being located in these core markets.

SUITES BY REGION AT SEPTEMBER 30, 2024

Region	Total Portfolio			Same Property		
	Suites – 100% basis	Suites – proportionate	% of Portfolio	Suites – 100% basis	Suites – proportionate	% of Portfolio
Greater Toronto & Hamilton Area	4,749	4,158	34.5%	4,144	4,097	34.3%
National Capital Region	2,539	2,539	21.1%	2,539	2,539	21.2%
Other Ontario	2,004	2,004	16.7%	2,004	2,004	16.7%
Greater Montreal Area	3,024	2,897	24.1%	3,024	2,897	24.2%
Greater Vancouver Area	866	433	3.6%	866	433	3.6%
Total	13,182	12,031	100.0%	12,577	11,970	100.0%

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 commenced in May 2023 with minor variances which were approved by the City of Ottawa in October 2023. The project received full site plan approval in April 2024. Investigative demolition is complete, and the full interior demolition is 95% complete. The building permit was approved and issued July 2024. The design team continues to finalize the remaining tenders for various aspects of the construction and refine specifications based on value engineering and tender feedback. Construction on site in underway.

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 full Site Plan agreement was received June 2022. The agreement was signed and registered in October 2024. 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 has been investigating the potential use of various types of low-emission heating and cooling technologies to minimize long-term operating costs, reduce greenhouse gas emissions, and qualify for potential government incentives and attractive financing. Demolition was completed in September 2024.

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. Construction on a pedestrian bridge to the nearby LRT station has been completed by the City of Ottawa and the multi-use pathway is open for use, connecting Ottawa and Gatineau.

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 September 30, 2024		3 Months Ended September 30, 2023		9 Months Ended September 30, 2024		9 Months Ended September 30, 2023	
Gross rental revenue	**$ 60,866**		$ 59,906		**$ 183,391**		$ 175,041	
Less: vacancy & rebates	**(3,135)**		(3,610)		**(8,786)**		(8,796)	
Other revenue	**3,482**		3,300		**10,499**		10,054	
Operating revenues	**$ 61,213**		$ 59,596		**$ 185,104**		$ 176,299	
Expenses								
Property operating costs	**9,960**	**16.2%**	9,885	16.6%	**29,213**	**15.8%**	28,552	16.2%
Property taxes	**6,407**	**10.5%**	6,296	10.6%	**19,612**	**10.6%**	18,825	10.7%
Utilities	**3,116**	**5.1%**	3,124	5.2%	**12,420**	**6.7%**	13,242	7.5%
Operating expenses	**$ 19,483**	**31.8%**	$ 19,305	32.4%	**$ 61,245**	**33.1%**	$ 60,619	34.4%
Net operating income	**$ 41,730**		$ 40,291		**$ 123,859**		$ 115,680	
Net operating margin	**68.2%**		67.6%		**66.9%**		65.6%	

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.

Despite the impact of the dispositions, gross rental revenue on a total portfolio basis for the three months ended September 30, 2024 increased 1.6% to $60.9 million compared to $59.9 million for the three months ended September 30, 2023. Operating revenue for the quarter was up $1.6 million to $61.2 million, or 2.7% compared to Q3 2023.

The Trust owned, on a weighted average basis, 12,027 suites for the three months ended September 30, 2024 as compared to 12,745 for the three months ended September 30, 2023, a decrease of 718 suites over the period. On a per weighted average suite basis, operating revenue for the three months ended September 30, 2024 was an average of $1,706 per month ($1,559 in 2023) a 9.4% year-over-year increase.

Average monthly rent for September 2024 of $1,687 per suite has increased compared to $1,576 for September 2023, (7.0% increase), and $1,660 for June 2024 (1.6% increase). On a same property basis, the average rent increased by $90 per suite (or up 5.6%) over September 2023 and by $28 per suite (or up 1.7%) over June 2024.

▼ 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 September 30, 2024, new leases resulted in annualized proportionate revenue growth of approximately $2,988 with an average gain-on-lease of 11.4% for the 1,279 new leases signed this quarter, down slightly from the 1,293 new leases signed during Q3 2023. The 1,279 new leases signed in the quarter represents 9.7% of the total portfolio. Suite turnover, excluding disposed properties, for the trailing 12 months was 23.8%. The quality of the REIT's operating platform and portfolio, as well as the location of its communities, allows the REIT to achieve higher than average market rents and turnover, thereby driving continued strong rental growth.

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]
Q3 2024	1,279	$ 1,857	$ 2,068	11.4%	$ 2,988
Q2 2024	640	1,821	2,115	16.1%	1,955
Q1 2024	461	1,721	2,070	20.3%	1,727
Q4 2023	801	1,724	2,021	17.2%	2,669
Total/Average	**3,181**	**$ 1,797**	**$ 2,066**	**15.0%**	**$ 9,339**

(1) Includes 100% of new leases from joint ventures
(2) Calculated on a proportionate basis

On a same property basis, the REIT signed 1,257 new leases during the quarter, or 10.0% of the same property portfolio, as compared to 1,187 for Q3 2023, or 9.4% of the same property portfolio, an increase of 70 leases, or 5.9%.

The REIT estimates the average market rental gap on the total portfolio to be close to 27%. 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		
	September 2024	September 2023	Change	September 2024	September 2023	Change
Greater Toronto & Hamilton Area	$1,768	$1,679	+5.3%	$1,765	$1,677	+5.2%
National Capital Region[1]	$1,807	$1,630	+10.9%	$1,807	$1,712	+5.5%
Other Ontario	$1,628	$1,545	+5.4%	$1,628	$1,545	+5.4%
Greater Montreal Area	$1,463	$1,363	+7.3%	$1,463	$1,375	+6.4%
Greater Vancouver Area	$2,007	$1,876	+7.0%	$2,007	$1,876	+7.0%
Total	**$1,687**	**$1,576**	**+7.0%**	**$1,686**	**$1,596**	**+5.6%**

(1) Excludes extended stay suites.

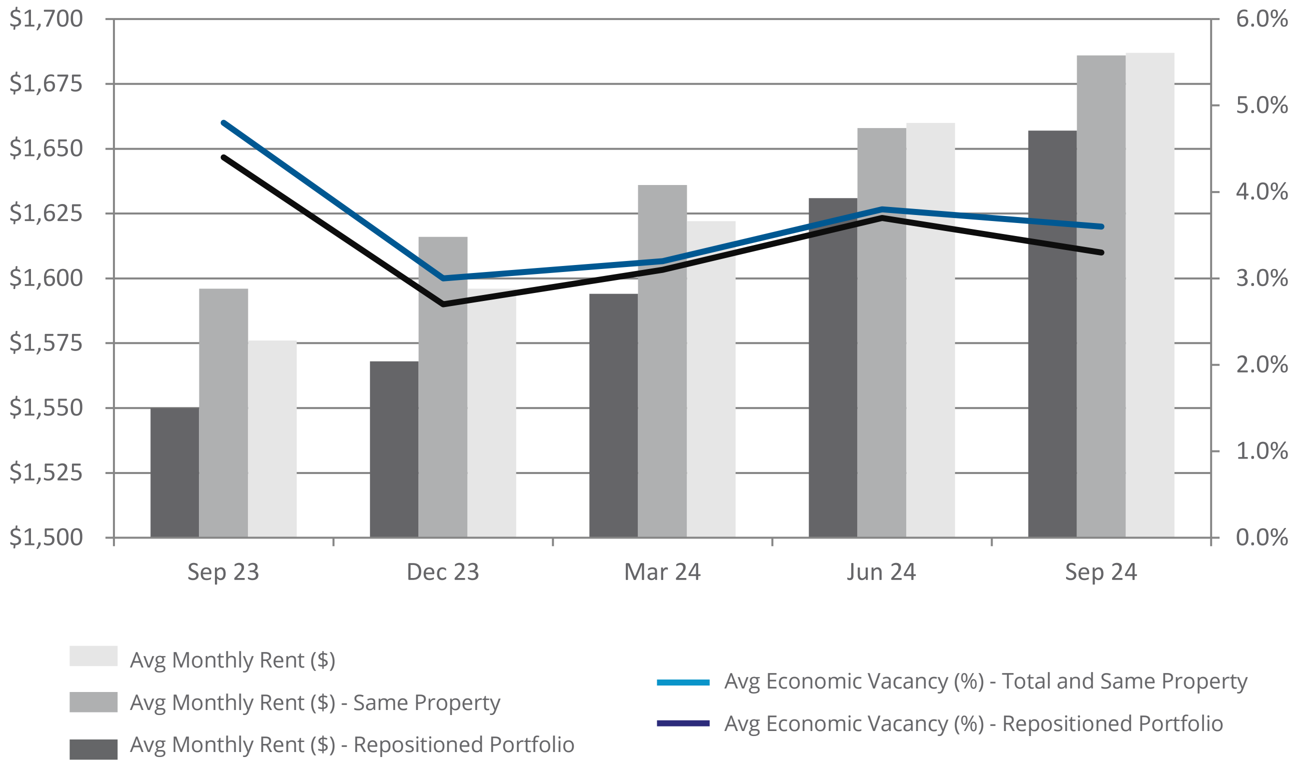
PORTFOLIO OCCUPANCY

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 community; 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 vacancy for the entire portfolio for the months listed. Economic occupancy is calculated by taking financial vacancy loss and dividing it by gross rental revenue.



	September 2023	December 2023	March 2024	June 2024	September 2024
Average monthly rents repositioned property	$1,550	$1,568	$1,594	$1,631	$1,657
Average monthly rents same property	$1,596	$1,616	$1,636	$1,658	$1,686
Average monthly rents all properties	$1,576	$1,596	$1,622	$1,660	$1,687

The overall economic vacancy for September 2024 across the entire portfolio was 3.6%, a decrease of 20 basis points as compared to the 3.8% vacancy in June 2024, and a decrease of 120 basis points from 4.8% in September 2023. This 20 basis points decrease in vacancy from the prior quarter is a positive trend for the REIT: over the last 5 years, the REIT has seen an average increase in vacancy of 70 basis points between June and September.

The economic vacancy for September 2024 on a same property portfolio basis was 3.6%, a decrease of 20 basis points as compared to the 3.8% vacancy in June 2024, and a decrease of 120 basis points from 4.8% in September 2023.

VACANCY BY REGION

Region	Total Portfolio			Same Property		
	September 2024	September 2023	Change	September 2024	September 2023	Change
Greater Toronto & Hamilton Area	3.7%	4.8%	-110 bps	3.7%	4.9%	-120 bps
National Capital Region	2.8%	3.1%	-30 bps	2.8%	2.8%	no change
Other Ontario	4.9%	5.1%	-20 bps	4.9%	5.1%	-20 bps
Greater Montreal Area	3.7%	6.6%	-290 bps	3.7%	6.7%	-300 bps
Greater Vancouver Area	2.7%	3.3%	-60 bps	2.7%	3.3%	-60 bps
Total	**3.6%**	**4.8%**	**-120 bps**	**3.6%**	**4.8%**	**-120 bps**

OTHER REVENUE

Other revenue for the three months ended September 30, 2024 was up $0.2 million to $3.5 million compared to September 30, 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 September 30, 2024 amounted to $10.0 million or 16.2% of revenue compared to $9.9 million or 16.6% of revenue for the three months ended September 30, 2023. As a percentage of revenue, operating costs decreased by 40 basis points as compared to Q3 2023.

On a per weighted average suite basis, property operating costs for the three months ended September 30, 2024 were $828, a 6.8% increase over $776 for the three months ended September 30, 2023.

PROPERTY TAXES

Property taxes for the three months ended September 30, 2024 amounted to $6.4 million or 10.5% of revenue compared to $6.3 million or 10.6% of revenue for September 30, 2023. Overall property taxes have increased by $0.1 million however they have decreased slightly as a percentage of operating revenues. The increase is from annual rate increases compared to Q3 2023.

On a per weighted average suite basis, property taxes for the three months ended September 30, 2024 were $533, a 7.8% increase over $494 for the three months ended September 30, 2023 primarily due to the impact of the dispositions in the portfolio.

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

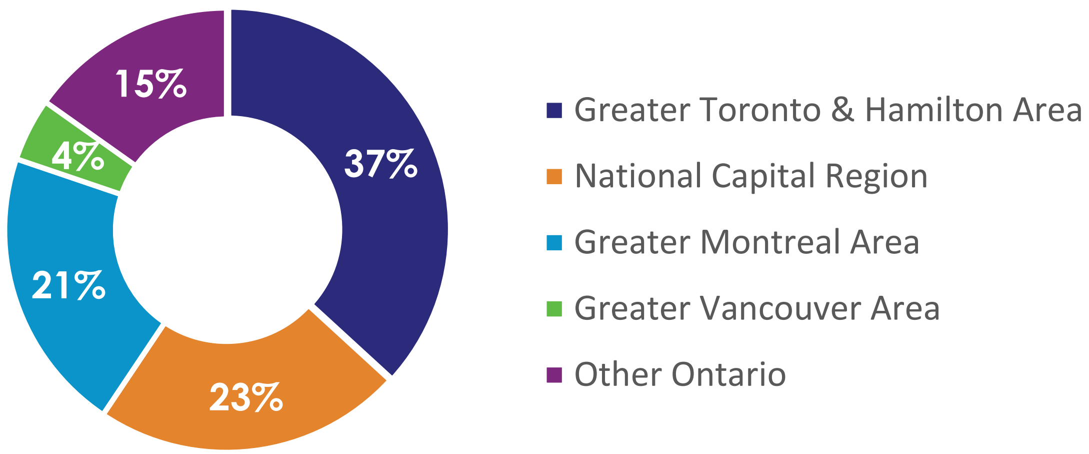
Utility costs for the three months ended September 30, 2024 amounted to $3.1 million or 5.1% of revenue, consistent with the $3.1 million or 5.2% of revenue for the three months ended September 30, 2023. On a per weighted average suite basis, utility costs have increased 5.7% compared to Q3 2023, to $259 per suite. Higher water expenses are the main driver of the per suite increases, with an 8% increase in the average rate, and a 2% increase in usage. Electricity costs are in line with prior year, and natural gas costs are lower, with a 7% decrease in usage and a 6% decrease in average rates.

The Trust continues to manage its electricity costs through its hydro sub-metering initiative, which reduced electricity costs by 39.3%, or $0.7 million for the quarter (2023 - $0.5 million). At September 30, 2024, the REIT has approximately 85% 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 73% 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 three months ended September 30, 2024 amounted to $41.7 million or 68.2% of operating revenues compared to $40.3 million or 67.6% of operating revenue for the three months ended September 30, 2023. The $1.4 million, or 3.6%, increase was driven primarily by top line rent growth and cost control offset by the disposition of properties earlier in 2024 no longer contributing to Q3 NOI.

▼ NOI BY REGION – 3 MONTHS ENDED SEPTEMBER 30, 2024



SAME PROPERTY PROPORTIONATE PORTFOLIO PERFORMANCE

Same property results for the nine months September 30, 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 or properties going through a lease-up during the period from January 1, 2023 to September 30, 2024. As at September 30, 2024, the Trust has 11,970 suites in the same property portfolio. The same property portfolio represents 99.5% 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 September 30, 2024		3 Months Ended September 30, 2023		9 Months Ended September 30, 2024		9 Months Ended September 30, 2023	
Gross rental revenue	**$ 60,498**		$ 56,720		**$ 178,506**		$ 165,884	
Less: vacancy & rebates	**(3,125)**		(3,440)		**(8,563)**		(8,384)	
Other revenue	**3,463**		3,100		**10,186**		9,465	
Operating revenues	**$ 60,836**		$ 56,380		**$ 180,129**		$ 166,965	
Expenses								
Property operating costs	**9,894**	**16.3%**	9,265	16.4%	**28,279**	**15.7%**	26,832	16.1%
Property taxes	**6,355**	**10.4%**	5,956	10.6%	**19,088**	**10.6%**	17,868	10.7%
Utilities	**3,088**	**5.1%**	2,969	5.3%	**12,011**	**6.7%**	12,595	7.5%
Operating expenses	**$ 19,337**	**31.8%**	$ 18,190	32.3%	**$ 59,378**	**33.0%**	$ 57,295	34.3%
Net operating income	**$ 41,499**		$ 38,190		**$ 120,751**		$ 109,670	
Net operating margin	**68.2%**		67.8%		**67.0%**		65.7%	

For the three months ended September 30, 2024, operating revenues for the same property portfolio increased by 7.9% compared to the three months ended September 30, 2023. Property operating costs are down 10 basis points as a percentage of operating revenues, property taxes are down 20 basis points, and utilities are down 20 basis points. This resulted in an overall decrease in operating expenses, as a percentage of operating revenues, of 50 basis points as compared to the same period last year.

The net impact of a 7.9% increase in operating revenue and a 6.3% increase in operating expenses was same property proportionate NOI of $41.5 million, an increase of $3.3 million, or 8.7%, as compared to the same period last year. NOI margin for Q3 2024 was 68.2% as compared to 67.8% for Q3 2023, a 40 basis point increase. Management continues to focus on top line revenue growth through selective acquisitions, suite additions, organic revenue growth and ancillary revenue as well as operating cost reductions (such as efficiencies of scale, investment in energy saving initiatives, and investments in infrastructure and technology).

The average monthly rent for September 2024 for same property increased to $1,686 per suite from $1,596 (September 2023), an increase of 5.6%. Economic vacancy for September 2024 for same property was 3.6%, compared to 4.8% for September 2023, and 3.8% for June 2024. The trend in total portfolio vacancy applies to the same property portfolio as well, given how similar they are in composition for Q3 2024.

	September 2023	December 2023	March 2024	June 2024	September 2024
Average monthly rent same property	$1,596	$1,616	$1,636	$1,658	$1,686
Average monthly vacancy same property	4.8%	3.0%	3.2%	3.8%	3.6%

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 September 30, 2024 are defined as all properties owned and operated by the Trust prior to January 1, 2021. As at September 30, 2024, the Trust has 10,278 repositioned property suites, which represents 85.4% 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. For a table detailing the Trust's repositioned property operating results on a GAAP basis, see the "Non-IFRS Reconciliations and Performance Measures" section of this MD&A.

In $ 000's	3 Months Ended September 30, 2024					
	Repositioned Property Portfolio		Non-Repositioned Property Portfolio		Total Portfolio	
Gross rental revenue	$ 51,135		$ 9,731		**$ 60,866**	
Less: vacancy & rebates	(2,530)		(605)		**(3,135)**	
Other revenue	2,980		502		**3,482**	
Operating revenues	$ 51,585		$ 9,628		**$ 61,213**	
Expenses						
Property operating costs	8,353	16.2%	1,607	16.7%	**9,960**	**16.2%**
Property taxes	5,463	10.6%	944	9.8%	**6,407**	**10.5%**
Utilities	2,682	5.2%	434	4.5%	**3,116**	**5.1%**
Operating expenses	$ 16,498	32.0%	$ 2,985	31.0%	**$ 19,483**	**31.8%**
Net operating income	$ 35,087		$ 6,643		**$ 41,730**	
Net operating margin	68.0%		69.0%		**68.2%**	

In $ 000's	9 Months Ended September 30, 2024					
	Repositioned Property Portfolio		Non-Repositioned Property Portfolio		Total Portfolio	
Gross rental revenue	$ 154,786		$ 28,605		**$ 183,391**	
Less: vacancy & rebates	(7,127)		(1,659)		**(8,786)**	
Other revenue	9,042		1,457		**10,499**	
Operating revenues	$ 156,701		$ 28,403		**$ 185,104**	
Expenses						
Property operating costs	24,356	15.6%	4,857	17.1%	**29,213**	**15.8%**
Property taxes	16,776	10.7%	2,836	10.0%	**19,612**	**10.6%**
Utilities	10,674	6.8%	1,746	6.1%	**12,420**	**6.7%**
Operating expenses	$ 51,806	33.1%	$ 9,439	33.2%	**$ 61,245**	**33.1%**
Net operating income	$ 104,895		$ 18,964		**$ 123,859**	
Net operating margin	66.9%		66.8%		**66.9%**	

The average monthly rent for September 2024 for the repositioned property portfolio was $1,657 per suite and the economic vacancy for September 2024 was 3.3% whereas the non-repositioned properties had an average monthly rent of $1,862 per suite and an economic vacancy of 5.1% for September 2024.

Region	Repositioned Property Portfolio			Non-Repositioned Property Portfolio		
	Suites	September 2024 Average Rent	September 2024 Vacancy	Suites	September 2024 Average Rent	September 2024 Vacancy
Greater Toronto & Hamilton Area	3,568	$1,754	3.6%	590	$1,850	4.1%
National Capital Region	2,377	$1,774	2.0%	162	$2,287	12.0%
Other Ontario	1,732	$1,638	4.8%	272	$1,564	5.6%
Greater Montreal Area	2,601	$1,434	3.4%	296	$1,718	5.8%
Greater Vancouver Area	-	-	-	433	$2,007	2.7%
Total	**10,278**	**$1,657**	**3.3%**	**1,753**	**$1,862**	**5.1%**

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 September 30, 2024	3 Months Ended September 30, 2023	9 Months Ended September 30, 2024	9 Months Ended September 30, 2023
Net operating income	**$ 41,730**	$ 40,291	**$ 123,859**	$ 115,680
Expenses				
Financing costs	**13,867**	14,808	**43,300**	43,696
Administrative costs	**4,469**	4,252	**12,950**	12,217
Income before other income and expenses	**$ 23,394**	$ 21,231	**$ 67,609**	$ 59,767

FINANCING COSTS

Total proportionate financing costs amounted to $13.9 million or 22.7% of operating revenue for the three months ended September 30, 2024 compared to $14.8 million or 24.8% of operating revenue for the three months ended September 30, 2023.

	3 Months Ended September 30, 2024			3 Months Ended September 30, 2023		
	GAAP Basis	Proportionate Basis		GAAP Basis	Proportionate Basis	
In $ 000's	Amount	Amount	% of Revenue	Amount	Amount	% of Revenue
Cash based:						
Mortgage interest	$ 14,172	$ 14,484	23.7%	$ 14,603	$ 14,914	25.1%
Credit facilities	291	291	0.5%	983	983	1.6%
Interest capitalized	(780)	(1,037)	(1.7%)	(1,139)	(1,362)	(2.3%)
Interest income	(505)	(505)	(0.8%)	(269)	(269)	(0.5%)
Non-Cash based:						
Amortization of deferred finance cost and premiums on assumed debt	596	634	1.0%	542	542	0.9%
Total	$ 13,774	$ 13,867	22.7%	$ 14,720	$ 14,808	24.8%

Financing costs amounted to $43.3 million or 23.4% of operating revenue for the nine months ended September 30, 2024 compared to $43.7 million or 24.8% of operating revenue for the nine months ended September 30, 2023.

	9 Months Ended September 30, 2024			9 Months Ended September 30, 2023		
	GAAP Basis	Proportionate Basis		GAAP Basis	Proportionate Basis	
In $ 000's	Amount	Amount	% of Revenue	Amount	Amount	% of Revenue
Cash based:						
Mortgage interest	$ 43,475	$ 44,296	23.9%	$ 42,956	$ 43,731	24.8%
Credit facilities	1,230	1,230	0.7%	2,388	2,388	1.4%
Interest capitalized	(2,467)	(3,124)	(1.7%)	(2,749)	(3,341)	(1.9%)
Interest income	(1,063)	(1,063)	(0.6%)	(539)	(539)	(0.3%)
Non-Cash based:						
Amortization of deferred finance cost and premiums on assumed debt	1,848	1,961	1.1%	1,457	1,457	0.8%
Total	$ 43,023	$ 43,300	23.4%	$ 43,513	$ 43,696	24.8%

The Bank of Canada cut the overnight rate by 25 basis points over three consecutive meetings, totaling a 75 basis point reduction in the quarter. In October, the Bank further cut rates by 50 basis points for a cumulative cut of 125 basis points. CMHC insured mortgage rates also decreased throughout the quarter, with five-year rates being approximately 3.45-3.55% and ten-year rates being approximately 3.90-4.00% by the end of the quarter. This represents an approximate reduction of 75 basis points for the five-year term and 50 basis points for the ten-year term compared to the end of Q2. The REIT continues to actively manage its mortgage ladder, closely monitor debt markets, and use early rate locks or hedges to strategically mitigate interest rate risk where appropriate.

Mortgage interest represents a significant expense for the REIT. Compared to the same periods in 2023, mortgage interest costs for the quarter decreased by $0.6 million and for the nine months ended September 30, 2024, increased by $0.4 million. The primary driver for this change relates to the discharged mortgages on dispositions in Q1 and Q2 of 2024. Overall, outstanding mortgages balances on September 30, 2024 were $28.0 million lower than that of the previous year. The weighted average interest stayed the same as the prior quarter at 3.37%, down from 3.48% on September 30, 2023.

For the quarter ending September 30, 2024, the REIT benefited from lower debt levels on its credit facilities compared to the previous year. This was due to strategic use of proceeds from financing activities and capital recycling efforts earlier in the year. As a result, credit facilities costs decreased by $0.7 million for the quarter and $1.2 million for the first nine months of the year, compared to 2023.

As at September 30, 2024, the REIT's variable rate exposure was under 1%.

The REIT capitalized less interest to its development projects for the current quarter and year-to-date when compared to 2023 due mainly to the completion of the Slayte. 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.

The successful capital recycling program in the first half of 2024 gave the REIT extra liquidity. This led to an increase in interest income of $0.2 million for the three months and $0.5 million for the nine months ending September 30, 2024.

ADMINISTRATIVE COSTS

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

Administrative costs for the three months ended September 30, 2024 amounted to $4.5 million, or 7.3% of proportionate operating revenue, compared to $4.3 million for the same period in 2023, being 7.1% of proportionate operating revenue.

During the three months ended September 30, 2024, the Trust incurred $0.2 million of property management costs (2023 - $0.2 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 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 September 30, 2024	3 Months Ended September 30, 2023	9 Months Ended September 30, 2024	9 Months Ended September 30, 2023
Income before other income and expenses	**$ 23,394**	$ 21,231	**$ 67,609**	$ 59,767
Other income and expenses				
Fair value adjustments of investment properties	**(93,507)**	(76,923)	**(119,718)**	645
Other income and fees	**529**	560	**1,539**	1,408
Gain/(loss) on sale of investment properties	**71**	(32)	**(1,659)**	(32)
Unrealized gain/(loss) on financial liabilities	**(4,127)**	1,254	**5,546**	5,315
Distributions expense on units classified as financial liabilities	**(513)**	(650)	**(1,843)**	(2,116)
Net income (loss)	**$ (74,153)**	$ (54,560)	**$ (48,526)**	$ 64,987

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

As certain small adjustments related to the disposition of the properties during Q2 were finalized, a minimal adjustment to the loss on sale was recognized during the three months ended September 30, 2024.

FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES

The fair value of the portfolio at September 30, 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 September 30, 2024. For the three months ended September 30, 2024, a proportionate fair value loss of $93.5 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 September 30, 2024 was 4.34%, up 9 basis point from 4.25% at June 30, 2024, and up 12 basis points from the 4.22% for Q3 2023.

UNREALIZED FAIR VALUE GAIN/LOSS ON FINANCIAL LIABILITIES

The Trust used a price of $12.70 (June 30, 2024 - $11.91) 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 consolidated balance sheet at September 30, 2024 was $57.3 million and a corresponding fair value loss of $1.9 million was recorded on the consolidated statement of income for the three months ended September 30, 2024.

The total fair value of the performance and restricted units recorded on the consolidated balance sheet at September 30, 2024 was $3.3 million with a $1.4 million fair value loss recorded on the consolidated statement of income for the three months ended September 30, 2024.

The Trust determined the fair value of the option plan (unit-based compensation liability) at September 30, 2024 was $0.3 million with a minimal fair value gain recorded on the consolidated statement of income for the three months ended September 30, 2024.

The total fair value of the Class B LP Unit Liability recorded on the consolidated balance sheet at September 30, 2024 was nil as all remaining units were exchanged during the previous quarter.

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 the end of the quarter and settlements during the quarter, the REIT recognized an unrealized loss of $0.9 million on interest rate swaps for the three months ended September 30, 2024.

In $ 000's	3 Months Ended September 30, 2024	3 Months Ended September 30, 2023	9 Months Ended September 30, 2024	9 Months Ended September 30, 2023
Fair value gain/(loss) on financial liabilities:				
Deferred unit compensation plan	**$ (3,898)**	$ 1,231	**$ 1,950**	$ 1,441
Performance and restricted unit compensation plan	**693**	27	**1,355**	274
Option plan	**(55)**	63	**6**	17
Class B LP unit liability	**-**	713	**3,150**	1,558
Rate swaps	**(867)**	54	**(1,338)**	819
Forward rate locks	**-**	(834)	**423**	1,206
Fair value gain/(loss) on financial liabilities	**$ (4,127)**	$ 1,254	**$ 5,546**	$ 5,315

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 September 30, 2024:

In $ 000's	September 30, 2024	
	GAAP Basis	Proportionate Basis
Balance, December 31, 2023	$ 4,315,742	$ 4,389,547
Dispositions	(141,224)	(141,224)
Changes in assets held for sale	45,368	45,368
Property capital investments	50,660	55,254
Fair value losses	(119,082)	(119,718)
Total investment properties	$ 4,151,464	$ 4,229,227

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 2024 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 10,278 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 $55.3 million during the nine months ended September 30, 2024 on a proportionate basis, of which $9.2 million was spent on improvements for non-repositioned properties ($5,248 per suite), $10.8 million on properties under development, and $35.3 million on the repositioned portfolio ($3,435 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 September 30, 2024.

Summary of Unitholders' Capital Contributions	Trust Units	Amount (in $ 000's)
December 31, 2023	144,783,151	$1,088,679
Units purchased under NCIB and cancelled	(405,300)	(5,000)
Units issued from exchange of Class B units	2,160,766	25,437
Units issued under the deferred unit plan	37,032	490
Units issued under distribution reinvestment plan	1,161,299	14,171
Units issued from options exercised	27,340	359
September 30, 2024	**147,764,288**	**$1,124,136**

As at September 30, 2024 there were 147,764,288 Trust Units issued and outstanding. During the nine months ended September 30, 2024 the Trust purchased 405,300 units for $5.0 million (September 30, 2023 - 157,200 units purchased for $2.0 million). Average price per Unit was $12.33 (September 30, 2023 - $12.71) and all units purchased were cancelled. Additionally, 2,160,766 Class LP Units were exchanged for 2,160,766 Trust Units (September 30, 2023 - 1,250,000). 1,974,516 of these units (September 30, 2023 - 1,250,000) were exchanged 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.

DISTRIBUTIONS

The distributions per Unit were $0.0945 and $0.0900 for the three months ended September 30, 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 September 30, 2024, the Trust's FFO and AFFO were $0.159 and $0.142 per unit (diluted) respectively, compared to $0.146 and $0.130 for the three months ended September 30, 2023.

Distributions to Unitholders are as follows:

In $ 000's	3 Months Ended September 30, 2024	3 Months Ended September 30, 2023	9 Months Ended September 30, 2024	9 Months Ended September 30, 2023
Distributions declared to Unitholders	**$ 13,950**	$ 12,932	**$ 41,493**	$ 38,594
Distributions reinvested through DRIP	**(4,714)**	(5,317)	**(14,171)**	(15,645)
Distributions declared to Unitholders, net of DRIP	**$ 9,236**	$ 7,615	**$ 27,322**	$ 22,949
DRIP participation rate	**33.8%**	41.1%	**34.2%**	40.5%

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.

WEIGHTED AVERAGE NUMBER OF UNITS

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

	3 Months Ended September 30, 2024	3 Months Ended September 30, 2023	9 Months Ended September 30, 2024	9 Months Ended September 30, 2023
Trust units	**147,618,164**	144,158,126	**147,441,738**	142,943,225
LP Class B units	**-**	2,160,766	**1,325,667**	2,980,363
Weighted average units outstanding - Basic	**147,618,164**	146,318,892	**148,767,405**	145,923,588
Unexercised dilutive options (1)	**27,281**	43,735	**27,281**	43,735
Weighted average units outstanding - Diluted	**147,645,445**	146,362,627	**148,794,686**	145,967,323

(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 $000's, except per Unit amounts and Units outstanding	3 Months Ended September 30, 2024	3 Months Ended September 30, 2023	9 Months Ended September 30, 2024	9 Months Ended September 30, 2023
Net income (loss)	**$ (74,153)**	$ (54,560)	**$ (48,526)**	$ 64,987
Add (deduct):				
Fair value adjustments on investment property	**92,619**	77,208	**119,082**	2,690
Loss on sale of investment properties	**(71)**	32	**1,659**	32
Adjustment for equity accounted joint ventures	**888**	(285)	**636**	(3,335)
Unrealized (gain) loss on financial instruments	**4,127**	(1,254)	**(5,546)**	(5,315)
Interest expense on puttable units classified as liabilities	**-**	194	**329**	770
Funds from Operations (FFO)	**$ 23,410**	$ 21,335	**$ 67,634**	$ 59,829
FFO per weighted average unit - basic	**$ 0.159**	$ 0.146	**$ 0.455**	$ 0.410
FFO per weighted average unit - diluted	**$ 0.159**	$ 0.146	**$ 0.455**	$ 0.410

AFFO Reconciliation In $000's, except per Unit amounts and Units outstanding	**3 Months Ended September 30, 2024**	**3 Months Ended September 30, 2023**	**9 Months Ended September 30, 2024**	**9 Months Ended September 30, 2023**
Funds from Operations	**$ 23,410**	$ 21,335	**$ 67,634**	$ 59,829
Add (deduct):				
Actual maintenance capital investment	**(2,500)**[(1)]	(2,378)[(1)]	**(7,785)**[(1)]	(7,565)[(1)]
Adjusted Funds from Operations (AFFO)	**$ 20,910**	$ 18,957	**$ 59,849**	$ 52,264
AFFO per weighted average unit - basic	**$ 0.142**	$ 0.130	**$ 0.402**	$ 0.358
AFFO per weighted average unit - diluted	**$ 0.142**	$ 0.130	**$ 0.402**	$ 0.358

(1) Maintenance capital investment total is for the 10,278 (2023 - 10,168) repositioned suites

The following table shows the proportionate NOI and FFO contributions from properties disposed during 2024 for the periods ended:

Disposed Properties In $000's	**3 Months Ended September 30, 2024**	**3 Months Ended September 30, 2023**	**9 Months Ended September 30, 2024**	**9 Months Ended September 30, 2023**
Proportionate NOI	**$ -**	$ 1,847	**$ 2,222**	$ 4,309
FFO	**$ -**	$ 1,286	**$ 1,794**	$ 3,218

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 $000's, except per Unit amounts and Units outstanding	**3 Months Ended September 30, 2024**	**3 Months Ended September 30, 2023**	**9 Months Ended September 30, 2024**	**9 Months Ended September 30, 2023**
Cash generated from operating activities	**$ 10,566**	$ 20,406	**$ 35,254**	$ 55,734
Add (deduct):				
Changes in non-cash working capital not indicative of sustainable cash flows	**15,000**	-	**30,000**	(300)
Amortization of finance costs	**(596)**	(542)	**(1,848)**	(1,457)
Principal portion of lease payments	**(76)**	(71)	**(221)**	(176)
Actual maintenance capital investment	**(2,500)**	(2,378)	**(7,785)**	(7,565)
ACFO	**$ 22,394**	$ 17,415	**$ 55,400**	$ 46,236
Distributions declared [(1)]	**$ 13,950**	$ 13,126	**$ 41,822**	$ 39,364
Excess of ACFO over distributions declared	**$ 8,444**	$ 4,289	**$ 13,578**	$ 6,872
ACFO payout ratio	**62.3%**	75.4%	**75.5%**	85.1%

(1) Includes distributions on LP Class B units

For the three months ended September 30, 2024, ACFO exceeded distributions declared by $8.4 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 September 30, 2024	3 Months Ended September 30, 2023	9 Months Ended September 30, 2024	9 Months Ended September 30, 2023
Net income (loss)	**$ (74,153)**	$ (54,560)	**$ (48,526)**	$ 64,987
Cash flows from operating activities	**10,566**	20,406	**35,254**	55,734
Distributions paid [1]	**9,235**	7,800	**27,557**	23,643
Distributions declared [1]	**13,950**	13,126	**41,822**	39,364
Excess (deficit) of net income/loss compared to distributions paid	**(83,388)**	(62,360)	**(76,083)**	41,344
Excess (deficit) of net income/loss compared to distributions declared	**(88,103)**	(67,686)	**(90,348)**	25,623
Excess (deficit) of cash flows from operations over distributions paid	**1,331**	12,606	**7,697**	32,091
Excess (deficit) of cash flows from operations over distributions declared	**(3,384)**	7,280	**(6,568)**	16,370

[1] Includes distributions on LP Class B units

For the three months ended September 30, 2024, cash flows from operating activities exceeded distributions paid by $1.3 million. Net income (loss) 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 Q3 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 September 30, 2024			3 Months Ended September 30, 2023		
	GAAP Basis	Adjustments for Proportionate Interest	Proportionate Share Basis	GAAP Basis	Adjustments for Proportionate Interest	Proportionate Share Basis
Operating revenues						
Revenue from Investment properties	$ 60,816	$ 397	$ 61,213	$ 59,249	$ 347	$ 59,596
Operating expenses						
Property operating costs	9,900	60	9,960	9,817	68	9,885
Property taxes	6,365	42	6,407	6,257	39	6,296
Utilities	3,086	30	3,116	3,099	25	3,124
Total operating expenses	19,351	132	19,483	19,173	132	19,305
Net operating income	41,465	265	41,730	40,076	215	40,291
Financing costs	13,774	93	13,867	14,720	88	14,808
Administrative costs	4,467	2	4,469	4,251	1	4,252
Income before other income and expenses	23,224	170	23,394	21,105	126	21,231
Other income and expenses						
Fair value adjustments on investment properties	(92,619)	(888)	(93,507)	(77,208)	285	(76,923)
Other income and fees	529	-	529	560	-	560
Income from investment in joint ventures	(718)	718	-	411	(411)	-
Loss on sale of investment properties	71	-	71	(32)	-	(32)
Other fair value gains/losses	(4,127)	-	(4,127)	1,254	-	1,254
Interest on units classified as financial liabilities	(513)	-	(513)	(650)	-	(650)
Net income (loss) for the period	$ (74,153)	$ -	$ (74,153)	$ (54,560)	$ -	$ (54,560)

RECONCILIATION OF YTD 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 years ended:

In $ 000's	9 Months Ended September 30, 2024			9 Months Ended September 30, 2023		
	GAAP Basis	Adjustments for Proportionate Interest	Proportionate Share Basis	GAAP Basis	Adjustments for Proportionate Interest	Proportionate Share Basis
Operating revenues						
Revenue from Investment properties	$ 184,005	$ 1,099	$ 185,104	$ 175,609	$ 690	$ 176,299
Operating expenses						
Property operating costs	29,036	177	29,213	28,429	123	28,552
Property taxes	19,489	123	19,612	18,746	79	18,825
Utilities	12,328	92	12,420	13,187	55	13,242
Total operating expenses	60,853	392	61,245	60,362	257	60,619
Net operating income	123,152	707	123,859	115,247	433	115,680
Financing costs	43,023	277	43,300	43,513	183	43,696
Administrative costs	12,946	4	12,950	12,215	2	12,217
Income before other income and expenses	67,183	426	67,609	59,519	248	59,767
Other income and expenses						
Fair value adjustments on investment properties	(119,082)	(636)	(119,718)	(2,690)	3,335	645
Other income and fees	1,539	-	1,539	1,408	-	1,408
Income from investment in joint ventures	(210)	210	-	3,583	(3,583)	-
Loss on sale of investment properties	(1,659)	-	(1,659)	(32)	-	(32)
Other fair value gains/losses	5,546	-	5,546	5,315	-	5,315
Interest on units classified as financial liabilities	(1,843)	-	(1,843)	(2,116)	-	(2,116)
Net income (loss) for the period	$ (48,526)	$ -	$ (48,526)	$ 64,987	$ -	$ 64,987

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	September 30, 2024			December 31, 2023		
	GAAP Basis	Adjustments for Proportionate Interest	Proportionate Share Basis	GAAP Basis	Adjustments for Proportionate Interest	Proportionate Share Basis
Assets						
Investment properties	**$ 4,151,464**	**$ 77,763**	**$ 4,229,227**[1]	$ 4,315,742	$ 73,805	$ 4,389,547[1]
Investment in joint ventures	**51,434**	**(51,434)**	**-**	47,454	(47,454)	-
Prepaids and deposits	**41,318**	**7**	**41,325**	2,403	45	2,448
Assets held for sale	**-**	**-**	**-**	45,432	-	45,432
Receivables and other assets	**23,123**	**3,445**	**26,568**	22,760	4,365	27,125
Cash	**22,606**	**1,622**	**24,228**	2,547	791	3,338
Total Assets	**$ 4,289,945**	**$ 31,403**	**$ 4,321,348**	$ 4,436,338	$ 31,552	$ 4,467,890
Liabilities						
Mortgages payable	**$ 1,649,715**	**$ 31,150**	**$ 1,680,865**	$ 1,650,035	$ 31,098	$ 1,681,133
Credit facilities	**-**	**-**	**-**	40,847	-	40,847
Class B LP unit liability	**-**	**-**	**-**	28,587	-	28,587
Unit-based compensation liabilities	**60,986**	**-**	**60,986**	59,721	-	59,721
Lease liabilities	**1,450**	**-**	**1,450**	1,672	-	1,672
Tenant rental deposits	**20,437**	**131**	**20,568**	19,781	115	19,896
Liabilities associated with assets held for sale	**-**	**-**	**-**	22,988	-	22,988
Accounts payable and accrued liabilities	**38,538**	**122**	**38,660**	39,326	339	39,665
Total liabilities	**1,771,126**	**31,403**	**1,802,529**	1,862,957	31,552	1,894,509
Unitholders' equity						
Unit capital	**1,124,136**	**-**	**1,124,136**	1,088,679	-	1,088,679
Retained earnings	**1,394,683**	**-**	**1,394,683**	1,484,702	-	1,484,702
Total unitholders' equity	**2,518,819**	**-**	**2,518,819**	2,573,381	-	2,573,381
Total liabilities and unitholders' equity	**$ 4,289,945**	**$ 31,403**	**$ 4,321,348**	$ 4,436,338	$ 31,552	$ 4,467,890

[1] Proportionate investment properties consist of $4,127,200 of income producing properties (December 2023 - $4,298,385) and $102,027 of properties under development (December 2023 - $91,162).

LIQUIDITY AND CAPITAL RESOURCES

InterRent REIT's overall debt level was at 38.5% of Gross Book Value ("GBV") at September 30, 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	September 30, 2024	December 31, 2023
Total assets per balance sheet	$ 4,289,945	$ 4,436,338
Mortgages payable	1,649,715	$ 1,650,035
Credit facilities	-	40,847
Total debt	$ 1,649,715	$ 1,690,882
Debt-to-GBV	38.5%	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 September 30, 2024 (GAAP basis):

In $000's	12 Months Ended September 30, 2024	12 Months Ended September 30, 2023
NOI	$ 163,519	$ 151,977
Less: Administrative costs	17,346	16,259
EBITDA	$ 146,173	$ 135,718
Interest expense [(1)]	$ 59,425	$ 59,002
Interest coverage ratio	**2.46x**	2.30x
Contractual principal repayments	$ 30,399	$ 30,017
Total debt service payments	$ 89,824	$ 89,019
Debt service coverage ratio	**1.63x**	1.52x

[(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 September 30, 2024 (in $ 000's)	Weighted Average by Maturity	Weighted Average Interest Rate
2024	$ 87,092	5.1%	5.04%
2025	$ 228,827	13.5%	3.27%
2026	$ 150,670	8.9%	3.01%
2027	$ 214,486	12.7%	3.75%
2028	$ 243,632	14.4%	3.13%
Thereafter	$ 768,800	45.4%	3.28%
Total	$ 1,693,507	100.0%	3.37%

At September 30, 2024, the average term to maturity of the mortgage debt was approximately 4.6 years and the weighted average cost of mortgage debt was 3.37%. At September 30, 2024, approximately 90% of InterRent REIT's mortgage debt was backed by CMHC insurance.

As at September 30, 2024, the Trust had the following credit facilities:

- A $5.0 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 September 30, 2024, the Trust had no amounts drawn on this facility.
- A $105.0 million term credit facility, maturing in 2027, with a Canadian chartered bank secured by a general security agreement, first mortgage on one of the Trust's properties 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 September 30, 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 September 30, 2024, the Trust had no amounts drawn on this facility.
- A $100.0 million term credit facility, maturing in 2026, 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 floating rate plus a pre-defined spread. As at September 30, 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 September 30, 2024, the Trust had past due rents and other receivables of $7.3 million net of an allowance for doubtful accounts of $3.4 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 September 30, 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 September 30, 2024, the Trust had credit facilities as described in note 10 in the September 30, 2024 condensed consolidated financial statements.

Note 9 in the September 30, 2024 condensed consolidated financial statements reflects the contractual maturities for mortgages payable of the Trust at September 30, 2024. 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 $1,690 million as at September 30, 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 September 30, 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 nine months ended September 30, 2024.

OFF-BALANCE SHEET ARRANGEMENTS

As of September 30, 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 September 30, 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.

OUTSTANDING SECURITIES DATA

As of November 4, 2024, the Trust had issued and outstanding: (i) 147,904,240 units; (ii) options exercisable to acquire 62,500 units of the Trust; and (iii) deferred units that are redeemable for 4,857,667 units of the Trust. Additionally, the Trust has 303,460 Restricted Units and 303,460 Performance Units outstanding under the Trust's Performance and Restricted Unit Plan.

SUBSEQUENT EVENTS

Subsequent to the end of the quarter, the Trust has purchased a 50% interest in one recently developed property (248 suites and 6,988 of commercial square feet) in Montréal, Quebec which closed in October of 2024 for a purchase price of $53.5 million or $431,500 per suite.

As of November 4, 2024, the Board of Trustees approved a 5% increase to the monthly per unit distributions. The increase will be effective for the November 2024 distribution that is to be paid in December 2024.

ADDITIONAL INFORMATION

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