InterRent REIT

Management's Discussion & Analysis

For the Year Ended December 31, 2024

February 24, 2025

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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, 2024 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 December 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, 2024, and December 31, 2023.

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.

During 2024, the Trust purchased a 50% ownership in one property comprised of 248 suites in Montréal, Quebec for $53.5 million. The Trust also 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 $2.5 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 December 31, 2024, the Trust has 100% ownership interest in 11,368 suites, a 50% financial interest in 1,462 suites, and a 10% financial interest in 605 suites, representing 13,435 total suites, of which: a) 12,582 are included in same property suites; and, b) 10,281 are included in repositioned property suites. On a proportionate basis, this amounts to 12,160 total suites, 11,975 on a same property basis (or 98.5% of the portfolio), and 10,281 in repositioned property suites (or 84.5% of the portfolio).

The Government of Canada announced new immigration targets in 2024 that, if realized, are expected to lead to a population decline in 2025 and 2026 before returning to growth in 2027. While these targets are anticipated to reduce the housing supply gap by approximately 670,000 units, the long-term accumulative housing shortage persists, with the Parliamentary Budget Officer estimating a shortfall of 658,000 units in 2030 in their November 2024 report.

Additionally, potential changes to U.S. trade policies could have broad implications for the Canadian economy, impacting employment rates, investment activities and Bank of Canada's interest rate policy. Considering these factors, CMHC projects that new construction will slow in 2025, and rental affordability will take time to improve. The Trust continues to work with various levels of government to try and create policies to encourage more supply, make progress on its four active developments, and explore the potential for further intensification at various sites within its portfolio.

OPERATIONS UPDATE

- Total portfolio occupancy of 97.0% for December 2024 was up 60 basis points from 96.4% in September 2024 and consistent with December 2023.
- Delivered average monthly rent ("AMR") growth of 6.6% for the total portfolio and 5.0% for the same property portfolio for December 2024, as compared to December 2023.

- The Trust signed 3,015 new leases during the year for an average gain-on-lease of 12.7%. In 2024, average wage growth in the REIT's core markets outpaced the growth in market rent, providing an early, but promising, sign that demand will remain strong.
- The Trust continues to invest in its portfolio as a driver of future organic growth, spending $75.1 million during the year on a proportionate basis, of which $10.2 million was spent on improvements for non-repositioned properties ($5,428 per suite), $17.7 million on properties under development, and $47.2 million on the repositioned portfolio ($4,591 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. continuously looking for new ways and opportunities to drive existing revenues, create new revenue streams and reduce operating costs within our portfolio;

   ii. 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;

   iii. continuing to source properties in our core markets that allow us to build scale while leveraging our repositioning expertise, including through joint ventures where the REIT can add value through its expertise in owning and operating multi-family rentals, providing long term accretion for our Unitholders; and

   iv. developing purpose-built rental on existing sites that have the ability to add more density, when supported by market conditions.

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 40.3%, 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 $42.0 million drawn on these facilities as at December 31, 2024.
   - Throughout the quarter, the Trust's variable rate exposure, including credit facilities, increased to 4% mainly due to the acquisition during the quarter. The Trust is actively working with CMHC, its partner, and its lender on CMHC insured MLI Select financing for this acquisition, which will bring the Trust's variable rate exposure back to previous levels.
   - As of the date of this report, the Trust had approximately $188.9 million in unencumbered properties that do not have mortgages nor provide security for any credit facilities.
   - The Trust continues to look for opportunities on an as-needed basis to up-finance existing properties at attractive rates, with the potential to add up to an additional $110.0 million of debt on remaining 2025 maturities.
   - During the year, the Trust purchased and cancelled 1,210,300 units for $13.2 million and purchased another 90,000 units for $0.9 million which were cancelled in early 2025. The average price per unit for purchases during 2024 was $10.88. In January 2025, the Trust has purchased and cancelled 1,972,084 units for $19.7 million, or an average price of $10.01 per unit through an Automatic Unit Repurchase Plan. Repurchases continued in February and through the date of this report.

Q4 PERFORMANCE HIGHLIGHTS

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

Selected Consolidated Information In $000's, except per Unit amounts and other non-financial data	3 Months Ended December 31, 2024	3 Months Ended December 31, 2023	Change	12 Months Ended December 31, 2024	12 Months Ended December 31, 2023	Change
Total suites				12,160[(1)]	12,756[(1)]	-4.7%
Average rent per suite (December)				$ 1,702	$ 1,596	+6.6%
Occupancy rate (December)				97.0%	97.0%	no change
Proportionate operating revenues	$ 62,614	$ 61,881	+1.2%	$ 247,718	$ 238,180	+4.0%
Proportionate net operating income (NOI)	$ 42,021	$ 40,580	+3.6%	$ 165,880	$ 156,260	+6.2%
NOI %	67.1%	65.6%	+150 bps	67.0%	65.6%	+140 bps
Same Property average rent per suite (December)				$ 1,697	$ 1,616	+5.0%
Same Property occupancy rate (December)				97.1%	97.0%	+10 bps
Same Property proportionate operating revenues	$ 61,692	$ 58,692	+5.1%	$ 241,815	$ 225,650	+7.2%
Same Property proportionate NOI	$ 41,436	$ 38,524	+7.6%	$ 162,184	$ 148,196	+9.4%
Same Property NOI %	67.2%	65.6%	+160 bps	67.1%	65.7%	+140 bps
Net Income (Loss)	$ (107,120)	$ 27,253	-493.1%	$ (155,646)	$ 92,240	-268.7%
Funds from Operations (FFO)	$ 23,104	$ 20,773	+11.2%	$ 90,738	$ 80,602	+12.6%
FFO per weighted average unit - diluted	$ 0.156	$ 0.142	+9.9%	$ 0.612	$ 0.551	+11.1%
Adjusted Funds from Operations (AFFO)	$ 20,645	$ 18,132	+13.9%	$ 80,494	$ 70,396	+14.3%
AFFO per weighted average unit - diluted	$ 0.139	$ 0.124	+12.1%	$ 0.543	$ 0.482	+12.7%
Distributions per unit	$ 0.0977	$ 0.0930	+5.0%	$ 0.3812	$ 0.3630	+5.0%
Adjusted Cash Flow from Operations (ACFO)	$ 26,441	$ 30,617	-13.6%	$ 81,840	$ 76,853	+6.5%
Debt-to-GBV				40.3%	38.1%	+220 bps
Interest coverage (rolling 12 months)				2.53x	2.29x	+0.24x
Debt service coverage (rolling 12 months)				1.66x	1.54x	+0.12x

(1) Represents 11,368 (2023 - 12,088) suites fully owned by the REIT, 1,462 (2023 - 1,214) suites owned 50% by the REIT, and 605 (2023 - 605) suites owned 10% by the REIT.

- Overall Portfolio:
  a) The comparability of total portfolio results are materially 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 or Q4 2024 results. Same property results, discussed below, present results on a consistent basis period over period.
  b) Proportionate operating revenues for the quarter increased by $0.7 million to $62.6 million, an increase of 1.2% over Q4 2023. Proportionate operating revenues for the year increased by $9.5 million to $247.7 million, an increase of 4.0% over 2023.
  c) Average monthly rent per suite increased to $1,702 (December 2024) from $1,596 (December 2023), an increase of 6.6%, and from $1,687 (September 2024) an increase of 0.9%.
  d) Occupancy for December 2024 was 97.0%, no change when compared to December 2023.

e) Proportionate NOI for the quarter was $42.0 million, an increase of $1.4 million, or 3.6%, over Q4 2023. NOI margin for the quarter was 67.1%, an increase of 150 basis points from Q4 2023. Proportionate NOI for the year was $165.9 million, an increase of $9.6 million, or 6.2%, over 2023. NOI margin for the year was 67.0%, an increase of 140 basis points from 2023. On a per weighted average suite basis, proportionate NOI was $3,462 for the quarter, and $13,764 for the year; increases of 8.7% and 11.8%, respectively.

- Same Property Portfolio:
  a) Proportionate operating revenues for the quarter increased by $3.0 million to $61.7 million, an increase of 5.1% from Q4 2023. Proportionate operating revenues for the year increased by $16.2 million to $241.8 million, an increase of 7.2% from 2023.
  b) Average monthly rent per suite for the same property portfolio increased to $1,697 (December 2024) from $1,616 (December 2023), an increase of 5.0%, and from $1,686 (September 2024) an increase of 0.7%.
  c) Occupancy for December 2024 was 97.1%, an increase of 10 basis points when compared to December 2023.
  d) Same property proportionate NOI for the quarter was $41.4 million, an increase of $2.9 million, or 7.6% over Q4 2023. Same property NOI margin for the quarter was 67.2%, an increase of 160 basis points from Q4 2023. Same property proportionate NOI for the year was $162.2 million, an increase of $14.0 million, or 9.4% over 2023. Same property NOI margin for the year was 67.1%, an increase of 140 basis points from 2023. On a per suite basis, same property proportionate NOI was $3,496 for the quarter, and $13,685 for the year; increases of 7.6% and 9.4%, respectively.

- Repositioned properties had an average monthly rent per suite of $1,669 and occupancy of 97.5% for December 2024. Repositioned properties had proportionate NOI for the quarter of $35.1 million and NOI margin of 67.1%. On a full year basis, repositioned properties had proportionate NOI of $140.0 million and NOI margin of 67.0%.

- Net loss for the year was $155.6 million as compared to net income of $92.2 million for 2023. This decrease was due primarily to unrealized losses on the fair value adjustment of investment properties, which was a $263.3 million loss in 2024 and a $15.4 million gain in 2023. Fair value losses in 2024 were driven primarily by a 28 basis point increase in the weighted average capitalization rate used across the portfolio, with a smaller impact coming from downward revisions in market rents.

- FFO for the quarter was $23.1 million, an increase of $2.3 million, or 11.2%, over Q4 2023, and on a per unit basis increased by 9.9% over Q4 2023. FFO for the year was $90.7 million, an increase of $10.1 million or 12.6% over 2023, and on a per unit basis increased by 11.1% over 2023. The increase in full year FFO per unit was driven by 9.4% same-property NOI growth and a 2.7% decrease in financing costs.

- AFFO for the quarter was $20.6 million, an increase of $2.5 million, or 13.9%, over Q4 2023, and on a per unit basis increased by 12.1% over Q4 2023. AFFO for the year was $80.5 million, an increase of $10.1 million, or 14.3%, over 2023, and on a per unit basis increased by 12.7% over 2023.

- ACFO decreased by $4.2 million, or 13.6%, to $26.2 million compared to Q4 2023. ACFO for the year increased by $5.0 million or 6.5%. The decrease during Q4 is due primarily to the timing of working capital movements, the impact of which is normalized when looking at the full year.

- Debt-to-GBV at quarter end was 40.3%, an increase of 220 basis points compared to December 2023. This increase was a direct result of the fair value adjustment on investment properties during 2024.

PORTFOLIO SUMMARY

The Trust started the year with 12,756 suites. During the year ended December 31, 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;
- acquired a 50% interest in a 248 suite community in the Greater Montréal Area;
- 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 five suites to existing properties in the Greater Toronto and Hamilton Area;
- added three suites to existing properties in Other Ontario; 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 December 31, 2024, the Trust owned 12,160 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 December 31, 2024, 98.5% of the portfolio was included in same property suites and 84.5% 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 and balance near term market conditions with its longer term business strategy. 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 DECEMBER 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	4,751	4,160	34.2%	4,146	4,099	34.2%
National Capital Region	2,539	2,539	20.9%	2,539	2,539	21.2%
Other Ontario	2,007	2,007	16.5%	2,007	2,007	16.8%
Greater Montreal Area	3,272	3,021	24.8%	3,024	2,897	24.2%
Greater Vancouver Area	866	433	3.6%	866	433	3.6%
Total	13,435	12,160	100.0%	12,582	11,975	100.0%

ACQUISITIONS

During the year, the Trust completed a $53.5 million acquisition for a 50% ownership stake in a 248-suite community at 170 René Levesque E Boulevard in Montréal, Quebec. The acquisition is a joint venture with one partner. The REIT also acts as property manager on behalf of the joint venture and collects industry standard fees. In the REIT's financial statements and in this MD&A, the acquisition is accounted for using the proportionate consolidation method.

DISPOSITIONS

During 2024, the REIT advanced its capital recycling program, completing the disposition of 10 properties. The next phase of the program will target a portfolio of non-core assets in the range of $200 - $250 million that may be disposed of over the next 12 months, which are anticipated to generate net equity proceeds of $125 - $140 million.

The dispositions in 2024 consisted 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.

- four properties comprising 497 suites as well as a vacant parcel of land in Aylmer, Québec for a sale price of $92.0 million, or $185,000 per suite. The properties were sold for $1.6 million above their carrying value, however selling costs of $2.0 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.

- one property comprising 27 suites in Ottawa, Ontario for $5.5 million, or $204,000 per suite. The property was sold for $0.1m above its carrying value, however selling costs of $0.2 million were incurred as part of the transaction, resulting in a loss on disposition.

Altogether, the properties were sold for $2.5 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. Proceeds from the sales were used to fund the REIT's capital requirements, pay down debt, and purchase units under its NCIB.

PROPERTIES UNDER DEVELOPMENT

Development activity is another way through which the REIT generates long-term value through FFO and NAV accretion. 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 continues to advance on its 360 Laurier joint venture development as well as progressing on the planning for its three other potential development projects.

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%	TBD
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%	TBD
900 Albert Street	Ottawa	1,241	597,368	50.0%	TBD

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 in July of 2024. The majority of the work at the site has been tendered and awarded with construction on site well underway.

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 December 31, 2024		3 Months Ended December 31, 2023		12 Months Ended December 31, 2024		12 Months Ended December 31, 2023	
Gross rental revenue	**$ 62,002**		$ 61,065		**$ 245,393**		$ 236,106	
Less: vacancy & rebates	**(2,898)**		(2,749)		**(11,684)**		(11,545)	
Other revenue	**3,510**		3,565		**14,009**		13,619	
Operating revenues	**$ 62,614**		$ 61,881		**$ 247,718**		$ 238,180	
Expenses								
Property operating costs	**9,649**	**15.4%**	9,676	15.6%	**38,862**	**15.6%**	38,228	16.1%
Property taxes	**6,383**	**10.2%**	6,752	10.9%	**25,995**	**10.5%**	25,577	10.7%
Utilities	**4,561**	**7.3%**	4,873	7.9%	**16,981**	**6.9%**	18,115	7.6%
Operating expenses	**$ 20,593**	**32.9%**	$ 21,301	34.4%	**$ 81,838**	**33.0%**	$ 81,920	34.4%
Net operating income	**$ 42,021**		$ 40,580		**$ 165,880**		$ 156,260	
Net operating margin	**67.1%**		65.6%		**67.0%**		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 year ended December 31, 2024 increased 3.9% to $245.4 million compared to $236.1 million for the year ended December 31, 2023. Operating revenue for the year was up $9.5 million to $247.7 million, or 4.0% compared to 2023.

The Trust owned, on a weighted average basis, 12,052 suites for the year ended December 31, 2024 as compared to 12,697 for the year ended December 31, 2023, a decrease of 645 suites over the period. On a per weighted average suite basis, operating revenue for the year ended December 31, 2024 was an average of $1,713 per month ($1,563 in 2023) a 9.6% year-over-year increase.

Average monthly rent for December 2024 of $1,702 per suite has increased compared to $1,596 for December 2023, (6.6% increase), and $1,687 for September 2024 (0.9% increase). On a same property basis, the average rent increased by $81 per suite (or up 5.0%) over December 2023 and by $11 per suite (or up 0.7%) over September 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. The REIT executed 635 new leases during Q4 and realized positive gain-on-lease in all its markets. Expiring rents in Q4 2024 were 12.9% higher than expiring rents in Q4 2023. New rents achieved in Q4 2024 were 7.4% higher than the expiring rents for the quarter, resulting in an annualized incremental revenue gain of approximately $2.0 million during the fourth quarter.

During the year ended December 31, 2024, new leases resulted in annualized proportionate revenue growth of approximately $8.6 million with an average gain-on-lease of 12.7% for the 3,015 new leases signed this year, down from the 3,143 new leases signed during 2023. The 3,015 new leases signed in the year represent 21.9% of the total portfolio on a weighted average basis. 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)
Q4 2024	635	$ 1,947	$ 2,091	7.4%	$ 1,955
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
Total/Average	**3,015**	**$ 1,848**	**$ 2,083**	**12.7%**	**$ 8,625**

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

On a same property basis, the REIT signed 2,918 new leases during the year, or 23.2% of the same property portfolio, a slight increase compared to 2,901 for 2023, or 23.1% of the same property portfolio, an increase of 17 leases.

Average market rental gap on the total portfolio has decreased slightly to 26% while suite turnover, excluding disposed properties, for the trailing 12 months held steady at 24.0%. InterRent is closely monitoring market conditions in each region and remains flexible in its strategy, including adjusting target occupancy levels as needed to optimize portfolio performance.

▼ Average Rent By Region(1)

Region	Total Portfolio			Same Property		
	December 2024	December 2023	Change	December 2024	December 2023	Change
Greater Toronto & Hamilton Area	$1,775	$1,700	+4.4%	$1,772	$1,698	+4.4%
National Capital Region(1)	$1,817	$1,651	+10.1%	$1,817	$1,735	+4.7%
Other Ontario	$1,644	$1,566	+5.0%	$1,644	$1,566	+5.0%
Greater Montreal Area	$1,502	$1,379	+8.9%	$1,476	$1,390	+6.2%
Greater Vancouver Area	$2,023	$1,909	+6.0%	$2,023	$1,909	+6.0%
Total	**$1,702**	**$1,596**	**+6.6%**	**$1,697**	**$1,616**	**+5.0%**

(1) Excludes extended stay suites.

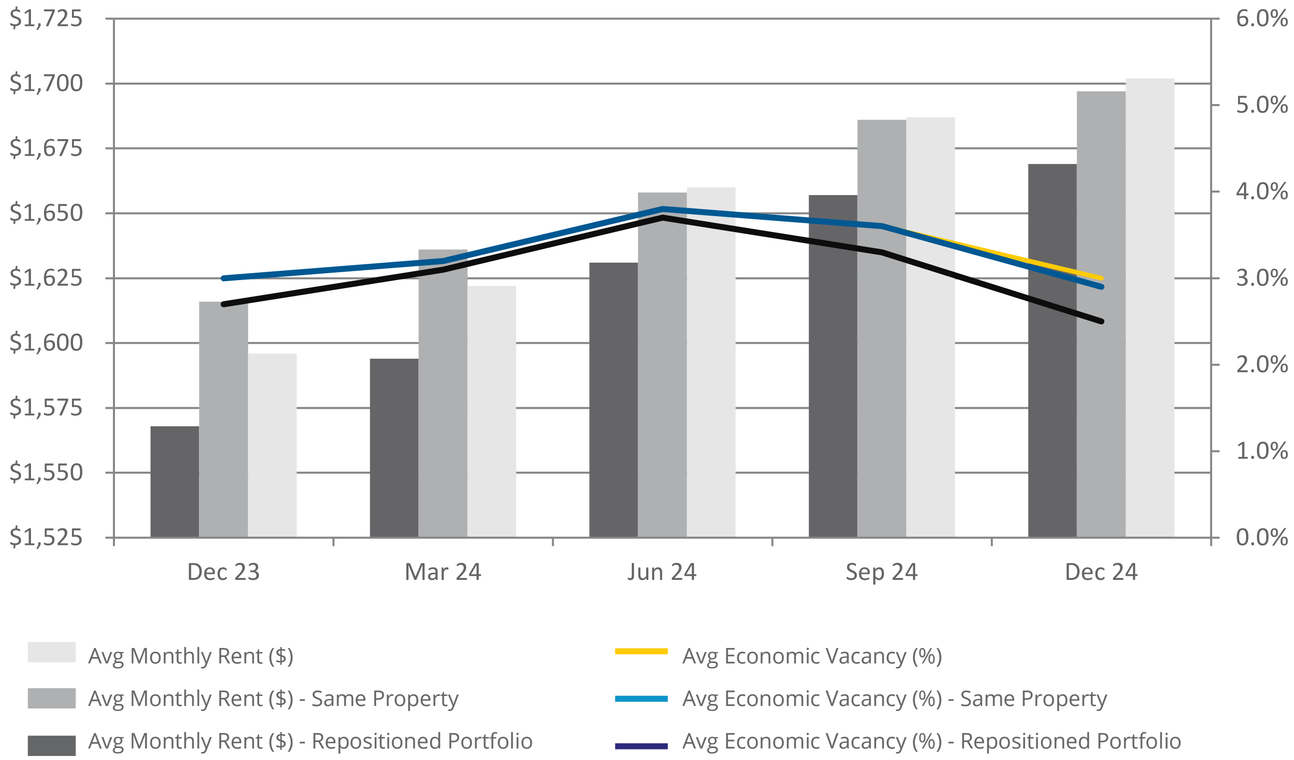
PORTFOLIO OCCUPANCY

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 vacancy is calculated by taking financial vacancy loss and dividing it by gross rental revenue.



	December 2023	March 2024	June 2024	September 2024	December 2024
Average monthly rents repositioned property	$1,568	$1,594	$1,631	$1,657	$1,669
Average monthly rents same property	$1,616	$1,636	$1,658	$1,686	$1,697
Average monthly rents all properties	$1,596	$1,622	$1,660	$1,687	$1,702

The overall economic vacancy for December 2024 across the entire portfolio was 3.0%, consistent with December 2023, and a decrease of 60 basis points as compared to the 3.6% vacancy in September 2024. This 60 basis points decrease in vacancy from the prior quarter is in line with historical averages.

The economic vacancy for December 2024 on a same property portfolio basis was 2.9%, a decrease of 10 basis points from 3.0% in December 2023 and a decrease of 70 basis points from 3.6% in September 2024.

VACANCY BY REGION

Region	Total Portfolio			Same Property		
	December 2024	December 2023	Change	December 2024	December 2023	Change
Greater Toronto & Hamilton Area	2.8%	3.2%	-40 bps	2.9%	3.2%	-30 bps
National Capital Region	3.4%	2.5%	+90 bps	3.4%	2.2%	+120 bps
Other Ontario	2.4%	3.2%	-80 bps	2.4%	3.2%	-80 bps
Greater Montreal Area	3.0%	2.6%	+40 bps	2.2%	2.7%	-50 bps
Greater Vancouver Area	5.1%	6.7%	-160 bps	5.1%	6.7%	-160 bps
Total	**3.0%**	**3.0%**	**no change**	**2.9%**	**3.0%**	**-10 bps**

OTHER REVENUE

Other revenue for the year ended December 31, 2024 was up slightly from $13.6 million to $14.0 million compared to December 31, 2023, due to increased revenues from parking and commercial space.

PROPERTY OPERATING COSTS

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

Property operating costs for the year ended December 31, 2024 amounted to $38.9 million or 15.6% of revenue compared to $38.2 million or 16.1% of revenue for the year ended December 31, 2023. As a percentage of revenue, operating costs decreased by 50 basis points as compared to 2023.

On a per weighted average suite basis, property operating costs for the year ended December 31, 2024 were $3,225 a 7.1% increase over $3,011 for the year ended December 31, 2023. Normalizing this for the impact of acquisitions and dispositions in the year, the per suite increase for 2024 would be 5.1%.

PROPERTY TAXES

Property taxes for the year ended December 31, 2024 amounted to $26.0 million or 10.5% of revenue compared to $25.6 million or 10.7% of revenue for 2023. Overall property taxes have increased by $0.4 million however they have decreased slightly as a percentage of operating revenues. The increase is from annual rate increases compared to 2023 offset by the dispositions.

On a per weighted average suite basis, property taxes for the year ended December 31, 2024 were $2,157 which is a 7.1% increase over $2,014 for the year ended December 31, 2023, primarily due to annual rate increases as well as the change in suite mix resulting from the disposal of older properties and the acquisition of a relatively newer build.

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

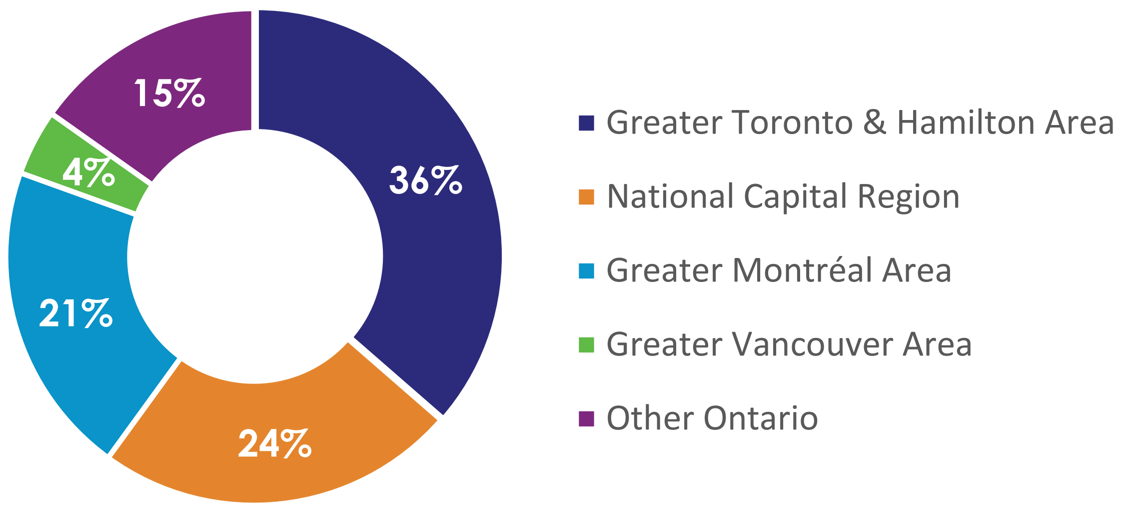
Utility costs for the year ended December 31, 2024 amounted to $17.0 million or 6.9% of revenue, $1.1 million lower than the $18.1 million, or 7.6% of revenue for the year ended December 31, 2023. On a per weighted average suite basis, utility costs have decreased 1.2% compared to 2023, to $1,409 per suite. Lower natural gas costs are the main driver, with an 8% decrease in usage across the portfolio and a 13% drop in rates. The decreased usage is driven by a 5% decrease in heating degree days plus usage savings realized on the Trust's investment in energy efficient upgrades. Gas savings were offset by higher electricity costs, where higher cooling degree days drove a 2% increase in usage, compounded by an average 5% increase in rates across the portfolio. Water costs were also up, with a 3% increase in usage and a 5% increase in rates.

The Trust continues to manage its electricity costs through its hydro sub-metering initiative, which reduced electricity costs by 28.5%, or $2.3 million for the year (2023 - $2.1 million). At December 31, 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 86% 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 year ended December 31, 2024 amounted to $165.9 million or 67.0% of operating revenues compared to $156.3 million or 65.6% of operating revenue for the year ended December 31, 2023. The $9.6 million, or 6.2%, 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 NOI.

▼ NOI BY REGION – YEAR ENDED DECEMBER 31, 2024



SAME PROPERTY PROPORTIONATE PORTFOLIO PERFORMANCE

Same property results for the year December 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 or properties going through a lease-up during the period from January 1, 2023 to December 31, 2024. As at December 31, 2024, the Trust has 11,975 suites in the same property portfolio. The same property portfolio represents 98.5% 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 December 31, 2024		3 Months Ended December 31, 2023		12 months Ended December 31, 2024		12 months Ended December 31, 2023	
Gross rental revenue	**$ 61,007**		$ 57,949		**$ 239,513**		$ 223,833	
Less: vacancy & rebates	**(2,805)**		(2,629)		**(11,367)**		(11,014)	
Other revenue	**3,490**		3,372		**13,669**		12,831	
Operating revenues	**$ 61,692**		$ 58,692		**$ 241,815**		$ 225,650	
Expenses								
Property operating costs	**9,503**	**15.3%**	9,125	15.5%	**37,779**	**15.6%**	35,948	15.9%
Property taxes	**6,265**	**10.2%**	6,427	11.0%	**25,353**	**10.5%**	24,294	10.8%
Utilities	**4,488**	**7.3%**	4,616	7.9%	**16,499**	**6.8%**	17,212	7.6%
Operating expenses	**$ 20,256**	**32.8%**	$ 20,168	34.4%	**$ 79,631**	**32.9%**	$ 77,454	34.3%
Net operating income	**$ 41,436**		$ 38,524		**$ 162,184**		$ 148,196	
Net operating margin	**67.2%**		65.6%		**67.1%**		65.7%	

For the year ended December 31, 2024, operating revenues for the same property portfolio increased by 7.2% compared to the year ended December 31, 2023. As a percentage of revenue, property operating costs, property taxes and utilities are down 30 basis points, 30 basis points, and 80 basis points, respectively. This resulted in an overall decrease in operating expenses, as a percentage of operating revenues, of 140 basis points as compared to last year.

On a per suite basis, same property operating revenues for the year ended December 31, 2024 were $1,700 per month on average, which is a 7.2% increase over $1,587 for the year ended December 31, 2023. Property operating costs per suite were $3,188 for the year ended December 31, 2024, which is a 5.1% increase over $3,033 for the year ended December 31, 2023. Property taxes were $2,139 per suite for 2024, a 4.4% increase over $2,050 for 2023. Utilities were $1,392 per suite for 2024, a 4.1% decrease from $1,452 in 2023.

The net impact of a 7.2% increase in operating revenue and a 2.8% increase in operating expenses was same property proportionate NOI of $162.2 million, an increase of $14.0 million, or 9.4%, as compared to last year. NOI margin for 2024 was 67.1% as compared to 65.7% for 2023, a 140 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 December 2024 for same property increased to $1,697 per suite from $1,616 (December 2023), an increase of 5.0%. Economic vacancy for December 2024 for same property was 2.9%, compared to 3.0% for December 2023, and 3.6% for September 2024.

	December 2023	March 2024	June 2024	September 2024	December 2024
Average monthly rent same property	$1,616	$1,636	$1,658	$1,686	$1,697
Average monthly vacancy same property	3.0%	3.2%	3.8%	3.6%	2.9%

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 year ended December 31, 2024 are defined as all properties owned and operated by the Trust prior to January 1, 2021. As at December 31, 2024, the Trust has 10,281 repositioned property suites, which represents 84.5% 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 December 31, 2024					
	Repositioned Property Portfolio		Non-Repositioned Property Portfolio		Total Portfolio	
Gross rental revenue	$ 51,534		$ 10,468		**$ 62,002**	
Less: vacancy & rebates	(2,137)		(761)		**(2,898)**	
Other revenue	2,976		534		**3,510**	
Operating revenues	$ 52,373		$ 10,241		**$ 62,614**	
Expenses						
Property operating costs	7,933	15.2%	1,716	16.8%	**9,649**	**15.4%**
Property taxes	5,416	10.3%	967	9.4%	**6,383**	**10.2%**
Utilities	3,877	7.4%	684	6.7%	**4,561**	**7.3%**
Operating expenses	$ 17,226	32.9%	$ 3,367	32.9%	**$ 20,593**	**32.9%**
Net operating income	$ 35,147		$ 6,874		**$ 42,021**	
Net operating margin	67.1%		67.1%		**67.1%**	

In $ 000's	12 months Ended December 31, 2024					
	Repositioned Property Portfolio		Non-Repositioned Property Portfolio		Total Portfolio	
Gross rental revenue	$ 206,320		$ 39,073		**$ 245,393**	
Less: vacancy & rebates	(9,264)		(2,420)		**(11,684)**	
Other revenue	12,018		1,991		**14,009**	
Operating revenues	$ 209,074		$ 38,644		**$ 247,718**	
Expenses						
Property operating costs	32,289	15.4%	6,573	17.0%	**38,862**	**15.6%**
Property taxes	22,191	10.6%	3,804	9.8%	**25,995**	**10.5%**
Utilities	14,551	7.0%	2,430	6.3%	**16,981**	**6.9%**
Operating expenses	$ 69,031	33.0%	$ 12,807	33.1%	**$ 81,838**	**33.0%**
Net operating income	$ 140,043		$ 25,837		**$ 165,880**	
Net operating margin	67.0%		66.9%		**67.0%**	

The average monthly rent for December 2024 for the repositioned property portfolio was $1,669 per suite and the economic vacancy for December 2024 was 2.5% whereas the non-repositioned properties had an average monthly rent of $1,885 per suite and an economic vacancy of 5.4% for December 2024.

Region	Repositioned Property Portfolio			Non-Repositioned Property Portfolio		
	Suites	December 2024 Average Rent	December 2024 Vacancy	Suites	December 2024 Average Rent	December 2024 Vacancy
Greater Toronto & Hamilton Area	3,568	$1,761	2.9%	592	$1,853	2.7%
National Capital Region	2,377	$1,785	2.7%	162	$2,276	10.9%
Other Ontario	1,735	$1,651	2.0%	272	$1,596	5.1%
Greater Montreal Area	2,601	$1,449	2.2%	420	$1,824	7.0%
Greater Vancouver Area	-	-	-	433	$2,023	5.1%
Total	**10,281**	**$1,669**	**2.5%**	**1,879**	**$1,885**	**5.4%**

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 December 31, 2024	3 Months Ended December 31, 2023	12 months Ended December 31, 2024	12 months Ended December 31, 2023
Net operating income	**$ 42,021**	$ 40,580	**$ 165,880**	$ 156,260
Expenses				
Financing costs	**14,359**	15,558	**57,659**	59,254
Administrative costs	**4,524**	4,401	**17,474**	16,618
Income before other income and expenses	**$ 23,138**	$ 20,621	**$ 90,747**	$ 80,388

FINANCING COSTS

Total proportionate financing costs amounted to $14.4 million or 22.9% of operating revenue for the three months ended December 31, 2024 compared to $15.6 million or 25.1% of operating revenue for the three months ended December 31, 2023.

In $ 000's	3 Months Ended December 31, 2024			3 Months Ended December 31, 2023		
	GAAP Basis	Proportionate Basis		GAAP Basis	Proportionate Basis	
	Amount	Amount	% of Revenue	Amount	Amount	% of Revenue
Cash based:						
Mortgage interest	**$ 14,122**	**$ 14,530**	**23.2%**	$ 15,107	$ 15,487	25.0%
Credit facilities	**696**	**695**	**1.1%**	788	788	1.3%
Interest capitalized	**(966)**	**(1,319)**	**(2.1%)**	(878)	(1,161)	(1.9%)
Interest income	**(187)**	**(187)**	**(0.3%)**	(112)	(112)	(0.2%)
Non-Cash based:						
Amortization of deferred finance cost and premiums on assumed debt	**602**	**640**	**1.0%**	556	556	0.9%
Total	**$ 14,267**	**$ 14,359**	**22.9%**	$ 15,461	$ 15,558	25.1%

Financing costs amounted to $57.7 million or 23.3% of operating revenue for the year ended December 31, 2024 compared to $59.3 million or 24.9% of operating revenue for the year ended December 31, 2023.

In $ 000's	12 months Ended December 31, 2024			12 months Ended December 31, 2023		
	GAAP Basis	Proportionate Basis		GAAP Basis	Proportionate Basis	
	Amount	Amount	% of Revenue	Amount	Amount	% of Revenue
Cash based:						
Mortgage interest	**$ 57,597**	**$ 59,285**	**24.0%**	$ 58,063	$ 59,218	25.0%
Credit facilities	**1,926**	**1,925**	**0.8%**	3,176	3,176	1.3%
Interest capitalized	**(3,433)**	**(4,902)**	**(2.0%)**	(3,627)	(4,502)	(1.9%)
Interest income	**(1,250)**	**(1,250)**	**(0.5%)**	(651)	(651)	(0.3%)
Non-Cash based:						
Amortization of deferred finance cost and premiums on assumed debt	**2,450**	**2,601**	**1.0%**	2,013	2,013	0.8%
Total	**$ 57,290**	**$ 57,659**	**23.3%**	$ 58,974	$ 59,254	24.9%

Throughout 2024 and early into 2025, the Bank of Canada implemented a series of interest rate reductions in their overnight rate in response to evolving economic conditions. Starting in June 2024, the central bank initiated rate cuts, bringing the policy rate down from 4.75% to 3.25% by December 2024, with 100 basis points being cut in the fourth quarter alone. This easing trend continued with a further 25 basis point reduction in January 2025, setting the overnight rate to 3.00%. CMHC insured mortgage rates experienced volatility throughout the quarter with the five- and ten-year rates being up approximately 30 basis points since the beginning of the quarter and ended at approximately 3.65-3.75% and 4.10-4.20%, respectively. Over the course of the year, CMHC insured mortgage rates experienced less volatility than the year prior but still fluctuated, ranging from approximately 3.40% to 4.65% for 5-year terms and from approximately 3.85% to 4.80% for 10-year terms. 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 and optimize its capital structure where appropriate.

In the fourth quarter, interest expense decreased by $1.0 million compared to the same quarter last year, with approximately half of the reduction attributed to property dispositions throughout 2024. The remaining decrease was primarily driven by the successful CMHC financing of the Vancouver debt early in the year and regular principal payments naturally reducing interest expense. For the full year, mortgage interest remained similar with the prior year. Annualized interest savings from the dispositions and the refinancing of the Vancouver debt were offset primarily by the recognition of Slayte's mortgage interest for a full year along with other successful up-financings throughout both 2023 and 2024. An additional $0.5 million of interest expense was recognized in 2024 resulting from the joint ventures, most of which has been capitalized to the respective development projects. As of December 31, 2024, the weighted average interest rate declined to 3.37% from 3.50% the prior year.

For the year ended 2024, the REIT benefited throughout much of the year 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 $0.1 million for the quarter and $1.3 million for the year, compared to 2023.

As at December 31, 2024, the REIT's total variable rate exposure was 4%, with plans to secure CMHC financing for the fourth-quarter acquisition in Montréal to bring it back to previous levels of approximately 1%.

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.

Interest income saw a modest increase in the fourth quarter of 2024 compared to the same period in 2023, reflecting the full deployment early in quarter of proceeds from the capital recycling program executed throughout 2024. For the full year, interest income rose by $0.6 million, driven by the net proceeds from this strategic program.

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 year ended December 31, 2024 amounted to $17.5 million, or 7.1% of proportionate operating revenue, compared to $16.6 million for the same period in 2023, being 7.0% of proportionate operating revenue.

The Trust incurs property management costs representing salaries, employee benefits, travel, and other expenses incurred in order to earn fees for the property and project management services for 2,067 residential suites within its joint operations and joint ventures. Property management fees are presented in other income and fees and were consistent year-over-year.

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 December 31, 2024	3 Months Ended December 31, 2023	12 months Ended December 31, 2024	12 months Ended December 31, 2023
Income before other income and expenses	**$ 23,138**	$ 20,621	**$ 90,747**	$ 80,388
Other income and expenses				
Fair value adjustments of investment properties	**(143,613)**	14,775	**(263,331)**	15,420
Other income and fees	**496**	593	**2,035**	2,001
Gain/(loss) on sale of investment properties	**174**	-	**(1,485)**	(32)
Unrealized gain/(loss) on financial liabilities	**13,215**	(8,094)	**18,761**	(2,779)
Distributions expense on units classified as financial liabilities	**(530)**	(642)	**(2,373)**	(2,758)
Net income (loss)	**$ (107,120)**	$ 27,253	**$ (155,646)**	$ 92,240

OTHER INCOME AND FEES

The Trust has contractual arrangements and receives compensation to perform the property and project management services for 2,067 residential suites within its joint operations and joint ventures.

SALE OF ASSETS

During the year, 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, the unamortized portion of the CMHC insurance premium and mortgage discharge penalties) were incurred as part of the transactions, resulting in a loss on disposition.

The Trust also completed the sale of four properties comprising 497 suites as well as a vacant parcel of land in Aylmer, Québec for a sale price of $92.0 million, or $185,000 per suite. The properties were sold for $1.6 million above their carrying value, however selling costs of $2.0 million (which includes commission, legal expense, the unamortized portion of the CMHC insurance premium and mortgage discharge penalties) were incurred as part of the transactions, resulting in a loss on disposition.

The Trust also completed the sale of one property comprising 27 suites in Ottawa, Ontario for a sale price of $5.5 million, or $204,000 per suite. The property was sold for $0.1 million above its carrying value, however selling costs of $0.2 million (which includes commission, legal expense and the unamortized portion of the CMHC insurance premium) were incurred as part of the transaction, resulting in a loss on disposition.

FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES

The fair value of the portfolio at December 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, 2024 and 2023. For the year ended December 31, 2024, a proportionate fair value loss of $263.3 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 the end of 2024 was 4.49%, up 15 basis points from Q3 2024 and up 28 basis points from the 4.21% used for Q4 2023.

UNREALIZED FAIR VALUE GAIN/LOSS ON FINANCIAL LIABILITIES

The Trust used a price of $10.15 (December 31, 2023 - $13.23) 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 December 31, 2024 was $45.2 million and a corresponding fair value gain of $13.8 million was recorded on the consolidated statement of income for the year ended December 31, 2024.

The total fair value of the performance and restricted units recorded on the consolidated balance sheet at December 31, 2024 was $2.6 million with a $2.8 million fair value gain recorded on the consolidated statement of income for the year ended December 31, 2024.

The Trust determined the fair value of the option plan (unit-based compensation liability) at December 31, 2024 was $0.1 million with a $0.2 million fair value gain recorded on the consolidated statement of income for the year ended December 31, 2024.

The total fair value of the Class B LP Unit Liability recorded on the consolidated balance sheet at December 31, 2024 was nil as all remaining units were exchanged during the year. Prior to the exchange, a fair value gain of $3.2 million was recorded on the consolidated statement of income for the year ended December 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 the end of the year and settlements during the year, the REIT recognized an unrealized loss of $1.2 million on interest rate swaps and forward rate locks for the year ended December 31, 2024.

In $ 000's	3 Months Ended December 31, 2024	3 Months Ended December 31, 2023	12 months Ended December 31, 2024	12 months Ended December 31, 2023
Fair value gain/(loss) on financial liabilities:				
Deferred unit compensation plan	**$ 11,897**	$ (3,120)	**$ 13,847**	$ (1,679)
Performance and restricted unit compensation plan	**1,440**	(58)	**2,795**	216
Option plan	**152**	(56)	**158**	(39)
Class B LP unit liability	**-**	(1,599)	**3,150**	(41)
Rate swaps	**(274)**	(1,632)	**(1,612)**	(813)
Forward rate locks	**-**	(1,629)	**423**	(423)
Fair value gain/(loss) on financial liabilities	**$ 13,215**	$ (8,094)	**$ 18,761**	$ (2,779)

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 December 31, 2024:

In $ 000's	December 31, 2024			
	GAAP Basis		Proportionate Basis	
Balance, December 31, 2023	$	4,315,742	$	4,389,547
Acquisitions		55,768		55,768
Dispositions		(141,050)		(141,050)
Changes in assets held for sale		45,368		45,368
Property capital investments		65,590		75,114
Fair value losses		(262,791)		(263,331)
Total investment properties	$	4,078,627	$	4,161,416

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 10,281 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 $75.1 million during the year ended December 31, 2024 on a proportionate basis, of which $10.2 million was spent on improvements for non-repositioned properties ($5,428 per suite), $17.7 million on properties under development, and $47.2 million on the repositioned portfolio ($4,591 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 December 31, 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[1]	(1,210,300)	(13,483)
Units issued from exchange of Class B units	2,160,766	25,437
Units issued under the deferred unit plan	87,866	1,026
Units issued under distribution reinvestment plan	1,647,081	19,388
Units issued from options exercised	34,840	447
December 31, 2024	**147,503,404**	**$1,121,494**

[1] Includes $257 for the 2% tax on Trust Unit repurchases, which became effective on January 1, 2024

As at December 31, 2024 there were 147,503,404 Trust Units issued and outstanding. During the year ended December 31, 2024 the Trust purchased and cancelled 1,210,300 units for $13.2 million (2023 - 157,200 units purchased for $2.0 million). The Trust also purchased 90,000 units for $0.9 million that were cancelled following the end of the year. Average price per Unit for purchases during 2024 was $10.88 (2023 - $12.71). In January 2025, the Trust has purchased and cancelled 1,972,084 units for $19.7 million , or an average price of $10.01 per unit through an Automatic Unit Repurchase Plan. Repurchases continued in February and through the date of this report. The per unit amounts above exclude the 2% tax on Trust Unit repurchases which became effective January 1, 2024.

Additionally, 2,160,766 Class LP Units were exchanged for 2,160,766 Trust Units (2023 - 1,250,000). 1,974,516 of these units (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 $0.3812 and $0.3630 for the year ended December 31, 2024 and 2023, respectively. The Trust is currently making monthly distributions of $0.0331 per Unit, which equates to $0.3969 per Unit on an annualized basis. For the year ended December 31, 2024, the Trust's FFO and AFFO were $0.612 and $0.543 per unit (diluted) respectively, compared to $0.551 and $0.482 for the year ended December 31, 2023.

On December 16, 2024 the Trust announced a suspension of the Dividend Reinvestment Plan until further notice. As a result, Unitholders will receive distributions in cash following the December 16, 2024 distribution.

Distributions to Unitholders are as follows:

In $ 000's	12 months Ended December 31, 2024	12 months Ended December 31, 2023
Distributions declared to Unitholders	**$ 55,913**	$ 52,056
Distributions reinvested through DRIP	**(19,388)**	(20,683)
Distributions declared to Unitholders, net of DRIP	**$ 36,525**	$ 31,373
DRIP participation rate	**34.7%**	39.7%

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 December 31, 2024	3 Months Ended December 31, 2023	12 months Ended December 31, 2024	12 months Ended December 31, 2023
Trust units	**147,974,797**	144,576,192	**147,575,731**	143,354,903
LP Class B units	**-**	2,160,766	**600,154**	2,773,780
Weighted average units outstanding - Basic	**147,974,797**	146,736,958	**148,175,885**	146,128,683
Unexercised dilutive options [1]	**21,783**	47,290	**21,783**	47,290
Weighted average units outstanding - Diluted	**147,996,580**	146,784,248	**148,197,668**	146,175,973

[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 $000's, except per Unit amounts and Units outstanding	3 Months Ended December 31, 2024	3 Months Ended December 31, 2023	12 months Ended December 31, 2024	12 months Ended December 31, 2023
Net income (loss)	**$ (107,120)**	$ 27,253	**$ (155,646)**	$ 92,240
Add (deduct):				
Fair value adjustments on investment property	**143,709**	(14,644)	**262,791**	(11,954)
(Gain)/loss on sale of investment properties	**(174)**	-	**1,485**	32
Adjustment for equity accounted joint ventures	**(96)**	(131)	**540**	(3,466)
Unrealized (gain) loss on financial instruments	**(13,215)**	8,094	**(18,761)**	2,779
Interest expense on puttable units classified as liabilities	**-**	201	**329**	971
Funds from Operations (FFO)	**$ 23,104**	$ 20,773	**$ 90,738**	$ 80,602
FFO per weighted average unit - basic	**$ 0.156**	$ 0.142	**$ 0.612**	$ 0.552
FFO per weighted average unit - diluted	**$ 0.156**	$ 0.142	**$ 0.612**	$ 0.551

AFFO Reconciliation In $000's, except per Unit amounts and Units outstanding	3 Months Ended December 31 , 2024	3 Months Ended December 31 , 2023	12 months Ended December 31 , 2024	12 months Ended December 31, 2023
Funds from Operations	**$ 23,104**	$ 20,773	**$ 90,738**	$ 80,602
Add (deduct):				
Actual maintenance capital investment	**(2,459)**[(1)]	(2,641)[(1)]	**(10,244)**[(1)]	(10,206)[(1)]
Adjusted Funds from Operations (AFFO)	**$ 20,645**	$ 18,132	**$ 80,494**	$ 70,396
AFFO per weighted average unit - basic	**$ 0.140**	$ 0.124	**$ 0.543**	$ 0.482
AFFO per weighted average unit - diluted	**$ 0.139**	$ 0.124	**$ 0.543**	$ 0.482

(1) Maintenance capital investment total is for the 10,281 (2023 - 10,145) repositioned suites

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

Disposed Properties In $000's	**3 Months Ended December 31, 2024**	**3 Months Ended December 31, 2023**	**12 months Ended December 31, 2024**	**12 months Ended December 31, 2023**
Proportionate NOI	**$ -**	$ 1,845	**$ 2,222**	$ 7,134
FFO	**$ -**	$ 1,311	**$ 1,794**	$ 4,948

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 $000's, except per Unit amounts and Units outstanding	**3 Months Ended December 31, 2024**	**3 Months Ended December 31, 2023**	**12 months Ended December 31, 2024**	**12 months Ended December 31, 2023**
Cash generated from operating activities	**$ 32,228**	$ 33,885	**$ 67,481**	$ 89,619
Add (deduct):				
Changes in non-cash working capital not indicative of sustainable cash flows	**(2,650)**	-	**27,350**	(300)
Amortization of finance costs	**(602)**	(556)	**(2,450)**	(2,013)
Principal portion of lease payments	**(76)**	(71)	**(297)**	(247)
Actual maintenance capital investment	**(2,459)**	(2,641)	**(10,244)**	(10,206)
ACFO	**$ 26,441**	$ 30,617	**$ 81,840**	$ 76,853
Distributions declared [1]	**$ 14,420**	$ 13,663	**$ 56,242**	$ 53,027
Excess of ACFO over distributions declared	**$ 12,021**	$ 16,954	**$ 25,598**	$ 23,826
ACFO payout ratio	**54.5%**	44.6%	**68.7%**	69.0%

(1) Includes distributions on LP Class B units

For the year ended December 31, 2024, ACFO exceeded distributions declared by $25.6 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 December 31, 2024	3 Months Ended December 31, 2023	12 months Ended December 31, 2024	12 months Ended December 31, 2023
Net income (loss)	**$ (107,120)**	$ 27,253	**$ (155,646)**	$ 92,240
Cash flows from operating activities	**32,228**	33,885	**67,481**	89,619
Distributions paid [1]	**8,979**	8,395	**36,536**	32,038
Distributions declared [1]	**14,420**	13,663	**56,242**	53,027
Excess (deficit) of net income/loss compared to distributions paid	**(116,099)**	18,858	**(192,182)**	60,202
Excess (deficit) of net income/loss compared to distributions declared	**(121,540)**	13,590	**(211,888)**	39,213
Excess (deficit) of cash flows from operations over distributions paid	**23,249**	25,490	**30,945**	57,581
Excess (deficit) of cash flows from operations over distributions declared	**17,808**	20,222	**11,239**	36,592

(1) Includes distributions on LP Class B units

For the year ended December 31, 2024, cash flows from operating activities exceeded distributions paid by $30.9 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.

QUARTERLY PERFORMANCE HIGHLIGHTS

Selected Consolidated Information In $000's, except per Unit amounts and other non-financial data	2024				2023			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Total suites	12,160	12,031	12,024	12,544	12,756	12,728	12,709	12,689
Average rent per suite [1]	$ 1,702	$ 1,687	$ 1,660	$ 1,622	$ 1,596	$ 1,576	$ 1,531	$ 1,504
Occupancy rate [1]	97.0%	96.4%	96.2%	96.8%	97.0%	95.2%	95.4%	96.8%
Proportionate operating revenues	$ 62,614	$ 61,213	$ 61,787	$ 62,104	$ 61,881	$ 59,596	$ 58,963	$ 57,740
Proportionate net operating income (NOI)	$ 42,021	$ 41,730	$ 41,733	$ 40,396	$ 40,580	$ 40,291	$ 39,068	$ 36,321
NOI %	67.1%	68.2%	67.5%	65.0%	65.6%	67.6%	66.3%	62.9%
Same Property average rent per suite [1]	$ 1,697	$ 1,686	$ 1,658	$ 1,635	$ 1,616	$ 1,596	$ 1,553	$ 1,526
Same Property occupancy rate [1]	97.1%	96.4%	96.2%	96.8%	97.0%	95.2%	95.5%	96.7%
Same Property proportionate operating revenues	$ 61,692	$ 60,836	$ 59,981	$ 59,409	$ 58,692	$ 56,380	$ 55,765	$ 55,125
Same Property proportionate NOI	$ 41,436	$ 41,499	$ 40,605	$ 38,717	$ 38,524	$ 38,190	$ 37,017	$ 34,669
Same Property NOI %	67.2%	68.2%	67.7%	65.2%	65.6%	67.8%	66.4%	62.9%
Net Income (loss)	$ (107,120)	$ (74,153)	$ (1,072)	$ 26,699	$ 27,253	$ (54,560)	$ 36,786	$ 82,761
FFO	$ 23,104	$ 23,410	$ 23,096	$ 21,128	$ 20,773	$ 21,335	$ 19,584	$ 18,910
FFO per weighted average unit - diluted	$ 0.156	$ 0.159	$ 0.157	$ 0.144	$ 0.142	$ 0.146	$ 0.134	$ 0.130
AFFO	$ 20,645	$ 20,910	$ 20,405	$ 18,534	$ 18,132	$ 18,957	$ 16,877	$ 16,430
AFFO per weighted average unit - diluted	$ 0.139	$ 0.142	$ 0.138	$ 0.126	$ 0.124	$ 0.130	$ 0.116	$ 0.113
Distributions per unit	$ 0.0977	$ 0.0945	$ 0.0945	$ 0.0945	$ 0.0930	$ 0.0900	$ 0.0900	$ 0.0900
ACFO	$ 26,441	$ 22,394	$ 17,804	$ 15,202	$ 30,617	$ 17,415	$ 20,627	$ 8,194
Debt-to-GBV	40.3%	38.5%	37.8%	37.5%	38.1%	38.6%	37.7%	38.0%
Interest coverage (rolling 12 months)	2.53x	2.46x	2.39x	2.31x	2.29x	2.30x	2.37x	2.52x
Debt service coverage (rolling 12 months)	1.66x	1.63x	1.59x	1.55x	1.54x	1.52x	1.54x	1.59x

[1] Last month of the quarter

RECONCILIATION OF Q4 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 December 31, 2024			3 Months Ended December 31, 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	$ 62,249	$ 365	$ 62,614	$ 61,526	$ 355	$ 61,881
Operating expenses						
Property operating costs	9,591	58	9,649	9,617	59	9,676
Property taxes	6,343	40	6,383	6,711	41	6,752
Utilities	4,531	30	4,561	4,831	42	4,873
Total operating expenses	20,465	128	20,593	21,159	142	21,301
Net operating income	41,784	237	42,021	40,367	213	40,580
Financing costs	14,267	92	14,359	15,461	97	15,558
Administrative costs	4,525	(1)	4,524	4,401	-	4,401
Income before other income and expenses	22,992	146	23,138	20,505	116	20,621
Other income and expenses						
Fair value adjustments on investment properties	(143,709)	96	(143,613)	14,644	131	14,775
Other income and fees	496	-	496	593	-	593
Income from investment in joint ventures	242	(242)	-	247	(247)	-
Loss on sale of investment properties	174	-	174	-	-	-
Other fair value gains/losses	13,215	-	13,215	(8,094)	-	(8,094)
Interest on units classified as financial liabilities	(530)	-	(530)	(642)	-	(642)
Net income (loss) for the period	$ (107,120)	$ -	$ (107,120)	$ 27,253	$ -	$ 27,253

RECONCILIATION OF FULL YEAR 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:

	12 months Ended December 31, 2024			12 months Ended December 31, 2023		
In $ 000's	GAAP Basis	Adjustments for Proportionate Interest	Proportionate Share Basis	GAAP Basis	Adjustments for Proportionate Interest	Proportionate Share Basis
Operating revenues						
Revenue from Investment properties	$ 246,254	$ 1,464	$ 247,718	$ 237,135	$ 1,045	$ 238,180
Operating expenses						
Property operating costs	38,627	235	38,862	38,046	182	38,228
Property taxes	25,832	163	25,995	25,457	120	25,577
Utilities	16,859	122	16,981	18,018	97	18,115
Total operating expenses	81,318	520	81,838	81,521	399	81,920
Net operating income	164,936	944	165,880	155,614	646	156,260
Financing costs	57,290	369	57,659	58,974	280	59,254
Administrative costs	17,471	3	17,474	16,616	2	16,618
Income before other income and expenses	90,175	572	90,747	80,024	364	80,388
Other income and expenses						
Fair value adjustments on investment properties	(262,791)	(540)	(263,331)	11,954	3,466	15,420
Other income and fees	2,035	-	2,035	2,001	-	2,001
Income from investment in joint ventures	32	(32)	-	3,830	(3,830)	-
Loss on sale of investment properties	(1,485)	-	(1,485)	(32)	-	(32)
Other fair value gains/losses	18,761	-	18,761	(2,779)	-	(2,779)
Interest on units classified as financial liabilities	(2,373)	-	(2,373)	(2,758)	-	(2,758)
Net income (loss) for the period	$ (155,646)	$ -	$ (155,646)	$ 92,240	$ -	$ 92,240

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	December 31, 2024 GAAP Basis	December 31, 2024 Adjustments for Proportionate Interest	December 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	**$ 4,078,627**	**$ 82,789**	**$ 4,161,416**[1]	$ 4,315,742	$ 73,805	$ 4,389,547[1]
Investment in joint ventures	**53,194**	**(53,194)**	**-**	47,454	(47,454)	-
Prepaids and deposits	**35,972**	**145**	**36,117**	2,403	45	2,448
Assets held for sale	**-**	**-**	**-**	45,432	-	45,432
Receivables and other assets	**22,996**	**2,333**	**25,329**	22,760	4,365	27,125
Cash	**4,524**	**1,630**	**6,154**	2,547	791	3,338
Total Assets	**$ 4,195,313**	**$ 33,703**	**$ 4,229,016**	$ 4,436,338	$ 31,552	$ 4,467,890
Liabilities						
Mortgages payable	**$ 1,646,942**	**$ 32,720**	**$ 1,679,662**	$ 1,650,035	$ 31,098	$ 1,681,133
Credit facilities	**42,000**	**-**	**42,000**	40,847	-	40,847
Class B LP unit liability	**-**	**-**	**-**	28,587	-	28,587
Unit-based compensation liabilities	**47,976**	**-**	**47,976**	59,721	-	59,721
Lease liabilities	**1,372**	**-**	**1,372**	1,672	-	1,672
Tenant rental deposits	**21,728**	**130**	**21,858**	19,781	115	19,896
Liabilities associated with assets held for sale	**-**	**-**	**-**	22,988	-	22,988
Accounts payable and accrued liabilities	**40,658**	**853**	**41,511**	39,326	339	39,665
Total liabilities	**1,800,676**	**33,703**	**1,834,379**	1,862,957	31,552	1,894,509
Unitholders' equity						
Unit capital	**1,121,494**	**-**	**1,121,494**	1,088,679	-	1,088,679
Retained earnings	**1,273,143**	**-**	**1,273,143**	1,484,702	-	1,484,702
Total unitholders' equity	**2,394,637**	**-**	**2,394,637**	2,573,381	-	2,573,381
Total liabilities and unitholders' equity	**$ 4,195,313**	**$ 33,703**	**$ 4,229,016**	$ 4,436,338	$ 31,552	$ 4,467,890

[1] Proportionate investment properties consist of $4,052,608 of income producing properties (December 2023 - $4,298,385) and $108,808 of properties under development (December 2023 - $91,162).

LIQUIDITY AND CAPITAL RESOURCES

InterRent REIT's overall debt level was at 40.3% of Gross Book Value ("GBV") at December 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	December 31, 2024	December 31, 2023
Total assets per balance sheet	$ 4,195,313	$ 4,436,338
Mortgages payable	1,646,942	$ 1,650,035
Credit facilities	42,000	40,847
Total debt	$ 1,688,942	$ 1,690,882
Debt-to-GBV	40.3%	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 December 31, 2024 (GAAP basis):

In $000's	12 Months Ended December 31, 2024	12 Months Ended December 31, 2023
NOI	$ 164,936	$ 155,614
Less: Administrative costs	17,471	16,616
EBITDA	$ 147,465	$ 138,998
Interest expense [1]	$ 58,273	$ 60,588
Interest coverage ratio	**2.53x**	2.29x
Contractual principal repayments	$ 30,811	$ 29,806
Total debt service payments	$ 89,084	$ 90,394
Debt service coverage ratio	**1.66x**	1.54x

[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 December 31, 2024 (in $ 000's)	Weighted Average by Maturity	Weighted Average Interest Rate
2025	$ 301,184	17.8%	3.77%
2026	$ 150,806	8.9%	2.97%
2027	$ 214,628	12.7%	3.75%
2028	$ 243,779	14.4%	3.13%
2029	$ 162,868	9.6%	4.29%
Thereafter	$ 617,069	36.6%	3.06%
Total	$ 1,690,334	100.0%	3.37%

At December 31, 2024, the average term to maturity of the mortgage debt was approximately 4.4 years and the weighted average cost of mortgage debt was 3.37%. At December 31, 2024, approximately 91% of InterRent REIT's mortgage debt was backed by CMHC insurance.

As at December 31, 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 December 31, 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 December 31, 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 December 31, 2024, the Trust had $30.0 million 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 December 31, 2024, the Trust had $12.0 million drawn on this facility.

ACCOUNTING

FUTURE ACCOUNTING CHANGES

IFRS 18, Presentation and Disclosure in Financial Statements

In April 2024, IFRS 18, "Presentation and Disclosure in Financial Statements" was issued to achieve comparability of the financial performance of similar entities. The standard, which replaces IAS 1, "Presentation of Financial Statements", impacts the presentation of primary financial statements and notes, including the statement of earnings where companies will be required to present separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. The standard will also require management-defined performance measures to be explained and included in a separate note within the consolidated financial statements. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements, and requires retrospective application. The REIT is currently assessing the impact of the new standard.

RISKS AND UNCERTAINTIES

The Trust, its business and the transactions contemplated in this MD&A are subject to material risks, both known and unknown, including, but not limited to the following:

The Trust is exposed to a variety of risks, general and specific. General risks are the risks associated with general conditions in the real estate sector, and consist largely of commonly exposed risks affecting the real estate industry as a whole. Specific risks are the risks specific to the Trust and its operations, such as credit, market, liquidity and operational risks.

CURRENT ECONOMIC RISKS

InterRent REIT must raise mortgage funds for mortgages as they mature and for acquisitions. Given the interconnectivity of the global economy and the current global economic environment, there is no guarantee that the Trust will be able to secure such funds on a commercially beneficial basis, or at all, and the failure to raise sufficient funds could have a material adverse effect on the business of the Trust and the market value of its securities.

REAL ESTATE INDUSTRY RISK

Real estate investments are generally subject to varying degrees of risk depending on the nature of the property. These risks include changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations (such as new or revised residential resident legislation), the attractiveness of the properties to residents, competition from others with available space and the ability of the owner to provide adequate maintenance at an economic cost. The performance of the economy in each of the areas in which the Trust's properties are located, including the financial results and labour decisions of major local employers, can have an impact on revenues from the properties and their underlying values.

Additional factors which may further adversely affect revenues from the Trust's properties and their underlying values include the general economic climate, local conditions in the areas in which properties are located, such as an abundance of supply or a reduction in demand, the attractiveness of the properties, competition from other properties, the Trust's ability to provide adequate facilities maintenance, services and amenities, the ability of residents to pay rent and the ability of the Trust to rent vacant units on favourable terms.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made regardless of whether or not a property is producing sufficient income to service these expenses. The Trust's properties are subject to mortgages, which require significant debt service payments. If the Trust were unable or unwilling to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or of sale. Real estate is relatively illiquid. Such illiquidity will tend to limit the Trust's ability to vary its portfolio promptly in response to changing economic or investment conditions. In addition, financial difficulties of other property owners resulting in distress sales may depress real estate values in the markets in which the Trust operates. The majority of the Trust's properties were constructed in the 1960's and 1970's and require ongoing capital expenditures, the amount and timing of which is difficult to predict. These expenditures could exceed the Trust's existing reserve estimates which could have a material adverse effect upon Distributable Income.

The nature of the Trust's business is such that refurbishment and structural repairs are required periodically, in addition to regular on-going maintenance.

MULTI-UNIT RESIDENTIAL SECTOR RISK

Income producing properties generate income through rent payments made by residents of the properties. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the resident replaced. The terms of any subsequent lease may be less favourable to the Trust than the existing lease. In addition, historical occupancy rates and rents are not necessarily an accurate prediction of future occupancy rates. The Trust is dependent on leasing markets to ensure vacant residential space is leased, expiring leases are renewed and new residents are found to fill vacancies. A disruption in the economy could have a significant impact on how much space residents will lease and the rental rates paid by residents. This would adversely affect the income produced by the Trust's properties as a result of downward pressure on rents. The Trust's cash flows and financial position would be adversely affected if its tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the properties was not able to be leased on economically favourable lease terms. In the event of default by a tenant, Trust may experience delays or limitations in enforcing its rights as lessor and incur substantial costs in protecting its investment.

PROPERTY VALUATION RISK

The Trust conducts a valuation assessment on its properties on a quarterly basis. Property values fluctuate over time in response to market factors and the underlying inputs used in the valuation model, and therefore the fair value of the Trust's portfolio could change materially. The Trust is responsible for the reasonableness of the assumptions and for the accuracy of the inputs into the valuation model. In order to substantiate the management's valuation, the Trust engages a leading independent real estate appraisal firm to provide appraisals for substantially all of the portfolio on an annual basis. Errors in the inputs or assumptions may result in an inaccurate valuation of the properties. Any changes to the value of the Trust's properties may impact Unitholder value.

INFLATION RISKS

The rate of inflation impacts the economic and business environments in which the Trust operates. Recent inflationary pressures experienced domestically and globally, external supply constraints, tight labour markets and strong demand for goods and resources, together with the imposition by governments of higher interest rates or wage and price controls as a means of curbing inflationary increases, will put pressure on the Trust's development, financing, operation and labour costs and could negatively impact levels of demand for real property.

Further increases to inflation or prolonged inflation above central banks' targets could lead to further increases to interest rates by central banks, which could have a more pronounced negative impact on any variable rate debt the Trust is subject to or incurs in the future and on its results of operations. Similarly, during periods of high inflation, annual rent increases may be less than the rate of inflation on a continual basis. Substantial inflationary pressures, high interest rates, and other increased costs may have an adverse impact on the Trust's tenants if increases in their living expenses exceed any increase in their incomes. This may adversely affect the tenants' ability to pay rent, which could negatively affect the Trust's financial condition.

ENVIRONMENTAL AND CLIMATE CHANGE RISKS

As an owner and manager of real property, the Trust is subject to various Canadian federal, provincial, and municipal laws relating to environmental matters. These laws could encumber the Trust with liability for the costs of removal and remediation of certain hazardous substances or wastes released or deposited on or in its properties or disposed of at other locations. The failure to remove or remediate such substances, if any, could adversely affect the Trust's ability to sell its real estate, or to borrow using real estate as collateral, and could potentially also result in claims or other proceedings against the Trust. Although the Trust is not aware of any material non-compliance with environmental laws at any of its properties nor is it aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties or any material pending or threatened claims relating to environmental conditions at its properties, no assurance can be given that environmental laws will not result in significant liability to the Trust in the future or otherwise adversely affect the Trust's business, financial condition or results of operations. The Trust has formal policies and procedures to review and monitor environmental exposure. The Trust has made, and will continue to make, the necessary capital expenditures for compliance with environmental laws and regulations. Environmental laws and regulations can change rapidly and the Trust may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have a material adverse effect on the Trust's business, financial condition or results of operation.

The Trust's investment properties are exposed to physical climate change risks, including natural disasters, and severe weather, such as heavy rain and flooding, high winds, wildfires, blizzards, ice storms and thunderstorms that may cause damage. As weather becomes more erratic, damage to investment properties may result in increased restoration costs, loss of revenue in the event of business disruption, potential decrease in property values and increased costs to insure properties against climate-related risks. Physical and transitional climate-related risks are considered by the Trust as part of its ongoing risk management processes. The materiality of such risks varies among the business operations of the Trust and the jurisdictions in which such operations are conducted. Furthermore, as a real property owner, the Trust faces the risk that its properties will be subject to government initiatives and reforms aimed at countering climate change, such as transitioning to a low carbon economy and may entail extensive changes to policies regulations and technologies to address mitigation and adaption efforts. The Trust may incur financial costs to comply with various reforms. Any failure to adhere and adapt to climate change could result in fines or adversely affect the Trust's reputation, operations, or financial performance.

ESG TARGETS AND COMMITMENTS RISK

InterRent has announced certain targets and ambitions relating to ESG. To achieve these goals and to respond to changing market demand, InterRent may incur additional costs and invest in new technologies. It is possible that the return on these investments may be less than InterRent expects, which may have an adverse effect on its business, financial condition and reputation.

PANDEMICS AND OTHER PUBLIC HEALTH CRISES RISK

Pandemics and other public health crises can result in significant economic disruptions, slowdowns and increased volatility in financial markets, which could have adverse consequences on InterRent including, but not limited to, business continuity interruptions, disruptions and costs of development activities, unfavorable market conditions, and threats to the health and safety of employees. Such occurrences could also potentially affect the market price for the equity securities of InterRent, its current credit rating, total return and distributions. InterRent's residents may also face economic challenges as a result of a pandemic or other public health crisis that may adversely affect their ability to pay rent in full, on a timely basis or at all. Such events could materially adversely affect InterRent's operations, reputation and financial condition, including the fair value of InterRent's properties.

JOINT VENTURE AND CO-OWNERSHIP RISK

InterRent participates in joint ventures, partnerships, and other similar arrangements with third parties, which may give rise to risks including, but not limited to, the possibility of the Trust's dependency on partners or co-ventures that are not under the control of the Trust and that might compete with InterRent for opportunities, become bankrupt or expose the Trust to liability or reputational damage that could have an adverse impact on the Trust. Moreover, the partners may have interests or goals that are different or inconsistent with the Trust, which may result in the Trust taking actions that are in the interest of the partners collectively, but not in the Trust's sole interest. Additionally, the Trust may become engaged in a dispute with the partners which may affect its ability to operate.

COMPETITION RISK

Each segment of the real estate business is competitive. Numerous other residential developers and apartment owners compete in seeking residents. Although the Trust's strategy is to own multi-residential properties in desirable locations in each market in which it operates, some of the properties of the Trust's competitors may be newer, better located or better capitalized. The existence of alternative housing could have a material adverse effect on the Trust's ability to lease space in its properties and on the rents charged or concessions granted, and could adversely affect the Trust's revenues and its ability to meet its obligations.

GENERAL UNINSURED LOSSES

The Trust carries comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks (generally of a catastrophic nature such as war or environmental contamination), which are either uninsurable or not economically insurable. The Trust will continue to procure insurance for such risks, subject to certain standard policy limits and deductibles and will continue to carry such insurance if it is economical to do so. Should an uninsured or underinsured loss occur, the Trust could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, and would continue to be obligated to repay any recourse mortgage indebtedness on such properties. There is a risk that any significant increase in insurance costs will impact negatively upon the profitability of the Trust.

CREDIT RISK - LEASES

The key credit risk to the Trust is the possibility that its residents will be unable or unwilling to fulfill their lease term commitments. Key drivers of demand include employment levels, population growth, demographic trends and consumer confidence. The failure by residents to fulfill their lease commitments could have a material adverse effect upon Distributable Income.

LOCAL REAL ESTATE MARKET RISK AND ASSET CONCENTRATION

There is a risk that the Trust would be negatively affected by the new supply of, and demand for, multi-unit residential suites in its local market areas. Any significant amount of new construction will typically result in an imbalance in supply and cause downward price pressure on rents.

RENT CONTROL LEGISLATION RISK

Rent control legislation risk is the risk of the implementation or amendment of new or existing legislative rent controls in the markets where the Trust operates, which may have an adverse impact on the Trust's operations.

Certain provinces of Canada have enacted residential tenancy legislation which imposes, among other things, rent control guidelines that limit the Trust's ability to raise rental rates at its properties. Limits on the Trust's ability to raise rental rates at its properties may adversely affect the Trust's ability to increase income from its properties. In addition to limiting the Trust's ability to raise rental rates, residential tenancy legislation in such provinces provide certain rights to residents, while imposing obligations upon the housing provider. Residential tenancy legislation in the Provinces of Ontario, British Columbia, and Québec prescribe certain procedures which must be followed by a housing provider in order to terminate a residential tenancy. As certain proceedings may need to be brought before the respective administrative body governing residential tenancies as appointed under a province's residential tenancy legislation, it may take several months to terminate a residential lease, even where the resident's rent is in arrears.

Further, residential tenancy legislation in certain provinces provide the resident with the right to bring certain claims to the respective administrative body seeking an order to, among other things, compel the housing provider to comply with health, safety, housing and maintenance standards. As a result, the Trust may, in the future, incur capital expenditures which may not be fully recoverable from residents. The inability to fully recover substantial capital expenditures from residents may have an adverse impact on the Trust's financial conditions and results of operations and decrease the amount of cash available for distributions.

Residential tenancy legislation may be subject to further regulations or may be amended, repealed or enforced, or new legislation may be enacted, in a manner which will materially adversely affect the ability of the Trust to maintain the historical level of earnings of its properties.

UTILITY AND PROPERTY TAX RISK

Utility and property tax risk relates to the potential loss the Trust may experience as a result of higher resource prices as well as its exposure to significant increases in property taxes. Over the past few years, property taxes have increased as a result of re-valuations of municipal properties and their adherent tax rates. For the Trust, these re-valuations have resulted in significant increases in some property assessments due to enhancements. Utility expenses, mainly consisting of natural gas and electricity service charges, have been subject to considerable price fluctuations over the past several years. Any significant increase in these resource costs that the Trust cannot pass on to the resident may have a negative material impact on the Trust.

OPERATIONAL RISK

Operational risk is the risk that a direct or indirect loss may result from an inadequate or failed technology, from a human process or from external events. The impact of this loss may be financial loss, loss of reputation or legal and regulatory proceedings.

RENOVATION RISKS

The Trust is subject to the financial risk of having unoccupied units during extended periods of renovations. During renovations, these properties are unavailable for occupancy and do not generate income. Certain significant expenditures, including property taxes, maintenance costs, interest payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing revenue. Delays in the renovation of a building or individual apartment could delay the renting of such building or units resulting in an increased period of time where the building is not producing revenue, or produces less revenue than a fully occupied building. The Trust intends to address these risks by acquiring financing to fund renovations, staggering renovations and by carrying out a detailed capital expenditures budget to monitor its cash position on a monthly basis.

DEVELOPMENT RISK

Development projects are subject to risks associated with (i) a failure to receive, or a delay in receiving, zoning, occupancy and other required permits and authorizations; (ii) construction delays, cost overruns, or other unanticipated increases to project costs; (iii) the availability of project financing; (iv) the ability to achieve timely occupancy upon completion; (v) the potential that the Trust will incur costs on projects which are not completed; and (vi) contractor and subcontractor disputes, strikes, labour disputes, or supply disruptions. The above risks could result in additional delays or expenses and could impact the Trust's operations and financial results.

SUPPLY CHAIN RISK

On January 1, 2024, an Act to enact the Fight Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff ("Supply Chains Act") came into force. Starting in May 2024, the Supply Chains Act introduced a public reporting requirement that will apply to many governmental institutions and private sector businesses, including InterRent. While there are no identified instances of InterRent using forced labour or child labour in its supply chain, there is a risk that InterRent's supply chain may have actual or alleged forced or child labour. Should such an instance arise, InterRent would be required to take measures to address such a claim or risk of a claim, including disrupting its supply chain operations in pursuit of such a remedy, which could result in operational, financial, business or reputational harm.

FLUCTUATIONS AND AVAILABILITY OF CASH DISTRIBUTIONS

Although the Trust intends to continue distributing its Distributable Income, the actual amount of Distributable Income distributed in respect of the Units will depend upon numerous factors, some of which may be beyond the control of the Trust. The distribution policy of the Trust is established by the Trustees and is subject to change at the discretion of the Trustees. The recourse of Unitholders who disagree with any change in policy is limited and could require such Unitholders to seek to replace the Trustees. Distributable Income may exceed actual cash available to the Trust from time to time because of items such as principal repayments, resident allowances, leasing commissions and capital expenditures and redemption of Units, if any. The Trust may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items.

ADVERSE GLOBAL MARKET, ECONOMIC AND POLITICAL CONDITIONS

Adverse Canadian, European, U.S. and global market, economic and political conditions, including dislocations and volatility in the credit markets and general global economic uncertainty, unexpected or ongoing geopolitical events, including disputes between nations, war, terrorism or other acts of violence, and international sanctions, could have a material adverse effect on our business, results of operations and financial condition with the potential to impact, among others: (i) the value of our properties; (ii) the availability or the terms of financing that we have or may anticipate utilizing; (iii) our ability to make principal and interest payments on, or refinance, any outstanding debt when due; (iv) the occupancy rates in our properties; and (v) the ability of our tenants to enter into new leasing transactions or to satisfy rental payments under existing leases. The imposition of duties, tariffs and other trade restrictions (including any retaliation to such measures) could result in increased costs of supplies, slow economic growth and could materially impact the business of our tenants and their ability to make lease payments and renew leases. These risks could have a material adverse effect on our business, results of operations and financial condition.

CYBER SECURITY RISK

A cyber incident is any adverse event that threatens the confidentiality, integrity or availability of the Trust's information technology resources. More specifically, a cyber incident is an intentional attack or an unintentional event that can include gaining unauthorized access to information systems to disrupt operations, corrupt data or steal confidential information. The Trust's primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to its reputation, damage to relationships with its vendors and residents and disclosure of confidential vendor or resident information. The Trust has implemented processes, procedures and controls to mitigate these risks, but these measures, as well as its increased awareness of a risk of a cyber incident, do not guarantee that its financial results will not be negatively impacted by such an incident.

MARKET PRICE OF UNITS

One of the factors that may influence the market price of the Units is the annual yield thereon. Accordingly, an increase in market interest rates may lead purchasers of Units to expect a higher annual yield which could adversely affect the market price of the Units. In addition, the market price for the Units may fluctuate significantly and may be affected by changes in general market conditions, fluctuations in the markets for equity securities, short-term supply and demand factors for real estate investment trusts and numerous other factors beyond the control of the Trust. The Trust has no obligation to distribute to Unitholders any fixed amount, and reductions in, or suspensions of, cash distributions may occur that would reduce yield. There is no assurance that there will exist a liquid market for trading in the Units which may have an adverse effect on the market price of the Units. Trading prices of the Units may not correspond to the underlying value of the Trust's assets.

DILUTION RISK

InterRent may, in its sole discretion, issue additional Units, or securities convertible or exchangeable into Units, from time to time, and the voting power and/or economic interest of Unitholders may be diluted thereby. InterRent cannot predict the size or nature of future sales or issuances of securities, or the effect, if any, that such future sales and issuances will have on the market price of the Units.

LEGAL RIGHTS NORMALLY ASSOCIATED WITH THE OWNERSHIP OF SHARES OF A CORPORATION

As holders of Units, Unitholders do not have all of the statutory rights normally associated with ownership of shares of a company including, for example, the right to bring "oppression" or "derivative" actions against the Trust. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Ac*t (Canada) and are not insured under the provisions of that Act or any other legislation. Furthermore, the Trust is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

ABILITY OF UNITHOLDERS TO REDEEM UNITS

It is anticipated that the redemption right attached to the Units will not be the primary mechanism by which holders of such Units liquidate their investments. The entitlement of holders of Units to receive cash upon the redemption of their Units is subject to the limitations that: (i) the total amount payable by the Trust in respect of such Units and all other Units tendered for redemption in the same calendar month shall not exceed $50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) at the time such Units are tendered for redemption, the outstanding Units shall be listed for trading on a stock exchange or traded or quoted on another market which the Trustees consider, in their sole discretion provides representative fair market value prices for such Units; and (iii) the normal trading of the Units is not suspended or halted on any stock exchange on which the Units are listed for trading or, if not so listed, on any market on which the Units are quoted for trading, on the redemption date or for more than five trading days during the ten trading day period ending on the redemption date.

UNITHOLDER ACTIVISM RISK

Responding to activist campaigns that contest or conflict with InterRent's governance and strategic direction can be costly and time-consuming, disrupting business operations and diverting the attention and resources of the Board of Trustees, management, and employees. Unitholder activism may result in uncertainty relating to the leadership, governance and strategic direction of InterRent, which could adversely affect or undermine InterRent's ability to execute on its strategy, harm InterRent's business and create adverse volatility in the market price and trading volume of Trust Units. Events such as these could adversely affect InterRent's operating and financial results.

REGULATORY APPROVALS RISK

Upon a redemption of Units or termination of the Trust, the Trustees may distribute securities directly to the Unitholders, subject to obtaining any required regulatory approvals. No established market may exist for the securities so distributed at the time of the distribution and no market may ever develop. In addition, the securities so distributed may not be qualified investments for Mutual Fund Plans (Plans), depending upon the circumstances at the time.

CHANGES IN LEGISLATION

There can be no assurance that the Canadian federal income tax laws (or the judicial interpretation thereof), the administrative and/or assessing practices of the Canadian Revenue Agency (CRA) and/or the treatment of mutual fund trusts (including real estate investment trusts) and/or SIFT trusts (as defined below) will not be changed in a manner which adversely affects the Trust or Unitholders.

SIFT RULES

Certain rules in the Tax Act (the "**SIFT Rules**") affect the tax treatment of "specified investment flow-through trusts ("**SIFT trusts**"), and their unitholders. Subject to the SIFT Rules a SIFT trust is itself liable to pay income tax on certain income at a rate that is substantially equivalent to the combined federal and provincial general tax rate applicable to taxable Canadian corporations. Such non-deductible distributions paid to a holder of units of the SIFT trust are generally deemed to be taxable dividends received by the holder of such units from a taxable Canadian corporation. However, a trust will not be considered to be a SIFT trust for a taxation year if it qualifies as a "real estate investment trust" (as defined in the Tax Act) for that year (the "**REIT Exception**").

THE REIT EXCEPTION

Based on a review of the Trust's assets and revenues, management believes that the Trust satisfied the tests to qualify for the REIT Exception throughout 2024 and therefore the SIFT Rules will have no application and the Trust and its Unitholders will not, directly or indirectly, be subject to tax imposed by the SIFT Rules. However, as the REIT exemption includes complex revenue and asset tests no assurances can be provided that the Trust will continue to qualify for any subsequent year.

In the unlikely event that the Trust does not qualify for the REIT Exception, distributions of income may be treated by the Trust as distributions of capital which are not taxed and instead reduce the adjusted cost base of the Unitholder's Units.

The REIT Exception is applied on an annual basis. Accordingly, if the Trust did not qualify for the REIT Exception in a particular Taxation Year, it may be possible to restructure the Trust such that it may qualify in a subsequent Taxation Year. There can be no assurances, however, that the Trust will be able to restructure such that it will not be subject to the tax imposed by the SIFT Rules, or that any such restructuring, if implemented, would not result in material costs or other adverse consequences to the Trust and Unitholders. The Trust intends to take such steps as are necessary to ensure that, to the extent possible, it qualifies for the REIT Exception and any negative effects of the SIFT Rules on the Trust and Unitholders are minimized.

EXCESSIVE INTEREST AND FINANCING EXPENSE LIMITATION ("EIFEL")

The Income Tax Act (Canada) was amended (the "EIFEL Rules") to limit the deductibility of interest and other financing-related expenses of the Trust to the extent that such expenses, net of interest and other financing-related income, exceed a fixed ratio of the entity's tax EBITDA. The Trust does not expect the EIFEL Rules to have an adverse impact on the Trust or its Unitholders, but there can be no assurances in this regard. If these rules were to apply to restrict deductions otherwise available to the Trust, the taxable component of distributions paid by the Trust to Unitholders may be increased, which could reduce the after-tax return associated with an investment in Units.

OTHER CANADIAN TAX MATTERS

Although the Trust is of the view that all expenses to be claimed by the Trust and/or its subsidiary entities will be reasonable and deductible and that the cost amount and capital cost allowance claims of such entities will have been correctly determined, there can be no assurance that the Tax Act or the interpretation of the Tax Act will not change, or that the CRA will agree. If the CRA successfully challenges the deductibility of such expenses, the taxable income of the Trust and/or its subsidiary entities and indirectly the Unitholders may increase or change. The extent to which distributions will be non-taxable in the future will depend in part on the extent to which the Trust and/or its subsidiary entities is able to deduct capital cost allowance relating to its Properties.

In structuring its affairs, the Trust consults with its tax and legal advisors and receives advice as to the optimal method in which to complete its business objectives while at the same time minimizing or deferring taxes, where possible. There is no guarantee that the relevant taxing authorities will not take a different view as to the ability of the Trust to utilize these strategies. It is possible that one or more taxing authorities may review these strategies and determine that tax should have been paid, in which case the Trust may be liable for such taxes. Such increased tax liability could have a material adverse effect upon the Trust's ability to make distributions to Unitholders.

INVESTMENT ELIGIBILITY

There can be no assurance that income tax laws and the treatment of mutual fund trusts will not be changed in a manner which adversely affects holders of Units. If the Trust ceases to qualify as a "mutual fund trust" under the Tax Act and the Units thereof cease to be listed on a designated stock exchange (which currently includes the TSX), Units will cease to be qualified investments for registered retirement savings plans, deferred profit sharing plans, registered retirement income funds, registered education savings plans, registered disability savings plans and tax-free savings accounts. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

RISKS ASSOCIATED WITH DISCLOSURE CONTROLS AND PROCEDURES ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Trust could be adversely affected if there are deficiencies in disclosure controls and procedures or internal control over financial reporting.

The design and effectiveness of disclosure controls and procedures and internal control over financial reporting may not prevent all errors, misstatements or misrepresentations. Deficiencies, including material weaknesses, in internal control over financial reporting which may occur could result in misstatements of the Trust's results of operations, restatements of financial statements, a decline in the Unit price, or otherwise materially adversely affect the Trust's business, reputation, results of operations, financial condition or liquidity.

UNITHOLDERS LIMITED LIABILITY

Recourse for any liability of the Trust is intended to be limited to the assets of the Trust. The Amended and Restated Declaration of Trust provides that no Unitholder or annuitant under a plan of which a Unitholder acts as trustee or carrier (an "**annuitant**") will be held to have any personal liability as such, and that no resort shall be had to the private property of any Unitholder or annuitant for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the Trust or of the Trustees. Because of uncertainties in the law relating to investment trusts, there is a risk (which is considered by counsel to be remote in the circumstances) that a Unitholder or annuitant could be held personally liable for obligations of the Trust (to the extent that claims are not satisfied by the Trust) in respect of contracts which the Trust enters into and for certain liabilities arising other than out of contract including claims in tort, claims for taxes and possibly certain other statutory liabilities. The Trust will seek to limit recourse under all of its material contracts to the assets of the Trust. However, in conducting its affairs, the Trust will be indirectly acquiring real property investments, subject to existing contractual obligations, including obligations under mortgages and leases. Trustees will use all reasonable efforts to have any such obligations under mortgages on such properties and material contracts, other than leases, modified so as not to have such obligations binding upon any of the Unitholders or annuitants personally. However, the Trust may not be able to obtain such modification in all cases. To the extent that claims are not satisfied by the Trust, there is a risk that a Unitholder or annuitant will be held personally liable for obligations of the Trust where the liability is not disavowed as described above. Ontario has enacted legislation intended to remove uncertainty about the liability of Unitholders of publicly traded trusts. *The Trust Beneficiaries' Liability Act, 2004,* implemented on January 1, 2005, is a clear legislative statement that the Unitholders of a trust that is a reporting issuer and governed by the laws of Ontario will not be personally liable for the obligations and liabilities of the trust or any of its trustees that arise after *The Trust Beneficiaries' Liability Act, 2004,* came into force, which *The Trust Beneficiaries' Liability Act, 2004,* states was December 16, 2004.

STRUCTURAL SUBORDINATION OF DEBT

Liabilities of a parent entity with assets held by various subsidiaries may result in the structural subordination of the lenders to the parent entity. The parent entity is entitled only to the residual equity of its subsidiaries after all debt obligations of its subsidiaries are discharged. In the event of a bankruptcy, liquidation or reorganization of the Trust, holders of indebtedness of the Trust (including holders of Notes) may become subordinate to lenders to the subsidiaries of the Trust.

STATUTORY REMEDIES

The Trust is not a legally recognized entity within the relevant definitions of the *Bankruptcy and Insolvency Act*, the *Companies' Creditors Arrangement Ac*t and in some cases, the *Winding Up and Restructuring Act*. As a result, in the event a restructuring of the Trust were necessary, the Trust would not be able to access the remedies available thereunder. In the event of a restructuring, a holder of debentures may be in a different position than a holder of secured indebtedness of a corporation.

OUTSTANDING INDEBTEDNESS

The ability of the Trust to make cash distributions to Unitholders or to make other payments are subject to applicable law and contractual restrictions contained in instruments governing the Trust's indebtedness. Although the Trust is currently not in default under any existing loan agreements or guarantee agreements, any future default could have significant consequences for Unitholders. Further, the amount of the Trust's indebtedness could have significant consequences to holders of Units, including the ability of the Trust to obtain additional financing for working capital, capital expenditures or future acquisitions may be limited; and that a significant portion of the Trust's cash flow from operations may be dedicated to the payment of principal and interest on its indebtedness thereby reducing funds available for future operations and distributions. Additionally, some of The Trust's debt may be at variable rates of interest or may be renewed at higher rates of interest, which may affect cash flow from operations available for distributions. Also, in the event of a significant economic downtown, there can be no assurance that the Trust will generate sufficient cash flow from operations to meet required interest and principal payments. The Trust is subject to the risk that it may not be able to refinance existing indebtedness upon maturity or that the terms of such refinancing may be onerous. These factors may adversely affect the Trust's cash distributions.

DEPENDENCE ON KEY PERSONNEL

The management of the Trust depends on the services of certain key personnel. The termination of employment by any of these key personnel could have a material adverse effect on the Trust.

WORKFORCE AVAILABILITY AND TALENT MANAGEMENT RISK

InterRent's ability to provide services to its residents is dependent on the availability of well-trained employees and contractors to service our residents as well as complete required maintenance and capital upgrades on our buildings. InterRent must balance the requirement to maintain adequate staffing levels while balancing the overall cost to the Trust. The inability to attract and retain an adequate workforce could have a material impact on the Trust's ability to maintain its buildings and service its residents.

RISK OF ACCIDENTAL DEATH OR SEVERE INJURIES AT OUR PROPERTIES

While we will maintain and promote safety at our properties, the accidental death or severe injuries of persons living in or working on our properties due to fire, natural disasters, criminal activity or other hazards could have a material adverse effect on our business and results of operations. Our insurance coverage may not cover all losses associated with such events, and we may experience difficulty marketing communities where any such events have occurred, which could have a material adverse effect on our business and results of operations.

On January 26, 2025, a tragic fire occurred at one of the REIT's communities in Hamilton, Ontario, resulting in three fatalities. The investigation remains ongoing, and the REIT is working closely with authorities, residents, insurance adjusters, and other stakeholders. While this incident is deeply unfortunate, the REIT believes its insurance coverage is sufficient to mitigate the financial impact and does not anticipate a significant effect on its financial or operational performance.

POTENTIAL CONFLICTS OF INTEREST

The Trust may be subject to various conflicts of interest because of the fact that Trustees and officers of the Trust, including the Executive Chairperson who is a principal of a related party real estate company, are engaged in other real estate-related business activities. The Trust may become involved in transactions which conflict with the interests of the foregoing. Trustees may from time-to-time deal with persons, firms, institutions or corporations with which the Trust may be dealing, or which may be seeking investments similar to those desired by the Trust. The interests of these persons could conflict with those of the Trust. In addition, from time to time, these persons may be competing with the Trust for available investment opportunities. The Amended and Restated Declaration of Trust contains "conflicts of interest" provisions requiring Trustees to disclose material interests in material contracts and transactions and to refrain from voting thereon.

SOCIAL MEDIA

Social media activity poses potential risks to the Trust, including brand damage and information leaks. Negative posts or comments about the Trust or its properties on social networking platforms could harm its reputation. Additionally, employees or other individuals may inadvertently disclose non-public, sensitive business information through external media channels. As media continues to evolve, the Trust will face ongoing challenges and risks in managing its public image and information security.

DILUTION

The number of Units the Trust is authorized to issue is unlimited. The Trustees have the discretion to issue additional Units in other circumstances, including pursuant to the Unit Option Plan, the Deferred Unit Plan and the Long Term Incentive Plan and upon conversion or exercise of other convertible securities. Any issuance of additional Units may have a dilutive effect on the existing holders of the Units. Future acquisitions and combinations with other entities could result in significant dilution.

RESTRICTIONS ON POTENTIAL GROWTH AND RELIANCE ON CREDIT FACILITIES

The payout by the Trust of a substantial part of its operating cash flow could adversely affect the Trust's ability to grow unless it can obtain additional financing. Such financing may not be available, or renewable, on attractive terms or at all. In addition, if current credit facilities were to be cancelled or could not be renewed at maturity on similar terms, the Trust could be materially and adversely affected.

ACCESS TO CAPITAL

The Trust will require access to capital to support its growth strategy and periodic capital expenditures. However, there is no guarantee that the Trust will be able to secure sufficient capital or obtain financing on favorable terms for future property acquisitions, refinancing, operational expenses, or other needs. Market conditions, along with unexpected volatility or liquidity in financial markets, may limit the Trust's ability to access financing in the Canadian equity capital markets. As a result, the necessary funding for growth, expansion, refinancing of properties, or debt maturities may not be available or may come with unfavourable terms. A failure to obtain required capital could have a material adverse impact on the Trust business, cash flow, financial condition, overall performance, and ability to distribute returns to Unitholders.

PROPOSED PROPERTY ACQUISITIONS

There can be no assurance that the Trust will complete any proposed acquisitions described herein on the basis described or on expected closing dates, if at all. In the event the Trust does not complete proposed acquisitions, the Trust's financial performance may be negatively impacted until suitable acquisitions with appropriate investment returns can be made. There is no assurance that such suitable investments will be available to the Trust in the near future or at all.

PROPERTY ACQUISITION RISKS

InterRent's acquisition and investment strategy and market selection process may not ultimately be successful and may not provide positive returns on investment. The acquisition of properties or portfolios of properties entails risks that include the following, any of which could adversely affect InterRent's financial position and results of operations and its ability to meet its obligations: (i) InterRent may not be able to identify suitable properties to acquire or may be unable to complete the acquisition of the properties identified; (ii) properties acquired may fail to achieve the occupancy or rental rates projected at the time of the acquisition decision, which may result in the properties' failure to achieve the returns projected; (iii) InterRent's pre-acquisition evaluation of the physical condition of each new investment may not detect certain defects or identify necessary repairs, which could significantly increase InterRent's total acquisition costs; (iv) InterRent's investigation of a property or building prior to acquisition, may fail to reveal various liabilities, which could reduce the cash flow from the property or increase its acquisition cost; and (v) representations and warranties obtained from third party vendors may not adequately protect against unknown, unexpected or undisclosed liabilities and any recourse against such vendors may be limited by the financial capacity of such vendors.

An important factor in the success of the Trust is the ability of the management of the combined entities to coexist and, if appropriate, integrate all or part of the holdings, systems and personnel of such entities. The integration of businesses can result in unanticipated operational problems and interruptions, expenses and liabilities, the diversion of management attention and the loss of key employees, residents or suppliers. There can be no assurance that the business integration will be successful or that future acquisitions will not adversely affect the business, financial condition or operating results of the combined entities. There can be no assurance that the combined entities will not incur additional material charges in subsequent quarters to reflect additional costs associated with the Trust or that that the benefits expected from the Trust will be realized. The Trust's planned growth will require increasingly sophisticated financial and operational controls to be implemented. In the event that financial and operational controls do not keep pace with the Trust's expansion, the potential for unintended accounting and operational errors may increase.

INTEREST RISK

Interest risk is the combined risk that the Trust would experience a loss as a result of its exposure to a higher interest rate environment (interest rate risk) and the possibility that at the term end of a mortgage the Trust would be unable to renew the maturing debt either with the existing or an additional lender (renewal risk). The Trust attempts to manage its interest rate risk by maintaining a balanced, maturing portfolio with mortgage debt being financed for varying lengths of time through the implementation of a structured mortgage debt ladder. There can, however, be no assurance that the renewal of debt will be on as favourable of terms as the Trust's existing debt.

APPRAISALS OF PROPERTIES

An appraisal is an estimate of market value and caution should be used in evaluating data with respect to appraisals. It is a measure of value based on information gathered in the investigation, appraisal techniques employed and reasoning both quantitative and qualitative, leading to an opinion of value. The analysis, opinions, and conclusions in an appraisal are typically developed based on, and in conformity with, or interpretation of the guidelines and recommendations set forth in the Canadian Uniform Standards of Appraisal Practice. Appraisals are based on various assumptions of future expectations of property performance and while the appraiser's internal forecast of net income for the properties appraised are considered to be reasonable at that time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

JOINT ARRANGEMENTS

The Trust has two development projects that are subject to joint control and are joint arrangements (joint ventures and joint operations). Risks associated with joint arrangements include the risk of non-payment for operating and capital costs from the partner, risk of inability to finance a property associated with a joint venture or limited partnership and the risk of a partner selling their interest in the properties.

ZONING AND APPROVAL

Future acquisitions and development projects may require zoning and other approvals from local government agencies. The process of obtaining such approvals may take months or years, and there can be no assurance that the necessary approvals for any particular project will be obtained. Holding costs accrue while regulatory approvals are being sought, and delays could render future acquisitions and developments uneconomical.

DEBT AND DISTRIBUTABLE INCOME

Distributable Income available for distribution to Unitholders is based, directly and indirectly, on the ability of the Trust to pay distributions on its Units, such ability, in each case, is dependent upon the performance of the business of the Trust and its ability to maintain certain debt levels. The Trust will be required to refinance certain debt as it expires. The Trust may be unable to refinance such debt on terms as favourable as existing debt, or at all. In addition, the Trust's ability to borrow is subject to certain restrictive covenants contained in the Amended and Restated Declaration of Trust and certain credit agreements. The Trust's ability to make distributions may be materially affected should any of the foregoing conditions arise.

LEGAL PROCEEDINGS

In the normal course of operations, the Trust may be involved in, named as a party to, or become subject to a variety of legal proceedings, including tax matters and other legal actions. Potential legal proceedings may arise related to property damage, personal injury or death, property taxes, employment matters, and lease or contract disputes. The outcome of any existing, pending, or future legal proceedings is uncertain and could be unfavourable to the Trust, potentially having a material adverse effect on its business, financial condition, operating results, and ability to make distributions. Management and legal counsel evaluate all claims on their apparent merits, and accrue management's best estimate of the estimated costs to satisfy such claims.

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 December 31, 2024, the Trust had past due rents and other receivables of $10.5 million net of an allowance for doubtful accounts of $3.3 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 28(c) in the December 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 December 31, 2024, the Trust had credit facilities as described in note 13 in the December 31, 2024 consolidated financial statements.

Note 12 in the December 31, 2024 consolidated financial statements reflects the contractual maturities for mortgage payable of the Trust at December 31, 2024, excluding interest payments. The Trust continues to refinance the outstanding debts as they mature. Given the Trust's available credit and its available liquid resources from both financial assets and on-going operations, management assesses the Trust's liquidity risk to be low.

d) Fair Value

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

The fair value of the mortgages payable has been determined by discounting the cash flows using current market rates of similar instruments. These estimates are subjective in nature and therefore cannot be determined with precision. The fair value of mortgages payable and credit facilities is approximately $1,722 million as at December 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 December 31, 2024, approximately 2% (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 $0.3 million for the year ended December 31, 2024.

OFF-BALANCE SHEET ARRANGEMENTS

As of December 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 year ended December 31, 2024, the Trust incurred $0.8 million (2023 - $1.4 million) in entitlement, development, and construction management services related to the agreement which have been capitalized to the investment properties.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ('CFO"), on a timely basis so that appropriate decisions can be made regarding public disclosure. The preparation of this information is supported by a set of disclosure controls and procedures implemented by management. Management, including the CEO and CFO, recognizes that any controls and procedures, no matter how well-designed and operated, will have limitations and can only provide reasonable, and not absolute, assurance of achieving the desired control objectives.

DISCLOSURE CONTROLS AND PROCEDURES

As of December 31, 2024, the CEO and CFO evaluated, or caused to be evaluated under their direct supervision, the design and operating effectiveness of InterRent's disclosure controls and procedures (as defined in National Instrument 52-109, Certificate of Disclosure in Issuer's Annual and Interim Filings) and based on this evaluation, have concluded that such disclosure controls and procedures were appropriately designed and operating effectively.

INTERNAL CONTROL OVER FINANCIAL REPORTING

As of December 31, 2024, the CEO and CFO evaluated, or caused to be evaluated under their direct supervision, the effectiveness of InterRent's internal controls over financial reporting (as defined in National Instrument 52-109, Certificate of Disclosure in Issuer's Annual and Interim Filings) using the COSO International Control – Integrated Framework (2013), published by the Committee of Sponsoring Organization of the Treadway Commission. Based on that assessment, the CEO and CFO determined that internal controls over financial reporting were appropriately designed an operating effectively.

No changes were made in the design of internal controls over financial reporting during the period ended December 31, 2024 that have materially affected, or are likely to materially affect, InterRent's internal controls over financial reporting

OUTSTANDING SECURITIES DATA

As of February 24, 2025, the Trust had issued and outstanding: (i) 144,186,349 units; (ii) options exercisable to acquire 55,000 units of the Trust; and (iii) deferred units that are redeemable for 4,827,042 units of the Trust. Additionally, the Trust has 307,416 Restricted Units and 221,939 Performance Units outstanding under the Trust's Performance and Restricted Unit Plan.

SUBSEQUENT EVENTS

Subsequent to the end of the year, the Trust sold one property (28 suites) in Ottawa, Ontario for a sale price of $9.5 million or $340,000 per suite, which closed in February 2025. Additionally, subsequent to the end of the year, the Trust has committed to sell one property (104 suites) in Montréal, Quebec for a sale price of $26.5 million, or $255,000 per suite.

From January 1, 2025 to February 21, 2025 the Trust has purchased 3,227,054 units for $32.2 million, or an average price of $9.98 per unit. All units were purchased for cancellation.

COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the current year's presentation. A small adjustment was made to the weighted average capitalization rate from 4.22% to 4.21% to remove the impact of the properties classified as held for sale at December 31, 2023.

ADDITIONAL INFORMATION

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