STRENGTH AND RESILIENCE IN ACTION

170 Boul René-Lévesque E, Montréal, QC

interRent™ REIT
love it here.™

Annual Report 2024

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INTERRENT AT A GLANCE

InterRent (TSX:IIP.UN) is a multi-family residential real estate investment trust dedicated to owning, managing, and developing homes for more than 13,000 Canadian households, operating in four core regions – Greater Toronto & Hamilton Area, Greater Montréal Area, National Capital Region, and the Greater Vancouver Area.

As of December 31, 2024, our portfolio is comprised of 123 communities with a total of 13,435 suites. We leverage our platform to support a high-performing team to drive growth and create long-term value for all stakeholders.

123
Communities

13,435
Total Suites[1]

URBAN, HIGH-GROWTH
Markets

20,191
Residents

482
Team Members

81
Portfolio Average Walk Score

GREATER TORONTO & HAMILTON AREA (GTHA)
4,751 Suites[2]
1.2% Market Penetration

OTHER ONTARIO
2,007 Suites
2.4% Market Penetration

NATIONAL CAPITAL REGION
2,539 Suites
3.0% Market Penetration

GREATER VANCOUVER AREA (GVA)
866 Suites[3]
0.7% Market Penetration

GREATER MONTRÉAL AREA (GMA)
3,272 Suites[4]
0.5% Market Penetration

[1] Represents 11,368 suites fully owned by the REIT, 1,462 suites owned 50% by the REIT, and 605 suites owned 10% by the REIT.
[2] Includes 100% of a 94-suite community in Mississauga and a 605-suite community in Brampton of which InterRent's ownership interest is 50% and 10%, respectively.
[3] Represents 100% of Vancouver portfolio of which InterRent's ownership interest is 50%.
[4] Includes 100% of a 254-suite community in Brossard and a 248-suite community in Montréal of which InterRent's ownership interest is 50%.

A WORD FROM OUR CEO

Dear Fellow Unitholders,

2024 was a year of solid progress for InterRent on many fronts, despite a backdrop of many new and evolving challenges and opportunities.

Early in the year, interest rates moved lower and showed signs of stabilizing following the Bank of Canada's rate cuts. Midway through, we saw significant changes in Canada's immigration targets, which led to a revised outlook for population growth. Towards the end of the year, global trade tensions and political uncertainties began to emerge, creating a period of heightened volatility.

Strong operating and financial performance

Through it all, the quality of our portfolio, its stability and resilience were clearly demonstrated once again throughout the year. Continued rent growth, coupled with stable and rising occupancy, collectively drove a strong 9.4% increase in 2024 same-property NOI. By improving our borrowing profile and reducing our variable rate debt, and benefiting from a more stabilized interest rate environment, we achieved a meaningful reduction in financing costs, translating top-line gains into a strong 12.6% increase in FFO. This strong performance has allowed us to be able to increase our distribution by 5% or more for the 13th consecutive year.

We continue to maintain one of the strongest balance sheets in our industry. Total debt-to-gross book value was a conservative 40.3% at year end, providing the resources and flexibility to maintain our track record of growth.

Moving forward with more active capital recycling

In 2024, we have strategically advanced our capital recycling program, disposing four communities at or above their IFRS values, supporting the valuation of our portfolio while generating $93.3 million in net proceeds after accounting for closing costs and mortgage discharges. Our disposition strategy is a very deliberate process, focusing on properties where we have successfully achieved our value-add objectives. These assets had strong performance, but did not have the same growth profiles compared to the rest of the InterRent portfolio.

In October, we acquired a premium, newly built apartment community in the heart of downtown Montréal, in partnership with a trusted institutional partner. This addition to our portfolio, secured at a meaningful discount to replacement cost, further strengthens our already strong and strategically located Montréal portfolio.

Macro uncertainties and increased volatility at the long end of the yield curve have put pressure on the real estate sector, which underperformed 10 of the 11 industry sectors in total returns in 2024, and our units are no exception. We became more active with our normal course issuer bid ("NCIB") program to capitalize on the significant disconnect between the intrinsic value of the trust units and their trading price. Over the course of 2024, we acquired and cancelled over 1.2 million units for a total investment of $13.2 million, reflecting a weighted average cost per unit of $10.88 versus an IFRS NAV per unit at year-end of $16.23. In January 2025, we have further purchased and cancelled close to 2 million units for $19.7 million, or an average price of $10.01 per unit.

Conviction in our high-quality portfolio

Our conviction in the strength of our portfolio is built upon two factors:

1. Well-maintained and high-quality assets.

In addition to our strategic acquisition of premium assets that check all the boxes, our decades of focused investment in improving our existing portfolio continue to pay off. As of the start of 2025, 90% of our portfolio has been repositioned with updated building systems, modernized amenities, in-suite renovations and more. These communities offer a high-quality living experience, attract stronger residents, generally require lower maintenance, and generate higher income. Our remaining non-repositioned portfolio is relatively young, with a weighted average age of just 23 years.

2. Exceptionally central, urban locations.

Our portfolio is concentrated in four of Canada's largest and fastest growing cities near transit hubs, established universities, tech companies, and hospitals. Our portfolio has an average Walk Score of 81, and 39% of our communities have a walk score of 90 or more.

This high-quality portfolio serves as a strong foundation as we navigate a period of change, giving us a solid runway to generate continued organic growth.

Prioritizing and advancing on sustainability

In 2024, we continued to make progress on our sustainability priorities, focusing on balancing meaningful impact with cost-effectiveness. One of the key initiatives was our formal Double Materiality Assessment, which helps us meet new reporting requirements, prioritize the right sustainability initiatives, and better manage risks and opportunities to drive long-term value.

We maintained strong momentum in achieving building certification. We are proud to share that as of December 31, 2024, 100% of our multifamily portfolio is certified, with the exception of our recent acquisition in Montréal. Certification for this new acquisition is currently underway and is expected to be completed later this year.

Building upon a legacy of 24 years, the Mike McCann Charity Golf Tournament set new records for total donations. In 2024, we raised $1.8 million through this one-day event, thanks to the generosity of our partners. As always, all proceeds are being donated to various local charities within the communities we serve.

The year ahead

We are looking ahead to 2025 with cautious optimism. While we face many uncertainties, we remain confident that the longstanding, systemic nature of Canada's housing shortage will always support demand for our well-located, high-quality communities for our residents.

In 2025, our focus will remain on what we can control: optimizing both revenue and expenses, making disciplined capital allocation decisions, and carefully evaluating growth opportunities while staying focused on our long-term goals. Our focus on customer experience remains another constant priority. In an increasingly competitive market, our ability to attract and retain residents will set us apart. Meanwhile, we remain committed to our internal customer – our team members. Their dedication, capabilities, and hard work helped us achieve operational excellence in 2024, and will continue to be our biggest competitive edge in the years ahead.

In closing, I would like to thank everyone who supported us throughout the year – to our team members for their hard work; to our residents for entrusting us with the privilege of providing their homes; to our Board of Trustees for their guidance; and to our unitholders, for sharing and supporting our vision.

Brad Cutsey
President and CEO

2024 HIGHLIGHTS

We are pleased to report another year of solid financial results, posting four quarters of strong growth in our same property portfolio, consistent NOI margin expansion, and delivering exceptional value to our unitholders.

$162.2 Million
Same Property Proportionate NOI

+9.4%
YoY SP Proportionate NOI Growth

67.1%
Same Property NOI Margin
+140 bps YoY growth

11.1%
YoY FFO per Unit Growth
Delivered **$0.612** FFO per Unit

97.0%
Occupancy (December)

5.0%
Distribution Increase

$252 Million
Available Liquidity
February 14, 2025

12.7%
YoY AFFO per Unit Growth
Delivered **$0.543** AFFO per Unit

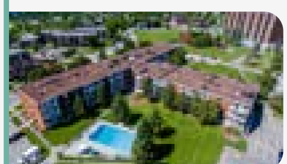
2024 MILESTONES

February

Sold two communities consisting of 224 suites in Côte-Saint-Luc, QC.

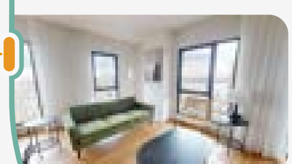
June

Released first TCFD-aligned Report and Climate Transition Plan along with 2023 Sustainability Report.



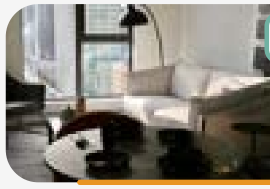
Sold one community consisting of 497 suites in Gatineau, QC.

Sold one community consisting of 27 suites in Ottawa, ON.



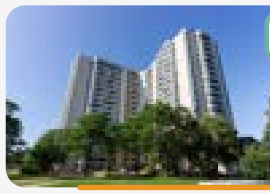
July

Repurchased 405,300 units under the NCIB.



December

Repurchased 895,000 units under the NCIB.



November

Announced a 5% increase to distribution, marking the 13th consecutive year of growing distribution by 5% or more.

October

Achieved a 21% year-over-year improvement in GRESB score bringing it to 81.

Acquired a newly built 248-suite community in Montréal with joint venture partner.

Achieved 100% building certification across the multi-family portfolio through the Certified Rental Building Program (CRBP) and BOMA BEST.

September

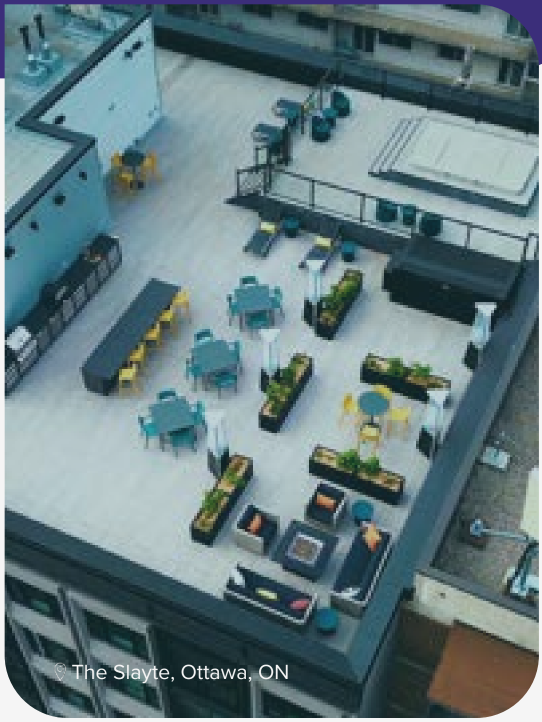
Raised a record $1.8M for charities at the annual Mike McCann Charity Golf Tournament.

BUILDING VALUE **WITH A HIGH-QUALITY PORTFOLIO**

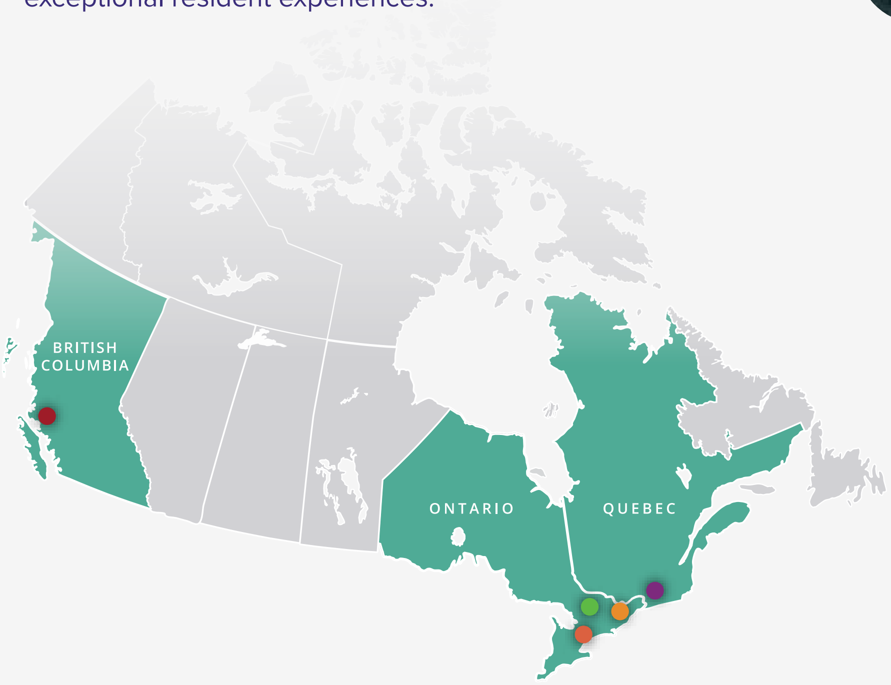
Conviction In Our High-quality Portfolio

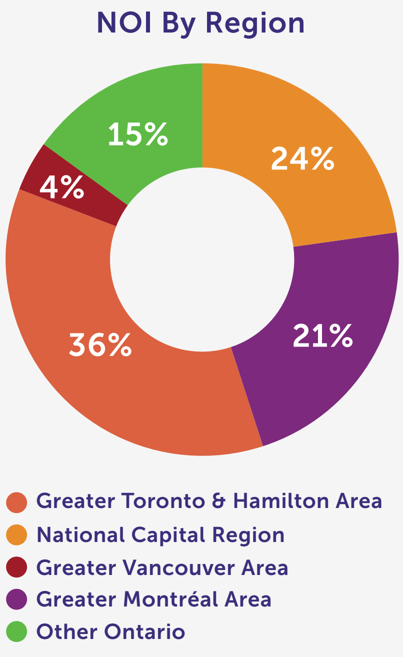
Our portfolio is strategically concentrated in four of Canada's largest and fastest growing cities: the Greater Toronto and Hamilton Area (GTHA), Ottawa, Montréal and Vancouver. These core markets are at the heart of Canada's economic activity, with stable population growth, strong and diverse employment demand, and structural housing supply constraints, which underpin long-term, sustainable and resilient rental demand and support the most compelling opportunities for value creation.

Within each of these core markets, we leverage our deep local knowledge and economies of scale to achieve operating synergies. This strategic positioning enhances our ability to deliver strong performance, efficient operations and exceptional resident experiences.



© The Slayte, Ottawa, ON





170 Boul René-Lévesque E, Montréal, QC.

High-Quality Assets in Premium Locations

In each of our urban core markets, we own some of the best-located communities. Our communities are strategically located near transit hubs, established universities, tech hubs and hospitals, which are key drivers of rental demand. This strategy allows us to attract strong residents, secure premium rents and maintain industry-leading turnover rates.

We consistently optimize our portfolio through our active repositioning program. Over the years, we have invested strategically in a variety of improvements, including amenities, building systems, security and energy efficiency. These efforts are designed to future-proof our communities, ensuring that our portfolio remains in top condition to drive resident satisfaction and strong financial performance.

1 Well-Maintained & High-Quality Assets

90%

As of January 1, 2025, 90% of our portfolio has been repositioned with modernized amenities and building systems.

23 years

Our non-repositioned portfolio is relatively young, with a weighted average age of just 23 years.

2 Premium Urban Locations

81

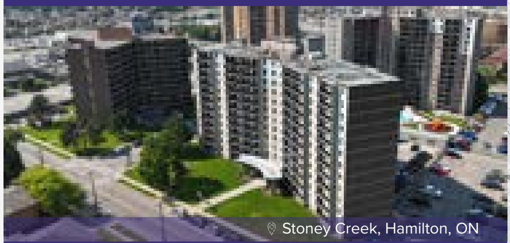
As of January 1, 2025, our total portfolio has an average Walk Score of 81, the second highest level achievable. It is considered 'Very Walkable", where most errands can be accomplished on foot.

39%

More than one third of our communities boast a Walk Score of 90 or more, the highest level achievable. It is classified as "Walker's Paradise", where daily errands do not require a car.

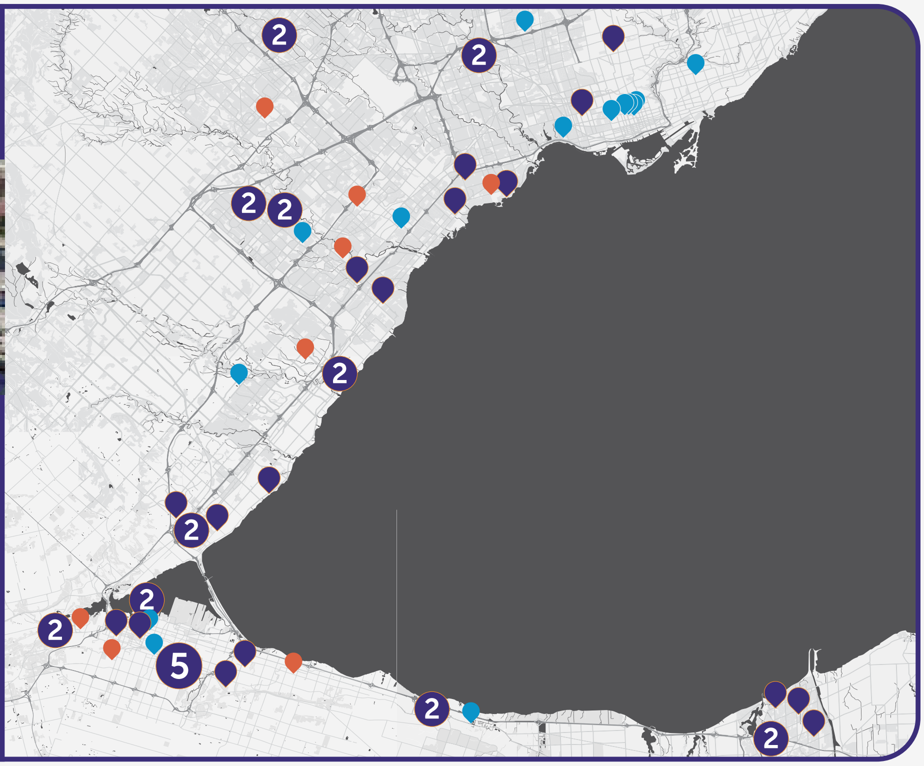
OUR CORE MARKETS IN PREMIUM LOCATIONS

GREATER TORONTO & HAMILTON AREA



Stoney Creek, Hamilton, ON

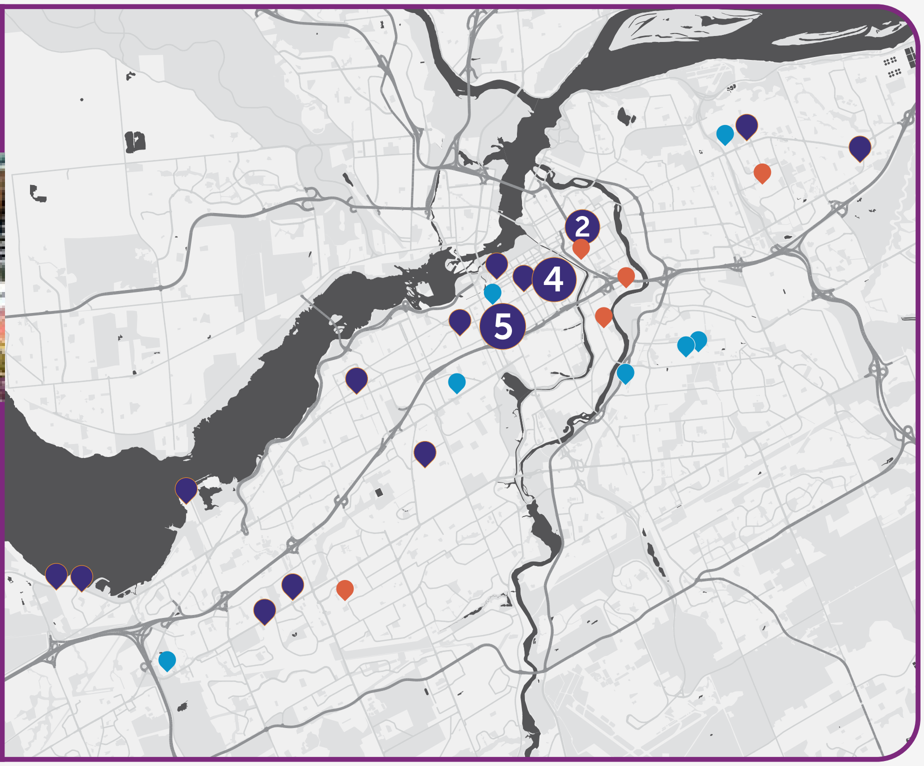
Walk Score **79** (vs. Toronto and Hamilton average of 61 and 50, respectively)	Repositioned **75%**	High Rise **66%**
Concrete Frame **93%**	AMR **$1,775**	Vacancy **2.8%**



NATIONAL CAPITAL REGION

The Slayte, Ottawa, ON

Walk Score **79** (vs. Ottawa average of 45)	Repositioned **94%**	High Rise **32%**
Concrete Frame **81%**	AMR **$1,817**	Vacancy **3.4%**



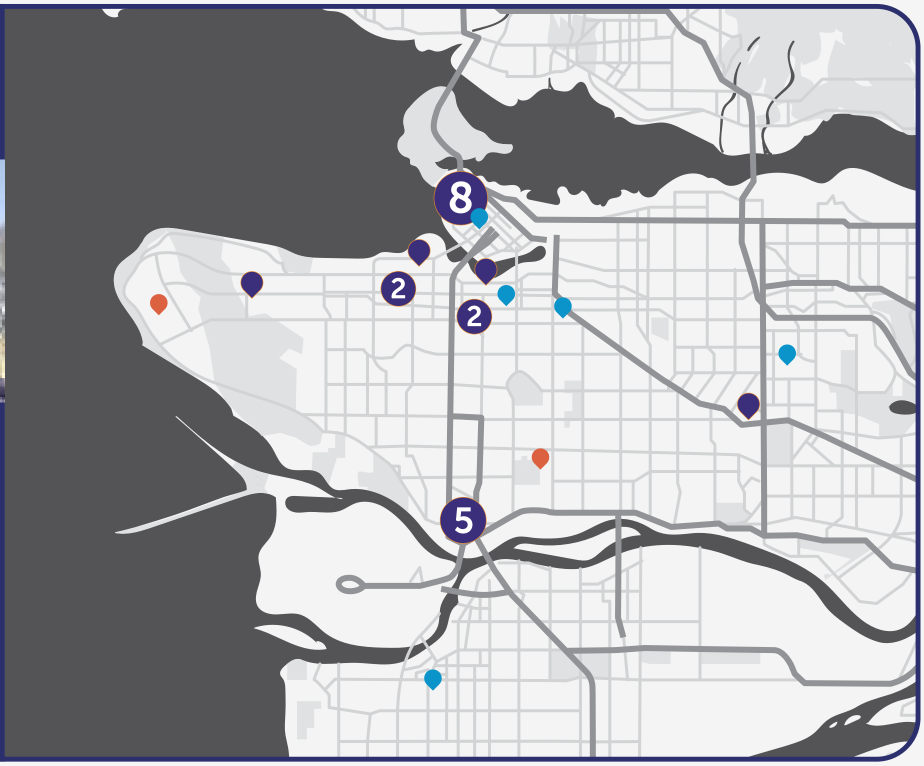
InterRent Communities
Post Secondary Institutions
Hospitals

* Numbers within circles represent the number of InterRent communities in that area.

OUR CORE MARKETS IN PREMIUM LOCATIONS

GREATER VANCOUVER AREA

Walk Score	Repositioned	High Rise
95 (vs. Vancouver average of 80)	0%	33%
Concrete Frame	**AMR**	**Vacancy**
39%	$2,023	5.1%



GREATER MONTRÉAL AREA

Walk Score	Repositioned	High Rise
92 (vs. Montréal average of 65)	79%	81%
Concrete Frame	**AMR**	**Vacancy**
98%	$1,502	3.0%

InterRent Communities
Post Secondary Institutions
Hospitals

** Numbers within circles represent the number of InterRent communities in that area.*

BUILDING VALUE **WITH OUR OPERATING PLATFORM**

We work to build long-term value by leveraging our operating platform to drive efficiency and enhance property performance. Our approach includes transforming communities through physical repositioning, optimizing the use of space, and enhancing resident experience and connections through technology.

Physical Repositioning

Our team has a proven track record of creating value through the repositioning of rental properties. This process involves targeted investments in property improvements, including upgrades to amenities, infrastructure, in-suite appliances and fixtures, and energy efficiency measures. These strategic investments are calculated to meet return thresholds by reducing operating costs, increasing occupancy and maximizing rental income, and improving the quality of our portfolio over time. Physical repositioning will continue to be a strong driver of value creation, supported by the experience and expertise of our operating platform.

Intensification

Some of our communities have available land or space suitable for intensification opportunities within existing buildings, or the potential for new apartment buildings. We actively assess these investments as they allow us to add suites without incurring additional land costs, while considering local demand and returns thresholds. Over the past 2 years, we have added 48 suites through intensification within current buildings.

We believe these opportunities, which are separate from our existing development pipeline, could create up to 1,000 net new suites.

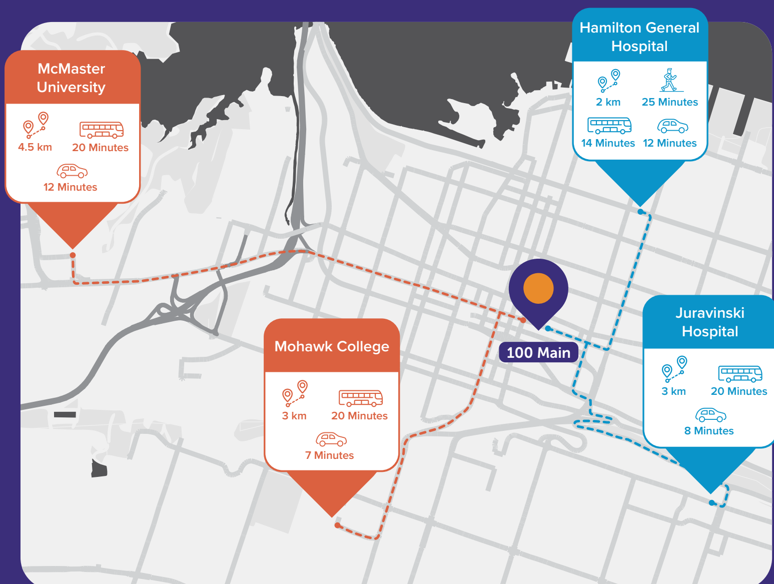
625 rue Milton, Montréal, QC

CASE STUDY
100 MAIN

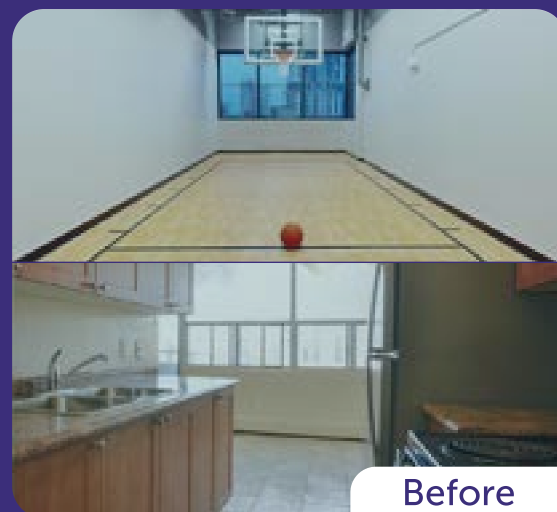
REGION	CITY	ACQUISITION YEAR
GTHA	HAMILTON	2020

SUITES	COMMERCIAL	PURCHASE PRICE
295	29 units, 62,104 sq. ft.	$76M

100 Main Street E is a 295-suite community with over 60,000 square feet of commercial space in the heart of Hamilton's business district. Its central location offers a lifestyle that suits everyone.



Since acquiring the community in 2020, we have made substantial capital improvements including upgrades to the lobby and hallways, new and improved amenity spaces, upgrades to suites upon turnover, HVAC system upgrades, and more, to enhance the community and improve resident experience.



Our Impact

Community Impact
We have worked to build the community, contributing to the neighbourhood while providing high-quality, well-located housing for residents.

Financial Impact
Since the acquisition, we have significantly increased the community's NOI and improved NOI margin.

Community Amenities

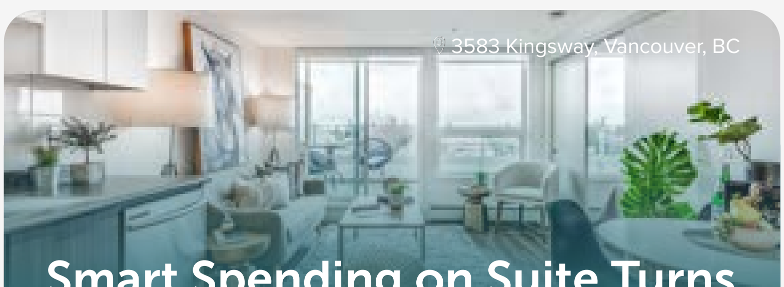
- Community room
- Fitness centre
- Sky lounge on 45th floor
- Indoor basketball court
- Yoga studio

Technology

Innovation and technology play a significant role in our operating strategy. We invest in and adopt technology to enhance our business insight and operating efficiency, enhance experience and connection with our residents, and reduce costs. By streamlining processes, we free up time for our team members to focus on higher value-add activities and deliver more personalized service to our residents.

Enhance Resident Experience

A key focus for 2024 has been deepening engagement and communication with our residents. By further integrating our CRM system with the resident portal, we've streamlined interactions, making it easier for residents to connect with us. This integration allows for a more seamless resident experience, ensuring that all communications, from service requests and inquiries to general feedback, are tracked efficiently and addressed in a timely manner. Currently, **85.4%** of our residents are signed up for the resident portal, where they can easily submit work orders, check rent balances, and make rent payments.



3583 Kingsway, Vancouver, BC

Smart Spending on Suite Turns

We employ a strategic, data-driven approach to suite turn management, leveraging a cutting-edge mobile centric software solution to enhance cost control and maximize returns. This technology enables comprehensive analysis of projected revenue outcomes, empowering us to make informed, data-backed decisions. By streamlining approval workflows and optimizing resource allocation, we effectively reduce vacancy durations, enhance operational efficiency, and drive overall portfolio performance.

30 Edith, Toronto, ON

BUILDING VALUE **WITH OUR CULTURE**

Our corporate culture is our competitive advantage, with our values forming the foundations we build upon.

Quality

Investing in our communities to ensure safe, clean, and high-quality homes for our residents.

Customer Experience

Striving to provide a best-in-class experience for both our external (residents) and internal (team members) customers.

Integrity

Inspiring trust by saying what we mean, acting honestly and taking responsibility for our actions.

Community Building

Encouraging and working with our teams to give back to our residents and communities through sustainable programs and philanthropic efforts.

Respect

Creating an inclusive environment where individuality and authenticity are celebrated and where diversity of opinions and interests is respected.

Inventiveness

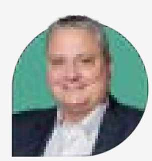
Having the curiosity and creativity to find innovative solutions to new challenges and fostering an atmosphere where ideas are encouraged from all team members.

MEET THE TEAM

Mike McGahan
Executive Board Chair
25+ years in the industry

Brad Cutsey
President & CEO, Trustee
20+ years in the industry
10 years at InterRent

Curt Millar
CFO
25+ years in the industry
15 years at InterRent



Dave Nevins
COO
30+ years in the industry
8 years at InterRent

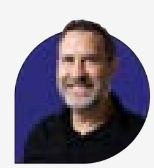
Catherine Hébert
CTO
25+ years in the industry
4 years at InterRent

Will Chan
CIO
17 years in the industry
7 years at InterRent

Asad Hanif
VP Acquisition and Asset Management
18 years in the industry
4 years at InterRent

Craig Stewart
VP Finance
16 years in the industry
7 years at InterRent

Jennifer Boyd
VP Operations
25+ years in the industry
7 years at InterRent



Chris Willoughby
VP Marketing
30 years in marketing
6 years at InterRent

Diversity of Thought and Experience Drives Innovation

Our workforce is diverse and reflects the communities we serve, helping us better connect and respond to the needs of our residents.

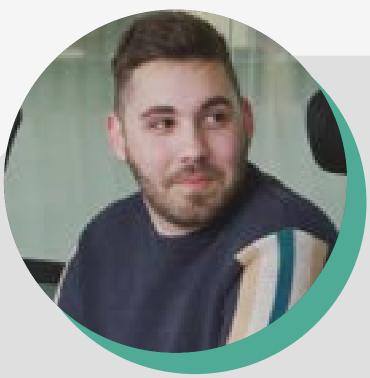
47% of our employees identify as BIPOC

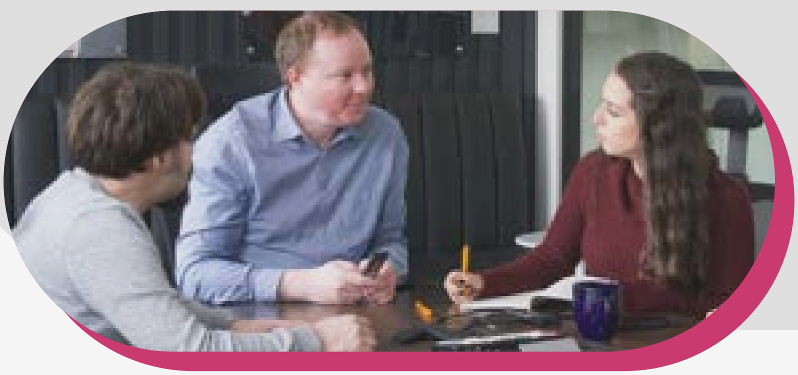
54% of our employees were born outside of Canada

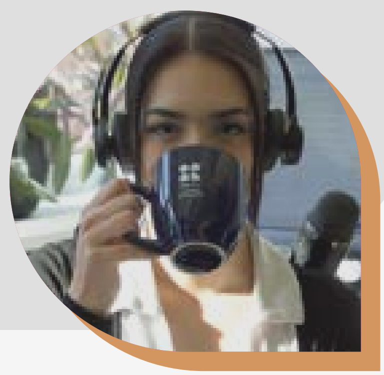
40% of our employees identify as women

19% of our employees identify as a person with a disability

36% of our team members in leadership roles identify as women







Our Team Members are:

- **9.2%** under 25 years old
- **29.7%** 25-34 years old
- **20.2%** 35-44 years old
- **22.5%** 45-57 years old
- **13.7%** 58-65 years old
- **4.6%** 66+ years old

Measuring Our Progress

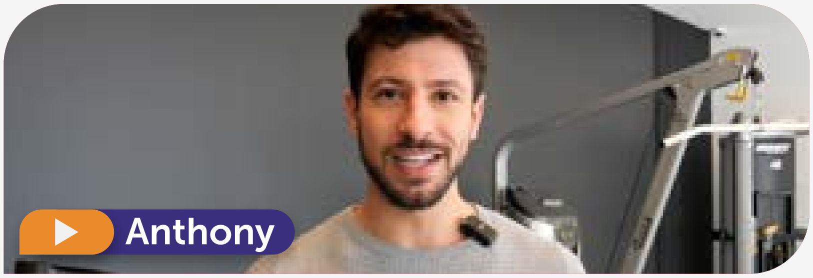
In 2023, we introduced a refreshed brand identity and renewed our commitment to both our internal customers, our team members, and our external customers, our residents. As we continue to advance our culture, we measure our progress through a number of key metrics:

Internal Customers: Our Team Members

We gauge our team's engagement and satisfaction through our Annual Talent Survey, monitoring participation rates and feedback to celebrate successes and identify areas for improvement.

Jovic is the proud winner of the 2024 Maintenance & Cleaning Masters, after a few years of trying! His journey with InterRent has been all about learning, growing, and honing his skills, shaping him into the leader he is today.

Since joining InterRent in the thick of the pandemic, Jennifer has been a rising leader. She was the host of our 2024 regional holiday party, but she's not the only star – her dog is also a fan favourite in our social media, representing our pet-friendly communities!



Anthony wins over the trust and appreciation of residents with his kindness and warm personality. In 2024, he took on an important new role at our latest acquisition, a premium community in the heart of downtown Montréal.

2 & 4 Hanover, Brampton, ON

External Customers: Our Residents

We assess resident satisfaction through our Annual Resident Experience Survey, tracking engagement rates, Net Promoter Scores, and online reviews to ensure we are meeting and exceeding expectations.


236 Richmond, Ottawa, ON

Resident Portal

Percentage of registered residents

2024	2023
85.4%	70.5%

Total engagement number through the portal

48.6%

increase year over year

Maintenance Requests

Average hours to action

4.9 hours

Average days to close

2.58 days

Leasing Inquiry Calls

89.8%

of the calls were answered within 60 seconds

Annual Resident Experience Survey

70% of residents are **"Satisfied"** or **"Extremely Satisfied"** with their experience at our communities

vs **64%** in 2023

Resident Events

Hosted

206

resident events in our core regions in 2024

vs **145** events in 2023

Google Reviews

Average Rating as of December 2024

4.4

vs **4.1** as of December 2023

BUILDING VALUE **WITH OUR SUSTAINABLE MINDSET**

We continue to make smart and intentional progress on our sustainability priorities, focusing on projects that enhance resilience, reduce emissions and operating costs, and create long-term value for our stakeholders.

Our Climate Journey

2024

Complete a climate scenario analysis to understand future climate-related risks and opportunities and their impacts on our business strategy

Conduct a formal Double Materiality Assessment to meet reporting requirements and prioritize sustainability initiatives
The assessment commenced in 2024 and is expected to be completed in early 2025

2023

Increase our Board of Trustees and Team members' knowledge on climate-related risks and opportunities through trainings

Established ISO50001 aligned Energy Management System

Develop a systematic approach to incorporate climate change considerations into our acquisition due diligence process, capex program and capital recycling decisions

2022

Voluntarily disclose climate-related initiatives and performance through CDP

Established science-based GHG emissions reduction targets

2021

Baseline climate change risk assessment

The results of our Double Materiality Assessment will inform our key sustainability priorities for the years ahead. Learn more about our sustainability commitment in **our 2024 Sustainability Report,** set for release this spring.

2023 result
A-rating
67

2024 result
A-rating
81

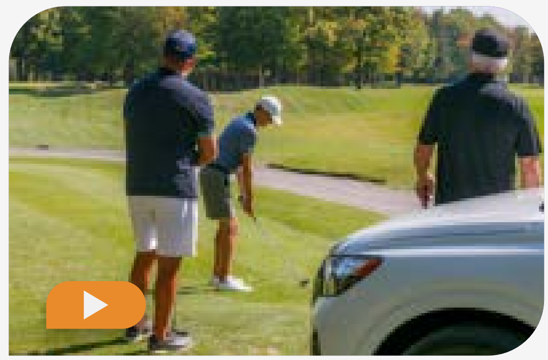
GRESB Real Estate Assessment

We continued to participate in the GRESB Real Estate Assessment and achieved a **21%** year-over-year improvement in our 2024 GRESB score and were ranked first among Canadian public multi-family REITs.

MIKE MCCANN
CHARITY GOLF TOURNAMENT
SINCE 1998

24th Mike McCann Charity Golf Tournament

Our commitment to giving back to our communities continued to grow in 2024. The 2024 Mike McCann Charity Golf Tournament set a record by raising $1,802,000, bringing our grand total to nearly $10 million since its inception. This achievement was made possible by the incredible generosity of our many sponsors and the dedication of our team members. The proceeds are given to a variety of local charities within the communities where we operate.



CHARITIES WE SUPPORT

Maisy's Foundation of Hope

OCHF

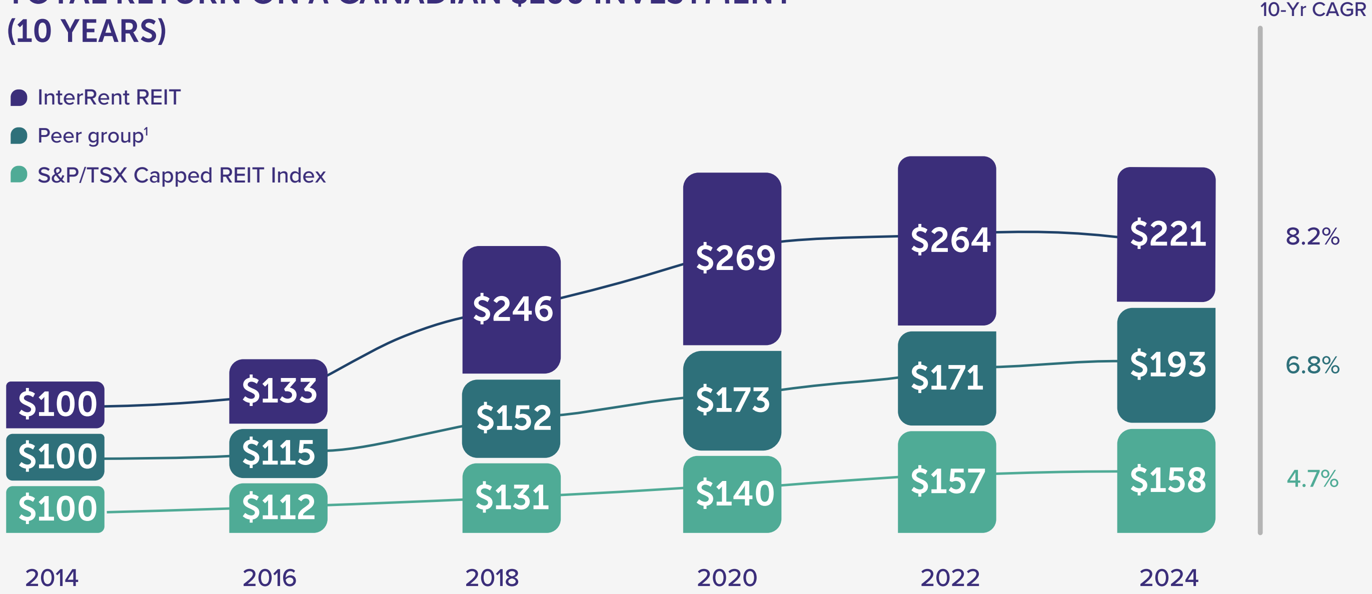
University of Ottawa - Telfer RE Club

& many more

OUR TRACK RECORD

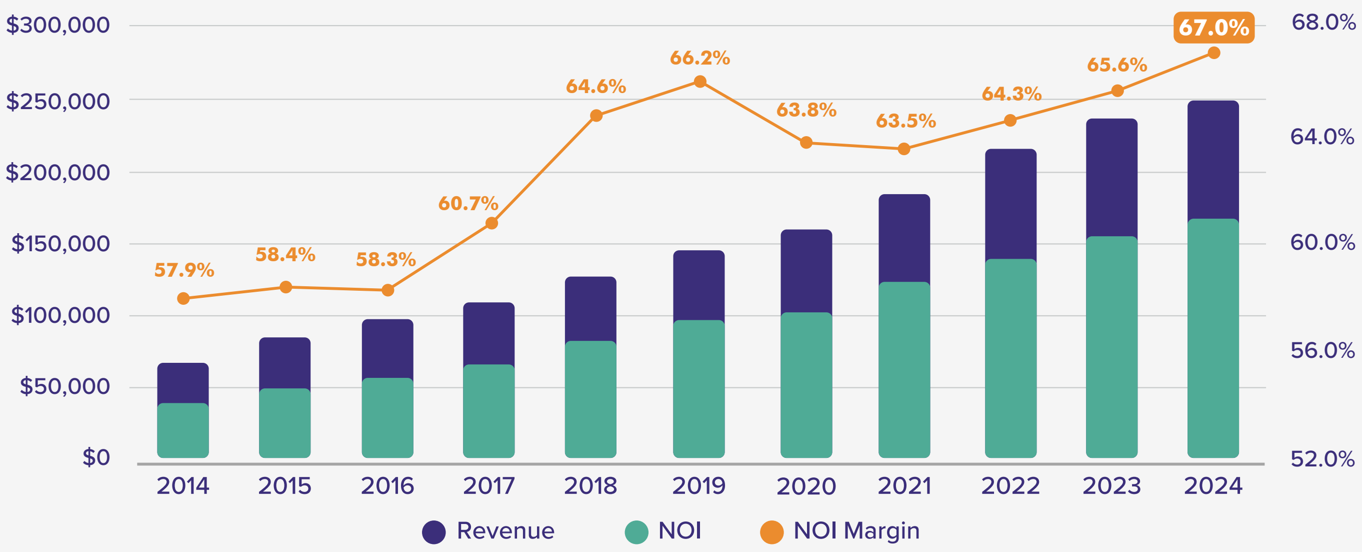
Driven by our operating platform, our top performing team, and technology, we have consistently delivered strong performance metrics.

TOTAL RETURN ON A CANADIAN $100 INVESTMENT (10 YEARS)



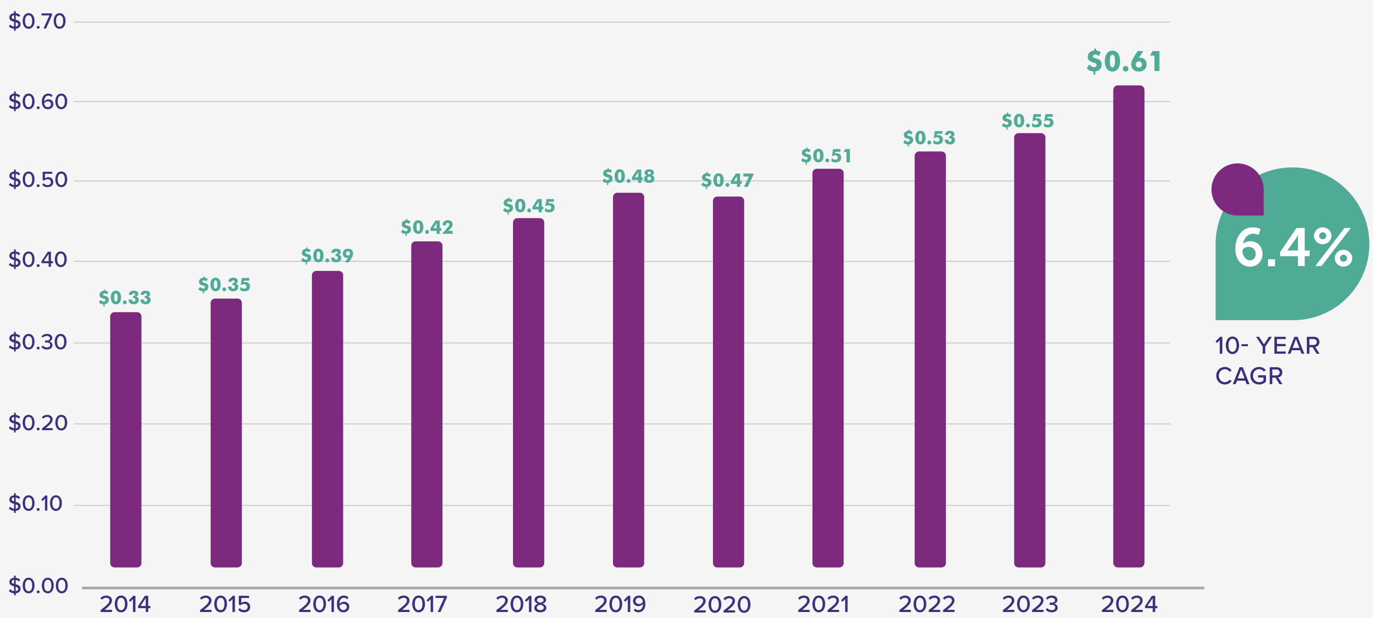
[1]Peer group includes BEI.UN, CAR.UN, KMP.UN, MI.UN, MRG.UN

REVENUE & NET OPERATING INCOME (IN THOUSANDS)



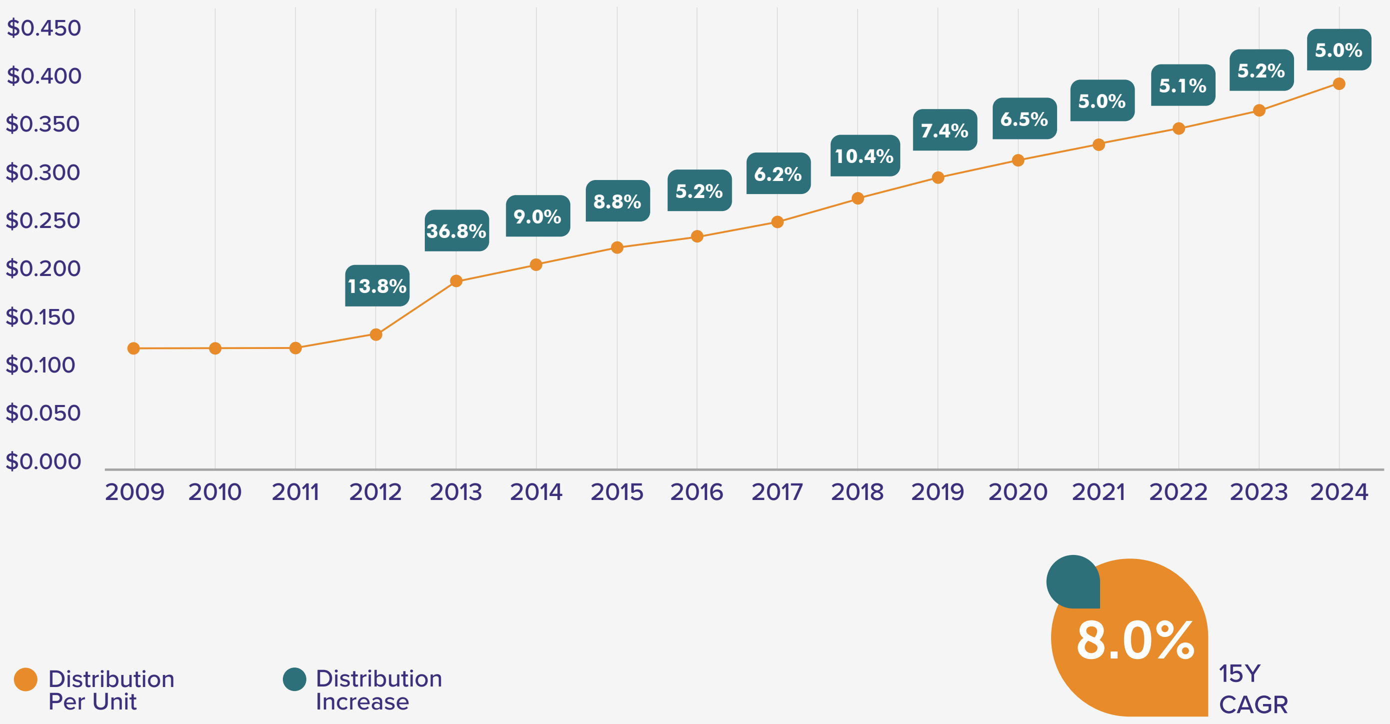
OUR TRACK RECORD

FFO PER UNIT



CONSISTENT GROWTH IN OUR DISTRIBUTION

2024 Marks the 13th straight year with >5% growth.



MANAGEMENT'S DISCUSSION AND ANALYSIS

100 Main St E, Hamilton, ON

love it here.™

For the Year Ended
December 31, 2024

February 24, 2025

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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.

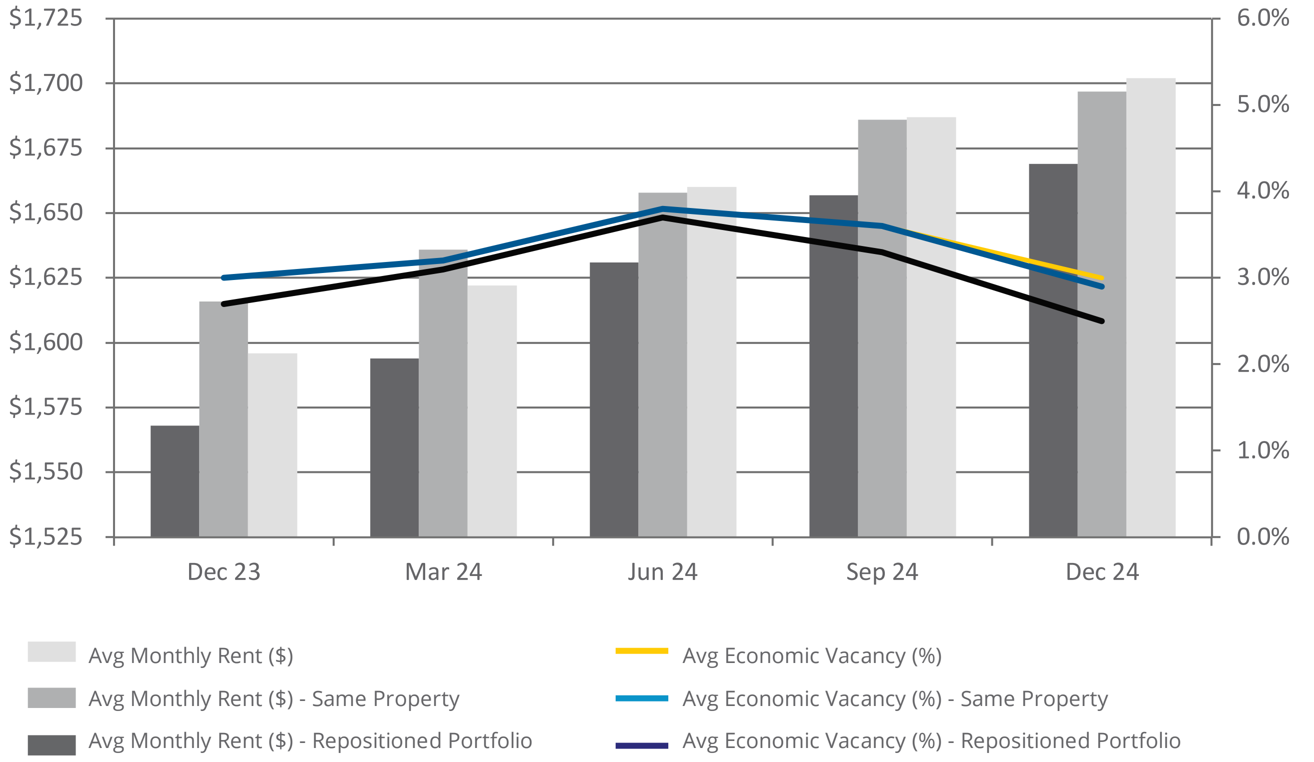
PORTFOLIO OCCUPANCY

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

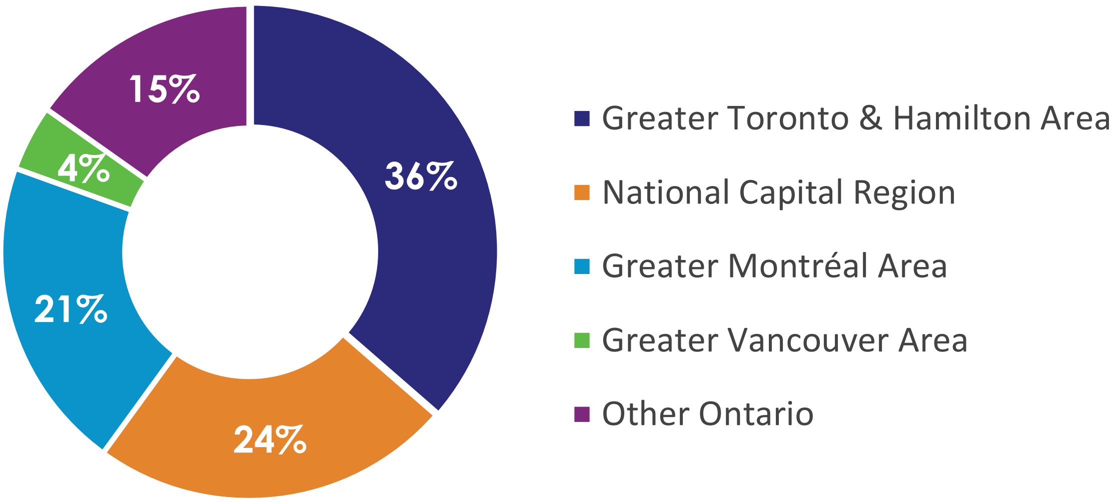
Utility costs for the year ended December 31, 2024 amounted to $17.0 million or 6.9% of revenue, $1.1 million lower than the $18.1 million, or 7.6% of revenue for the year ended December 31, 2023. On a per weighted average suite basis, utility costs have decreased 1.2% compared to 2023, to $1,409 per 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.

	3 Months Ended December 31, 2024			3 Months Ended December 31, 2023		
	GAAP Basis	Proportionate Basis		GAAP Basis	Proportionate Basis	
In $ 000's	Amount	Amount	% of Revenue	Amount	Amount	% of Revenue
Cash based:						
Mortgage interest	$ 14,122	$ 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.

	12 months Ended December 31, 2024			12 months Ended December 31, 2023		
	GAAP Basis	Proportionate Basis		GAAP Basis	Proportionate Basis	
In $ 000's	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:

	3 Months Ended December 31, 2024			3 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	$ 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:

In $ 000's	12 months Ended December 31, 2024			12 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	$ 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			December 31, 2023		
	GAAP Basis	Adjustments for Proportionate Interest	Proportionate Share Basis	GAAP Basis	Adjustments for Proportionate Interest	Proportionate Share Basis
Assets						
Investment properties	**$ 4,078,627**	**$ 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 Act* 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.

InterRent Real Estate Investment Trust

Consolidated Financial Statements

For the years ended December 31, 2024, and 2023

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of InterRent Real Estate Investment Trust

Opinion

We have audited the consolidated financial statements of InterRent Real Estate Investment Trust and its subsidiaries (the "Trust"), which comprise the consolidated balance sheets as at December 31, 2024 and 2023, and the consolidated statements of income/(loss), changes in unitholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Trust as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

<u>Fair Value of Income Properties</u>

Refer to consolidated financial statements note 2 – Basis of presentation – Investment properties, note 3 – Material accounting policies – Critical accounting estimates and judgments in applying accounting policies, and note 4 – Investment properties.

The fair value of income properties as at December 31, 2024 is $4,030,624. Management used an internal valuation model based on the direct capitalization income approach to determine the fair value of income properties as at December 31, 2024. Management engaged an external valuation expert to appraise substantially all of the income properties held as at December 31, 2024. Determining the fair value of income properties required management to make significant estimates and assumptions within the internal valuation model.

We identified the fair value of income properties as a key audit matter because management made critical assumptions relating to the capitalization rate, vacancy rate, and forecasted stabilized net operating income for each income property used in its internal model. These significant assumptions involve heightened estimation uncertainty and complexity. This has resulted in significant audit effort, including the use of valuation specialists and a high degree of auditor judgment to evaluate the audit evidence obtained.

How our audit addressed the Key Audit Matter

Our audit procedures related to the valuation of income properties included the following, among others:

- We evaluated the reasonableness of the underlying data used in the calculation of stabilized net operating income, used in management's direct capitalization method by auditing current year net operating income inputs and evaluating forecasted data by benchmarking the data to market information.
- For a sample of income properties, we utilized professionals with specialized skill and knowledge in the field of real estate valuations to assist in:
    - Developing independent ranges for management's assumptions and estimates from comparable market benchmarks; and
    - Evaluating the appropriateness of critical assumptions used by management including the capitalization rate, vacancy rate, and forecasted stabilized net operating income by comparing them to independent regional market data, industry averages, and improved comparable sales.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, included in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management Discussion and Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Trust to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mark Jakovcic.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
February 24, 2025
Toronto, Ontario

InterRent Real Estate Investment Trust

Consolidated Balance Sheets
(Cdn $ Thousands)

	Note		**December 31, 2024**		December 31, 2023
Assets					
Investment properties	4	**$**	**4,078,627**	$	4,315,742
Investment in joint ventures	8		**53,194**		47,454
Prepaids and deposits	10		**35,972**		2,403
Assets held for sale	5		**-**		45,432
Receivables and other assets	11		**22,996**		22,760
Cash			**4,524**		2,547
Total assets		**$**	**4,195,313**	$	4,436,338
Liabilities					
Mortgages payable	12	**$**	**1,646,942**	$	1,650,035
Credit facilities	13		**42,000**		40,847
Class B LP unit liability	15		**-**		28,587
Unit-based compensation liabilities	16		**47,976**		59,721
Lease liabilities	17		**1,372**		1,672
Tenant rental deposits	18		**21,728**		19,781
Liabilities associated with assets held for sale	5		**-**		22,988
Accounts payable and accrued liabilities	14		**40,658**		39,326
Total liabilities			**1,800,676**		1,862,957
Unitholders' equity					
Unit capital	20		**1,121,494**		1,088,679
Retained earnings			**1,273,143**		1,484,702
Total unitholders' equity			**2,394,637**		2,573,381
Total liabilities and unitholders' equity		**$**	**4,195,313**	$	4,436,338

Commitments and contingencies (note 30)

Subsequent events (note 31)

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Trust	*Ronald Leslie*	*Brad Cutsey*
	Trustee	Trustee

InterRent Real Estate Investment Trust

Consolidated Statements of Income/(Loss)
For the years ended December 31
(Cdn $ Thousands)

	Note		2024		2023
Operating revenues					
Revenue from investment properties	21	$	**246,254**	$	237,135
Operating expenses					
Property operating costs			**38,627**		38,046
Property taxes			**25,832**		25,457
Utilities			**16,859**		18,018
Total operating expenses			**81,318**		81,521
Net operating income			**164,936**		155,614
Financing costs	22		**57,290**		58,974
Administrative costs			**17,471**		16,616
Income before other income and expenses			**90,175**		80,024
Other income and expenses					
Fair value adjustments on investment properties	4		**(262,791)**		11,954
Other income and fees			**2,035**		2,001
Income from investment in joint ventures	8		**32**		3,830
Loss on sale of investment properties	7		**(1,485)**		(32)
Other fair value gains/(losses)	0		**18,761**		(2,779)
Interest on units classified as financial liabilities	24		**(2,373)**		(2,758)
Net income/(loss) for the year		$	**(155,646)**	$	92,240

The accompanying notes are an integral part of these consolidated financial statements.

InterRent Real Estate Investment Trust

Consolidated Statements of Changes in Unitholders' Equity
For the years ended December 31
(Cdn $ Thousands)

	Trust units	Cumulative profit	Cumulative distributions to Unitholders	Retained earnings	Total Unitholders' equity
Balance, January 1, 2023	$ 1,052,858	$ 1,724,720	$ (280,202)	$ 1,444,518	$ 2,497,376
Units purchased under NCIB and cancelled (note 20)	(1,998)	-	-	-	(1,998)
Units issued (note 20)	37,819	-	-	-	37,819
Net income for the year	-	92,240	-	92,240	92,240
Distributions declared to Unitholders	-	-	(52,056)	(52,056)	(52,056)
Balance, December 31, 2023	**$ 1,088,679**	**$ 1,816,960**	**$ (332,258)**	**$ 1,484,702**	**$ 2,573,381**
Balance, January 1, **Error! Reference source not found.**	$ 1,088,679	$ 1,816,960	$ (332,258)	$ 1,484,702	$ 2,573,381
Units purchased under NCIB and cancelled (note 20)	(13,483)	-	-	-	(13,483)
Units issued (note 20)	46,298	-	-	-	46,298
Net loss for the year	-	(155,646)	-	(155,646)	(155,646)
Distributions declared to Unitholders (note 25)	-	-	(55,913)	(55,913)	(55,913)
Balance, December 31, 2024	**$ 1,121,494**	**$ 1,661,314**	**$ (388,171)**	**$ 1,273,143**	**$ 2,394,637**

The accompanying notes are an integral part of these consolidated financial statements.

InterRent Real Estate Investment Trust

Consolidated Statements of Cash Flows
For the years ended December 31
(Cdn $ Thousands)

	Note	Error! Reference source not found.	Error! Reference source not found.
Cash flows from (used in) operating activities			
Net income/(loss) for the year		**$ (155,646)**	$ 92,240
Add items not affecting cash			
Income from investment in joint ventures	8	**(32)**	(3,830)
Amortization		**775**	987
Loss on sale of investment properties	7	**1,485**	32
Fair value adjustments on investment properties	4	**262,791**	(11,954)
Other fair value (gains)/losses	0	**(18,761)**	2,779
Unit-based compensation expense	16	**7,423**	6,785
Financing costs	22	**57,290**	58,974
Interest expense	22	**(54,840)**	(56,961)
Tenant inducements		**3,334**	2,241
		103,819	91,293
Net income items related to financing activities	24	**329**	971
Changes in non-cash operating assets and liabilities	25	**(36,667)**	(2,645)
Cash from operating activities		**67,481**	89,619
Cash flows used in investing activities			
Acquisition of investment properties	6	**(55,768)**	-
Investment in joint ventures	8	**(5,828)**	(12,464)
Distributions received from joint ventures	8	**120**	-
Proceeds from sale of investment properties	7	**139,565**	9,102
Additions to investment properties	4	**(63,635)**	(108,498)
Cash from (used in) investing activities		**14,454**	(111,860)
Cash flows from (used in) financing activities			
Mortgage and loan repayments	25	**(229,281)**	(84,009)
Mortgage advances	25	**205,502**	100,959
Financing fees		**(5,204)**	(2,317)
Credit facility advances/(repayments)	25	**1,153**	40,847
Principal repayments on lease liabilities		**(297)**	(247)
Trust units issued, net of issue costs	16, 20	**237**	715
Trust units purchased and cancelled	20	**(13,483)**	(1,998)
Trust units purchased	20	**(917)**	-
Deferred units purchased and cancelled		**(1,132)**	(1,391)
Interest paid on units classified as financial liabilities	24	**(329)**	(971)
Distributions paid	25	**(36,207)**	(31,067)
Cash from (used in) financing activities		**(79,958)**	20,521
Increase (decrease) in cash during the year		**1,977**	(1,720)
Cash at the beginning of year		**2,547**	4,267
Cash at end of year		**$ 4,524**	$ 2,547

The accompanying notes are an integral part of these consolidated financial statements.

1. ORGANIZATIONAL INFORMATION

InterRent Real Estate Investment Trust (the “Trust” or the "REIT") is an unincorporated, open-ended real estate investment trust created pursuant to a Declaration of Trust, dated October 10, 2006, and most recently amended and restated on May 21, 2019, under the laws of the Province of Ontario.

The Trust was created to invest in income producing residential properties within Canada. InterRent REIT Trust Units are listed on the Toronto Stock Exchange under the symbol IIP.UN. The registered office of the Trust and its head office operations are located at 485 Bank Street, Suite 207, Ottawa, Ontario, K2P 1Z2.

These consolidated financial statements were authorized for issuance by the Trustees of the Trust on February 24, 2025.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). The accounting policies set out below have been applied consistently to all years presented.

Basis of presentation

The Trust presents its consolidated balance sheets based on the liquidity method, whereby all assets and liabilities are presented in increasing order of liquidity.

These consolidated financial statements have been prepared on a historical cost basis except for:

i) Investment properties, which are measured at fair value (except for investment properties under development where fair value is not reliably determinable);
ii) Financial assets and financial liabilities classified as “fair value through profit and loss”, which are measured at fair value; and
iii) Unit-based compensation liabilities and Class B LP unit liability, which are measured at fair value.

The Trust has not presented a statement of comprehensive income as there is no other comprehensive income.

Functional currency

The Trust and its subsidiaries' functional currency is Canadian dollars and all figures are rounded to the nearest thousand except when otherwise noted.

2. BASIS OF PRESENTATION (Continued)

Basis of consolidation

The consolidated financial statements include the accounts of the Trust and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation. Subsidiaries are entities over which the Trust has control and are consolidated from the date control commences until control ceases. Control is achieved when the Trust has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

Critical accounting estimates and judgments in applying accounting policies

The preparation of these consolidated financial statements requires management to apply judgment when making estimates and assumptions that have a risk of causing material adjustments to the reported amounts recognized in the consolidated financial statements. Estimates made by management are based on events and circumstances at the balance sheet date. Accordingly actual results may differ from these estimates.

Investment properties

Investment properties, except for investment properties under development where fair value is not reliably determinable, are re-measured to fair value at each reporting date, determined based on internal valuation models incorporating market evidence and valuations performed by third-party appraisers. When estimating the fair value of investment properties, management makes multiple estimates and assumptions that have a significant effect on the measurement of investment properties. Estimates used in determining the fair value of the investment properties include capitalization rates, inflation rates, turnover estimates, market rent, vacancy rates, standard costs and stabilized net operating income used in the overall capitalization rate valuation method as well as direct comparison model for vacant land held for development.

Financial liabilities

The fair value measurement of the Class B LP unit and unit-based compensation liabilities require management to make estimates and assumptions that affect the reported amount of the liabilities and the corresponding compensation expense, and gain or loss on changes in fair value. Estimates and assumptions used in determining the fair value of these liabilities include the expected life of the instruments and the volatility of the Trust’s unit prices.

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 in note 4, from 4.22% to 4.21% to remove the impact of the properties classified as held for sale at December 31, 2023.

3. MATERIAL ACCOUNTING POLICIES

Property asset acquisitions

At the time of acquisition of a property or a portfolio of investment properties, the Trust evaluates whether the acquisition is a business combination or asset acquisition. IFRS 3 is only applicable if it is considered that a business has been acquired. A business, according to IFRS 3, is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to the Trust. When an acquisition does not represent a business as defined under IFRS 3, the Trust classifies these properties or a portfolio of properties as an asset acquisition. Identifiable assets acquired and liabilities assumed in an asset acquisition are measured initially at their relative fair values at the acquisition date. Acquisition-related transaction costs are capitalized to the property.

Investment properties

The Trust uses the fair value method to account for real estate classified as investment properties. The Trust's investment properties include multi-family residential properties that are held to earn rental income, capital appreciation, or both or properties (including land) that are being developed or redeveloped for future use as investment properties. Investment properties acquired through an asset purchase are initially recognized at cost, which includes all amounts directly related to the acquisition of the properties. Investment properties acquired through a business combination are recognized at fair value. All costs associated with upgrading and extending the economic life of the existing properties, other than ordinary repairs and maintenance, are capitalized to investment properties.

Investment properties are re-measured to fair value at each reporting date in accordance with International Accounting Standard 40 - Investment Property ("IAS 40"). Fair value is determined based on internal valuation models incorporating market evidence and valuations performed by third-party appraisers. Changes in the fair value of investment properties are recorded in the consolidated statement of income/loss in the period in which they arise. Investment properties are not amortized.

Investment properties under development

Properties under development include properties that are undergoing activities that will take a substantial period of time and effort to complete in order to prepare the property for its intended use to earn rental income. The cost of development properties includes the cost of acquiring the property and direct development costs, realty taxes and borrowing costs directly attributable to the development. Capitalization of costs continue until all activities necessary to prepare the property for its intended use as a rental property are substantially complete. Land held for development is transferred to investment properties under development when development type of activities begin that will change the property condition.

Under the requirements of IAS 40, an investment property under development is measured at fair value at each reporting date, with the recognition of gains or losses in the consolidated statement of income/loss. If the fair value of an investment property under development is not reliably determinable, but the Trust expects the fair value of the property to be reliably determinable when development is complete, it measures that investment property under development at cost until either its fair value becomes reliably determinable or development is completed (whichever is earlier).

Interest is capitalized to Properties Under Development using the amount of interest that would have been avoided during the development period if expenditures for the asset had not been made.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Joint arrangements

The Trust enters into joint arrangements which include joint ventures and joint operations. A joint arrangement is an arrangement pursuant to which the Trust and other parties undertake an economic activity that is subject to joint control. Joint control exists when the joint arrangements require the unanimous consent of the parties sharing control for decisions about relevant activities.

Investment in joint ventures

Joint arrangements that involve the establishment of a separate entity in which parties to the arrangement have joint control over the economic activity of the entity and rights to the net assets are referred to as a joint venture.

The Trust's investments in joint ventures are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognized at cost, which includes cost directly attributable to the acquisition. The carrying amount of the investment is adjusted to recognize changes in the Trust's share of net assets of the joint ventures since the acquisition date less any identified impairment loss. Distributions received from a joint venture reduce the carrying amount of the investment. The consolidated statement of income/loss reflects the Trust’s share of the results of operations of the joint ventures.

If the Trust's share of losses of a joint venture exceeds the Trust's interest in that joint venture, the Trust discontinues recognizing its share of further losses, unless it has undertaken obligations or made payments on behalf of the joint venture.

Joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The Trust records only its proportionate share of the assets, liabilities and the results of operations of the joint operation. The assets, liabilities and results of joint operations are included within the respective line items of the consolidated balance sheets, consolidated statements of income/(loss), and consolidated statements of cash flows.

Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use in accordance with IFRS 5. For non-current assets to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable. Investment properties classified as held for sale continue to be held at fair value in accordance with IAS 40. Non-current assets held for sale and their associated liabilities are presented separately from other assets and liabilities on the consolidated balance sheets and in the notes to the consolidated financial statements beginning from the period in which they were first classified as held for sale.

Revenue recognition

Revenue from investment properties includes rents from residents under leases, parking, laundry and other ancillary revenues. Most leases are for one-year terms or less; consequently, the Trust accounts for leases with its residents as operating leases as the Trust has retained substantially all of the risks and benefits of ownership of its investment properties. Lease revenue earned directly from leasing the asset is recognized and measured in accordance with IFRS 16.

3. MATERIAL ACCOUNTING POLICIES (Continued)

In addition to revenue generated directly from the operating lease, rental revenue includes non-lease revenue earned from the resident, which is recognized and measured under IFRS 15. Non-lease revenue includes laundry, income earned from telephone and cable providers, commercial common area maintenance and ancillary services. These revenues are recognized when earned.

Any gain or loss from the sale of an investment property is recognized when the significant risks and rewards have been transferred to the buyer (usually at the time when title passes to the purchaser).

Tenant inducements such as free rent or move-in allowances are initially deferred and included in other assets. The balance is amortized over the term of the related lease, reducing the revenue recognized. In the event that a resident vacates their leased space prior to the contractual term of the lease, any unamortized balance is recorded as an expense in the consolidated statement of income/loss.

Compensation is earned from project and property management services provided to the jointly controlled properties and is recorded in other income and fees as the services are provided.

IFRS 15 requires revenue recognized from customer contracts (non-lease components) to be disclosed separately from its other sources of revenue (note 21).

Financial instruments

The Trust recognizes financial assets and financial liabilities when the Trust becomes a party to a contract. Financial assets and financial liabilities, with the exception of financial assets and financial liabilities classified as fair value through profit or loss, are measured at fair value plus or minus transaction costs on initial recognition. Financial assets and financial liabilities at fair value through profit or loss are measured at fair value on initial recognition and transaction costs are expensed when incurred.

The following summarizes the Trust's classification and measurement of financial assets and financial liabilities:

- Cash, rents and other receivables, mortgage receivable, promissory note receivable, and loan receivable long-term incentive plan, are classified as amortized cost.
- Interest rate swaps and forward rate locks are classified as fair value through profit and loss.
- Mortgages and loans payable, credit facilities, tenant rental deposits and accounts payable and accrued liabilities are classified as amortized cost.
- Class B LP unit liability and unit-based compensation liabilities are classified as fair value through profit and loss.

Measurement in subsequent periods depends on the classification of the financial instrument:

Financial assets at amortized cost

Cash, rents and other receivables, mortgage receivable, promissory note receivable, and loan receivable long-term incentive plan are held with the objective of collecting contractual cash flows and classified as amortized cost.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Subsequent to initial recognition, these assets are carried at amortized cost, using the effective interest method, less any impairment loss. The carrying amount of the financial asset is reduced through an allowance account, and the amount of the loss is recognized in the consolidated statement of income/loss. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Financial assets at FVTPL

Derivative financial assets, consisting of interest rate swaps and forward rate locks, are classified as FVTPL, are measured at fair value, with changes recognized in the consolidated statement of income/loss, and are presented on the consolidated balance sheets in mortgages payable.

Financial liabilities at amortized cost

Credit facilities, accounts payable and accrued liabilities, tenant rental deposits and mortgages and loans payable are classified as amortized cost.

Subsequent to initial recognition, these liabilities are carried at amortized cost, using the effective interest method. The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all transaction costs and other premiums or discounts) through the expected life of the debt instrument to the net carrying amount on initial recognition.

Financial liabilities at FVTPL

Financial liabilities are classified as FVTPL if they are classified as held for trading, or they are derivative liabilities. Derivative financial liabilities, consisting of interest rate swaps and forward rate locks, are presented on the consolidated balance sheets in mortgages payable. Financial liabilities classified as FVTPL are measured at fair value, with changes recognized in the consolidated statement of income/loss.

The Class B LP unit liability and unit-based compensation liability are measured at FVTPL.

Impairment of financial assets

At each reporting date, each financial asset measured at amortized cost is assessed for impairment under an expected credit loss (ECL) model. The Trust applies the simplified approach which uses lifetime ECLs for contractual rents receivable and the general approach for other and loans receivable.

The Trust uses an accounts receivable aging provision matrix to measure the ECL for contractual rents receivable and applies loss factors to aging categories greater than 30 days past due.

Other receivables and loans receivables are classified as impaired when there is objective evidence that the full carrying amount of the loan or mortgage receivable is not collectible.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Fair value measurement

The Trust measures certain financial instruments and non-financial assets, such as investment properties, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interests. A fair value measurement on a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Trust uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted prices in active markets for identical assets or liabilities
- Level 2: Quoted prices in active markets for similar assets or liabilities or valuation techniques where significant inputs are based on either directly or indirectly observable market data
- Level 3: Valuation techniques for which any significant input is unobservable

Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the change occurred.

Leases, the Trust as a lessee

At the inception of a contract, the Trust assesses whether a contract is, or contains, a lease by assessing if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration using the definition of a lease in IFRS 16. The Trust recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, however it applies the recognition exemptions for leases of low-value assets and short-term leases with a lease term of 12 months or less.

Right-of-use assets are measured at cost less any accumulated amortization and are included within receivables and other assets. Such right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities are measured at the present value of lease payments to be made over the lease term less any variable payments and lease incentives receivable. Variable payments are recognized as an expense in the period in which the event or condition that triggers the payment occurs. After the commencement date, the amount of the lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments, or a change in the assessment to the purchase underlying asset.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Trust units

Effective December 29, 2010, changes were made to the Declaration of Trust so that distributions are made at the discretion of the Trustees. Subsequent to this change the trust units, while still defined as a liability, meet the conditions that permit classification as equity. At this time, the trust units were reclassified from liabilities to unitholders' equity. The carrying value of the trust units reflects their fair value on the date of the reclassification to unitholders' equity. As a result of the redemption feature of the trust units, these units are not considered equity for the purposes of calculating net income on a per unit basis under IAS 33 Earnings per Share. Accordingly, the Trust has elected not to present an earnings per unit calculation, as is permitted under IFRS.

Class B LP unit liability

The Class B LP units are exchangeable on demand for trust units, which in turn are redeemable into cash at the option of the holder. As such, the Class B LP units are classified as a liability.

Management has designated the Class B LP unit liability as FVTPL, and the Class B LP unit liability is re-measured to fair value at each reporting date with changes recorded in the consolidated statements of income/(loss). The distributions on the Class B LP units are recognized in the consolidated statements of income/(loss) as interest expense.

Unit-based compensation

The Trust maintains compensation plans which include the granting of deferred, performance, and restricted units to Trustees and employees, and previously maintained a unit option plan. The Trust records the expense associated with these awards over the vesting period. Unit options, deferred, performance, and restricted units are settled with the issuance of trust units. However, due to the fact that trust units are redeemable, awards of unit options, deferred, performance, and restricted units are considered to be cash-settled. As such, the fair value of unit options, deferred, performance, and restricted units are recognized as a liability and re-measured at each reporting date, with changes recognized in the consolidated statements of income/(loss). The additional deferred, performance, and restricted units earned on the deferred, performance, and restricted units granted are recognized in the consolidated statements of income/(loss) as interest expense.

Provisions

Provisions are recognized when the REIT has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value when the effect is material.

Income taxes

The Trust is taxed as a Mutual Fund Trust for income tax purposes and intends to distribute its income for income tax purposes each year to Unitholders to such an extent that it would not be liable for income tax under Part I of the Income Tax Act (Canada) ("Tax Act"). Accordingly, no provision for income taxes is included in the consolidated financial statements.

3. MATERIAL ACCOUNTING POLICIES (Continued)

Throughout 2024 and 2023, the Trust and its wholly owned subsidiaries satisfied certain conditions available to REITs (the “REIT Exception”) under amendments to the Tax Act, intended to permit a corporate income tax rate of nil as long as the specified conditions continue to be met. Without satisfying these conditions, the Trust would have been liable for income taxes.

Investment properties

Management makes judgments in determining the extent and frequency of independent appraisals and establishing an internal valuation model to measure fair value of investment properties. With respect to properties under development, management makes judgments to determine the reliability of fair value of investment properties undergoing development and the related costs included in the property value as well as identifying the point at which substantial completion of the property occurs. The Trust also undertakes capital improvements and upgrades and management applies judgement in determining the costs to be capitalized to investment properties.

Investment in joint arrangements

Management makes judgments to determine whether a joint arrangement should be classified as a joint venture or a joint operation and in determining whether there is any objective evidence of impairment and if so, estimating the amount of loss.

Property asset acquisitions

Management is required to apply judgment as to whether or not transactions should be accounted for as an asset acquisition or business combination. IFRS 3 is only applicable if it is considered that a business has been acquired. When an acquisition does not represent a business as defined under IFRS 3, the Trust classifies the transaction as an asset acquisition. All of the Trust’s property acquisitions as well as the property management internalization have been accounted for as asset acquisitions.

Income tax

Deferred income taxes are not recognized in the consolidated financial statements on the basis that the Trust can deduct distributions paid such that its liability for income taxes is substantially reduced or eliminated for the year. In applying this accounting policy, management has made the judgment that the Trust intends to continue to distribute its taxable income and continue to qualify as a real estate investment trust for the foreseeable future.

(Cdn $ Thousands except unit amounts)

3. MATERIAL ACCOUNTING POLICIES (Continued)

Accounting changes made in 2024

Amendment to IAS 1, Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or noncurrent. Current and non-current presentation has been added as at December 31, 2024 and 2023 in notes 10, 11, 12, 16, and 17. The narrow scope amendments affect only the presentation of liabilities in the statement of financial position and not the amount or timing of their recognition. It clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments were effective for annual reporting periods beginning on or after January 1, 2024 and had no material impact on the REIT.

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.

4. INVESTMENT PROPERTIES

Investment properties include income properties, properties under development and land held for development.

	December 31, 2024	December 31, 2023
Income properties	**$ 4,030,624**	$ 4,276,295
Properties under development	**48,003**	39,447
	$ 4,078,627	$ 4,315,742

Income properties:

	December 31, 2024	December 31, 2023
Balance, beginning of year	**$ 4,321,663**	$ 4,152,141
Acquisitions (note 6)	**55,768**	-
Dispositions (note 7)	**(141,050)**	(10,892)
Transfers from properties under development	**-**	70,173
Property capital investments	**57,034**	98,287
Fair value adjustments(1)	**(262,791)**	11,954
	$ 4,030,624	$ 4,321,663
Reclassification to assets held for sale (note 5)	**-**	(45,368)
	$ 4,030,624	$ 4,276,295

(1) Includes fair value adjustments on income properties and income properties held for sale.

(Cdn $ Thousands except unit amounts)

4. INVESTMENT PROPERTIES (Continued)

Properties under development:
Properties that are undergoing a significant amount of development work to prepare the property for use as income properties.

	December 31, 2024	December 31, 2023
Balance, beginning of year	$ 39,447	$ 101,783
Transfer to income properties	-	(70,173)
Property capital investments	8,556	7,837
	$ 48,003	$ 39,447

The fair value of the income properties is determined internally by the Trust. The fair value methodology of the Trust's income properties is considered a level 3 valuation as significant unobservable inputs are required to determine fair value.

The Trust determined the fair value of each income property internally based upon the direct capitalization income approach method of valuation. The fair value was determined by applying a capitalization rate ("Cap Rate") to forecasted stabilized net operating income ("SNOI"), which incorporates turnover estimates, market rent adjustments, allowances for vacancy, management fees, labour and repairs and maintenance for the property. 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 **Error! Reference source not found.**, Error! Reference source not found., and **Error! Reference source not found.**. These external appraisals provided the Trust with a summary of the major assumptions and market data by city (such as capitalization rate, turnover estimate and market rent adjustments) in order for the Trust to complete its internal valuations.

The capitalization rate assumptions for the income properties are included in the following table:

	December 31, 2024		December 31, 2023	
	Range	Weighted average	Range	Weighted average
Capitalization rate	3.25% - 6.25%	4.49%	3.25% - 6.25%	4.21%

The direct capitalization income approach method of valuation requires that SNOI be divided by a Cap Rate to determine a fair value. As such, changes in both SNOI and Cap Rate could significantly alter the fair value of the investment properties. The tables below summarize the impact of changes in both SNOI and Cap Rate on the Trust's fair value of the income properties:

As at December 31, 2024

Forecasted stabilized net operating income		-3%	-1%	As estimated	+1%	+3%
		$ 175,546	$ 179,165	**$ 180,975**	$ 182,785	$ 186,404
Capitalization rate						
-0.25%	4.24%	$ 4,140,230	$ 4,225,596	$ 4,268,278	$ 4,310,961	$ 4,396,327
Cap rate used	**4.49%**	$ 3,909,705	$ 3,990,317	**$ 4,030,624**	$ 4,070,930	$ 4,151,542
+0.25%	4.74%	$ 3,703,497	$ 3,779,858	$ 3,818,038	$ 3,856,218	$ 3,932,579

As at December 31, 2023

Forecasted stabilized net operating income		-3%	-1%	As estimated	+1%	+3%
		$ 174,631	$ 178,232	**$ 180,032**	$ 181,832	$ 185,433
Capitalization rate						
-0.25%	3.96%	$ 4,409,875	$ 4,500,800	$ 4,546,263	$ 4,591,725	$ 4,682,651
Cap rate used	**4.21%**	$ 4,148,006	$ 4,233,532	**$ 4,276,295**	$ 4,319,057	$ 4,404,583
+0.25%	4.46%	$ 3,915,494	$ 3,996,226	$ 4,036,592	$ 4,076,958	$ 4,157,690

(Cdn $ Thousands except unit amounts)

4. INVESTMENT PROPERTIES (Continued)

The two (2023 - two) properties under development are valued at acquisition cost plus development costs. The direct capitalization income approach method of valuation is not a reliable measure as the properties are undergoing a significant amount of work which will affect multiple components of the estimated net operating income as well as the Cap Rate. The Trust expects the fair value of the properties to be reliably determinable when development is substantially complete, and will measure both investment properties under development at cost until either its fair value becomes reliably determinable or development is completed (whichever is earlier).

Cash outflow used for additions to investment properties for the years ended:

	2024	2023
Property capital investments	**$ (65,590)**	$ (106,124)
Changes in non-cash investing accounts payable and accrued liabilities	**1,955**	(2,374)
	$ (63,635)	$ (108,498)

5. ASSETS HELD FOR SALE

As at December 31, 2024, the Trust had no assets classified as held for sale.

As at December 31, 2023, the Trust classified five investment properties (224 suites) as assets held for sale as a result of the Trust initiating an active program to dispose of these properties. As of December 31, 2023, the Trust had committed to sell the properties and the sale closed in February 2024 for a sale price of $46,000 (note 7).

The following tables set forth the assets and liabilities associated with these properties.

	December 31, 2024	December 31, 2023
Properties	**-**	5
Suites	**-**	224
Investment properties (note 4)	**$ -**	$ 45,368
Prepaids and deposits (note 10)	**-**	25
Receivables and other assets (note 11)	**-**	39
	$ -	$ 45,432
Mortgages and loan payables	**-**	22,211
Accounts payable and accrued liabilities (note 14)	**-**	689
Tenant rental deposits	**-**	88
	$ -	$ 22,988

6. INVESTMENT PROPERTY ACQUISITIONS

During the year ended December 31, 2024, the Trust completed the following investment property acquisition:

Acquisition Date	Suite Count	Ownership Interest	Total Acquisition Costs[1]	Mortgage Funding	Interest Rate	Maturity Date
October 15, 2024	248	50%	$ 55,768	-	-	-

[1] The total acquisition costs represent the Trust's ownership interest.

During the year ended December 31, 2023, the Trust did not complete any investment property acquisitions.

(Cdn $ Thousands except unit amounts)

6. INVESTMENT PROPERTY ACQUISITIONS (Continued)

The total acquisition costs of $55,768 represent the total cash outflows related to the acquisition of investment properties for the Trust for the year ended December 31, 2024.

7. INVESTMENT PROPERTY DISPOSITIONS

During the year ended December 31, 2024, the Trust completed the following investment property dispositions. These dispositions do not meet the definition of discontinued operations under IFRS:

Disposition Date	Suite Count	Ownership Interest	Sale Price	Closing Costs	Net Proceeds	Mortgage Discharged
February 15, 2024	224	100%	$ 46,000	$ 1,771	$ 44,229	$ 22,762
June 5, 2024	497	100%	$ 92,000	$ 1,967	$ 90,033	$ 23,540
June 20, 2024	27	100%	$ 5,525	$ 222	$ 5,303	-

During the year ended December 31, 2023 the Trust completed the following investment property disposition. This disposition does not meet the definition of discontinued operations under IFRS:

Disposition Date	Suite Count	Ownership Interest	Sale Price	Closing Costs	Net Proceeds	Mortgage Discharged
August 28, 2023	54	100%	$ 11,500	$ 640	$ 10,860	6,927

A loss of $1,485 was recognized for the year ended December 31, 2024 in connection with these dispositions (2023 - $32). The loss represents the difference between the net proceeds (sale price less closing costs) and the carrying value of the properties at the date of disposition. Closing costs consist of commissions, legal fees, mortgage discharge penalties, and the write-off of deferred financing fees related to the discharged mortgage.

Calculation of loss on sale of investment properties:

	2024	2023
Sale price	**$ 143,525**	$ 11,500
Less: Book value of investment properties (note 4)	(141,050)	(10,892)
Excess of sale price over book value	**2,475**	608
Closing costs	**(3,960)**	(640)
Gain (loss) on sale of investment properties	**$ (1,485)**	$ (32)

Cash inflow received from the sale of investment properties:

	2024	2023
Net proceeds	**$ 139,565**	$ 10,860
Vendor take-back mortgage issued (note 11)	**(6,000)**	(1,500)
Vendor take-back mortgage payment received (note 11)	**6,000**	-
Promissory note issued (note 11)	**-**	(500)
Non-cash closing costs	**-**	242
	$ 139,565	$ 9,102

(Cdn $ Thousands except unit amounts)

8. INVESTMENT IN JOINT VENTURES

The Trust accounts for its joint venture interests using the equity method. The following table details the Trust's ownership interest in its equity accounted investments:

Equity Investee	Location	Principal Activity	December 31, 2024	December 31, 2023
TIP Albert Limited Partnership	Ottawa	Develop, own and operate investment property	40.0%[1]	40.0%[1]
Fairview Limited Partnership	Burlington	Develop, own and operate investment property	25.0%	25.0%
2-4 Hanover Limited Partnership	Brampton	Own and operate investment property	10.0%	10.0%
OTT A360 Laurier Limited Partnership	Ottawa	Develop, own and operate investment property	25.0%	25.0%

(1) TIP Albert Limited Partnership has ownership interest of 83.33% in 801 Albert Street Inc. The Trust has ownership interest of 33.33% in 801 Albert Street Inc. through its 40% ownership in TIP Albert Limited Partnership. The Trust holds the remaining ownership of 16.67% interest directly in 801 Albert Street Inc. This 16.67% interest is reported under Property under Development (note 4) as a joint operation (note 9). In total, the Trust holds a 50% interest in the development property.

The Trust is contingently liable for certain obligations of the joint ventures, up to the Trust's interest. All of the net assets of the joint ventures are available for the purpose of satisfying such obligations and guarantees.

The Trust is responsible to fund its total investment in the joint ventures for the operation and development of the investment properties. The following table shows the changes in the carrying value of the investment in joint ventures:

	December 31, 2024	December 31, 2023
Balance, beginning of year	$ 47,454	$ 31,160
Additions	5,828	12,464
Distributions	(120)	-
Share of net income/(loss)	32	3,830
	$ 53,194	$ 47,454

The following tables shows the summarized financial information of the Trust's joint ventures:

	December 31, 2024	December 31, 2023
Current assets	$ 9,048	$ 5,441`
Non-current assets	427,221	405,378
Current liabilities	(5,436)	(3,033)
Non-current liabilities	(174,586)	(170,956)
Net assets	$ 256,247	$ 236,830
Trust's share	$ 53,194	$ 47,454

	2024	2023
Revenue	$ 14,536	$ 10,223
Expenses	(8,863)	(6,555)
Fair value adjustments on investment properties	(5,402)	34,660
Net income	$ 271	$ 38,328
Trust's share	$ 32	$ 3,830

(Cdn $ Thousands except unit amounts)

9. JOINT OPERATIONS

The Trust has interest in twenty-four investment properties (December 31, 2023 - twenty-three) and one property under development (December 31, 2023 - one) that are subject to joint control and have been determined to be joint operations. The Trust records only its proportionate share of the assets, liabilities and the results of operations of the joint operations. The assets, liabilities and results of joint operations are included within the respective line items of the consolidated balance sheets and consolidated statements of income/loss. The Trust's ownership in the joint operations are as follows:

Joint Operation	Region	Type	Ownership Interest (December 31, 2024)	Ownership Interest (December 31, 2023)
Vancouver No. 1 Apartments Partnership	Greater Vancouver Area	Investment properties	50.00%	50.00%
Ontario No. 1 Apartments Partnership	Greater Toronto and Hamilton Area	Investment properties	50.00%	50.00%
Quebec No. 1 Apartments Partnership	Greater Montréal Area	Investment properties	50.00%	50.00%
801 Albert Street Inc.	National Capital Region	Properties under development	16.67%	16.67%

10. PREPAIDS AND DEPOSITS

	2024	2023
Current	**$ 4,351**	$ 2,143
Non-current	**31,621**	260
	$ 35,972	$ 2,403

(Cdn $ Thousands except unit amounts)

11. RECEIVABLES AND OTHER ASSETS

	December 31, 2024	December 31, 2023
Rents and other receivables, net of allowance for uncollectable amounts (note 28(b))	**$ 7,241**	$ 6,593
Lease incentives[1]	**2,119**	1,163
Automobiles, software, equipment and furniture and fixtures, net of accumulated amortization of $5,812 (2023 - $5,170)	**$ 3,094**	$ 3,321
Deferred finance fees on credit facilities, net of accumulated amortization of $2,804 (2023 - $2,607)	**346**	299
Loan receivable long-term incentive plan (note 19)	**7,217**	8,311
Right-of-use asset, net of accumulated amortization of $388 (2023 - $255)	**479**	612
Other investments	**500**	500
Mortgage receivable[2]	**1,500**	1,500
Promissory note receivable[3]	**500**	500
	$ 22,996	$ 22,799
Reclassification to assets held for sale (note 5)	**-**	(39)
	$ 22,996	$ 22,760
Current	**$ 10,159**	$ 9,083
Non-current	**12,837**	13,677
	$ 22,996	$ 22,760

(1) Comprised of straight-line rent. This amount is excluded from the determination of the fair value of the investment properties.

(2) At December 31, 2024 and December 31, 2023 the balance is comprised of one mortgage with a maturity date of July 2027, at an interest rate of 3.5% for the first two years, and 4.5% for the remaining two years. The mortgage is secured by the related properties and a personal guarantee from the buyer of the property. During the year ended December 31, 2024 a mortgage receivable for $6,000 was repaid.

(3) At December 31, 2024 and December 31, 2023 the balance is comprised of one promissory note with a maturity date of July 2027, at an interest rate of 3.5% for the first two years, and 4.5% for the remaining two years.

12. MORTGAGES PAYABLE

Mortgages are secured by the investment properties and bear interest at a weighted average interest rate of 3.37% (December 31, 2023 - 3.50%).

The mortgages mature at various dates between the years 2025 and 2034.

The aggregate future minimum principal payments, including maturities, are as follows:

2025	$ 301,184
2026	150,806
2027	214,628
2028	243,779
2029	162,868
Thereafter	617,069
	1,690,334
Less: Deferred finance costs and mortgage premiums	(43,392)
	$ 1,646,942

	December 31, 2024	December 31, 2023
Current	**$ 294,977**	$ 278,951
Non-current	**1,351,965**	1,371,084
	$ 1,646,942	$ 1,650,035

(Cdn $ Thousands except unit amounts)

13. CREDIT FACILITIES

	December 31, 2024	December 31, 2023
Demand credit facility (i)	**$ -**	$ -
Term credit facility (ii)	**-**	40,807
Term credit facility (iii)	**30,000**	-
Term credit facility (iv)	**12,000**	40
	$ 42,000	$ 40,847

(i) The Trust has a $5,000 (2023 - $3,000) demand credit facility with a Canadian chartered bank secured by a general security agreement. The weighted average interest rate on amounts drawn during the year ended December 31, 2024 was 7.65%.

(ii) The Trust has a $105,000 (2023 - $105,000) term credit facility, maturing in 2027, with a Canadian chartered bank secured by a general security agreement, first mortgage on one (2023 – zero) of the Trust’s properties and second collateral mortgages on nine (2023 - eight) of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread. The weighted average interest rate on amounts drawn during the year ended December 31, 2024 was 7.14%.

(iii) The Trust has a $100,000 (2023 - $100,000) term credit facility, maturing in 2026, with a Canadian chartered bank secured by a general security agreement, first mortgages on two (2023 - two) of the Trust’s properties and second collateral mortgages on two (2023 - four) of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread. The weighted average interest rate on amounts drawn during the year ended December 31, 2024 was 5.84%. As the amount is maturing in 2026, it is classified as a non-current liability.

(iv) The Trust has a $15,000 (2023 - $15,000) term credit facility, maturing in 2025, with a Canadian chartered bank secured by a general security agreement, first mortgage on one (2023 - one) of the Trust’s properties and second collateral mortgages on one (2023 - one) of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread. The weighted average interest rate on amounts drawn during the year ended December 31, 2024 was 6.93%. As the amount is maturing in 2025, it is classified as a current liability.

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2024	December 31, 2023
Accounts payable	**$ 3,704**	$ 7,109
Accrued liabilities	**28,303**	24,698
Accrued distributions	**4,879**	4,629
Mortgage interest payable	**3,772**	3,579
	$ 40,658	$ 40,015
Reclassification to liabilities associated with assets held for sale (note 5)	-	(689)
	$ 40,658	$ 39,326

All accounts payable and accrued liabilities are classified as current liabilities.

15. CLASS B LP UNIT LIABILITY

The Class B LP units are non-transferable, except under certain circumstances, but are exchangeable, on a one-for-one basis, into Trust Units at any time at the option of the holder. Prior to such exchange, distributions will be made on the exchangeable units in an amount equivalent to the distributions which would have been made had the units of Trust been issued.

The Class B LP units are exchangeable on demand for Trust Units, which in turn are redeemable into cash at the option of the holder. As such, Class B LP units are classified as a financial liability.

(Cdn $ Thousands except unit amounts)

15. CLASS B LP UNIT LIABILITY (Continued)

A summary of Class B LP Unit activity is presented below:

Number of Units	
Balance - December 31, 2022	**3,410,766**
Units issued	-
Units exchanged for Trust Units	(1,250,000)
Balance - December 31, 2023	**2,160,766**
Units issued	-
Units exchanged for Trust Units	(2,160,766)
Balance - December 31, 2024	**-**

During the year ended December 31, 2024, 2,160,766 Class B LP Units were exchanged for 2,160,766 Trust Units (December 31, 2023 - 1,250,000). 1,974,516 of these units (December 31, 2023 - 1,250,000) were exchanged by a company controlled by an officer and Trustee of the Trust (note 26).

As of December 31, 2024 there are no Class B LP Units outstanding. As of December 31, 2023, the Class B LP Units represented an aggregate fair value of $28,587. The fair value represents the closing price of the Trust Units on the TSX on the reporting date, or the first trading date after the reporting date. Each Class B LP Unit is accompanied by a Special Voting Unit, which entitles the holder to receive notice of, attend and vote at all meetings of Unitholders. There is no value assigned to the Special Voting Units. The gains or losses that resulted from changes in the fair value were recorded in the consolidated statement of income/loss.

Class B Units were redeemable on demand by the holder and were therefore classified as current liabilities.

16. UNIT-BASED COMPENSATION LIABILITIES

Unit-based compensation liabilities are comprised of awards issued under the deferred unit plan ("DUP"), the performance and restricted unit plan ("PRU") and the unit option plan as follows:

	December 31, 2024	December 31, 2023
Unit-based liabilities, beginning of year	**$ 59,721**	$ 54,131
Compensation expense - deferred unit plan	**2,814**	3,263
Compensation expense - performance and restricted unit plan	**2,565**	1,735
Distribution - deferred unit plan	**1,817**	1,655
Distribution - performance and restricted unit plan	**227**	132
DUP units converted, cancelled and forfeited	**(2,158)**	(1,840)
Unit options exercised and expired	**(210)**	(857)
(Gain)/loss on fair value of liability (note 0)	**(16,800)**	1,502
Unit-based liabilities, end of year	**$ 47,976**	$ 59,721
Current[1]	**$ 47,357**	$ 59,029
Non-current	**619**	692
	$ 47,976	$ 59,721

[1] Deferred units and unit options are redeemable on demand by the holder and are therefore classified as current liabilities

(Cdn $ Thousands except unit amounts)

16. UNIT-BASED COMPENSATION LIABILITIES (Continued)

Unit options, deferred, performance, and restricted units are settled with the issuance of Trust Units. However, due to the fact that Trust Units are redeemable, awards of unit options, deferred, performance, and restricted units are considered to be cash-settled. As such, the fair value of unit options, deferred, performance, and restricted units are recognized as a financial liability and re-measured at each reporting date, with changes recognized in the statement of income/loss.

The maximum number of Trust Units issuable under the Trust's equity incentive compensation plans, which includes the DUP, the PRU, and unit options, as well as the long-term incentive plan (note 19) is 6% of the issued and outstanding Trust Units.

(i) DEFERRED UNIT PLAN

The deferred unit plan entitles Trustees, officers and employees, at the participant's option, to elect to receive deferred units (elected portion) in consideration for trustee fees or bonus compensation under the employee incentive plan, as the case may be. The Trust matches the elected portion of the deferred units received for officers and employees. The matched portion of the deferred units vest 50% on the third anniversary and 25% on each of the fourth and fifth anniversaries, subject to provisions for earlier vesting in certain events. The deferred units earn additional deferred units for the distributions that would otherwise have been paid on the deferred units (i.e. had they instead been issued as Trust Units on the date of grant).

A summary of Deferred Unit activity is presented below:

Number of Units	Non-Management Trustees	Other Participants	Total
Balance - December 31, 2022	**283,249**	**4,255,976**	**4,539,225**
Units issued under deferred unit plan	68,287	91,711	159,998
Reinvested distributions on deferred units	9,353	122,481	131,834
Deferred units exercised into Trust Units (note 20)	-	(34,480)	(34,480)
Deferred units purchased and cancelled	-	(25,583)	(25,583)
Deferred units cancelled	-	(100,521)	(100,521)
Balance - December 31, 2023	**360,889**	**4,309,584**	**4,670,473**
Units issued under deferred unit plan	76,693	90,950	167,643
Reinvested distributions on deferred units	12,174	142,003	154,177
Deferred units exercised into Trust Units (note 20)	(12,500)	(75,366)	(87,866)
Deferred units purchased and cancelled	(12,500)	(32,103)	(44,603)
Deferred units cancelled	-	(57,582)	(57,582)
Balance - December 31, 2024	**424,756**	**4,377,486**	**4,802,242**

The fair value of each unit granted is determined based on the weighted average observable closing market price of the REIT's Trust Units for the ten trading days preceding the date of grant.

The aggregate fair value of vested deferred units was $45,242 at December 31, 2024 (December 31, 2023 - $56,621). The fair value of the vested deferred units represents the closing price of the Trust Units on the TSX on the reporting date, or the first trading date after the reporting date, representing the fair value of the redemption price.

(Cdn $ Thousands except unit amounts)

16. UNIT-BASED COMPENSATION LIABILITIES (Continued)

(ii) UNIT OPTIONS

The Trust had a unit option plan that provided for options to be granted to the benefit of employees, Trustees and certain other third parties. In May of 2022, the Board terminated the unit option plan, the termination of this plan did not impact any currently outstanding options, but the plan was closed to new issuances. The exercise price of options granted under the unit option plan was determined by the Trustees, but was at least equal to the volume weighted average trading price of the Trust Units for the five trading days immediately prior to the date the option was granted. The term of any option granted did not exceed 10 years or such other maximum permitted time period under applicable regulations. At the time of granting options, the Board of Trustees determined the time, or times, when an option or part of an option was exercisable. The Trust did not provide financial assistance to any optionee in connection with the exercise of options.

Options granted, exercised and expired during the year ended December 31 are as follows:

	2024		2023	
	Number of units	Weighted average exercise price	Number of units	Weighted average exercise price
Balance, beginning of year	89,840	$ 7.35	223,265	$ 6.55
Exercised	(34,840)	$ 6.84	(120,925)	$ 5.92
Expired	-	$ -	(12,500)	$ 6.86
Balance, end of year	**55,000**	**$ 7.67**	**89,840**	**$ 7.35**

Options outstanding at December 31, 2024:

Exercise price	Number of units	Remaining life in years	Number of units exercisable
$ 7.67	55,000	2.57	55,000
	55,000		**55,000**

The weighted average market price of options exercised in the year ended December 31, 2024 was $10.61 (2023 - $13.15).

The unit options represented an aggregate fair value of $133 at December 31, 2024 (December 31, 2023 - $496). The fair value of unit options is re-valued at each reporting period based on an estimate of the fair value using the Black-Scholes option pricing model using the following weighted average valuation assumptions:

	December 31, 2024	December 31, 2023
Market price of Unit	$ 10.15	$ 13.23
Expected option life	1.1 years	1.1 years
Risk-free interest rate	2.93%	3.88%
Expected volatility (based on historical)	21%	24%
Expected distribution yield	5.0%	5.0%

(Cdn $ Thousands except unit amounts)

16. UNIT-BASED COMPENSATION LIABILITIES (Continued)

(iii) PERFORMANCE AND RESTRICTED UNIT PLAN

The performance and restricted unit plan enables the Trustees to grant performance units and restricted units to officers and employees of the REIT. Performance units vest on the vesting date set out in the grant agreement according to a performance payout criteria, based on the REIT's relative performance against peers and achievement against sustainability goals. Restricted units vest 100% on the vesting date set out in the grant agreement. The performance and restricted units earn additional units for the distributions that would otherwise have been paid on the units (i.e. had they instead been issued as Trust Units on the date of grant).

A summary of performance and restricted unit activity is presented below:

Number of Units	
Balance - December 31, 2022	**213,150**
Units issued under performance and restricted unit plan	175,133
Reinvested distributions on performance and restricted units	9,959
Balance - December 31, 2023	**398,242**
Units issued under performance and restricted unit plan	193,236
Reinvested distributions on performance and restricted units	19,027
Removed by performance factor on vested performance units	(84,876)
Balance - December 31, 2024	**525,629**

The initial fair value of each unit granted is determined based on the weighted average observable closing market price of the REIT's Trust Units for the five trading days preceding the date of grant. The fair value of the performance units is estimated at each reporting period using a Monte Carlo pricing model. Changes in fair value are recognized in the consolidated statement of income/loss.

The liability for performance and restricted units is recognized on a pro-rated basis over the vesting period. The aggregate fair value of the performance and restricted units at December 31, 2024 was $2,601 (December 31, 2023 - $2,604). Vested performance and restricted units, or those within 1 year of their vesting date are classified as current liabilities, the remainder are classified as non-current.

17. LEASE LIABILITIES

The aggregate future lease principal payments are as follows:

2025	$	341
2026		335
2027		351
2028		286
2029		59
Thereafter		-
	$	**1,372**

18. TENANT RENTAL DEPOSITS

Tenant rental deposits are classified as current liabilities.

(Cdn $ Thousands except unit amounts)

19. LONG-TERM INCENTIVE PLAN

In the past, the Board awarded long-term incentive plan ("LTIP") units to certain officers and key employees, collectively the "Participants". The Board terminated the LTIP in 2022, the termination of this plan did not impact any currently outstanding awards, but the plan was closed to new issuances. The Participants could subscribe for Trust Units at a purchase price equal to the weighted average trading price of the Trust Units for the five trading days prior to issuance. The purchase price is payable in instalments, with an initial instalment of 5% paid when the Trust Units are issued. The balance represented by a loan receivable (note 11) is due over a term not exceeding ten years. Participants are required to pay interest at a ten-year fixed rate based on the Trust's fixed borrowing rate for long-term mortgage financing and are required to apply cash distributions received on these units toward the payment of interest and the remaining instalments. Participants may pre-pay any remaining instalments at their discretion. The Trust has recourse on the loans receivable and has reasonable assurance that the Trust will collect the full amount of the loan receivable. The loans receivable are secured by the units as well as the distributions on the units. If a Participant fails to pay interest and/or principal, the Trust can enforce repayment which may include the election to reacquire or sell the units in satisfaction of the outstanding amounts.

Date of award	Number of units	Interest rate	Loan receivable
December 16, 2014	100,000	3.27%	$ 421
June 9, 2015	75,000	3.44%	378
June 30, 2016	275,000	2.82%	1,789
July 28, 2017	320,000	3.09%	2,086
March 5, 2018	285,000	3.30%	2,543
	1,055,000		$ 7,217

20. TRUST UNITS

As a result of the redeemable feature of the Trust Units, the Trust Units are defined as a financial liability; however, for the purposes of financial statement classification and presentation, the Trust Units are presented as equity instruments in accordance with IAS 32, Financial Instruments.

	Trust Units	Amount
Balance - December 31, 2022	**141,888,874**	**$ 1,052,858**
Units purchased under NCIB and cancelled	(157,200)	(1,998)
Units issued from exchange of Class B Units	1,250,000	15,115
Units issued under the deferred unit plan	34,480	449
Units issued under distribution reinvestment plan	1,646,072	20,683
Units issued from options exercised	120,925	1,572
Balance - 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 (note 15)	2,160,766	25,437
Units issued under the deferred unit plan (note 16)	87,866	1,026
Units issued under distribution reinvestment plan	1,647,081	19,388
Units issued from options exercised (note 16)	34,840	447
Balance - 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

20. TRUST UNITS (Continued)

On May 21, 2024, the TSX approved the Trust's normal course issuer bid ("Bid") for a portion of its Trust Units. Under the Bid, the Trust may acquire up to a maximum of 13,736,806 of its Trust Units, or approximately 10% of its public float of 137,368,069 Trust Units as of May 10, 2024, for cancellation over the next 12 months commencing on May 23, 2024 until the earlier of May 22, 2025 or the date on which the Trust has purchased the maximum number of Trust Units permitted under the Bid. The number of Trust Units that can be purchased pursuant to the Bid is subject to a current daily maximum of 90,157 Trust Units (being 25% of the average daily trading volume), except where purchases are made in accordance with "block purchases" exemptions under applicable TSX policies. Purchases will be made at market prices through the facilities of the TSX, other designated exchanges, and/or Canadian alternative trading systems.

On May 17, 2023, the TSX approved the Trust's normal course issuer bid ("Bid") for a portion of its Trust Units. Under the Bid, the Trust may acquire up to a maximum of 13,582,032 of its Trust Units, or approximately 10% of its public float of 135,820,320 Trust Units as of May 12, 2023, for cancellation over the next 12 months commencing on May 23, 2023 until the earlier of May 22, 2024 or the date on which the Trust has purchased the maximum number of Trust Units permitted under the Bid. The number of Trust Units that can be purchased pursuant to the Bid is subject to a current daily maximum of 78,080 Trust Units (being 25% of the average daily trading volume), except where purchases are made in accordance with "block purchases" exemptions under applicable TSX policies. Purchases will be made at market prices through the facilities of the TSX.

For the year ended December 31, 2024, the Trust purchased and cancelled 1,210,300 Trust Units for a total of $13,226 (2023 - 157,200 Trust Units for a total of $1,998) and purchased 90,000 Trust Units for a total of $917 which were in treasury at the end of the year, and were cancelled subsequent to the year. All purchases occurred at market prices. Purchases after the year were done through an Automatic Unit Purchase Plan, and the amounts above exclude the 2% tax on Trust Unit repurchases which became effective January 1, 2024.

Subsequent to the year, an additional 3,227,054 units were purchased and cancelled for $32,192 (note 31).

During the year ended December 31, 2024, 2,160,766 Class B LP Units were exchanged for 2,160,766 Trust Units (December 31, 2023 - 1,250,000). 1,974,516 of these units (December 31, 2023 - 1,250,000) were exchanged by a company controlled by an officer and Trustee of the Trust (note 26).

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.

Declaration of Trust

The Declaration of Trust authorizes the Trust to issue an unlimited number of units for consideration and on terms and conditions established by the Trustees without the approval of any unitholders. The interests in the Trust are represented by two classes of units: a class described and designated as "Trust Units" and a class described and designated as "Special Voting Units". The beneficial interests of the two classes of units are as follows:

(Cdn $ Thousands except unit amounts)

20. TRUST UNITS (Continued)

(a) Trust Units

Trust Units represent an undivided beneficial interest in the Trust and in distributions made by the Trust. The Trust Units are freely transferable, subject to applicable securities regulatory requirements. Each Trust Unit entitles the holder to one vote at all meetings of unitholders. Except as set out under the redemption rights below, the Trust Units have no conversion, retraction, redemption or pre-emptive rights.

Trust Units are redeemable at any time, in whole or in part, on demand by the holders. Upon receipt by the Trust of a written redemption notice and other documents that may be required, all rights to and under the Trust Units tendered for redemption shall be surrendered and the holder shall be entitled to receive a price per Trust Unit equal to the lesser of:

i) 90% of the "market price" of the Trust Units on the principal market on which the Trust Units are quoted for trading during the twenty-day period ending on the trading day prior to the day on which the Trust Units were surrendered to Trust for redemption; and

ii) 100% of the "closing market price" of the Trust Units on the principal market on which the Trust Units are quoted for trading on the redemption notice date.

(b) Special Voting Units

The Declaration of Trust provides for the issuance of an unlimited number of Special Voting Units that will be used to provide voting rights to holders of Class B LP units or other securities that are, directly or indirectly, exchangeable for Trust Units.

Each Special Voting Unit entitles the holder to the number of votes at any meeting of unitholders, which is equal to the number of Trust Units that may be obtained upon surrender of the Class B LP unit to which the Special Voting Unit relates. The Special Voting Units do not entitle or give any rights to the holders to receive distributions or any amount upon liquidation, dissolution or winding-up of Trust. There is no value assigned to the Special Voting Units.

21. REVENUE FROM INVESTMENT PROPERTIES

The components of revenue from investments properties are as follows:

	2024	2023
Lease revenue [(1)]	**$ 241,891**	$ 232,819
Non-lease revenue [(2)]	**4,363**	4,316
	$ 246,254	$ 237,135

[(1)] Consists of lease revenue from residential, parking and commercial tenants

[(2)] Consists of revenue from non-lease items such as laundry, commercial common area maintenance and ancillary services

(Cdn $ Thousands except unit amounts)

22. FINANCING COSTS

		2024		2023
Mortgages payable	$	**57,597**	$	58,063
Credit facilities		**1,926**		3,176
Interest income		**(1,250)**		(651)
Interest capitalized to properties under development		**(3,433)**		(3,627)
Interest expense		**54,840**		56,961
Amortization of deferred finance costs on mortgages		**2,315**		2,191
Amortization of deferred finance costs on credit facilities		**197**		299
Amortization of fair value on assumed debt		**(62)**		(477)
	$	**57,290**	$	58,974

23. OTHER FAIR VALUE GAINS/(LOSSES)

		2024		2023
Class B LP unit liability	$	**3,150**	$	(41)
Unit-based compensation liability (deferred unit plan)		**13,847**		(1,679)
Unit-based compensation liability (performance and restricted unit plan)		**2,795**		216
Unit-based compensation liability (option plan)		**158**		(39)
Rate swap (mortgage payable)		**(1,612)**		(813)
Forward rate locks (mortgage payable)		**423**		(423)
	$	**18,761**	$	(2,779)

24. INTEREST ON UNITS CLASSIFIED AS FINANCIAL LIABILITIES

		2024		2023
Class B LP unit liability	$	**329**	$	971
Unit-based compensation (deferred unit plan)		**1,817**		1,655
Unit-based compensation (performance and restricted unit plan)		**227**		132
	$	**2,373**	$	2,758

25. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Net change in non-cash operating assets and liabilities

		2024		2023
Receivables and other assets	$	**(4,263)**	$	(404)
Prepaid and deposits		**(32,627)**		(117)
Accounts payable and accrued liabilities		**(1,636)**		(3,767)
Tenant rental deposits		**1,859**		1,643
	$	**(36,667)**	$	(2,645)

(b) Net cash distributions to unitholders

		2024		2023
Distributions declared to unitholders	$	**55,913**	$	52,056
Add: Distributions payable at beginning of year		**4,561**		4,255
Less: Distributions payable at end of year		**(4,879)**		(4,561)
Less: Distributions to participants in the DRIP		**(19,388)**		(20,683)
	$	**36,207**	$	31,067

(Cdn $ Thousands except unit amounts)

25. SUPPLEMENTAL CASH FLOW INFORMATION (Continued)

(c) Interest paid

		2024		2023
Interest expense	$	**54,840**	$	56,961
Add: Mortgage interest payable at beginning of year		**3,579**		2,906
Less: Mortgage interest payable at end of year		**(3,772)**		(3,579)
Add: Interest capitalized		**3,433**		3,627
Add: Interest income received		**1,250**		651
	$	**59,330**	$	60,566

(d) Reconciliation of liabilities arising from financing activities

Mortgages payable		2024		2023
Balance, beginning of year	$	**1,691,307**	$	1,697,163
Mortgage advances		**205,502**		100,959
Assumed mortgages		**-**		-
Repayment of mortgages		**(229,281)**		(84,009)
Changes in liabilities associated with assets held for sale		**22,806**		(22,806)
Balance, end of year	$	**1,690,334**	$	1,691,307

Credit facilities		2024		2023
Balance, beginning of year	$	**40,847**	$	-
Advances of credit facilities		**42,000**		80,907
Repayment of credit facilities		**(40,847)**		(40,060)
Balance, end of year	$	**42,000**	$	40,847

26. RELATED PARTY TRANSACTIONS

The transactions with related parties are incurred in the normal course of business. Related party transactions have been listed below.

(i) Accounts Payable (net of amounts receivable)

As at December 31, 2024 and 2023 there were no amounts included in accounts payable and accrued liabilities which are due to companies that are controlled by an officer and Trustee of the Trust.

(ii) Services

During the year ended December 31, 2024, the Trust incurred $787 (December 31, 2023 - $1,388) in entitlement, development, and construction management services related to development projects from companies controlled by an officer and Trustee of the Trust. The services received have been capitalized to the investment properties.

(iii) Exchange of Class B LP Units

During the year ended December 31, 2024, a company controlled by an officer and Trustee of the Trust exchanged 1,974,516 Class B LP Units for 1,974,516 Trust Units (December 31, 2023 - 1,250,000). All Class B LP Units are exchangeable at the option of the holder and the exchange occurred at market prices (note 15).

(Cdn $ Thousands except unit amounts)

26. RELATED PARTY TRANSACTIONS (Continued)

(iv) Key management remuneration

Key management consists of the Trustees and executive management team of the Trust. Compensation paid or payable is provided in the following table:

	2024	2023
Salaries and other short-term employee benefits	**$ 2,344**	$ 2,275
Deferred unit plan	**1,020**	1,000
Performance and restricted unit plan	**2,147**	2,240
	$ 5,511	$ 5,515

Loans outstanding from key management for indebtedness relating to the LTIP at December 31, 2024 were $6,989 (December 31, 2023 - $8,075). As of 2022, the executive management team of the Trust earns awards under the performance and restricted unit plan instead of the deferred unit plan.

27. CAPITAL RISK MANAGEMENT

The Trust's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions and to provide returns to its unitholders. The Trust defines capital that it manages as the aggregate of its unitholders' equity, which is comprised of issued capital and retained earnings, Class B LP units, deferred unit capital, performance and restricted unit capital, and options recorded as unit-based compensation liabilities.

The Trust manages its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets and the Trust's working capital requirements. In order to maintain or adjust its capital structure, the Trust, upon approval from its Board of Trustees, may issue or repay long-term debt, issue units, repurchase units through a normal course issuer bid, pay distributions or undertake other activities as deemed appropriate under the specific circumstances. The Board of Trustees reviews and approves any material transactions out of the ordinary course of business, including approval of all acquisitions of investment properties, as well as capital and operating budgets. There have been no changes to the Trust's capital risk management policies for the year ended December 31, 2024 from the year ended December 31, 2023.

The Trust monitors capital using a debt-to-gross book value ratio, as defined in the Declaration of Trust which requires the Trust to maintain a debt-to-gross book value ratio below 75%. As at December 31, 2024, the debt-to-gross book value ratio is 40.3% (December 31, 2023 - 38.1%).

In addition, the Trust is subject to financial covenants in its mortgages payable and credit facilities such as minimum tangible net worth, interest coverage, debt service coverage and leverage ratio (similar to debt-to-gross book value as calculated in the Declaration of Trust). The Trust was in compliance with all financial covenants throughout the year ended December 31, 2024 and the year ended December 31, 2023.

28. FINANCIAL RISK MANAGEMENT

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, loan receivable long-term incentive plan, mortgage receivable, and promissory note receivable.

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.

For its rents receivable, the Trust conducts credit assessments for all prospective residents and, where permitted, obtains adequate security to assist in potential recoveries. 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.

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

At December 31, 2024, the Trust had past due rents and other receivables of $10,536 (December 31, 2023 - $9,907), net of an allowance for doubtful accounts of $3,295 (December 31, 2023 - $3,314) 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 27 to the condensed consolidated interim financial statements. It also manages liquidity risk by continuously monitoring actual and projected cash flows to ensure that it will always have sufficient liquidity to meet its liabilities (excluding derivative and other financial instruments reported as liabilities at fair value) when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Trust's reputation. In addition, liquidity and capital availability risks are mitigated by diversifying the Trust's sources of funding, maintaining a staggered debt maturity profile and actively monitoring market conditions.

As at December 31, 2024, the Trust had credit facilities as described in note 13.

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.

(Cdn $ Thousands except unit amounts)

28. FINANCIAL RISK MANAGEMENT (Continued)

The undiscounted contractual maturities and repayment obligations of the Trust's financial liabilities, excluding unit-based compensation liabilities as their redemption time is uncertain, as at December 31, 2024 are as follows:

Year	Mortgages payable	Mortgage interest [1]	Credit facilities	Lease liabilities principal outstanding	Accounts payable and accrued liabilities	Total
2025	$ 301,184	$ 49,623	$ 42,000	$ 341	$ 40,658	$ 433,806
2026	150,806	42,871	-	335	-	194,012
2027	214,628	39,266	-	351	-	254,245
2028	243,779	29,896	-	286	-	273,961
2029	162,868	21,486	-	59	-	184,413
Thereafter	617,069	46,268	-	-	-	663,337
	$1,690,334	**$ 229,410**	**$ 42,000**	**$ 1,372**	**$ 40,658**	**$2,003,774**

(1) Based on current in-place interest rates for the remaining term to maturity.

d) 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 is at variable interest rates and the Trust's credit facilities also bear interest at variable rates. If there was a 100 basis point change in the interest rate, cash flows would have changed by approximately $327 for the year ended December 31, 2024 (2023 - $1,111).

29. FAIR VALUE MEASUREMENT

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.

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, which are measured at a fair value level 2, is approximately $1,722,237 (December 31, 2023 - $1,761,676) excluding any deferred financing costs.

(Cdn $ Thousands except unit amounts)

29. FAIR VALUE MEASUREMENT (Continued)

The following table presents the fair values by category of the Trust's assets and liabilities:

December 31, 2024	Level 1	Level 2	Level 3
Assets			
Investment properties	-	-	4,078,627
Interest rate swap asset(1)	-	17	-
Liabilities			
Unit-based compensation liability	-	47,976	-

December 31, 2023	Level 1	Level 2	Level 3
Assets			
Investment properties	-	-	4,315,742
Interest rate swap asset(1)	-	1,629	-
Liabilities			
Unit-based compensation liability	-	59,721	-
Class B LP unit liability	-	28,587	-
Forward rate lock liability(1)	-	423	-

(1) Interest rate swap asset and forward rate lock liability presented on the consolidated balance sheets in mortgages payable

30. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business activities, the Trust may be contingently liable for litigation and claims with residents, suppliers and former employees. Management believes that adequate provisions have been recorded in the accounts where required.

31. SUBSEQUENT EVENTS

Subsequent to the end of the year, an additional 3,227,054 units were purchased under the normal course issuer bid for $32,192. All units were purchased for cancellation.

Subsequent to the end of the year, the Trust sold one property (28 suites) in Ottawa, Ontario for a sale price of $9,500 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 $26,527.

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interRent™ REIT

INVESTOR INFORMATION

InterRent REIT is listed on the Toronto stock exchange.
Ticker symbol: TSX:IIP.UN

INVESTOR RELATIONS

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Thank You!

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