

InterRent Real Estate Investment Trust

Condensed Consolidated Interim Financial Statements

March 31, 2025
(unaudited)

InterRent Real Estate Investment Trust

Condensed Consolidated Interim Balance Sheets

Unaudited (Cdn \$ Thousands)

	Note	March 31, 2025	December 31, 2024
Assets			
Investment properties	3	\$ 4,052,719	\$ 4,078,627
Investment in joint ventures	6	51,967	53,194
Prepays and deposits	8	42,687	35,972
Assets held for sale	4	26,344	-
Receivables and other assets	9	22,198	22,996
Cash		7,616	4,524
Total assets		\$ 4,203,531	\$ 4,195,313
Liabilities			
Mortgages payable	10	\$ 1,668,998	\$ 1,646,942
Credit facilities	11	50,020	42,000
Unit-based compensation liabilities	13	55,414	47,976
Lease liabilities	15	1,293	1,372
Tenant rental deposits	16	22,564	21,728
Liabilities associated with assets held for sale	4	13,914	-
Accounts payable and accrued liabilities	12	51,501	40,658
Total liabilities		1,863,704	1,800,676
Unitholders' equity			
Unit capital	17	1,071,169	1,121,494
Retained earnings		1,268,658	1,273,143
Total unitholders' equity		2,339,827	2,394,637
Total liabilities and unitholders' equity		\$ 4,203,531	\$ 4,195,313

Commitments and contingencies (note 27)

Subsequent events (note 28)

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

On behalf of the Trust

Ronald Leslie
Trustee

Brad Cutsey
Trustee

InterRent Real Estate Investment Trust

Condensed Consolidated Interim Statements of Income

For the three months ended March 31

Unaudited (Cdn \$ Thousands)

	Note	2025	2024
Operating revenues			
Revenue from investment properties	18	\$ 62,750	\$ 61,754
Operating expenses			
Property operating costs		9,524	9,318
Property taxes		6,715	6,713
Utilities		6,283	5,546
Total operating expenses		22,522	21,577
Net operating income		40,228	40,177
Financing costs	19	14,543	15,116
Administrative costs		3,983	4,088
Income before other income and expenses		21,702	20,973
Other income and expenses			
Fair value adjustments on investment properties	3	(6,502)	8,236
Other income and fees		564	528
Income from investment in joint ventures	6	310	241
Gain/(loss) on sale of investment properties	5	24	(950)
Other fair value losses	20	(5,729)	(1,632)
Interest on units classified as financial liabilities	21	(555)	(697)
Net income for the period		\$ 9,814	\$ 26,699

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

InterRent Real Estate Investment Trust

Condensed Consolidated Interim Statements of Changes in Unitholders' Equity

For the three months ended March 31

Unaudited (Cdn \$ Thousands)

	Trust units	Cumulative profit	Cumulative distributions to Unitholders	Retained earnings	Total Unitholders' equity
Balance, January 1, 2024	\$ 1,088,679	\$ 1,816,960	\$ (332,258)	\$ 1,484,702	\$ 2,573,381
Units issued	5,211	-	-	-	5,211
Net income for the period	-	26,699	-	26,699	26,699
Distributions declared to Unitholders (note 22b)	-	-	(13,709)	(13,709)	(13,709)
Balance, March 31, 2024	\$ 1,093,890	\$ 1,843,659	\$ (345,967)	\$ 1,497,692	\$ 2,591,582
Balance, January 1, 2025	\$ 1,121,494	\$ 1,661,314	\$ (388,171)	\$ 1,273,143	\$ 2,394,637
Units purchased and cancelled (note 17)	(50,422)	-	-	-	(50,422)
Units issued (note 17)	97	-	-	-	97
Net income for the period	-	9,814	-	9,814	9,814
Distributions declared to Unitholders (note 22b)	-	-	(14,299)	(14,299)	(14,299)
Balance, March 31, 2025	\$ 1,071,169	\$ 1,671,128	\$ (402,470)	\$ 1,268,658	\$ 2,339,827

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

InterRent Real Estate Investment Trust

Condensed Consolidated Interim Statements of Cash Flows

For the three months ended March 31

Unaudited (Cdn \$ Thousands)

	Note	2025	2024
Cash flows from (used in) operating activities			
Net income for the period		\$ 9,814	\$ 26,699
Add items not affecting cash			
Income from investment in joint ventures	6	(310)	(241)
Amortization		276	228
(Gain)/loss on sale of investment properties	5	(24)	950
Fair value adjustments on investment properties	3	6,502	(8,236)
Other fair value losses	20	5,729	1,632
Unit-based compensation expense	13	1,955	2,032
Financing costs	22	14,543	15,116
Interest expense	22	(13,944)	(14,491)
Tenant inducements		1,015	685
		25,556	24,374
Net income items related to financing activities	21	-	199
Changes in non-cash operating assets and liabilities	22	(2,227)	(6,080)
Cash from operating activities		23,329	18,493
Cash flows from (used in) investing activities			
Investment in joint ventures	6	(513)	(1,169)
Distributions received from joint ventures	6	2,050	-
Proceeds from sale of investment properties	5	9,146	38,276
Additions to investment properties	3	(18,568)	(14,520)
Cash from (used in) investing activities		(7,885)	22,587
Cash flows from (used in) financing activities			
Mortgage and loan repayments	22	(60,837)	(175,199)
Mortgage advances	22	98,085	193,793
Financing fees		(2,374)	(4,756)
Credit facility advances/(repayments)	22	8,020	(40,847)
Principal repayments on lease liabilities		(77)	(72)
Trust units issued, net of issue costs	13, 17	-	38
Trust units purchased and cancelled	13, 17	(40,980)	-
Deferred units purchased and cancelled	13, 17	(48)	(329)
Interest paid on Class B LP unit liability	21	-	(199)
Distributions paid	22	(14,141)	(8,880)
Cash used in financing activities		(12,352)	(36,451)
Increase (decrease) in cash during the period		3,092	4,629
Cash at the beginning of period		4,524	2,547
Cash at end of period		\$ 7,616	\$ 7,176

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

InterRent Real Estate Investment Trust

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2025 and 2024 and as at December 31, 2024

Unaudited (Cdn \$ Thousands except unit amounts)

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 condensed consolidated interim financial statements for the period ended March 31, 2025 were authorized for issuance by the Trustees of the Trust on May 15, 2025.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosure normally included in the annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed.

The financial statements have been presented in Canadian dollars, which is the Trust's functional currency, rounded to the nearest thousand unless otherwise indicated.

These condensed consolidated interim financial statements should be read in conjunction with the Trust's annual consolidated financial statements for the year ended December 31, 2024.

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 condensed consolidated interim 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, which are measured at fair value.

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

InterRent Real Estate Investment Trust

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2025 and 2024 and as at December 31, 2024

Unaudited (Cdn \$ Thousands except unit amounts)

2. BASIS OF PRESENTATION (Continued)

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.

Material accounting policies

The condensed consolidated interim financial statements have been prepared using the same accounting policies and methods as those used in the consolidated financial statements for the year ended December 31, 2024.

Basis of consolidation

The condensed consolidated interim 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 financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment when applying the Trust's accounting policies. The critical accounting estimates and judgments have been set out in notes 2 and 3 to the Trust's consolidated financial statements for the year ended December 31, 2024.

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.

InterRent Real Estate Investment Trust

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2025 and 2024 and as at December 31, 2024

Unaudited (Cdn \$ Thousands except unit amounts)

3. INVESTMENT PROPERTIES

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

	March 31, 2025	December 31, 2024
Income properties	\$ 4,003,393	\$ 4,030,624
Properties under development	49,326	48,003
	\$ 4,052,719	\$ 4,078,627

Income properties:

	March 31, 2025	December 31, 2024
Balance, beginning of year	\$ 4,030,624	\$ 4,321,663
Acquisitions	-	55,768
Dispositions (note 5)	(9,122)	(141,050)
Property capital investments	14,668	57,034
Fair value adjustments ⁽¹⁾	(6,502)	(262,791)
	\$ 4,029,668	\$ 4,030,624
Reclassification to assets held for sale (note 4)	(26,275)	-
	\$ 4,003,393	\$ 4,030,624

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

Properties under development:

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

	March 31, 2025	December 31, 2024
Balance, beginning of year	\$ 48,003	\$ 39,447
Property capital investments	1,323	8,556
	\$ 49,326	\$ 48,003

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 December 31, 2024. The Trust engaged the firm once again to review and advise of any significant changes in any of the key input assumptions in the model (such as Cap Rate, turnover estimate and market rent adjustments) as at March 31, 2025, in order for the Trust to complete its internal valuations.

The capitalization rate assumptions for the income properties, excluding assets held for sale, are included in the following table:

	March 31, 2025		December 31, 2024	
	Range	Weighted average	Range	Weighted average
Capitalization rate	3.25% - 6.25%	4.49%	3.25% - 6.25%	4.49%

InterRent Real Estate Investment Trust

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2025 and 2024 and as at December 31, 2024

Unaudited (Cdn \$ Thousands except unit amounts)

3. INVESTMENT PROPERTIES (Continued)

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, excluding assets held for sale:

As at March 31, 2025

Forecasted stabilized net operating income	-3%	-1%	As estimated	+1%	+3%
	\$ 174,359	\$ 177,954	\$ 179,752	\$ 181,550	\$ 185,145
Capitalization rate					
-0.25% 4.24%	\$ 4,112,251	\$ 4,197,040	\$ 4,239,434	\$ 4,281,828	\$ 4,366,617
Cap rate used 4.49%	\$ 3,883,284	\$ 3,963,351	\$ 4,003,393	\$ 4,043,419	\$ 4,123,487
+0.25% 4.74%	\$ 3,678,469	\$ 3,754,314	\$ 3,792,236	\$ 3,830,159	\$ 3,906,003

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

The two (2024 - 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 three months ended March 31:

	2025	2024
Property capital investments	\$ (15,991)	\$ (15,689)
Changes in non-cash investing accounts payable and accrued liabilities	(2,577)	1,169
	\$ (18,568)	\$ (14,520)

4. ASSETS HELD FOR SALE

As at March 31, 2025, the Trust classified one investment property (104 suites) as assets held for sale as a result of the Trust initiating an active program to dispose of this property. As of March 31, 2025, the Trust had committed to sell the property and it closed in April 2025 for a total sale price of \$26,527 (note 28).

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

InterRent Real Estate Investment Trust

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2025 and 2024 and as at December 31, 2024

Unaudited (Cdn \$ Thousands except unit amounts)

4. ASSETS HELD FOR SALE (Continued)

The following tables set forth the assets and liabilities associated with this property.

	March 31, 2025	December 31, 2024
Suites	104	-
Investment properties (note 3)	\$ 26,275	\$ -
Prepays and deposits	46	-
Receivables and other assets (note 9)	23	-
	\$ 26,344	\$ -
Mortgages and loan payables	13,480	-
Accounts payable and accrued liabilities (note 12)	389	-
Tenant rental deposits	45	-
	\$ 13,914	\$ -

5. INVESTMENT PROPERTY DISPOSITIONS

During the three months ended March 31, 2025, 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
February 18, 2025	28	100%	\$ 9,500	\$ 354	\$ 9,146	\$ 2,943

During the three months ended March 31, 2024, 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
February 15, 2024	224	100%	\$ 46,000	\$ 1,724	\$ 44,276	\$ 22,762

For the three months ended March 31, 2025 a gain of \$24 (2024 - loss of \$950) was recognized in connection with this disposition. 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 gain/(loss) on sale of investment properties for the three months ended March 31:

	2025	2024
Sale price	\$ 9,500	\$ 46,000
Less: book value of investment properties (note 3)	(9,122)	(45,226)
Excess of sale price over book value	378	774
Less: closing costs	(354)	(1,724)
Gain/(loss) on sale of investment properties	\$ 24	\$ (950)

InterRent Real Estate Investment Trust

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2025 and 2024 and as at December 31, 2024

Unaudited (Cdn \$ Thousands except unit amounts)

5. INVESTMENT PROPERTY DISPOSITIONS (Continued)

Cash inflow received from the sale of investment properties for the three months ended March 31:

	2025	2024
Net proceeds	\$ 9,146	\$ 44,276
Vendor take-back mortgage issued	-	(6,000)
	\$ 9,146	\$ 38,276

6. 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	March 31, 2025	December 31, 2024
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 3) as a joint operation (note 7). In total, the Trust holds a 50% interest in the development property.

The Trust is contingently liable for certain obligations of the joint ventures. 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:

	March 31, 2025	December 31, 2024
Balance, beginning of year	\$ 53,194	\$ 47,454
Additions	513	5,828
Distributions	(2,050)	(120)
Share of net income	310	32
Carrying value of the investment in joint ventures	\$ 51,967	\$ 53,194

InterRent Real Estate Investment Trust

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2025 and 2024 and as at December 31, 2024

Unaudited (Cdn \$ Thousands except unit amounts)

6. INVESTMENT IN JOINT VENTURES (Continued)

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

	March 31, 2025	December 31, 2024
Current assets	\$ 12,204	\$ 9,048
Non-current assets	438,302	427,221
Current liabilities	(4,949)	(5,436)
Non-current liabilities	(192,835)	(174,586)
Net assets	\$ 252,722	\$ 256,247
Trust's share	\$ 51,967	\$ 53,194

	Three months ended March 31	
	2025	2024
Revenue	\$ 3,377	\$ 3,474
Expenses	(2,329)	(2,245)
Fair value adjustments on investment properties	2,031	1,156
Net income	\$ 3,079	\$ 2,385
Trust's share	\$ 310	\$ 241

7. JOINT OPERATIONS

The Trust has interest in twenty-four investment properties (December 31, 2024 - twenty-four) and one property under development (December 31, 2024 - 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. The Trust's ownership in the joint operations are as follows:

Joint Operation	Region	Type	Ownership Interest (March 31, 2025)	Ownership Interest (December 31, 2024)
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%

8. PREPAIDS AND DEPOSITS

	March 31, 2025	December 31, 2024
Current	\$ 10,353	\$ 4,351
Non-current	32,334	31,621
	\$ 42,687	\$ 35,972

InterRent Real Estate Investment Trust

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2025 and 2024 and as at December 31, 2024

Unaudited (Cdn \$ Thousands except unit amounts)

9. RECEIVABLES AND OTHER ASSETS

	March 31, 2025	December 31, 2024
Rents and other receivables, net of allowance for uncollectable amounts (note 25(b))	\$ 7,292	\$ 7,241
Lease incentives ⁽¹⁾	2,001	2,119
Automobiles, software, equipment and furniture and fixtures, net of accumulated amortization of \$6,055 (2024 - \$5,812)	2,919	3,094
Deferred finance fees on credit facilities, net of accumulated amortization of \$2,841 (2024 - \$2,804)	308	346
Loan receivable long-term incentive plan (note 14)	6,755	7,217
Right-of-use asset, net of accumulated amortization of \$421 (2024 - \$388)	446	479
Other investments	500	500
Mortgage receivable ⁽²⁾	1,500	1,500
Promissory note receivable ⁽³⁾	500	500
	\$ 22,221	\$ 22,996
Reclassification to assets held for sale (note 4)	(23)	-
	\$ 22,198	\$ 22,996
Current	\$ 9,306	\$ 10,159
Non-current	12,892	12,837
	\$ 22,198	\$ 22,996

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

⁽²⁾ At March 31, 2025 and December 31, 2024 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.

⁽³⁾ At March 31, 2025 and December 31, 2024 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.

10. MORTGAGES PAYABLE

Mortgages are secured by the investment properties and bear interest at a weighted average interest rate of 3.31% (December 31, 2024 - 3.37%).

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

The aggregate future minimum principal payments, including maturities and excluding mortgages on assets held for sale, are as follows:

2025	\$ 220,108
2026	175,004
2027	216,905
2028	246,140
2029	152,159
Thereafter	703,371
	1,713,687
Less: Deferred finance costs and mortgage premiums	(44,689)
	\$ 1,668,998

InterRent Real Estate Investment Trust

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2025 and 2024 and as at December 31, 2024

Unaudited (Cdn \$ Thousands except unit amounts)

10. MORTGAGES PAYABLE (Continued)

	March 31, 2025	December 31, 2023
Current	\$ 263,891	\$ 294,977
Non-current	1,405,107	1,351,965
	\$ 1,668,998	\$ 1,646,942

11. CREDIT FACILITIES

	March 31, 2025	December 31, 2024
Demand credit facility ⁽ⁱ⁾	\$ -	\$ -
Term credit facility ⁽ⁱⁱ⁾	-	-
Term credit facility ⁽ⁱⁱⁱ⁾	44,000	30,000
Term credit facility ^(iv)	6,020	12,000
	\$ 50,020	\$ 42,000

(i) The Trust has a \$5,000 (2024 - \$5,000) demand credit facility with a Canadian chartered bank secured by a general security agreement. The weighted average interest rate on amounts drawn during the three months ended March 31, 2025 was 5.76%.

(ii) The Trust has a \$105,000 (2024 - \$105,000) term credit facility, maturing in 2027, with a Canadian chartered bank secured by a general security agreement and second collateral mortgages on nine (2024 - nine) of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread. There were no amounts drawn on the facility during the three months ended March 31, 2025.

(iii) The Trust has a \$100,000 (2024 - \$100,000) term credit facility, maturing in 2026, with a Canadian chartered bank secured by a general security agreement, first mortgages on two (2024 - two) of the Trust's properties and second collateral mortgages on two (2024 - four) of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread for prime advances and banker's acceptances. The weighted average interest rate on amounts drawn during the three months ended March 31, 2025 was 5.19%. As the amount is maturing in 2026, it is classified as a non-current liability.

(iv) The Trust has a \$15,000 (2024 - \$15,000) term credit facility, maturing in 2025, with a Canadian chartered bank secured by a general security agreement, first mortgage on one (2024 - one) of the Trust's properties and second collateral mortgage on one (2024 - 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 three months ended March 31, 2025 was 5.91%. As the amount is maturing in 2025, it is classified as a current liability.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2025	December 31, 2024
Accounts payable	\$ 4,339	\$ 3,704
Accrued liabilities	38,931	28,303
Accrued distributions	4,719	4,879
Mortgage interest payable	3,901	3,772
	\$ 51,890	\$ 40,658
Reclassification to liabilities associated with assets held for sale (note 4)	(389)	-
	51,501	\$ 40,658

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

InterRent Real Estate Investment Trust

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For the three months ended March 31, 2025 and 2024 and as at December 31, 2024

Unaudited (Cdn \$ Thousands except unit amounts)

13. 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:

	March 31, 2025	December 31, 2024
Unit-based liabilities, beginning of year	\$ 47,976	\$ 59,721
Compensation expense - deferred unit plan	768	2,814
Compensation expense - performance and restricted unit plan	632	2,565
Distribution - deferred unit plan (note 21)	477	1,817
Distribution - performance and restricted unit plan (note 21)	78	227
DUP units converted, cancelled and forfeited	(81)	(2,158)
PRU units converted, cancelled and forfeited	(65)	-
Unit options exercised and expired	-	(210)
Loss on fair value of liability (note 20)	5,629	(16,800)
Unit-based liabilities, end of period	\$ 55,414	\$ 47,976
Current ⁽¹⁾	\$ 54,372	\$ 47,357
Non-current	1,042	619
	\$ 55,414	\$ 47,976

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

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.

The maximum number of Trust Units issuable under the Trust's equity incentive compensation plans, which includes the DUP, the Performance and Restricted Unit plan, and unit options, as well as the long-term incentive plan (note 14) 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).

InterRent Real Estate Investment Trust

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13. UNIT-BASED COMPENSATION LIABILITIES (Continued)

A summary of Deferred Unit activity is presented below:

Number of Units	Non-Management Trustees	Other Participants	Total
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 17)	(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
Units issued under deferred unit plan	-	109,592	109,592
Reinvested distributions on deferred units	3,441	44,327	47,768
Deferred units exercised into Trust Units (note 17)	-	(3,292)	(3,292)
Deferred units purchased and cancelled	-	-	-
Deferred units cancelled	-	(7,100)	(7,100)
Balance - March 31, 2025	428,197	4,521,013	4,949,210

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 \$51,486 at March 31, 2025 (December 31, 2024 - \$45,242). 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.

(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. The Board has terminated the unit option plan, the termination of this plan will not impact any currently outstanding options, but the plan is now 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 three months ended March 31 are as follows:

	2025		2024	
	Number of units	Weighted average exercise price	Number of units	Weighted average exercise price
Balance, beginning of year	55,000	\$ 7.67	89,840	\$ 7.35
Exercised	-	\$ -	(6,460)	\$ 6.09
Balance, end of period	55,000	\$ 7.67	83,380	\$ 7.45

InterRent Real Estate Investment Trust

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Unaudited (Cdn \$ Thousands except unit amounts)

13. UNIT-BASED COMPENSATION LIABILITIES (Continued)

Options outstanding at March 31, 2025:

Exercise price	Number of units	Remaining life in years	Number of units exercisable
\$ 7.67	55,000	2.32	55,000

There were no options exercised in the three months ended March 31, 2025. The weighted average market price of options exercised in the three months ended March 31, 2024 was \$13.38.

The unit options represented an aggregate fair value of \$179 at March 31, 2025 (December 31, 2024 - \$133). 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:

	March 31, 2025	December 31, 2024
Market price of Unit	\$ 11.28	\$ 10.15
Expected option life	1.1 years	1.1 years
Risk-free interest rate	2.46%	2.93%
Expected volatility (based on historical)	21%	21%
Expected distribution yield	5.0%	5.0%

(iii) PERFORMANCE AND RESTRICTED UNIT PLAN

The performance and restricted unit plan enables the Trustees to grant performance units and restricted units to employees and officers 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, 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
Units issued under performance and restricted unit plan	257,521
Reinvested distributions on performance and restricted units	7,925
Performance and restricted units exercised into Trust Units (note 17)	(6,442)
Balance - March 31, 2025	784,633

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.

InterRent Real Estate Investment Trust

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13. UNIT-BASED COMPENSATION LIABILITIES (Continued)

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 on the balance sheet at March 31, 2025 was \$3,749 (December 31, 2024 - \$2,601).

14. 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 9) 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
June 9, 2015	75,000	3.44%	\$ 373
June 30, 2016	275,000	2.82%	1,775
July 28, 2017	320,000	3.09%	2,070
March 5, 2018	285,000	3.30%	2,537
	955,000		\$ 6,755
Current			\$ 36
Non-Current			6,719
			\$ 6,755

15. LEASE LIABILITIES

The aggregate future lease principal payments are as follows:

2025	\$ 262
2026	335
2027	351
2028	286
2029	59
Thereafter	-
	\$ 1,293

16. TENANT RENTAL DEPOSITS

Tenant rental deposits are classified as current liabilities.

InterRent Real Estate Investment Trust

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17. 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, 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
Balance - December 31, 2024	147,503,404	\$ 1,121,494
Units purchased under NCIB and cancelled ⁽¹⁾	(4,840,495)	(50,422)
Units Issued under the deferred unit plan	3,292	33
Units Issued under the preferred and restricted unit plan	6,442	64
Balance - March 31, 2025	142,672,643	\$ 1,071,169

⁽¹⁾ Includes \$989 (2024 - \$257) for the 2% tax on Trust Unit repurchases, which became effective on January 1, 2024

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.

For the three months ended March 31, 2025, the Trust purchased and cancelled 4,840,495 Trust Units for a total of \$49,433 (2024 - nil) and purchased 90,157 Trust Units for a total of \$1,023 which were in treasury at the end of the quarter, and were cancelled subsequent to the quarter. All purchases occurred at market prices. Purchases after the quarter were done through an Automatic Unit Purchase Plan, and the amounts in this paragraph exclude the 2% tax on Trust Unit repurchases which became effective January 1, 2024.

Cash outflow during the quarter for the unit repurchases was \$40,980, an additional \$10,465 in accounts payable and accrued liabilities as at March 31, 2025.

Subsequent to the quarter, an additional 2,777,526 units were purchased and cancelled for \$30,144 (note 28).

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.

InterRent Real Estate Investment Trust

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17. TRUST UNITS (Continued)

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:

(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.

As at March 31, 2025 there are no Special Voting Units, including Class B LP units, outstanding (December 31, 2024 - nil).

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18. REVENUE FROM INVESTMENT PROPERTIES

The components of revenue from investments properties for the three months ended March 31 are as follows:

	2025	2024
Lease revenue ⁽¹⁾	\$ 61,724	\$ 60,619
Non-lease revenue ⁽²⁾	1,026	1,135
	\$ 62,750	\$ 61,754

⁽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

19. FINANCING COSTS

	Three months ended March 31	
	2025	2024
Mortgages payable	\$ 14,109	\$ 14,897
Credit facilities	997	583
Interest income	(106)	(180)
Interest capitalized to development	(1,056)	(809)
Interest expense	13,944	14,491
Amortization of deferred finance costs on mortgages	570	603
Amortization of deferred finance costs on credit facilities	37	66
Amortization of fair value on assumed debt	(8)	(44)
	\$ 14,543	\$ 15,116

20. OTHER FAIR VALUE GAINS/(LOSSES)

	Three months ended March 31	
	2025	2024
Class B LP unit liability	\$ -	\$ (713)
Unit-based compensation liability (deferred unit plan)	(5,078)	(1,221)
Unit-based compensation liability (performance and restricted unit plan)	(503)	(168)
Unit-based compensation liability (option plan)	(48)	28
Rate swaps (mortgage payable)	(100)	19
Forward rate locks (mortgage payable)	-	423
	\$ (5,729)	\$ (1,632)

21. INTEREST ON UNITS CLASSIFIED AS FINANCIAL LIABILITIES

	Three months ended March 31	
	2025	2024
Class B LP unit liability	\$ -	\$ 199
Unit-based compensation (deferred unit plan)	477	442
Unit-based compensation (performance and restricted unit plan)	78	56
	\$ 555	\$ 697

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22. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three months ended March 31	
	2025	2024
Receivables and other assets	\$ (555)	\$ 959
Prepaid and deposits	(5,738)	(6,767)
Accounts payable and accrued liabilities	3,186	(242)
Tenant rental deposits	880	(30)
	\$ (2,227)	\$ (6,080)

(b) Net cash distributions to unitholders

	Three months ended March 31	
	2025	2024
Distributions declared to unitholders	\$ 14,299	\$ 13,709
Add: Distributions payable at beginning of period	4,561	4,561
Less: Distributions payable at end of period	(4,719)	(4,573)
Less: Distributions to participants in the DRIP	-	(4,817)
	\$ 14,141	\$ 8,880

(c) Interest paid

	Three months ended March 31	
	2025	2024
Interest expense	\$ 13,944	\$ 14,491
Add: Mortgage interest payable at beginning of period	3,579	3,579
Less: Mortgage interest payable at end of period	(3,901)	(3,819)
Add: Interest capitalized	1,056	809
Add: Interest income received	106	180
	\$ 14,784	\$ 15,240

(d) Reconciliation of liabilities arising from financing activities

	Three months ended March 31	
	2025	2024
Mortgages payable		
Balance, beginning of period	\$ 1,690,334	\$ 1,691,307
Mortgage advances	98,085	193,793
Repayment of mortgages	(60,837)	(175,199)
Change in liabilities associated with assets held for sale	(13,895)	(935)
Balance, end of period	\$ 1,713,687	\$ 1,708,966

	Three months ended March 31	
	2025	2024
Credit facilities		
Balance, beginning of period	\$ 42,000	\$ 40,847
Advances of credit facilities	8,020	-
Repayment of credit facilities	-	(40,847)
Balance, end of period	\$ 50,020	\$ -

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23. 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 March 31, 2025 and December 31, 2024 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 three months ended March 31, 2025, the Trust incurred \$123 (2024 - \$240) 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.

24. 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 and deferred 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 three months ended March 31, 2025 from the year ended December 31, 2024.

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 March 31, 2025, the debt to gross book value ratio is 40.9% (December 31, 2024 – 40.3%).

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 three month period ended March 31, 2025 and the year ended December 31, 2024.

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

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

For its rents receivable, the Trust conducts credit assessments for all prospective tenants 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 tenants and tenant receivables over 30 days are provided for in allowances for doubtful accounts.

Credit risk relating to other receivables, mortgages receivable, promissory note receivable 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.

At March 31, 2025, the Trust had past due rents and other receivables of \$10,498 (December 31, 2024 - \$10,536), net of an allowance for doubtful accounts of \$3,206 (December 31, 2024 - \$3,295) 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 24 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 March 31, 2025, the Trust had credit facilities as described in note 11.

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.

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25. FINANCIAL RISK MANAGEMENT (Continued)

The undiscounted contractual maturities and repayment obligations of the Trust's financial liabilities, excluding mortgages on assets held for sale, as well as unit-based compensation liabilities as their redemption time is uncertain, as at March 31, 2025 are as follows:

Year	Mortgages payable	Mortgage interest ⁽¹⁾	Credit facilities	Lease liabilities principal outstanding	Accounts payable and accrued liabilities	Total
2025	\$ 220,108	\$ 40,019	\$ 50,020	\$ 262	\$ 51,501	\$ 361,910
2026	175,004	45,928	-	335	-	221,267
2027	216,905	41,975	-	351	-	259,231
2028	246,140	32,523	-	286	-	278,949
2029	152,159	24,500	-	59	-	176,718
Thereafter	703,371	47,247	-	-	-	750,618
	\$ 1,713,687	\$ 232,192	\$ 50,020	\$ 1,293	\$ 51,501	\$ 2,048,693

⁽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 March 31, 2025, approximately 2% (December 31, 2024 - 2%) 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 \$203 for the three months ended March 31, 2025 (2024 - \$327).

26. 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 \$1,761,074 (December 31, 2024 - \$1,722,237) excluding any deferred financing costs.

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26. FAIR VALUE MEASUREMENT (Continued)

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

March 31, 2025	Level 1	Level 2	Level 3
Assets			
Investment properties	-	-	4,052,719
Liabilities			
Interest rate swap liability ⁽¹⁾	-	83	-
Unit-based compensation liability	-	55,414	-
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	-

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

27. COMMITMENTS AND CONTINGENCIES

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

28. SUBSEQUENT EVENTS

The Trust sold one property (104 suites) in Montréal, Quebec which closed in April of 2025 that was included in assets held for sale as of March 31, 2025 (note 4) for a sale price of \$26,527. The Trust also sold two properties (118 suites) in Hamilton, Ontario which closed in April 2025 for a sale price of \$29,432.

Subsequent to the quarter, an additional 2,777,526 units were purchased and cancelled for \$30,144 (note 17).