InterRent REIT

Management's Discussion & Analysis

For the Three Months Ended June 30, 2025

August 6, 2025

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MANAGEMENT'S DISCUSSION & ANALYSIS
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FORWARD-LOOKING STATEMENTS

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis ("MD&A") of InterRent Real Estate Investment Trust ("InterRent REIT", the "REIT" or the "Trust") contains "forward-looking statements" within the meaning of applicable securities legislation. This document should be read in conjunction with material contained in the Trust's audited consolidated financial statements for the year ended December 31, 2024, along with InterRent REIT's other publicly filed documents. Forward-looking statements appear in this MD&A under the heading "Outlook" and generally include, but are not limited to, statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results circumstances, performance or expectations, including but not limited to financial performance and equity or debt offerings, new markets for growth, financial position, comparable multi-residential REITs and proposed acquisitions. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of InterRent REIT to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: the risks related to the market for InterRent REIT's securities, the general risks associated with real property ownership and acquisition, that future accretive acquisition opportunities will be identified and/or completed by InterRent REIT, risk management, liquidity, debt financing, credit risk, competition, general uninsured losses, interest rate fluctuations, environmental matters, restrictions on redemptions of outstanding InterRent REIT securities, lack of availability of growth opportunities, diversification, potential unitholder liability, potential conflicts of interest, the availability of sufficient cash flow, fluctuations in cash distributions, the market price of InterRent REIT's trust units, the failure to obtain additional financing, dilution, reliance on key personnel, changes in legislation, failure to obtain or maintain mutual fund trust status and delays in obtaining governmental approvals or financing as well as those additional factors discussed in the section entitled "Risks and Uncertainties" and in other sections of this Management's Discussion and Analysis.

In addition, certain material assumptions are applied by the Trust in making forward looking statements including, without limitation, factors and assumptions regarding:

- Overall national economic activity
- Overall population growth
- 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 June 30, 2025 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 note 2 of the condensed consolidated interim financial statements for June 30, 2025.

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, 2022.

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. Normalized FFO ("NFFO") and Normalized AFFO ("NAFFO") are defined as FFO and AFFO, respectively, net of adjustments for unique or non-recurring items that are not considered representative of ongoing operational activities of the REIT. Management considers FFO, NFFO, AFFO, and NAFFO useful measures of recurring economic earnings.

Adjusted Cash Flows from Operations ("ACFO") is an additional financial measure of economic cash flow based on the operating cash flows of a business adjusted for specific items. The Trust presents ACFO in accordance with the REALpac White Paper dated February 2019. Management considers ACFO a useful measure of sustainable cash flow.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") is calculated as earnings before interest, taxes, depreciation, amortization, and other adjustments including gain/loss on sale and fair value adjustments.

Readers are cautioned that Gross Rental Revenue, NOI, Same property, Repositioned property, FFO, AFFO, ACFO and EBITDA are not alternatives to measures under GAAP and should not, on their own, be construed as indicators of the Trust's performance or cash flows, measures of liquidity or as measures of actual return on Units of the Trust. These non-GAAP measures, as presented, should only be used in conjunction with the consolidated financial statements of the Trust.

As a result of the redeemable feature of the Trust Units, the Trust's Units are defined as a financial liability and not considered an equity instrument. Therefore, no denominator exists to calculate per unit calculations. Consequently, all per unit calculations are considered non-GAAP measures. Management feels that certain per unit calculations are an important method of measuring results from period to period and as such has determined basic and diluted weighted average number of units. Per unit calculations as computed by the Trust may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to other such issuers.

OVERVIEW

BUSINESS OVERVIEW AND STRATEGY

InterRent REIT is a growth-oriented real estate investment trust engaged in increasing Unitholder value and creating a growing and sustainable distribution through the acquisition, development, and ownership of multi-residential properties. The REIT generates revenues, cash flows and earnings from rental operations and continually assesses its assets for accretive capital recycling purposes. InterRent REIT's largest and most consistent source of income is its rental operations, which involves leasing individual suites to residents for lease terms generally ranging from month-to-month to twelve-months.

InterRent's strategy is to expand its portfolio primarily within markets that have exhibited stable market vacancies, sufficient suites available to attain the critical mass necessary to implement an efficient portfolio management structure and, offer opportunities for accretive acquisitions.

InterRent's primary objectives are to use the proven industry experience of the Trustees, Management and Operational Team to: (i) grow both net asset value per Unit and funds from operations per Unit through investments in a diversified portfolio of multi-residential properties; (ii) provide Unitholders with sustainable and growing cash distributions, payable monthly; and (iii) maintain a conservative payout ratio and balance sheet.

In the first six months of 2025, the Trust sold one property comprising 28 suites in Ottawa, Ontario for a sale price of $9.5 million, or $339,300 per suite; one property comprising 104 suites in Montréal, Quebec for a sale price of $26.5 million, or $255,100 per suite; and two properties comprising 118 suites in Hamilton, Ontario for a sale price of $29.4 million, or $249,400 per suite. Altogether, the properties were sold for $1.2 million above their carrying value and the Trust received net proceeds of $61.8 million after closing costs but before the repayment of $23.2 million in mortgages on the disposed properties.

As at June 30, 2025, the Trust has 100% ownership interest in 11,121 suites, a 50% financial interest in 1,462 suites, and a 10% financial interest in 605 suites, representing 13,188 total suites, of which 12,940 are included in same property suites. On a proportionate basis, this amounts to 11,913 total suites and 11,789 on a same property basis (or 99.0% of the portfolio).

Historically, the Trust has reported results separately for repositioned and non-repositioned property suites. The Trust's repositioning program typically spans 3 to 4 years after the acquisition of a property, and therefore repositioned suites are defined as those owned by the Trust prior to January 1, 2022. As of June 30, 2025, 96% of the Trust's aggregate portfolio is considered repositioned. As a result of the majority of the portfolio meeting the definition of repositioned, repositioned results will no longer be presented as the Trust does not believe that, going forward, such measures will provide investors with useful information to understand or evaluate the Trust's operations. If market conditions change and such disclosure becomes relevant, the Trust may reintroduce it in the future.

Market conditions during the second quarter remained mixed. Slower population growth, particularly among non-permanent residents, alongside elevated levels of new supply across a number of communities, contributed to a more competitive leasing environment. Market rents were selectively adjusted during the quarter to align with local market dynamics and support leasing activity.

ARRANGEMENT AGREEMENT

On May 27, 2025, the Trust entered into an arrangement agreement (the "Arrangement Agreement") with Carriage Hill Properties Acquisition Corp. (the "Purchaser"), a newly formed entity owned by CLV Group and GIC, pursuant to which the Purchaser will acquire InterRent in an all-cash transaction valued at approximately $4 billion, including the assumption of net debt (the "Transaction").

The Board (with Mike McGahan abstaining from voting in respect thereof) unanimously recommends that Unitholders vote in favour of approving the proposed plan of arrangement.

Under the terms of the Arrangement Agreement, InterRent unitholders, other than Retained Interest Holders (as such term is defined in the Arrangement Agreement) in respect of their retained units and which, as of the date of the Arrangement Agreement included CLV Group and its affiliated entities, will receive $13.55 per unit in cash.

Pursuant to the Arrangement Agreement, the Trust had an initial 40-day go-shop period, beginning on May 28, 2025 and ending on July 6, 2025 (the "Go-Shop Period"), during which the Trust, with the assistance of its advisors, could actively solicit and consider superior proposals from third parties that express an interest in acquiring the Trust. As part of the go-shop process, 85 potential counterparties were contacted, and of those, nine executed confidentiality agreements and conducted diligence, which, despite the interest, did not result in any Acquisition Proposals (as defined in the Arrangement Agreement). On July 7, 2025 the Trust announced the expiration of the Go-Shop Period and advised that it did not receive an Acquisition Proposal (as such term is defined in the Arrangement Agreement) during the Go-Shop Period.

Completion of the Transaction requires approval of at least 66 2/3% of the votes cast by unitholders, as well as the approval by a simple majority of votes cast by unitholders, excluding CLV Group, its affiliates and any other unitholders required to be excluded under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Transaction is also subject to court approval, regulatory approvals, consents and approvals from Canada Mortgage and Housing Corporation ("CMHC") and certain other Required Lenders (as defined in the Arrangement Agreement, and including in respect of the Purchaser's debt financing in connection with the Transaction and the security granted thereunder) and satisfaction of other customary closing conditions.

The Transaction subjects InterRent to additional risks and uncertainties such as the risks of non-completion, including among others, the costs to the REIT incurred in pursuing the Arrangement, the consequences and opportunity costs of the suspension of strategic pursuits of the REIT in accordance with the terms of the Arrangement Agreement and the risks associated with the temporary diversion of management's attention away from the conduct of the REIT's business in the ordinary course. In addition, if the Arrangement is not completed for any reason, there are risks that the announcement of the Arrangement, the dedication of substantial resources of the REIT and its management to the completion thereof and the restrictions that were imposed on the REIT under the Arrangement Agreement could have a negative impact on the REIT's current business relationships (including with future and prospective employees, customers, suppliers and partners) and could have a material adverse effect on the current and future operations, financial condition, results of operations, and prospects of the REIT. If the Arrangement is not completed and the Board decides to seek an alternative transaction, there can be no assurance that it will be able to find a party willing to pay consideration for the Units that is equivalent to, or more attractive than, the consideration to be received by the Unitholders (other than the Retained Interest Holders) pursuant to the Arrangement or willing to proceed at all with a similar or alternative transaction. In addition, since the completion of the Arrangement is subject to uncertainty, officers and employees of the REIT may experience uncertainty about their future roles with the REIT. This may adversely affect the REIT's ability to attract or to retain key management and personnel in the period until the Arrangement is completed or terminated.

For additional details regarding the Transaction, including a more detailed discussion of the additional risks and uncertainties related to the Transaction, see the Management Information Circular available under InterRent's profile on www.sedarplus.ca.

OPERATIONS UPDATE

- Total portfolio occupancy of 95.3% for June 2025 was down 150 basis points from 96.8% in March 2025 and down 90 basis points from 96.2% in June 2024 reflecting pressure in the rental market during the quarter. Post quarter-end, occupancy improved to 95.8% in August, the second highest August level in the past eight years, supported by strong leasing momentum and a 68% year-over-year increase in July same-property approved applications.
- Delivered average monthly rent ("AMR") growth of 4.6% for the total portfolio and 4.0% for the same property portfolio for June 2025, as compared to June 2024.
- The Trust signed 719 new leases during the quarter, as compared to 640 during the same period in 2024, for an average gain-on-lease of 3.7%. This increase in leasing activity during Q2 represents a shift in the timing of turnover that is more in line with historical norms after the disruption caused by COVID.
- Same-property proportionate NOI of $41.1 million, an increase of $1.0 million, or 2.4% compared to the same period in 2024. Same-property proportionate NOI margin was 66.9%, a decrease of 80 basis points from Q2 2024, driven by a combination of higher year-over-year vacancy and an 8.3% increase in property operating costs, with marketing investments accounting for approximately one-third of the increase.
- As of August 1st, the Trust has seen rents stabilize in most markets, and market rents have started to increase.
- The Trust continues to invest in its portfolio as a driver of future organic growth, spending $21.3 million during the quarter on a proportionate basis, of which $3.6 million was spent on properties under development and $17.7 million on the operating portfolio ($1,486 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.

OUTLOOK

a) The Arrangement Agreement represents an exciting opportunity for Unitholders and InterRent's other Stakeholders. During the pendency of the Arrangement, Management remains committed to growing the REIT in a strategic and structured manner. Timing is being impacted by the current economic environment, however 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 within these areas and apply our repositioning experience and expertise in a manner that continues to provide long term accretion for our Unitholders;

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

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

b) The bulk of ongoing near-term development spend will be directed towards 360 Laurier. In order to retain optionality at the REIT's other ongoing development projects, a minimal amount of capital will be directed towards continuing development at those properties. The Trust will continue to monitor capital allocation priorities and market conditions.

c) Liquidity Update:

   - With a debt-to-GBV ratio of 41.7%, 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 $75.3 million drawn on these facilities as at June 30, 2025 and approximately $77.0 million drawn as of August 6, 2025.

- Throughout the quarter, the Trust's variable rate exposure, including credit facilities, increased to 6%.
- As of the date of this report, the Trust had approximately $123.1 million in unencumbered properties that do not have mortgages nor provide security for any credit facilities.
- The Trust continues to pursue opportunities to unlock equity by topping up maturing CMHC insured mortgages and converting conventional debt to CMHC insured mortgages at favourable rates.

Q2 PERFORMANCE HIGHLIGHTS

The following table presents a summary of InterRent's proportionate operating performance for the three months ended June 30, 2025 compared to the same period in 2024:

Selected Consolidated Information In $000's, except per Unit amounts and other non-financial data	**3 Months Ended June 30, 2025**	**3 Months Ended June 30, 2024**	**Change**
Total suites	**11,913**[1]	12,024[1]	**-0.9%**
Average rent per suite (June)	**$ 1,736**	$ 1,660	**+4.6%**
Occupancy rate (June)	**95.3%**	96.2%	**-90 bps**
Proportionate operating revenues	**$ 62,327**	$ 61,787	**+0.9%**
Proportionate net operating income (NOI)	**$ 41,497**	$ 41,733	**-0.6%**
NOI %	**66.6%**	67.5%	**-90 bps**
Same Property average rent per suite (June)	**$ 1,732**	$ 1,665	**+4.0%**
Same Property occupancy rate (June)	**95.3%**	96.2%	**-90 bps**
Same Property proportionate operating revenues	**$ 61,456**	$ 59,278	**+3.7%**
Same Property proportionate NOI	**$ 41,112**	$ 40,136	**+2.4%**
Same Property proportionate NOI %	**66.9%**	67.7%	**-80 bps**
Net Loss	**$ (11,573)**	$ (1,072)	**+979.6%**
Funds from Operations (FFO)	**$ 16,829**	$ 23,096	**-27.1%**
FFO per weighted average unit - diluted	**$ 0.120**	$ 0.157	**-23.6%**
Normalized Funds from Operations (NFFO)[2]	**$ 23,337**	$ 23,096	**+1.0%**
NFFO per weighted average unit - diluted	**$ 0.166**	$ 0.157	**+5.7%**
Adjusted Funds from Operations (AFFO)	**$ 13,587**	$ 20,405	**-33.4%**
AFFO per weighted average unit - diluted	**$ 0.096**	$ 0.138	**-30.4%**
Normalized Adjusted Funds from Operations (NAFFO)[2]	**$ 20,095**	$ 20,405	**-1.5%**
NAFFO per weighted average unit - diluted	**$ 0.143**	$ 0.138	**+3.6%**
Distributions per unit	**$ 0.0992**	$ 0.0945	**+5.0%**
Adjusted Cash Flow from Operations (ACFO)	**$ 15,866**	$ 17,804	**-10.9%**
Debt-to-GBV	**41.7%**	37.8%	**+390 bps**
Interest coverage (rolling 12 months)	**2.61x**	2.43x	**+0.18x**
Debt service coverage (rolling 12 months)	**1.70x**	1.62x	**+0.08x**

(1) Represents 11,121 (2024 - 11,356) suites fully owned by the REIT, 1,462 (2024 - 1,214) suites owned 50% by the REIT, and 605 (2024 - 605) suites owned 10% by the REIT.

(2) Normalized FFO and AFFO remove the transaction costs associated with the Arrangement Agreement of $6.5 million (2024 - nil).

- Overall Portfolio:

  a) The comparability of FFO, AFFO, and Net Loss are materially impacted by transaction costs associated with the Arrangement Agreement. Transaction costs consist of professional, legal, and Special Board Committee fees related to the Transaction. During the three months ended June 30, 2025 the Trust incurred $6.5 million of transaction costs, which are included in general and administrative expenses on the statement of profit and loss.

b) The comparability of total portfolio results are materially impacted by the disposition of 10 properties during 2024, and the four properties disposed in 2025. 224 suites were disposed in Q1 2024, 524 suites in Q2 2024, and 28 suites in Q1 2025 and therefore have no contribution to Q2 2025 results. Three properties (222 suites) were also disposed during Q2 2025 and therefore do not have a full contribution to Q2 2025 results. Same property results, discussed below, present results on a consistent basis period over period.
c) Proportionate operating revenues for the quarter increased by $0.5 million to $62.3 million, an increase of 0.9% over Q2 2024.
d) Average monthly rent per suite increased to $1,736 (June 2025) from $1,660 (June 2024), an increase of 4.6%, and from $1,723 (March 2025) an increase of 0.8%.
e) Occupancy for June 2025 was 95.3%, a decrease of 90 basis points when compared to June 2024.
f) Proportionate NOI for the quarter was $41.5 million, a decrease of 0.6%, over Q2 2024. NOI margin for the quarter was 66.6%, a decrease of 90 basis points from Q2 2024.

- Same Property Portfolio:
    a) Proportionate operating revenues for the quarter increased by $2.2 million to $61.5 million, an increase of 3.7% from Q2 2024.
    b) Average monthly rent per suite for the same property portfolio increased to $1,732 (June 2025) from $1,665 (June 2024), an increase of 4.0%, and from $1,725 (March 2025) an increase of 0.4%.
    c) Occupancy for June 2025 was 95.3%, a decrease of 90 basis points when compared to June 2024.
    d) Same property proportionate NOI for the quarter was $41.1 million, an increase of $1.0 million, or 2.4% over Q2 2024. Same property NOI margin for the quarter was 66.9%, a decrease of 80 basis points from Q2 2024.
- Net loss for the quarter was $11.6 million, an increase of $10.5 million compared to a net loss of $1.1 million in Q2 2024. This increase was due primarily to unrealized gains on the fair value adjustment of financial liabilities where increases to the Trust's unit price create fair value losses on the settlement of unit-based liabilities, as well as the transaction costs associated with the Arrangement Agreement; offset by a lower fair value loss on the revaluation of investment properties in Q2 2025 as compared to Q2 2024. While pressure on market rents during 2025 has resulted in an overall $14.6 million loss during the current quarter, cap rates had increased by 8 basis points in Q2 2024 contributing to a loss of $34.6 million.
- FFO for the quarter was $16.8 million, a decrease of $6.3 million, or 27.1%, from Q2 2024 and on a per unit basis decreased by 23.6% from Q2 2024. Normalized FFO for the quarter was $23.3 million, an increase of $0.2 million, or 1.0%, over Q2 2024 and on a per unit basis increased by 5.7% over Q2 2024.
- AFFO for the quarter was $13.6 million, a decrease of $6.8 million, or 33.4%, from Q2 2024 and on a per unit basis decreased by 30.4% from Q2 2024. Normalized AFFO for the quarter was $20.1 million, a decrease of $0.3 million, or 1.5%, from Q2 2024 and on a per unit basis increased by 3.6% over Q2 2024.
- ACFO decreased by $1.9 million, or 10.9%, to $15.9 million compared to Q2 2024.
- Debt-to-GBV at quarter end was 41.7%, an increase of 390 basis points compared to June 2024. This increase was a direct result of the fair value adjustments made to investment properties during 2024 and 2025 as well as our active NCIB program.

PORTFOLIO SUMMARY

The Trust started the year with 12,160 suites. During the three months ended June 30, 2025, the Trust:

- added one suite to an existing property in the Other Ontario region;
- added one suite to an existing property in the Greater Montréal Area;
- added one suite to an existing property in the Greater Toronto and Hamilton Area;
- disposed of one property comprising 28 suites in the National Capital region;
- disposed of one property comprising 104 suites in the Greater Montréal Area; and
- disposed of two properties comprising 118 suites in the Greater Toronto and Hamilton Area.

At June 30, 2025, the Trust owned 11,913 suites. Management continuously reviews the markets that the REIT operates in to maintain a suitable portfolio mix. Management believes that there are still strong organic growth opportunities within the portfolio, once the impacts of immigration and supply return to normalized levels, through continued robust rent growth, further operational streamlining, and reductions in operating costs. At June 30, 2025, 99.0% of the portfolio was included in same property suites.

▼ SUITES BY REGION AT JUNE 30, 2025

Region	Total Portfolio			Same Property		
	Suites – 100% basis	Suites – proportionate	% of Portfolio	Suites – 100% basis	Suites – proportionate	% of Portfolio
Greater Toronto & Hamilton Area	4,634	4,043	33.9%	4,634	4,043	34.3%
National Capital Region	2,511	2,511	21.1%	2,511	2,511	21.3%
Other Ontario	2,008	2,008	16.9%	2,008	2,008	17.0%
Greater Montreal Area	3,169	2,918	24.5%	2,921	2,794	23.7%
Greater Vancouver Area	866	433	3.6%	866	433	3.7%
Total	13,188	11,913	100.0%	12,940	11,789	100.0%

DISPOSITIONS

During Q2 2025, the REIT advanced its capital recycling program, completing the disposition of one property comprising 104 suites in Montréal, Quebec for a sale price of $26.5 million, or $255,100 per suite; and two properties comprising 118 suites in Hamilton, Ontario for a sale price of $29.4 million, or $249,400 per suite. Altogether, the properties were sold for $0.8 million above their fair market value, however selling costs of $3.2 million (which includes commissions, legal fees, mortgage discharge penalties, and the write-off of deferred financing fees related to the discharged mortgage) were incurred as part of the transaction, resulting in a $2.4 million loss on disposition.

PROPERTIES UNDER DEVELOPMENT

Development activity is another way in 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.

Project	City	Suite Count	Commercial Sq. Ft.	Ownership Interest	Target Completion Date
360 Laurier	Ottawa	139	1,736	25.0%	Q4 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 square feet of retail space across 11 storeys. All major long lead items have been tendered and awarded, and the construction costs are approximately 95% contracted as we work towards partial occupancy commencing in Q4 2025. Financing was secured through the CMHC's Apartment Construction Loan Program (ACLP) last quarter and the project was fully capitalized, with excess equity being repatriated to the joint-venture partners upon closing of the financing.

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 June 30, 2025		3 Months Ended June 30, 2024		6 Months Ended June 30, 2025		6 Months Ended June 30, 2024	
Gross rental revenue	**$ 62,366**		$ 61,260		**$ 125,055**		$ 122,525	
Less: vacancy & rebates	**(3,595)**		(2,966)		**(6,675)**		(5,651)	
Other revenue	**3,556**		3,493		**7,077**		7,017	
Operating revenues	**$ 62,327**		$ 61,787		**$ 125,457**		$ 123,891	
Expenses								
Property operating costs	**10,411**	**16.7%**	9,879	16.1%	**19,999**	**16.0%**	19,253	15.5%
Property taxes	**6,790**	**10.9%**	6,451	10.4%	**13,549**	**10.8%**	13,205	10.7%
Utilities	**3,629**	**5.8%**	3,724	6.0%	**9,947**	**7.9%**	9,304	7.5%
Operating expenses	**$ 20,830**	**33.4%**	$ 20,054	32.5%	**$ 43,495**	**34.7%**	$ 41,762	33.7%
Net operating income	**$ 41,497**		$ 41,733		**$ 81,962**		$ 82,129	
Net operating margin	**66.6%**		67.5%		**65.3%**		66.3%	

REVENUE

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

Despite the impact of the dispositions, gross rental revenue on a total portfolio basis for the three months ended June 30, 2025 increased 1.8% to $62.4 million compared to $61.3 million for the three months ended June 30, 2024. Operating revenue for the quarter was up $0.5 million to $62.3 million, or 0.9% compared to Q2 2024.

The Trust owned, on a weighted average basis, 11,954 suites for the three months ended June 30, 2025 as compared to 12,407 for the three months ended June 30, 2024, a decrease of 453 suites over the period. On a per weighted average suite basis, operating revenue for the three months ended June 30, 2025 was an average of $1,738 per month ($1,660 in 2024) a 4.7% year-over-year increase.

Average monthly rent for June 2025 of $1,736 per suite has increased compared to $1,660 for June 2024, (4.6% increase), and $1,723 for March 2025 (0.8% increase). On a same property basis, the average rent increased by $67 per suite (or up 4.0%) over June 2024 and by $7 per suite (or up 0.4%) over March 2025.

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 719 new leases during Q2 2025, as compared to 640 move-ins during Q2 2024, an increase of 79 suites or 12.3%; and realized positive gain-on-lease in all its markets. Expiring rents in Q2 2025 were 11.0% higher than expiring rents in Q2 2024. New rents achieved in Q2 2025 were 3.7% higher than the expiring rents for the quarter, resulting in an annualized incremental revenue gain of approximately $0.5 million during the second quarter.

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, with the first quarter being quite low, and the third quarter of the year 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)
Q2 2025	719	$ 2,022	$ 2,097	3.7%	$ 528
Q1 2025	475	1,979	2,124	8.5%	796
Q4 2024	635	1,947	2,091	7.4%	1,955
Q3 2024	1,279	1,857	2,068	11.4%	2,988
Total/Average	**3,108**	**$ 1,932**	**$ 2,091**	**8.2%**	**$ 6,267**

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

On a same property basis, the REIT signed 684 new leases during the quarter, or 5.8% of the same property portfolio, as compared to 619 for Q2 2024, or 5.3% of the same property portfolio, an increase of 65 leases or 10.5%.

Average market rental gap on the total portfolio has decreased to approximately 20% while suite turnover, excluding disposed properties, for the trailing 12 months increased to 25.8%. 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		
	June 2025	June 2024	Change	June 2025	June 2024	Change
Greater Toronto & Hamilton Area	$1,821	$1,752	+3.9%	$1,821	$1,763	+3.3%
National Capital Region(1)	$1,845	$1,774	+4.0%	$1,845	$1,773	+4.1%
Other Ontario	$1,672	$1,610	+3.9%	$1,672	$1,610	+3.9%
Greater Montreal Area	$1,521	$1,417	+7.3%	$1,495	$1,421	+5.2%
Greater Vancouver Area	$2,063	$1,972	+4.6%	$2,063	$1,972	+4.6%
Total	**$1,736**	**$1,660**	**+4.6%**	**$1,732**	**$1,665**	**+4.0%**

(1) Excludes extended stay suites.

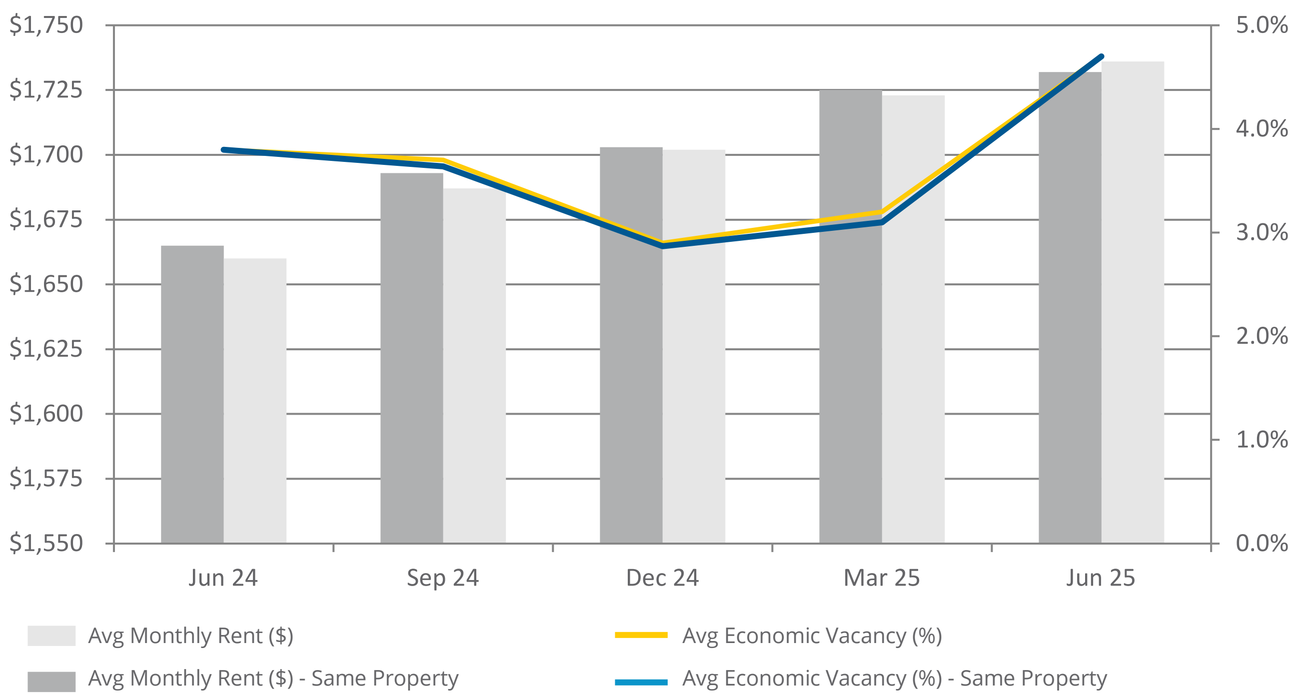
PORTFOLIO OCCUPANCY

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



	June 2024	September 2024	December 2024	March 2025	June 2025
Average monthly rents same property	$1,665	$1,693	$1,703	$1,725	$1,732
Average monthly rents all properties	$1,660	$1,687	$1,702	$1,723	$1,736

The overall economic vacancy for June 2025 across the entire portfolio was 4.7%, an increase of 90 basis points from 3.8% in June 2024 and an increase of 150 basis points from March 2025. An increase in vacancy from Q1 to Q2 is consistent with historical trends.

The economic vacancy for June 2025 on a same property portfolio basis was 4.7%, an increase of 90 basis points as compared to the 3.8% vacancy in June 2024, and an increase of 160 basis points from 3.1% in March 2025.

VACANCY BY REGION

Region	Total Portfolio			Same Property		
	June 2025	June 2024	Change	June 2025	June 2024	Change
Greater Toronto & Hamilton Area	4.3%	3.9%	+40 bps	4.3%	3.9%	+40 bps
National Capital Region	5.0%	3.6%	+140 bps	5.0%	3.6%	+140 bps
Other Ontario	3.7%	5.3%	-160 bps	3.7%	5.3%	-160 bps
Greater Montreal Area	5.5%	2.7%	+280 bps	5.4%	2.7%	+270 bps
Greater Vancouver Area	6.3%	2.5%	+380 bps	6.3%	2.5%	+380 bps
Total	**4.7%**	**3.8%**	**+90 bps**	**4.7%**	**3.8%**	**+90 bps**

OTHER REVENUE

Other revenue for the three months ended June 30, 2025 increased slightly to $3.6 million compared to $3.5 million for June 30, 2024, despite the dispositions in the portfolio. Increased revenues from commercial space as well as ancillary sources such as parking, laundry, locker rentals, and cable and telecom continues to be a focus as a source of organic revenue growth.

PROPERTY OPERATING COSTS

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

Property operating costs for the three months ended June 30, 2025 amounted to $10.4 million or 16.7% of revenue compared to $9.9 million or 16.1% of revenue for the three months ended June 30, 2024. As a percentage of revenue, operating costs increased by 60 basis points as compared to Q2 2024.

On a per weighted average suite basis, property operating costs for the three months ended June 30, 2025 were $871, a 9.4% increase over $796 for the three months ended June 30, 2024. The increase was driven primarily by higher marketing spend aimed at supporting leasing activity in a more competitive environment, and in part by increased turnover driving higher cleaning and in-suite costs during the quarter. These efforts accounted for over half of the year-over-year increase in total portfolio property operating costs, contributed to stronger leasing momentum in July, and position the portfolio well for the upcoming fall move-in period.

PROPERTY TAXES

Property taxes for the three months ended June 30, 2025 amounted to $6.8 million or 10.9% of revenue compared to $6.5 million or 10.4% of revenue for June 30, 2024. The increase is from the Q4 2024 acquisition of 170 René Levesque E Boulevard and annual rate increases compared to Q2 2024 offset by the dispositions.

On a per weighted average suite basis, property taxes for the three months ended June 30, 2025 were $568, a 9.2% increase over $520 for the three months ended June 30, 2024. This increase was due to the timing of annual assessment increases. Year-over-year increases in property taxes are anticipated to be in the 4%-5% range on a same property basis.

The Trust is constantly reviewing property tax assessments for its properties and this active approach shall continue to help drive down costs. Where appropriate, the Trust will appeal individual property assessments.

UTILITY COSTS

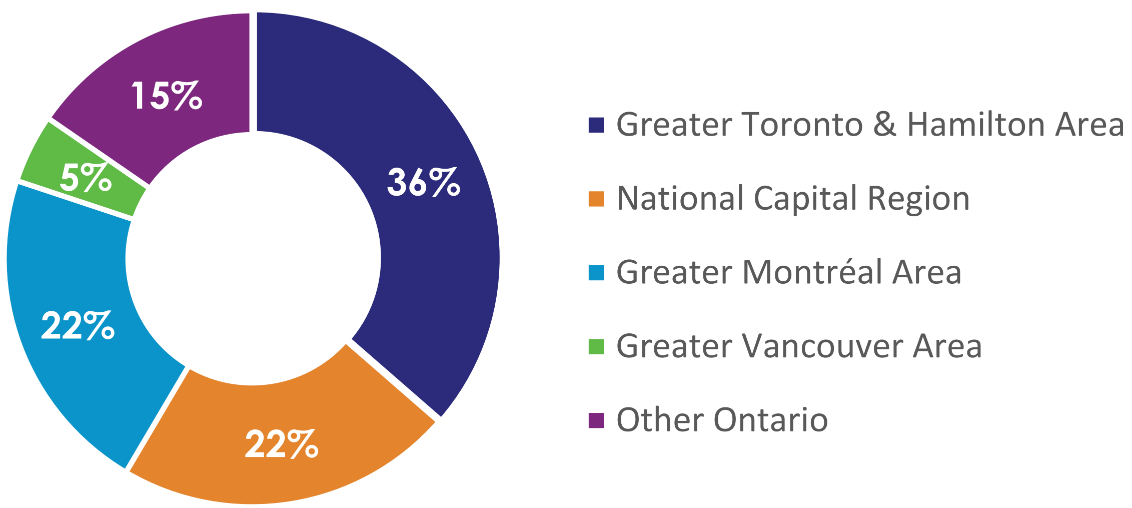
Utility costs for the three months ended June 30, 2025 amounted to $3.6 million or 5.8% of revenue, a decrease of $0.1 million from $3.7 million or 6.0% of revenue for the three months ended June 30, 2024. On a per weighted average suite basis, utility costs have increased 1.3% compared to Q2 2024, to $304 per suite. Water expenses increased $9 per suite, with a 7% increase in rates offset by a 3% decrease in usage. Electricity usage was slightly higher in Q2 2025, but more than offset by a decrease in rates, leading to a $4 per suite decrease in costs. Gas costs were flat year-over-year, supported by the elimination of the Carbon Tax in April 2025.

The Trust continues to manage its electricity costs through its hydro sub-metering initiative, which reduced electricity costs by 29.5%, or $0.5 million for the quarter (2024 - $0.6 million), representing a contribution of 0.8% to NOI margin (2024 - 0.9%). At June 30, 2025, the REIT has approximately 82% of its portfolio that has the capability to sub-meter hydro in order to recover the cost. Of these, approximately 85% were on hydro extra leases whereby the resident either pays the local utility provider directly or the REIT recovers the cost from the resident. This represents approximately 71% of the total portfolio. Having residents responsible for utility costs encourages more conscientious behaviour and lowers consumption.

PROPORTIONATE NET OPERATING INCOME (NOI)

Proportionate NOI for the three months ended June 30, 2025 amounted to $41.5 million or 66.6% of operating revenues compared to $41.7 million or 67.5% of operating revenue for the three months ended June 30, 2024. The $0.2 million decrease was driven by the dispositions during the second half of 2024 and first half of 2025, as well as lower margin due to higher year-over-year vacancy and increased operating expenses.

▼ NOI BY REGION – 3 MONTHS ENDED JUNE 30, 2025



SAME PROPERTY PROPORTIONATE PORTFOLIO PERFORMANCE

Same property results for the three months June 30, 2025 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, 2024 to June 30, 2025. As at June 30, 2025, the Trust has 11,789 suites in the same property portfolio. The same property portfolio represents 99.0% 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 June 30, 2025		3 Months Ended June 30, 2024		6 Months Ended June 30, 2025		6 Months Ended June 30, 2024	
Gross rental revenue	**$ 61,418**		$ 58,776		**$ 122,293**		$ 116,611	
Less: vacancy & rebates	**(3,465)**		(2,840)		**(6,408)**		(5,385)	
Other revenue	**3,503**		3,342		**6,942**		6,660	
Operating revenues	**$ 61,456**		$ 59,278		**$ 122,827**		$ 117,886	
Expenses								
Property operating costs	**10,179**	**16.6%**	9,398	15.9%	**19,483**	**15.8%**	18,143	15.3%
Property taxes	**6,586**	**10.7%**	6,178	10.4%	**13,149**	**10.7%**	12,584	10.7%
Utilities	**3,579**	**5.8%**	3,566	6.0%	**9,675**	**7.9%**	8,803	7.5%
Operating expenses	**$ 20,344**	**33.1%**	$ 19,142	32.3%	**$ 42,307**	**34.4%**	$ 39,530	33.5%
Net operating income	**$ 41,112**		$ 40,136		**$ 80,520**		$ 78,356	
Net operating margin	**66.9%**		67.7%		**65.6%**		66.5%	

For the three months ended June 30, 2025, operating revenues were $61.5 million, up 3.7% from $59.3 million compared to the three months ended June 30, 2024. Property operating costs were 16.6% of revenues, up 70 basis points, from 15.9%. Property taxes were 10.7% up 30 basis points, and utilities were down 20 basis points. This resulted in an overall increase in operating expenses, as a percentage of operating revenues, of 80 basis points as compared to the same period last year. Similar to the total portfolio results, the increase was driven primarily by higher marketing spend aimed at supporting leasing activity in a more competitive environment, and in part by increased turnover driving higher cleaning and in-suite costs during the quarter. These efforts accounted for approximately two thirds of the year-over-year increase in same property operating costs.

The 3.7% increase in operating revenue and the 6.3% increase in operating expenses resulted in a net increase in same property proportionate NOI of $1.0 million, or 2.4%, as compared to the same period last year. NOI margin for Q2 2025 was 66.9% as compared to 67.7% for Q2 2024, an 80 basis point decrease, driven by the higher year-over-year vacancy and increased operating expenses. 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 June 2025 for same property increased to $1,732 per suite from $1,665 (June 2024), an increase of 4.0%. Economic vacancy for June 2025 for same property was 4.7%, compared to 3.8% for June 2024, and 3.1% for March 2025.

	June 2024	September 2024	December 2024	March 2025	June 2025
Average monthly rent same property	$1,665	$1,693	$1,703	$1,725	$1,732
Average monthly vacancy same property	3.8%	3.6%	2.9%	3.1%	4.7%

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 June 30, 2025	3 Months Ended June 30, 2024	6 Months Ended June 30, 2025	6 Months Ended June 30, 2024
Net operating income	**$ 41,497**	$ 41,733	**$ 81,962**	$ 82,129
Expenses				
Financing costs	**14,562**	14,225	**29,198**	29,433
Administrative costs	**10,221**	4,391	**14,206**	8,481
Income before other income and expenses	**$ 16,714**	$ 23,117	**$ 38,558**	$ 44,215

FINANCING COSTS

Total proportionate financing costs amounted to $14.6 million or 23.4% of operating revenue for the three months ended June 30, 2025 compared to $14.2 million or 23.0% of operating revenue for the three months ended June 30, 2024.

	3 Months Ended June 30, 2025			3 Months Ended June 30, 2024		
	GAAP Basis	Proportionate Basis		GAAP Basis	Proportionate Basis	
In $ 000's	Amount	Amount	% of Revenue	Amount	Amount	% of Revenue
Cash based:						
Mortgage interest	**$ 13,912**	**$ 14,449**	**23.3%**	$ 14,406	$ 14,616	23.6%
Credit facilities	**1,025**	**1,025**	**1.6%**	356	356	0.6%
Interest capitalized	**(565)**	**(1,047)**	**(1.7%)**	(878)	(1,071)	(1.7%)
Interest income	**(508)**	**(508)**	**(0.8%)**	(378)	(378)	(0.6%)
Non-Cash based:						
Amortization of deferred finance cost and premiums on assumed debt	**606**	**643**	**1.0%**	627	702	1.1%
Total	**$ 14,470**	**$ 14,562**	**23.4%**	$ 14,133	$ 14,225	23.0%

Financing costs amounted to $29.2 million or 23.3% of operating revenue for the six months ended June 30, 2025 compared to $29.4 million or 23.8% of operating revenue for the six months ended June 30, 2024.

	6 Months Ended June 30, 2025			6 Months Ended June 30, 2024		
	GAAP Basis	Proportionate Basis		GAAP Basis	Proportionate Basis	
In $ 000's	Amount	Amount	% of Revenue	Amount	Amount	% of Revenue
Cash based:						
Mortgage interest	**$ 28,021**	**$ 29,008**	**23.2%**	$ 29,303	$ 29,812	24.1%
Credit facilities	**2,022**	**2,022**	**1.6%**	939	939	0.8%
Interest capitalized	**(1,621)**	**(2,498)**	**(2.0%)**	(1,687)	(2,087)	(1.7%)
Interest income	**(614)**	**(614)**	**(0.5%)**	(558)	(558)	(0.5%)
Non-Cash based:						
Amortization of deferred finance cost and premiums on assumed debt	**1,205**	**1,280**	**1.0%**	1,252	1,327	1.1%
Total	**$ 29,013**	**$ 29,198**	**23.3%**	$ 29,249	$ 29,433	23.8%

In Q2 2025, the Bank of Canada held its overnight rate steady at 2.75%, with no changes at its April and June meetings. This pause in monetary policy continued after quarter-end, as the Bank maintained the rate in its July announcement. CMHC insured mortgage rates increased over the course of the quarter, with five-year rates ending at approximately 3.65-3.75%, an increase of about 30bps, and ten-year rates ending at approximately 4.10-4.20%, an increase of approximately 20bps. The REIT continues to actively manage its mortgage ladder, closely monitor debt markets, and use early rate locks or hedges to strategically mitigate interest rate risk where appropriate.

Mortgage interest represents a significant expense for the REIT. On a proportionate basis, mortgage interest costs for the quarter decreased by $0.2 million and for the first half of the year by $0.8 million when compared to the same periods in 2024. This decrease was primarily driven by mortgage discharges associated with dispositions in 2024 and the first half of 2025, along with several successful upfinancings and refinancings of CMHC insured mortgages over that period. The weighted average interest of the outstanding mortgages at the end of the quarter was 3.33%, up from 3.31% at March 31, 2025 but down from 3.37% at December 31, 2024.

For the quarter ending June 30, 2025, the REIT carried higher balances on its credit facilities compared to the previous year, primarily due to timing differences between capital recycling activities and the activities associated with the NCIB. The REIT however did benefit from lower interest rates driven by the Bank of Canada's rate cuts throughout 2024 and early in 2025. As a result, credit facility interest expense rose by $0.7 million for the quarter and by $1.1 million for the first half of the year when compared to the same periods in 2024.

As at June 30, 2025, the REIT's total variable rate exposure increased to 6% due to higher balances drawn on its credit facilities, up from 4% reported as at March 31, 2025 and December 31, 2024.

On a proportionate basis, the REIT capitalized a comparable amount of interest in Q2 and $0.4 million more for the first half of the year relative to same periods in 2024. The lower capitalization in Q2 compared to Q1 2025 reflects the shift in development activity across the portfolio. 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 increased by $0.1 million for both the three and six months ended June 30, 2025, compared to the same periods in the prior year.

ADMINISTRATIVE COSTS

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

Administrative costs for the three months ended June 30, 2025 amounted to $10.2 million, or 16.4% of proportionate operating revenue, compared to $4.4 million for the same period in 2024, being 7.1% of proportionate operating revenue.

Administrative costs during 2025 include transaction costs associated with the Arrangement Agreement. Transaction costs consist of professional and legal fees related to the Transaction. During the three months ended June 30, 2025 the Trust incurred $6.5 million of transaction costs. During the six months ended June 30, 2025 transaction costs amounted to $6.8 million.

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 June 30, 2025	3 Months Ended June 30, 2024	6 Months Ended June 30, 2025	6 Months Ended June 30, 2024
Income before other income and expenses	**$ 16,714**	$ 23,117	**$ 38,558**	$ 44,215
Other income and expenses				
Fair value adjustments of investment properties	**(14,168)**	(34,563)	**(20,502)**	(26,211)
Other income and fees	**682**	482	**1,246**	1,010
Gain/(loss) on sale of investment properties	**(2,443)**	(780)	**(2,419)**	(1,730)
Unrealized gain/(loss) on financial liabilities	**(11,791)**	11,305	**(17,520)**	9,673
Distributions expense on units classified as financial liabilities	**(567)**	(633)	**(1,122)**	(1,330)
Net income (loss)	**$ (11,573)**	$ (1,072)	**$ (1,759)**	$ 25,627

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 Q2 2025, the REIT advanced its capital recycling program, completing the disposition of one property comprising 104 suites in Montréal, Quebec for a sale price of $26.5 million, or $255,100 per suite; and two properties comprising 118 suites in Hamilton, Ontario for a sale price of $29.4 million, or $249,400 per suite. Altogether, the properties were sold for $0.8 million above their fair market value, however selling costs of $3.2 million (which includes commissions, legal fees, mortgage discharge penalties, and the write-off of deferred financing fees related to the discharged mortgage) were incurred as part of the transaction, resulting in a $2.4 million loss on disposition.

FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES

The fair value of the portfolio at June 30, 2025 and 2024 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. The Trust engaged the firm once again to review and advise of any significant changes in any of the key input assumptions in the model (such as capitalization rate, turnover rate and market rental rate estimates) as at June 30, 2025. For the three months ended June 30, 2025, a proportionate fair value loss of $14.1 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 June 30, 2025 was 4.49%, unchanged from March 2025, and up 24 basis points from the 4.25% for Q2 2024.

UNREALIZED FAIR VALUE GAIN/LOSS ON FINANCIAL LIABILITIES

The Trust used a price of $13.52 (March 31, 2025 - $11.28) 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 June 30, 2025 was $62.4 million and a corresponding fair value loss of $10.6 million was recorded on the consolidated statement of income for the three months ended June 30, 2025.

The total fair value of the performance and restricted units recorded on the consolidated balance sheet at June 30, 2025 was $5.7 million with a $1.2 million fair value loss recorded on the consolidated statement of income for the three months ended June 30, 2025.

The Trust determined the fair value of the option plan (unit-based compensation liability) at June 30, 2025 was $0.2 million with a $0.1 million fair value loss recorded on the consolidated statement of income for the three months ended June 30, 2025.

The total fair value of the Class B LP Unit Liability recorded on the consolidated balance sheet at June 30, 2025 was nil as all remaining units were exchanged during the previous year.

The Trust uses rate swaps and forward rate locks in order to reduce its exposure to movements in interest rates. As a result of the market interest rates at the end of the quarter and settlements during the quarter, the REIT recognized a minimal unrealized gain on interest rate swaps for the three months ended June 30, 2025.

In $ 000's	3 Months Ended June 30, 2025	3 Months Ended June 30, 2024	6 Months Ended June 30, 2025	6 Months Ended June 30, 2024
Fair value gain/(loss) on financial liabilities:				
Deferred unit compensation plan	**$ (10,559)**	$ 7,069	**$ (15,637)**	$ 5,848
Performance and restricted unit compensation plan	**(1,196)**	830	**(1,699)**	662
Option plan	**(83)**	33	**(131)**	61
Class B LP unit liability	**-**	3,863	**-**	3,150
Rate swaps	**47**	(490)	**(53)**	(471)
Forward rate locks	**-**	-	**-**	423
Fair value gain/(loss) on financial liabilities	**$ (11,791)**	$ 11,305	**$ (17,520)**	$ 9,673

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, 2024 to June 30, 2025:

In $ 000's	June 30, 2025	
	GAAP Basis	Proportionate Basis
Balance, December 31, 2024	$ 4,078,627	$ 4,163,551
Dispositions	(64,257)	(64,257)
Property capital investments	34,351	39,597
Fair value losses	(20,621)	(20,502)
Total investment properties	$ 4,028,100	$ 4,118,389

The Trust continues to invest in its portfolio as a driver of future organic growth, spending $39.6 million during the six months ended June 30, 2025 on a proportionate basis, of which $7.1 million was spent on properties under development and $32.5 million on the operating portfolio ($2,713 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, 2024 to June 30, 2025.

Summary of Unitholders' Capital Contributions	Trust Units	Amount (in $ 000's)
December 31, 2024	147,503,404	$1,121,494
Units purchased under NCIB and cancelled[(1)]	(7,849,836)	(83,857)
Units issued under the deferred unit plan	19,411	248
Units issued under performance and restricted unit plan	6,442	64
Units issued from options exercised	20,000	218
June 30, 2025	**139,699,421**	**$1,038,167**

[(1)] Includes $1,641 for the 2% tax on Trust Unit repurchases, which became effective on January 1, 2024

As at June 30, 2025 there were 139,699,421 Trust Units issued and outstanding. During the six months ended June 30, 2025 the Trust cancelled 90,000 units purchased for $0.9 million at the end of 2024, purchased and cancelled 7,759,836 units for $83.0 million (June 30, 2024 - nil). Average price per Unit for purchases during 2025 was $10.48, excluding the 2% tax on Trust Unit repurchases which became effective January 1, 2024.

DISTRIBUTIONS

The distributions per Unit were $0.0992 and $0.0945 for the three months ended June 30, 2025 and 2024, respectively. The Trust is currently making monthly distributions of $0.0331 per Unit, which equates to $0.397 per Unit on an annualized basis. For the three months ended June 30, 2025, the Trust's FFO and AFFO were $0.120 and $0.096 per unit (diluted) respectively, compared to $0.157 and $0.138 for the three months ended June 30, 2024.

Distributions to Unitholders are as follows:

In $ 000's	3 Months Ended June 30, 2025	3 Months Ended June 30, 2024	6 Months Ended June 30, 2025	6 Months Ended June 30, 2024
Distributions declared to Unitholders	**$ 13,900**	$ 13,834	**$ 28,199**	$ 27,543
Distributions reinvested through DRIP	**-**	(4,640)	**-**	(9,457)
Distributions declared to Unitholders, net of DRIP	**$ 13,900**	$ 9,194	**$ 28,199**	$ 18,086
DRIP participation rate	**n/a[1]**	33.5%	**n/a[1]**	34.3%

[1] On December 16, 2024 the Trust announced a suspension of the Dividend Reinvestment Plan until further notice.

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 June 30, 2025	3 Months Ended June 30, 2024	6 Months Ended June 30, 2025	6 Months Ended June 30, 2024
Trust units	**140,812,675**	145,719,301	**143,185,384**	145,356,667
LP Class B units	**-**	1,830,802	**-**	1,995,784
Weighted average units outstanding - Basic	**140,812,675**	147,550,103	**143,185,384**	147,352,451
Unexercised dilutive options [1]	**10,849**	24,522	**10,849**	24,522
Weighted average units outstanding - Diluted	**140,823,524**	147,574,625	**143,196,233**	147,376,973

[1] Calculated using the treasury method.

NON-IFRS RECONCILIATIONS AND PERFORMANCE MEASURES

Management believes that Funds from Operations (FFO), Normalized Funds from Operations (NFFO), Adjusted Funds from Operations (AFFO), and Normalized Adjusted Funds from Operations (NAFFO) 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 these measures exclude the fair value adjustments on investment properties and gains and losses from property dispositions, they provide operating performance measures that, when compared period over period, reflect the impact on operations of trends in occupancy levels, rental rates, operating costs and realty taxes, acquisition activities and interest costs, and provide 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 development properties.

FFO Reconciliation In $000's, except per Unit amounts and Units outstanding	**3 Months Ended June 30, 2025**	**3 Months Ended June 30, 2024**	**6 Months Ended June 30, 2025**	**6 Months Ended June 30, 2024**
Net loss	**$ (11,573)**	$ (1,072)	**$ (1,759)**	$ 25,627
Add (deduct):				
Fair value adjustments on investment property	**14,119**	34,699	**20,621**	26,463
Loss on sale of investment properties	**2,443**	780	**2,419**	1,730
Adjustment for equity accounted joint ventures	**49**	(136)	**(153)**	(252)
Unrealized (gain) loss on financial instruments	**11,791**	(11,305)	**17,520**	(9,673)
Interest expense on puttable units classified as liabilities	**-**	130	**-**	329
Funds from Operations (FFO)	**$ 16,829**	$ 23,096	**$ 38,648**	$ 44,224
FFO per weighted average unit - basic	**$ 0.120**	$ 0.157	**$ 0.270**	$ 0.300
FFO per weighted average unit - diluted	**$ 0.120**	$ 0.157	**$ 0.270**	$ 0.300

NFFO Reconciliation In $000's, except per Unit amounts and Units outstanding	**3 Months Ended June 30, 2025**	**3 Months Ended June 30, 2024**	**6 Months Ended June 30, 2025**	**6 Months Ended June 30, 2024**
Funds from Operations	**$ 16,829**	$ 23,096	**$ 38,648**	$ 44,224
Add (deduct):				
Transaction costs related to the Arrangement Agreement	**6,508**	-	**6,758**	-
Normalized Funds from Operations (FFO)	**$ 23,337**	$ 23,096	**$ 45,406**	$ 44,224
NFFO per weighted average unit - basic	**$ 0.166**	$ 0.157	**$ 0.317**	$ 0.300
NFFO per weighted average unit - diluted	**$ 0.166**	$ 0.157	**$ 0.317**	$ 0.300

AFFO Reconciliation In $000's, except per Unit amounts and Units outstanding	**3 Months Ended June 30, 2025**	**3 Months Ended June 30, 2024**	**6 Months Ended June 30, 2025**	**6 Months Ended June 30, 2024**
Funds from Operations	**$ 16,829**	$ 23,096	**$ 38,648**	$ 44,224
Add (deduct):				
Actual maintenance capital investment	**(3,242)[(1)]**	(2,691)[(1)]	**(6,549)[(1)]**	(5,285)[(1)]
Adjusted Funds from Operations (AFFO)	**$ 13,587**	$ 20,405	**$ 32,099**	$ 38,939
AFFO per weighted average unit - basic	**$ 0.096**	$ 0.138	**$ 0.224**	$ 0.264
AFFO per weighted average unit - diluted	**$ 0.096**	$ 0.138	**$ 0.224**	$ 0.264

[(1)] Maintenance capital investment total is for the 11,866 (2024 - 10,278) repositioned suites

NAFFO Reconciliation In $000's, except per Unit amounts and Units outstanding	**3 Months Ended June 30, 2025**	**3 Months Ended June 30, 2024**	**6 Months Ended June 30, 2025**	**6 Months Ended June 30, 2024**
Adjusted Funds from Operations	**$ 13,587**	$ 20,405	**$ 32,099**	$ 38,939
Add (deduct):				
Transaction costs related to the Arrangement Agreement	**6,508**	-	**6,758**	-
Normalized Adjusted Funds from Operations (NAFFO)	**$ 20,095**	$ 20,405	**$ 38,857**	$ 38,939
NAFFO per weighted average unit - basic	**$ 0.143**	$ 0.138	**$ 0.271**	$ 0.264
NAFFO per weighted average unit - diluted	**$ 0.143**	$ 0.138	**$ 0.271**	$ 0.264

The following table shows the proportionate NOI and FFO contributions from properties disposed during 2024 and 2025:

Disposed Properties In $000's	**3 Months Ended June 30, 2025**	**3 Months Ended June 30, 2024**	**6 Months Ended June 30, 2025**	**6 Months Ended June 30, 2024**
Proportionate NOI	**$ 25**	$ 1,597	**$ 650**	$ 3,789
FFO	**$ 13**	$ 1,155	**$ 416**	$ 2,846

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 $000's, except per Unit amounts and Units outstanding	**3 Months Ended June 30, 2025**	**3 Months Ended June 30, 2024**	**6 Months Ended June 30, 2025**	**6 Months Ended June 30, 2024**
Cash generated from operating activities	**$ 19,792**	$ 6,195	**$ 43,121**	$ 24,688
Add (deduct):				
Changes in non-cash working capital not indicative of sustainable cash flows	**-**	15,000	**-**	15,000
Amortization of finance costs	**(606)**	(627)	**(1,205)**	(1,252)
Principal portion of lease payments	**(78)**	(73)	**(155)**	(145)
Actual maintenance capital investment	**(3,242)**	(2,691)	**(6,549)**	(5,285)
ACFO	**$ 15,866**	$ 17,804	**$ 35,212**	$ 33,006
Distributions declared (1)	**$ 13,900**	$ 13,964	**$ 28,199**	$ 27,872
Excess of ACFO over distributions declared	**$ 1,966**	$ 3,840	**$ 7,013**	$ 5,134
ACFO payout ratio	**87.6%**	78.4%	**80.1%**	84.4%

(1) Includes distributions on LP Class B units

For the three months ended June 30, 2025, ACFO exceeded distributions declared by $2.0 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 June 30, 2025	3 Months Ended June 30, 2024	6 Months Ended June 30, 2025	6 Months Ended June 30, 2024
Net income (loss)	**$ (11,573)**	$ (1,072)	**$ (1,759)**	$ 25,627
Cash flows from operating activities	**19,792**	6,195	**43,121**	24,688
Distributions paid [(1)]	**13,998**	9,243	**28,139**	18,322
Distributions declared [(1)]	**13,900**	13,964	**28,199**	27,872
Excess (deficit) of net income/loss compared to distributions paid	**(25,571)**	(10,315)	**(29,898)**	7,305
Deficit of net income/loss compared to distributions declared	**(25,473)**	(15,036)	**(29,958)**	(2,245)
Excess (deficit) of cash flows from operations over distributions paid	**5,794**	(3,048)	**14,982**	6,366
Excess (deficit) of cash flows from operations over distributions declared	**5,892**	(7,769)	**14,922**	(3,184)

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

For the three months ended June 30, 2025, cash flows from operating activities exceeded distributions paid by $5.8 million. Net income (loss) is not used as a proxy for distributions as it includes fair value changes on investment properties and fair value change on financial instruments, which are not reflective of the Trust's ability to make distributions. Amounts retained in excess of the declared distributions are used to fund acquisitions and capital expenditure requirements.

RECONCILIATION OF Q2 PROPORTIONATE INCOME STATEMENT

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

In $ 000's	3 Months Ended June 30, 2025 GAAP Basis	3 Months Ended June 30, 2025 Adjustments for Proportionate Interest	3 Months Ended June 30, 2025 Proportionate Share Basis	3 Months Ended June 30, 2024 GAAP Basis	3 Months Ended June 30, 2024 Adjustments for Proportionate Interest	3 Months Ended June 30, 2024 Proportionate Share Basis
Operating revenues						
Revenue from Investment properties	$ 61,960	$ 367	$ 62,327	$ 61,435	$ 352	$ 61,787
Operating expenses						
Property operating costs	10,341	70	10,411	9,818	61	9,879
Property taxes	6,748	42	6,790	6,411	40	6,451
Utilities	3,611	18	3,629	3,696	28	3,724
Total operating expenses	20,700	130	20,830	19,925	129	20,054
Net operating income	41,260	237	41,497	41,510	223	41,733
Financing costs	14,470	92	14,562	14,133	92	14,225
Administrative costs	10,219	2	10,221	4,391	-	4,391
Income before other income and expenses	16,571	143	16,714	22,986	131	23,117
Other income and expenses						
Fair value adjustments on investment properties	(14,119)	(49)	(14,168)	(34,699)	136	(34,563)
Other income and fees	682	-	682	482	-	482
Income from investment in joint ventures	94	(94)	-	267	(267)	-
Loss on sale of investment properties	(2,443)	-	(2,443)	(780)	-	(780)
Other fair value gains/losses	(11,791)	-	(11,791)	11,305	-	11,305
Interest on units classified as financial liabilities	(567)	-	(567)	(633)	-	(633)
Net loss for the period	$ (11,573)	$ -	$ (11,573)	$ (1,072)	$ -	$ (1,072)

RECONCILIATION OF YTD PROPORTIONATE INCOME STATEMENT

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

In $ 000's	6 Months Ended June 30, 2025 GAAP Basis	6 Months Ended June 30, 2025 Adjustments for Proportionate Interest	6 Months Ended June 30, 2025 Proportionate Share Basis	6 Months Ended June 30, 2024 GAAP Basis	6 Months Ended June 30, 2024 Adjustments for Proportionate Interest	6 Months Ended June 30, 2024 Proportionate Share Basis
Operating revenues						
Revenue from Investment properties	$ 124,710	$ 747	$ 125,457	$ 123,189	$ 702	$ 123,891
Operating expenses						
Property operating costs	19,865	134	19,999	19,136	117	19,253
Property taxes	13,463	86	13,549	13,124	81	13,205
Utilities	9,894	53	9,947	9,242	62	9,304
Total operating expenses	43,222	273	43,495	41,502	260	41,762
Net operating income	81,488	474	81,962	81,687	442	82,129
Financing costs	29,013	185	29,198	29,249	184	29,433
Administrative costs	14,202	4	14,206	8,479	2	8,481
Income before other income and expenses	38,273	285	38,558	43,959	256	44,215
Other income and expenses						
Fair value adjustments on investment properties	(20,621)	119	(20,502)	(26,463)	252	(26,211)
Other income and fees	1,246	-	1,246	1,010	-	1,010
Income from investment in joint ventures	404	(404)	-	508	(508)	-
Loss on sale of investment properties	(2,419)	-	(2,419)	(1,730)	-	(1,730)
Other fair value gains/losses	(17,520)	-	(17,520)	9,673	-	9,673
Interest on units classified as financial liabilities	(1,122)	-	(1,122)	(1,330)	-	(1,330)
Net income (loss) for the period	$ (1,759)	$ -	$ (1,759)	$ 25,627	$ -	$ 25,627

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:

	June 30, 2025			December 31, 2024		
In $ 000's	GAAP Basis	Adjustments for Proportionate Interest	Proportionate Share Basis	GAAP Basis	Adjustments for Proportionate Interest	Proportionate Share Basis
Assets						
Investment properties	**$ 4,028,100**	**$ 90,289**	**$ 4,118,389[1)]**	$ 4,078,627	$ 84,924	$ 4,163,551[(1)]
Investment in joint ventures	**51,935**	**(51,935)**	**-**	53,194	(53,194)	-
Prepaids and deposits	**42,718**	**50**	**42,768**	35,972	145	36,117
Receivables and other assets	**23,066**	**136**	**23,202**	22,996	198	23,194
Cash	**3,452**	**1,592**	**5,044**	4,524	1,630	6,154
Total Assets	**$ 4,149,271**	**$ 40,132**	**$ 4,189,403**	$ 4,195,313	$ 33,703	$ 4,229,016
Liabilities						
Mortgages payable	**$ 1,655,209**	**$ 38,780**	**$ 1,693,989**	$ 1,646,942	$ 32,720	$ 1,679,662
Credit facilities	**75,270**	**-**	**75,270**	42,000	-	42,000
Unit-based compensation liabilities	**68,240**	**-**	**68,240**	47,976	-	47,976
Lease liabilities	**1,212**	**-**	**1,212**	1,372	-	1,372
Tenant rental deposits	**22,459**	**165**	**22,624**	21,728	130	21,858
Accounts payable and accrued liabilities	**45,529**	**1,187**	**46,716**	40,658	853	41,511
Total liabilities	**1,867,919**	**40,132**	**1,908,051**	1,800,676	33,703	1,834,379
Unitholders' equity						
Unit capital	**1,038,167**	**-**	**1,038,167**	1,121,494	-	1,121,494
Retained earnings	**1,243,185**	**-**	**1,243,185**	1,273,143	-	1,273,143
Total unitholders' equity	**2,281,352**	**-**	**2,281,352**	2,394,637	-	2,394,637
Total liabilities and unitholders' equity	**$ 4,149,271**	**$ 40,132**	**$ 4,189,403**	$ 4,195,313	$ 33,703	$ 4,229,016

[(1)] Proportionate investment properties consist of $4,000,402 of income producing properties (December 2024 - $4,003,393) and $117,987 of properties under development (December 2024 - $49,326).

LIQUIDITY AND CAPITAL RESOURCES

InterRent REIT's overall debt level was at 41.7% of Gross Book Value ("GBV") at June 30, 2025. 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	June 30, 2025	December 31, 2024
Total assets per balance sheet	$ 4,149,271	$ 4,195,313
Mortgages payable	1,655,209	1,646,942
Credit facilities	75,270	42,000
Total debt	$ 1,730,479	$ 1,688,942
Debt-to-GBV	41.7%	40.3%

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 June 30, 2025 (GAAP basis):

In $000's	12 Months Ended June 30, 2025	12 Months Ended June 30, 2024
NOI	$ 164,737	$ 162,130
Add: Management fees [1]	2,042	1,991
Add: Amortization	974	714
Less: Administrative costs	(23,193)	(17,131)
Add: Transaction costs [2]	6,758	-
EBITDA	$ 151,318	$ 147,704
Interest expense [3]	$ 58,018	$ 60,784
Interest coverage ratio	**2.61x**	2.43x
Contractual principal repayments	$ 30,931	$ 30,188
Total debt service payments	$ 88,949	$ 90,972
Debt service coverage ratio	**1.70x**	1.62x

[1] Compensation for property and project management services.
[2] Transaction costs associated with the Arrangement Agreement included in administrative costs.
[3] 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 June 30, 2025 (in $ 000's)	Weighted Average by Maturity	Weighted Average Interest Rate
2025	$ 212,267	12.5%	3.28%
2026	$ 174,387	10.3%	3.22%
2027	$ 184,586	10.9%	3.75%
2028	$ 278,067	16.4%	3.13%
2029	$ 151,956	8.9%	4.29%
Thereafter	$ 698,048	41.0%	3.13%
Total	$ 1,699,311	100.0%	3.33%

At June 30, 2025, the average term to maturity of the mortgage debt was approximately 4.1 years and the weighted average cost of mortgage debt was 3.33%. At June 30, 2025, approximately 91% of InterRent REIT's mortgage debt was backed by CMHC insurance.

As at June 30, 2025, 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 June 30, 2025, 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 June 30, 2025, 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 June 30, 2025, the Trust had $71.0 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 June 30, 2025, the Trust had $4.3 million drawn on this facility.

ACCOUNTING

RISKS AND UNCERTAINTIES

A comprehensive description of the risks and uncertainties can be found in InterRent REIT's December 31, 2024 MD&A and other securities filings at www.sedarplus.com.

FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

a) Overview

The Trust is exposed to credit risk, liquidity risk and market risk. The Trust's primary risk management objective is to protect earnings and cash flow and, ultimately, unitholders value. Risk management strategies, as discussed below, are designed and implemented to ensure the Trust's risks and the related exposures are consistent with its business objectives and risk tolerance.

b) Credit Risk

The Trust's credit risk is attributable to its rents and other receivables and loan receivable long-term incentive plan.

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

The Trust has established various internal controls designed to mitigate credit risk such as credit checks and, where permitted, adequate security to assist in potential recoveries. While the Trust's credit controls and processes have been effective in mitigating credit risk, these controls cannot eliminate credit risk and there can be no assurance that these controls will continue to be effective or that the Trust's current credit loss experience will improve. The Trust monitors its collection process on a regular basis and all receivables from past residents and resident receivables over 30 days are provided for in allowances for doubtful accounts. The Trust believes that the concentration of credit risk of accounts receivable is limited due to its broad resident base, dispersed across varying geographic locations.

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

The amounts disclosed as rents and other receivables and loan receivable long-term incentive plan in the consolidated balance sheet are net of allowances for doubtful accounts. At June 30, 2025, the Trust had past due rents and other receivables of $11.9 million net of an allowance for doubtful accounts of $3.4 million which adequately reflects the Trust's credit risk.

c) Liquidity Risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust manages liquidity risk through the management of its capital structure and financial leverage, as outlined in note 24(c) in the June 30, 2025 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 June 30, 2025, the Trust had credit facilities as described in note 10 in the June 30, 2025 condensed consolidated financial statements.

Note 9 in the June 30, 2025 condensed consolidated financial statements reflects the contractual maturities for mortgages payable of the Trust at June 30, 2025. 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 $1,768 million as at June 30, 2025 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 June 30, 2025, 2% (December 31, 2024 - 2%) 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 $0.4 million for the six months ended June 30, 2025.

OFF-BALANCE SHEET ARRANGEMENTS

As of June 30, 2025 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 six months ended June 30, 2025, the Trust incurred $0.1 million (2024 - $0.4 million) in entitlement, development, and construction management services related to the agreement which have been capitalized to the investment properties.

OUTSTANDING SECURITIES DATA

As of August 6, 2025, the Trust had issued and outstanding: (i) 139,699,421 units; (ii) options exercisable to acquire 35,000 units of the Trust; and (iii) deferred units that are redeemable for 4,977,161 units of the Trust. Additionally, the Trust has 438,270 Restricted Units and 355,455 Performance Units outstanding under the Trust's Performance and Restricted Unit Plan.

SUBSEQUENT EVENTS

Subsequent to the end of the quarter, the Trust has committed to purchase a single-suite property, in Ottawa, Ontario which is scheduled to close in September 2025 for a purchase price of $625,000. The property is adjacent to an existing property owned by the Trust and the acquisition allows for expanded future development potential at the site.

COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the current year's presentation. An adjustment to assets held within our joint ventures from other assets to investment properties was made to the non-GAAP proportionate balance sheet. The calculation of EBITDA in the interest and debt service coverage section has been adjusted to include the compensation the REIT receives to perform the property and project management services for 2,067 residential suites within its joint operations and joint ventures as well as non-cash amortization expense.

ADDITIONAL INFORMATION

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