INTERRENT
REIT

INTERRENT REAL ESTATE INVESTMENT TRUST

ANNUAL INFORMATION FORM

For the financial year ended December 31, 2019

March 3, 2020

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NOTES TO THE ANNUAL INFORMATION FORM

Forward-Looking Statements

This annual information form ("**AIF**") contains "forward-looking statements" within the meaning of applicable securities legislation under the headings "Description of the Business", "Future Trends", "Risk Factors" and elsewhere in this AIF. Forward-looking statements include, but are not limited to, statements with respect to current expectations of management of InterRent Real Estate Investment Trust ("**InterRent REIT**" or the "**Trust**") respecting financial performance, cash flow, proposed acquisitions and expansion, equity and debt offerings, markets for growth, financial position, comparable real estate investment trusts, demand for rental units, capitalization rates, opportunities for rent increases, effect of capital expenditures, the real estate industry and real estate market conditions, interest, inflation and unemployment rates, the labour market, immigration rates, and the economy generally. 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 state 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 the Trust to be materially different from those expressed or implied by such forward-looking statements, including, but not limited to: the risks related to the public financial market for the Trust's securities; the general risks associated with real property ownership; lease maturities; risk management; liquidity; debt financing; credit risk; competition; general uninsured losses; interest rate fluctuations, including fluctuations in mortgage rates on currently existing mortgages and mortgages to be assumed in relation to future acquisitions; environmental matters; restrictions on redemptions of outstanding securities of the Trust; lack of availability of growth and acquisition opportunities; diversification; potential Unitholder (as defined herein) liability; potential conflicts of interest; the availability of sufficient cash flow; fluctuations in cash distributions; the market price of the Units (as defined herein); the failure to obtain additional financing; dilution; reliance on key personnel; changes in legislation; failure to maintain mutual fund trust status; and delays in obtaining regulatory approvals as well as those additional factors discussed herein. In addition, certain material assumptions are applied by the Trust in making forward-looking statements including, without limitation, factors and assumptions regarding overall national economic activity, regional economic factors including employment rates; inflationary and deflationary factors; interest rates; availability of financing and housing starts. Although the Trust has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, 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. The Trust does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

GLOSSARY

The following terms used in this AIF have the meanings set forth below:

"**Affiliate**" of a person means any person or company that would be deemed to be an affiliated entity of such person within the meaning of Ontario Securities Commission Rule 45-106 – *Prospectus and Registration Exemptions*.

"**AIF**" means this annual information form, together with the appendices attached hereto which are incorporated herein by reference;

"**Amalco**" means InterRent International Properties Inc., the corporation continuing from the amalgamation of IIP and IP pursuant to the Arrangement;

"**Amended and Restated Declaration of Trust**" means the amended and restated declaration of trust of the Trust dated as of May 21, 2019;

"**Arrangement**" means the arrangement completed on December 7, 2006 under section 182 of the OBCA involving, among other things, the transfer by Shareholders of all of the issued and outstanding Shares to the Trust in exchange for Units based upon the Exchange Ratio, all as more particularly set forth in the Arrangement Agreement;

"**Arrangement Agreement**" means the agreement made effective October 16, 2006 between IIP, IA, IP, IR, the Trust, InterRent Trust, the Holdings Partnership, InterRent LP No. 1, InterRent LP No. 2, InterRent LP No. 3, InterRent LP No. 4, Newman Family Trust, 2115511 Ontario Inc., PurchaseCo, Park Place GP, Park Place LP, Silvercreek Parkway Inc., J.P. McClintock Investments Limited, Silvercreek Parkway GP, Silvercreek Parkway No. 2 GP, J.W. McClintock Management Inc., S.N.B. Properties Inc., MPM Canada Residential Property Management Inc., Park Place 2000, Silvercreek Parkway LP, Silvercreek Parkway LP No. 2, Jilani Group Inc., Adelaide Development Corp., Paul Roberts and the shareholders of MPM Canada Residential Property Management Inc.; pursuant to which the parties agreed to implement the Plan of Arrangement, which is attached to the Arrangement Circular as Appendix H;

"**Arrangement Circular**" means the information circular of IIP dated October 17, 2006 in connection with the special meeting of Shareholders held on November 24, 2006;

"**Asset Purchase Agreement**" means the asset purchase agreement entered into between InterRent REIT and CLV on February 6, 2018 to internalize the property, asset and project management functions of the Trust;

"**Board**" **or** "**Board of Trustees**" means the board of Trustees of the Trust;

"**CLV**" means CLV Group Inc.;

"**CMHC**" means the Canada Mortgage and Housing Corporation;

"**Contributed Assets**" means all of the assets of IIP and Silverstone including, without limitation, the revenue producing Properties of IIP and the applicable Silverstone entities, the beneficial interests in various trusts, the beneficial interests in various real Properties (including those held by Affiliates) listed under the heading "The Trust – The Properties" in the Arrangement Circular and including the shares of Affiliates of IIP and the securities of the applicable Silverstone entities that hold the revenue producing

Properties to be transferred, assigned, conveyed and set over, directly or indirectly, to the Trust pursuant to the Arrangement Agreement;

"**Control Person**" when used in respect of an issuer, has the meaning ascribed thereto in the *Securities Act* (Ontario);

"**CRA**" means the Canada Revenue Agency;

"**Distributable Income**" means, for any period, the net income of the Trust and its applicable consolidated subsidiaries for such period set out in its consolidated financial statements as determined in accordance with GAAP, subject to certain adjustments, including: (a) adding or adding back the following items, as the case may be: unrealized losses, depreciation, amortization (except for amortization of deferred financing costs incurred after December 7, 2006), deferred income tax expense, losses on dispositions of assets and amortization of any net discount on long-term debt assumed from vendors of Properties at rates of interest less than fair value incurred after December 7, 2006; (b) deducting the following items: unrealized gains, deferred income tax credits, maintenance capital expenditures, interest on convertible debentures to the extent not already deducted in computing net income, gains on dispositions of assets and amortization of any net premium on long-term debt assumed from vendors of Properties at rates of interest greater than fair value incurred after December 7, 2006; and (c) any other adjustments as determined by the Trustees in their discretion, all as more particularly defined in Section 5.1 of the Amended and Restated Declaration of Trust;

"**Distribution Date**" means, in respect of a Distribution Period, the 15th day of the month immediately following the month in which a distribution is declared, or such other date as the Trustees may determine from time to time;

"**Distribution Period**" means each month, or such other period determined by the Trustees;

"**Exchange Agreement**" means the agreement between the Trust, New InterRent and the Holdings Partnership whereby the Holdings Partnership Class B LP Units, InterRent Warrants, Options granted under the Stock Option Plan and Debentures are exchangeable for Units rather than Shares;

"**Exchange Ratio**" means the ratio of one Unit for every ten Shares held;

"**GAAP**" means Canadian generally accepted accounting principles, which for InterRent REIT, means International Financial Reporting Standards ("IFRS"), being the generally accepted accounting principles adopted by InterRent REIT on January 1, 2011; see "Adoption of IFRS" in the December 31, 2011 MD&A for more details;

"**GP No. 1**" means InterRent GP No. 1 Limited, the general partner of InterRent LP No. 1 and a corporation created under the laws of the Province of Ontario;

"**GP No. 2**" means InterRent GP No. 2 Limited, the general partner of InterRent LP No. 2 and a corporation created under the laws of the Province of Ontario;

"**GP No. 3**" means InterRent GP No. 3 Limited, the general partner of InterRent LP No. 3 and a corporation created under the laws of the Province of Ontario;

"**GP No. 4**" means InterRent GP No. 4 Limited, the general partner of InterRent LP No. 4 and a corporation created under the laws of the Province of Ontario;

"**GP No. 5**" means InterRent GP No. 5 Limited, the general partner of InterRent LP No. 5 and a corporation created under the laws of the Province of Ontario;

"**GP No. 6**" means InterRent GP No. 6 Limited, the general partner of InterRent LP No. 6 and a corporation created under the laws of the Province of Ontario;

"**GP No. 7**" means InterRent GP No. 7 Limited, the general partner of InterRent LP No. 7 and a corporation created under the laws of the Province of Ontario;

"**GP No. 8**" means InterRent GP No. 8 Limited, the general partner of InterRent LP No. 8 and a corporation created under the laws of the Province of Ontario;

"**GP No. 9**" means InterRent GP No. 9 Limited, the general partner of InterRent LP No. 9 and a corporation created under the laws of the Province of Ontario;

"**Gross Book Value**" means, at any time, the book value of the assets of the Trust and its consolidated Subsidiaries, as shown on its then most recent consolidated balance sheet, plus the amount of accumulated depreciation and amortization on buildings shown thereon or in the notes thereto plus the amount of future income tax liability arising out of indirect acquisitions and excluding the amount of any receivable reflecting interest rate subsidies on any debt assumed by the Trust shown thereon or in the notes thereto, or if approved by a majority of the Trustees at any time, the appraised value of the assets of the Trust and its consolidated Subsidiaries may be used instead of book value;

"**GTA**" means the Greater Toronto Area;

"**Holdings Partnership**" means the InterRent Holdings Limited Partnership, a limited partnership created under the laws of the Province of Ontario;

"**Holdings Partnership Class B LP Units**" means the Class B limited partnership units of the Holdings Partnership;

"**Holdings Partnership General Partner**" means InterRent Holdings General Partner Limited, the general partner of the Holdings Partnership and a corporation created under the laws of the Province of Ontario;

"**Holdings Partnership Limited Partnership Agreement**" means the limited partnership agreement of the Holdings Partnership entered into between the Holdings Partnership General Partner, as general partner, and InterRent Trust, as the initial limited partner, as may be amended and/or restated from time to time;

"**Holdings Manager Partnership**" means the InterRent Holdings Manager Limited Partnership, a limited partnership created under the laws of the Province of Ontario;

"**Holdings Manager Partnership General Partner**" means InterRent Holdings Manager GP ULC, the general partner of the Holdings Manager Partnership and a corporation created under the laws of the Province of Alberta;

"**Holdings Manager Partnership Limited Partnership Agreement**" means the limited partnership agreement of the Holdings Manager Partnership entered into between the Holdings Manager Partnership General Partner, as general partner, and InterRent Trust, as the initial limited partner, as may be amended and/or restated from time to time;

"**IFRS**" means International Financial Reporting Standards, issued by the International Accounting Standards Committee, as adopted by the Canadian Institute of Chartered Accountants, as amended from time to time.

"**Independent Trustee**" means a Trustee who, in relation to the Trust or any of its related parties, is "independent" within the meaning of National Instrument 52-110 – *Audit Committees*;

"**Insider**" if used in relation to an issuer, has the meaning ascribed thereto in the *Securities Act* (Ontario);

"**IIP**" means InterRent International Properties Inc., a corporation formed under the laws of the Province of Ontario and one of the predecessor entities to the Trust prior to the Arrangement;

"**InterRent LP No. 1**" means InterRent No. 1 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

"**InterRent LP No. 1 Agreement**" means the limited partnership agreement of InterRent LP No. 1 between the GP No. 1, as general partner, and the Holdings Partnership, as limited partner;

"**InterRent LP No. 2**" means InterRent No. 2 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

"**InterRent LP No. 2 Agreement**" means the limited partnership agreement of InterRent LP No. 2 between the GP No. 2, as general partner, and the Holdings Partnership, as limited partner;

"**InterRent LP No. 3**" means InterRent No. 3 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

"**InterRent LP No. 3 Agreement**" means the limited partnership agreement of InterRent LP No. 3 between the GP No. 3, as general partner, and the Holdings Partnership, as limited partner;

"**InterRent LP No. 4**" means InterRent No. 4 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

"**InterRent LP No. 4 Agreement**" means the limited partnership agreement of InterRent LP No. 4 between the GP No. 4, as general partner, and the Holdings Partnership, as limited partner;

"**InterRent LP No. 5**" means InterRent No. 5 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

"**InterRent LP No. 5 Agreement**" means the limited partnership agreement of InterRent LP No. 5 between the GP No. 5, as general partner, and the Holdings Partnership, as limited partner;

"**InterRent LP No. 6**" means InterRent No. 6 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

"**InterRent LP No. 6 Agreement**" means the limited partnership agreement of InterRent LP No. 6 between the GP No. 6, as general partner, and the Holdings Partnership, as limited partner;

"**InterRent LP No. 7**" means InterRent No. 7 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

"**InterRent LP No. 7 Agreement**" means the limited partnership agreement of InterRent LP No. 7 between the GP No. 7, as general partner, and the Holdings Partnership, as limited partner;

"**InterRent LP No. 8**" means InterRent No. 8 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

"**InterRent LP No. 8 Agreement**" means the limited partnership agreement of InterRent LP No. 8 between the GP No. 8, as general partner, and the Holdings Partnership, as limited partner;

"**InterRent LP No. 9**" means InterRent No. 9 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

"**InterRent LP No. 9 Agreement**" means the limited partnership agreement of InterRent LP No. 9 between the GP No. 9, as general partner, and the Holdings Partnership, as limited partner;

"**InterRent REIT**" means InterRent Real Estate Investment Trust, an unincorporated open-ended real estate investment trust formed pursuant to the laws of Ontario pursuant to the Amended and Restated Declaration of Trust;

"**InterRent Trust**" means InterRent Trust, a limited purpose, open-ended trust formed pursuant to the laws of the Province of Ontario pursuant to the InterRent Trust Declaration of Trust;

"**InterRent Trust Declaration of Trust**" means the declaration of trust of InterRent Trust, dated as of October 10, 2006 pursuant to which InterRent Trust was formed under the laws of the Province of Ontario;

"**IP**" means InterRent Properties Inc., a corporation incorporated under the laws of the Province of Ontario;

"**Material Agreements**" means collectively the Amended and Restated Declaration of Trust, the InterRent Trust Declaration of Trust, the Holdings Partnership Limited Partnership Agreement, the Exchange Agreement, the Arrangement Agreement, the Note Indenture, and the Asset Purchase Agreement;

"**New InterRent**" means InterRent International Properties Inc., the corporation continuing from the amalgamation of PurchaseCo and Amalco pursuant to the Arrangement;

"**Non-Resident**" means a person who is a "non-resident" within the meaning of the Tax Act and a partnership other than a Canadian partnership for the purposes of the Tax Act;

"**Note Indenture**" means the note indenture between InterRent Trust and the Note Trustee providing for the issuance of the Notes;

"**Note Trustee**" means the trustee in connection with the issuance of Notes and its permitted successors and assigns;

"**Notes**" means collectively, the Series 1 Notes, the Series 2 Notes and the Series 3 Notes;

"**OBCA**" means the *Business Corporations Act* (Ontario);

"**Other Issuable Securities**" has the meaning ascribed thereto in "*Amended and Restated Declaration of Trust and Description of Units – Issuance of Units*";

“**Park Place 2000**” means Park Place Equities 2000 Inc., a corporation formed under the laws of the Province of Ontario;

“**Park Place GP**” means Park Place Equities 2005 Inc., a corporation formed under the laws of the Province of Ontario;

“**Park Place LP**” means Park Place Equities 2000 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

“**Person**” means an individual, partnership, limited partnership, corporation, unlimited liability company, trust, unincorporated organization, association, government or any department or agency thereof and the successors and assigns thereof or the heirs, executors, administrators or other legal representatives of an individual thereof, or any other entity recognized by law;

“**Plan of Arrangement**” means the Plan of Arrangement attached as Exhibit 1 to the Arrangement Agreement;

“**Plans**” means, collectively, trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, tax-free savings accounts and deferred profit sharing plans, each as defined in the Tax Act, and “**Plan**” means any of them;

“**Properties**” means the properties owned directly or indirectly by the Trust from time to time;

“**Property Management Agreement**” means the property management agreement dated September 30, 2009 (subsequently amended as of November 10, 2014 and terminated as part of the Asset Purchase Agreement) between, among others, InterRent REIT and CLV;

“**PurchaseCo**” means 2115503 Ontario Inc., a corporation formed under the laws of the Province of Ontario;

“**Redemption Date**” has the meaning ascribed thereto in “*Description of the Business – Amended and Restated Declaration of Trust and Description of Units*”;

“**Redemption Price**” has the meaning ascribed thereto in “*Description of the Business – Amended and Restated Declaration of Trust and Description of Units*”;

“**Related Party**” means, with respect to any person, a person who is a “related party” as that term is defined in Multilateral Instrument 61-101, as amended from time to time (including any successor rule or policy thereto);

“**Series 1 Notes**” means the Series 1 Notes of InterRent Trust;

“**Series 2 Notes**” means the Series 2 Notes of InterRent Trust;

“**Series 3 Notes**” means the Series 3 Notes of InterRent Trust;

“**Shareholders**” mean the holders of Shares;

“**Shares**” means the common shares of IIP;

“**Silvercreek Parkway GP**” means Silvercreek Parkway GP Limited, a corporation formed under the laws of the Province of Ontario;

"**Silvercreek Parkway Inc.**" means 90-102 Silvercreek Parkway Inc., a corporation formed under the laws of the Province of Ontario;

"**Silvercreek Parkway LP**" means Silvercreek Parkway Guelph Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

"**Silvercreek Parkway LP No. 2**" means Silvercreek Parkway Guelph Limited Partnership No. 2, a limited partnership formed under the laws of the Province of Ontario;

"**Silvercreek Parkway No. 2 GP**" means Silvercreek Parkway No. 2 Limited, a corporation formed under the laws of the Province of Ontario;

"**Silverstone**" or the "**Silverstone Group**" means collectively, Silverstone Equities, Park Place 2000, Park Place GP, Park Place LP, Silvercreek Parkway GP, Silvercreek Parkway LP, Silvercreek Parkway No. 2 GP, Silvercreek Parkway LP No. 2, Silvercreek Parkway Inc. and J.P. McClintock Investments Limited;

"**Silverstone Equities**" means Silverstone Equities Inc., a corporation formed under the laws of the Province of Ontario;

"**Special Voting Unit(s)**" means non-participating voting unit(s) of the Trust and, for greater certainty, does not mean Unit(s);

"**Subsidiary**" or "**subsidiary**" includes, with respect to any person, company, partnership, limited partnership, trust or other entity, any company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such person, company, partnership, limited partnership, trust or other entity;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

"**Taxation Year**" means the taxation year of the Trust for the purposes of the Tax Act;

"**Trust**" means InterRent Real Estate Investment Trust, an unincorporated open-ended real estate investment trust formed pursuant to the laws of Ontario pursuant to the Amended and Restated Declaration of Trust;

"**Trustee**" means a Trustee of the Trust and "**Trustees**" means all of the Trustees of the Trust;

"**Trust Units**" mean units of InterRent Trust;

"**TSX**" means the Toronto Stock Exchange;

"**TSXV**" means the TSX Venture Exchange;

"**Unit(s)**" means unit(s) of the Trust;

"**Unitholder(s)**" means the holder(s) of Units of the Trust;

"**Unit Option Plan**" means the unit option plan of the Trust dated as at November 24, 2006 and amended on June 29, 2007, September 30, 2009, June 28, 2010, June 22, 2011, May 18, 2016 and May 21, 2019;

"**Voting Unitholders**" means the holders of Units and Special Voting Units; and

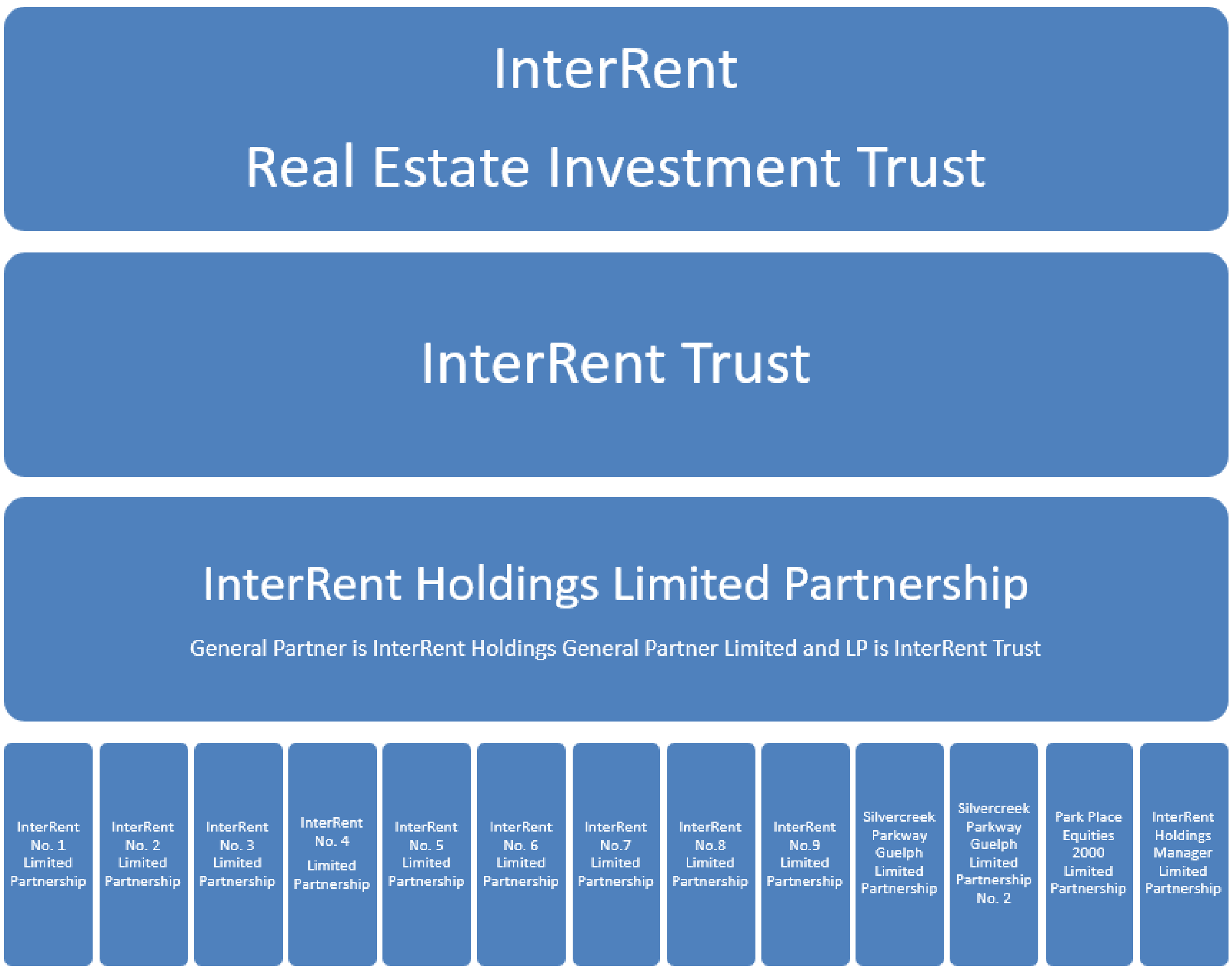
"**Voting Units**" means the Units and Special Voting Units.

STRUCTURE OF THE TRUST

InterRent Real Estate Investment Trust ("**InterRent REIT**" or the "**Trust**") is an unincorporated open-ended real estate investment trust formed on October 10, 2006 under the laws of the Province of Ontario pursuant to the Amended and Restated Declaration of Trust. (See "Description of the Business – Amended and Restated Declaration of Trust and Description of Units"). The registered and head office of the Trust is located at 485 Bank Street, Suite 207, Ottawa, Ontario, K2P 1Z2.

The Units are listed and posted for trading on the TSX under the symbol IIP.UN.

The chart below describes the inter-corporate relationship of the Trust and its subsidiaries as at December 31, 2019. Unless otherwise noted, all entities are wholly-owned and are organized or incorporated pursuant to the laws of the Province of Ontario.



Note: all of the Limited Partnerships under InterRent Holdings Limited Partnership have 2 general partners, one with a similar name (i.e. InterRent GP No. 1 Limited) and InterRent Holdings Manager Limited Partnership. Each General Partner ("GP") is owned by InterRent Holdings Limited Partnership. InterRent Holdings Limited Partnership is also the Limited Partner ("LP") for each of the Limited Partnerships under InterRent Holdings Limited Partnership and InterRent Holdings Manager Limited Partnership. All of the Properties within the Trust are owned by companies incorporated in Ontario and who act as bare trusts with the beneficial owner of each property being one of the limited partnerships listed in the above structure.

GENERAL DEVELOPMENT OF THE BUSINESS

History

On December 7, 2006, the Trust became a successor issuer to, inter alia, InterRent International Properties Inc. ("**IIP**"), which converted to a real estate investment trust concurrent with the completion of the acquisition of the Silverstone Group by way of a plan of arrangement under the Business Corporations Act (Ontario) (the "**Arrangement**"). The Arrangement resulted in the Trust having an indirect interest at the time in an aggregate of over 1,700 suites.

In April 2007, the Trust moved from the TSXV to the TSX and began trading under the symbol IIP.UN.

The Trust started 2017 with a total of 8,059 suites with 6,250 suites in its three primary markets, representing 78% of the total portfolio. In 2017, the Trust grew its portfolio by 601 suites to end the year with an aggregate of 8,660 suites. Of the 8,660 suites, 6,851 suites are in the Trust's three primary markets, representing 79% of the total portfolio. The Trust's repositioning program following the acquisition of a property typically spans 3-4 years, depending on how significant the capital requirements are and what the tenant turnover at the property is like. As of December 31, 2017, there were 3,935 suites, or approximately 45% of the portfolio, that were considered repositioning properties and the remaining 4,725 suites, or approximately 55% of the portfolio, that were considered repositioned properties.

The Trust invested $50.4 million in capital expenditures within the portfolio in 2017, with approximately $30.5 million invested in the repositioning properties. Of the remaining $19.9 million, $15.8 million was invested in value-enhancing initiatives and $4.1 million was invested towards sustaining and maintaining existing spaces within the repositioned portfolio.

In order to grow and invest in the portfolio, the Trust raised $57.7 million through mortgage re-financing (net of principal repayments).

In 2018, InterRent REIT entered into the Asset Purchase Agreement with CLV to internalize the Trust's property management function effective February 15, 2018. As a result of the internalization, the Property Management Agreement, together with the property, asset and project management fees payable by the Trust to CLV under the Property Management Agreement, were terminated. Upon closing of the transaction, the then-current employees of CLV who were providing property management services to the Properties became employees of the Trust or one of its affiliates. InterRent REIT and CLV have agreed to use commercially reasonable efforts to cooperate for a period of 24 months following the closing of the transaction to, among other things, ensure the orderly transition of the Trust-related property management business and to minimize any disruption to either party. During such period, the Trust has agreed to provide CLV with access to the purchased assets on a cost recovery basis. CLV has also agreed to allow the Trust to use the property manager's brand without cost for a period of 24 months following closing of the transaction.

The Trust invested $66.4 million in capital expenditures within the portfolio in 2018, with approximately $37.8 million invested in non-repositioned properties. Of the remaining $28.6 million, $23.0 million was invested in value-enhancing initiatives and $5.6 million was invested towards sustaining and maintaining existing spaces within the repositioned portfolio.

In order to grow and invest in the portfolio, the Trust raised $203.5 million (net of issuance costs) through two bought deal prospectus offerings and $41.7 million through mortgage re-financing (net of principal repayments). Although interest rates have increased slightly from the historic lows that have been recorded in recent years, the overall weighted average interest rate of 3.04% remains favorable. The equity raised, as well as the refinancing, has enabled the Trust to extend its weighted average life to maturity to 6 years, and increase the percentage of debt insured by CMHC to 80%.

On May 21, 2019, the Unitholders elected Mike McGahan, Paul Amirault, Paul Bouzanis, Ronald Leslie, Cheryl Pangborn and John Jussup as Trustees of InterRent REIT. Victor Stone resigned from his position of Trustee effective January 31, 2019. On February 25, 2019, the Board appointed John Jussup as a Trustee to fill the vacant position.

The Trust invested $80.2 million in capital expenditures within the portfolio in 2019, with approximately $43.1 million invested in non-repositioned properties and $4.0 million was invested in land held for development and properties under development. Of the remaining $33.1 million, $26.7 million was invested in value-enhancing initiatives and $6.4 million was invested towards sustaining and maintaining existing spaces within the repositioned portfolio.

In order to grow and invest in the portfolio, the Trust raised $192.7 million (net of issuance costs) through a bought deal prospectus offering.

The Trust will continue to focus on operations (as it is a primary driver of the Trust's success in this business) as well as organic growth (through increased rents and ancillary revenues), reducing costs, and continuing to grow its acquisition pipeline in targeted markets. The Trust's targeted acquisition strategy is to focus within key geographic markets and primarily on properties that present above average upside potential returns, as repositioning the properties within their markets would require capital, knowledge, experience and team.

Property Acquisitions

During the period from January 1, 2019 to December 31, 2019, the Trust acquired the following Properties:

Property	Number of Suites	Date Acquired
5015-5025 Clanranald - Montreal	30	February 12, 2019
6950 Fielding - Montreal	104	February 12, 2019
2054 Claremont - Montreal	33	February 12, 2019
5051 Clanranald - Montreal	45	February 12, 2019
4560 Sainte- Catherine - Montreal	41	February 12, 2019
158 Ontario Street – St. Catharines	74	April 3, 2019
473 Albert Street – Ottawa	n.a.	April 24, 2019
5465 Queen Mary Road – Montreal	121	June 26, 2019
1023-1025 Sherbooke E – Montreal	251	July 12, 2019
205-245 Sherbooke W – Montreal	293	July 12, 2019
4875 Dufferin – Montreal	118	August 15, 2019
5160 Gatineau – Montreal	54	October 1, 2019
5881 Monkland – Montreal	17	October 31, 2019
4454 Coolbrook and 5410 Cote Saint Luc – Montreal	33	October 31, 2019

Property Dispositions

During the period from January 1, 2019 to December 31, 2019, the Trust disposed of the following Properties:

Property	Number of Suites	Date Disposed
47/55 Lewis – Sault Ste. Marie	28	January 17, 2019
136 Cambridge – Sault Ste. Marie	17	January 17, 2019
17 Terry Fox – Sault Ste. Marie	12	January 17, 2019
519 Boundary – Sault Ste. Marie	18	January 17, 2019
602/614 MacDonald – Sault Ste. Marie	70	January 17, 2019
62/76 Allard & 731 Pine – Sault Ste. Marie	85	January 17, 2019
250 Albert – Sault Ste. Marie	68	January 17, 2019
43 Lewis – Sault Ste. Marie	22	January 17, 2019
721 Pine – Sault Ste. Marie	29	January 17, 2019
2243 Fairview - Burlington	n.a.	May 30, 2019

DESCRIPTION OF THE BUSINESS

Overview

The Trust is a growth-oriented real estate investment trust engaged in increasing Unitholder value through the acquisition, ownership, management and repositioning of strategically located, income producing, multi-residential properties.

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

As at December 31, 2019, the Trust's portfolio was comprised of 84 Properties containing 10,164 suites. Approximately 1,534 suites (15% of the suites in the portfolio) are located in mid-sized population markets, with the remaining 8,630 suites (85% of the suites in the portfolio) located in the GTA (including Hamilton), Montreal and the National Capital Region (NCR). The portfolio is split into six regions with the following holdings: the GTA with 1,283 suites in 12 Properties; Montreal with 2,785 suites in 22 Properties; Hamilton/Niagara with 1,934 suites in 14 Properties; Western Ontario with 997 suites in 7 Properties, Eastern Ontario with 204 suites in 2 Properties; and, the NCR with 2,961 suites in 27 Properties. As at December 31, 2019, the Trust's suites were approximately 95.6% occupied.

The Trust reviews its portfolio on a regular basis in order to maximize value to Unitholders and maintain a suitable portfolio mix.

The Trust has assembled an experienced management team that has continued to: i) invest heavily within the existing assets to create a strong and reputable portfolio of assets; ii) rely upon the existing Board of Trustees who collectively possess broad business depth and experience in the banking, legal, accounting and multi-family residential sectors; iii) build a company-wide team with the capacity and experience to manage a larger portfolio platform and to execute quickly on opportunities; iv) refinance the portfolio of Properties as necessary in order to provide sufficient capital to continue to invest in the existing portfolio as well as acquire new properties; and, v) raise equity in order to grow the portfolio accretively.

Strategy of the Trust

The Trust's strategy has continued to evolve as the Trust has grown. While growing its portfolio remains the Trust's core strategy, the focus of this expansion has evolved to primarily target larger markets (the GTA (including Hamilton), NCR and Montreal) and on properties that require some level of re-positioning that, in turn, allows the Trust to achieve above average returns.

Acquisition Criteria

The Trust has a formal set of criteria, including an extensive due diligence procedure for selecting potential acquisitions that are undertaken by an experienced management team. The Trust seeks properties with sound structural and mechanical attributes, but that have, in the past, often demonstrated poor performance due to lack of capital investment, a lack of management expertise or owner neglect. The Trust will pursue these properties where management believes that its professional management style, experience and expertise can improve the financial performance of the properties and enhance cash flow and future valuation.

The Trust's management uses a geographically opportunistic growth strategy, allowing the Trust to participate in markets where they believe opportunities exist to acquire properties that conform to the investment criteria of the Trust. The management of the Trust believes that its focus on these markets provides the Trust with a competitive advantage, as many of these target markets are fragmented in terms of ownership.

The Trust intends to take advantage of the economies afforded by the "clustering", or close grouping of its Properties, by targeting acquisition opportunities within close proximity to its existing assets. The Trust also seeks buildings that have a sufficient number of apartment suites in communities new to the Trust, in order to ensure that it maintains economic viability through economies of scale. The Trust's focus is to make opportunistic portfolio purchases, but it will also selectively acquire individual properties that meet the Trust's acquisition criteria.

Management has developed a network of real estate contacts across Ontario and Quebec, allowing them to source properties directly from vendors and to move quickly to acquire accretive properties. This network has allowed the Trust to purchase properties directly from vendors or through invited tenders as opposed to fully marketed auctions.

As at December 31, 2019, the Trust's property portfolio was located in the Ontario and Quebec multi-residential market, representing approximately 0.8% of the total multi-residential suites available within the markets (based on CMHC's Fall 2019 Rental Market Statistics for Privately Initiated Rental Apartment Structures of Three Units and Over). The following chart shows the Trust's approximate regional market penetration as at December 31, 2019:

InterRent REIT's Market Penetration

	Total Suites	Trust Suites	Penetration
Eastern Ontario	30,366	204	0.67%
GTA	323,341	1,283	0.40%
Hamilton / Niagara	63,419	1,934	3.05%
Montreal	591,466	2,785	0.47%
National Capital Region - Ottawa	71,210	2,464	3.46%
National Capital Region - Gatineau	23,685	497	2.10%
Western Ontario	133,489	997	0.75%
Total	**1,236,976**	**10,164**	**0.82%**

The management of the Trust believes that multi-residential real estate is a favourable asset class to operate within because it offers stability of cash flow and an opportunity for expansion. Management's experience is that the multi-residential asset class has historically been able to withstand downturns in overall real estate markets when higher interest rates increase the cost of home ownership and reduce vacancies as quality shelter remains of high importance for most tenants.

The management of the Trust also believes that the fragmented nature of multi-residential property ownership presents an opportunity, as the Trust's experience suggests that the majority of these owners own less than five properties in total, typically many of those having been held for long periods of time. In addition, the management of the Trust believes that many current owners are reaching retirement age, a possible exit point for them and an opportunity for the Trust.

The management of the Trust may also engage in construction or development of real property: (i) to maintain its real properties in good repair or to improve the income-producing potential of properties in which the Trust has an interest; and (ii) to develop new properties that will be capital properties of the Trust on completion.

Competitive Environment

The Trust faces competition for the acquisition of properties from various sources, some larger and better financed than InterRent REIT. These include other real estate investment trusts and institutional and private investors, both foreign and domestic. Multi-residential real estate is an asset much in demand because of the belief held by many that it is a relatively stable long-term investment. Management believes that the Trust's proven repositioning strategy to maximize rental revenues, lower operating costs and create value for Unitholders provides the Trust with a niche within the market in which it operates.

Capital Improvements

Multi-residential properties require significant capital improvements over their lifetime. During the Trust's due diligence process for potential acquisitions, management evaluates capital expenditure requirements. Although the Trust prioritizes properties that do not require capital improvements in the short-term, the useful life of a number of building components will ultimately come to an end and require replacement or significant repair at some point in the future. The most common of these are:

- Roofs
- Balconies
- Parking structures
- Elevators
- Lobbies
- Heating, ventilation and air conditioning
- Appliances
- Kitchens and bathrooms

The Trust has spent significant cash over the past year on expenditures of a capital nature. In addition, the Trust has a maintenance capital budget of approximately $450 per suite, per year to be spent on "in-suite" repairs and improvements. Management is of the opinion that both capital and maintenance capital budgets are adequate to maintain the quality and functionality of its portfolio. Management's decision to reposition certain of its' Properties will mean that capital will be deployed to such areas as energy efficiency projects and the upgrade of common areas.

Operating Facilities

As at December 31, 2019, the Trust had the following credit facilities:

- A $0.5 million demand credit facility with a Canadian chartered bank secured by a general security agreement. Interest is charged at a floating rate plus a pre-defined spread. As at December 31, 2019, the Trust had no balance outstanding under this facility.
- A $55.0 million term credit facility, maturing in 2022, with a Canadian chartered bank secured by a general security agreement and second collateral mortgages on ten of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread. As at December 31, 2019, the Trust had utilized $20.4 million of this facility.
- A $25.0 million term credit facility, maturing in 2021, 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 two of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread. As at December 31, 2019, the Trust had utilized $6.4 million of this facility.
- A $60.0 million term credit facility, maturing in 2020, 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 five of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread for prime advances and banker's acceptances. As at December 31, 2019, the Trust had no balance outstanding under this facility.

Employees

As at December 31, 2019, the Trust had 394 employees, including management, administrative, and site specific rental / customer care, maintenance, cleaning and superintendent staff. Employees are generally compensated either on an annual salary or hourly basis, with health and dental benefits on a shared basis. As at December 31, 2019, 131 employees were participants Trust's Deferred Unit Plan.

Future Trends

Management of the Trust, subject to the availability of financing on commercially attractive terms, expects to continue to expand the Trust's portfolio through accretive acquisitions. If interest rates increase: (i) management of the Trust expects that vacancies will decline as fewer people would be able to afford the purchase of a new home; and (ii) the Trust's cost of debt will also rise on future purchases, which the management of the Trust believes would be largely offset by higher occupancies and rent increases.

At December 31, 2019, the bulk of the Trust's portfolio was located in Ontario, Canada's most populous province, with the remainder in Montreal and Gatineau, Quebec (Gatineau is within close proximity to Ottawa and is considered part of the National Capital Region). Market conditions in Ontario and Quebec's multi-residential markets have continued to move in a positive direction, due to a number of factors.

CMHC published the following market data in its 2019 Rental Market Report for Ontario:

- Vacancy rates in Ontario increased marginally to 2.0% compared to 1.8% in 2018 while the average rent of two bedroom suites from a fixed sample increased by 4.8% (the largest increase of any province in Canada).

CMHC published the following market data in its 2019 Rental Market Report for Quebec:

- Vacancy rates in Quebec decreased to 1.8% compared to 2.3% in 2018 while the average rent of two bedroom suites from a fixed sample increased by 3.0%.

There are several major challenges to growth and profitability in the industry, including:

- Continuing low capitalization rates due to the continued demand from pension funds as well as private and public investors, both foreign and domestic, for quality multi-residential buildings;
- Competition from the condominium market, mainly within the GTA but also in Montreal; and
- Increasing utility costs and taxes.

Management expects that as the Trust's property portfolio grows, general and administrative expenses, as a percentage of revenues, will decrease. Portfolio growth should also result in economies of scale and reduced expenses as a percentage of revenue.

Property Portfolio

The following table provides a summary of the Properties that comprise the Trust's portfolio as at December 31, 2019 grouped by geographic region:

	31-Dec-19		31-Dec-18	
Region	**Suites**	**Average Monthly Rent**	**Suites**	**Average Monthly Rent**
Eastern Ontario	204	$ 1,213	204	$ 1,117
GTA	1,283	$ 1,593	1,283	$ 1,490
Hamilton / Niagara	1,934	$ 1,155	1,860	$ 1,083
Montreal	2,785	$ 1,097	1,645	$ 1,022
Northern Ontario	n.a.	n.a	349	$ 963
NCR – Ottawa	2,464	$ 1,430	2,464	$ 1,340
NCR – Gatineau	497	$ 976	497	$ 919
Western Ontario	997	$ 1,231	997	$ 1,149
Total	**10,164**	**$ 1,260**	**9,299**	**$ 1,190**

Seasonality

The Trust's operating and utility expenses tend to be higher in the first and fourth quarters of its fiscal year, which are associated with colder weather (increased heating costs) and snowfall (increased maintenance expenses, which includes snow removal). The peak rental season through the summer months results in higher leasing costs as more units turn over during this period than at any other time in the year. Other than these cyclical expenses, operating and other expenses are usually spread evenly throughout the year.

Management of the Trust

The governance, investment guidelines and operating policies of the Trust are overseen by the Board of Trustees, a majority of whom must be resident Canadians and a majority of whom must be Independent Trustees. The role of the Trustees is similar to the role of directors of a corporation.

Governance and Board of Trustees

General

The Amended and Restated Declaration of Trust provides that the investment policies and operations of the Trust are the responsibility of the Board. The Amended and Restated Declaration of Trust provides for a Board of between one and twelve Trustees. There are currently six Trustees, five of whom are considered to be Independent Trustees. The number of Trustees may be changed by the Unitholders or by the Trustees, provided that the Trustees may not, between meetings of Unitholders, appoint an additional Trustee if, after such appointment, the total number of Trustees would be greater than one and one-third times the number of Trustees in office immediately following the last annual meeting of Unitholders. Subject to certain conditions, a vacancy occurring among the Trustees may be filled by resolution of the remaining Trustees so long as they constitute a quorum or by Unitholders at a meeting of the Unitholders.

The standard of care and duties of the Trustees provided in the Amended and Restated Declaration of Trust are similar to those imposed on directors of a corporation governed by the OBCA. Accordingly, each Trustee is required to exercise the powers and discharge the duties of his office honestly, in good faith and in the best interests of the Trust and the Unitholders and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Conflict of Interest Restrictions and Provisions

The Amended and Restated Declaration of Trust contains "conflict of interest" provisions to protect Unitholders without creating undue limitations on the Trust. As the Trustees are engaged in other real estate-related activities, the Amended and Restated Declaration of Trust contains provisions, similar to those contained in the OBCA, that require each Trustee to disclose to the Trust any interest in a material contract or transaction or proposed material contract or transaction with the Trust or its subsidiaries (including a contract or transaction involving the making or disposition of any investment in real property or a joint venture agreement) or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with the Trust or its subsidiaries. Such disclosure is required to be made at the first meeting at which a proposed contract or transaction is considered. If a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by the Trustees, a Trustee is required to disclose in writing to the Trust, or request to have entered into the minutes of meetings of Trustees, the nature and extent of his interest forthwith after the Trustee becomes aware of the contract or transaction or proposed contract or transaction. In any case, a Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating to his remuneration or for indemnity under the provisions of the Amended and Restated Declaration of Trust or liability insurance.

Independent Trustee Matters

The following matters require the approval of a majority of the Independent Trustees to become effective:

- an acquisition or disposition of a property or an investment in a property, whether by co-investment or otherwise, in which any Related Parties has any direct or indirect interest;
- the entering into, waiver of, exercise or enforcement of any rights or remedies under any agreement entered into by the Trust, or the making, directly or indirectly, of any co-investment, with any Related Party or in which any Related Party has a material interest;
- the refinancing or renewal of any indebtedness owing by or to any Related Party or in which any Related Party has a material interest;
- the grant of options or issuing of Units under any option or purchase plan;
- any change in the number of Trustees of the Trust and the appointment of Trustees to fill any vacancies created by any increase in the number of Trustees;
- decisions relating to compensation of Trustees or of any employee who is also an employee of a Related Party; and
- decisions relating to any claim by or against any vendor of Properties to the Trust or any of the parties to the Material Agreements.

Mandate of the Board of Trustees

The role of the Trust's Board of Trustees is one of stewardship and oversight of the Trust and its business. The Board of Trustees is responsible for overseeing management and approving major decisions. In fulfilling its mandate, the Board of Trustees is responsible, among other things, for: (i) participating in the development of and approving a strategic plan for the Trust; (ii) identifying and managing risk exposure; (iii) ensuring the integrity and adequacy of the Trust's internal controls and management information systems; (iv) defining the roles and responsibilities of management; (v) reviewing and approving the business and investment objectives to be met by management of the Trust; (vi) assessing the performance of management; (vii) reviewing the Trust's debt management strategy; (viii) succession planning; (ix) ensuring effective and adequate communication with the Unitholders and other stakeholders as well as the public at large; and (x) establishing committees of the Board of Trustees, where required or prudent, and defining their mandate.

The following table sets forth the name, municipality of residence, positions held with the Trust, principal occupation as well as month and year that they became a Trustee for each of the Trustees and executive officers of the Trust. Such information has been furnished by each Trustee or executive officer, respectively, to the Trust. Each Trustee holds office until the close of the next annual meeting of Unitholders following his or her election or until a successor is duly appointed.

Name and Municipality of Residence	Position with the Trust	Principal Occupation	Trustee Since
Paul Amirault(1)(2)(5) Ottawa, Ontario	Trustee	Partner at Norton Rose Fulbright Canada LLP	May 2010
Paul Bouzanis(2)(3)(4) Ottawa, Ontario	Trustee	President of PBC Development and Construction Management Group Inc.	September 2009
Ronald Leslie(1)(3) Ottawa, Ontario	Trustee	Partner at Leslie & MacLeod – Chartered Professional Accountants (A Professional Corporation)	May 2011
Mike McGahan(4) Ottawa, Ontario	Trustee, Chief Executive Officer	Chief Executive Officer of the Trust	September 2009
Cheryl Pangborn(1)(4)(5) Ottawa, Ontario	Trustee	Retired	May 2017
John Jussup(2)(3)(4) Ottawa, Ontario	Trustee	Director	February 2019
Brad Cutsey Toronto, Ontario	President	President	N/A
Curt Millar Ottawa, Ontario	Chief Financial Officer	Chief Financial Officer	N/A
Dave Nevins Ottawa, Ontario	Chief Operating Officer	Chief Operating Officer	N/A

(1) Member of the Audit Committee
(2) Member of the Nominations and Governance Committee
(3) Member of the Compensation Committee
(4) Member of the Capital Resources Committee
(5) Chairman of the Board

Additional biographical information regarding the Trustees and executive officers of the Trust:

Paul Amirault is a partner of Norton Rose Fulbright Canada LLP. Mr. Amirault practices corporate and securities law, with an emphasis on equity financings and mergers and acquisitions. He represents start-ups and established businesses, as well as underwriters and investors. Mr. Amirault works with venture capital and private equity funds. In addition to experience in prospectus offerings, private placements and friendly takeovers, he has been involved in hostile bids, proxy battles and contested shareholder meetings. Mr. Amirault advises clients on a broad range of corporate and securities matters, including corporate governance, regulatory compliance and stock exchange rules.

Paul Bouzanis is the President and CEO of PBC Group of Companies (1985) ("**PBC**"). Mr. Bouzanis' comprehensive understanding of real estate acquisitions, development, and redevelopment, combined with his extensive experience in the real estate development and construction industry has been the driving force behind PBC's growth and success. PBC provides all-encompassing asset management to institutional investors (including debt; mortgages; construction financing; land development; and development of residential subdivisions, condos and apartments). PBC has expanded from a small family owned business founded in 1958 to a corporation with assets under management in British Columbia, Alberta, Ontario, Quebec and Nova Scotia.

John Jussup has 30 years experience as a corporate counsel, including 15 years as Senior VP, Chief Legal Officer of Canadian-based software company Cognos Inc, which was listed on the TSX and NASDAQ until its acquisition by IBM in 2008. He also served as General Counsel of the Bank of Canada before his retirement in 2012. Since then, he has conducted a boutique practice advising and serving on Boards and providing small and medium-sized businesses with a broad range of legal and corporate services. His experience includes advising Boards and senior management, dealing with securities matters in multiple jurisdictions, executing and managing mergers and acquisitions of all sizes in Canada, the United States and overseas, and dealing with a broad range of Human Resources matters. Mr. Jussup is a graduate of Royal Military College and Queen's University and is a member of the Law Society of Ontario.

Ronald Leslie, CPA, CA, LPA is the Office Managing Partner at Leslie & MacLeod – Chartered Professional Accountants (A Professional Corporation). Mr. Leslie has over 20 years of experience as a public accountant and currently sits on the board of C-COM Satellite Systems Inc. (which is listed on the TSX Venture Exchange). Mr. Leslie is a graduate of Carleton University and holds a Bachelor of Commerce degree.

Mike McGahan is the Chief Executive Officer and a Trustee of the REIT. In addition, Mr. McGahan is president and chief executive officer of CLV Group Inc. ("**CLV**"). CLV is a company that focuses on providing "Complete Real Estate Solutions", including property management, real estate brokerage, mortgage brokerage, residential rentals, commercial leasing and construction. Mr. McGahan has over 30 years' experience in the real estate business focusing on the multi-residential apartment and commercial properties sectors and has successfully bought, sold, financed and managed over 200 properties valued in excess of $4 billion. Mr. McGahan, through CLV, has developed a reputation as one of the top property managers having managed a portfolio of over 12,000 residential units and 500,000 sq. ft. of commercial properties for institutions including Toronto Dominion Bank, Bank of Hong Kong, Bank of Nova Scotia, Canada Mortgage and Housing Corporation and Canada Lands as well as private investors. Mr. McGahan has a wealth of experience in finding properties that have untapped potential and creating value through repositioning, renovations and improved efficiencies using pro-active management. Mr. McGahan has been a licensed real estate agent and mortgage broker for over 25 years and is a graduate of the University of Ottawa.

Cheryl Pangborn was a Director and Group Lead, Real Estate Banking at a Canadian chartered bank since 2013. During her more than 25 years in the real estate finance business, she has been involved in construction and mortgage financing of most real estate asset classes throughout eastern Canada. She is a graduate of Carleton University and holds a Bachelor of Arts (Economics / Commercial Law).

Brad Cutsey, CFA is the President of InterRent REIT. Mr. Cutsey has over 20 years of experience in the real estate and capital markets industry, including roles as Group Head of Real Estate and also as an Equity Research Analyst. Mr. Cutsey was recognized as the #1 stock picker in Canada in the 2012 StarMine Analyst Awards. Mr. Cutsey is a Chartered Financial Analyst (CFA) and a graduate of the Bachelor of Business Administration (Finance and Economics) program at Bishop's University.

Curt Millar, CPA, CA, is the Chief Financial Officer of the Trust. Prior to assuming his position as the Trust's Chief Financial Officer, Mr. Millar was CEO (2009-10) and CFO (2004-09) of Zip.ca. A Chartered

Accountant (CA) and Magna Cum Laude graduate of the Bachelor of Commerce (Honors in Accounting) program of the University of Ottawa, Mr. Millar has held positions of increasing responsibility in accounting, financial management and operations with a number of businesses for over 20 years.

Dave Nevins, **CPM** is the Chief Operating Officer (COO) of the Trust. Prior to assuming his position as the Trust's COO, Mr. Nevins was Vice President Operations at CLV. Mr. Nevins joined CLV in 1995 and held positions of increasing responsibility in sales, operations and construction management over his 25 year tenure. Mr. Nevins is a graduate of the Bachelor of Economics program of the University of Ottawa.

As at the date hereof, the Trustees and senior officers of the Trust, as a group, beneficially own, directly or indirectly, or exercise control or direction over approximately 9,906,140 Units representing approximately 7.9% of the Units outstanding.

Corporate Cease Trade Orders

None of the Trustees or executive officers of InterRent REIT is, or has been within the 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company that (i) while such person was acting in that capacity was the subject of a cease trade or similar order that denied the company access to any statutory exemptions under Canadian securities legislation, in each case for a period of more than 30 consecutive days (each, an "**Order**") or (ii) was subject to an Order that was issued after such person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while such person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

Except as disclosed below, none of the Trustees or executive officers of InterRent REIT or any Unitholder holding a sufficient number of securities of the Trust to affect materially the control of the Trust, is or has been within the 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company that while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Paul Amirault, in his role as legal counsel, became the director of an inactive and insolvent private company in 2010 as a nominee of a major shareholder for the purposes of making and supervising a proposal to creditors in connection with the corporate reorganization of such private company.

Personal Bankruptcies

None of the Trustees or executive officers of InterRent REIT or any Unitholder holding a sufficient number of securities of the Trust to affect materially the control of the Trust, has within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

Penalties and Sanctions

None of the Trustees or executive officers of InterRent REIT or any Unitholder holding a sufficient number of securities of the Trust to affect materially the control of the Trust, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Committees of the Board of Trustees

Audit Committee

The audit committee's responsibilities include: (i) reviewing the Trust's procedures for internal control with the Trust's auditors and Chief Financial Officer; (ii) reviewing and approving the engagement of the auditors; (iii) reviewing annual and quarterly financial statements as well as all other material continuous disclosure documents, such as the Trust's annual information form and management's discussion and analysis; (iv) assessing the Trust's financial and accounting personnel; (v) assessing the Trust's accounting policies; (vi) reviewing the Trust's risk management procedures; and (vii) reviewing any significant transactions outside the Trust's ordinary course of business and any pending litigation involving the Trust.

National Instrument 52-110 - *Audit Committees* ("NI 52-110") requires that certain information regarding the Audit Committee of an issuer be included in the annual information form.

Audit Committee Charter

The full text of the charter of the Trust's Audit Committee is attached hereto as Appendix "A".

Composition of the Audit Committee

The Trust is required to have an Audit Committee comprised of not less than three Trustees each of whom is financially literate, a majority of whom are not officers, Control Persons or employees of the Trust or an Affiliate of the Trust.

Throughout 2019, the Trust's Audit Committee is comprised of three Trustees: Ronald Leslie (Chair); Paul Amirault; and, Cheryl Pangborn, all of whom were independent as that term is defined in NI 52-110.

Relevant Education and Experience

Ronald Leslie is a Chartered Professional Accountant, Chartered Accountant and Licensed Public Accountant and is the Office Managing Partner at Leslie & MacLeod – Chartered Professional Accountants (A Professional Corporation). Mr. Leslie has over 20 years of experience as a public accountant and currently sits on the board of C-COM Satellite Systems Inc. (which is listed on the TSX Venture Exchange).

Paul Amirault is a lawyer that practices corporate and securities law, with an emphasis on equity financings and mergers and acquisitions for public and private companies. Mr. Amirault has been involved in corporate finance and M&A transactions over the past 20 years whose aggregate value exceeds $4 billion. This involvement has included considerable experience in reviewing, drafting and providing advice in connection with financial disclosure for public companies pursuant to continuous and timely reporting obligations, and under proxy circular and prospectus requirements.

Cheryl Pangborn is a retired Director and Group Lead, Real Estate Banking at a Canadian chartered bank. During her more than 25 years in the real estate finance business, she has been involved in construction and mortgage financing of most real estate asset classes throughout eastern Canada.

Each of the members of the Audit Committee is financially literate within the meaning of NI 52-110 as each has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Trust's financial statements. In this regard, the Board has determined that each member of the Audit Committee meets these criteria as Ronald Leslie, Paul Amirault and Cheryl Pangborn are familiar with accounting principles, financial statements and financial reporting requirements.

Audit Fees

The following table provides detail in respect of audit, audit related and other fees incurred by the Trust to the external auditors for professional services:

	Audit Fees	Audit-Related Fees	All Other Fees
January 1, 2019 – December 31, 2019	$177,880	$81,944	-
January 1, 2018 – December 31, 2018	$145,642	$54,300	-

Audit Fees – Audit fees were incurred for professional services rendered by the auditors for the audit of the Trust's annual financial statements as well as services provided in connection with statutory and regulatory filings.

Audit-Related Fees – Audit-related fees were incurred for professional services rendered by the auditors and were comprised primarily of the review of quarterly financial statements and related documents as well as the distribution of Units by way of a short form prospectus on a bought deal basis.

Tax Fees

The following table provides detail in respect of tax and other fees incurred by the Trust to the external tax advisors for professional services:

	Tax Fees	All Other Fees
January 1, 2019 – December 31, 2019	$599,084	-
January 1, 2018 – December 31, 2018	$64,242	-

Tax Fees – Tax fees were incurred for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.

Nominations and Governance Committee

The Nominations and Governance Committee is charged with reviewing, overseeing and evaluating the governance and policies of the Trust. In addition, the governance committee is responsible for: (i) assessing the effectiveness of the Board of Trustees, each of its committees and individual Trustees; (ii) overseeing the recruitment and selection of candidates as Trustees of the Trust; (iii) making recommendations to the Board with respect to management succession, in particular, succession for the CEO position; (iv) organizing an orientation and education program for new Trustees; (v) considering and approving proposals by the Trustees of the Trust to engage outside advisers on behalf of the Board of Trustees as a whole or on behalf of the Independent Trustees of the Trust; and (vi) reviewing and making recommendations to the Board of Trustees concerning any change in the number of Trustees of the Trust. The Governance Committee is currently comprised of three Trustees: John Jussup (Chair); Paul Amirault; and, Paul Bouzanis.

Compensation Committee

The Compensation Committee is responsible for reviewing, overseeing and evaluating the compensation policies of the Trust. In addition, this committee is responsible for: (i) reviewing and approving the compensation paid by the Trust, if any, to any officers, advisers and any consultants of the Trust; (ii) administering any Unit option or purchase plan of the Trust, and any other compensation incentive programs; (iii) assessing the performance of management of the Trust; and (iv) reviewing and making any recommendations to the Board of Trustees concerning the level and nature of the compensation payable to Trustees and officers of the Trust. The Compensation Committee is currently comprised of three Trustees: Ronald Leslie (Chair); Paul Bouzanis; and, John Jussup.

Capital Resources Committee

The Capital Resources Committee is responsible for: (i) approval of any material investment proposal by management of the Trust; and (ii) reviewing and analyzing the due diligence and overview of any proposed material property acquisition against the Trust’s strategic objectives. The Capital Resources Committee is comprised of four Trustees: Paul Bouzanis (Chair); Cheryl Pangborn; John Jussup; and, Mike McGahan.

Remuneration of Trustees

The Trustees of the Board, whom so elect, will receive between 60% and 100% of their Board retainers in the form of Deferred Units, subject to the terms of the Trust’s Deferred Unit Plan, as amended. The Trustees have elected to receive 100% of their retainers and meeting fees in the form of Deferred Units.

Each of the Trustees who are not members of management will receive from the Trust an annual retainer of $18,000 per year, plus a fee of $1,000 per board meeting and $600 per committee meeting.

In addition, the Chairmen receive the following respective amounts for chairing the Board and its various committees: the Board $25,000, Audit Committee $10,000, Nominations and Governance Committee $5,000, Compensation Committee $5,000 and Capital Resources Committee $20,000. The number of Units that each Trustee is entitled to receive on redemption of the Deferred Units shall be based on the 10-day weighted average trading price prior to the issuance of the Deferred Units. Trustees will also be reimbursed for reasonable travel and other expenses properly incurred by them in attending meetings of the Trustees or any committee meeting. Trustees are also eligible to participate in the Unit Option Plan and the Long Term Incentive Plan.

Trustees are required to accumulate $150,000 in trust units by the third anniversary of their election as a Board member.

Trustees’ and Officers’ Liability Insurance

The Trust carries Trustees’ and officers’ liability insurance. Under this insurance coverage, the Trust will be reimbursed for payments made under indemnity provisions on behalf of its Trustees and officers contained in the Amended and Restated Declaration of Trust, subject to a deductible for each loss. Individual Trustees and officers will also be reimbursed for losses arising during the performance of their duties for which they are not indemnified by the Trust, subject to a deductible, which will be paid by the Trust. Excluded from insurance coverage are illegal acts, acts which result in personal profit and certain other acts. The Amended and Restated Declaration of Trust provides for the indemnification in certain circumstances of Trustees and officers from and against liability and costs in respect of any action or suit against them in respect of the execution of their duties of office.

Trustees' and Officers' Indemnities

InterRent REIT enters into indemnity agreements with each of its Trustees which indemnifies them, among other things, against all costs, charges, expenses and liabilities in connection with a claim related to the fact that the indemnitee acted for the Trust provided that, among other things, such indemnitee (i) acted honestly and in good faith with a view to the best interests of the Trust or, as the case may be, to the best interests of the other entity for which the indemnitee acted at the Trust's request; and (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the indemnitee had reasonable grounds for believing that the indemnitee's conduct was lawful.

Declaration of Trust and Description of Units

General

The Trust is an unincorporated open-ended trust created pursuant to the Amended and Restated Declaration of Trust under, and governed by, the laws of the Province of Ontario. Under the Amended and Restated Declaration of Trust, the Trust is restricted to investing in only the securities of InterRent Trust, the Holdings Partnership, the Holdings Partnership General Partner and their respective associates. Although the Trust qualifies as a "mutual fund trust" as defined in the Tax Act, the Trust will not be a "mutual fund" as defined by applicable securities legislation. Furthermore, the Trust is not a trust company and accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company. The Trust has been established for an indeterminate term.

Units

The Amended and Restated Declaration of Trust provides for the issuance of an unlimited number of Units. Each Unit will represent a Unitholder's proportionate undivided ownership interest in the Trust. No Unitholder has or is deemed to have any right of ownership in any of the assets of the Trust. Each whole Unit confers the right to one vote at any meeting of Unitholders and to participate *pro rata* in any distributions to Unitholders by the Trust, whether of net income, net realized capital gains or other amounts and, in the event of termination of the Trust, in any distribution to Unitholders out of the net assets of the Trust remaining after satisfaction of all liabilities. Units will be fully paid and non-assessable when issued (unless issued on an instalment receipt basis) and are transferable. Except as set out below under "*Redemption Right*", the Units have no conversion, retraction, redemption or pre-emptive rights. Issued and outstanding Units may be subdivided or consolidated.

Units are not shares in the Trust. Holders of Units do not have statutory rights similar to those of a shareholder in an OBCA corporation, which are normally associated with the ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of such Act or any other legislation.

Special Voting Units

The Amended and Restated Declaration of Trust also provides for the issuance of an unlimited number of Special Voting Units that shall carry voting rights relating to the Trust for persons holding Holdings Partnership Class B LP Units or other shares, units or other securities that are directly or indirectly exchangeable for Units. Each Special Voting Unit will entitle the holder thereof to a number of votes at any meeting of Unitholders equal to the number of Units which may be obtained upon the exchange of the exchangeable shares, units or other securities, including the Holdings Partnership Class B LP Units, to which the Special Voting Unit relates.

The Special Voting Units will be subject to such other rights and limitations as may be determined by the Trustees at the time of issuance of any such Special Voting Units. The Special Voting Units are not transferable separately from the Holdings Partnership Class B LP Units, or other securities to which they relate, and will be automatically transferred upon the transfer of such securities. Upon the exchange or surrender of Holdings Partnership Class B LP Units for Units, the corresponding Special Voting Units will automatically be cancelled by the Trust.

Meetings of Voting Unitholders

The Amended and Restated Declaration of Trust provides that meetings of Voting Unitholders will be required to be called and held annually, for the purpose of: (a) electing Trustees; (b) appointing auditors of the Trust for the ensuing years; (c) directing the election of nominees of the Trust to serve as Trustee(s) and director(s) of certain subsidiaries; (d) generally, any other matter which requires a resolution of Voting Unitholders; and (e) transacting such other business as the Trustees may determine or as may be properly brought before the meeting. All meetings of Voting Unitholders shall be held in Canada.

A meeting of Voting Unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned in writing by the Voting Unitholders representing not less than 10% of the votes attached to all outstanding Voting Units. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Voting Unitholders have the right to obtain a list of Voting Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the OBCA.

Voting Unitholders may attend and vote at all meetings of the Voting Unitholders either in person or by proxy and a proxy holder need not be a Voting Unitholder. Two or more individuals, present in person either holding personally or representing proxies, not less, in the aggregate, than 25% of the aggregate number of votes attached to all outstanding Voting Units shall constitute a quorum for the transaction of business at all such meetings. At any meeting at which a quorum is not present within one-half hour after the time fixed for the holding of such meeting, the meeting, if convened upon the request of the Voting Unitholders, shall be dissolved, but in any other case, the meeting will stand adjourned to a day not less than seven days later and to a place and time as chosen by the chair of the meeting, and if at such adjourned meeting a quorum is not present, the Voting Unitholders present either in person or by proxy shall be deemed to constitute a quorum.

The Amended and Restated Declaration of Trust provides that without the authorization of at least 66⅔% of the votes cast at a meeting of Voting Unitholders called for such purpose, the Trustees shall not, among other things: (i) authorize any combination, transaction, amalgamation or arrangement of the Trust, (ii) dispose of all or substantially all of the assets of the Trust, or (iii) liquidate or dissolve the Trust, InterRent Trust or the Holdings Partnership, except in conjunction with an internal reorganization. Certain amendments to the Amended and Restated Declaration of Trust require the approval of two-thirds of the votes cast by Unitholders. See “*Amendments to Declaration of Trust*”.

Purchases of Units

The Trust may from time to time purchase Units in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies. Any such purchase, unless otherwise exempt, will constitute an "issuer bid" under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof.

In 2017, 2018 and for the twelve month period ended December 31, 2019, the Trust did not purchase any Trust Units.

Redemption Right

Subject to certain conditions, Units are redeemable at any time on demand by the holders thereof upon delivery to the Trust of a duly completed and properly executed notice requesting redemption in a form reasonably acceptable to the Trustees, together with written instructions as to the number of Units to be redeemed. A Unitholder not otherwise holding a fully registered Unit certificate who wishes to exercise the redemption right will be required to obtain a redemption notice form from the Unitholder's investment dealer who will be required to deliver the completed redemption notice form to the Trust and the Transfer Agent. Upon receipt of the redemption notice by the Trust, all rights to and under the Units tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive a price per Unit ("**Redemption Price**") equal to the lesser of: (i) 90% of the "market price" of the Units on the principal market on which the Units are quoted for trading during the 10-trading day period ending immediately prior to the date on which the Units were surrendered for redemption (the "**Redemption Date**"); and (ii) 100% of the "closing market price" on the principal market on which the Units are listed for trading on the Redemption Date.

For the purposes of this calculation, "market price" will be the amount equal to the weighted average of the trading prices of the Units on the applicable market or exchange for each of the trading days on which there was a trade during the specified trading day period, and provided that if there was trading on the applicable exchange or market for fewer than five of the trading days during the specified trading day period, the "market price" will be the average of the following prices established for each of the trading days during the specified trading period: the average of the last bid and last asking prices of the Units for each day on which there was no trading and the weighted average trading prices of the Units for each day that there was trading. The "closing market price" will be an amount equal to the closing price of the Units on the applicable market or exchange if there was a trade on the specified date and the applicable exchange or market provides a closing price; an amount equal to the average of the highest and lowest prices of the Units on the applicable market or exchange if there was trading on the specified date and the exchange or other market provides only the highest and lowest prices of Units traded on a particular day; or the average of the last bid and last asking prices of the Units if there was no trading on the specified date.

If Units are not listed or quoted for trading in a public market, the Redemption Price will be the fair market value of the Units, which shall be determined by the Trustees in their sole discretion.

The aggregate Redemption Price payable by the Trust in respect of any Units surrendered for redemption during any calendar month shall be satisfied by way of a cash payment in Canadian dollars within 30 days after the end of the calendar month in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that: (i) the total amount payable by the Trust in respect of such Units and all other Units tendered for redemption in the same calendar month shall not exceed $50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) at the time such Units are tendered for redemption, the outstanding Units shall be listed for trading on the TSX or traded or quoted on any other stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; (iii) the normal trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the Redemption Date or for more than five trading days during the 10-day trading period commencing immediately after the Redemption Date.

Cash payable on redemptions will be paid *pro rata* to all Unitholders tendering Units for redemption in any month. To the extent a Unitholder is not entitled to receive cash upon the redemption of Units as a result of any of the foregoing limitations, then the balance of the Redemption Price for such Units shall, subject to any applicable regulatory approvals, be paid and satisfied by way of a distribution *in specie* of assets held by the Trust. In such circumstances, Series 1 Notes and Trust Units of a value equal to the balance of the Redemption Price will be redeemed by InterRent Trust in consideration of the issuance by InterRent Trust to the Trust of Series 2 Notes and Series 3 Notes, respectively, with an aggregate principal amount equal to the balance of the Redemption Price. The Series 2 Notes and Series 3 Notes will then be distributed in satisfaction of the balance of the Redemption Price. No Series 2 Notes or Series 3 Notes in integral multiples of less than $100 will be distributed and, where notes to be received by a Unitholder includes a multiple less than $100, that number shall be rounded to the next lowest integral multiple of $100 and the excess will be paid in cash. The Trust shall be entitled to all interest paid on the Notes, if any, and distributions paid on the Trust Units on or before the date of the distribution *in specie*. Where the Trust makes a distribution *in specie* on the redemption of Units of a Unitholder, the Trust currently intends to allocate to that Unitholder any capital gain or income realized by the Trust on or in connection with such distribution.

It is anticipated that the redemption right described above will not be the primary mechanism for Unitholders to dispose of their Units. Series 2 Notes and Series 3 Notes that may be distributed to Unitholders in connection with a redemption will not be listed on any exchange, no market is expected to develop in securities of InterRent Trust and such securities may be subject to resale restrictions under applicable securities laws. Series 2 Notes and Series 3 Notes so distributed may not be qualified investments for Plans under the Tax Act.

Take-Over Bids

The Amended and Restated Declaration of Trust contains provisions to the effect that if a take-over bid or issuer bid is made for all of the issued and outstanding Units (including securities then currently convertible, exchangeable or exercisable for Units) within the meaning of the *Securities Act* (Ontario) and not less than 90% of all the issued and outstanding Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or associates or Affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by Unitholders who did not accept the offer, on the same terms that the offeror acquired Units from the offeror who accepted the take-over bid.

Issuance of Units

The Trust may issue new Units and other securities of the Trust including securities convertible or exchangeable for Units or other securities of the Trust (the "**Other Issuable Securities**") from time to time, in such manner, for such consideration and to such person, persons or class of persons as the Trustees shall determine and Unitholders do not have any pre-emptive rights whereby additional Units or Other Issuable Securities proposed to be issued are first offered to existing Unitholders. If the Trustees determine that the Trust does not have cash in an amount sufficient to make payment of the full amount of any distribution, the payment may include the issuance of additional Units having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution. In addition, Units may be issued pursuant to any option plan or long-term incentive plan established by the Trust from time to time. New Units may also be issued for cash through public offerings, through rights offerings to existing Unitholders, through private placements or as a result of conversion rights exercised under convertible securities, including warrants and subscription receipts. The Trust may also issue new Units as consideration for the acquisition of new properties or assets by it. The price or the value of the consideration for which Units may be issued will be determined by the Trustees, and, where the Trustees so determine, generally in consultation with investment dealers or brokers who may act as underwriters in connection with offerings of Units and subject to applicable regulatory approvals.

The Amended and Restated Declaration of Trust also provides that immediately after any *pro rata* distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated so that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution. In this case, each certificate representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation. Notwithstanding the foregoing, where tax is required to be withheld from a Unitholder's share of the distribution, the consolidation will result in such Unitholder holding that number of Units equal to (i) the number of Units held by such Unitholder prior to the distribution plus the number of Units received by such Unitholder in connection with the distribution (net of the number of whole and part Units withheld on account of withholding taxes) multiplied by (ii) the fraction obtained by dividing the aggregate number of Units outstanding prior to the distribution by the aggregate number of Units that would be outstanding following the distribution and before the consolidation if no withholding were required in respect of any part of the distribution payable to any Unitholder.

Limitation on Non-Resident Ownership

In order for the Trust to maintain its status as a "mutual fund trust" under the Tax Act, the Trust must not be established or maintained primarily for the benefit of Non-Residents. Accordingly, at no time may Non-Residents be the beneficial owners of more than 49% of the Units and the Trustees have informed the transfer agent and registrar of this restriction. The Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustees become aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 49% of the Units then outstanding are, or may be, Non-Residents or that such a situation is imminent, the Trustees may make a public announcement thereof and shall not accept a subscription for Units from or issue Units to a person unless the person provides a declaration that the person is not a Non-Resident. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the Units are held by Non-Residents, the Trustees may send a notice to Non-Resident holders of Units, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold the specified number of Units or have not provided the Trustees with satisfactory evidence that they are not Non-Residents within such period, the Trustees may, on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units, if any. Upon such sale the affected holders shall cease to be holders of Units and their rights shall be limited to receiving the net proceeds of sale. The Trustees shall have no liability for the amount received provided that they act in good faith.

Information and Reports

The Trust will furnish to Unitholders such financial statements (including quarterly and annual financial statements) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Unitholders' tax returns under the Tax Act and equivalent provincial legislation. Prior to each annual and special meeting of Unitholders, the Trustees will provide the Unitholders (along with notice of such meeting) information similar to that required to be provided to shareholders of a public corporation governed by the OBCA.

Amendments to Amended and Restated Declaration of Trust

The Amended and Restated Declaration of Trust may be amended or altered from time to time. Certain amendments require approval by at least two-thirds of the votes cast in respect of the amendment at a meeting of the Unitholders called for such purpose. Other amendments to the Amended and Restated Declaration of Trust require approval by a majority of the votes cast in respect of the amendment at a meeting of the Unitholders called for such purpose.

The following amendments, among others, require the approval by at least two-thirds of the votes cast by Unitholders in respect of the amendment at a meeting:

(a) the termination of the Trust;

(b) any combination, merger, amalgamation or arrangement of the Trust, InterRent Trust or the Holdings Partnership, as the case may be, any sale of all or substantially all of the assets of the Trust, InterRent Trust or Holdings Partnership, as the case may be, or the liquidation or dissolution of the Trust, InterRent Trust or Holdings Partnership, as the case may be, (other than as part of an internal reorganization of the assets of the Trust, InterRent Trust or Holdings Partnership, as the case may be, as approved by the Trustees);

   i. For greater certainty, notwithstanding anything to the contrary herein contained, if at any time the Trustees so resolve to implement an internal reorganization of the assets of the Trust or any of the Subsidiaries (including, without limitation, forming additional trusts or limited partnerships to be subsidiaries of the Trust), any such resolution or reorganization shall not require the prior approval of Unitholders provided that such reorganization is not prejudicial to Unitholders.

(c) an amendment to the Investment Guidelines of the Trust;

(d) the provisions of the InterRent Trust Declaration of Trust concerning the computation of net income;

(e) an exchange, reclassification or cancellation of all or part of the Units or Special Voting Units other than as specifically provided for in the Amended and Restated Declaration of Trust with respect to Special Voting Units;

(f) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units or Special Voting Units and, including, without limiting the generality of the foregoing:

   (i) the removal or change of rights to distributions;

   (ii) the addition or removal of or change to conversion privileges, options, voting, transfer or pre-emptive rights; or

(iii) the reduction or removal of a distribution preference or liquidation preference;

(g) the creation of new rights or privileges attaching to Units or Special Voting Units; or,

(h) the constraint on the issue, transfer or ownership of Units or Special Voting Units or the change or removal of such constraint, except as otherwise provided in the Amended and Restated Declaration of Trust.

The operating policies of the Trust may be amended with the approval by a majority of the votes cast by Unitholders in respect of the amendment at a meeting.

The Trustees may, without the approval of the Unitholders, make certain amendments to the Amended and Restated Declaration of Trust, including amendments:

(a) ensuring continuing compliance with applicable laws (including the Tax Act and maintaining the Trust's status as a "mutual fund trust" under the Tax Act), regulations, requirements or policies of any governmental or other authority having jurisdiction over the Trustees, the Trust, or over the distribution of Units;

(b) providing additional protection, in the opinion of the Trustees, for the Unitholders;

(c) removing any conflicts or inconsistencies in the Amended and Restated Declaration of Trust, or making minor corrections, including the rectification of any ambiguities, defective provisions, errors, mistakes or omissions which are, in the opinion of Trustees, necessary or desirable and not prejudicial to the Unitholders;

(d) which, in the opinion of the Trustees, are necessary or desirable to remove conflicts or inconsistencies between the publicly filed disclosure documents of the Trust and the Amended and Restated Declaration of Trust;

(e) which, in the opinion of the Trustees, are necessary or desirable as a result of changes in generally accepted accounting principles (including accounting guidelines) or taxation or other laws or the administration or enforcement thereof;

(f) enabling the Trust to issue Units for which the purchase price is payable in instalments;

(g) creating one or more additional classes of units solely to provide voting rights to holders of shares, units or other securities that are exchangeable for Units entitling the holder thereof to a number of votes not exceeding the number of Units into which the exchangeable shares, units or other securities are exchangeable or convertible but that do not otherwise entitle the holder thereof to any rights with respect to the Trust's property or income other than a return of capital;

(h) for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) if the Trustees are of the opinion that the amendment is not prejudicial to Unitholders and is necessary or desirable; or

(i) making those changes to the Amended and Restated Declaration of Trust which, in the opinion of the Trustees, are necessary or desirable in order to: (i) ensure continuing compliance with IFRS, or (ii) ensure the Units qualify as equity for the purposes of IFRS, or (iii) address any changes to the interpretation of the terms of the Amended and Restated Declaration of Trust that may arise due to the adoption of IFRS, or any changes to IFRS after the adoption thereof; or (iv) avoid any other unintended consequences from the adoption of IFRS.

However, no amendment, other than an amendment made pursuant to paragraph (i), above, shall: (a) modify the right to vote attached to any Unit or the entitlement to distributions from the Trust without Unitholder consent; (b) reduce the percentage of votes required to be cast at a meeting of the Unitholders without rhe consent of the holders of all of the Units then oustanding amend the Amended and Restated Declaration of Trust without the consent of all Unitholders; or (c) cause the Trust to fail or cease to qualify as a “mutual fund trust” under the Tax Act.

Market Price and Trading Volume Data

The outstanding Units are listed for trading on the TSX under the symbol “IIP.UN” and began trading on the TSX on April 25, 2007.

The following table sets forth the high and low and closing trading prices of the Units on the TSX, together with the volume, for the 12 months in 2019:

Month	**High**	**Low**	**Close**	**Volume**
January	$13.78	$12.06	$13.42	8,372,439
February	$14.28	$13.35	$14.11	4,845,131
March	$14.79	$13.76	$14.54	5,944,241
April	$14.62	$13.28	$13.59	3,779,686
May	$14.32	$13.36	$14.15	3,582,554
June	$14.53	$13.45	$13.80	5,441,175
July	$14.96	$13.72	$14.73	6,325,444
August	$16.06	$14.58	$16.02	5,381,063
September	$16.39	$15.16	$16.36	6,760,897
October	$16.61	$15.30	$15.61	6,566,955
November	$16.55	$15.30	$16.48	7,890,905
December	$16.54	$15.24	$15.64	9,026,413

Other Securities

Equity Incentive Plans

The Trust's Unit Option Plan, deferred unit plan and long term incentive plan (collectively, the "**Equity Incentive Plans**") were approved by the Shareholders of the Trust at its annual and special meeting of Unitholders held on June 29, 2007 and were subsequently amended on September 30, 2009, June 22, 2011, June 14, 2013, May 18, 2016 and May 21, 2019. At the May 21, 2019 Annual and Special Meeting of Unitholders, an amendment was passed to each of the Unit Option Plan, Long Term Incentive Plan and Deferred Unit Plan so that they share a common maximum number of Units available for issuance thereunder set at 7.0% of the issued and outstanding Units from time to time.

Unit Option Plan

Unit Options ("**Unit Options**") may be granted to any Trustee, employee or certain other third parties. The exercise price per Unit Option cannot be less than the volume weighted average trading price of the Units on the TSX, or any other exchange where the majority of the trading volume and value of the Units occurs, for the five trading days immediately preceding the day the Unit Option are granted. The exercise period for each Unit Option is not to be more than 10 years. The maximum number of Units issuable to Insiders of the Trust, within any one-year period, pursuant to the Unit Option Plan and any other security based compensation arrangements of the Trust, is 7% of the total number of Units then outstanding. The Unit Option Plan is administrated by the Board in consultation with the Compensation Committee. Unit Options are not assignable, except in accordance with the provisions of the Unit Option Plan and upon notice to the Trust.

At the May 21, 2019 Annual and Special Meeting of Unitholders, the following amendments were passed to the Unit Option Plan in order to add greater clarity and consistency among the Equity Incentive Plans:

- clarifying what happens to unvested Unit Options in the event of a Change of Control (as defined in the Unit Option Plan);

- removing Consultant as Eligible Persons (each as defined in the Unit Option Plan) for the purpose of the Unit Option Plan and clarifying that Employees who are Trustees are Eligible Individuals (each as defined in the Unit Option Plan) and non-employee Trustees/directors are not eligible to participate in the Unit Option Plan on a discretionary basis;

- adding that upon the exercise of Unit Options by an Optionee, the Trust will have the right in its discretion to satisfy any liability for applicable withholding taxes by withholding and selling in the public market for and on behalf of the Optionee, or causing an Optionee to sell in the public market, that number of Units issued to the Optionee pursuant to an exercise of Options as is sufficient to fund the applicable withholding taxes, and adding a requirement for the remaining Units issued to the Option upon such exercise of options after the payment of applicable holding taxes to be held for a period of twelve (12) months prior to resale;

- clarifying that Unitholder approval is required for: (i) increase in the number of Units covered by each Option; or (ii) an amendment to increase the rolling and re-loading percentage of Units (and not number of Units) reserved for issuance under the Unit Option Plan; or (iii) an amendment to permit a non-employee Trustee/director to participate in the Unit Option Plan on a discretionary basis; or (iv) any amendment which allows the Option to be assignable (other than to legal representatives in the event of death); or (v) any extension of the term of Options beyond the expiration of term of such Option; and (vi) any amendments to the amendment provisions requiring Unitholder approval.

Deferred Unit Plan

The Trust has a deferred unit plan ("**Deferred Unit Plan**") which is available to certain eligible Trustees, officers and employees of the Trust who elect to participate ("**DUP Participants**"). The purpose of the Deferred Unit Plan is to promote a greater alignment of interests between the DUP Participants and Unitholders.

Each DUP Participant that elects to participate shall:

- in respect of a Trustee, be paid between 60% and 100% of the annual cash retainer (the "**Annual Cash Retainer**") paid by the Trust to that Trustee in a calendar year for service on the Board, together with committee fees, attendance fees, additional fees and retainers to committee chairs; or

- in respect of an officer or employee, up to 100% of the annual cash bonus (the "**Annual Cash Bonus**", and together with the Annual Cash Retainer, the "**Annual Incentive Bonus**") paid by the Trust to that officer or employee in a calendar year,

(the "**Elected Amount**") in the form of deferred Units ("**Deferred Units**") in lieu of cash, provided that the Trust shall match the Elected Amount for each DUP Participant such that the number of Deferred Units issued to each DUP Participant shall be equal in value to two (2) times the Elected Amount.

In addition, each eligible DUP Participant (officers and other senior employees) that elects to participate shall be paid 100% of their retention bonus (the "**Retention Bonus**", otherwise known as the "**Match**") and/or long term incentive bonus (the "**Long Term Incentive Bonus**") in the form of Deferred Units.

In order to qualify for a Retention Bonus, the following conditions must be satisfied:

(a) the Trust must meet certain performance criteria set by the Trustees or Compensation Committee on an annual basis; and,

(b) the DUP Participant must be employed by the Trust at a "**Retention Bonus Payment Time**" (the date upon which such bonus is paid to the Participant).

In order to qualify for a Long Term Incentive Bonus, the Trust and the officer or senior employee in question must meet certain performance criteria set by the Trustees or the Compensation Committee on an annual basis. The Deferred Units vest 50% on the third anniversary and 25% on each of the fourth and fifth anniversaries, subject to provisions for earlier vesting in certain events.

The number of Deferred Units (including fractional Deferred Units) granted at any particular time pursuant to the Deferred Unit Plan will be calculated by dividing: (i) (A) two (2) times the dollar amount of the Elected Amount or (B) the dollar amount of the Retention or Long Term Incentive Bonus, as the case may be, allocated to the DUP Participant by (ii) the Market Value (as defined below) of a Unit on the award date. "Market Value" at any date in respect to the Units means the volume weighted average price of all Units traded on the TSX for the ten (10) trading days immediately preceding such date (or, if such Units are not listed and posted for trading on the TSX, on such stock exchange on which such Units are listed and posted for trading as may be selected for such purpose by the Board). In the event that such Units are not listed and posted for trading on any stock exchange, the Market Value shall be the fair market value of such Units as determined by the Board in its sole discretion.

At no time shall: (i) the number of Units reserved for issuance to Insiders of the Trust pursuant to outstanding Deferred Units, together with the number of Units reserved for issuance to such persons pursuant to any other compensation arrangements, exceed 7% of the then outstanding Units, as calculated immediately prior to the issuance in question; and (ii) the number of Units issued to Insiders of the Trust pursuant to outstanding Deferred Units, together with the number of Units issued to such persons pursuant to any other compensation arrangements, within any one year period, exceed 10% of the then outstanding Units.

The Deferred Unit Plan is administered by the Compensation Committee, reporting to the Board. The Board has the power to amend, modify, suspend or terminate the Deferred Unit Plan, subject to regulatory approval or Unitholder approval as necessary.

At the May 21, 2019 Annual and Special Meeting of Unitholders, the following amendments were passed to the Deferred Unit Plan in order to add greater clarity and consistency among the Equity Incentive Plans:

- clarifying the Trust's ability to withhold certain Deferred Units and redeeming them for cash on behalf of the DUP Participant to satisfy Applicable Withholding Taxes (as defined in the Deferred Unit Plan);

- clarifying that non-employee Trustees are not eligible to participate in the Deferred Unit Plan on a discretionary basis (save and except for their ability to elect to be paid their Elected Amount in the form of Deferred Units;

- clarifying that a DUP Participant's entitlement to an Annual Incentive Bonus at the Incentive Bonus Payment Time (as defined in the Deferred Unit Plan) if the DUP Participant meets certain performance targets as established by the Trustees or the Compensation Committee on an annual basis;

- clarifying that 100% of the Retention Bonus or Annual Incentive Bonus, as the case may be, shall qualify as the Elected Amount that is effectively matched by the Trust;

- reducing the retirement age of the DUP Participant from 75 years to 65 years in connection with the Deferred Units;

- clarifying that Deferred Units may be redeemed at any time after they vest;

- clarifying the ability of the Trust to make a lump sum cash payment to DUP Participants in lieu of issuing Units, in certain circumstances subject to Board approval; and

- clarifying that Unitholder approval is required for: (i) an amendment to permit a non-employee Trustee to participate in the Deferred Unit Plan on a discretionary basis; or (ii) any increase to the number or rolling limit on the number of Units reserved for issuance under the Deferred Unit Plan; or (iii) any amendments to the amendment provisions requiring Unitholder approval.

Long Term Incentive Plan

The Trust has a long term incentive plan (the "**Long Term Incentive Plan**") which is available to certain Trustees, officers and employees of the Trust ("**LTIP Participants**"). The objective of the Long Term Incentive Plan is to encourage increased long term equity participation in the Trust by LTIP Participants. The Long Term Incentive Plan is intended to facilitate long term ownership of Units by LTIP Participants and to provide LTIP Participants with additional incentives by increasing their interest, as owners, in the Trust. As well, it is believed by the management of the Trust that the Long Term Incentive Plan will encourage LTIP Participants to remain with the Trust, and will also attract new employees to the Trust.

Under the Long Term Incentive Plan, LTIP Participants may subscribe for treasury Units ("**Plan Units**") for a purchase price equal to the "Market Price" for Units, which purchase price will be payable in cash instalments. The first instalment will be an amount equal to not less than 5% of the Market Price for the Units on the date of issue and will be payable by LTIP Participants on the date such Plan Units are issued. The "Market Price" for Units will be equal to the volume weighted average trading price of Units on the TSX for the five (5) trading days immediately preceding their issue. The Long Term Incentive Plan prohibits any reduction or other change in the price paid for Plan Units, except to reflect a consolidation or split of the Units or similar capital reorganization.

Prior to payment in full of all instalments (together with interest thereon, as described below) relating to Plan Units, beneficial ownership of the Plan Units will be represented by instalment receipts issued by the Trust (the "**Instalment Receipts**") to LTIP Participants. LTIP Participants will be required to pay interest to the Trust on the outstanding balance of the remaining instalments at a 10-year fixed annual rate not less than a prescribed rate under the Tax Act applicable at the time the Plan Units are issued. Pursuant to an instalment receipt agreement to be entered into between the Trust and LTIP Participants (the "**Instalment Receipt Agreement**"), LTIP Participants will be required to apply all distributions paid on the Plan Units to pay such interest and to pay the remaining instalments, such that, following all such payments, the LTIP Participants will have paid the full market price for the Plan Units. All interest accruing in respect of a calendar year must be paid within 30 days following the end of the year.

Under the Instalment Receipt Agreement, legal title to the Units will be registered in the name of a custodian (the "**Custodian**") and held as security for the payment obligations of the LTIP Participants until all instalments and interest have been fully paid. The Trust's recourse will be limited to the Plan Units pledged to the Trust as security for the payment of instalments and interest. If payment of any instalments or interest from an LTIP Participant is not received by the Custodian when due, any Plan Units then remaining held as security may, at the option of the Trust and subject to applicable law, (i) be acquired by the Trust for cancellation or (ii) be sold by the Custodian in the market and that portion of the proceeds equal to the remaining instalments and interest owing delivered to the Trust, in each case in full satisfaction of the obligations of the holder of the Instalment Receipts secured by such Plan Units.

At no time shall the number of Units reserved for issuance to LTIP Participants pursuant to outstanding Plan Units, together with the number of Units reserved for issuance to such persons pursuant to any other compensation arrangements, exceed 7% of the then outstanding Units, as calculated immediately prior to the issuance in question.

The Long Term Incentive Plan is administered by the Board (or the Compensation Committee) which will have the power to amend, modify, suspend or terminate the Long Term Incentive Plan, subject to regulatory or Unitholder approval as required therein and in circumstances described in section 3.7 of the Long Term Incentive Plan, to Unitholder approval.

At the May 21, 2019 Annual and Special Meeting of Unitholders, the following amendments were passed to the Long Term Incentive Plan in order to add greater clarity and consistency among the Equity Incentive Plans:

- clarifying what happens to unvested Plan Units in the event of a Change of Control (as defined in the Unit Option Plan);
- clarifying that employees who are Trustees are Eligible Persons (as defined in the Long Term Incentive Plan) but non-employee Trustees are not eligible to participate in the Long Term Incentive Plan on a discretionary basis;
- clarifying that non-employee Trustees are not eligible to participate in the Deferred Unit Plan on a discretionary basis (save and except for their ability to elect to be paid their Elected Amount in the form of Deferred Units; and
- clarifying that Unitholder approval is required for: (i) an amendment to permit a non-employee Trustee/director to participate in the Long Term Incentive Plan on a discretionary basis; or (ii) any increase to the number or rolling limit on the number of Units reserved for issuance under the Long Term Incentive Plan; or any amendments to the amendment provisions requiring Unitholder approval.

Exchange Agreement

The Trust, New InterRent and the Holdings Partnership entered into the Exchange Agreement whereby the Holdings Partnership Class B LP Units, Warrants, Options granted under the Stock Option Plan and Debentures are exchangeable for Units rather than Shares.

Distribution Reinvestment Plan

The Trust has a distribution reinvestment plan, which allows Unitholders to elect to reinvest their monthly cash distributions into Units except as disclosed therein.

Legal Proceedings

There are no legal proceedings material to the Trust to which the Trust is a party or of which any of its property is the subject matter, except as disclosed herein.

On September 8, 2009, NorthWest Value Partners Inc. ("**NWVP**") issued a Notice of Application in the Superior Court of Justice of Ontario against the former trustees of the Trust and others (but not against the Trust itself) seeking a declaration, among other things, that the trustees of the Trust did not have authority to complete the private placement that closed on September 3, 2009. On September 28, 2009, the Superior Court of Justice of Ontario directed a trial on certain matters but denied most of the requests by NWVP. Specifically, the Court denied the NWVP request for a declaration that the trustees of the Trust did not have the authority to close the private placement. Further, the court denied the NWVP request that the investors in the private placement not be permitted to vote at the annual and special meeting of unitholders of the Trust held on September 30, 2009. The Superior Court of Justice of Ontario awarded the Trust costs in excess of $100,000. NWVP has paid to the Trust the awarded costs.

On October 15, 2009, NWVP filed a notice of appeal with the Court of Appeal for Ontario appealing the decision of the Superior Court of Justice. On June 7, 2010, the appeal by NWVP was dismissed with costs of $25,000 ordered payable by NWVP to the Trust. NWVP has paid to the Trust the awarded costs.

Future legal costs may be incurred if NWVP proceeds to trial on the other outstanding issues which remain from the September 8, 2009 Notice of Application relating to the private placement. While the Trust maintains that the merits of NWVP's claims for damages are low, there is the possibility of an award of damages, in the event that NWVP was able to prove damages at trial. In such event, it is expected that the former trustees of the Trust would seek indemnity from the Trust to the extent that any such damages are not fully covered by policies of insurance held by the Trust for the benefit of the former trustees. The foregoing litigation costs, if incurred without successfully recovering the costs, and an award of damages against the former trustees that is not fully covered by policies of insurance held by the Trust for the benefit of the former trustees could to the extent of the Trust's indemnification obligations, if any, have an adverse impact on the financial condition of the Trust.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of results of operations and financial position of the Trust for the financial period ended December 31, 2019 is incorporated by reference herein.

INVESTMENT GUIDELINES AND OPERATING AND DISTRIBUTION POLICES

Investment Guidelines

Pursuant to the Amended and Restated Declaration of Trust, the assets of the Trust may be invested only and the Trust shall not permit the assets of any subsidiary to be invested otherwise than in accordance with the following investment guidelines:

(a) the Trust will focus its activities primarily on the acquisition, holding, maintaining, improving, leasing or managing of multi-unit residential revenue producing properties, and ancillary real estate ventures (**"focus activities"**);

(b) notwithstanding anything contained in the Amended and Restated Declaration of Trust to the contrary, no investment will be made that would result in the Trust not qualifying as a "mutual fund trust" or "real estate investment trust" pursuant to subsection 132(6) and 122.1(1) of the Tax Act, respectively;

(c) the Trust may, directly or indirectly, make such investments, do all such things and carry out all such activities as are necessary or desirable in connection with the conduct of its activities provided they are not otherwise specifically prohibited under the Amended and Restated Declaration of Trust;

(d) the Trust may invest in freehold, leasehold or other interests in property (real, personal, moveable or immoveable);

(e) the Trust may make its investments and conduct its activities directly or indirectly, through an investment in one or more persons on such terms as the Trustees may from time to time determine, including by way of joint ventures, partnerships (general or limited), and limited liability companies;

(f) no single asset (other than Trust Units, Notes and units of the Holdings Partnership) shall be acquired if the cost of such acquisition (net of the amount of debt secured by such asset) will exceed 20% of Gross Book Value, provided that where such asset is the securities of or an interest in an entity, the foregoing tests shall be applied individually to each asset of such entity;

(g) investments may be made in a joint venture arrangement provided that:

where the joint venture investment is made through the ownership of securities or an interest in an entity ("**joint venture entity**") the joint venture entity satisfies the definition of "excluded subsidiary entity" as defined in subsection 122.1(1) of the Tax Act;

(h) unless otherwise permitted in the provisions of this Declaration of Trust and except for temporary investments held in cash, deposits with a Canadian or U.S. chartered bank or trust company registered under the laws of a province of Canada, short-term government debt securities, some or all of the receivables under instalment receipt agreements or money market instruments of, or guaranteed by, a Schedule I Canadian chartered bank maturing prior to one year from the date of issue, the Trust, directly or indirectly, may not hold securities other than (i) currency or interest rate futures contracts for hedging purposes to the extent that such hedging activity complies with the Canadian Securities Administrator's National Instrument 81-102 or any successor instrument or rule; (ii) securities of a joint venture entity, or any entity formed and operated solely for the purpose of carrying on ancillary activities to any real estate owned, directly or indirectly, by the Trust, or an entity wholly-owned, directly or indirectly, by the Trust formed and operated solely for the purpose of holding a particular real property or real properties; and (iii) securities of another issuer provided either (A) such securities derive their value, directly or indirectly, principally from real property, or (B) the principal business of the issuer of the securities is the ownership or operation, directly or indirectly, of real property, and provided in either case the entity whose securities are being acquired are engaged in a focus activity;

(i) no investments will be made in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;

(j) no investments will be made in a mortgage, mortgage bonds, notes (other than Notes) or debentures (**"Debt Instruments"**) (including participating or convertible) unless the aggregate value of the investments of the Trust in Debt Instruments, after giving effect to the proposed investment, will not exceed 20% of the Gross Book Value provided that, notwithstanding the foregoing, an investment may be made in a Debt Instrument if the sole intention is to use such investment as a method of acquiring control of a revenue producing real property which would otherwise be a permitted investment pursuant to these investment guidelines and provided that the aggregate value of the investments in such Debt Instruments will not exceed 20% of the Gross Book Value; and

(k) notwithstanding any other provisions of this Declaration of Trust, investments may be made which do not comply with the investment policy provisions of this Declaration of Trust provided (i) the aggregate cost thereof (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred in connection with the acquisition and secured by a mortgage on such property) does not exceed 20% of the Gross Book Value and (ii) the making of such investment would not contravene paragraph (b) above.

Pursuant to the Amended and Restated Declaration of Trust, the investment guidelines set forth above may only be amended with the approval of at least 66⅔% of the votes cast at a meeting of Voting Unitholders called for that purpose.

Operating Policies

Pursuant to the Amended and Restated Declaration of Trust, the operations and affairs of the Trust will be conducted in accordance with the following policies and that the Trust will not permit any subsidiary to conduct its operations and affairs other than in accordance with the following policies:

(a) the construction or development of real property may be engaged in;

(b) title to each real property shall be held by and registered in the name of the Holdings Partnership, the Holdings Partnership General Partner or a corporation or other entity wholly-owned directly or indirectly by the Trust or jointly owned directly or indirectly by the Trust with joint venturers; provided, that where land tenure will not provide fee simple title, the Holdings Partnership, the Holdings Partnership General Partner or a corporation or other entity wholly-owned, directly or indirectly by the Holdings Partnership or jointly owned, directly or indirectly, by the Trust with joint venturers shall hold a land lease as appropriate under the land tenure system in the relevant jurisdiction;

(c) no indebtedness shall be incurred or assumed if, after giving effect to the incurring or assumption thereof of the indebtedness, the total indebtedness as a percentage of Gross Book Value would be more than 75%, with the prior approval of Independent Trustees, for indebtedness, including amounts drawn under an acquisition facility;

(d) at all times insurance coverage will be obtained and maintained in respect of potential liabilities of the Trust and the accidental loss of value of the assets of the Trust from risks, in amounts and with such insurers, in each case as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties;

(e) the trust shall not, directly or indirectly, guarantee any indebtedness or liabilities of any kind if such guarantee would disqualify the Trust as a "mutual fund trust" within the meaning of the Tax Act;

(f) except for the Contributed Assets acquired pursuant to the Arrangement Agreement, a Phase I environmental audit shall be conducted for each real property to be acquired and, if the Phase I environmental audit report recommends that further environmental audits be conducted, such further environmental audits shall be conducted, in each case by an independent and experienced environmental consultant; and

(g) at least 8.5% of gross consolidated annual rental revenues generated from properties where the associated mortgage financing is insured by the Canadian Mortgage and Housing Corporation (**"insured properties"**) as determined pursuant to GAAP shall be expended annually on sustaining capital expenditures, repairs and maintenance, all determined on a portfolio basis for all insured properties. For this purpose, capital expenditures and repairs and maintenance include all onsite labour costs and other expenses and items associated with such capital expenditures, repairs and maintenance.

Pursuant to the Amended and Restated Declaration of Trust, the operating policies set forth above may only be amended with the approval of a majority of the votes cast at a meeting of Unitholders called for that purpose.

Distribution Policy

The Trust may distribute to Unitholders on or about each Distribution Date such percentage of the Distributable Income of the Trust for any Distribution Period or other period as the Trustees in their discretion may determine and declare. The Trust, at the Trustees' absolute discretion, currently intends to distribute in each year, subject to appropriate reserves as determined by the Trustees, in the range of 90% of the Distributable Income of the Trust for such year provided that the Trust receives amounts equal to such distributions from its investments. Unitholders at the close of business on each Distribution Record Date shall be entitled to receive and to enforce payment of any distribution of Distributable Income declared by the Trustees for such Distribution Period. The distribution for any Distribution Period will be paid on the Distribution Date for such Distribution Period. In addition to the distributions which are made payable to Unitholders, the Trustees may designate and make payable any income or capital gains realized by the Trust (including any income or capital gains realized by the Trust on the redemption of Trust Units *in specie*) to redeeming Unitholders. The Trustees, if they so determine when income has been accrued but not collected may, on a temporary basis, transfer sufficient monies from the capital to the income account of the Trust to permit distributions of income which are payable to be effected.

The computation of Distributable Income as well as other related matters in regards to distributions are available in the most recent Amended and Restated Declaration of Trust which can be found on www.sedar.com.

Actual Cash Distributions

The Trust's current monthly distribution was changed to $0.025833 per unit from $0.024167 per unit for the November 2019 distribution that was paid in December 2019. The monthly distribution had changed from: $0.02250 to $0.024167 in November 2018; $0.02025 to $0.02250 in November 2017. The following distributions were declared for the most recent three financial years: 2019 - $0.29334; 2018 - $0.27333; and, 2017 – $0.24750.

RISK FACTORS

The Trust is exposed to a variety of risks, general and specific. General risks are the risks associated with general conditions in the real estate sector, and consist largely of commonly exposed risks affecting the real estate industry as a whole. Specific risks are the risks specific to the Trust and its operations, such as credit, market, liquidity and operational risks. This section should be read in conjunction with the Trust's management's discussion and analysis for the year ended December 31, 2019.

Current Economic Risks

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

Real Estate Industry Risk

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

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

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

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

Multi-Unit Residential Sector Risk

Income producing properties generate income through rent payments made by tenants of the properties. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to the Trust than the existing lease. The Trust is dependent on leasing markets to ensure vacant residential space is leased, expiring leases are renewed and new tenants are found to fill vacancies. A disruption in the economy could have a significant impact on how much space tenants will lease and the rental rates paid by tenants. This would affect the income produced by the Trust's properties as a result of downward pressure on rents.

Environmental Risks

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

Competition Risk

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

General Uninsured Losses

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

Credit Risk - Leases

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

Local Real Estate Market Risk and Asset Concentration

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

Rent Control Legislation Risk

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

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

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

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

Utility and Property Tax Risk

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

Operational Risk

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

Renovation Risks

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

Fluctuations and Availability of Cash Distributions

Although the Trust intends to continue distributing its Distributable Income, the actual amount of Distributable Income distributed in respect of the Units will depend upon numerous factors, some of which may be beyond the control of the Trust. The distribution policy of the Trust is established by the Trustees and is subject to change at the discretion of the Trustees. The recourse of Unitholders who disagree with any change in policy is limited and could require such Unitholders to seek to replace the Trustees.

Distributable Income may exceed actual cash available to the Trust from time to time because of items such as principal repayments, tenant allowances, leasing commissions and capital expenditures and redemption of Units, if any. The Trust may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items.

Market Price of Units

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

Legal Rights Normally Associated with the Ownership of Shares of a Corporation

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

Ability of Unitholders to Redeem Units

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

Regulatory Approvals Risk

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

Changes in Legislation

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

Investment Eligibility

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

INCOME TAX MATTERS

SIFT Rules

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

The REIT Exception

Based on a review of the Trust's assets and revenues, management believes that the Trust satisfied the tests to qualify for the REIT Exception throughout 2019 and therefore the SIFT Rules will have no application and the Trust and its Unitholders will not, directly or indirectly, be subject to tax imposed by the SIFT Rules. However, as the REIT exemption includes complex revenue and asset tests no assurances can be provided that the Trust will continue to qualify for any subsequent year.

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

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

Other Canadian Tax Matters

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

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

Risks Associated with Disclosure Controls and Procedures or Internal Control over Financial Reporting

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

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

Unitholders Limited Liability

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

Structural Subordination of Debt

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

Statutory Remedies

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

Outstanding Indebtedness

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

Dependence on Key Personnel

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

Potential Conflicts of Interest

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

Dilution

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

Restrictions on Potential Growth and Reliance on Credit Facilities

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

Proposed Property Acquisitions

There can be no assurance that future acquisitions will not adversely affect the business, financial condition or operating results of the Trust. The Trust's planned growth will require increasingly sophisticated financial and operational controls to be implemented. In the event that financial and operational controls do not keep pace with the Trust's expansion, the potential for unintended accounting and operational errors may increase.

Property Acquisition Risks

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

Interest Risk

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

Appraisals of Properties

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

Debt and Distributable Income

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

Legal Proceedings

In the normal course of operations, the Trust may become subject to a variety of legal and other claims. Management and legal counsel evaluate all claims on their apparent merits, and accrue management's best estimate of the estimated costs to satisfy such claims.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Mr. Mike McGahan, Chief Executive Officer and a Trustee of the Trust is the President, Chief Executive Officer and principal of CLV. CLV is a company that focuses on providing "Complete Real Estate Solutions", including property management, real estate brokerage, mortgage brokerage, residential rentals, commercial leasing and construction. As a result, Mr. McGahan may be subject to certain potential conflicts of interest with respect to his roles with the Trust and CLV. To mitigate the potential for conflicts of interest, Asset Purchase Agreement with CLV included a specific non-competition provision related to managing multi-family residential properties.

MANAGEMENT CONTRACTS

There are no management functions of InterRent REIT that are to any substantial degree performed by a person other than the Trustees or officers of InterRent REIT.

In 2018, the REIT entered into an agreement with CLV to internalize the Trust's property management function effective February 15, 2018. As a result of the internalization, the property, asset and project management fees payable by the Trust under the Property Management Agreement were eliminated. Upon closing of the transaction, the current employees of the property manager who were providing property management services for the Trust's properties became employees of the Trust or one of its affiliates. InterRent REIT and CLV have agreed to use commercially reasonable efforts to cooperate for a period of 24 months following the closing of the transaction to, among other things, ensure the orderly transition of the Trust-related property management business and to minimize any disruption to either party. During such period, the Trust has agreed to provide the property manager with access to the purchased assets on a cost recovery basis. CLV had also agreed to allow the Trust to use the property manager's brand without cost for a period of 24 months following closing of the transaction. Effective November 1, 2019, the Trust entered into an extension agreement with CLV for an additional term of two years (extending the term to February 14, 2022) for no cost consideration.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Auditor

The auditors of InterRent REIT are RSM Canada LLP, Chartered Professional Accountants ("**RSM**"), who have prepared an independent auditors' report dated March 3, 2020 in respect of InterRent REIT's consolidated annual financial statements with accompanying notes as at and for the years ended December 31, 2019 and 2018. RSM has advised that they are independent with respect to InterRent REIT within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

Transfer Agent and Registrar

The transfer agent and registrar for the Units is TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1.

MATERIAL CONTRACTS

The following are the material contracts relating to the Trust and its Subsidiaries:

1. the Amended and Restated Declaration of Trust;
2. the InterRent Trust Declaration of Trust;
3. the Holdings Partnership Limited Partnership Agreement;
4. the Exchange Agreement;
5. the Note Indenture; and
6. the Asset Purchase Agreement

See information in this annual information form and the information circular dated October 17, 2006 of IIP for particulars of such contracts. Copies of these agreements are available for review at www.sedar.com but may be inspected, without charge, at the registered office of InterRent REIT located at 485 Bank Street, Suite 207, Ottawa, Ontario, K2P 1Z2 Attention: Chief Financial Officer during ordinary business hours.

ADDITIONAL INFORMATION

Additional information relating to InterRent REIT, including the documents listed above and incorporated by reference in this AIF can be found on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. Additional financial information respecting the InterRent REIT is provided in the audited financial statements and management's discussion and analysis for the period ended December 31, 2019. Additional information of InterRent REIT, including InterRent REIT's Trustees and officers' remuneration and indebtedness, principal holders of InterRent REIT's Units and securities authorized for issuance under equity compensation plans is provided in InterRent REIT's management information circular dated April 10, 2019. All of the foregoing documents have been filed on SEDAR. Copies of those documents, as well as additional copies of this AIF, are available upon written request without charge from the Chief Financial Officer of InterRent REIT at 485 Bank Street, Suite 207, Ottawa, Ontario, K2P 1Z2.

APPENDIX A

INTERRENT REAL ESTATE INVESTMENT TRUST
(the "**Trust**")

CHARTER OF THE AUDIT COMMITTEE
(the "**Charter**")

I. GENERAL

1. Mandate and Purpose

The Audit Committee (the "**Committee**") is a committee of the Board of Trustees ("**Board**"/"**Board of Trustees**") of the Trust. The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities by:

- reviewing the financial reports, other financial information and relevant documents provided by the Trust to any governmental body or the public;
- recommending the appointment of the Trust's external auditor and reviewing and appraising the audit efforts of such external auditor;
- providing an open avenue of communication among the external auditor, financial and senior management of the Trust and the Board of Trustees;
- reviewing the qualifications, independence and performance of the external auditor;
- serving as an independent and objective party to monitor the Trust's financial reporting processes including internal controls and disclosure controls thereon;
- encouraging continuous improvement of, and fostering adherence to, the Trust's policies, procedures and practices over financial reporting processes;
- ensuring the Trust's compliance with legal and regulatory requirements, as they relate to the Trust's financial statements; and
- performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

For purposes of performing their oversight related duties, members of the Committee shall have full access to all Trust information and shall be permitted to discuss such information and any other matters relating to the financial position of the Trust with senior employees, officers and external auditors of the Trust.

2. Authority

The Committee has authority to:

(a) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(b) set and pay the compensation for any advisors employed by the Committee; and

(c) communicate directly with the external auditors.

II. PROCEDURAL MATTERS

1. Composition

The Committee shall be composed of a minimum of three members.

2. Member Qualifications

(a) Every Committee member must be a trustee of the Trust;

(b) Every Committee member must be "independent" as that term is defined in Schedule "A"; and

(c) Every Committee member must be "financially literate" as that term is defined in Schedule "A".

3. Member Appointment and Removal

Members of the Committee will be appointed by the Board annually based on the recommendations of the nominations and governance committee (the "**Governance Committee**") of the Trust. The members of the Committee will hold office until their successors are appointed or until they are removed by the Board or cease to be trustees of the Trust.

The Board may, by resolution, remove a member of the Committee at any time in their sole discretion. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board. A vacancy will be filled by the Board if the membership of the Committee falls below three members.

4. Structure and Operations

(a) Chair

Each year, the Board will appoint one member of the Committee to act as the chairperson of the Committee (the "**Chair**"). The Chair must have accounting or related financial expertise. The Chair may be removed at any time at the discretion of the Board. If the Chair is absent from any meeting, the Committee will select one of its other members to preside at that meeting.

(b) **Meetings**

The Chair will be responsible for developing and setting the agenda of the Committee meetings, and in consultation with management determining the schedule and frequency of such Committee meetings, provided that any member of the Committee or the external auditor may call a meeting of the Committee. The Committee shall meet at least four times annually, or more frequently as circumstances require. The Committee shall meet prior to the filing of quarterly financial statements to review and discuss the unaudited financial results for the preceding quarter and the related Management Discussion & Analysis ("**MD&A**"), and shall meet prior to filing the annual audited financial statements to review and discuss the audited financial results for the year and related MD&A.

As part of its job to foster open communication, the Committee should meet at least annually with management and the external auditor in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately.

(c) **Notice**

Notice of the time and place of every meeting will be given in writing, verbally or by telephonic or other electronic communication to each member of the Committee, the chairman of the Board, the chief executive officer (the "**CEO**") of the Trust and the chief financial officer (the "**CFO**") of the Trust, at least 48 hours prior to the time fixed for such meeting. The notice period may be waived by a quorum of the Committee.

(d) **Attendees**

The Committee may invite such officers and employees of the Trust and advisors as it sees fit from time to time to attend meetings of the Committee to assist in the discussion and deliberation of matters being considered by the Committee, and to provide information as necessary.

(e) **Quorum**

The quorum for the transaction of business at any meeting of the Committee shall consist of a majority of the number of members of the Committee then holding office, or such greater number as the Committee shall by resolution determine. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person, or by means of a telephonic, electronic or other communications facility that permits all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

(f) **Secretary**

The Committee will appoint a Secretary to the Committee who need not be a trustee or officer of the Trust.

(g) **Records**

Minutes of meetings of the Committee will be recorded and maintained by the Secretary to the Committee and will be subsequently presented to the Committee for review and approval.

(h) **Liaison**

The CFO will act as management liaison with the Committee.

III. RESPONSIBILITIES AND DUTIES

1. General

In general, the Committee has responsibility to:

- create an agenda for the ensuing year;
- review all legislative and regulatory requirements applicable to the Committee as well as any best practice guidelines recommended by regulators, and recommend to the Governance Committee any changes to be made to this Charter; and
- assist management in providing the information required by Form 52-110F1 in the Trust's annual information form or such other disclosure document required by National Instrument 52-110 and other legal requirements.

2. Documents/Reports Review

The Committee has responsibility to:

- review the Trust's interim and annual financial statements, all interim and annual MD&As and all financial-related information and press releases prior to their publication and/or filing with any governmental body, or the public, or the Unitholders including any certification, report, opinion or review rendered by the external auditor; and
- satisfy itself that adequate procedures are in place for the review of the Trust's public disclosure of financial information extracted or derived from the Trust's financial statements, other than the public disclosure referred to in paragraph 6, and periodically assess the adequacy of such procedures.

3. External Auditor

The Committee has responsibility to:

- recommend to the Board of Trustees the selection of the external auditor, consider the independence and effectiveness of such external auditor, and approve their fees and other compensation to be paid;

- monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discuss and resolve any material differences of opinion between management and the external auditor;

- review, discuss and obtain a formal written statement of external auditor, on an annual basis, setting forth all significant relationships they have with the Trust to determine their independence;

- oversee and review, on an annual basis, the performance of the external auditor who shall be ultimately accountable to the Board and Committee as representatives of unitholders of the Trust, and approve any proposed discharge of the external auditor when circumstances warrant. Consider with management and the external auditor the rationale for employing accounting/auditing firms other than the principal external auditor;

- review and discuss with the external auditor, any disclosed relationships or services that may impact the objectivity and independence of the external auditor;

- periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the Trust's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper;

- ensure that the external auditor reports directly to the Committee and arrange for the external auditor to be available to the Committee and the Board of Trustees as needed; and

- review and approve the Trust's hiring policies regarding partners, employees and former partners and employees of the Trust's present and former external auditor.

4. Pre-Approval of Non-Audit Services

The Committee has responsibility to:

- review and pre-approve all audit and audit related services and the fees and other compensation related thereto, and any non-audit services to be provided to the Trust or its subsidiaries by the external auditor. The pre-approval requirement is waived with respect to the provision of non-audit services if:

    (a) the aggregate amount of all such non-audit services provided to the Trust constitutes no more than 5% of the total fees paid by the Trust to its external auditors during the fiscal year in which the non-audit services are provided;

    (b) such services were not recognized by the Trust at the time of the engagement to be non-audit services; and

(c) such services are promptly brought to the attention of the Committee by the Trust and approved prior to the completion of the audit by the Committee or by one or more members of the Board to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more members of the Committee.

5. Financial Reporting Processes

The Committee has responsibility to:

- review and recommend approval to the Board of:

  (i) the annual financial statements; and

  (ii) financial information contained in prospectuses or other offering documents

- in consultation with the external auditor, review with management the integrity of the Trust's financial reporting processes, both internal and external;

- consider the external auditor's judgments about the quality and appropriateness, not just the acceptability, of the Trust's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices or are minority practices;

- consider and approve, if appropriate, changes to the Trust's accounting principles and practices as suggested by management with the concurrence of the external auditor and ensure that the management's reasoning is described in determining the appropriateness of changes in accounting principles and disclosure; and

- discuss with management any significant variances between comparative reporting periods.

6. Process Improvement

The Committee has responsibility to:

- establish regular and separate systems of reporting to the Committee by each of management and the external auditor regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments;

- review the scope and plans of the external auditor's audit and reviews prior to the audit and reviews being conducted. The Committee may authorize the external auditor to perform supplemental reviews or audits as the Committee may deem desirable;

- following completion of the annual audit and quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and reviews;

- review and resolve any significant disagreements among management and the external auditor in connection with the preparation of the financial statements;

- ensure that there is an agreed course of action for the resolution of such matters where there are significant unsettled issues, or areas of concern;

- review with the external auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee;

- review activities, organizational structure, and qualifications of the CFO and the staff in the financial reporting area and see to it that matters related to succession planning within the Trust are raised for consideration by the Board; and

- satisfy itself, on behalf of the Board of Trustees, with respect to the success of the Trust's internal control systems in:

  (i) identifying, monitoring and mitigating business risks; and

  (ii) ensuring compliance with legal, ethical and regulatory requirements

7. Controls and Control Deviations

The Committee has the responsibility to:

- review the plan and scope of the annual audit with respect to planned reliance and testing of controls;

- review major points contained in the auditor's management letter resulting from control evaluation and testing;

- receive reports from management when significant control deviations occur;

- establish a Trust-wide culture that conveys basic values of ethical integrity as well as legal compliance and strong financial reporting and control;

- review plans of the external auditors to ensure the evaluation and testing of control is comprehensive, cost effective and appropriate to risks, business activities and changing circumstances;

- receive from management and the external auditors, regular reports on all major control deviations, or indications/detection of fraud, and how such control breakdowns have been corrected;

- participate in the review and appointment of key people involved in financial reporting (i.e. the CFO etc.);

- review CEO and CFO certification matters including matters relating to disclosure controls and procedures;

- review annually a formal report prepared by management on the effectiveness of the Trust's internal control systems;

- review fraud prevention policies and programs and for monitoring their implementation; and

- examine whether extension of its oversight of internal control systems into any non-financial areas (e.g., operations) is appropriate.

8. Ethical and Legal Compliance

The Committee has the responsibility to:

- establish procedures for the receipt, retention and treatment of complaints received by the Trust regarding accounting, internal controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. In this regard, the Committee will review and update its Whistle Blower Policy on an annual basis;

- review and update periodically a Code of Ethical Conduct and ensure that management has established a system to enforce this Code; review through appropriate actions taken to ensure compliance with the Code of Ethical Conduct and to review the results of confirmations and violations of such Code;

- review management's monitoring of the Trust's system in place to ensure that the Trust's financial statements, reports and other financial information disseminated to governmental organizations, and the public satisfy legal requirements; and

- review, with the Trust's counsel, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the Trust's financial statements.

9. Risk Management

The Committee has the responsibility to:

- serve as the Trust's "Risk Management Committee" by examining the Trust's principal business risks and financial risks and ensuring that such risks are controlled and appropriately described in the Trust's annual information forms, MD&As and other operating documents;

- review the Trust's "appetite" for risk as set forth by the management and the Board;

- review management's plans, processes and programs to manage and control such risks; and

- review management's program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage.

10. General

- Conduct or authorize investigations into any matters within the Committee's scope of responsibilities.

- Perform any other activities consistent with this Charter, the Amended and Restated Declaration of Trust and governing law, as the Committee or the Board of Trustees deem necessary or appropriate.

11. Reporting to the Board

- Report to the Board in a timely manner on all significant matters it has considered and addressed and with respect to such other matters that are within its responsibilities. This report may take the form of circulating copies of the minutes of each meeting held.

Schedule “A”

Independence Requirement of National Instrument 52-110 – Audit Committee (“NI 52-110”)

A member of the Audit Committee shall be considered “independent”, in accordance with NI 52-110 - Audit Committees, subject to the additional requirements or exceptions provided in NI 52-110, if that member has no direct or indirect relationship with the Trust, which could reasonably interfere with the exercise of the member’s independent judgment. The following persons are considered to have a material relationship with the Trust and, as such cannot be a member of the Committee:

(a) an individual who is, or has been within the last three years an employee or executive officer of the Trust;

(b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Trust;

(c) an individual who:

  (a) is a partner of a firm that is the Trust’s internal or external auditor;

  (b) is an employee of that firm; or

  (c) was within the last three years a partner or employee of that firm and personally worked on the Trust’s audit within that time;

(d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares home with the individual:

  (a) is a partner of a firm that is the Trust’s internal or external auditor;

  (b) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or

  (c) was within the last three years a partner or employee of that firm and personally worked on the Trust’s audit within that time;

(e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Trust’s current executive officers serve or served at the same time on the entity’s compensation committee; and

(f) an individual who received, or whose immediate family member who is employed as an executive officer or the Trust received more than $75,000 in direct compensation from the Trust during any 12 month period within the last three years, other than a remuneration for acting in his or her capacity as a member of the Board of Trustees or any committee of the Board, or the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service to the Trust if the compensation is not contingent in any way on continued service.

In addition to the independence criteria discussed above, any individual who:

(a) has a relationship with the Trust pursuant to which the individual may accept directly or indirectly, any consulting, advisory or other compensatory fee from the Trust or any subsidiary entity of the Trust, other than as remuneration for acting in his or her capacity as a member of the Board or any board committee or as a part-time chair or vice-chair of the Board or any board or committee, or

(b) is an affiliated entity of the Trust or any of its subsidiary entities,

is deemed to have a material relationship with the Trust, and therefore, is deemed not to be independent.

The indirect acceptance by an individual of any consulting, advisory or other fee includes acceptance of a fee by:

(a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or

(b) an entity in which such individual is a partner, member or an officer such as a managing trustee occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Trust or any subsidiary entity of the Trust.

Financial Literacy Under NI 52-110

"Financially literate", in accordance with NI 52-110, means that the trustee has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Trust's financial statements.