InterRent REIT

Management's Discussion & Analysis

For the Three and Nine Months Ended September 30, 2023

November 1, 2023

Rooftop Terrace
The Slayte, Ottawa

MANAGEMENT'S DISCUSSION & ANALYSIS
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FORWARD-LOOKING STATEMENTS

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis ("MD&A") of InterRent Real Estate Investment Trust ("InterRent REIT", the "REIT" or the "Trust") contains "forward-looking statements" within the meaning of applicable securities legislation. This document should be read in conjunction with material contained in the Trust's audited consolidated financial statements for the year ended December 31, 2022, along with InterRent REIT's other publicly filed documents. Forward-looking statements appear in this MD&A under the heading "Outlook" and generally include, but are not limited to, statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results circumstances, performance or expectations, including but not limited to financial performance and equity or debt offerings, new markets for growth, financial position, comparable multi-residential REITs and proposed acquisitions. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

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

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

- Overall national economic activity
- Regional economic and demographic factors, such as employment rates and immigration trends
- Inflationary/deflationary factors
- Long-, medium-, and short-term interest rates
- Availability of financing
- Housing starts
- Housing affordability
- Provincial government housing policies
- Canadian Mortgage and Housing Corporation (CMHC) policies

Although the forward-looking information contained herein is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. InterRent REIT has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, however there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. InterRent REIT does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.

Certain statements included herein may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this MD&A.

INTERRENT REAL ESTATE INVESTMENT TRUST

InterRent Real Estate Investment Trust ("InterRent REIT", the "REIT" or the "Trust") is an unincorporated, open-ended real estate investment trust created pursuant to a Declaration of Trust, dated October 10, 2006, as most recently amended May 21, 2019, under the laws of the Province of Ontario. InterRent REIT was created to invest in income producing multi-family residential properties within Canada initially through the acquisition of InterRent International Properties Inc. (the "Corporation") and of the Silverstone Group by the way of a plan of arrangement (the "Arrangement") under the Business Corporations Act (Ontario), which was completed on December 7, 2006.

InterRent REIT's principal objectives are to provide its unitholders ("Unitholders") with stable and growing monthly cash distributions, partially on a Canadian income tax-deferred basis, and to increase the value of its trust units (the "Units") through the effective management of its residential multi-family revenue producing properties, the acquisition of additional, accretive properties, and delivering new supply through intensification and development.

DECLARATION OF TRUST

The investment policies of the Trust are outlined in the Trust's Amended and Restated Declaration of Trust (the "DOT") dated as of May 21, 2019, and a copy of this document is available on SEDAR (www.sedar.com).

At September 30, 2023 the Trust was in material compliance with all investment guidelines and operating policies stipulated in the DOT.

ACCOUNTING POLICIES

InterRent REIT's accounting policies are described in note 3 of the audited consolidated financial statements for the year ended December 31, 2022, and note 2 of the condensed consolidated interim financial statements for September 30, 2023.

In applying these policies, in certain cases it is necessary to use estimates, which management determines using information available to the Trust at the time. Management reviews key estimates on a quarterly basis to determine their appropriateness and any change to these estimates is applied prospectively in compliance with IFRS. Significant estimates are made with respect to the fair values of investment properties and the fair values of financial instruments.

NON-GAAP MEASURES

Proportionate results represent financial information adjusted to reflect the Trust's equity accounted joint ventures on a proportionately consolidated basis at the Trust's ownership percentage of the related investment. Under IFRS (GAAP), the Trust's equity accounted joint ventures are presented on one line in the consolidated balance sheets and the consolidated statement of income (loss) in aggregate. In this MD&A the consolidated balance sheets and consolidated statement of income (loss) are presented as if the joint ventures were proportionately consolidated. The presentation of financial information at the Trust's proportionate interest provide a more detailed view of performance and reflect how Management operates the business. Reconciliations of the proportionate balance sheet and proportionate statement of income (loss) to those prepared on a GAAP basis are found in the non-IFRS reconciliations and performance measures section of this MD&A.

Gross Rental Revenue, Net Operating Income, Same Property results, Repositioned Property results, Funds from Operations, Adjusted Funds from Operations, Adjusted Cash Flows from Operations and EBITDA (or, in each case, substantially similar terms) are measures sometimes used by Canadian real estate investment trusts as indicators of financial performance, however they do not have standardized meanings prescribed by IFRS (GAAP). These measures may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to similarly termed measures reported by other such issuers.

Gross Rental Revenue is the total potential revenue from suite rentals before considering vacancy and rebates and excludes other revenue from ancillary sources.

Net Operating Income ("NOI") is a key measure of operating performance used in the real estate industry and includes all rental revenues generated at the property level, less related direct costs such as utilities, realty taxes, insurance and on-site maintenance wages and salaries. As one of the factors that may be considered relevant by readers, management believes that NOI is a useful supplemental measure that may assist prospective investors in assessing the Trust.

Same property results are revenues, expenses and NOI from properties owned by the Trust throughout the comparative periods, which removes the impact of situations that result in the comparative period to be less meaningful. Some examples include: acquisitions, dispositions, redevelopments or properties going through a lease-up period.

Repositioned property results are revenues, expenses and NOI from properties owned by the Trust prior to January 1, 2020.

Funds from Operations ("FFO") and Adjusted Funds from Operations ("AFFO") are financial measures commonly used by many Canadian real estate investment trusts which should not be considered as an alternative to net income, cash flow from operations, or any other operating or liquidity measure prescribed under GAAP. The Trust presents FFO and AFFO in accordance with the REALpac White Paper on Funds from Operations and Adjusted Funds from Operations for IFRS dated January 2022. Management considers FFO and AFFO a useful measure of recurring economic earnings.

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

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

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

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

OVERVIEW

BUSINESS OVERVIEW AND STRATEGY

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

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

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

In the first nine months of 2023, the Trust purchased a 10% ownership in two properties comprised of 605 suites in Brampton, Ontario for $18.6 million and purchased a 25% ownership in an office conversion project in Ottawa, Ontario for $4.4 million. The Trust also disposed of a 54-suite property in Ottawa, Ontario for proceeds of $11.5 million, or $213,000 per suite.

As at September 30, 2023, the Trust has 100% ownership interest in 12,060 suites, a 50% financial interest in 1,214 suites, and a 10% financial interest in 605 suites of which: a) 12,384 are included in same property suites, or 97.3% of the portfolio; and, b) 10,130 are included in repositioned property suites, or 79.6% of the portfolio.

With the current immigration targets there will be an increased demand for housing while supply issues in the market are persisting. The Trust is working with various levels of government to try and create policies to encourage more supply and currently over 4,000 suites under development with the potential for further intensification at various sites within its portfolio.

OPERATIONS UPDATE

- Total portfolio occupancy of 95.2% for September 2023 was down 20 basis points from 95.4% in June 2023, and represents a 40 basis point decrease from September 2022 occupancy of 95.6%. Robust leasing activity through October has increased this occupancy figure since the end of the quarter, and we are well on course to end the year with over 96% occupancy.
- Lease-up continues at The Slayte in Ottawa, which as of the end of October is over 84% leased.

- The Trust continues to invest in its portfolio as a driver of future organic growth, spending $30.8 million during the quarter on a proportionate basis, of which $9.3 million was spent on improvements for non-repositioned properties, $3.7 million on properties under development, and $17.8 million on the repositioned portfolio.

OUTLOOK

a) Management remains committed to growing the REIT in a strategic and structured manner, although timing is being impacted by the current economic environment, however, future growth is still anticipated to come from:

   i. continuing to source properties in our core markets that allow us to build scale within these areas and apply our repositioning experience and expertise in a manner that continues to provide long term accretion for our Unitholders;

   ii. continuously looking for new ways and opportunities to drive existing revenues, create new revenue streams and reduce operating costs within our portfolio;

   iii. re-deploying capital from areas where management believes that properties have reached their economic peak or that the area will not allow the REIT to reach the desired level of scale;

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

   v. participating in joint ventures for mixed-use sites where the REIT can add value through its experience and expertise in owning and operating multi-family rentals.

b) The REIT continues to evaluate intensification opportunities within the portfolio and has completed a project in Montréal, where C-class office space in one of the REIT's existing buildings was converted into 36 new residential units. Occupancy commenced during Q2, and as of October, the units are over 60% leased.

c) In addition to the intensification projects, the REIT is continuing to make progress on its four active developments, for more information on our ongoing projects, see "Properties Under Development."

d) Liquidity Update:

   - The Trust's current credit facilities total $223.0 million of available credit. There is approximately $21.8 million drawn on these facilities as at September 30, 2023.
   - At September 30, 2023, the Trust had approximately $133.3 million in unencumbered properties that do not have mortgages nor provide security for any credit facilities.
   - During the quarter, the Trust closed on one new mortgage for proceeds of $63.3 million, up-financed one mortgage for gross proceeds of $12.5 million (maturing loan of $9.7 million) and renewed three smaller mortgages totaling $17.5 million.
   - With a debt-to-GBV ratio of 38.6%, the REIT has significant liquidity available through both CMHC insured and conventional mortgage financing to finance future capital programs, development opportunities and acquisitions.

Q3 PERFORMANCE HIGHLIGHTS

The following table presents a summary of InterRent's proportionate operating performance for the three months ended September 30, 2023 compared to the same period in 2022:

Selected Consolidated Information In $000's, except per Unit amounts and other non-financial data	**3 Months Ended September 30, 2023**	**3 Months Ended September 30, 2022**	**Change**
Total suites	**12,728**[1]	12,573[1]	**+1.2%**
Average rent per suite (September)	**$ 1,576**	$ 1,462	**+7.8%**
Occupancy rate (September)	**95.2%**	95.6%	**-40 bps**
Proportionate operating revenues	**$ 59,596**	$ 54,866	**+8.6%**
Proportionate net operating income (NOI)	**$ 40,291**	$ 36,309	**+11.0%**
NOI %	**67.6%**	66.2%	**+140 bps**
Same Property average rent per suite (September)	**$ 1,566**	$ 1,460	**+7.3%**
Same Property occupancy rate (September)	**95.2%**	95.6%	**-40 bps**
Same Property proportionate operating revenues	**$ 58,493**	$ 54,064	**+8.2%**
Same Property proportionate NOI	**$ 39,527**	$ 35,769	**+10.5%**
Same Property NOI %	**67.6%**	66.2%	**+140 bps**
Net Income (Loss)	**$ (54,560)**	$ 32,670	**-267.0%**
Funds from Operations (FFO)	**$ 21,303**	$ 20,309	**+4.9%**
FFO per weighted average unit - diluted	**$ 0.146**	$ 0.140	**+4.3%**
Adjusted Funds from Operations (AFFO)	**$ 18,925**	$ 17,806	**+6.3%**
AFFO per weighted average unit - diluted	**$ 0.129**	$ 0.123	**+4.9%**
Distributions per unit	**$ 0.0900**	$ 0.0855	**+5.3%**
Adjusted Cash Flow from Operations (ACFO)	**$ 17,415**	$ 23,756	**-26.7%**
Debt-to-GBV	**38.6%**	37.4%	**+120 bps**
Interest coverage (rolling 12 months)	**2.30x**	2.96x	**-0.66x**
Debt service coverage (rolling 12 months)	**1.52x**	1.75x	**-0.23x**

(1) Represents 12,060 (2022 - 11,965) suites fully owned by the REIT, 1,214 (2022 - 1,214) suites owned 50% by the REIT, and 605 (2022 - nil) suites owned 10% by the REIT.

- Overall Portfolio:
  a) Proportionate operating revenues for the quarter rose by $4.7 million to $59.6 million, an increase of 8.6% over Q3 2022.
  b) Average monthly rent per suite increased to $1,576 (September 2023) from $1,462 (September 2022), an increase of 7.8%, and from $1,531 (June 2023) an increase of 2.9%.
  c) Occupancy for September 2023 was 95.2%, a decrease of 20 basis points compared to June 2023 and a decrease of 40 basis points when compared to September 2022.
  d) Proportionate NOI for the quarter was $40.3 million, an increase of $4.0 million, or 11.0%, over Q3 2022. NOI margin for the quarter was 67.6%, an increase of 140 basis points from Q3 2022.
- Same Property Portfolio:
  a) Proportionate operating revenues for the quarter increased by $4.4 million to $58.5 million, an increase of 8.2% from Q3 2022.
  b) Average monthly rent per suite for the same property portfolio increased to $1,566 (September 2023) from $1,460 (September 2022), an increase of 7.3%.
  c) Occupancy for September 2023 was 95.2%, a decrease of 20 basis points when compared to June 2023 and a decrease of 40 basis points when compared to September 2022.

d) Proportionate NOI for the quarter was $39.5 million, an increase of $3.8 million, or 10.5% from Q3 2022. Same property NOI margin for the quarter was 67.6%, an increase of 140 basis points from Q3 2022.

- Repositioned properties had an average monthly rent per suite of $1,550, occupancy of 95.6% for September 2023 and an NOI margin for the quarter of 67.8%.
- Net loss for the quarter was $54.6 million, a decrease of $87.2 million compared to Q3 2022. This difference was due primarily to the $77.2 million FV loss on investment properties in Q3 2023, compared to a $5.7 million FV gain in Q3 2022. Also contributing were a $5.7 million lower unrealized gain on financial instruments and a $2.2 million increase in financing costs; offset by $3.7m higher NOI (GAAP basis).
- FFO for the quarter increased by $1.0 million, or 4.9%, to $21.3 million compared to Q3 2022. FFO per Unit for the quarter increased by 4.3% to $0.146 per Unit compared to $.140 per Unit for Q3 2022.
- AFFO for the quarter increased by $1.1 million, or 6.3%, to $18.9 million compared to Q3 2022. AFFO per Unit for the quarter increased by 4.9% to $0.129 per Unit compared to $0.123 per Unit for Q3 2022.
- ACFO decreased by $6.3 million, or 26.7%, to $17.4 million compared to Q3 2022. Decrease was due primarily to changes in working capital.
- Debt-to-GBV at quarter end was 38.6%, an increase of 120 basis points and an increase of 90 basis points compared to September 2022 and June 2023, respectively.

PORTFOLIO SUMMARY

The Trust started the year with 12,610 suites. During the nine months ended September 30, 2023, the Trust acquired a 10% interest in 605 suites in the Greater Toronto & Hamilton Area, added three suites to existing properties, one each in the Greater Toronto & Hamilton Area, Other Ontario region, and Greater Montréal Area, brought 91 suites online at The Slayte development in the National Capital Region, added 17 units at the Montréal intensification project, and disposed of a 54-suite property in the National Capital Region. At September 30, 2023, the Trust owned 12,728 suites. Management continuously reviews the markets that the REIT operates in to determine if the portfolio mix remains suitable. Management believes that there are significant opportunities within the portfolio for organic rent growth, to reduce operating costs, and to further streamline operations. At September 30, 2023, 97.3% of the portfolio was included in same property suites and 79.6% of the portfolio was included in repositioned property suites. We continue to evaluate opportunities within our target markets, as well as other gateway cities in Canada. Given current market conditions, the Trust will remain judicious with its investment strategy in order to continue to grow the REIT in a fiscally prudent manner. The following chart shows our suite mix by region. InterRent's focus on recycling capital and growing its core markets of the Greater Toronto & Hamilton Area ("GTHA"), National Capital Region ("NCR"), Greater Montréal Area ("GMA"), and Greater Vancouver Area ("GVA") has resulted in approximately 84% of InterRent's suites being located in these core markets.

SUITES BY REGION AT SEPTEMBER 30, 2023

Region	Total Portfolio			Same Property		
	Suites – 100% basis	Suites – proportionate	% of Portfolio	Suites – 100% basis	Suites – proportionate	% of Portfolio
Greater Toronto & Hamilton Area	4,748	4,157	32.7%	4,143	4,096	33.0%
National Capital Region	3,033	3,033	23.8%	2,905	2,905	23.5%
Other Ontario	2,004	2,004	15.7%	2,004	2,004	16.2%
Greater Montreal Area	3,228	3,101	24.4%	2,974	2,974	24.0%
Greater Vancouver Area	866	433	3.4%	809	405	3.3%
Total	13,879	12,728	100.0%	12,835	12,384	100.0%

ACQUISITIONS

During the quarter, the Trust completed the purchase of a 25% stake in an office conversion project in Ottawa, Ontario for $4.4 million.

DISPOSITIONS

During the quarter, the Trust completed the sale of a 54-suite property in Ottawa, Ontario for a sale price of $11.5 million, or $213,000 per suite, against a carrying value of $10.8 million. Proceeds from the sale were used to fund the REIT's capital requirements, pay down debt, and for unit repurchases under the NCIB.

PROPERTIES UNDER DEVELOPMENT

Development activity is another important way that the REIT surfaces value through accretive growth and contributes to housing supply. InterRent's development strategy is consistent with its broader goals: to expand its portfolio within its primary markets. Development opportunities are regularly reviewed by Management, and are selectively undertaken based on the expected contribution of the property to the REIT's portfolio.

The REIT currently has four ongoing development projects that, when complete, could provide over 4,000 additional suites and over 560,000 square feet of commercial and retail space.

Project	City	Suite Count	Commercial Sq. Ft.	Ownership Interest	Target Completion Date
360 Laurier	Ottawa	139	1,736	25.0%	Q3 2025
Richmond & Churchill	Ottawa	177	11,591	100.0%	H2 2027
Burlington GO Lands	Burlington	1,526 (Phases 1-2) 989 (Phases 3-4)	20,081 (Phases 1-2) 19,779 (Phases 3-4)	25.0%	2032 (Phases 1-2)
900 Albert Street	Ottawa	1,241	511,608	50.0%	TBD

Transfers into the operating portfolio occur when the property is operating in the manner intended by Management. Generally this occurs upon completion of construction, as well as the receipt of all necessary permits.

360 LAURIER

360 Laurier Ave W is an office conversion project located in downtown Ottawa, with 139 residential units and 1,736 sq ft of retail space across 11 storeys. The adaptive reuse project is currently in the site plan control process with minor variances approved by the City of Ottawa in October 2023. Full site plan approval is expected in Q4 2023, with preliminary investigative demolition currently underway. Full demolition is expected in Q1 2024 with reconstruction starting in Q2. The design team is nearing completion of design development and is working through construction drawings for tendering.

RICHMOND & CHURCHILL

The zoning bylaw amendment for the property has been successfully approved by the City of Ottawa to allow for a 9-storey mixed-use building, as well as an additional rooftop amenity level. The rezoning allows the REIT to develop 177 residential suites and 11,591 sq ft of commercial space on the site. The site plan application was formally approved February 2022 and the draft Site Plan agreement was received June 2022. The REIT is working through construction drawings in order to gain a high degree of cost certainty through active tendering based on completed drawings, as well as positioning the REIT with the ability to obtain building permits.

BURLINGTON GO LANDS

A settlement was reached with the City of Burlington regarding the Phase 1 site plan application, subject to conditions, and was ultimately approved at the Ontario Land Tribunal. The REIT is finalizing working drawings for building permit. Fulfillment of the site plan conditions and building permit submission is anticipated in Q4 2023. The full site plan contemplates 2,515 residential suites with 39,860 sq ft of commercial space. Phase 1 will include 775 units across two point towers on a 4 storey podium along with 9,304 sq ft of retail space.

900 ALBERT STREET

The site plan application was approved by Ottawa City Council in July 2020 and the final site plan agreement is currently ongoing. The approved site plan application allows for 1,241 residential suites and 511,608 sq ft of commercial space. The REIT continues to work with its partner and external consultants to develop detailed design plans in order to deliver an offering that reflects not only the current needs of the market but also incorporates concepts and technologies to ensure its continued relevance as rental housing needs continue to evolve. Management continues to monitor, and is encouraged by, the redevelopment progress in the broader LeBreton Flats area.

ANALYSIS OF PROPORTIONATE OPERATING RESULTS

The following operating results are presented on a proportionate basis, inclusive of the Trust's proportionate share of equity accounted joint ventures, for the periods indicated. For a reconciliation to the Trust's operating results as reported under GAAP, see the "Non-IFRS Reconciliations and Performance Measures" section of this MD&A.

In $ 000's	3 Months Ended September 30, 2023		3 Months Ended September 30, 2022		9 Months Ended September 30, 2023		9 months Ended September 30, 2022	
Gross rental revenue	**$ 59,906**		$ 54,890		**$ 175,041**		$ 160,632	
Less: vacancy & rebates	**(3,610)**		(3,307)		**(8,796)**		(10,995)	
Other revenue	**3,300**		3,283		**10,054**		9,951	
Operating revenues	**$ 59,596**		$ 54,866		**$ 176,299**		$ 159,588	
Expenses								
Property operating costs	**9,885**	**16.6%**	9,332	17.0%	**28,552**	**16.2%**	26,691	16.7%
Property taxes	**6,296**	**10.6%**	6,016	11.0%	**18,825**	**10.7%**	17,944	11.2%
Utilities	**3,124**	**5.2%**	3,209	5.8%	**13,242**	**7.5%**	13,029	8.2%
Operating expenses	**$ 19,305**	**32.4%**	$ 18,557	33.8%	**$ 60,619**	**34.4%**	$ 57,664	36.1%
Net operating income	**$ 40,291**		$ 36,309		**$ 115,680**		$ 101,924	
Net operating margin	**67.6%**		66.2%		**65.6%**		63.9%	

REVENUE

Gross rental revenue for the three months ended September 30, 2023 increased 9.1% to $59.9 million compared to $54.9 million for the three months ended September 30, 2022. Operating revenue for the quarter was up $4.7 million to $59.6 million, or 8.6% compared to Q3 2022. The Trust owned, on a weighted average basis, 12,745 suites for the three months ended September 30, 2023 as compared to 12,573 for the three months ended September 30, 2022, an increase of 172 suites over the period. On a per weighted average suite basis, operating revenue for 2023 was $4,676 and increased by 7.2% over $4,364 in Q3 2022.

Average monthly rent for September 2023 of $1,576 per suite has increased compared to $1,462 for September 2022, (7.8% increase), and $1,531 for June 2023 (2.9% increase). On a same property basis, the average rent increased by $106 per suite (or up 7.3%) over September 2022 and by $41 per suite (or up 2.7%) over June 2023. Management expects to continue to grow rent organically, as well as continuing to drive other ancillary revenue streams such as parking, laundry, locker rentals, and cable and telecom revenue share agreements.

▼ AVERAGE RENT BY REGION[1]

Region	Total Portfolio			Same Property		
	September 2023	September 2022	Change	September 2023	September 2022	Change
Greater Toronto & Hamilton Area	$1,679	$1,555	+8.0%	$1,677	$1,554	+7.9%
National Capital Region[1]	$1,630	$1,512	+7.8%	$1,608	$1,518	+5.9%
Other Ontario	$1,545	$1,423	+8.6%	$1,545	$1,423	+8.6%
Greater Montreal Area	$1,363	$1,279	+6.6%	$1,343	$1,259	+6.7%
Greater Vancouver Area	$1,876	$1,731	+8.4%	$1,898	$1,753	+8.3%
Total	**$1,576**	**$1,462**	**+7.8%**	**$1,566**	**$1,460**	**+7.3%**

[1] Excludes extended stay suites.

The REIT estimates the average market rental gap on the total portfolio to be in excess of 30%. The REIT is continuing to carefully monitor the demand in the market and will adjust rents based on balancing short-term occupancy against long term rental revenue growth.

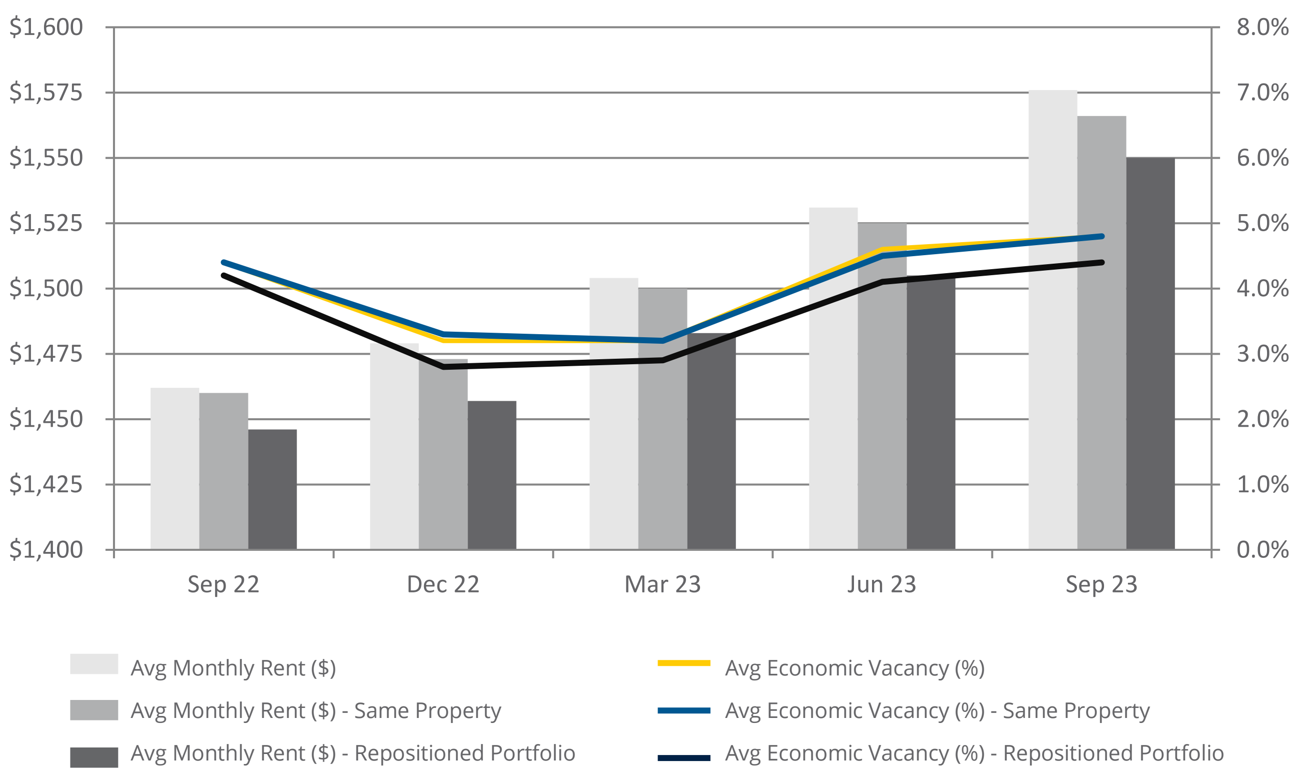
PORTFOLIO OCCUPANCY

As part of the ongoing effort to balance organic revenue growth and occupancy levels, the vacancy rate on an annual basis is expected to be in the 4% range once a property is repositioned. Going forward, management believes that minor variations in economic vacancy will continue to occur from one quarter to another given the seasonal nature of rental activity. The rental growth objectives are being achieved as a direct result of:

1. ensuring that properties are safe, secure and well maintained;
2. ensuring suites are properly repaired and maintained before being rented to new residents;
3. tailoring marketing to the specific features, location and demographics of each individual property; and,
4. ensuring that operations are running as efficiently and cost effectively as possible to ensure the well-being of residents and resident enjoyment of their homes.

This is part of the Trust's repositioning strategy to maximize rental revenues, lower operating costs and create safe, quality communities for our residents, extending the useful life of buildings that would otherwise be heading for demolition, and thereby creating value for all stakeholders. Management intends to continue to pursue this strategy both within the existing portfolio and as it looks to add new properties within targeted regions.

The following chart represents both the average monthly rents and the economic occupancy for the entire portfolio for the months listed. Economic occupancy is calculated by taking financial vacancy loss and dividing it by gross rental revenue.



	September 2022	December 2022	March 2023	June 2023	September 2023
Average monthly rents all properties	$1,462	$1,479	$1,504	$1,531	$1,576
Average monthly rents same property	$1,460	$1,473	$1,500	$1,525	$1,566
Average monthly rents repositioned property	$1,446	$1,457	$1,483	$1,505	$1,550

The overall economic vacancy for September 2023 across the entire portfolio was 4.8%, an increase of 20 basis points as compared to the 4.6% recorded for June 2023, and an increase of 40 basis points from 4.4% in September 2022.

On a same property portfolio basis, the economic vacancy for September 2023 was 4.8%, an increase of 30 basis points from the 4.5% vacancy in June 2023, and an increase of 40 basis points as compared to the 4.4% recorded for September 2022.

Amortization of lease incentives for Q3 2023 was down $0.3 million or 37.5% from Q3 2022. Use of incentives peaked during the pandemic, and due to the IFRS recognition of incentives, the impact continued into 2022 as those incentives were amortized.

▼ VACANCY BY REGION

Region	Total Portfolio			Same Property		
	September 2023	September 2022	Change	September 2023	September 2022	Change
Greater Toronto & Hamilton Area	4.8%	2.5%	+230 bps	4.9%	2.5%	+240 bps
National Capital Region	3.1%	2.8%	+30 bps	3.0%	2.9%	+10 bps
Other Ontario	5.1%	3.7%	+140 bps	5.1%	3.7%	+140 bps
Greater Montreal Area	6.6%	10.4%	-380 bps	6.6%	10.8%	-420 bps
Greater Vancouver Area	3.3%	0.8%	+250 bps	3.0%	0.8%	+220 bps
Total	**4.8%**	**4.4%**	**+40 bps**	**4.8%**	**4.4%**	**+40 bps**

OTHER REVENUE

Other rental revenue for the three months ended September 30, 2023 was flat at $3.3 million compared to same period in 2022. Increased revenues from commercial space as well as ancillary sources such as parking, laundry, locker rentals, and cable and telecom continues to be a focus as it provides organic revenue growth.

PROPERTY OPERATING COSTS

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

Property operating costs for the three months ended September 30, 2023 amounted to $9.9 million or 16.6% of revenue compared to $9.3 million or 17.0% of revenue for the three months ended September 30, 2022, and $9.7 million or 16.4% of revenue for Q2 2023. As a percentage of revenue, operating costs decreased by 40 basis points as compared to Q3 2022, and increased 20 basis points as compared to Q2 2023.

PROPERTY TAXES

Property taxes for the three months ended September 30, 2023 amounted to $6.3 million or 10.6% of revenue compared to $6.0 million or 11.0% of revenue for the same period in 2022. Overall property taxes have increased by $0.3 million however they have decreased as a percentage of operating revenues. The increase is from the slightly higher suite count and small annual rate increases compared to 2022.

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

UTILITY COSTS

Utility costs for the three months ended September 30, 2023 amounted to $3.1 million or 5.2% of revenue, compared to $3.2 million or 5.8% of revenue in Q3 2022, a decrease of $0.1 million and 60 basis points. On a per suite basis, utility costs have decreased 4.0% compared to Q3 of 2022. A 14% decrease in natural gas costs was the biggest driver. Rates are down 9% over last year across the portfolio. During 2022, gas prices rose rapidly from January through to October, with per-unit prices in some regions increasing as much as 80%. Prices have come down in 2023 from their peak. The remaining positive variance was from lower usage.

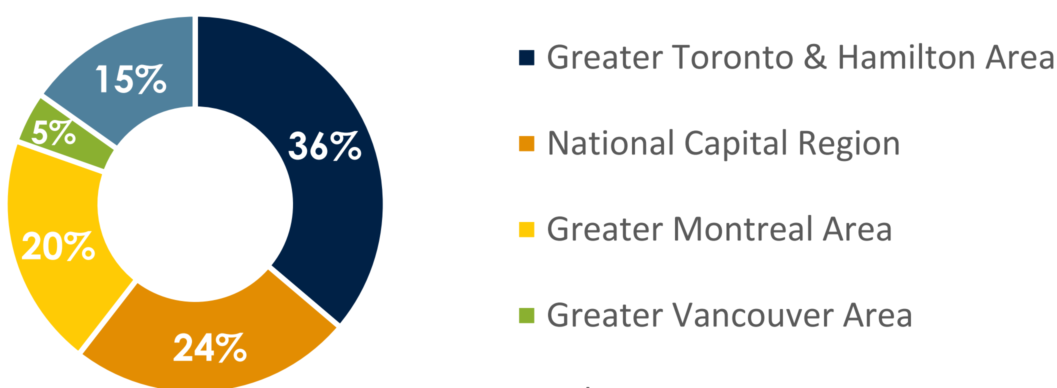
Electricity costs are down slightly over last year despite the larger portfolio under ownership. The Trust continues to manage its electricity costs through its hydro sub-metering initiative, which reduced electricity costs by 37.9%, or $0.7 million for the quarter (Q3 2022 - $0.6 million). At September 30, 2023, the REIT has approximately 83% of its portfolio that has the capability to sub-meter hydro in order to recover the cost. Of these, approximately 85% were on hydro extra leases whereby the resident either pays the local utility provider directly or the REIT recovers the cost from the resident. This represents approximately 71% of the total portfolio. Having residents responsible for utility costs encourages more conscientious behaviour and lowers consumption.

PROPORTIONATE NET OPERATING INCOME (NOI)

Proportionate NOI for the three months ended September 30, 2023 amounted to $40.3 million or 67.6% of operating revenue compared to $36.3 million or 66.2% of operating revenue for the three months ended September 30, 2022. The $4.0 million increase in the quarter results primarily from organic revenue growth.

Proportionate NOI for the three months ended September 30, 2023 from the same property portfolio was $39.5 million, or 67.6% of operating revenue. Management continues to focus on top line revenue growth through selective acquisitions, suite additions, organic revenue growth and ancillary revenue as well as operating cost reductions (such as efficiencies of scale, investment in energy saving initiatives, and investments in infrastructure and technology).

▼ NOI BY REGION – 3 MONTHS ENDED SEPTEMBER 30, 2023



SAME PROPERTY PROPORTIONATE PORTFOLIO PERFORMANCE

Same property results for the three months ended September 30, 2023 are defined as all properties owned and operated by the Trust throughout the comparative periods being reported, and therefore do not take into account the impact on performance of acquisitions, dispositions or properties going through a lease-up during the period from January 1, 2022 to September 30, 2023. As at September 30, 2023, the Trust has 12,384 suites in the same property portfolio. The same property portfolio represents 97.3% of the overall portfolio.

The following same property operating results are presented on a proportionate basis, inclusive of the Trust's proportionate share of equity accounted joint ventures, for the periods ended:

In $ 000's	3 Months Ended September 30, 2023		3 Months Ended September 30, 2022		9 Months Ended September 30, 2023		9 Months Ended September 30, 2022	
Gross rental revenue	**$ 58,752**		$ 54,103		**$ 171,932**		$ 159,649	
Less: vacancy & rebates	**(3,527)**		(3,274)		**(8,590)**		(10,944)	
Other revenue	**3,268**		3,235		**9,859**		9,834	
Operating revenues	**$ 58,493**		$ 54,064		**$ 173,201**		$ 158,539	
Expenses								
Property operating costs	**9,663**	**16.5%**	9,172	16.9%	**27,968**	**16.2%**	26,275	16.5%
Property taxes	**6,189**	**10.6%**	5,953	11.0%	**18,543**	**10.7%**	17,868	11.3%
Utilities	**3,114**	**5.3%**	3,170	5.9%	**13,037**	**7.5%**	12,975	8.2%
Operating expenses	**$ 18,966**	**32.4%**	$ 18,295	33.8%	**$ 59,548**	**34.4%**	$ 57,118	36.0%
Net operating income	**$ 39,527**		$ 35,769		**$ 113,653**		$ 101,421	
Net operating margin	**67.6%**		66.2%		**65.6%**		64.0%	

For the three months ended September 30, 2023, operating revenues for same property portfolio increased by 8.2% compared to Q3 2022. Property operating costs are down 40 basis points as a percentage of operating revenues, property taxes are down 40 basis points, and utilities are down 60 basis points. This resulted in an overall decrease in operating expenses, as a percentage of operating revenues, of 140 basis points as compared to the same period last year.

Operating expenses are up 3.7% year-over-year and operating revenue grew by 8.2%, achieved through achieving market rents on turnover. This resulted in an increase in same property proportionate NOI of $3.8 million, or 10.5%, as compared to the same period last year. NOI margin for Q3 2023 was 67.6% as compared to 66.2% for Q3 2022, a 140 basis point increase.

The average monthly rent for September 2023 for same property increased to $1,566 per suite from $1,460 (September 2022), an increase of 7.3%. Economic vacancy for September 2023 for same property was 4.8%, compared to 4.4% for September 2022.

	September 2022	December 2022	March 2023	June 2023	September 2023
Average monthly rent same property	$1,460	$1,473	$1,500	$1,525	$1,566
Average monthly vacancy same property	4.4%	3.3%	3.2%	4.5%	4.8%

REPOSITIONED PROPERTY PROPORTIONATE PORTFOLIO PERFORMANCE

The Trust's repositioning program following the acquisition of a property typically spans 3 to 4 years, depending on how significant the capital requirements are and on the resident turnover at the property. Repositioned property suites for the three months ended September 30, 2023 are defined as all properties owned and operated by the Trust prior to January 1, 2020. As at September 30, 2023, the Trust has 10,130 repositioned property suites, which represents 79.6% of the overall portfolio.

The following repositioned property operating results are presented on a proportionate basis, inclusive of the Trust's proportionate share of equity accounted joint ventures, for the periods indicated. For a table detailing the Trust's repositioned property operating results on a GAAP basis, see the "Non-IFRS Reconciliations and Performance Measures" section of this MD&A.

	3 Months Ended September 30, 2023								
In $ 000's	Repositioned Property Portfolio			Non-Repositioned Property Portfolio			Total Portfolio		
Gross rental revenue	$	47,756		$	12,150		**$**	**59,906**	
Less: vacancy & rebates		(2,745)			(865)			**(3,610)**	
Other revenue		2,557			743			**3,300**	
Operating revenues	$	47,568		$	12,028		**$**	**59,596**	
Expenses									
Property operating costs		7,938	16.6%		1,947	16.2%		**9,885**	**16.6%**
Property taxes		5,021	10.6%		1,275	10.6%		**6,296**	**10.6%**
Utilities		2,376	5.0%		748	6.2%		**3,124**	**5.2%**
Operating expenses	$	15,335	32.2%	$	3,970	33.0%	**$**	**19,305**	**32.4%**
Net operating income	$	32,233		$	8,058		**$**	**40,291**	
Net operating margin		67.8%			67.0%			**67.6%**	

	9 Months Ended September 30, 2023								
In $ 000's	Repositioned Property Portfolio			Non-Repositioned Property Portfolio			Total Portfolio		
Gross rental revenue	$	139,650		$	35,391		**$**	**175,041**	
Less: vacancy & rebates		(6,592)			(2,204)			**(8,796)**	
Other revenue		7,720			2,334			**10,054**	
Operating revenues	$	140,778		$	35,521		**$**	**176,299**	
Expenses									
Property operating costs		22,863	16.2%		5,689	16.1%		**28,552**	**16.2%**
Property taxes		15,044	10.7%		3,781	10.6%		**18,825**	**10.7%**
Utilities		10,109	7.2%		3,133	8.8%		**13,242**	**7.5%**
Operating expenses	$	48,016	34.1%	$	12,603	35.5%	**$**	**60,619**	**34.4%**
Net operating income	$	92,762		$	22,918		**$**	**115,680**	
Net operating margin		65.9%			64.5%			**65.6%**	

The average monthly rent for September 2023 for the repositioned property portfolio was $1,550 per suite and the economic vacancy for September 2023 was 4.4% whereas the non-repositioned properties had an average monthly rent of $1,675 per suite and an economic vacancy of 6.0% for September 2023.

Region	Repositioned Property Portfolio			Non-Repositioned Property Portfolio		
	Suites	September 2023 Average Rent	September 2023 Vacancy	Suites	September 2023 Average Rent	September 2023 Vacancy
Greater Toronto & Hamilton Area	2,889	$1,676	4.6%	1,268	$1,684	5.4%
National Capital Region	2,901	1,607	3.1%	132	2,114	3.8%
Other Ontario	1,535	1,596	4.0%	469	1,377	9.5%
Greater Montreal Area	2,805	1,337	6.2%	296	1,614	9.5%
Greater Vancouver Area	-	-	-	433	1,876	3.3%
Total	**10,130**	**$1,550**	**4.4%**	**2,598**	**$1,675**	**6.0%**

PROPORTIONATE FINANCING AND ADMINISTRATIVE COSTS

Financing and administrative costs below are presented on a proportionate basis, inclusive of the Trust's proportionate share of equity accounted joint ventures, for the periods indicated. For a reconciliation to the Trust's financing and administrative costs as reported under GAAP, see the "Non-IFRS Reconciliations and Performance Measures" section of this MD&A.

In $ 000's	3 Months Ended September 30, 2023	3 Months Ended September 30, 2022	9 Months Ended September 30, 2023	9 Months Ended September 30, 2022
Net operating income	**$ 40,291**	$ 36,309	**$ 115,680**	$ 101,924
Expenses				
Financing costs	**14,808**	12,478	**43,696**	32,512
Administrative costs	**4,252**	3,484	**12,217**	10,840
Income before other income and expenses	**$ 21,231**	$ 20,347	**$ 59,767**	$ 58,572

FINANCING COSTS

Financing costs amounted to $14.8 million or 24.8% of operating revenue for the three months ended September 30, 2023 compared to $12.5 million or 22.7% of operating revenue for the three months ended September 30, 2022. This is mainly due to higher interest rates and amount of outstanding mortgage debt, both from growth in the portfolio as well as new mortgages and successful up-financings.

In $ 000's	3 Months Ended September 30, 2023			3 Months Ended September 30, 2022		
	GAAP Basis	Proportionate Basis		GAAP Basis	Proportionate Basis	
	Amount	Amount	% of Revenue	Amount	Amount	% of Revenue
Cash based:						
Mortgage interest	**$ 14,603**	**$ 14,914**	**25.1%**	$ 12,027	$ 12,138	22.1%
Credit facilities	**983**	**983**	**1.6%**	485	485	0.9%
Interest capitalized	**(1,139)**	**(1,362)**	**(2.3%)**	(649)	(760)	(1.4%)
Interest income	**(269)**	**(269)**	**(0.5%)**	(109)	(109)	(0.2%)
Non-Cash based:						
Amortization of deferred finance cost and premiums on	**542**	**542**	**0.9%**	724	724	1.3%
Total	**$ 14,720**	**$ 14,808**	**24.8%**	$ 12,478	$ 12,478	22.7%

Financing costs amounted to $43.7 million or 24.8% of operating revenue for the nine months ended September 30, 2023 compared to $32.5 million or 20.4% of operating revenue for the nine months ended September 30, 2022. This is mainly due to higher interest rates and amount of outstanding mortgage debt, both from growth in the portfolio as well as new mortgages and successful up-financings.

In $ 000's	9 Months Ended September 30, 2023			9 Months Ended September 30, 2022		
	GAAP Basis	Proportionate Basis		GAAP Basis	Proportionate Basis	
	Amount	Amount	% of Revenue	Amount	Amount	% of Revenue
Cash based:						
Mortgage interest	**$ 42,956**	**$ 43,736**	**24.8%**	$ 30,288	$ 30,648	19.2%
Credit facilities	**2,388**	**2,388**	**1.4%**	1,733	1,733	1.1%
Interest capitalized	**(2,749)**	**(3,341)**	**(1.9%)**	(1,228)	(1,588)	(1.0%)
Interest income	**(539)**	**(539)**	**(0.3%)**	(310)	(310)	(0.2%)
Non-Cash based:						
Amortization of deferred finance cost and premiums on assumed debt	**1,457**	**1,457**	**0.8%**	2,029	2,029	1.3%
Total	**$ 43,513**	**$ 43,701**	**24.8%**	$ 32,512	$ 32,512	20.4%

Mortgage interest is one of the single largest expense line items for the REIT. Early in the quarter, the Bank of Canada increased its target for the overnight rate by 25 basis points, bringing the overnight rate to 5.00%. The Bank of Canada held this overnight rate through its two subsequent interest rate announcements in September and again in October. Despite volatility in the CPI, with year-over-year increases of 2.8% in June, 4.0% in August, and 3.8% in September, Management is encouraged to see that within its Monetary Policy Report, the Bank of Canada believes there is growing evidence that past interest rate increases are dampening economic activity and relieving price pressures within Canada, which is leading to easing inflation in most economies.

The volatility has continued within the debt markets, with a recent surge in global bond yields. CMHC insured mortgage rates fluctuated early in the quarter with a low of 4.50% and 4.30% to a high of 5.15% and 5.20% late in the quarter for 5- and 10- year terms, respectively. The REIT is encouraged by Canada's Department of Finance September's announcement increasing the Canada Mortgage Bond annual limit from $40 billion to $60 billion. This announcement is one policy lever to support the rental housing sector in the medium- to long-term and contributes to the stability of the CMHC insured mortgage financial system.

The REIT has continued to actively manage its mortgage ladder in Q3, monitor the debt markets, and use early rate locks or hedges when attractive to mitigate interest rate risk. The REIT has the majority of its 2023 and early 2024 maturing mortgages at various stages of the review/approval process with CMHC and, with the changes enacted by CMHC on June 19th to their insurance programs (including MLI Select), the proactive management of renewals and up-financings will minimize the impact of the change in premiums. In the quarter, overall mortgage debt has increased due to the successful take-out financing of The Slayte and successful up-financings.

ADMINISTRATIVE COSTS

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

Administrative costs for the three months ended September 30, 2023 amounted to $4.3 million, or 7.1% of operating revenue, compared to $3.5 million for the same period in 2022, being 6.4% of operating revenue. Approximately 5% of the 2023 figure relates to ESG actions, including the impact of InterRent's initiative to support refugees from Ukraine and Afghanistan, foundational work for the REIT's climate commitments, and various biodiversity initiatives across the portfolio.

PROPORTIONATE OTHER INCOME AND EXPENSES

The following table of other income and expenses is presented on a proportionate basis, inclusive of the Trust's proportionate share of equity accounted joint ventures, for the periods indicated. For a reconciliation to the Trust's other income and expenses as reported under GAAP, see the "Non-IFRS Reconciliations and Performance Measures" section of this MD&A.

In $ 000's	3 Months Ended September 30, 2023	3 Months Ended September 30, 2022	9 Months Ended September 30, 2023	9 Months Ended September 30, 2022
Income before other income and expenses	**$ 21,231**	$ 20,347	**$ 59,767**	$ 58,572
Other income and expenses				
Fair value adjustments of investment properties	**(76,923)**	5,705	**645**	99,389
Other income and fees	**560**	384	**1,408**	890
Loss on sale of investment properties	**(32)**	-	**(32)**	-
Unrealized gain/(loss) on financial liabilities	**1,254**	6,948	**5,315**	48,140
Distributions expense on units classified as financial liabilities	**(650)**	(714)	**(2,116)**	(2,082)
Net income (loss)	**$ (54,560)**	$ 32,670	**$ 64,987**	$ 204,909

OTHER INCOME AND FEES

The Trust has contractual arrangements and receives compensation to perform the property and project management services for 1,819 residential suites within its joint operations and joint ventures.

SALE OF ASSETS

During the nine months ended September 30, 2023, the Trust sold one investment property for a total transaction price of $11.5 million compared to a carrying value of $10.9 million. The property was sold for $0.6 million above their fair market value however selling costs of $0.6 million (which includes commission, legal expense and any unamortized portion of the CMHC insurance premium) were incurred as part of the transactions, resulting in a small loss on disposition.

FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES

The fair value of the portfolio at September 30, 2023 and 2022 was determined internally by the Trust. In order to substantiate management's valuation, the Trust engaged a leading independent national real estate appraisal firm to provide appraisals for substantially all of the portfolio at December 31, 2022. The Trust engaged the firm once again to review and advise of any significant changes in any of the key input assumptions in the model (such as capitalization rate, turnover rate and market rental rate estimates) as at September 30, 2023. For the three months ended September 30, 2023, a proportionate fair value loss of $77.2 million was recorded as a result of changes in the fair value of investment properties. The weighted average capitalization rate used across the portfolio at the end of Q3 2023 was 4.22%, up 15 basis points from 4.07% in Q2 2023 and up 39 basis points from the 3.83% for Q3 2022.

UNREALIZED FAIR VALUE GAIN/LOSS ON FINANCIAL LIABILITIES

The Trust used a price of $12.49 (June 30, 2023 - $12.82) based on the closing price of the TSX listed InterRent REIT Trust Units to determine the fair value of the deferred unit compensation liability.

The total fair value of the deferred units recorded on the consolidated balance sheet at September 30, 2023 was $53.2 million and a corresponding fair value gain of $1.2 million was recorded on the consolidated statement of income for the three months ended September 30, 2023.

The total fair value of the performance and restricted units recorded on the consolidated balance sheet at September 30, 2023 was $2.1 million with a minimal fair value gain recorded on the consolidated statement of income for the three months ended September 30, 2023.

The Trust determined the fair value of the option plan (unit-based compensation liability) at September 30, 2023 was $0.4 million and a corresponding fair value gain of $0.1 million was recorded on the consolidated statement of income for the three months ended September 30, 2023.

The total fair value of the Class B LP Unit Liability recorded on the consolidated balance sheet at September 30, 2023 was $27.0 million and a corresponding fair value gain of $0.7 million was recorded on the consolidated statement of income for the three months ended September 30, 2023.

The Trust uses rate swaps and forward rate locks in order to reduce its exposure to movements in interest rates. During the quarter, the Trust entered into three forward rate locks to effectively lock-in interest rates on upcoming planned financings. As a result of the market interest rates at quarter end and settlements during the quarter, the REIT recognized an unrealized gain of $0.1 million on interest rate swaps and an unrealized loss of $0.8 million on forward rate locks.

In $ 000's	3 Months Ended September 30, 2023	3 Months Ended September 30, 2022	9 Months Ended September 30, 2023	9 Months Ended September 30, 2022
Fair value gain/(loss) on financial liabilities:				
Deferred unit compensation plan	**$ 1,231**	$ 2,212	**$ 1,441**	$ 23,555
Performance and restricted unit Compensation plan	**27**	30	**274**	81
Option plan	**63**	96	**17**	1,166
Class B LP unit liability	**713**	1,774	**1,558**	19,919
Rate swaps	**54**	1,602	**819**	2,185
Forward rate locks	**(834)**	1,234	**1,206**	1,234
Fair value gain/(loss) on financial liabilities	**$ 1,254**	$ 6,948	**$ 5,315**	$ 48,140

DISTRIBUTION EXPENSE

The distribution expense is comprised of distributions to holders of the Class B LP units and distributions earned on the deferred, performance, and restricted unit plans, as all are classified as a liability.

INVESTMENT PROPERTIES

The following chart shows the changes in investment properties from December 31, 2022 to September 30, 2023:

In $ 000's	September 30, 2023	
	GAAP Basis	Proportionate Basis
Balance, December 31, 2022	$ 4,253,924	$ 4,298,865
Acquisitions	-	22,504
Dispositions	(10,892)	(10,892)
Property capital investments	75,624	78,399
Fair value gains	(2,690)	645
Total investment properties	$ 4,315,966	$ 4,389,521

The Trust's repositioning program following the acquisition of a property typically spans 3 to 4 years, depending on how significant the capital requirements are and on the resident turnover at the property. For the purpose of identifying capital expenditures related to properties being repositioned, for 2023 the REIT uses a cut-off of December 31, 2019. Any property purchased after this date is considered a repositioning property and capital expenditures are all part of the program to improve the property by lowering operating costs and/or enhancing revenue. For properties acquired prior to January 1, 2020, management reviews the capital expenditures to identify and allocate, to the best of its abilities, those that relate to enhancing the value of the property (either through lowering operating costs or increasing revenue) and those expenditures that relate to sustaining and maintaining the existing space. There are 10,130 suites in the REIT's portfolio that were acquired prior to January 1, 2020 and are considered repositioned properties for the purpose of calculating maintenance capital investment.

The Trust continues to invest in its portfolio as a driver of future organic growth, spending $78.4 million on a proportionate basis during the year of which $23.4 million was spent on improvements for non-repositioned properties, $8.8 million on properties under development, and $45.3 million on the repositioned portfolio. This significant level of capital expenditures allows the

Trust to rejuvenate multi-family supply, thereby extending the life of the properties, and creates safe living spaces that our residents can be proud to call home.

UNITHOLDERS' EQUITY

The following chart shows the changes in reported Unitholders' equity from December 31, 2022 to September 30, 2023.

Summary of Unitholders' Capital Contributions	Trust Units	Amount (in $ 000's)
December 31, 2022	141,888,874	$1,052,858
Units purchased and cancelled	(157,200)	(1,998)
Units issued from exchange of Class B units	1,250,000	15,115
Units issued under the deferred unit plan	23,530	316
Units issued under distribution reinvestment plan	1,226,094	15,645
Units issued from options exercised	120,925	1,572
September 30, 2023	**144,352,223**	**$1,083,508**

As at September 30, 2023 there were 144,352,223 Trust Units issued and outstanding. During the nine months ended September 30, 2023 the Trust purchased 157,200 units for $2.0 million. Average price per Unit was $12.71 and all units purchased were cancelled. A company controlled by an officer and Trustee of the Trust exchanged 1,250,000 Class B LP Units for 1,250,000 Trust Units. All Class B LP Units are exchangeable at the option of the holder and the exchange occurred at market prices.

DISTRIBUTIONS

The distributions per Unit were $0.0900 and $0.0855 for the three months ended September 30, 2023 and 2022, respectively. The Trust is currently making monthly distributions of $0.0300 per Unit, which equates to $0.36000 per Unit on an annualized basis. For the three months ended September 30, 2023, the Trust's FFO and AFFO was $0.146 and $0.129 per unit (basic) respectively, compared to $0.140 and $0.123 for the three months ended September 30, 2022.

Distributions to Unitholders are as follows:

In $ 000's	3 Months Ended September 30, 2023	3 Months Ended September 30, 2022	9 Months Ended September 30, 2023	9 Months Ended September 30 , 2022
Distributions declared to Unitholders	**$ 12,932**	$ 12,079	**$ 38,594**	$ 36,122
Distributions reinvested through DRIP	**(5,317)**	(4,554)	**(15,645)**	(13,461)
Distributions declared to Unitholders, net of DRIP	**$ 7,615**	$ 7,525	**$ 22,949**	$ 22,661
DRIP participation rate	**41.1%**	37.7%	**40.5%**	37.3%

InterRent's Declaration of Trust provides the Trustees with the discretion to determine the payout of distributions that would be in the best interest of the Trust. In establishing the level of distributions to Unitholders, consideration is given to future cash requirements of the Trust as well as forward-looking cash flow information.

WEIGHTED AVERAGE NUMBER OF UNITS

The following table sets forth the weighted average number of Units outstanding:

	3 Months Ended September 30, 2023	3 Months Ended September 30, 2022	9 Months Ended September 30, 2023	9 Months Ended September 30, 2022
Trust units	**144,158,126**	141,188,582	**142,943,225**	140,758,066
LP Class B units	**2,160,766**	3,410,766	**2,980,363**	3,410,766
Weighted average units outstanding - Basic	**146,318,892**	144,599,348	**145,923,588**	144,168,832
Unexercised dilutive options [1]	**43,735**	95,772	**43,735**	95,772
Weighted average units outstanding - Diluted	**146,362,627**	144,695,120	**145,967,323**	144,264,604

[1] Calculated using the treasury method.

NON-IFRS RECONCILIATIONS AND PERFORMANCE MEASURES

Management believes that Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO) are key measures for real estate investment trusts, however they do not have standardized meanings prescribed by IFRS (GAAP). These measures may differ from similar computations as reported by other real estate investment trusts and, accordingly, may not be comparable to similarly termed measures reported by other such issuers.

As both measures exclude the fair value adjustments on investment properties and gains and losses from property dispositions, it provides an operating performance measure that, when compared period over period, reflects the impact on operations of trends in occupancy levels, rental rates, operating costs and realty taxes, acquisition activities and interest costs, and provides a perspective of the financial performance that is not immediately apparent from net income determined in accordance with GAAP. As these measures are based on historical performance, they lag current operation and are negatively impacted, most notably on a per unit basis, during periods of significant growth. This is further amplified when the growth stems primarily from repositioning/development properties.

FFO Reconciliation In $000's, except per Unit amounts and Units outstanding	3 Months Ended September 30, 2023	3 Months Ended September 30, 2022	9 Months Ended September 30, 2023	9 Months Ended September 30, 2022
Net income	**$ (54,560)**	$ 32,670	**$ 64,987**	$ 204,909
Add (deduct):				
Fair value adjustments on investment property	**77,208**	(5,705)	**2,690**	(99,389)
Adjustment for equity accounted joint ventures	**(285)**	-	**(3,335)**	-
Unrealized (gain) loss on financial instruments	**(1,254)**	(6,948)	**(5,315)**	(48,140)
Interest expense on puttable units classified as liabilities	**194**	292	**770**	876
Funds from Operations (FFO)	**$ 21,303**	$ 20,309	**$ 59,797**	$ 58,256
FFO per weighted average unit - basic	**$ 0.146**	$ 0.140	**$ 0.410**	$ 0.404
FFO per weighted average unit - diluted	**$ 0.146**	$ 0.140	**$ 0.410**	$ 0.404

AFFO Reconciliation In $000's, except per Unit amounts and Units outstanding	3 Months Ended September 30, 2023	3 Months Ended September 30, 2022	9 Months Ended September 30, 2023	9 Months Ended September 30, 2022
Funds from Operations	**$ 21,303**	$ 20,309	**$ 59,797**	$ 58,256
Add (deduct):				
Actual maintenance capital investment	**(2,378)[(1)]**	(2,503)[(1)]	**(7,565)[(1)]**	(6,921)[(1)]
Adjusted Funds from Operations (AFFO)	**$ 18,925**	$ 17,806	**$ 52,232**	$ 51,335
AFFO per weighted average unit - basic	**$ 0.129**	$ 0.123	**$ 0.358**	$ 0.356
AFFO per weighted average unit - diluted	**$ 0.129**	$ 0.123	**$ 0.358**	$ 0.356

(1) Maintenance capital investment total is for the 10,130 (2022 - 8,951) repositioned suites

Adjusted Cash Flow from Operations (ACFO) was introduced in February 2017, and updated February 2019, in REALpac's "White Paper on Adjusted Cashflow from Operations (ACFO) for IFRS" as a sustainable, economic cash flow metric. Management believes ACFO can be a useful measure to evaluate the Trust's ability to fund distributions to unitholders. ACFO should not be construed as an alternative to cash flows provided by or used in operating activities determined in accordance with IFRS. ACFO is calculated in accordance with the REALpac definition but may differ from other REIT's methods and accordingly, may not be comparable to ACFO reported by other issuers.

ACFO Reconciliation In $000's, except per Unit amounts and Units outstanding	3 Months Ended September 30, 2023	3 Months Ended September 30, 2022	9 Months Ended September 30, 2023	9 Months Ended September 30, 2022
Cash generated from operating activities	**$ 20,406**	$ 29,031	**$ 55,734**	$ 63,318
Add (deduct):				
Changes in non-cash working capital not indicative of sustainable cash flows	**-**	(2,000)	**(300)**	(650)
Amortization of finance costs	**(542)**	(724)	**(1,457)**	(2,029)
Principal portion of lease payments	**(71)**	(48)	**(176)**	(144)
Actual maintenance capital investment	**(2,378)**	(2,503)	**(7,565)**	(6,921)
ACFO	**$ 17,415**	$ 23,756	**$ 46,236**	$ 53,574
Distributions declared [(1)]	**$ 13,126**	$ 12,371	**$ 39,364**	$ 36,998
Excess of ACFO over distributions declared	**$ 4,289**	$ 11,385	**$ 6,872**	$ 16,576
ACFO payout ratio	**75.4%**	52.1%	**85.1%**	69.1%

(1) Includes distributions on LP Class B units

For the three months ended September 30, 2023, ACFO exceeded distributions declared by $4.3 million. Amounts retained in excess of the declared distributions are used to fund acquisitions and capital expenditure requirements.

CASH FROM OPERATING ACTIVITIES AND CASH DISTRIBUTIONS

The following table outlines the differences between cash flows from operating activities and net income and cash distributions in accordance with National Policy 41-201, "Income Trusts and Other Indirect Offerings":

In $ 000's	3 Months Ended September 30, 2023	3 Months Ended September 30, 2022	9 Months Ended September 30, 2023	9 Months Ended September 30, 2022
Net income (loss)	**$ (54,560)**	$ 32,670	**$ 64,987**	$ 204,909
Cash flows from operating activities	**20,406**	29,031	**55,734**	63,318
Distributions paid [1]	**7,800**	7,803	**23,643**	23,500
Distributions declared [1]	**13,126**	12,371	**39,364**	36,998
Excess (deficit) of net income/loss compared to distributions paid	**(62,360)**	24,867	**41,344**	181,409
Excess (deficit) of net income/loss compared to distributions declared	**(67,686)**	20,299	**25,623**	167,911
Excess of cash flows from operations over distributions paid	**12,606**	21,228	**32,091**	39,818
Excess of cash flows from operations over distributions declared	**7,280**	16,660	**16,370**	26,320

[1] Includes distributions on LP Class B units

For the three months ended September 30, 2023, cash flows from operating activities exceeded distributions paid by $12.6 million. Net income (loss) is not used as a proxy for distributions as it includes fair value changes on investment properties and fair value change on financial instruments, which are not reflective of the Trust's ability to make distributions. Amounts retained in excess of the declared distributions are used to fund acquisitions and capital expenditure requirements.

RECONCILIATION OF PROPORTIONATE INCOME STATEMENT

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

In $ 000's	3 Months Ended September 30, 2023 GAAP Basis	3 Months Ended September 30, 2023 Adjustments for Proportionate Interest	3 Months Ended September 30, 2023 Proportionate Share Basis	3 Months Ended September 30, 2022 GAAP Basis	3 Months Ended September 30, 2022 Adjustments for Proportionate Interest	3 Months Ended September 30, 2022 Proportionate Share Basis
Operating revenues						
Revenue from Investment properties	$ 59,249	$ 347	$ 59,596	$ 54,851	$ 15	$ 54,866
Operating expenses						
Property operating costs	9,817	68	9,885	9,327	5	9,332
Property taxes	6,257	39	6,296	6,016	-	6,016
Utilities	3,099	25	3,124	3,209	-	3,209
Total operating expenses	19,173	132	19,305	18,552	5	18,557
Net operating income	40,076	215	40,291	36,299	10	36,309
Financing costs	14,720	88	14,808	12,478	-	12,478
Administrative costs	4,251	1	4,252	3,481	3	3,484
Income before other income and expenses	21,105	126	21,231	20,340	7	20,347
Other income and expenses						
Fair value adjustments on investment properties	(77,208)	285	(76,923)	5,705	-	5,705
Other income and fees	560	-	560	384	-	384
Income from investment in joint ventures	411	(411)	-	7	(7)	-
Loss on sale of investment properties	(32)	-	(32)	-	-	-
Other fair value gains/losses	1,254	-	1,254	6,948	-	6,948
Interest on units classified as financial liabilities	(650)	-	(650)	(714)	-	(714)
Net income for the period	$ (54,560)	$ -	$ (54,560)	$ 32,670	$ -	$ 32,670

In $ 000's	9 Months Ended September 30, 2023 GAAP Basis	9 Months Ended September 30, 2023 Adjustments for Proportionate Interest	9 Months Ended September 30, 2023 Proportionate Share Basis	9 Months Ended September 30, 2022 GAAP Basis	9 Months Ended September 30, 2022 Adjustments for Proportionate Interest	9 Months Ended September 30, 2022 Proportionate Share Basis
Operating revenues						
Revenue from Investment properties	$ 175,609	$ 690	$ 176,299	$ 159,545	$ 43	$ 159,588
Operating expenses						
Property operating costs	28,429	123	28,552	26,679	12	26,691
Property taxes	18,746	79	18,825	17,944	-	17,944
Utilities	13,187	55	13,242	13,029	-	13,029
Total operating expenses	60,362	257	60,619	57,652	12	57,664
Net operating income	115,247	433	115,680	101,893	31	101,924
Financing costs	43,513	183	43,696	32,512	-	32,512
Administrative costs	12,215	2	12,217	10,835	5	10,840
Income before other income and expenses	59,519	248	59,767	58,546	26	58,572
Other income and expenses						
Fair value adjustments on investment properties	(2,690)	3,335	645	99,389	-	99,389
Other income and fees	1,408	-	1,408	890	-	809
Income from investment in joint ventures	3,583	(3,583)	-	26	(26)	-
Loss on sale of investment properties	(32)	-	(32)	-	-	-
Other fair value gains/losses	5,315	-	5,315	48,140	-	48,140
Interest on units classified as financial liabilities	(2,116)	-	(2,116)	(2,082)	-	(2,082)
Net income for the period	$ 64,987	$ -	$ 64,987	$ 204,909	$ -	$ 204,909

REPOSITIONED PROPERTY OPERATING RESULTS (GAAP BASIS)

The following table presents the Trust's repositioned property operating results on a GAAP basis for the periods ended:

In $ 000's	3 Months Ended September 30, 2023								
	Repositioned Property Portfolio			Non-Repositioned Property Portfolio			Total Portfolio		
Gross rental revenue	$	47,756		$	11,825		**$**	**59,581**	
Less: vacancy & rebates		(2,745)			(854)			**(3,599)**	
Other revenue		2,557			710			**3,267**	
Operating revenues	$	47,568		$	11,681		**$**	**59,249**	
Expenses									
Property operating costs		7,938	16.6%		1,879	16.1%		**9,817**	**16.6%**
Property taxes		5,021	10.6%		1,236	10.6%		**6,257**	**10.6%**
Utilities		2,376	5.0%		723	6.2%		**3,099**	**5.2%**
Operating expenses	$	15,335	32.2%	$	3,838	32.9%	**$**	**19,173**	**32.4%**
Net operating income	$	32,233		$	7,843		**$**	**40,076**	
Net operating margin		67.8%			67.1%			**67.6%**	

In $ 000's	9 Months Ended September 30, 2023								
	Repositioned Property Portfolio			Non-Repositioned Property Portfolio			Total Portfolio		
Gross rental revenue	$	139,650		$	34,729		**$**	**174,379**	
Less: vacancy & rebates		(6,592)			(2,164)			**(8,756)**	
Other revenue		7,720			2,266			**9,986**	
Operating revenues	$	140,778		$	34,831		**$**	**175,609**	
Expenses									
Property operating costs		22,863	16.2%		5,566	16.0%		**28,429**	**16.2%**
Property taxes		15,044	10.7%		3,702	10.6%		**18,746**	**10.7%**
Utilities		10,109	7.2%		3,078	8.8%		**13,187**	**7.5%**
Operating expenses	$	48,016	34.1%	$	12,346	35.4%	**$**	**60,362**	**34.4%**
Net operating income	$	92,762		$	22,485		**$**	**115,247**	
Net operating margin		65.9%			64.6%			**65.6%**	

RECONCILIATION OF PROPORTIONATE BALANCE SHEET

The following table reconciles the Trust's consolidated balance sheet on a GAAP basis to a proportionate basis as at:

	September 30, 2023			December 31, 2022		
In $ 000's	GAAP Basis	Adjustments for Proportionate Interest	Proportionate Share Basis	GAAP Basis	Adjustments for Proportionate Interest	Proportionate Share Basis
Assets						
Investment properties	**$ 4,315,966**	**$ 73,555**	**$ 4,389,521**[(1)]	$ 4,253,924	$ 44,941	$ 4,298,865[(1)]
Investment in joint ventures	**46,243**	**(46,243)**	**-**	31,060	(31,060)	-
Prepaids and deposits	**7,255**	**96**	**7,351**	2,639	-	2,639
Receivables and other assets	**25,449**	**3,365**	**28,814**	23,603	3,865	27,468
Cash	**3,758**	**638**	**4,396**	4,267	611	4,878
Total Assets	**$ 4,398,671**	**$ 31,411**	**$ 4,430,082**	$ 4,315,593	$ 18,257	$ 4,333,850
Liabilities						
Mortgages payable	**$ 1,676,475**	**$ 31,100**	**$ 1,707,575**	$ 1,654,449	$ 18,133	$ 1,672,582
Credit facilities	**21,747**	**-**	**21,747**	-	-	-
Class B LP unit liability	**26,988**	**-**	**26,988**	43,658	-	43,658
Unit-based compensation liabilities	**55,681**	**-**	**55,681**	54,131	-	54,131
Lease liabilities	**1,739**	**-**	**1,739**	1,903	-	1,903
Tenant rental deposits	**19,835**	**115**	**19,950**	18,226	-	18,226
Accounts payable and accrued liabilities	**41,787**	**196**	**41,983**	45,850	124	45,974
Total liabilities	**1,844,252**	**31,411**	**1,875,663**	1,818,217	18,257	1,836,474
Unitholders' equity						
Unit capital	**1,083,508**	**-**	**1,083,508**	1,052,858	-	1,052,858
Retained earnings	**1,470,911**	**-**	**1,470,911**	1,444,518	-	1,444,518
Total unitholders' equity	**2,554,419**	**-**	**2,554,419**	2,497,376	-	2,497,376
Total liabilities and unitholders' equity	**$ 4,398,671**	**$ 31,411**	**$ 4,430,082**	$ 4,315,593	$ 18,257	$ 4,333,850

[(1)] Proportionate investment properties consists of $4,299,677 of income producing properties (December 2022 - $4,152,141) and $89,844 of properties under development (December 2022 - $146,724).

LIQUIDITY AND CAPITAL RESOURCES

InterRent REIT's overall debt level was at 38.6% of Gross Book Value ("GBV") at September 30, 2023. GBV is a non-GAAP term that is defined in the DOT and includes all operations. The following chart sets out the Trust's computed Debt-to-GBV:

In $ 000's	September 30, 2023	December 31, 2022
Total assets per balance sheet	$ 4,398,671	$ 4,315,593
Mortgages payable	1,676,475	$ 1,654,449
Credit facilities	21,747	-
Total debt	$ 1,698,222	$ 1,654,449
Debt-to-GBV	38.6%	38.3%

With a DOT limit of 75% of Debt-to-Gross Book Value, InterRent REIT has the ability to further leverage the existing portfolio to assist with future investments in new assets. The Trust is conscious of the current credit environment and how this affects the ability of the Trust to grow. Management continues to evaluate on-going repositioning efforts, potential new acquisition opportunities as well as potential dispositions in order to continue to grow the Trust in a fiscally prudent manner.

INTEREST AND DEBT SERVICE COVERAGE

The following schedule summarizes the interest and debt service coverage ratios for InterRent for the comparable rolling 12-month periods ending September 30, 2023:

In $000's	12 Months Ended September 30, 2023	12 Months Ended September 30, 2022
NOI	$ 151,977	$ 134,647
Less: Administrative costs	16,259	15,393
EBITDA	$ 135,718	$ 119,254
Interest expense [1]	$ 59,002	$ 40,296
Interest coverage ratio	**2.30x**	**2.96x**
Contractual principal repayments	$ 30,017	$ 28,019
Total debt service payments	$ 89,019	$ 68,315
Debt service coverage ratio	**1.52x**	**1.75x**

[1] Interest expense includes interest on mortgages and credit facilities, including interest capitalized to properties under development and interest income, and excludes interest (distributions) on units classified as financial liabilities.

MORTGAGE AND DEBT SCHEDULE

The following schedule summarizes the aggregate future minimum principal payments and debt maturities for the mortgages of InterRent REIT:

Year Maturing	Mortgage Balances At September 30, 2023 (in $ 000's)	Weighted Average by Maturity	Weighted Average Interest Rate
2023	$ 68,897	4.0%	5.19%
2024	$ 219,961	12.8%	5.33%
2025	$ 228,976	13.3%	3.24%
2026	$ 164,367	9.5%	3.10%
2027	$ 211,997	12.3%	3.74%
Thereafter	$ 827,303	48.1%	3.02%
Total	$ 1,721,501	100.0%	3.48%

At September 30, 2023, the average term to maturity of the mortgage debt was approximately 4.9 years and the weighted average cost of mortgage debt was 3.48%. At September 30, 2023, approximately 84% of InterRent REIT's mortgage debt was backed by CMHC insurance.

During the quarter, the Trust closed on one new mortgage for proceeds of $63.3 million, up-financed one mortgage for proceeds of $12.5 million (maturing loan totaled $9.7 million) and renewed three mortgages totaling $17.5 million. The net result at September 30, 2023 compared to June 30, 2023 was:

- No change in the average term to maturity of the mortgage debt;
- An increase in the weighted average cost of mortgage debt to 3.48% from 3.43%; and
- A slight increase in the mortgage debt backed by CMHC from 83% to 84%

As at September 30, 2023, the Trust had the following credit facilities:

- A $3.0 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 September 30, 2023, the Trust had no amounts outstanding on this facility.
- A $105.0 million term credit facility, maturing in 2025, with a Canadian chartered bank secured by a general security agreement and second collateral mortgages on eight of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread. As at September 30, 2023, the Trust had utilized $18.8 million of this facility.
- A $15.0 million term credit facility, maturing in 2025, with a Canadian chartered bank secured by a general security agreement, a first mortgage on one of the Trust's properties and second collateral mortgages on one of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread. As at September 30, 2023, the Trust had $2.9 million outstanding on this facility.
- A $100.0 million term credit facility, maturing in 2025, 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 four of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread for prime advances and banker's acceptances. As at September 30, 2023, the Trust had no amounts outstanding on this facility.

ACCOUNTING

FUTURE ACCOUNTING CHANGES

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

In January 2020, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or noncurrent. The narrow scope amendments affect only the presentation of liabilities in the statement of financial position and not the amount or timing of their recognition. It clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. The implementation of these amendments will not have a significant impact on the Trust as the balance sheet is presented on a liquidity basis.

RISKS AND UNCERTAINTIES

A comprehensive description of the risks and uncertainties can be found in InterRent REIT's December 31, 2022 MD&A and other securities filings at www.sedar.com.

FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

a) Overview

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

b) Credit Risk

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

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

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

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

The amounts disclosed as rents and other receivables and loan receivable long-term incentive plan in the consolidated balance sheet are net of allowances for doubtful accounts. At September 30, 2023, the Trust had past due rents and other receivables of $12.5 million net of an allowance for doubtful accounts of $3.1 million which adequately reflects the Trust's credit risk.

c) Liquidity Risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust manages liquidity risk through the management of its capital structure and financial leverage, as outlined in note 23(c) in the September 30, 2023 consolidated financial statements. It also manages liquidity risk by continuously monitoring actual and projected cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Trust's reputation.

As at September 30, 2023, the Trust had credit facilities as described in note 10 in the September 30, 2023 consolidated financial statements.

Note 9 in the September 30, 2023 consolidated financial statements reflects the contractual maturities for mortgage payable of the Trust at September 30, 2023, excluding interest payments. The Trust continues to refinance the outstanding debts as they mature. Given the Trust's available credit and its available liquid resources from both financial assets and on-going operations, management assesses the Trust's liquidity risk to be low.

d) Fair Value

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

The fair value of the mortgages payable has been determined by discounting the cash flows using current market rates of similar instruments. These estimates are subjective in nature and therefore cannot be determined with precision. The fair value of mortgages payable and credit facilities is approximately $1,707 million as at September 30, 2023 excluding any deferred financing costs.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect estimates.

e) Market Risk

Market risk includes the risk that changes in interest rates will affect the Trust's cash flows or the fair value of its financial instruments.

At September 30, 2023, approximately 5% (December 31, 2022 - 3%) of the Trust's mortgage debt was at variable interest rates. The Trust's credit facilities bear interest at variable rates. If there was a 100 basis point change in the interest rate, cash flows would have changed by approximately $0.8 million for the nine months ended September 30, 2023.

OFF-BALANCE SHEET ARRANGEMENTS

As of September 30, 2023 the Trust did not have any off-balance sheet arrangements in place.

RELATED PARTY TRANSACTIONS

The Audit Committee and Nominations and Governance Committee have reviewed and recommended approval to the Board, and the Board has subsequently approved, the entering into of a services agreement with CLV Group Developments to carry out certain entitlement, development, and construction services on behalf of the REIT in relation to the REITs developments. CLV Group Developments is a private company controlled by an officer and Trustee of the REIT with a long track record of developing and constructing multifamily properties in Ontario. In order to mitigate the potential conflict of interest, both firms retained separate and independent legal representation for this matter. In addition, an independent external consultant reviewed the services to be supplied and provided a report in regards to the typical range of fees that would be charged for such services. The fees included in the agreement are either at or below the bottom end of the range provided by the consultant. During the nine months ended September 30, 2023, the Trust incurred $1.4 million (2022 - $1.7 million) in entitlement, development, and construction management services related to the agreement which have been capitalized to the investment properties.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer and the Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. The preparation of this information is supported by a set of disclosure controls and procedures implemented by management.

Pursuant to Canadian Securities Administrators requirements 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, InterRent REIT's Chief Executive Officer and Chief Financial Officer have satisfied themselves that as at September 30, 2023:

1. the design of disclosure controls and procedures was appropriate in order to provide reasonable assurance that material information relating to InterRent REIT is made known to us by others;

2. the design of internal controls over financial reporting was appropriate in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purposes in accordance with GAAP; and,

3. there have been no changes in InterRent REIT's internal controls over financial reporting during the quarter that has materially affected, or is reasonably likely to materially affect, InterRent REIT's internal controls over financial reporting.

OUTSTANDING SECURITIES DATA

As of November 1, 2023, the Trust had issued and outstanding: (i) 144,494,340 units; (ii) LP Class B Units that are exchangeable for 2,160,766 units of the Trust; (iii) options exercisable to acquire 107,340 units of the Trust; and (iv) deferred units that are redeemable for 4,681,555 units of the Trust. Additionally, the Trust has 198,136 Restricted Units and 198,136 Performance Units outstanding under the Trust's Performance and Restricted Unit Plan.

SUBSEQUENT EVENTS

As of October 31, 2023, the Board of Trustees approved a 5% increase to the monthly per unit distributions. The increase will be effective for the November 2023 distribution that is to be paid in December 2023.

The REIT has filed a base shelf prospectus dated October 31, 2023 (the "Base Shelf Prospectus") with the Ontario Securities Commission, relying on the "well-known seasoned issuer" exemption. This filing will allow the REIT, if it chooses, to make offerings of units or subscription receipts (collectively, the "Securities") of the REIT, or any combination thereof, in all of the provinces and territories of Canada for a period of 25 months. The REIT may also use the Base Shelf Prospectus in connection with an "at-the-market distribution" in accordance with applicable securities laws, which would permit the Securities to be sold on behalf of the REIT through the Toronto Stock Exchange as further described in the applicable prospectus supplement. To date, no agreement has been entered into with respect to such a distribution.

COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the reported net income. An adjustment has been made to the Consolidated Balance Sheet, Consolidated Statements of Cash Flows, and the relevant accompanying notes for the fiscal year ended December 31, 2022 to reclassify certain transaction and other costs from the carrying value of joint ventures to investment properties. $880 was moved from investment in joint ventures to investment properties to improve the clarity of the disclosure around the Trust's share of the net assets of the joint ventures.

ADDITIONAL INFORMATION

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