InterRent REIT Management's Discussion & Analysis

For the Year Ended December 31, 2021

March 8, 2022

Pier Towers,
Hamilton, ON

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, 2021, 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 duration and impact of the COVID-19 pandemic on the business, operations and financial condition of InterRent REIT and its residents, as well as on the economy in general, 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, and as amended and restated on June 29, 2007, September 30, 2009, December 29, 2010, and 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 and the acquisition of additional, accretive properties.

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 December 31, 2021 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 years ended December 31, 2021 and December 31, 2020.

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

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, 2018.

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 February 2019. 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.

COVID-19 OVERVIEW, RISK AND UPDATE

At the beginning of Q4 2021, it seemed that Canadians had reason to believe we had turned a corner on the pandemic. In early November 2021, new COVID-19 cases in Canada had declined and 74.2% of the population was fully vaccinated against COVID-19, with that figure increasing to 84.4% for Canadians aged 12 and up.[1,2] According to Export Development Canada, the Canadian Economic Recovery Tracker (CERT) reading as of October 22, 2021 was hovering around pre-pandemic levels and Canada's borders were open to fully vaccinated travellers.[3,4]

Then, on November 28, 2021, Canada's first case of the Omicron coronavirus variant was confirmed in Ottawa.[5] The variant's high infection rate quickly overwhelmed testing capacity in some provinces, with Canada documenting more cases of COVID-19 during the first 40 days of the Omicron wave than during all of 2020.[6] On December 18, 2021, in response to the significant risks and uncertainties presented by the spread of the Omicron variant in Canada and globally, the government of Canada announced further adjustments to travel and border measures.[7]

However, the highly contagious nature of the variant meant that the Omicron wave crested faster than previous ones. Many provinces hit peak community transmission in mid-January 2022, leading to the easing of restrictions sooner than in previous waves in the three provinces in which the Trust operates.[8,9] In Quebec, Premier François Legault announced the province's reopening plan on February 8, 2022. It features a gradual easing of restrictions through March 14, 2022, the date it will also fully phase out its vaccine passport.[9] Ontario moved up the next step of its COVID-19 reopening plan to February 17, 2022, with the province's Chief Medical Officer of Health, Dr. Kieran Moore, saying that the worst of Omicron-fuelled COVID-19 infections in Ontario is behind us.[10] The provincial government will lift proof of vaccination requirements on March 1,2022, with Dr. Moore saying that vaccine passports have served their purpose.[10] Also on February 17, 2022, British Columbia dropped restrictions for indoor and outdoor gatherings, but is keeping the B.C. vaccine card program unchanged until at least the March review.[10]

At the time of writing, the Trust is encouraged by the announced reopening plans and positive momentum felt across its operating regions. According to Export Development Canada, the Canadian Economic Recovery Tracker (CERT) reading as of February 18, 2022, reached the pre-pandemic threshold, signalling that easing restrictions have offered a renewed boost to the economy.[3] Though the improving health situation and economic signals are encouraging, the full impact of the COVID-19 pandemic on the Trust remains unknown at this time. As such, it is not possible to reliably estimate the length and severity of COVID-19-related impacts on the Trust's financial results and operations. As always, the health and safety of residents and team members remains the Trust's top priority.

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[1] https://ourworldindata.org/covid-vaccinations?country=CAN
[2] https://globalnews.ca/news/6649164/canada-coronavirus-cases/
[3] https://www.edc.ca/en/guide/edc-canadian-economic-recovery-tracker.html
[4] https://travel.gc.ca/travel-covid/travel-restrictions/covid-vaccinated-travellers-entering-canada#determine-fully
[5]https://www.cbc.ca/news/politics/omicron-variant-canada-travellers-1.6265927#:~:text=Politics-,Canada's%20first%20cases%20of%20the%20omicron%20coronavirus%20variant%20confirmed%20in,the%20first%20confirmed%20in%20Canada.
[6]https://www.ctvnews.ca/health/coronavirus/canada-sees-more-covid-19-cases-in-40-days-of-omicron-than-all-of-2020-1.5734333
[7]https://www.canada.ca/en/public-health/news/2021/12/government-of-canada-announces-additional-measures-to-contain-the-spread-of-the-omicron-variant.html
[8] https://www.cbc.ca/news/canada/british-columbia/covid-update-jan14-1.6315010
[9] https://montreal.ctvnews.ca/here-is-a-breakdown-of-what-s-reopening-in-quebec-1.5774263
[10] https://toronto.ctvnews.ca/the-worst-is-behind-us-ontario-s-top-doctor-speaks-on-covid-19-omicron-spread-1.5785786

Operations Update:

- Total portfolio occupancy reached 95.6% which is an improvement of 120 and 430 basis points compared to September 2021 and December 2020, respectively.
- Incentive granting peaked in September 2021; however, due to the nature of the accounting recognition, Q4 2021 and Q1 2022 should be similar and will see it trend down Q2 2022 onwards.
- Residential rent collection remained above 99% for Q4 2021. At this point in the quarter, the collection rates for January and February are trending in line with that of previous months.
- The Trust continues to work closely with any resident experiencing financial difficultly resulting from the pandemic. There was no meaningful change in rent deferral arrangements again in the quarter.
- InterRent continues to employ the enhanced cleaning protocol it developed and launched last spring, CLV Clean & Secure+TM, across all of its properties, and continues to provide regular updates and resources for residents on its dedicated COVID-19 online info hub.
- The Trust continues to invest in its portfolio as a driver of future organic growth, spending $90.1 million in 2021 of which $36.6 million was spent on improvements for non-repositioned properties, $11.4 million on properties under development, and $34.2 million on value-enhancing initiatives and $7.9 million on sustaining and maintaining existing spaces across the remaining portfolio.

Cresta Apartments, Vancouver, BC

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 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 2021, the Trust purchased:

- one property comprised of 114 suites in St. Catharines for $22.0 million;
- a 50% ownership stake in fifteen properties comprised of 614 suites in Vancouver for $146.3 million;
- a 50% ownership stake in two properties comprised of 45 suites in Vancouver for $9.5 million;
- one property comprised of 158 suites in St. Catharines for $31.4 million;
- two properties comprised of 100 suites in Oakville for $46.7 million;
- one property comprised of 95 suites in Mississauga for $32.7 million;
- one property comprised of 5 suites and a parking lot with 24 parking stalls adjacent to LIV Apartments in Ottawa for $4.0 million;
- a 50% ownership stake in one property comprised of 94 suites in Mississauga for $15.1 million;
- two properties comprised of 285 suites in Toronto for $125.0 million;
- a 50% ownership stake in one property comprised of 104 suites in Vancouver for $26.0 million;
- one property comprised of 48 suites and 5,661 sq ft of leasable commercial space in Westmount for $18.5 million;
- a 50% ownership stake in on property comprised of 46 suites in Vancouver for $9.8 million; and
- one property comprised of 121 suites in Montréal for $34.0 million.

The team we have assembled has a proven track record and we believe we have both the experience and ability necessary to execute on our growth strategy in the years to come.

As at December 31, 2021, the Trust has 100% ownership interest in 12,426 suites of which: a) 10,168 are included in same property suites, or 81.8% of the overall portfolio; and, b) 8,314 are included in repositioned property suites, or 66.9% of the overall portfolio. With the current immigration targets there will be an increased demand for housing the Trust is both working with various levels of government to try and encourage more supply and currently has 4,093 suites under development with the potential for further intensification at various sites within its portfolio.

OUTLOOK

- The immediate concern of the Trust is ensuring the health and safety of both our residents and team members and making sure operational disruptions due to COVID-19 are kept to a minimal effect on the Trust. Management remains committed to growing the REIT in a strategic and structured manner and although timing may be impacted by the current pandemic, future growth is still anticipated to come from:
    a) 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;
    b) continuously looking for new ways and opportunities to drive existing revenues, create new revenue streams and reduce operating costs within our portfolio;
    c) 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;
    d) developing purpose-built rental on existing sites that have the ability to add more density; and
    e) 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.
- The REIT is continuing to make progress on its four active developments as well as the evaluation of other intensification opportunities within the portfolio. The current active developments include:
    - 473 Albert Street, Ottawa – conversion of office tower to 158 residential suites: The site plan application for the development has been approved by the City of Ottawa and a final site plan agreement is being prepared by the City. The building permit received approval from the City. Demolition has been completed and exterior and interior construction is underway and on schedule. Long lead construction items have all been tendered and awarded; and, the project is approximately 80% contracted from a hard cost standpoint. The REIT anticipates partial occupancy of the building to commence in late Q3;
    - 900 Albert Street, Ottawa (TIP Albert joint venture and direct ownership) – development: 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, 423,764 sq ft of office space, and 87,844 sq ft of retail space. The REIT continues to work with its partners 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;
    - Richmond & Churchill, Ottawa – development: 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 180 residential suites and 18,685 sq ft of commercial space on the site. The site plan application was formally approved February 2022. The REIT is working through design development, in preparation of future construction drawings and building permit applications; and,
    - Burlington GO Lands (Fairview joint venture) – development: The site plan application was submitted in Q1 2020 and comments were received from the City of Burlington staff and external agencies. A second site plan application was submitted in October 2020. The REIT, its partners, and consultants have received a full set of comments from the City addressing the prior submissions. A third site plan application was submitted in Q4 2021, along with a building permit application. Conditional site plan approval is anticipated for Q2 2022 and a shoring and excavation permit is anticipated to be issued in Q3 2022. The current submission proposes 2,514 residential suites with 39,860 sq ft of commercial space.

- Liquidity Update:
  - The Trust's current credit facilities total $172.0 million with the ability to increase the current facilities by a further $50.0 million providing a total of $222.0 million of available credit. There is approximately $140.5 million drawn on these facilities as at December 31, 2021.
  - At December 31, 2021, the Trust had approximately $217.7 million in unencumbered properties that do not have mortgages nor provide security for any credit facilities.
  - Since yearend, the Trust has negotiated and either closed or locked rates on approximately $283.4 million of CMHC insured mortgages, which had a principal balance owing of $104.7 million. This has resulted in an up-financing of $170.6 million (net of CMHC fees).
  - With a debt-to-GBV ratio of 36.7%, the REIT has significant liquidity available through both CMHC insured and conventional mortgage financing to finance future capital programs, development opportunities and acquisitions.

30 Edith Drive,
Toronto, ON

Q4 AND FULL YEAR PERFORMANCE HIGHLIGHTS

The following table presents a summary of InterRent's operating performance for the three and twelve months ended December 31, 2021 compared to the same period in 2020:

Selected Consolidated Information In $000's, except per Unit amounts and other non-financial data	**3 Months Ended December 31, 2021**	**3 Months Ended December 31, 2020**	**Change**	**12 Months Ended December 31, 2021**	**12 Months Ended December 31, 2020**	**Change**
Total suites	**-**	-	-	**12,426[(1)]**	11,047	**+12.5%**
Average rent per suite (December)	**-**	-	-	**$1,381**	$1,315	**+5.0%**
Occupancy rate (December)	**-**	-	-	**95.6%**	91.3%	**+430bps**
Operating revenues	**$50,265**	$41,864	**+20.1%**	**$185,148**	$159,955	**+15.8%**
Net operating income (NOI)	**$32,155**	$26,365	**+22.0%**	**$117,658**	$102,139	**+15.2%**
NOI %	**64.0%**	63.0%	**+100bps**	**63.5%**	63.9%	**-40bps**
Same Property average rent per suite (December)	**-**	-	-	**$1,380**	$1,322	**+4.4%**
Same Property occupancy rate (December)	**-**	-	-	**96.2%**	91.8%	**+440bps**
Same Property NOI	**$26,968**	$24,639	**+9.5%**	**$102,834**	$99,699	**+3.1%**
Same Property NOI %	**64.7%**	63.7%	**+100bps**	**64.3%**	64.1%	**+20bps**
Net Income	**$99,399**	$57,517	**+72.8%**	**$369,686**	$150,648	**+145.4%**
Funds from Operations (FFO)	**$19,583**	$15,964	**+22.7%**	**$72,826**	$62,868	**+15.8%**
FFO per weighted average unit - diluted	**$0.137**	$0.112	**+22.3%**	**$0.510**	$0.466	**+9.4%**
Adjusted Funds from Operations (AFFO)	**$17,489**	$14,193	**+23.2%**	**$64,925**	$55,577	**+16.8%**
AFFO per weighted average unit - diluted	**$0.122**	$0.100	**+22.0%**	**$0.455**	$0.412	**+10.4%**
Distributions per unit	**$0.08413**	$0.08008	**+5.1%**	**$0.32825**	$0.31258	**+5.0%**
Adjusted Cash Flow from Operations (ACFO)	**$28,403**	$20,177	**+40.8%**	**$78,094**	$62,780	**+24.4%**
Debt-to-GBV	**-**	-	-	**36.7%**	31.1%	**+560bps**
Interest coverage (rolling 12 months)	**-**	-	-	**3.39x**	3.45x	**-0.06x**
Debt service coverage (rolling 12 months)	**-**	-	-	**1.84x**	1.95x	**-0.11x**

(1) Represents 11,974 suites fully owned by the REIT and 903 suites owned 50% by the REIT.

- Overall Portfolio:
  a) Operating revenue for the quarter rose by $8.4 million to $50.3 million, an increase of 20.1% over Q4 2020. Operating revenue for the year ended 2021 increased by $25.2 million, or 15.8% year-over-year, to $185.1 million.
  b) Average monthly rent per suite increased to $1,381 (December 2021) from $1,315 (December 2020), an increase of 5.0%.
  c) Occupancy for December 2021 was 95.6%, an increase of 120 basis points from September 2021 and an increase of 430 basis points when compared to December 2020.
  d) NOI for the quarter was $32.2 million, an increase of $5.8 million, or 22.0%, over Q4 2020. NOI margin for the quarter was 64.0%, up 100 basis points over Q4 2020. NOI for the year ended 2021 was $117.7 million, an increase of $15.5 million , or 15.2% over 2020. NOI margin for the year ended 2021 was 63.5%, down 40 basis points over 2020.
- Same Property Portfolio:
  a) Operating revenue for the quarter increased by $3.0 million to $41.7 million, an increase of 7.8%, over Q4 2020. Operating revenue for the year ended 2021 increased by $4.3 million to $159.9 million, or 2.8% over 2020.
  b) Average monthly rent per suite for the same property portfolio increased to $1,380 (December 2021) from $1,322 (December 2020), an increase of 4.4%.

c) Occupancy for December 2021 was 96.2%, an increase of 130 basis points when compared to September 2021 and a increase of 440 basis points when compared to December 2020.

d) NOI for the quarter was $27.0 million, an increase of $2.3 million, or 9.5%, over Q4 2020. Same property NOI margin for the quarter was 64.7%, up 100 basis points over Q4 2020. NOI for the year ended 2021 was $102.8 million, an increase of $3.1 million , or 3.1% over 2020. NOI margin for the year ended 2021 was 64.3%, up 20 basis points over 2020.

- Repositioned properties had an average monthly rent per suite of $1,416, occupancy of 96.7% for December 2021 and an NOI margin for the quarter of 65.5% and for the year of 65.0%.
- Net income for the year ended 2021 was $369.7 million, an increase of $219.0 million compared to 2020. This difference was due primarily to the $327.2 million fair value gain on investment properties ($70.1 million in 2020) and an increase in net operating income to $117.7 million ($102.1 million in 2020). These increases were offset by a net change in fair value on financial liabilities of $47.9 million (a loss of $29.2 million in 2021 compared to a gain of $18.7 million in 2020).
- FFO for the quarter increased by $3.6 million, or 22.7%, to $19.6 million compared to Q4 2020. FFO for the year ended 2021 increased by $10.0 million, or 15.8%, to $72.8 million compared to 2020.
- FFO per Unit for the quarter increased by 22.3% to $0.137 per Unit compared to $0.112 per Unit for Q4 2020. FFO per Unit for the year ended 2021 increased by 9.4% to $0.510 per Unit compared to $0.466 per Unit for 2020.
- AFFO for the quarter increased by $3.3 million, or 23.2%, to $17.5 million compared to Q4 2020. AFFO for the year ended 2021 increased by $9.3 million, or 16.8%, to $64.9 million compared to 2020.
- AFFO per Unit for the quarter increased by 22.0% to $0.122 per Unit compared to $0.100 per Unit for Q4 2020. AFFO per Unit for the year ended 2021 increased by 10.4% to $0.455 per Unit compared to $0.412 per Unit for 2020.
- ACFO for the quarter increased by 40.8% to $28.4 million compared to Q4 2020. ACFO for the year ended 2021 increased by 24.4% to $78.1 million compared to 2020.
- Debt-to-GBV at quarter end was 36.7%, an increase of 230 basis points compared to the three months ended September 2021 and an increase of 560 basis points for the three months ended December 2020.
- The Trust completed the following investment property transactions during the year:

Transaction Date	Property	City	Region	Property Type	# of Suites	Transaction Price
21-Jan-2021	378 Vine Street	St. Catharines	Other Ontario	Residential	114	$ 22,000,000
28-Jan-2021	1885 Barclay Street	Vancouver	GVA	Residential	41	
	1924 Barclay Street	Vancouver	GVA	Residential	42	
	1580 Haro Street	Vancouver	GVA	Residential	61	
	855 Jervis Street	Vancouver	GVA	Residential	48	
	1270 Nicola Street	Vancouver	GVA	Residential	37	
	1461 Harwood Street	Vancouver	GVA	Residential	38	
	1326 W 13th Avenue	Vancouver	GVA	Residential	30	
	1355 W 14th Avenue	Vancouver	GVA	Residential	28	
	8675 French Street	Vancouver	GVA	Residential	72	
	4640 W 10th Avenue	Vancouver	GVA	Residential	14	
	8740 Cartier Street	Vancouver	GVA	Residential	35	
	8790 Cartier Street	Vancouver	GVA	Residential	35	
	1373 W 73rd Avenue	Vancouver	GVA	Residential	36	
	2280 W 6th Avenue	Vancouver	GVA	Residential	43	
	2040 York Avenue	Vancouver	GVA	Residential	54	
	Total Vancouver No. 1 Apartments Partnership (100% interest)				614	$ 292,500,000
	Trust's 50% financial interest in Vancouver No. 1 Apartments Partnership					$ 146,250,000
Q1 2021 Acquisitions					**728**	**$ 168,250,000**

Transaction Date	Property	City	Region	Property Type	# of Suites		Transaction Price
13-Apr-21	2054 Comox Street	Vancouver	GVA	Residential	23		
	8735 Selkirk Street	Vancouver	GVA	Residential	22		
	Total Vancouver No. 1 Apartments Partnership (100% interest)				45	$	18,900,000
	Trust's 50% financial interest in Vancouver No. 1 Apartments Partnership					$	9,450,000
29-Apr-21	165 Ontario Street	St. Catharines	Other Ontario	Residential	158	$	31,400,000
13-May-21	150 Allan Street	Oakville	GTHA	Residential	55	$	26,375,000
13-May-21	265 Reynolds Street	Oakville	GTHA	Residential	45	$	20,275,000
1-Jun-21	920 Inverhouse Drive	Mississauga	GTHA	Residential	95	$	32,651,000
9-Jun-21	774-778 Gladstone Avenue & 174 Bell Street N	Ottawa	NCR	Residential[(1)]	5	$	4,000,000
Q2 2021 Acquisitions					**403**	**$**	**124,151,000**
26-Jul-21	2150 Roche Court	Mississauga	GTHA	Residential	94	$	30,100,000
	Trust's 50% financial interest in Ontario No. 1 Apartments Partnership					$	15,050,000
Q3 2021 Acquisitions					**94**	**$**	**15,050,000**
18-Oct-21	30 Edith Drive	Toronto	GTHA	Residential	172	$	80,200,000
18-Oct-21	919 & 931 Dufferin Street	Toronto	GTHA	Residential	113	$	44,800,000
22-Oct-21	3583 Kingsway	Vancouver	GVA	Residential	104	$	52,000,000
	Trust's 50% financial interest in Vancouver No. 1 Apartments Partnership					$	26,000,000
8-Nov-21	418 & 420 Claremont Avenue and 5001, 5011 & 5015 Sherbrooke Street W	Westmount	GMA	Residential[(2)]	48	$	18,525,000
26-Nov-21	2244 West 6th Avenue	Vancouver	GVA	Residential	46	$	19,500,000
	Trust's 50% financial interest in Vancouver No. 1 Apartments Partnership					$	9,750,000
2-Dec-21	3655 Papineau Avenue	Montréal	GMA	Residential	121	$	34,000,000
Q4 2021 Acquisitions					**604**	**$**	**213,275,000**
Total 2021 Acquisitions					**1,829**	**$**	**520,726,000**

(1) Includes a parking lot with 24 parking stalls.
(2) Includes 5,661 sq ft of leasable commercial space.

Glenmore Apartments, Vancouver, BC

PORTFOLIO SUMMARY

The Trust started the year with 11,047 suites. During the year ended December 31, 2021, the Trust purchased ten income properties (totalling 926 suites) and a 50% ownership stake in twenty properties with 903 suites in Vancouver, British Columbia and Mississauga, Ontario through its two joint operations. The Trust also added a suite to a property in St. Catharines, Ontario. At December 31, 2021, the Trust owned 12,426 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 to drive rents, reduce operating costs, and streamline operations. At December 31, 2021, 81.8% of the portfolio was same property suites and 66.9% of the portfolio was repositioned property suites. We are actively seeking opportunities within our target markets, as well as evaluating other gateway cities in Canada, in order to continue to build our acquisition pipeline and 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 85% of InterRent's suites being located in these core markets.

▼ Suites By Region at December 31, 2021

Region	Total Portfolio		Same Property	
	Suites	% of Portfolio	Suites	% of Portfolio
Greater Toronto & Hamilton Area	4,140 [(1)]	32.1%	2,885	28.4%
National Capital Region	2,970	23.1%	2,961	29.1%
Other Ontario	2,002	15.5%	1,535	15.1%
Greater Montreal Area	2,956	23.0%	2,787	27.4%
Greater Vancouver Area	809[(2)]	6.3%	-	-
Total	12,877	100.0%	10,168	100.0%

(1) Represents total suites of which the REIT owns a 100% interest in 4,046 suites and a 50% interest in 94 suites.

(2) Represents total suites of which the REIT owns a 50% interest in.

1924 Barclay Street,
Vancouver, BC

ANALYSIS OF OPERATING RESULTS

In $ 000's	3 Months Ended December 31, 2021		3 Months Ended December 31, 2020		12 Months Ended December 31, 2021		12 Months Ended December 31, 2020	
Gross rental revenue	**$ 50,905**		$ 43,452		**$ 191,431**		$ 162,083	
Less: vacancy & rebates	**(3,794)**		(4,303)		**(18,266)**		(12,196)	
Other revenue	**3,154**		2,715		**11,983**		10,068	
Operating revenues	**$ 50,265**		$ 41,864		**$ 185,148**		$ 159,955	
Expenses								
Property operating costs	**8,220**	**16.4%**	6,733	16.1%	**30,853**	**16.7%**	26,550	16.6%
Property taxes	**5,594**	**11.1%**	5,105	12.2%	**21,857**	**11.8%**	19,405	12.1%
Utilities	**4,296**	**8.5%**	3,661	8.7%	**14,780**	**8.0%**	11,861	7.4%
Operating expenses	**$ 18,110**	**36.0%**	$ 15,499	37.0%	**$ 67,490**	**36.5%**	$ 57,816	36.1%
Net operating income	**$ 32,155**		$ 26,365		**$ 117,658**		$ 102,139	
Net operating margin	**64.0%**		63.0%		**63.5%**		63.9%	

REVENUE

Gross rental revenue for the year ended December 31, 2021 increased 18.1% to $191.4 million compared to $162.1 million for the year ended December 31, 2020. Operating revenue for the year was up $25.2 million to $185.1 million, or 15.8% compared to Q4 2020. The Trust owned, on a weighted average basis, 11,793 suites throughout 2021 (12,426 suites at the end of 2021) as compared to 10,461 throughout 2020 (11,047 suites at the end of 2020), an increase of 1,332 suites over the period. On a weighted average suite basis, operating revenue for 2021 increased by 4.8% over 2020.

The average monthly rent across the portfolio for December 2021 increased to $1,381 per suite from $1,315 (December 2020), an increase of 5.0% and from $1,367 (September 2021), an increase of 1.0%. On a same property basis, the average rent increased by $58 per suite to $1,380 (or up 4.4%) over December 2020 and by $13 per suite (or up 1.0%) over September 2021. 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		
	Dec 2021	Dec 2020	Change	Dec 2021	Dec 2020	Change
Greater Toronto & Hamilton Area	$1,465	$1,387	+5.6%	$1,478	$1,406	+5.1%
National Capital Region[1]	$1,457	$1,407	+3.6%	$1,459	$1,409	+3.5%
Other Ontario	$1,333	$1,275	+4.5%	$1,388	$1,313	+5.7%
Greater Montreal Area	$1,182	$1,150	+2.8%	$1,192	$1,150	+3.7%
Greater Vancouver Area	$1,660	-	-	-	-	-
Total	**$1,381**	**$1,315**	**+5.0%**	**$1,380**	**$1,322**	**+4.4%**

[1] Excludes extended stay suites.

The REIT estimates that the average market rental gap on the total portfolio under normal conditions to be in excess of 25%; however, in light of the current economic environment, the current mark to market rental gap is estimated to be approximately 20% higher than the average in-place rent of $1,381. 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.

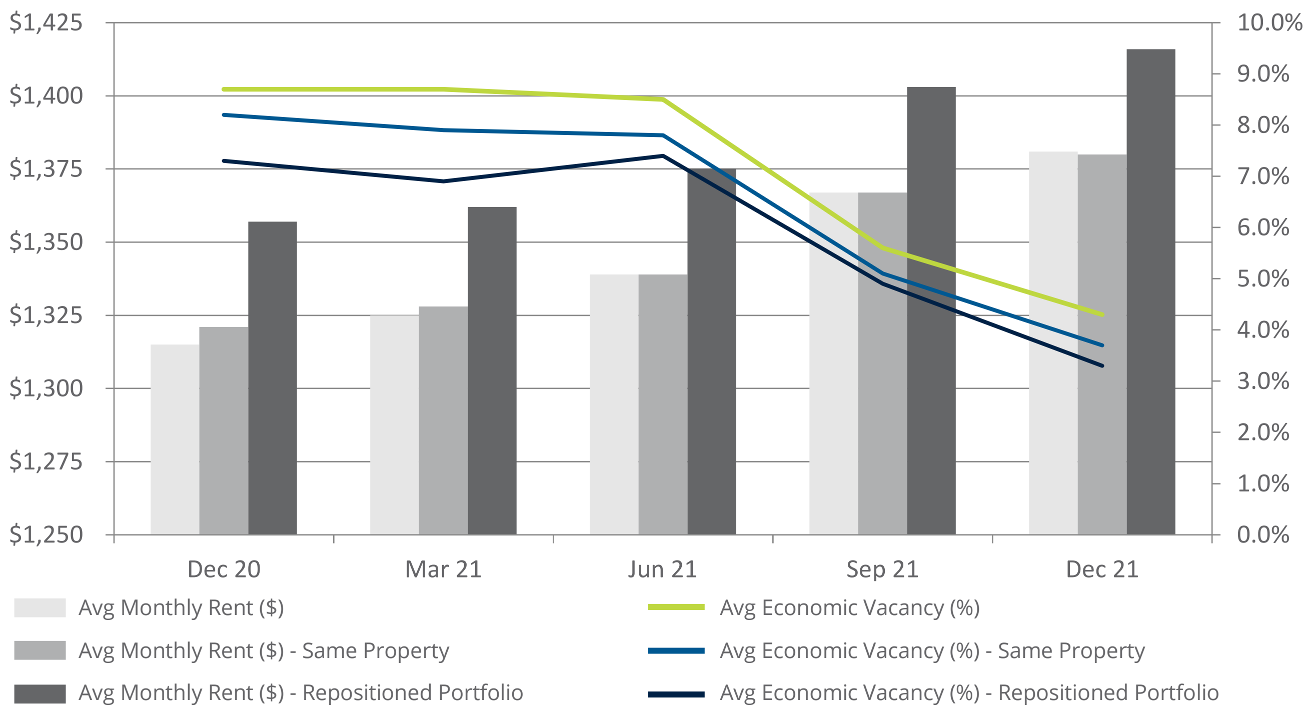
Portfolio Occupancy

As part of the ongoing effort to drive rents throughout the portfolio, 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 value for Unitholders. Management intends to continue to pursue this strategy both within the existing portfolio and as it looks to add new properties within targeted regions.

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



	December 2020	March 2021	June 2021	September 2021	December 2021
Average monthly rents all properties	$1,315	$1,325	$1,339	$1,367	$1,381
Average monthly rents same property	$1,322	$1,328	$1,339	$1,367	$1,380
Average monthly rents repositioned property	$1,357	$1,362	$1,375	$1,403	$1,416

The overall economic vacancy for December 2021 across the entire portfolio was 4.4%, a decrease of 120 basis points from the 5.6% recorded in September 2021 and a decrease of 430 basis points as compared to the 8.7% recorded for December 2020.

The overall economic vacancy for December 2021 for the same property portfolio was 3.8%, a decrease of 130 basis points from the 5.1% recorded in September 2021 and a decrease of 440 basis points as compared to the 8.2% recorded for December 2020.

Faced with a myriad of public health measures and travel restrictions in 2021, Immigration, Refugees and Citizenship Canada (IRCC) focused on transitioning temporary residents living in Canada to permanent residence as a strategy to achieve its 401,000-newcomer target. The result of this pivot led to a record year of immigration in 2021 and a strong retention of newcomers already in-country, yet without a meaningful boost in population growth.[11] In response, on February 14, 2022, the federal government further increased its immigration targets for the next three years, bumping its initial targets for 2022 and 2023 by 5% and 6%, respectively, and now targeting 451,000 new permanent residents in 2024.[12] When coupled with the backlog of 1.8 million applications waiting in IRCC's queue as of December 2021, these ambitious targets appear achievable and should drive population growth to support Canada's post-pandemic recovery.[13] The Trust expects the arrival of permanent residents, temporary foreign workers, and international students to gradually return to normal over the course of 2022, barring any new variant waves, with immigration likely to exceed pre-pandemic levels as we put COVID-19 behind us.

▼ **Vacancy By Region**

Region	Total Portfolio			Same Property		
	Dec 2021	Dec 2020	Change	Dec 2021	Dec 2020	Change
Greater Toronto & Hamilton Area	3.5%	6.6%	-310 bps	2.1%	4.3%	-220 bps
National Capital Region	4.8%	10.1%	-530 bps	4.7%	10.1%	-540 bps
Other Ontario	3.1%	2.8%	+30 bps	2.4%	2.5%	-10 bps
Greater Montreal Area	6.2%	14.2%	-800 bps	5.4%	14.2%	-880 bps
Greater Vancouver Area	3.7%	-	-	-	-	-
Total	**4.4%**	**8.7%**	**-430 bps**	**3.8%**	**8.2%**	**-440 bps**

Other Revenue

Other rental revenue for the year ended 2021 increased 19.0% to $12.0 million compared to $10.1 million for 2020. The 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. For the year ended 2021, other revenue represents 6.5% of operating revenues, an increase of 20 basis points as a percentage of operating revenues from 2020.

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 year ended 2021 amounted to $30.9 million or 16.7% of revenue compared to $26.6 million or 16.6% of revenue for 2020. As a percentage of revenue, operating costs increased marginally by 10 basis points as compared to 2020.

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[11] https://www.cicnews.com/2022/02/canada-immigration-levels-plan-2022-2024-0221165.html?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter-20220214#gs.r0ojpd

[12] https://www.canadavisa.com/canada-immigration-levels-plans.html?_ga=2.225068953.2089001067.1645802003-600812962.1620643108

[13] https://www.cicnews.com/2022/01/canadas-immigration-backlog-now-over-1-8-million-applications-0120775.html?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter-20220112#gs.r0t1g3

PROPERTY TAXES

Property taxes for the year ended 2021 amounted to $21.9 million or 11.8% of revenue compared to $19.4 million or 12.1% of revenue for 2020. Overall property taxes have decreased as a percentage of operating revenues and the nominal increase in taxes is mainly attributable to the increase in suites from 2020 to 2021.

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

UTILITY COSTS

Utility costs for the year ended 2021 amounted to $14.8 million or 8.0% of revenue compared to $11.9 million or 7.4% of revenue for 2020. Utility costs have increased over last year as both a percentage of operating revenues and on a per suite basis due to an increase in rates, mainly effecting both water and gas, as well as a slight increase in consumption across all three utilities.

Across the entire portfolio, our hydro sub-metering initiative reduced our electricity costs by 22.5%, or $1.6 million for the year. At December 31, 2021, the REIT had approximately 83% of its portfolio that had the capability to sub-meter hydro in order to recover the cost. Of these, approximately 82% 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 68% of the total portfolio. The REIT plans on continuing to roll this program out to new properties as they are acquired.


150 Allan Street,
Oakville, ON

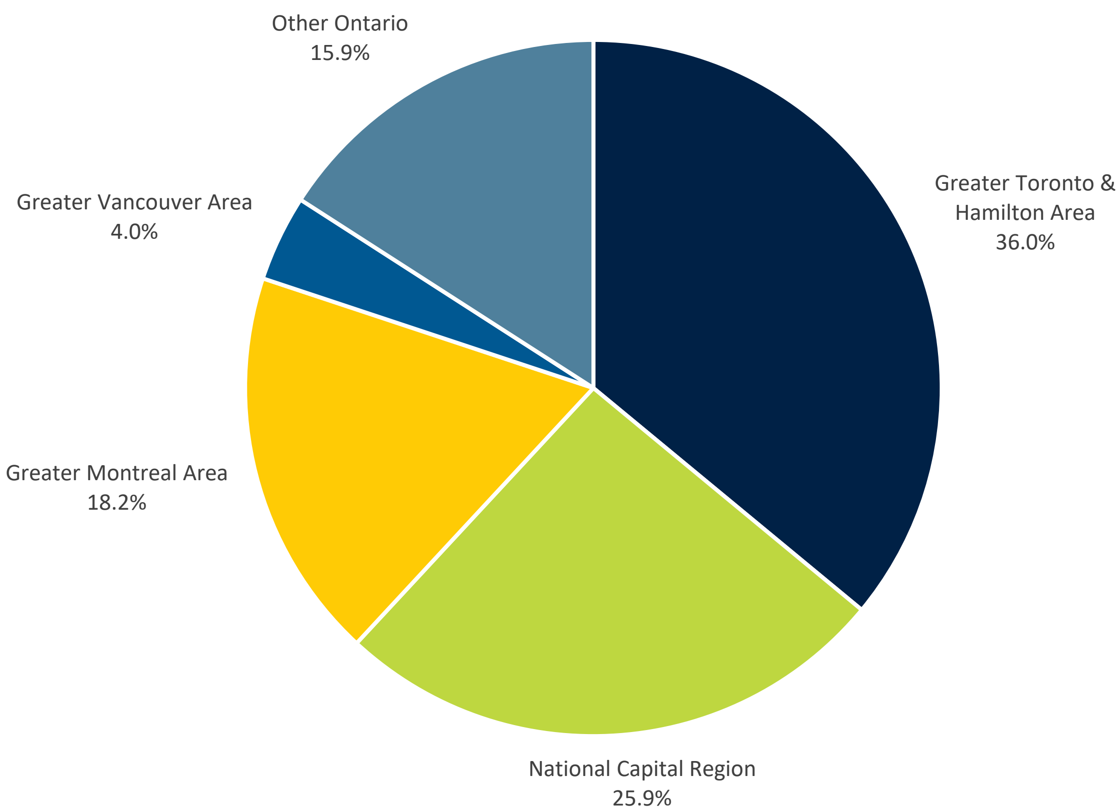
NET OPERATING INCOME (NOI)

NOI for the three months ended December 31, 2021 amounted to $32.2 million or 64.0% of operating revenue compared to $26.4 million or 63.0% of operating revenue for the three months ended December 31, 2020. The $5.8 million increase in the quarter results primarily from growth in the portfolio, as well as lower vacancy and rebates in Q4 2021 versus Q4 2020. Vacancy and rebates decreased by 11.8% contributing to a 20.0% increase in operating revenue compared to the three months ended December 31, 2020.

NOI for the twelve months ended December 31, 2021 amounted to $117.7 million or 63.5% of operating revenue compared to $102.1 million or 63.9% of operating revenue for the twelve months ended December 31, 2020. The $15.5 million increase in the quarter results from growing the portfolio and increasing operating revenue by 15.8% despite experiencing higher vacancy and rebates by 49.8% compared to 2020.

NOI for the twelve months ended December 31, 2021 from the same property portfolio was $102.8 million, or 64.3% of operating revenue. Management continues to focus on top line revenue growth through acquisitions, suite additions and ancillary revenue as well as operating cost reductions (such as efficiencies of scale, investment in energy saving initiatives, and investments to reduce ongoing operating costs).

▼ **NOI By Region – 3 Months Ended December 31, 2021**



SAME PROPERTY PORTFOLIO PERFORMANCE

Same property results for the three and twelve months ended December 31, 2021 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 period completed during the period from January 1, 2020 to December 31, 2021. As at December 31, 2021, the Trust has 10,168 suites in the same property portfolio. The same property portfolio represents 81.8% of the overall portfolio.

In $ 000's	3 Months Ended December 31, 2021		3 Months Ended December 31, 2020		12 Months Ended December 31, 2021		12 Months Ended December 31, 2020	
Gross rental revenue	**$ 42,261**		$ 40,246		**$ 165,256**		$ 157,819	
Less: vacancy & rebates	**(3,068)**		(3,908)		**(15,187)**		(11,720)	
Other revenue	**2,507**		2,336		**9,844**		9,506	
Operating revenues	**$ 41,700**		$ 38,674		**$ 159,913**		$ 155,605	
Expenses								
Property operating costs	**6,835**	**16.4%**	6,241	16.1%	**26,426**	**16.5%**	25,848	16.6%
Property taxes	**4,561**	**10.9%**	4,603	11.9%	**18,624**	**11.7%**	18,780	12.1%
Utilities	**3,336**	**8.0%**	3,191	8.3%	**12,029**	**7.5%**	11,278	7.2%
Operating expenses	**$ 14,732**	**35.3%**	$ 14,035	36.3%	**$ 57,079**	**35.7%**	$ 55,906	35.9%
Net operating income	**$ 26,968**		$ 24,639		**$ 102,834**		$ 99,699	
Net operating margin	**64.7%**		63.7%		**64.3%**		64.1%	

For the three months ended December 31, 2021, operating revenues for same property increased by 7.8% compared to Q4 2020. Property operating costs as a percentage of operating revenues increased by 30 basis points whereas property taxes and utilities decreased by 100 and 30 basis points, respectively. This resulted in an overall decrease in operating expenses of 100 basis points as compared to the same period last year. Overall, same property NOI has increased by $2.3 million, or 9.5%, as compared to the same period last year. NOI margin for Q4 2021 was 64.7% as compared to 63.7% for Q4 2020, a 100 basis points increase.

For the twelve months ended December 31, 2021, operating revenues for same property increased by 2.8% compared to 2020. Property operating costs and property taxes as a percentage of operating revenues decreased by 10 and 40 basis points, respectively, whereas utilities increased by 30 basis points. This resulted in an overall decrease in operating expenses of 20 basis points as compared to 2020. Overall, same property NOI has increased by $3.1 million, or 3.1%, as compared to 2020. NOI margin for 2021 was 64.3% as compared to 64.1% for 2020, a 20 basis points increase.

The average monthly rent for December 2021 for same property increased to $1,380 per suite from $1,322 (December 2020), an increase of 4.4%. Economic vacancy for December 2021 for same property was 3.8%, compared to 8.2% for December 2020.

	December 2020	March 2021	June 2021	September 2021	December 2021
Average monthly rent same property	$1,322	$1,328	$1,339	$1,367	$1,380
Average monthly vacancy same property	8.2%	7.9%	7.8%	5.1%	3.8%

REPOSITIONED PROPERTY 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 December 31, 2021 are defined as all properties owned and operated by the Trust prior to January 1, 2018. As at December 31, 2021, the Trust has 8,314 repositioned property suites, which represents 66.9% of the overall portfolio.

	3 Months Ended December 31, 2021					
In $ 000's	Repositioned Property Portfolio		Non-Repositioned Property Portfolio		Total Portfolio	
Gross rental revenue	$ 35,500		$ 15,405		**$ 50,905**	
Less: vacancy & rebates	(2,417)		(1,377)		**(3,794)**	
Other revenue	1,941		1,213		**3,154**	
Operating revenues	$ 35,024		$ 15,241		**$ 50,265**	
Expenses						
Property operating costs	5,497	15.6%	2,723	17.9%	**8,220**	**16.4%**
Property taxes	3,871	11.1%	1,723	11.3%	**5,594**	**11.1%**
Utilities	2,726	7.8%	1,570	10.3%	**4,296**	**8.5%**
Operating expenses	$ 12,094	34.5%	$ 6,016	39.5%	**$ 18,110**	**36.0%**
Net operating income	$ 22,930		$ 9,225		**$ 32,155**	
Net operating margin	65.5%		60.5%		**64.0%**	

	12 Months Ended December 31, 2021					
In $ 000's	Repositioned Property Portfolio		Non-Repositioned Property Portfolio		Total Portfolio	
Gross rental revenue	$ 138,803		$ 52,628		**$ 191,431**	
Less: vacancy & rebates	(11,864)		(6,402)		**(18,266)**	
Other revenue	7,569		4,414		**11,983**	
Operating revenues	$ 134,508		$ 50,640		**$ 185,148**	
Expenses						
Property operating costs	21,361	15.9%	9,492	18.7%	**30,853**	**16.7%**
Property taxes	15,847	11.8%	6,010	11.9%	**21,857**	**11.8%**
Utilities	9,840	7.3%	4,940	9.8%	**14,780**	**8.0%**
Operating expenses	$ 47,048	35.0%	$ 20,442	40.4%	**$ 67,490**	**36.5%**
Net operating income	$ 87,460		$ 30,198		**$ 117,658**	
Net operating margin	65.0%		59.6%		**63.5%**	

The average monthly rent for December 2021 for the repositioned property portfolio was $1,416 per suite and the economic vacancy for December 2021 was 3.3% whereas the non-repositioned properties had an average monthly rent of $1,310 per suite and an economic vacancy of 6.5% for December 2021.

Region	Repositioned Property Portfolio			Non-Repositioned Property Portfolio		
	Suites	Dec 2021 Average Rent	Dec 2021 Vacancy	Suites	Dec 2021 Average Rent	Dec 2021 Vacancy
Greater Toronto & Hamilton Area	2,588	$1,517	2.0%	1,505	$1,375	6.4%
National Capital Region	2,883	$1,439	4.3%	87	$2,070	14.6%
Other Ontario	1,460	$1,396	2.2%	542	$1,163	5.9%
Greater Montreal Area	1,383	$1,201	5.1%	1,573	$1,166	7.1%
Greater Vancouver Area	-	-	-	405	$1,660	3.7%
Total	**8,314**	**$1,416**	**3.3%**	**4,112**	**$1,310**	**6.5%**

FINANCING AND ADMINISTRATIVE COSTS

In $ 000's	3 Months Ended December 31, 2021	3 Months Ended December 31, 2020	12 Months Ended December 31, 2021	12 Months Ended December 31, 2020
Net operating income	**$ 32,155**	$ 26,365	**$ 117,658**	$ 102,139
Expenses				
Financing costs	**8,492**	6,490	**30,769**	26,331
Administrative costs	**3,957**	3,564	**13,216**	11,599
Income before other income and expenses	**$ 19,706**	$ 16,311	**$ 73,673**	$ 64,209

FINANCING COSTS

Financing costs amounted to $8.5 million or 16.9% of operating revenue for the three months ended December 31, 2021 compared to $6.5 million or 15.5% of operating revenue for the three months ended December 31, 2020.

In $ 000's	3 Months Ended December 31, 2021		3 Months Ended December 31, 2020	
	Amount	% of Revenue	Amount	% of Revenue
Cash based:				
Mortgage interest	$ 7,931	15.8%	$ 6,312	15.1%
Credit facilities	683	1.4%	279	0.7%
Interest capitalized	(240)	(0.5%)	(208)	(0.5%)
Interest income	(98)	(0.2%)	(147)	(0.4%)
Non-Cash based:				
Amortization of deferred finance cost and premiums on assumed debt	216	0.4%	254	0.6%
Total	$ 8,492	16.9%	$ 6,490	15.5%

Financing costs amounted to $30.8 million or 16.6% of operating revenue for the year ended 2021 compared to $26.3 million or 16.4% of operating revenue for 2020.

In $ 000's	12 Months Ended December 31, 2021		12 Months Ended December 31, 2020	
	Amount	% of Revenue	Amount	% of Revenue
Cash based:				
Mortgage interest	$ 29,476	15.9%	$ 25,490	15.9%
Credit facilities	1,717	0.9%	1,389	0.9%
Interest capitalized	(884)	(0.5%)	(935)	(0.6%)
Interest income	(386)	(0.2%)	(635)	(0.4%)
Non-Cash based:				
Amortization of deferred finance cost and premiums on assumed debt	846	0.5%	1,022	0.6%
Total	$ 30,769	16.6%	$ 26,331	16.4%

Mortgage Interest

Mortgage interest is one of the single largest expense line items for InterRent REIT. Given the current rates in the market for CMHC insured mortgages (currently in the range of 2.65% to 2.75% for 5-year terms and 2.95% to 3.05% for 10-year terms), it is management's expectation that it will be able to continue to refinance existing mortgages as they come due at rates that are in line with the overall weighted average. Mortgage debt has increased on an overall basis, mainly attributable to up-financing for property acquisitions, and repositioning.

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 twelve months ended December 31, 2021 amounted to $13.2 million, or 7.1% of operating revenue, compared to $11.6 million for 2020, being 7.3% of operating revenue.

OTHER INCOME AND EXPENSES

In $ 000's	3 Months Ended December 31, 2021	3 Months Ended December 31, 2020	12 Months Ended December 31, 2021	12 Months Ended December 31, 2020
Income before other income and expenses	**$ 19,706**	$ 16,311	**$ 73,673**	$ 64,209
Other income and expenses				
Income from joint ventures	**10**	9	**39**	40
Other income and fees	**241**	-	**605**	-
Fair value adjustments of investment properties	**84,549**	50,830	**327,208**	70,110
Unrealized gain/(loss) on financial liabilities	**(4,446)**	(9,004)	**(29,229)**	18,736
Distributions expense on units classified as financial liabilities	**(661)**	(629)	**(2,610)**	(2,447)
Net income	**$ 99,399**	$ 57,517	**$369,686**	$150,648

OTHER INCOME AND FEES

The Trust has contractual arrangements with Vancouver No. 1 Apartments Partnership and Ontario No. 1 Apartments Partnership and receives compensation to perform the property and project management services for the 809 and 94 residential suites within the joint operations, respectively.

FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES

The fair value of the portfolio at December 31, 2021 and 2020 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, 2021 and 2020. For the year ended December 31, 2021, a fair value gain of $327.2 million was recorded on the financial statements 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 Q4 2021 was 3.86% as compared to 3.93% for Q3 2021 and 4.16% for Q4 2020.

UNREALIZED FAIR VALUE GAIN/LOSS ON FINANCIAL LIABILITIES

The Trust used a price of $17.31 based on the closing price of the TSX listed InterRent REIT Trust Units to determine the fair value of the deferred unit compensation liability. The total fair value of the deferred units recorded on the consolidated balance sheet at December 31, 2021 was $67.6 million and a corresponding fair value loss of $15.1 million was recorded on the consolidated statement of income for the year ended December 31, 2021.

The Trust determined the fair value of the option plan (unit-based compensation liability) at December 31, 2021 was $2.9 million and a corresponding fair value loss of $2.1 million was recorded on the consolidated statement of income for the year ended December 31, 2021.

The Trust used a price of $17.31 based on the closing price of the TSX listed InterRent REIT Trust Units to determine the fair value of the Class B LP unit liability. The total fair value of these Units recorded on the consolidated balance sheet at December 31, 2021 was $59.0 million and a corresponding fair value gain of $12.3 million was recorded on the consolidated statement of income for the year ended December 31, 2021.

In $ 000's	**3 Months Ended December 31, 2021**	**3 Months Ended December 31, 2020**	**12 Months Ended December 31, 2021**	**12 Months Ended December 31, 2020**
Fair value gain/(loss) on financial liabilities:				
Deferred unit compensation plan	**$ (2,544)**	$ (4,530)	**$ (15,133)**	$ 10,765
Option plan	**(185)**	(756)	**(2,120)**	1,320
Class B LP unit liability	**(1,978)**	(3,718)	**(12,346)**	6,651
Rate swap	**261**	-	**370**	-
Fair value gain/(loss) on financial liabilities	**$ (4,446)**	$ (9,004)	**$ (29,229)**	$ 18,736

DISTRIBUTION EXPENSE

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

INVESTMENT PROPERTIES

The following chart shows the changes in investment properties from December 31, 2020 to December 31, 2021.

In $ 000's	December 31, 2021
Balance, December 31, 2020	$ 3,106,240
Acquisitions	538,996
Property capital investments	90,149
Fair value gains	327,208
Total investment properties	$ 4,062,593

The Trust purchased ten investment properties totalling 926 suites and purchased a 50% ownership stake in twenty properties with 903 suites.

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 2021 the REIT uses a cut-off of December 31, 2017. 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, 2018, 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 8,314 suites in the REIT's portfolio that were acquired prior to January 1, 2018 and are considered repositioned properties for the purpose of calculating maintenance capital investment.

For the twelve month period ended December 31, 2021, the Trust invested $90.1 million in the portfolio compared to $55.3 million in 2020. In 2021, $36.6 million was invested in the non-repositioned properties and $11.4 million was invested in properties under development. Of the remaining $42.1 million, $34.2 million was invested in value enhancing initiatives and $7.9 million was related to sustaining and maintaining existing spaces within 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.

The fair value of the portfolio at December 31, 2021 and 2020 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, 2021 and 2020. For the year ended December 31, 2021, a fair value gain of $327.2 million was recorded on the financial statements as a result of changes in the fair value of investment properties.

UNITHOLDERS' EQUITY

The following chart shows the changes in reported Unitholders' equity from December 31, 2020 to December 31, 2021.

Summary of Unitholders' Capital Contributions	Trust Units	Amount (in $ 000's)
December 31, 2020	138,416,700	$1,003,526
Units issued under the deferred unit plan	188,456	3,032
Units issued under distribution reinvestment plan	1,109,595	17,109
Units issued from options exercised	465,093	7,113
December 31, 2021	140,179,844	$1,030,780

As at December 31, 2021 there were 140,179,844 Trust Units issued and outstanding.

DISTRIBUTIONS

The distributions per Unit were $0.32825 and $0.31258 for 2021 and 2020, respectively. The Trust is currently making monthly distributions of $0.02850 per Unit, which equates to $0.34200 per Unit on an annualized basis. For the year ended December 31, 2021, the Trust's FFO and AFFO was $0.511 and $0.455 per unit (basic) respectively, compared to $0.467 and $0.413 for the year ended December 31, 2020.

Distributions to Unitholders are as follows:

In $ 000's	12 Months Ended December 31, 2021	12 Months Ended December 31, 2020
Distributions declared to Unitholders	**$ 45,708**	$ 41,057
Distributions reinvested through DRIP	**(17,109)**	(14,518)
Distributions declared to Unitholders, net of DRIP	**$ 28,599**	$ 26,539
DRIP participation rate	**37.4%**	35.4%

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.

WEST236,
Ottawa, ON

WEIGHTED AVERAGE NUMBER OF UNITS

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

	3 Months Ended December 31, 2021	3 Months Ended December 31, 2020	12 Months Ended December 31, 2021	12 Months Ended December 31, 2020
Trust units	**139,704,659**	138,249,190	**139,163,764**	131,127,137
LP Class B units	**3,410,766**	3,410,766	**3,410,766**	3,410,766
Weighted average units outstanding - Basic	**143,115,425**	141,659,956	**142,574,530**	134,537,903
Unexercised dilutive options [(1)]	**179,329**	409,382	**179,329**	409,382
Weighted average units outstanding - Diluted	**143,294,754**	142,069,338	**142,753,859**	134,947,285

[(1)] Calculated using the treasury method.

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 $000's, except per Unit amounts and Units outstanding	3 Months Ended Dec 31, 2021	3 Months Ended Dec 31, 2020	12 Months Ended Dec 31, 2021	12 Months Ended Dec 31, 2020
Net income	**$ 99,399**	$ 57,517	**$ 369,686**	$ 150,648
Add (deduct):				
Fair value adjustments on investment property	**(84,549)**	(50,830)	**(327,208)**	(70,110)
Unrealized (gain) loss on financial instruments	**4,446**	9,004	**29,229**	(18,736)
Interest expense on puttable units classified as liabilities	**287**	273	**1,119**	1,066
Funds from Operations (FFO)	**$ 19,583**	$ 15,964	**$ 72,826**	$ 62,868
FFO per weighted average unit - basic	**$0.137**	$0.113	**$0.511**	$0.467
FFO per weighted average unit - diluted	**$0.137**	$0.112	**$0.510**	$0.466

AFFO Reconciliation In $000's, except per Unit amounts and Units outstanding	**3 Months Ended Dec 31, 2021**	**3 Months Ended Dec 31, 2020**	**12 Months Ended Dec 31, 2021**	**12 Months Ended Dec 31, 2020**
Funds from Operations	**$ 19,583**	$ 15,964	**$ 72,826**	$ 62,868
Add (deduct):				
Actual maintenance capital investment	**(2,094)[(1)]**	(1,771)[(2)]	**(7,901)[(1)]**	(7,291)[(2)]
Adjusted Funds from Operations (AFFO)	**$ 17,489**	$ 14,193	**$ 64,925**	$ 55,577
AFFO per weighted average unit - basic	**$0.122**	$0.100	**$0.455**	$0.413
AFFO per weighted average unit - diluted	**$0.122**	$0.100	**$0.455**	$0.412

(1) Maintenance capital investment total is for the 8,314 repositioned suites for 2021

(2) Maintenance capital investment total is for the weighted average of 7,713 repositioned suites for 2020

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

ACFO Reconciliation In $000's, except per Unit amounts and Units outstanding	**3 Months Ended December 31, 2021**	**3 Months Ended December 31, 2020**	**12 Months Ended December 31, 2021**	**12 Months Ended December 31, 2020**
Cash generated from operating activities	**$ 42,757**	$ 12,452	**$ 96,020**	$ 61,943
Add (deduct):				
Changes in non-cash working capital not indicative of sustainable cash flows	**(12,000)**	9,750	**(9,100)**	9,150
Amortization of finance costs	**(216)**	(254)	**(846)**	(1,022)
Principal portion of lease payments	**(44)**	-	**(79)**	-
Actual maintenance capital investment	**(2,094)**	(1,771)	**(7,901)**	(7,291)
ACFO	**$ 28,403**	$ 20,177	**$ 78,094**	$ 62,780
Distributions declared [(1)]	**$ 12,050**	$ 11,350	**$ 46,827**	$ 42,123
Excess/(shortfall) of ACFO over distributions	**$ 16,353**	$ 8,827	**$ 31,248**	$ 20,657
ACFO payout ratio	**42.4%**	56.3%	**60.0%**	67.1%

(1) Includes distributions on LP Class B units

For the three and twelve months ended December 31, 2021, ACFO exceeded distributions declared by $16.4 million and $31.2 million, respectively. Amounts retained in excess of the declared distributions are used to fund acquisitions and capital expenditure requirements.

CASH FROM OPERATING ACTIVITIES AND CASH DISTRIBUTIONS

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

In $ 000's	3 Months Ended December 31, 2021	3 Months Ended December 31, 2020	12 Months Ended December 31, 2021	12 Months Ended December 31, 2020
Net income	**$ 99,399**	$ 57,517	**$ 369,686**	$ 150,648
Cash flows from operating activities	**42,757**	12,452	**96,020**	61,943
Distributions paid [(1)]	**7,169**	7,203	**29,479**	26,988
Distributions declared [(1)]	**12,050**	11,350	**46,827**	42,123
Excess of net income over distributions paid	**92,230**	50,314	**340,207**	123,660
Excess of net income over distributions declared	**87,349**	46,167	**322,859**	108,525
Excess of cash flows from operations over distributions paid	**35,588**	5,249	**66,541**	34,955
Excess of cash flows from operations over distributions declared	**30,707**	1,102	**49,193**	19,820

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

For the three and twelve months ended December 31, 2021, cash flows from operating activities exceeded distributions paid by $35.6 million and $66.5 million, respectively. Net income 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.

Landmark Place,
Hamilton, ON

QUARTERLY PERFORMANCE HIGHLIGHTS

Selected Consolidated Information In $000's, except per Unit amounts and other non-financial data	2021				2020			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Total suites	12,426	11,897	11,850	11,468	11,047	11,046	10,226	10,226
Average rent per suite (1)	$ 1,381	$ 1,367	$ 1,339	$ 1,325	$ 1,315	$ 1,302	$ 1,291	$ 1,270
Occupancy rate (1)	95.6%	94.4%	91.5%	91.3%	91.3%	92.1%	93.0%	95.3%
Operating revenues	$ 50,265	$ 46,866	$ 44,966	$ 43,051	$ 41,864	$ 39,719	$ 39,004	$ 39,368
Net operating income (NOI)	$ 32,155	$ 30,250	$ 28,765	$ 26,488	$ 26,365	$ 26,228	$ 24,838	$ 24,708
NOI %	64.0%	64.5%	64.0%	61.5%	63.0%	66.0%	63.7%	62.8%
Same Property average rent per suite (1)	$ 1,380	$ 1,367	$ 1,339	$ 1,328	$ 1,322	$ 1,310	$ 1,291	$ 1,270
Same Property occupancy rate (1)	96.2%	94.9%	92.2%	92.1%	91.8%	92.0%	93.0%	95.3%
Same Property NOI	$ 26,968	$ 26,226	$ 25,448	$ 24,194	$ 24,639	$ 25,621	$ 24,796	$ 24,643
Same Property NOI %	64.7%	65.3%	64.7%	62.5%	63.7	65.8%	64.0%	62.8%
Net Income	$ 99,399	$ 104,512	$ 61,066	$ 104,709	$ 57,517	$ 32,506	$ 22,714	$ 37,911
FFO	$ 19,583	$ 19,285	$ 17,766	$ 16,192	$ 15,964	$ 17,170	$ 15,250	$ 14,484
FFO per weighted average unit - diluted	$ 0.137	$ 0.135	$ 0.124	$ 0.114	$ 0.112	$ 0.121	$ 0.117	$ 0.115
AFFO	$ 17,489	$ 17,238	$ 15,672	$ 14,526	$ 14,193	$ 15,070	$ 13,752	$ 12,562
AFFO per weighted average unit - diluted	$ 0.122	$ 0.120	$ 0.110	$ 0.102	$ 0.100	$ 0.106	$ 0.105	$ 0.100
Distributions per unit	$ 0.08413	$ 0.08138	$ 0.08138	$ 0.08138	$ 0.08008	$ 0.07750	$ 0.07750	$ 0.07750
ACFO	$ 28,403	$ 18,778	$ 17,738	$ 13,174	$ 20,177	$ 15,416	$ 18,157	$ 9,030
Debt-to-GBV	36.7%	34.4%	34.4%	32.7%	31.1%	30.9%	28.0%	33.4%
Interest coverage (rolling 12 months)	3.39x	3.45x	3.53x	3.53x	3.45x	3.38x	3.28x	3.18x
Debt service coverage (rolling 12 months)	1.84x	1.85x	1.90x	1.93x	1.95x	1.96x	1.93x	1.90x

(1) Last month of the quarter

LIQUIDITY AND CAPITAL RESOURCES

InterRent REIT's overall debt level was at 36.7% of Gross Book Value ("GBV") at December 31, 2021. GBV is a non-GAAP term that is defined in the DOT and includes all operations. The following chart sets out the Trust's computed debt-to-GBV:

In $ 000's	December 31, 2021	December 31, 2020
Total assets per Balance Sheet	$ 4,118,699	$ 3,214,047
Mortgages payable	$ 1,371,577	$ 999,595
Credit facilities	140,495	-
Total debt	$ 1,512,072	$ 999,595
Debt-to-GBV	36.7%	31.1%

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

INTEREST AND DEBT SERVICE COVERAGE

The following schedule summarizes the interest and debt service coverage ratios for InterRent for the comparable rolling 12-month periods ending December 31, 2021:

In $000's	12 Months Ended December 31, 2021	12 Months Ended December 31, 2020
NOI	$ 117,658	$ 102,139
Less: Administrative costs	13,216	11,599
EBITDA	$ 104,442	$ 90,540
Interest expense [1]	$ 30,807	$ 26,244
Interest coverage ratio	**3.39x**	**3.45x**
Contractual principal repayments	$ 25,949	$ 20,256
Total debt service payments	$ 56,756	$ 46,500
Debt service coverage ratio	**1.84x**	**1.95x**

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

MORTGAGE AND DEBT SCHEDULE

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

Year Maturing	Mortgage Balances At December 31, 2021 (in $ 000's)	Weighted Average by Maturity	Weighted Average Interest Rate
2022	$ 457,534	32.8%	2.04%
2023	$ 222,384	16.0%	2.30%
2024	$ 75,355	5.4%	3.70%
2025	$ 111,608	8.0%	2.21%
2026	$ 96,273	6.9%	2.15%
Thereafter	$ 430,399	30.9%	2.63%
Total	$ 1,393,553	100.0%	2.38%

At December 31, 2021, the average term to maturity of the mortgage debt was approximately 3.6 years and the weighted average cost of mortgage debt was 2.38%. At December 31, 2021, approximately 63% of InterRent REIT's mortgage debt was backed by CMHC insurance.

During the quarter, the Trust assumed one mortgage and added five mortgages on properties acquired in the quarter for $124.1 million, up-financed one mortgage for $1.9 million, and paid down $6.7 million in mortgage principal. The net result at December 31, 2021 compared to September 30, 2021 was:

- A decrease in the average term to maturity of the mortgage debt to 3.6 years from 4.0 years;
- A decrease in the weighted average cost of mortgage debt to 2.38% from 2.39%; and
- A decrease in the mortgage debt backed by CMHC insurance to approximately 63% from 69%.

During the year, the Trust assumed three mortgages and added eleven mortgages for properties that were acquired in the year for $310.6 million, up-financed four mortgages for $89.1 million, and paid down $26.1 million in mortgage principal. The net result at December 31, 2021 compared to December 31, 2020 was:

- A decrease in the average term to maturity of the mortgage debt to 3.6 years from 5.2 years;
- A decrease in the weighted average cost of mortgage debt to 2.38% from 2.56%; and
- A decrease in the mortgage debt backed by CMHC insurance to approximately 63% from 81%.

As at December 31, 2021, the Trust had the following credit facilities:

- A $2.0 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 December 31, 2021, the Trust had utilized $0.4 million of 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 nine of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread. As at December 31, 2021, the Trust had had utilized $53.6 million of this facility.
- A $15.0 million term credit facility, maturing in 2023, 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 December 31, 2021, the Trust had utilized $0.5 million of this facility.
- A $100.0 million term credit facility, maturing in 2024, 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 December 31, 2021, the Trust had utilized $86.0 million of 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, 2023. Earlier application is permitted. The implementation of these amendments is not expected to have a significant impact on the Trust as the balance sheet is presented on a liquidity basis.

RISKS AND UNCERTAINTIES

The Trust, its business and the transactions contemplated in this MD&A are subject to material risks, both known and unknown, including, but not limited to the following:

The Trust is exposed to a variety of risks, general and specific. General risks are the risks associated with general conditions in the real estate sector, and consist largely of commonly exposed risks affecting the real estate industry as a whole. Specific risks are the risks specific to the Trust and its operations, such as credit, market, liquidity and operational risks.

Current Economic Risks

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

Real Estate Industry Risk

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

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

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

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

Multi-Unit Residential Sector Risk

Income producing properties generate income through rent payments made by residents of the properties. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the resident replaced. The terms of any subsequent lease may be less favourable to the Trust than the existing lease. The Trust is dependent on leasing markets to ensure vacant residential space is leased, expiring leases are renewed and new residents are found to fill vacancies. A disruption in the economy could have a significant impact on how much space residents will lease and the rental rates paid by residents. This would 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 residents. Although the Trust's strategy is to own multi-residential properties in desirable locations in each market in which it operates, some of the properties of the Trust's competitors may be newer, better located or better capitalized. The existence of alternative housing could have a material adverse effect on the Trust's ability to lease space in its properties and on the rents charged or concessions granted, and could adversely affect the Trust's revenues and its ability to meet its obligations.

General Uninsured Losses

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

Credit Risk - Leases

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

Local Real Estate Market Risk and Asset Concentration

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

Rent Control Legislation Risk

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

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

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

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

Utility and Property Tax Risk

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

Operational Risk

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

Renovation Risks

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

Fluctuations and Availability of Cash Distributions

Although the Trust intends to continue distributing its Distributable Income, the actual amount of Distributable Income distributed in respect of the Units will depend upon numerous factors, some of which may be beyond the control of the Trust. The distribution policy of the Trust is established by the Trustees and is subject to change at the discretion of the Trustees. The recourse of Unitholders who disagree with any change in policy is limited and could require such Unitholders to seek to replace the Trustees. Distributable Income may exceed actual cash available to the Trust from time to time because of items such as principal repayments, resident allowances, leasing commissions and capital expenditures and redemption of Units, if any. The Trust may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items.

Cyber Security Risk

A cyber incident is any adverse event that threatens the confidentiality, integrity or availability of the Trust's information technology resources. More specifically, a cyber incident is an intentional attack or an unintentional event that can include gaining unauthorized access to information systems to disrupt operations, corrupt data or steal confidential information. The Trust's primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to its reputation, damage to relationships with its vendors and residents and disclosure of confidential vendor or resident information. The Trust has implemented processes, procedures and controls to mitigate these risks, but these measures, as well as its increased awareness of a risk of a cyber incident, do not guarantee that its financial results will not be negatively impacted by such an incident.

Market Price of Units

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

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 Canadian Revenue Agency (CRA) and/or the treatment of mutual fund trusts (including real estate investment trusts) and/or SIFT trusts (as defined below) will not be changed in a manner which adversely affects the Trust or Unitholders.

SIFT Rules

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

The REIT Exception

Based on a review of the Trust's assets and revenues, management believes that the Trust satisfied the tests to qualify for the REIT Exception throughout 2021 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.

Investment Eligibility

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

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

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

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

Unitholders Limited Liability

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

Structural Subordination of Debt

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

Statutory Remedies

The Trust is not a legally recognized entity within the relevant definitions of the *Bankruptcy and Insolvency Act*, the *Companies' Creditors Arrangement 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.

Pandemic Risk and Economic Downturn

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The transmission of COVID-19 and efforts to contain its spread have resulted in international, national and local border closings, significant disruptions to business operations, financial markets, regional economies and the world economy and other changes to services as well as considerable general concern and uncertainty. Such disruptions could adversely affect the ability of the Trust's residents to pay rent and increase the Trust's credit risk. In addition, the COVID-19 pandemic and other outbreaks could materially interrupt the Trust's supply chain and service providers, which could have material adverse affects on the Trust's ability to maintain and service its properties. There can be no assurance that a disruption in financial markets, regional economies and the world economy and the government measures to contain COVID-19 will not negatively affect the financial performance or fair values of the Trust's investment properties in a material manner.

The Trust's response to the COVID-19 pandemic is guided by local public health authorities and governments. The Trust continues to closely monitor business operations and may take further actions that respond to directives of governments and public health authorities or that are in the best interests of employees, residents, suppliers, or other stakeholders, as necessary. These changes and any additional changes in operations in response to COVID-19 could materially impact the business operations and financial results of the Trust. The COVID-19 situation continues to change rapidly and uncertainties remain with respect to the severity and duration of a resurgence in COVID-19 or its variants, the availability, distribution rates and efficacy of COVID-19 vaccines, the speed and extent to which normal economic conditions are able to resume and the effectiveness of government and central bank responses. There are no comparable recent events that provide guidance as to the effect the spread of COVID-19 may have, and, as a result, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Trust for future periods.

Volatility Resulting from the Current Conflict in Ukraine

Russia launched a large-scale invasion of Ukraine on February 24, 2022. The extent and duration of the military action, resulting sanctions and resulting future market disruptions are impossible to predict, but could be significant. Actual and threatened responses to such military action, including trade and monetary sanctions, may impact the markets for certain Russian commodities, such as oil and natural gas. This could significantly affect worldwide demand and prices for these commodities and cause turmoil in the global financial system. This could materially affect our business, our supply chains, and financial condition, along with our operating costs as an increase in the price of natural gas would negatively affect the Trust's financial performance.

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

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 the Trust will complete any proposed acquisitions described herein on the basis described or on expected closing dates, if at all. In the event the Trust does not complete proposed acquisitions, the Trust's financial performance may be negatively impacted until suitable acquisitions with appropriate investment returns can be made. There is no assurance that such suitable investments will be available to the Trust in the near future or at all.

Property Acquisition Risks

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

Interest Risk

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

Appraisals of Properties

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

Joint Arrangements

The Trust has two development projects that are subject to joint control and are joint arrangements (joint ventures and joint operations). Risks associated with joint arrangements include the risk of non-payment for operating and capital costs from the partner, risk of inability to finance a property associated with a joint venture or limited partnership and the risk of a partner selling their interest in the properties.

Zoning and Approval

Future acquisitions and development projects may require zoning and other approvals from local government agencies. The process of obtaining such approvals may take months or years, and there can be no assurance that the necessary approvals for any particular project will be obtained. Holding costs accrue while regulatory approvals are being sought, and delays could render future acquisitions and developments uneconomical.

Debt and Distributable Income

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

Legal Proceedings

In the normal course of operations, the Trust may 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.

Financial Risk Management and Financial Instruments

a) Overview

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

b) Credit Risk

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

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

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

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

The amounts disclosed as rents and other receivables and loan receivable long-term incentive plan in the consolidated balance sheet are net of allowances for doubtful accounts. At December 31, 2021, the Trust had past due rents and other receivables of $6.1 million net of an allowance for doubtful accounts of $2.3 million which adequately reflects the Trust's credit risk.

c) Liquidity Risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust manages liquidity risk through the management of its capital structure and financial leverage, as outlined in note 23(c) in the December 31, 2021 consolidated financial statements. It also manages liquidity risk by continuously monitoring actual and projected cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Trust's reputation.

As at December 31, 2021, the Trust had credit facilities as described in note 10 in the December 31, 2021 consolidated financial statements.

Note 9 in the December 31, 2021 consolidated financial statements reflects the contractual maturities for mortgage payable of the Trust at December 31, 2021, 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 $1,543 million as at December 31, 2021 excluding any deferred financing costs.

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

e) Market Risk

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

At December 31, 2021, approximately 20% (December 31, 2020 – 2%) of the Trust's mortgage debt was at variable interest rates. The Trust's credit facilities bear interest at variable rates. If there was a 100 basis point change in the interest rate, cash flows would have changed by approximately $2.5 million for the year ended December 31, 2021.

OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2021 the Trust did not have any off-balance sheet arrangements in place.

RELATED PARTY TRANSACTIONS

There have been no transactions with related parties during the years ended December 31, 2021 and 2020.

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 December 31, 2021:

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.

SUBSEQUENT EVENTS

The Trust, through the Vancouver No. 1 Apartments Partnership joint operation, acquired one property (36 suites) in Vancouver, British Columbia (the "Property") for a purchase price of approximately $16.5 million on January 24, 2022. Under the joint operation, the Trust will own a 50% interest in the Property. A subsidiary of the Trust will be the property manager and will receive industry standard compensation for the services.

The Trust, through the Vancouver No. 1 Apartments Partnership joint operation, acquired one property (21 suites) in Vancouver, British Columbia (the “Property”) for a purchase price of approximately $9.1 million on February 28, 2022. Under the joint operation, the Trust will own a 50% interest in the Property. A subsidiary of the Trust will be the property manager and will receive industry standard compensation for the services.

OUTSTANDING SECURITIES DATA

As of March 8, 2022, the Trust had issued and outstanding: (i) 140,387,217 units; (ii) LP Class B Units that are exchangeable for 3,410,766 units of the Trust; (iii) options exercisable to acquire 277,765 units of the Trust; and (iv) deferred units that are redeemable for 4,451,861 units of the Trust.

ADDITIONAL INFORMATION

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