InterRent REIT Management's Discussion & Analysis

For the Three and Nine Months Ended September 30, 2020

November 9, 2020

2757 Battleford,
Mississauga, 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" 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, 2019 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 tenants, 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" 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 September 30, 2020 the Trust was in material compliance with all investment guidelines and operating policies stipulated in the DOT.

ACCOUNTING POLICIES

InterRent REIT's accounting policies are described in note 3 of the audited consolidated financial statements for the year ended December 31, 2019 and note 2 of the condensed consolidated financial statements for September 30, 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, 2017.

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

On March 11, 2020, the World Health Organization declared the outbreak of the novel strain of coronavirus "COVID-19" a global pandemic. The outbreak has resulted in the federal and provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity and capital markets have also experienced significant volatility and weakness. The governments have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. Acting swiftly has often meant that the measures the various levels of government are putting in place are announced early in their development and continue to evolve and change in order to meet the desired outcome. As such, it is not entirely known the extent of all the government programs that might be put in place, how long programs will last, how these programs may change over time, or what their full impact might be. The duration and impact of the COVID-19 pandemic on the Trust is unknown at this time. As such, it is not possible to reliably estimate the length and severity of COVID-19-related impacts on the financial results and operations of the Trust.

These changes and any additional changes in operations in response to COVID-19 could materially impact the financial results of the Trust and may include residents' ability to pay rent in full or at all, temporary or long-term stoppage of development projects, temporary or long-term labour shortages or disruptions, temporary or long-term impacts on domestic and global supply chains, increased risks to IT systems and networks and the Trust's ability to access capital on acceptable terms or at all. Uncertain economic conditions resulting from the COVID-19 pandemic may, in the short or long term, materially adversely impact operations and the financial performance of the Trust.

The health and safety of residents and team members remains the Trust's top priority. InterRent REIT took quick action at the beginning of the COVID-19 crisis by introducing several new building protocols and procedures designed to ensure the wellbeing of all our communities. The Trust has also placed a high priority on maintaining strong, ongoing communication with our residents through multiple channels. The Trust recognizes that the pandemic has created significant hardship for many residents. Accordingly, the Trust is working to support residents experiencing financial difficulties through various means. The Trust has been extremely encouraged by the goodwill, positive sentiment, and community spirit that our residents have shown in the face of the pandemic and in response to the Trust's actions.

OPERATIONS UPDATE:

- InterRent REIT has collected over 99% of July, August and September residential rents and the current trend for October and November is in line with previous months.
- Currently we have entered into rent deferral agreements with approximately 0.30% of our residential residents.
- InterRent REIT worked with seven commercial tenants on CECRA (Canadian Emergency Commercial Rent Assistance) program applications, representing approximately $30 thousand for the quarter, or less than 0.1% of operating revenues. The government has announced a replacement program, the Canada Emergency Rent Subsidy (CERS), which is intended to provide rent and mortgage assistance to eligible organizations. As of today, details on the program have not yet been released.
- InterRent REIT has issued rent increases however, all increases since April had been credited as a means of helping our communities through the pandemic. Credits were reduced significantly in September and by December all COVID-19 related credits will have ended.
- InterRent REIT has enhanced cleaning for all of its buildings and as part of the commitment to these protocols has launched our CLV Clean & Secure+TM program (see https://www.interrentreit.com/clv-clean-and-secure-plus/ for more details).
- InterRent REIT has developed an online information hub to provide residents and stakeholders with information regarding the pandemic as well as an online Bulletin Board for residents to communicate with each other and provide assistance to their fellow residents.
- The Trust has continued to actively engage with residents to check on their safety and to identify residents in need of additional assistance.
- InterRent REIT's sales and leasing teams have implemented an end-to-end contactless rental process. Prospective residents now have the option of seeing living accommodations and completing applications online or in person.
- Since the beginning of 2017, InterRent has:
    - invested $213 million in maintaining and improving its properties which has provided the REIT with a very defensive portfolio well-positioned to face uncertain economic times; and,
    - significantly reduced leverage with Debt to GBV ratio declining from 55.3% at December 31, 2016 to 30.9% at September 30, 2020.

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

In the first nine months of 2020, the REIT:

- purchased one property comprised of 57 suites in Mississauga for $18.15 million; and
- purchased a property with 4 suites which is contiguous to our development site at Richmond/Churchill in Ottawa for $1.35 million; and
- purchased two properties totalling 60 suites in Toronto for $17.7 million; and
- purchased four properties totalling 564 suites in Hamilton for $141.7 million; and
- purchased two properties totalling 195 suites in London for $34.2 million.

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

As at September 30, 2020, the Trust has 11,046 suites of which: a) 8,952 are included in same property suites, or 81.0% of the overall portfolio; and, b) 7,712 are included in repositioned property suites, or 69.8% of the overall portfolio.

236 Richmond, Ottawa, ON

OUTLOOK

- The immediate concern of the REIT 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 affect 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 – proposed conversion of office to 158 residential suites: The REIT has received comments from the City's planning department based on its initial Site Plan Application submission. A final Site Plan Application was submitted in October 2020 to they City and final planning department comments are expected by end of Q4 2020. Further design development is continuing in anticipation of receiving a building permit in Q2 2021.
  - 900 Albert Street, Ottawa (TIP Albert joint venture) – development: Re-zoning for height and density has been completed and the Site Plan Application has been approved by City Council in July 2020. The approved Site Plan Application allows for 1,241 units, 423,764 sq ft of office space, and 87,844 sq ft of retail space. Consultants are continuing to develop detailed design plans;
  - Richmond & Churchill, Ottawa – development: Zoning By-Law Amendment and Site Plan Application comments from the first submission to the City of Ottawa were received at the end of Q3 2020. The consultant team is now working on addressing comments through a second Site Plan Application submission, which is anticipated to be completed by the end of Q4 2020. The development currently contemplates 184 residential suites and 18,706 sq ft of commercial space; and,
  - Burlington GO Lands (Fairview joint venture) – Site Plan Application was submitted in Q1 2020 and comments were received from City staff and external agencies. A second Site Plan Application was submitted in October 2020 and the REIT anticipates comments back by the end of Q4 2020. The second submission proposes 2,494 residential suites with 42,976 sq ft of commercial space.
- Liquidity Update:
  - The REIT had $38.5 million in cash as of September 30, 2020.
  - The REIT has no outstanding balance on any current credit facilities. The REIT has $172 million in current facilities; the ability to increase the current facilities by a further $60 million; and, an undrawn mortgage facility of $60 million, providing a total of $292 million of available credit.
  - To-date, mortgage financings and renewals have progressed on schedule with no significant delays noted as a result of COVID-19. During the quarter, the REIT completed five CMHC mortgage re-financings for net proceeds of $72.3 million. Two other CMHC re-financings are expected to close in the fourth quarter for net proceeds of approximately $22.1 million. Proceeds are to fund the REIT's capital program, developments and future acquisitions.
  - With a debt to GBV ratio of 30.9%, the REIT has significant liquidity available through both CMHC insured and conventional mortgage financing to finance future capital programs, development opportunities and acquisitions.

Q3 PERFORMANCE HIGHLIGHTS

The following table presents a summary of InterRent's operating performance for the three months ended September 30, 2020 compared to the same period in 2019:

Selected Consolidated Information In $000's, except per Unit amounts and other non-financial data	3 Months Ended September 30, 2020	3 Months Ended September 30, 2019	Change
Total suites	**11,046**	10,060	**+9.8%**
Average rent per suite (September)	**$1,302**	$1,248	**+4.3%**
Occupancy rate (September)	**92.1%**	95.5%	**-340bps**
Operating revenues	**$39,719**	$37,630	**+5.6%**
Net operating income (NOI)	**$26,228**	$25,785	**+1.7%**
NOI %	**66.0%**	68.5%	**-250bps**
Same Property average rent per suite (September)	**$1,337**	$1,274	**+4.9%**
Same Property occupancy rate (September)	**93.0%**	96.0%	**-300bps**
Same Property NOI	**$23,455**	$23,532	**-0.3%**
Same Property NOI %	**66.4%**	68.3%	**-190bps**
Net Income	**$32,506**	$69,489	**-53.2%**
Funds from Operations (FFO)	**$17,170**	$15,955	**+7.6%**
FFO per weighted average unit - diluted	**$0.121**	$0.129	**-6.2%**
Adjusted Funds from Operations (AFFO)	**$15,070**	$14,534	**+3.7%**
AFFO per weighted average unit - diluted	**$0.106**	$0.117	**-9.4%**
Distributions per unit	**$0.0775**	$0.0725	**+6.9%**
Adjusted Cash Flow from Operations (ACFO)	**$15,416**	$17,254	**-10.7%**
Debt to GBV	**30.9%**	35.0%	**-410bps**
Interest coverage (rolling 12 months)	**3.38x**	3.07x	**+0.31x**
Debt service coverage (rolling 12 months)	**1.96x**	1.84x	**+0.12x**

- Overall Portfolio:
  a) Operating revenue for the quarter rose by $2.1 million to $39.7 million, an increase of 5.6% over Q3 2019.
  b) Average monthly rent per suite increased to $1,302 (September 2020) from $1,248 (September 2019), an increase of 4.3%.
  c) Occupancy for September 2020 was 92.1%, a decrease of 340 basis points when compared to September 2019 and 90 basis points when compared to June 2020.
  d) NOI for the quarter was $26.2 million, an increase of $0.4 million, or 1.7%, over Q3 2019. NOI margin for the quarter was 66.0%, down 250 basis points over Q3 2019. NOI for the quarter included $533 thousand of COVID-19 related operating expenses.
- Same Property Portfolio:
  a) Operating revenue for the quarter rose by $0.9 million to $35.3 million, an increase of 2.6% over Q3 2019.
  b) Average monthly rent per suite for the same property portfolio increased to $1,337 (September 2020) from $1,274 (September 2019), an increase of 4.9%.
  c) Occupancy for September 2020 was 93.0%, a decrease of 300 basis points when compared to September 2019 and 140 basis points when compared to June 2020.
  d) NOI for the quarter was $23.5 million, a decrease $77 thousand, or 0.3%, over Q3 2019. Same property NOI margin for the quarter was 66.4%, down 190 basis points over Q3 2019. NOI for the quarter included $450 thousand of COVID-19 related operating expenses.
- Repositioned properties had an average monthly rent per suite of $1,361, occupancy of 94.2% for September 2020 and an NOI margin for the quarter of 67.1%.
- Net income for the quarter was $32.5 million, a decrease of $37.0 million compared to Q3 2019. This difference was due primarily to a lower fair value gain on investment properties in Q3 2020 as compared to Q3 2019 offset by the higher non-cash fair value gains on unit-based liabilities and Class B unit liability from the Unit price depreciation in the quarter.

- FFO for the quarter increased by 7.6% to $17.2 million compared to Q3 2019.
- FFO per Unit for the quarter decreased by 6.2% to $0.121 per Unit compared to $0.129 per Unit for Q3 2019.
- AFFO for the quarter increased by 3.7% to $15.1 million compared to Q3 2019.
- AFFO per Unit for the quarter decreased by 9.4% to $0.106 per Unit compared to $0.117 per Unit for Q3 2019.
- ACFO for the quarter decreased by 10.7% to $15.4 million compared to Q3 2019.
- Debt to GBV ratio at quarter end was 30.9%, a decrease of 160 and 410 basis points from December 2019 (32.5%) and September 2019 (35.0%), respectively.
- The Trust completed the following investment property transactions during the third quarter:

Transaction Date	Property	City	Region	Property Type	# of Suites	Transaction Price
16-Jul-20	765 Brown's Line	Toronto	GTA	Residential	26	$7,000,000
16-Jul-20	155 Lake Shore	Toronto	GTA	Residential	34	$10,700,000
23-Jul-20	15 Don	Hamilton	Hamilton	Residential	36	$5,220,000
21-Sep-20	35 Brock	Hamilton	Hamilton	Residential /Commercial	123	$33,200,000
21-Sep-20	600 John	Hamilton	Hamilton	Residential	110	$27,300,000
21-Sep-20	100 Main	Hamilton	Hamilton	Residential /Commercial	295	$76,000,000
21-Sep-20	500-522 Gordon	London	Western	Residential	117	$20,500,000
21-Sep-20	527-531 Gordon	London	Western	Residential	78	$13,700,000
Q3/20 Acquisitions					**819**	**$193,620,000**

235 Sherbrooke,
Montreal, QC

PORTFOLIO SUMMARY

The Trust started the year with 10,164 suites. During the first three quarters of 2020 the Trust purchased ten properties (totalling 880 suites) including a property with 4 suites which is contiguous to our development site at Richmond/ Churchill in Ottawa and added a suite to a property in Hamilton and in Montreal. At September 30, 2020, the Trust owned 11,046 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 September 30, 2020, 81.0% of the portfolio was same property suites and 69.8% of the portfolio was repositioned property suites. Management has identified several cities within its geographical clusters for growth, and has been successful in adding 880 suites within these clusters during the period. We continue to actively seek opportunities within our target markets 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 GTA (including Hamilton), Ottawa/NCR and Montreal has resulted in approximately 84% of InterRent's suites being located in these core markets.

▼ Suites By Region at September 30, 2020

Region	Total Portfolio		Same Property	
	Suites	% of Portfolio	Suites	% of Portfolio
Eastern Ontario	204	1.9%	204	2.3%
GTA	1,400	12.7%	1,283	14.3%
Hamilton/Niagara	2,499	22.6%	1,861	20.8%
Montreal	2,786	25.2%	1,646	18.4%
Gatineau	497	4.5%	497	5.6%
Ottawa	2,468	22.3%	2,464	27.5%
Western Ontario	1,192	10.8%	997	11.1%
Total	**11,046**	**100.0%**	**8,952**	**100.0%**

ANALYSIS OF OPERATING RESULTS

In $ 000's	3 Months Ended September 30, 2020		3 Months Ended September 30, 2019		9 Months Ended September 30, 2020		9 Months Ended September 30, 2019	
Gross rental revenue	**$40,555**		$37,266		**$118,631**		$104,748	
Less: vacancy & rebates	**(3,363)**		(1,984)		**(7,893)**		(5,090)	
Other revenue	**2,527**		2,348		**7,353**		6,445	
Operating revenues	**$39,719**		$37,630		**$118,091**		$106,103	
Expenses								
Property operating costs	**6,617**	**16.7%**	5,416	14.4%	**19,817**	**16.8%**	15,364	14.5%
Property taxes	**4,832**	**12.2%**	4,488	11.9%	**14,299**	**12.1%**	13,075	12.3%
Utilities	**2,042**	**5.1%**	1,941	5.2%	**8,200**	**6.9%**	7,677	7.2%
Operating expenses	**$13,491**	**34.0%**	$11,845	31.5%	**$42,316**	**35.8%**	$36,116	34.0%
Net operating income	**$26,228**		$25,785		**$75,775**		$69,987	
Net operating margin	**66.0%**		68.5%		**64.2%**		66.0%	

REVENUE

Gross rental revenue for the three months ended September 30, 2020 increased 8.8% to $40.6 million compared to $37.3 million for the three months ended September 30, 2019. Operating revenue for the quarter was up $2.1 million to $39.7 million, or 5.6% compared to Q3 2019. The Trust owned, on a weighted average basis, 10,384 suites throughout Q3 2020 as compared to 9,939 throughout Q3 2019, an increase of 446 suites over the period. On a weighted average suite basis, operating revenue for the third quarter of 2020 grew by 1.0% over 2019.

The average monthly rent across the portfolio for September 2020 increased to $1,302 per suite from $1,248 (September 2019), an increase of 4.3% and from $1,260 (December 2019), an increase of 3.3%. On a same property basis, the average rent increased by $63 per suite to $1,337 (or up 4.9%) over September 2019 and by $51 per suite (or up 4.0%) over December 2019. The overall increase in average rent is a result of organic growth and changes in property mix (through the acquisition of properties in our targeted growth markets and dispositions in non-core markets). Management expects to continue to grow rent organically, as well as continuing to drive other ancillary revenue streams such as parking, laundry, locker rentals, and cable and telecom revenue share agreements.

▼ Average Rent By Region[1]

Region	Total Portfolio			Same Property		
	September 2020	September 2019	Change	September 2020	Septemebr 2019	Change
Eastern Ontario	$1,266	$1,195	5.9%	$1,266	$1,195	5.9%
GTA	$1,617	$1,577	2.5%	$1,648	$1,577	4.5%
Hamilton/Niagara	$1,221	$1,142	6.9%	$1,209	$1,150	5.1%
Montreal	$1,142	$1,080	5.7%	$1,157	$1,101	5.1%
Gatineau	$1,026	$972	5.6%	$1,026	$972	5.6%
Ottawa[1]	$1,482	$1,418	4.5%	$1,482	$1,418	4.5%
Western Ontario	$1,235	$1,218	1.4%	$1,290	$1,218	5.9%
Total	**$1,302**	**$1,248**	**4.3%**	**$1,337**	**$1,274**	**4.9%**

[1] Excludes extended stay suites.

The REIT estimates that the average market rent 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 $1,302. 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.

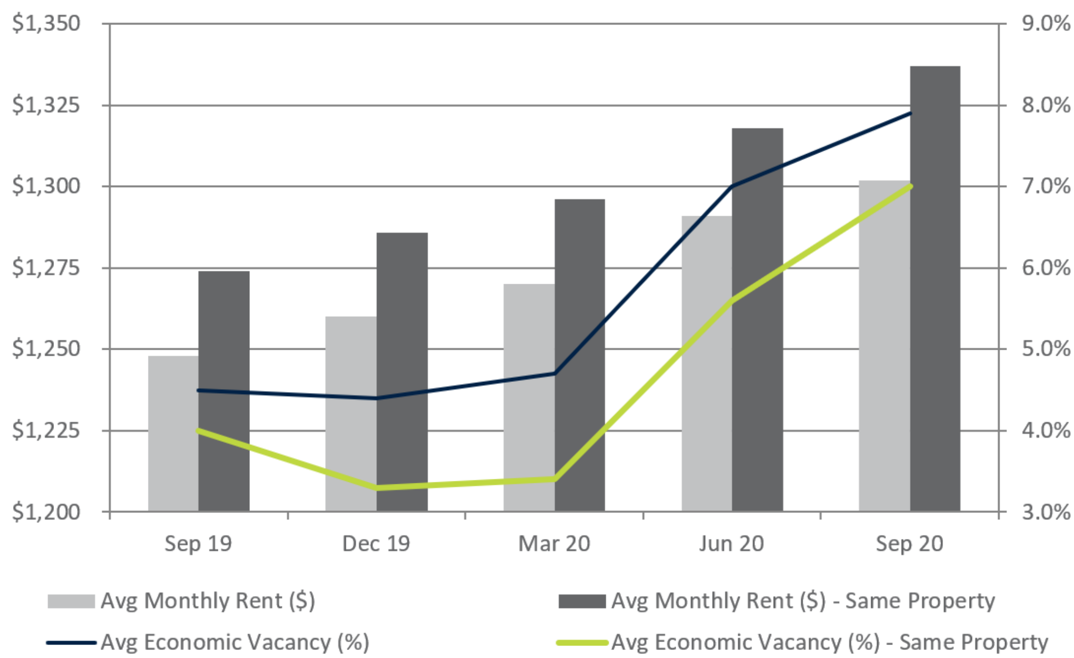
Portfolio Occupancy

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. marketing that is tailored 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 the economic vacancy for the entire portfolio for the month listed. This data is calculated by taking financial vacancy loss and dividing it by gross rental revenue.



	September 2019	December 2019	March 2020	June 2020	September 2020
Average monthly rents all properties	$1,248	$1,260	$1,270	$1,291	$1,302
Average monthly rents same property	$1,274	$1,286	$1,296	$1,318	$1,337

The overall economic vacancy for September 2020 across the entire portfolio was 7.9%, an increase of 90 basis points as compared to June 2020. Economic vacancy for the same property portfolio for September 2020 was 7.0%, an increase of 140 basis points as compared to June 2020.

The impact in leasing activity from COVID-19 seen in the second quarter as a result of the government mandated shutdowns (including immigration and international students) continued throughout the third quarter. The REIT believes that when immigration returns to more normalized levels, strong rental demand will return and will drive down vacancy and upward rental pressure will resume. The REIT continues to believe that capturing market rents is critical as the market trend to lower turnover continues and as such reviews every property closely to balance short term vacancy with long term value creation.

▼ Vacancy By Region

Region	Total Portfolio			Same Property		
	September 2020	September 2019	Change	September 2020	September 2019	Change
Eastern Ontario	1.2%	6.6%	-540 bps	1.2%	6.6%	-540 bps
GTA	4.1%	2.4%	+170 bps	3.6%	2.4%	+120 bps
Hamilton/Niagara	4.6%	4.7%	-170 bps	2.7%	4.7%	-200 bps
Montreal	16.9%	10.0%	+690 bps	16.5%	10.0%	+650 bps
Gatineau	5.4%	2.8%	+260 bps	5.4%	2.8%	+260 bps
Ottawa	9.0%	2.0%	+700 bps	9.0%	2.0%	+700 bps
Western Ontario	2.9%	1.8%	+40 bps	2.3%	1.8%	+50 bps
Total	**7.9%**	**4.5%**	**+340 bps**	**7.0%**	**4.0%**	**+300 bps**

Other Revenue

Other rental revenue for the three months ended September 30, 2020 increased 7.6% to $2.5 million compared to $2.3 million for the three months ended September 30, 2019. 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 three months ended September 2020, other revenue represents 6.4% of operating revenue compared to 6.2% for Q3 2019.

PROPERTY OPERATING COSTS

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

Property operating costs for the three months ended September 30, 2020 amounted to $6.6 million or 16.7% of revenue compared to $5.4 million or 14.4% of revenue for the three months ended September 30, 2019. As a percentage of revenue, operating costs increased by 230 basis points as compared to 2019 due in part to increased cleaning, supplies and staffing costs of approximately $0.5 million, or 1.3% of revenue, associated with the COVID-19 pandemic (see COVID-19 Overview, Risk and Update section).

PROPERTY TAXES

Property taxes for the three months ended September 30, 2020 amounted to $4.8 million or 12.2% of revenue compared to $4.5 million or 11.9% of revenue for the three months ended September 30, 2019. The overall increase in taxes is mainly attributable to the increase in suites from the second quarter of 2019 to 2020 as well as increases in assessed property values.

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

UTILITY COSTS

Utility costs for the three months ended September 30, 2020 amounted to $2.0 million or 5.1% of revenue compared to $1.9 million or 5.2% of revenue for the three months ended September 30, 2019. As a percentage of operating revenues, utility costs decreased over the same quarter last year and decreased on a per unit basis despite higher rates for electricity and consumption due to a warmer summer.

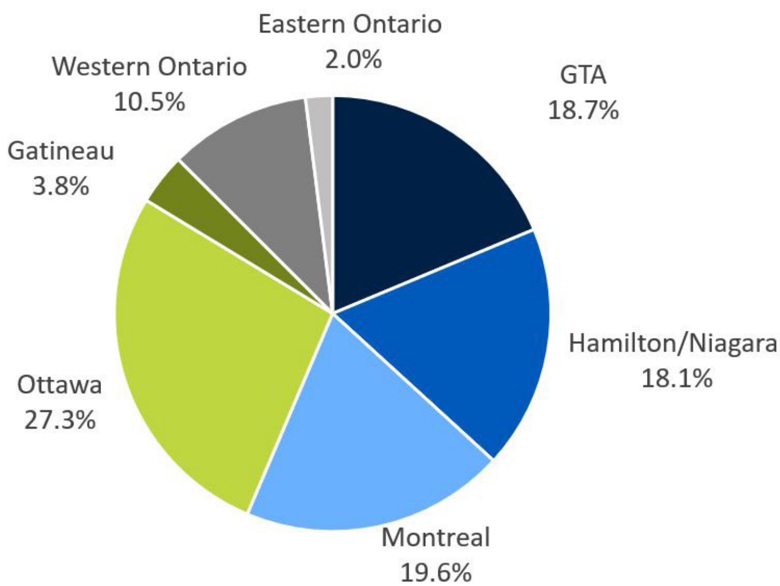
Across the entire portfolio, our hydro sub-metering initiative reduced our electricity costs by 40.3%, or $0.5 million for the quarter. At September 30, 2020, the REIT had approximately 84% (or 9,299 suites) of its portfolio that had the capability to submeter hydro in order to recover the cost. Of the 9,299 suites that have the infrastructure in place, 7,299 suites were on hydro extra leases, which represents 66% of the total portfolio. The REIT plans on continuing to roll this program out to new properties as they are acquired.

NET OPERATING INCOME (NOI)

NOI for the three months ended September 30, 2020 amounted to $26.2 million or 66.0% of operating revenue compared to $25.8 million or 68.5% of operating revenue for the three months ended September 30, 2019. The $0.4 million increase in the quarter is as a result of growing the portfolio and increasing operating revenue by 5.6%.

NOI from the same property portfolio was $23.5 million, or 66.4% 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 September 30, 2020



SAME PROPERTY PORTFOLIO PERFORMANCE

Same property results for the three months ended September 30, 2020 are defined as all properties owned and operating 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, 2019 to September 30, 2020. As at September 30, 2020, the Trust has 8,952 suites in the same property portfolio. The same property portfolio represents 81.0% of the overall portfolio.

In $ 000's	3 Months Ended September 30, 2020		3 Months Ended September 30, 2019		9 Months Ended September 30, 2020		9 Months Ended September 30, 2019	
Gross rental revenue	**$35,734**		$34,158		**$105,631**		$100,069	
Less: vacancy & rebates	**(2,531)**		(1,709)		**(5,707)**		(4,700)	
Other revenue	**2,144**		2,018		**6,175**		5,969	
Operating revenues	**$35,347**		$34,467		**$106,099**		$101,338	
Expenses								
Property operating costs	**5,715**	**16.1%**	5,048	14.6%	**17,184**	**16.2%**	14,767	14.6%
Property taxes	**4,305**	**12.2%**	4,140	12.0%	**12,833**	**12.1%**	12,507	12.3%
Utilities	**1,872**	**5.3%**	1,747	5.1%	**7,166**	**6.7%**	7,296	7.2%
Operating expenses	**$11,892**	**33.6%**	$10,935	31.7%	**$37,183**	**35.0%**	$34,570	34.1%
Net operating income	**$23,455**		$23,532		**$68,916**		$66,768	
Net operating margin	**66.4%**		68.3%		**65.0%**		65.9%	

For the three months ended September 30, 2020, same property gross rental revenue growth of 4.6% was partially offset by an increase in vacancy & rebates resulting in a net increase in operating revenues of 2.6%, compared to Q3 of 2019. Property operating costs increased by 13.2%, property taxes increased by 4.0% and utilities increased 7.1% resulting in a 8.7% increase in overall operating expenses as compared to the same period last year. As a result, same property NOI has remained flat at $23.5 million. NOI margin for Q3 2020 was 66.4% as compared to 68.3% for Q3 2019, a decrease of 190 basis points. Costs associated with the COVID-19 pandemic represented approximately $0.5 million of the $0.7 million increase in property operating costs.

The same property average monthly rent for September 2020 increased to $1,337 per suite from $1,274 (September 2019), an increase of 4.9%. Economic vacancy for September 2020 for same property was 7.0%, compared to 4.0% for September 2019.

	September 2019	December 2019	March 2020	June 2020	September 2020
Average monthly rents same property portfolio	$1,274	$1,286	$1,296	$1,318	$1,337
Average monthly vacancy same property portfolio	4.0%	3.3%	3.4%	5.6%	7.0%

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 what the tenant turnover at the property is like. Repositioned property suites for the three months ended September 30, 2020 are defined as all properties owned and operated by the Trust prior to January 1, 2017. As at September 30, 2020, the Trust has 7,712 repositioned property suites, which represents 69.8% of the overall portfolio.

In $ 000's	3 Months Ended September 30, 2020					
	Repositioned Property Portfolio		Non-Repositioned Property Portfolio		Total Portfolio	
Gross rental revenue	$31,315		$9,240		**$40,555**	
Less: vacancy & rebates	(1,875)		(1,488)		**(3,363)**	
Other revenue	1,807		720		**2,527**	
Operating revenues	$31,247		$8,472		**$39,719**	
Expenses						
Property operating costs	4,797	15.4%	1,820	21.5%	**6,617**	**16.7%**
Property taxes	3,827	12.2%	1,005	11.9%	**4,832**	**12.2%**
Utilities	1,670	5.3%	372	4.4%	**2,042**	**5.1%**
Operating expenses	$10,294	32.9%	$3,197	37.7%	**$13,491**	**34.0%**
Net operating income	$20,953		$5,275		**$26,228**	
Net operating margin	67.1%		62.3%		**66.0%**	

In $ 000's	9 Months Ended September 30, 2020					
	Repositioned Property Portfolio		Non-Repositioned Property Portfolio		Total Portfolio	
Gross rental revenue	$92,620		$26,011		**$118,631**	
Less: vacancy & rebates	(4,126)		(3,767)		**(7,893)**	
Other revenue	5,194		2,159		**7,353**	
Operating revenues	$93,688		$24,403		**$118,091**	
Expenses						
Property operating costs	14,472	15.4%	5,345	21.9%	**19,817**	**16.8%**
Property taxes	11,390	12.2%	2,909	11.9%	**14,299**	**12.1%**
Utilities	6,307	6.7%	1,893	7.8%	**8,200**	**6.9%**
Operating expenses	$32,169	34.3%	$10,147	41.6%	**$42,316**	**35.8%**
Net operating income	$61,519		$14,256		**$75,775**	
Net operating margin	65.7%		58.4%		**64.2%**	

The average monthly rent for September 2020 for the repositioned property portfolio was $1,361 per suite and the economic vacancy for September 2020 was 5.8% whereas the non-repositioned properties had an average monthly rent of $1,168 per suite and an economic vacancy of 14.3% for September 2020.

Region	Repositioned Property Portfolio			Non-Repositioned Property Portfolio		
	Suites	September 2020 Average Rent	September 2020 Vacancy	Suites	September 2020 Average Rent	September 2020 Vacancy
Eastern Ontario	204	$1,266	1.2%	-	-	-
GTA	1,283	$1,648	3.6%	117	$1,282	11.9%
Hamilton/Niagara	1,435	$1,259	2.9%	1,064	$1,168	7.1%
Montreal	910	$1,136	12.2%	1,876	$1,145	19.1%
Gatineau	497	$1,026	5.4%	-	-	-
Ottawa	2,386	$1,462	8.6%	82	$2,049	16.8%
Western Ontario	997	$1,290	2.3%	195	$957	7.2%
Total	**7,712**	**$1,361**	**5.8%**	**3,334**	**$1,168**	**14.3%**

FINANCING AND ADMINISTRATIVE COSTS

In $ 000's	3 Months Ended September 30, 2020	3 Months Ended September 30, 2019	9 Months Ended September 30, 2020	9 Months Ended September 30, 2019
Net operating income	**$26,228**	$25,785	**$75,774**	$69,987
Expenses				
Financing costs	**6,462**	6,689	**19,841**	19,482
Administrative costs	**2,258**	2,852	**8,035**	8,644
Income before other expenses	**$17,508**	$16,244	**$47,898**	$41,861

FINANCING COSTS

Financing costs amounted to $6.5 million or 16.3% of revenue for the three months ended September 30, 2020 compared to $6.7 million or 17.8% of revenue for the three months ended September 30, 2019. Amortization of deferred finance costs for the three month period ended September 30, 2020 included a $0.3 million charge of unamortized deferred finance costs associated with re-financing activities during the quarter.

In $ 000's	3 Months September 30, 2020		3 Months Ended September 30, 2019	
	Amount	% of Revenue	Amount	% of Revenue
Cash based:				
Mortgage interest	**$6,095**	**15.4%**	$6,521	17.3%
Credit facilities	**316**	**0.8%**	295	0.8%
Interest capitalized	**(194)**	**(0.5%)**	(113)	(0.3%)
Interest income	**(240)**	**(0.6%)**	(142)	(0.4%)
Non Cash based:				
Amortization of deferred finance cost and premiums on assumed debt	**485**	**1.2%**	128	0.4%
Total	**$6,462**	**16.3%**	$6,689	17.8%

Financing costs amounted to $19.8 million or 16.8% of revenue for the nine months ended September 30, 2020 compared to $19.5 million or 18.4% of revenue for the nine months ended September 30, 2019.

In $ 000's	9 Months Ended September 30, 2020		9 Months Ended September 30, 2019	
	Amount	% of Revenue	Amount	% of Revenue
Cash based:				
Mortgage interest	**$19,178**	**16.2%**	$19,007	17.9%
Credit facilities	**1,110**	**0.9%**	1,351	1.3%
Interest capitalized	**(727)**	**(0.6%)**	(1,079)	(1.0%)
Interest income	**(488)**	**(0.4%)**	(378)	(0.4%)
Non Cash based:				
Amortization of deferred finance cost and premiums on assumed debt	**768**	**0.7%**	581	0.6%
Total	**$19,841**	**16.8%**	$19,482	18.4%

Mortgage Interest

Mortgage interest is one of the single largest expense line items for InterRent REIT. Given the current rates in the market for both CMHC insured and conventional mortgages, 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; transfer agent listing and filing fees; legal, tax, audit, other professional fees; and, amortization on corporate assets.

Administrative costs for the three months ended September 30, 2020 amounted to $2.3 million or 5.7% of revenue compared to $2.9 million or 7.6% of revenue for the three months ended September 30, 2019.

OTHER INCOME AND EXPENSES

In $ 000's	3 Months Ended September 30, 2020	3 Months Ended September 30, 2019	9 Months Ended September 30, 2020	9 Months Ended September 30, 2019
Income before other income and expenses	**$17,508**	$16,244	**$47,898**	$41,861
Other income and expenses				
Income from joint ventures	**10**	14	**31**	14
Loss on sale of investment properties	**-**	-	**-**	(675)
Fair value adjustments of investment properties	**2,304**	75,049	**19,280**	110,337
Unrealized gain/(loss) on financial liabilities	**13,297**	(21,268)	**27,740**	(29,989)
Distributions expense on units classified as financial liabilities	**(613)**	(550)	**(1,818)**	(1,634)
Net income	**$32,506**	$69,489	**$93,131**	$119,914

SALE OF ASSETS

There were no dispositions in the three months ended September 30, 2020 and 2019.

FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES

The fair value of the portfolio at September 30, 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, 2019. The Trust engaged the firm once again to review and advise of any significant changes in any of the key input assumptions in the model (such as capitalization rate, turnover rate and market rental rate estimates) as at September 30, 2020. For the three month period ended September 30, 2020, a fair value gain of $2.3 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 Q3 2020 was 4.23% as compared to 4.24% for Q4 2019 and 4.29% for Q3 2019.

UNREALIZED FAIR VALUE GAIN/LOSS ON FINANCIAL LIABILITIES

The Trust used a price of $12.60 based on the closing price of the TSX listed InterRent REIT Trust Units to determine the fair value of the deferred unit compensation liability. The total fair value of the deferred units recorded on the consolidated balance sheet at September 30, 2020 was $47.7 million and a corresponding fair value gain of $6.3 million was recorded on the consolidated statement of income for the three months ended September 30, 2020.

The Trust determined the fair value of the option plan (unit-based compensation liability) at September 30, 2020 at $4.3 million and a corresponding fair value gain of $1.1 million was recorded on the condensed consolidated statement of income for the three months ended September 30, 2020.

The Trust used a price of $12.60 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 condensed consolidated balance sheet at September 30, 2020 was $43.0 million and a corresponding fair value gain of $5.9 million was recorded on the condensed consolidated statement of income for the three months ended September 30, 2020.

In $ 000's	3 Months Ended September 30, 2020	3 Months Ended September 30, 2019	9 Months Ended September 30, 2020	9 Months Ended September 30, 2019
Fair value gain/(loss) on financial liabilities:				
Deferred unit compensation plan	**$6,251**	$(10,337)	**$15,295**	$(15,732)
Option plan	**1,145**	(2,199)	**2,076**	(2,967)
LP Class B unit liability	**5,901**	(8,732)	**10,369**	(11,290)
Fair value gain/(loss) on financial liabilities	**$13,297**	$(21,268)	**$27,740**	$(29,989)

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, 2019 to September 30, 2020.

In $ 000's	September 30, 2020
Balance, December 31, 2019	$2,748,342
Acquisitions	219,113
Property capital investments	38,240
Fair value gains	19,280
Total investment properties	$3,024,975

The Trust acquired ten properties (880 suites) for $219.1 million during the nine month period ended September 30, 2020.

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 what the tenant turnover at the property is like. For the purpose of identifying capital expenditures related to properties being repositioned, for 2020 the REIT uses a cut-off of December 31, 2016. 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, 2017, 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 7,712 suites in the REIT's portfolio that were acquired prior to January 1, 2017 and are considered repositioned properties for the purpose of calculating maintenance capital investment.

For the nine month period ended September 30, 2020, the Trust invested $38.2 million in the portfolio. Of the $38.2 million invested in the first nine months of the year, $14.3 million was invested in the non-repositioned properties and $1.9 million was invested in properties under development. Of the remaining $22.0 million, $16.5 million was invested in value enhancing initiatives and $5.5 million was related to sustaining and maintaining existing spaces.

For the nine month period ended September 30, 2020, a fair value gain of $19.3 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, 2019 to September 30, 2020.

Summary of Unitholders' Capital Contributions	Trust Units	Amount (in $'000)
December 31, 2019	121,478,721	$766,282
Units issued from prospectus	15,709,000	230,137
Unit issue costs	-	(9,676)
Units issued under the deferred unit plan	53,333	804
Units issued under distribution reinvestment plan	752,093	10,559
Units issued from options exercised	97,395	1,350
September 30, 2020	138,090,542	$999,456

On June 4, 2020 the Trust completed a bought deal prospectus whereby it issued 15,709,000 Trust Units for cash proceeds of $230,137 and incurred $9,676 in issue cost

As at September 30, 2020 there were 138,090,542 Trust Units issued and outstanding.

DISTRIBUTIONS

The Trust is currently making monthly distributions of $0.025833 per Unit, which equates to $0.310 per Unit on an annualized basis. For the three months ended September 30, 2020, the Trust's FFO and AFFO was $0.121 and $0.107 per unit respectively, compared to $0.129 and $0.118 for the three months ended September 30, 2019, while the distributions were $0.0775 for 2020 and $0.0725 for 2019.

Distributions to Unitholders are as follows:

In $ 000's	3 Months Ended September 30, 2020	3 Months Ended September 30, 2019	9 Months Ended September 30, 2020	9 Months Ended September 30, 2019
Distributions declared to Unitholders	**$ 10,693**	$ 8,780	**$ 29,980**	$ 24,205
Distributions reinvested through DRIP	**(3,907)**	(3,164)	**(10,559)**	(8,360)
Distributions declared to Unitholders, net of DRIP	**$ 6,786**	$ 5,616	**$ 19,421**	$ 15,845
DRIP participation rate	**36.5%**	36.0%	**35.2%**	34.5%

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

WEIGHTED AVERAGE NUMBER OF UNITS

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

	3 Months Ended September 30, 2020	3 Months Ended September 30, 2019	9 Months Ended September 30, 2020	9 Months Ended September 30, 2019
Trust units	**137,927,415**	119,802,527	**128,734,600**	110,870,953
LP Class B units	**3,410,766**	3,410,766	**3,410,766**	3,410,766
Weighted average units outstanding - Basic	**141,338,181**	123,213,293	**132,145,366**	114,281,719
Unexercised dilutive options (1)	**379,332**	572,518	**379,332**	572,518
Weighted average units outstanding - Diluted	**141,717,513**	123,785,811	**132,524,698**	114,854,237

(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 September 30, 2020**	**3 Months Ended September 30, 2019**	**9 Months Ended September 30, 2020**	**9 Months Ended September 30, 2019**
Net income/(loss)	**$32,506**	$69,489	**$93,131**	$119,914
Add (deduct):				
Fair value adjustments on investment property	**(2,304)**	(75,049)	**(19,280)**	(110,337)
Loss on sale of investment properties	**-**	-	**-**	675
Unrealized (gain)/loss on financial instruments	**(13,297)**	21,268	**(27,740)**	29,989
Interest expense on puttable units classified as liabilities	**265**	247	**793**	741
Funds from Operations (FFO)	**$17,170**	$15,955	**$46,904**	$40,982
FFO per weighted average unit - basic	**$0.121**	$0.129	**$0.355**	$0.359
FFO per weighted average unit - diluted	**$0.121**	$0.129	**$0.354**	$0.357

AFFO Reconciliation In $000's, except per Unit amounts and Units outstanding	**3 Months Ended September 30, 2020**	**3 Months Ended September 30, 2019**	**9 Months Ended September 30, 2020**	**9 Months Ended September 30, 2019**
Funds from Operations	**$17,170**	$15,955	**$46,904**	$40,982
Add (deduct):				
Actual maintenance capital investment	**(2,100)**(1)	(1,421)(2)	**(5,520)**(1)	(4,618)(3)
Adjusted Funds from Operations (AFFO)	**$15,070**	$14,534	**$41,384**	$36,364
AFFO per weighted average unit - basic	**$0.107**	$0.118	**$0.313**	$0.318
AFFO per weighted average unit - diluted	**$0.106**	$0.117	**$0.312**	$0.317

(1)Maintenance capital investment total is for the 7,712 repositioned suites for 2020.

(2)Maintenance capital investment total is for the 6,547 repositioned suites for the three months ended September 30, 2019.

(3)Maintenance capital investment total is for the weighted average of 6,563 repositioned suites for the nine months ended September 30, 2019.

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 Trusts ability to fund distributions to unitholders. ACFO should not be construed as an alternative to cash flows provided by or used in operating activities determined in accordance with IFRS. ACFO is calculated in accordance with the REALpac definition but may differ from other REIT's methods and accordingly, may not be comparable to ACFO reported by other issuers.

ACFO Reconciliation In $000's, except per Unit amounts and Units outstanding	**3 Months Ended September 30, 2020**	**3 Months Ended September 30, 2019**	**9 Months Ended September 30, 2020**	**9 Months Ended September 30, 2019**
Cash generated from operating activities	**$18,301**	$20,803	**$49,491**	$52,227
Add (deduct):				
Changes in non-cash working capital not indicative of sustainable cash flows	**(300)**	(2,000)	**(600)**	(5,000)
Amortization of finance costs	**(485)**	(128)	**(768)**	(581)
Actual maintenance capital investment	**(2,100)**	(1,421)	**(5,520)**	(4,618)
ACFO	**15,416**	17,254	**42,603**	42,028
Distributions declared [1]	**10,958**	9,027	**30,773**	24,946
Excess of ACFO over distributions declared	**4,458**	8,227	**11,830**	17,082
ACFO payout ratio	**71.1%**	52.3%	**72.2%**	59.4%

[1] Includes distributions on LP Class B units.

For the three months ended September 30, 2020, distributions declared exceeded ACFO exceeded by $4.5 million. Amounts retained in excess of the declared distributions are used to fund acquisitions and capital expenditure requirements.

CASH FROM OPERATING ACTIVITIES AND CASH DISTRIBUTIONS

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

In $ 000's	**3 Months Ended September 30, 2020**	**3 Months Ended September 30, 2019**	**9 Months Ended September 30, 2020**	**9 Months Ended September 30, 2019**
Net income	**$32,506**	$69,489	**$93,131**	$119,914
Cash flows from operating activities	**18,301**	20,803	**49,491**	52,227
Distributions paid [1]	**7,043**	5,509	**19,785**	16,220
Distributions declared [1]	**10,958**	9,027	**30,773**	24,946
Excess of net income over distributions paid	**25,463**	63,980	**73,346**	103,694
Excess of net income over distributions declared	**21,548**	60,462	**62,358**	94,968
Excess of cash flows from operations over distributions paid	**11,258**	15,294	**29,706**	36,007
Excess of cash flows from operations over distributions declared	**7,343**	11,776	**18,718**	27,281

[1] Includes distributions on LP Class B units

For the three months ended September 30, 2020, cash flows from operating activities exceeded distributions paid by $7.3 million. 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.

LIQUIDITY AND CAPITAL RESOURCES

InterRent REIT's overall debt level was at 30.9% of Gross Book Value ("GBV") at September 30, 2020. 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 ratio:

In $ 000's	September 30, 2020	December 31, 2019
Total assets per Balance Sheet	$3,110,551	$2,791,856
Mortgages payable	$960,828	$881,509
Lines of credit	-	26,865
Total debt	$960,828	$908,374
Debt to GBV	30.9%	32.5%

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

INTEREST AND DEBT SERVICE COVERAGE

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

In $000's	12 Months Ended September 30, 2020	12 Months Ended September 30, 2019
NOI	$101,980	$92,299
Less: Administrative costs	11,425	11,620
EBITDA	$90,555	$80,679
Interest expense [1]	26,775	26,276
Interest coverage ratio	**3.38x**	**3.07x**
Contractual principal repayments	19,438	17,480
Total debt service payments	$46,213	$43,756
Debt service coverage ratio	**1.96x**	**1.84x**

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

MORTGAGE AND DEBT SCHEDULE

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

Year Maturing	Mortgage Balances At September 30, 2020 (in $ 000's)	Weighted Average by Maturity	Weighted Average Interest Rate
2020	$37,555	3.8%	2.20%
2021	$183,879	18.8%	2.16%
2022	$73,651	7.5%	2.82%
2023	$83,948	8.6%	2.77%
2024	$72,462	7.4%	3.70%
Thereafter	$528,320	53.9%	2.97%
Total	$979,815	100%	2.63%

At September 30, 2020, the average term to maturity of the mortgage debt was approximately 5.2 years and the weighted average cost of mortgage debt was 2.63%. At September 30, 2020, approximately 81% of InterRent REIT's mortgage debt was backed by CMHC insurance.

During the quarter the Trust added five mortgages totalling $85.4 million to properties purchased in September, added a mortgage to an unencumbered property for $14.3 million, re-financed four properties which increased mortgage debt by $58.0 million; paid down $4.9 million in mortgage principal; and repaid one mortgage of $20.1 million. The net result at September 30, 2020 compared to June 30, 2020 was:

- An increase in the average term to maturity of the mortgage debt to 5.2 years from 4.9 years;
- A decrease in the weighted average cost of mortgage debt to 2.63% from 2.83%; and
- A decrease in the mortgage debt backed by CMHC insurance to approximately 81% from 83%.

As at September 30, 2020, 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 September 30, 2020, the Trust had no balance outstanding under this facility.
- A $55.0 million term credit facility, maturing in 2022, with a Canadian chartered bank secured by a general security agreement and second collateral mortgages on ten of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread. As at September 30, 2020, the Trust had no balance outstanding under this facility.
- A $15.0 million term credit facility, maturing in 2021, with a Canadian chartered bank secured by a general security agreement, a first mortgage on one of the Trust's properties and second collateral mortgages on one of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread. As at September 30, 2020, the Trust had no balance outstanding under this facility.
- A $100.0 million term credit facility, maturing in 2021, with a Canadian chartered bank secured by a general security agreement, first mortgages on two of the Trust's properties and second collateral mortgages on four of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread for prime advances and banker's acceptances. As at September 30, 2020, the Trust had no balance outstanding under this facility.

ACCOUNTING

RISKS AND UNCERTAINTIES

A comprehensive description of the risks and uncertainties can be found in InterRent REIT's December 31, 2019 MD&A and other securities filings at www.sedar.com.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The duration and impact of the COVID-19 pandemic on the Trust is unknown at this time but has resulted in the federal and provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Uncertain economic conditions resulting from the COVID-19 outbreak may, in the short or long term, materially adversely impact the Trust's tenants and/or the debt and equity markets, both of which could materially adversely affect the Trust's operations and financial performance.

Refer to "COVID-19 Overview, Risk and Update" section for discussion of the impact of COVID-19 on the Trust's business and operations.

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) tenants may experience financial difficulty and be unable to fulfil their lease commitments; and (ii) a party defaults on the repayment of their debt causing a financial loss to the Trust.

The Trust has established various internal controls, such as credit checks and security deposits, designed to mitigate credit risk. 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 monthly basis and all receivables from past tenants and tenant 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 tenant base, dispersed across varying geographic locations.

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

The amounts disclosed as rents and other receivables and loan receivable long-term incentive plan in the consolidated balance sheet are net of allowances for doubtful accounts. At September 30, 2020, the Trust had past due rents and other receivables of $2.8 million net of an allowance for doubtful accounts of $1.5 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 20 in the September 30, 2020 condensed consolidated financial statements. It also manages liquidity risk by continuously monitoring actual and projected cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Trust's reputation.

As at September 30, 2020, the Trust had credit facilities as described in note 9 in the September 30, 2020 condensed consolidated financial statements.

Note 8 in the September 30, 2020 condensed consolidated financial statements reflects the contractual maturities for mortgage payable of the Trust at September 30, 2020, 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 $1,012 million as at September 30, 2020 excluding any deferred financing costs.

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

E. **Market Risk**

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

At September 30, 2020, approximately 2% of the Trust's mortgage debt was at variable interest rates. The Trust's credit facilities bear interest at variable rates. If there was a 100 basis point change in the interest rate, cash flows would have changed by approximately $0.5 million for the three months ended September 30, 2020.

OFF-BALANCE SHEET ARRANGEMENTS

As of September 30, 2020 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 three months ended September 30, 2020 and 2019.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Pursuant to Canadian Securities Administrators requirements 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, InterRent REIT's Chief Executive Officer and Chief Financial Officer have satisfied themselves that as at September 30, 2020:

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 EVENT

On October 14, 2020, the Trust increased its interest in the underlying development property at 900 Albert Street in Ottawa from 33.3% to a combined 47.5% through direct ownership and its interest in TIP Albert Limited Partnership for approximately $10.5 million.

On November 9, 2020, the Board of Trustees approved a 5% increase to the monthly per unit distributions. The increase will be effective for the November 2020 distribution that is to be paid in December 2020.

OUTSTANDING SECURITIES DATA

As of November 9, 2020, the Trust had issued and outstanding: (i) 138,205,333 units; (ii) LP Class B Units that are exchangeable for 3,410,766 units of the Trust; (iii) options exercisable to acquire 756,745 units of the Trust; and (iv) deferred units that are redeemable for 4,518,725 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.