InterRent REIT Management's Discussion & Analysis

For the Three Months Ended March 31, 2019

April 29, 2019

614 Lake Street,
St. Catharines, 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, 2018 along with InterRent REIT's other publicly filed documents. Forward-looking statements appear in this MD&A under the heading "Outlook" and generally include, but are not limited to, statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results circumstances, performance or expectations, including but not limited to financial performance and equity or debt offerings, new markets for growth, financial position, comparable multi-residential REITs and proposed acquisitions. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

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

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

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

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 and December 29, 2010, 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 December 29, 2010 and a copy of this document is available on SEDAR (www.sedar.com). Some of the principal investment guidelines and operating policies set out in the DOT are as follows:

INVESTMENT GUIDELINES

- Focus its activities on acquiring, maintaining, improving and managing multi-unit residential revenue producing properties.
- No single asset shall be acquired if the cost of such acquisition (net of the amount of debt secured by the asset) will exceed 15% of the Trust's "Gross Book Value" (as such term is defined in the DOT).
- Investments in joint ventures are permitted as long as the Trust's interest is not less than 25%.
- No investment will be made that would result in the Trust not qualifying as a "mutual fund trust" as defined in the Income Tax Act (Canada).

OPERATING POLICIES

- Overall indebtedness not to exceed 75% of Gross Book Value, as defined by the DOT.
- For individual properties, the maximum debt capacity not to exceed 75% of its market value, on or after the date which is 12 months from the acquisition date.
- No guaranteeing of third party debt except for subsidiaries or wholly-owned entities of the Trust or potential joint venture partner structures.
- Third party surveys of structural and environmental conditions are required prior to the acquisition of a revenue producing property.

At March 31, 2019 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, 2018 and note 2 of the condensed consolidated financial statements for March 31, 2019.

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, 2016.

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 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.

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.

The REIT spent 2010 and 2011 focused on repositioning its portfolio of properties, hiring the right resources, training its team and ensuring the core beliefs of customer service and creation of value were firmly entrenched within the organization. With the repositioning well in-hand by the beginning of 2012, the focus shifted to finding well located properties where the REIT could drive down operating costs while increasing rents through sound capital investment, good management and exceptional customer service. As a result of the focus on accretive, sustainable growth, the REIT was able to acquire 4,688 suites in the years 2012 to 2015. In 2016 the REIT recycled capital by disposing of 876 suites in non-core markets while adding 545 suites in core markets. In 2017, the REIT added 473 suites in Montreal and 129 suites in Hamilton for a combined total of 602 suites and in 2018, the REIT added 263 suites in Montreal, 78 suites in Ottawa and 297 suites in and around Hamilton for a combined total of 575 suites as well as two land sites for future development. In the first quarter of 2019, the REIT disposed its Sault Ste. Marie portfolio of nine properties, totalling 349 suites and added 253 suites in Montreal. 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 March 31, 2019, the Trust has 8,312 same property suites, which represents 90.3% of the overall portfolio and 6,547 repositioned property suites, which represent 71.1% of the overall portfolio.

OUTLOOK

- Management is focused on growing the REIT in a strategic and structured manner. This growth is anticipated to come from: 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; continuously looking for new ways and opportunities to drive existing revenues, create new revenue streams and reduce operating costs within our portfolio; 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; developing purpose built rental on existing sites that have the ability to add more density; and, 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. In line with this, the REIT has:
    - a) Purchased a building with 74 suites in St. Catharines, 158 Ontario Street, for $11.2 million that closed April 3, 2019.
    - a) Purchased a vacated office building in downtown Ottawa, 473 Albert Street, for redevelopment at a purchase price of $21.8 million that closed April 24, 2019. We expect to be able to develop a minimum of 150 rental units within the existing infrastructure.
- The REIT, along with its joint venture partners, are continuing to make progress on the overall site design for the 900 Albert Street (Ottawa). The 3.6 acre site provides direct access to the only station situated at the intersection of the Trillium Line (the North/South line) and the Confederation Line (the East/West line) of the LRT and is approved for up to three towers including multi-family, retail and office space.
- Management believes that suite turnovers will reduce in 2019 thereby making it crucial to continue performing the appropriate building and in-suite upgrades so that on turnover the REIT can capture as much of the upside in market rent as possible.

Q1 PERFORMANCE HIGHLIGHTS

The following table presents a summary of InterRent's operating performance for the three months ended March 31, 2019 compared to the same period in 2018:

Selected Consolidated Information In $000's, except per Unit amounts and other non-financial data	**3 Months Ended March 31, 2019**	**3 Months Ended March 31, 2018**	**Change**
Total suites	**9,203**	8,959	**+2.7%**
Average rent per suite (March)	**$1,204**	$1,117	**+7.8%**
Occupancy rate (March)	**95.8%**	96.7%	**-90bps**
Operating revenues	**$33,731**	$30,161	**+11.8%**
Net operating income (NOI)	**$21,160**	$18,350	**+15.3%**
NOI %	**62.7%**	60.8%	**+190bps**
Same property average rent per suite (March)	**$1,223**	$1,127	**+8.5%**
Same property occupancy rate (March)	**96.3%**	96.8%	**-50bps**
Same property NOI	**$19,705**	$17,673	**+11.5%**
Same property NOI %	**63.2%**	61.0%	**+220bps**
Net Income/(loss)	**$13,630**	$(11,938)	**n/a**
Funds from Operations (FFO)	**$11,614**	$9,273	**+25.2%**
FFO per weighted average unit - diluted	**$0.105**	$0.105	-
Adjusted Funds from Operations (AFFO)	**$9,611**	$8,098	**+18.7%**
AFFO per weighted average unit - diluted	**$0.087**	$0.092	**-5.4%**
Distributions per unit	**$0.0725**	$0.0675	**+7.4%**
Adjusted Cash Flow from Operations (ACFO)	**$9,742**	$9,603	**+1.4%**
Debt to GBV	**39.4%**	44.4%	**-500bps**
Interest coverage (rolling 12 months)	**2.97x**	2.80x	**+0.17x**
Debt service coverage (rolling 12 months)	**1.81x**	1.81x	-

- Overall Portfolio:
  a) Operating revenue for the quarter rose by $3.6 million to $33.7 million, an increase of 11.8% over Q1 2018.
  b) Average monthly rent per suite increased to $1,204 (March 2019) from $1,117 (March 2018), an increase of 7.8%.
  c) Occupancy for March 2019 was 95.8%, a decrease of 80 basis points when compared to December 2018 and a decrease of 90 basis points when compared to March 2018.
  d) NOI for the quarter was $21.2 million, an increase of $2.8 million, or 15.3%, over Q1 2018. NOI margin for the quarter was 62.7%, up 190 basis points over Q1 2018.
- Same Property Portfolio:
  a) Operating revenue for the quarter rose by $2.2 million to $31.2 million, an increase of 7.5% over Q1 2018.
  b) Average monthly rent per suite for the same property portfolio increased to $1,223 (March 2019) from $1,127 (March 2018), an increase of 8.5%.
  c) Occupancy for March 2019 was 96.3%, a decrease of 60 basis points when compared to December 2018 and a decrease of 50 basis points when compared to March 2018.
  d) NOI for the quarter was $19.7 million, an increase of $2.0 million, or 11.5%, over Q1 2018. Same property NOI margin for the quarter was 63.2%, up 220 basis points over Q1 2018.
- Fair value gain on investment properties in the quarter of $16.9 million was driven by property level operating improvements.
- Net income for the quarter was $13.6 million, an increase of $25.6 million compared to Q1 2018. The increase was partly attributed to the property management internalization cost in Q1 2018.
- FFO for the quarter increased by 25.2% to $11.6 million compared to Q1 2018.

- FFO per Unit for the quarter remained at $0.105 per Unit for both Q1 2019 and Q1 2018.
- AFFO for the quarter increased by 18.7% to $9.6 million compared to Q1 2018.
- AFFO per Unit for the quarter decreased by 5.4% to $0.087 per Unit compared to $0.092 per Unit for Q1 2018.
- ACFO for the quarter increased by 1.4% to $9.7 million compared to Q1 2018.
- Debt to GBV at quarter end was 39.4%, an increase of 50 basis points from December 2018 (38.9%).
- The Trust completed the following investment property transactions during the first quarter:

Transaction Date	Property	City	Region	Property Type	# of Suites	Transaction Price
Q1/19 Acquisitions						
12-Feb-19	5015-5025 Clanranald	Montreal	Montreal	Residential	30	$8,255,000
12-Feb-19	6950 Fielding	Montreal	Montreal	Residential	104	$19,300,000
12-Feb-19	2054 Claremont	Montreal	Montreal	Residential	33	$7,700,000
12-Feb-19	5051 Clanranald	Montreal	Montreal	Residential	45	$12,045,000
12-Feb-19	4560 Sainte-Catherine	Montreal	Montreal	Residential	41	$11,700,000
Total Acquisitions					**253**	**$59,000,000**
Q1/19 Dispositions						
17-Jan-19	47/55 Lewis	Sault Ste. Marie	Northern Ontario	Residential	28	$2,948,489
17-Jan-19	136 Cambridge	Sault Ste. Marie	Northern Ontario	Residential	17	$1,584,705
17-Jan-19	17 Terry Fox	Sault Ste. Marie	Northern Ontario	Residential	12	$1,000,000
17-Jan-19	519 Boundary	Sault Ste. Marie	Northern Ontario	Residential	18	$1,518,824
17-Jan-19	602/614 MacDonald	Sault Ste. Marie	Northern Ontario	Residential	70	$7,215,294
17-Jan-19	62/76 Allard & 731 Pine	Sault Ste. Marie	Northern Ontario	Residential	85	$9,014,986
17-Jan-19	250 Albert	Sault Ste. Marie	Northern Ontario	Residential	68	$6,736,235
17-Jan-19	43 Lewis	Sault Ste. Marie	Northern Ontario	Residential	22	$2,090,173
17-Jan-19	721 Pine	Sault Ste. Marie	Northern Ontario	Residential	29	$3,191,294
Total Dispositions					**349**	**$35,300,000**

PORTFOLIO SUMMARY

The Trust started the year with 9,299 suites. During the first quarter of 2019 the Trust disposed of its Sault Ste. Marie portfolio of nine properties, totalling 349 suites and purchased five properties totalling 253 suites in Montreal. At March 31, 2019, the Trust owned 9,203 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 March 31, 2019, approximately 90% of the portfolio was same property suites and approximately 71% of the portfolio was repositioned property suites. Management has identified several cities within its geographical clusters for growth, and has been successful in adding 253 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 now being located in these core markets.

▼ Suites By Region at March 31, 2019

Region	Total Portfolio		Same Property	
	# of Suites	Average Rent	# of Suites	Average Rent
Eastern Ontario	204	2.2%	204	2.5%
GTA	1,283	13.9%	1,283	15.4%
Hamilton/Niagara	1,860	20.2%	1,563	18.8%
Montreal	1,898	20.6%	1,382	16.6%
Gatineau	497	5.4%	497	6.0%
Ottawa	2,464	26.8%	2,386	28.7%
Western Ontario	997	10.8%	997	12.0%
Total	**9,203**	**100.0%**	**8,312**	**100.0%**

ANALYSIS OF OPERATING RESULTS

The current and prior period consolidated income statement, and analysis of operating results, does not separately disclose the results from assets held for sale as discontinued operations. Management's position is that the disposal of a property or the classification of a property as held for sale does not constitute a discontinued operation.

In $ 000's	3 Months Ended March 31, 2019		3 Months Ended March 31, 2018	
Gross rental revenue	$33,157		$29,500	
Less: vacancy & rebates	(1,440)		(1,004)	
Other revenue	2,014		1,665	
Operating revenues	$33,731		$30,161	
Expenses				
Property operating costs	4,838	14.3%	4,626	15.3%
Property taxes	4,288	12.7%	3,948	13.1%
Utilities	3,445	10.2%	3,237	10.8%
Operating expenses	$12,571	37.3%	$11,811	39.2%
Net operating income	$21,160		$18,350	
Net operating margin	62.7%		60.8%	

REVENUE

Gross rental revenue for the three months ended March 31, 2019 increased 12.4% to $33.2 million compared to $29.5 million for the three months ended March 31, 2018. Operating revenue for the quarter was up $3.6 million to $33.7 million, or 20.0% compared to Q1 2018. The Trust owned, on a weighted average basis, 9,146 suites throughout Q1 2019 as compared to 8,770 throughout Q1 2018, an increase of 376 suites over the period. On a weighted average suite basis, operating revenue for the first quarter of 2019 grew by 7.2% over 2018.

The average monthly rent across the portfolio for March 2019 increased to $1,204 per suite from $1,117 (March 2018), an increase of 7.8% and from $1,190 (December 2018), an increase of 1.2%. On a same property basis, the average rent increased by $96 per suite to $1,123 (or up 8.5%) over March 2018. 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 by moving to market rent on suite turnovers, continued roll-out of guideline increases and AGIs, 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

Region	Total Portfolio			Same Property		
	March 2019	March 2018	Change	March 2019	March 2018	Change
Eastern Ontario	$1,130	$1,033	9.4%	$1,130	$1,033	9.4%
GTA	$1,502	$1,401	7.2%	$1,502	$1,401	7.2%
Hamilton/Niagara	$1,094	$1,013	8.0%	$1,125	$1,035	8.7%
Northern Ontario	-	$920	n/a	-	-	n/a
Montreal	$1,030	$963	7.0%	$1,059	$970	9.2%
Gatineau	$926	$863	7.3%	$926	$863	7.3%
Ottawa (1)	$1,350	$1,240	8.9%	$1,330	$1,222	8.8%
Western Ontario	$1,157	$1,067	8.4%	$1,157	$1,067	8.4%
Total	**$1,204**	**$1,117**	**7.8%**	**$1,223**	**$1,127**	**8.5%**

(1) The number of suites for the region includes all suites at LIV however extended stay suites have been excluded in the calculation of average rent.

The REIT estimates that the average mark to market on rent for the total portfolio is in excess of 25%.

InterRent REIT has been successful in increasing rent levels while at the same time reducing hydro consumption and costs by having residents be responsible for the cost associated with their individual consumption. Currently, 88% of the portfolio has submetering capabilities in place.

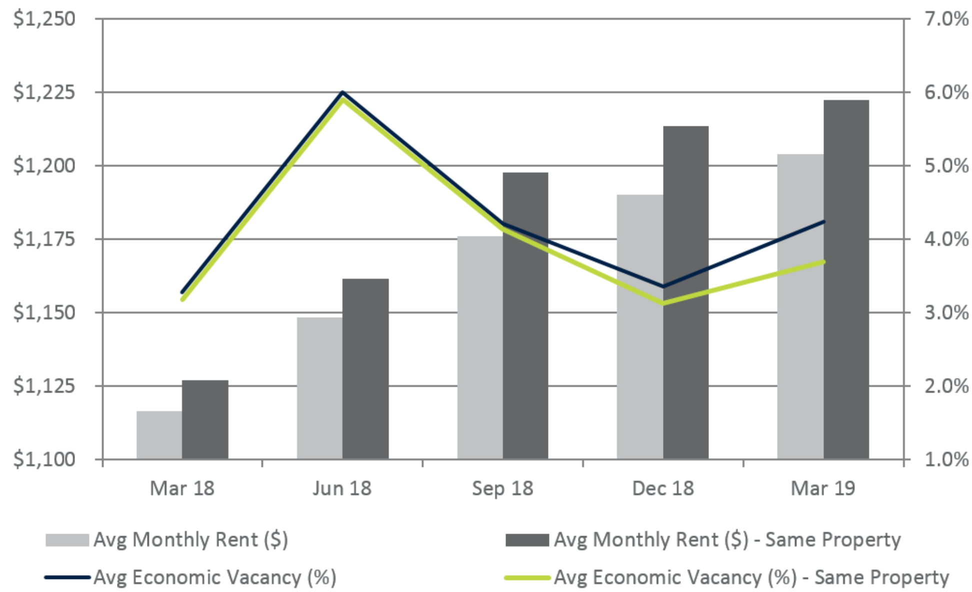
Portfolio Occupancy

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.



	March 2018	June 2018	September 2018	December 2018	March 2019
Average monthly rents all properties	$1,117	$1,148	$1,176	$1,190	$1,204
Average monthly rents same property	$1,127	$1,162	$1,198	$1,214	$1,223

The overall economic vacancy for March 2019 across the entire portfolio was 4.2%, an increase of 90 basis points as compared to the 3.3% recorded for March 2018. Economic vacancy for the same property portfolio for March 2019 was 3.7%, an increase of 50 basis points as compared to the 3.2% recorded for the month ended March 2018.

Overall vacancy is up from the 3.4% recorded in December 2018 and up from March of 2018 on both a total portfolio and same property basis. Given the strong demand and growth in market rents, the REIT has been actively managing asking rents to try and achieve as much of the upside as possible. With turnover in the coming years expected to be lower than normal, the REIT believes that we must capture maximum rent on turnover at this time. The increase in Montreal vacancy was mainly attributable to the ongoing capital work and rehabilitation of non-repositioned properties within the region. The increase in vacancy in Ottawa and Hamilton/Niagara resulted from timing of suite turnover / renovations in order to capture market rents.

▼ Vacancy By Region

Region	Total Portfolio			Same Property		
	March 2019	March 2018	Change	March 2019	March 2018	Change
Eastern Ontario	1.3%	1.9%	-60 bps	1.3%	1.9%	-60 bps
GTA	1.1%	1.5%	-40 bps	1.1%	1.5%	-40 bps
Hamilton/Niagara	4.5%	2.9%	+160 bps	4.2%	2.8%	+140 bps
Northern Ontario	-	5.3%	n/a	-	-	n/a
Montreal	10.4%	8.9%	+150 bps	10.1%	9.1%	+100 bps
Gatineau	4.9%	5.5%	-60 bps	4.9%	5.5%	-60 bps
Ottawa	3.4%	1.9%	+150 bps	2.9%	1.8%	+110 bps
Western Ontario	1.1%	2.3%	-120 bps	1.1%	2.3%	-120 bps
Total	**4.2%**	**3.3%**	**+90 bps**	**3.7%**	**3.2%**	**+50 bps**

Other Revenue

Other rental revenue for the three months ended March 31, 2019 increased 21.0% to $2.0 million compared to $1.7 million for the three months ended March 31, 2018. 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 March 31, 2019, other revenue represents 6.0% of operating revenue compared to 5.5% for Q1 2018.

PROPERTY OPERATING COSTS

Property operating costs for the investment properties include repairs and maintenance, insurance, caretaking, superintendents' wages and benefits, property management fees (up to the date of internalization, February 15, 2018) and property management salaries and benefits after the date of internalization, uncollectible accounts and eviction costs, marketing, advertising and leasing costs.

Property operating costs for the three months ended March 31, 2019 amounted to $4.8 million or 14.3% of revenue compared to $4.6 million or 15.3% of revenue for the three months ended March 31, 2018. As a percentage of revenue, operating costs decreased by 100 basis points as compared to 2018, due in large part to the internalization of the property management function in 2018.

PROPERTY TAXES

Property taxes for the three months ended March 31, 2019 amounted to $4.3 million or 12.7% of revenue compared to $3.9 million or 13.1% of revenue for the three months ended March 31, 2018. The overall increase in taxes is mainly attributable to the increase in suites from the first quarter of 2018 to 2019 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 March 31, 2019 amounted to $3.4 million or 10.2% of revenue compared to $3.2 million or 10.8% of revenue for the three months ended March 31, 2018. As a percentage of operating revenues, utility costs decreased over the same quarter last year but increased slightly on a per unit basis based on a combination of higher consumption due to colder weather in our operating regions and higher rates for gas in Quebec.

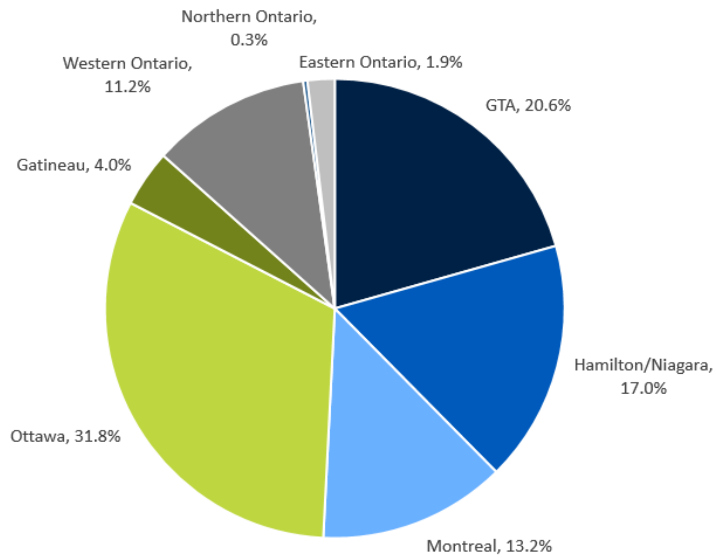
Across the entire portfolio, our hydro sub-metering initiative reduced our electricity costs by 20.2%, or $0.3 million for the quarter. At March 31, 2019, the REIT had 8,063 suites that had the capability to submeter hydro in order to recover the cost. Of the 8,063 suites that have the infrastructure in place, 6,559 suites were on hydro extra leases whereby the REIT is recovering the cost from the tenant. This represents approximately 81% of the submetered suites or approximately 71% of the total portfolio. The REIT currently has submetering in place for approximately 88% of the suites within the portfolio and 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 March 31, 2019 amounted to $21.2 million or 62.7% of operating revenue compared to $18.4 million or 60.8% of operating revenue for the three months ended March 31, 2018. The $2.8 million increase in the quarter is as a result of growing the portfolio and increasing operating revenue by 11.8%.

NOI from the same property portfolio was $19.7 million, or 63.2% 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 March 31, 2019



2386-2400 New Street,
Burlington, ON

SAME PROPERTY PORTFOLIO PERFORMANCE

Same property results for the three months ended March 31, 2019 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, 2018 to March 31, 2019. As at March 31, 2019, the Trust has 8,312 suites in the same property portfolio. The same property portfolio represents 90.3% of the overall portfolio.

In $ 000's	3 Months Ended March 31, 2019		3 Months Ended March 31, 2018	
Gross rental revenue	$30,615		$28,271	
Less: vacancy & rebates	(1,198)		(922)	
Other revenue	1,746		1,628	
Operating revenues	$31,163		$28,977	
Expenses				
Property operating costs	4,415	14.2%	4,450	15.3%
Property taxes	3,880	12.5%	3,814	13.2%
Utilities	3,163	10.1%	3,040	10.5%
Operating expenses	$11,458	36.8%	$11,304	39.0%
Net operating income	$19,705		$17,673	
Net operating margin	63.2%		61.0%	

For the three months ended March 31, 2019, operating revenues for same property increased by 7.5% and operating expenses increased by 1.4% as compared to the same period last year. As a result, same property NOI has increased by $2.0 million, or 11.5%, as compared to the same period last year. NOI margin for Q1 2019 was 63.2% as compared to 61.0% for Q1 2018, an increase of 220 basis points.

The average monthly rent for March 2019 for same property increased to $1,223 per suite from $1,127 (March 2018), an increase of 8.5%. Economic vacancy for March 2019 for same property was 3.7%, compared to 3.2% for March 2018.

	March 2018	June 2018	September 2018	December 2018	March 2019
Average monthly rents same property portfolio	$1,127	$1,162	$1,198	$1,214	$1,223
Average monthly vacancy same property portfolio	3.2%	5.9%	4.1%	3.1%	3.7%

For the same property portfolio, the property operating costs and property taxes decreased as a percentage of operating revenues. Utilities also decreased as a percentage of operating revenues but were $0.1 million higher than Q1 2018. The increase in utility costs stems from a combination of higher consumption due to colder weather in our operating regions and higher rates for gas in Quebec.

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 March 31, 2019 are defined as all properties owned and operated by the Trust prior to January 1, 2016 excluding the four buildings at Stoney Creek in Hamilton (618 suites). As at March 31, 2019, the Trust has 6,547 repositioned property suites, which represents 71.1% of the overall portfolio.

In $ 000's	3 Months Ended March 31, 2019					
	Repositioned Property Portfolio		Non-Repositioned Property Portfolio		Total Portfolio	
Gross rental revenue	$24,790		$8,367		**$33,157**	
Less: vacancy & rebates	(626)		(814)		**(1,440)**	
Other revenue	1,513		501		**2,014**	
Operating revenues	$25,677		$8,054		**$33,731**	
Expenses						
Property operating costs	3,534	13.8%	1,304	16.2%	**4,838**	**14.3%**
Property taxes	3,117	12.1%	1,171	14.5%	**4,288**	**12.7%**
Utilities	2,490	9.7%	955	11.9%	**3,445**	**10.2%**
Operating expenses	$9,141	35.6%	$3,430	42.6%	**$12,571**	**37.3%**
Net operating income	$16,536		$4,624		**$21,160**	
Net operating margin	64.4%		57.4%		**62.7%**	

The average monthly rent for March 2019 for the repositioned property portfolio was $1,255 per suite and the economic vacancy for March 2019 was 2.3% whereas the non-repositioned properties had an average monthly rent of $1,082 per suite and an economic vacancy of 9.7% for March 2019.

Region	Repositioned Property Portfolio			Non-Repositioned Property Portfolio		
	Suites	Average Rent	Vacancy	Suites	Average Rent	Vacancy
Eastern Ontario	204	$1,130	1.3%	-	-	-
GTA	1,283	$1,502	1.1%	-	-	-
Hamilton/Niagara	816	$1,214	3.6%	1,044	$1,000	5.4%
Montreal	782	$996	1.3%	1,116	$1,054	16.6%
Gatineau	497	$926	4.9%	-	-	-
Ottawa	1,968	$1,362	3.2%	496	$1,320	4.3%
Western Ontario	997	$1,157	1.1%	-	-	-
Total	**6,547**	**$1,255**	**2.3%**	**2,656**	**$1,082**	**9.7%**

FINANCING AND ADMINISTRATIVE COSTS

In $ OOO's	3 Months Ended March 31, 2019	3 Months Ended March 31, 2018
Net operating income	**$21,160**	$18,350
Expenses		
Financing costs	**6,272**	6,323
Administrative costs	**2,985**	2,596
Income before other income expenses	**$11,903**	$9,431

FINANCING COSTS

Financing costs amounted to $6.3 million or 18.6% of revenue for the three months ended March 31, 2019 compared to $6.3 million or 21.0% of revenue for the three months ended March 31, 2018. As a percentage of revenue, financing costs have historically been in the range of 19% to 22%.

In $ OOO's	3 Months Ended March 31, 2019		3 Months Ended March 31, 2018	
	Amount	% of Revenue	Amount	% of Revenue
Cash based:				
Mortgage interest	$6,233	18.5%	$5,474	18.2%
Credit facilities	356	1.0%	610	2.0%
Interest capitalized	(418)	(1.2%)	-	-
Interest income	(130)	(0.4%)	(79)	(0.3%)
Non Cash based:				
Amortization of deferred finance cost and premiums on assumed debt	231	0.7%	318	1.1%
Total	$6,272	18.6%	$6,323	21.0%

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 March 31, 2019 amounted to $3.0 million or 8.8% of revenue compared to $2.6 million or 8.6% of revenue for the three months ended March 31, 2018.

OTHER INCOME AND EXPENSES

In $ OOO's	3 Months Ended March 31, 2019	3 Months Ended March 31, 2018
Income before other income and expenses	**$11,903**	$9,431
Other income and expenses		
Loss on sale of investment properties	**(675)**	-
Property management internalization cost	**-**	(43,993)
Fair value adjustments of investment properties	**16,886**	28,230
Unrealized loss on financial liabilities	**(13,948)**	(5,290)
Distributions expense on units classified as financial liabilities	**(536)**	(316)
Net income/(loss)	**$13,630**	$(11,938)

SALE OF ASSETS

During the three months ended March 31, 2019, the Trust had a $0.7 million loss from the sale of nine investment properties for a total selling price of $35.3 million compared to a carrying value of $35.0 million. The properties were sold for $0.3 million above their fair value however selling costs of $1.0 million (which includes commission, legal expense and any unamortized portion of the CMHC insurance premium) were incurred as part of the transactions, resulting in a loss on disposition of $0.7 million. There were no dispositions in the three months ended March 31, 2018.

PROPERTY MANAGEMENT INTERNALIZATION COSTS

On February 15, 2018, the REIT entered into an agreement with CLV Group Inc. (the "Property Manager") to internalize the REIT's property management function. Upon closing of the transaction, a subsidiary of the REIT acquired the Property Manager's REIT-related property management business for a total consideration of $38.0 million to the Property Manager (3,224,516 Class B LP limited partnership units (exchangeable on a one-for-one basis) at a value of approximately $9.42 per unit, or $30.4 million and $7.6 million in cash) and $3.1 million in deferred units as retention bonuses to employees being transferred to InterRent (to be matched and vest over a period of up to 5 years in accordance with the Deferred Unit Plan). The total consideration, including all future vesting of deferred units, is approximately $44.1 million. The REIT also incurred approximately $2.0 million in transaction related costs.

For the three month period ended March 31, 2018, the REIT recorded $44.0 million in property management internalization costs. The remaining $2.1 million relating to the future vesting of the matched portion of the retention bonuses to employees will be expensed over the next 5 years as administrative costs.

FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES

The fair value of the portfolio at March 31, 2019 was determined internally by the Trust. In order to substantiate management's valuation, market evidence from third party appraisers is incorporated on a continual basis. For the three month period ended March 31, 2019, a fair value gain of $16.9 million was recorded on the financial statements as a result of changes in the fair value of investment properties. The increase in the fair value of the properties over the quarter has been driven by improvements in operating results as well as adjustments to capitalization rates in certain geographic markets. The weighted average capitalization rate used across the portfolio at the end of Q1 2019 was 4.33% as compared to 4.38% for Q4 2018 (4.33% without Sault Ste. Marie) and 4.50% (4.46% without Sault Ste. Marie) for Q1 2018. The change in the weighted average capitalization rate is a result of acquisitions, disposition of the Sault Ste. Marie properties, the decrease in capitalization rates on properties that have undergone significant repositioning, and the compression of cap rates in Ontario and Quebec that has been driven by continued strong demand for multi-family assets within these markets.

UNREALIZED FAIR VALUE GAIN/LOSS ON FINANCIAL LIABILITIES

The Trust used a price of $14.34 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 March 31, 2019 was $51.5 million and a corresponding fair value loss of $7.6 million was recorded on the consolidated statement of income for the three months ended March 31, 2019.

The Trust determined the fair value of the option plan (unit-based compensation liability) at March 31, 2019 at $6.6 million and a corresponding fair value loss of $1.3 million was recorded on the condensed consolidated statement of income for the three months ended March 31, 2019.

The Trust used a price of $14.34 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 March 31, 2019 was $49.6 million and a corresponding fair value loss of $5.1 million was recorded on the condensed consolidated statement of income for the three months ended March 31, 2019.

In $ OOO's	3 Months Ended March 31, 2019	3 Months Ended March 31, 2018
Fair value gain/(loss) on financial liabilities:		
Deferred unit compensation plan	**$(7,610)**	$(1,965)
Option plan	**(1,256)**	(873)
LP Class B unit liability	**(5,082)**	(2,452)
Fair value gain/(loss) on financial liabilities	**$(13,948)**	$(5,290)

DISTRIBUTION EXPENSE

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

5501 Adalbert Avenue,
Montreal, QC

INVESTMENT PROPERTIES

The following chart shows the changes in investment properties from December 31, 2018 to March 31, 2019.

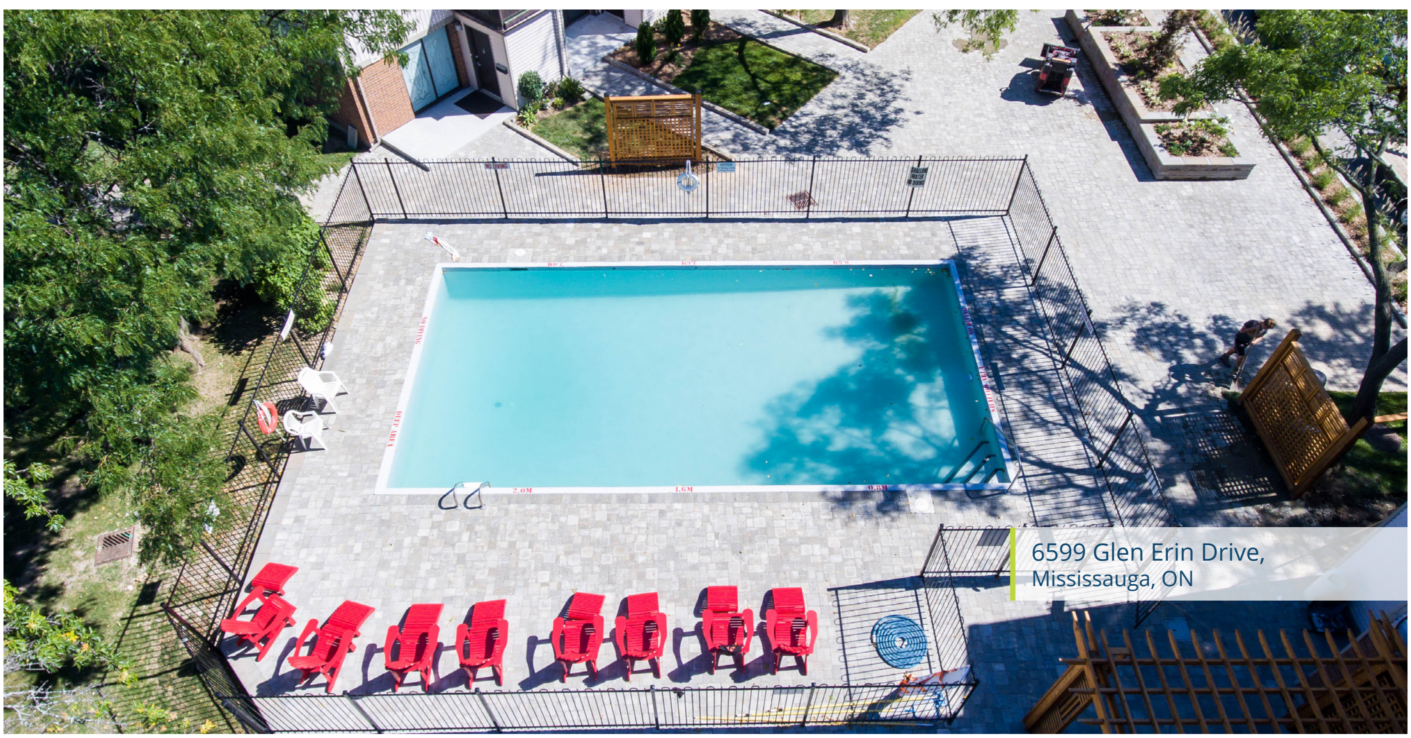
In $ OOO's	March 31, 2019
Balance, December 31, 2018	$2,077,051
Acquisitions	60,919
Property capital investments	14,039
Fair value gains	16,886
Dispositions	(35,009)
Total investment properties	$2,133,886

The Trust acquired five properties (253 suites) for $60.9 million and sold its Sault Ste. Marie portfolio of nine properties, totalling 349 suites, with a carrying cost of $35.0 million during the three month period ended March 31, 2019.

The fair value of the portfolio at March 31, 2019 was determined internally by the Trust. In order to substantiate management's valuation, market evidence from third party appraisers is incorporated on a continual basis. For the three month period ended March 31, 2019, a fair value gain of $16.9 million was recorded on the financial statements as a result of changes in the fair value of investment properties.

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 2019 the REIT uses a cut-off of December 31, 2015. 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, 2016, 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 6,547 suites in the REIT's portfolio that were acquired prior January 1, 2016 and are considered repositioned properties for the purpose of calculating maintenance capital investment.

For the three month period ended March 31, 2019, the Trust invested $14.0 million in the portfolio. Of the $14.0 million invested in the first three months of the year, $6.5 million was invested in the repositioning properties. Of the remaining $7.5 million, $1.1 million was related to land held for development and $4.4 million was invested in value enhancing initiatives and $2.0 million was related to sustaining and maintaining existing spaces.



6599 Glen Erin Drive,
Mississauga, ON

UNITHOLDERS' EQUITY

The following chart shows the changes in reported Unitholders' equity from December 31, 2018 to March 31, 2019.

Summary of Unitholders' Capital Contributions	Trust Units	Amount (in $'000)
December 31, 2018	106,032,017	$558,615
Units issued under the deferred unit plan	73,704	1,000
Units issued under distribution reinvestment plan	204,463	2,664
Units issued from options exercised	66,940	820
March 31, 2019	106,377,124	$563,099

As at March 31, 2019 there were 106,377,124 Trust Units issued and outstanding.

DISTRIBUTIONS

The Trust is currently making monthly distributions of $0.024167 per Unit, which equates to $0.290 per Unit on an annualized basis. For the three months ended March 31, 2019, the Trust's FFO and AFFO was $0.106 and $0.088 per unit respectively, compared to $0.106 and $0.092 for the three months ended March 31, 2018, while the distributions were $0.0725 for 2019 and $0.0675 for 2018.

Distributions to Unitholders are as follows:

In $ OOO's	3 Months Ended March 31, 2019	3 Months Ended March 31, 2018
Distributions declared to Unitholders	**$ 7,703**	$ 5,907
Distributions reinvested through DRIP	**(2,664)**	(941)
Distributions declared to Unitholders, net of DRIP	**$ 5,039**	$ 4,966
DRIP participation rate	**34.6%**	15.9%

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 March 31, 2019	3 Months Ended March 31, 2018
Trust units	**106,189,952**	84,314,580
LP Class B units	**3,410,766**	3,410,766
Weighted average units outstanding - Basic	**109,600,718**	87,725,346
Unexercised dilutive options [1]	**543,540**	472,022
Weighted average units outstanding - Diluted	**110,144,258**	88,197,368

[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/redevelopment properties.

FFO Reconciliation In $000's, except per Unit amounts and Units outstanding	**3 Months Ended March 31, 2019**	**3 Months Ended March 31, 2018**
Net income/(loss)	**$13,630**	$(11,938)
Add (deduct):		
Fair value adjustments on investment property	**(16,886)**	(28,230)
Loss on sale of investment properties	**675**	-
Property management internalization cost [1]	**-**	43,993
Unrealized loss on financial instruments	**13,948**	5,290
Interest expense on puttable units classified as liabilities	**247**	158
Funds from Operations (FFO)	**$11,614**	$9,273
FFO per weighted average unit - basic	**$0.106**	$0.106
FFO per weighted average unit - diluted	**$0.105**	$0.105

[1] Property management internalization costs are added back to Net income/(loss) in determining FFO as it represents a one-time transaction event that is not indicative our normal operations and helpful as a useful measure of recurring economic earnings.

AFFO Reconciliation In $000's, except per Unit amounts and Units outstanding	**3 Months Ended March 31, 2019**	**3 Months Ended March 31, 2018**
Funds from Operations	**$11,614**	$9,273
Add (deduct):		
Actual maintenance capital investment	**(2,003)[1]**	(1,175)[2]
Adjusted Funds from Operations (AFFO)	**$9,611**	$8,098
AFFO per weighted average unit - basic	**$0.088**	$0.092
AFFO per weighted average unit - diluted	**$0.087**	$0.092

[1] Maintenance capital investment total is for the weighted average of 6,609 repositioned for 2019
[2] Maintenance capital investment total is for the 5,812 repositioned suites for 2018

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 March 31, 2019**	**3 Months Ended March 31, 2018**
Cash generated from operating activities	**$16,476**	$2,490
Add (deduct):		
Property management internalization cost [(1)]	**-**	8,606
Changes in non-cash working capital not indicative of sustainable cash flows	**(4,500)**	-
Amortization of finance costs	**(231)**	(318)
Actual maintenance capital investment	**(2,003)**	(1,175)
ACFO	**9,742**	9,603
Distributions declared [(2)]	**7,950**	6,065
Excess of ACFO over distributions declared	**1,792**	3,538
ACFO payout ratio	**81.6%**	63.2%

[(1)] The cash effect of the property management internalization costs are added back to Cash from operating activities in determining ACFO as it represents a one-time transaction event that is not indicative our normal operations and helpful as a useful measure of sustainable cash flow.

[(2)] Includes distributions on LP Class B units.

For the three months ended March 31, 2019, ACFO exceeded distributions declared by $1.8 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 March 31, 2019**	**3 Months Ended March 31, 2018**
Net income/(loss)	**$13,630**	$(11,938)
Cash flows from operating activities	**16,476**	2,490
Distributions paid [(1)]	**5,278**	4,886
Distributions declared [(1)]	**7,950**	6,065
Excess/(shortfall) of net income over distributions paid	**8,352**	(16,824)
Excess/(shortfall) of net income over distributions declared	**5,680**	(18,003)
Excess/(shortfall) of cash flows from operations over distributions paid	**11,198**	(2,396)
Excess/(shortfall) of cash flows from operations over distributions declared	**8,526**	(3,575)

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

For the three months ended March 31, 2019, cash flows from operating activities exceeded distributions paid by $11.2 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 39.4% of Gross Book Value ("GBV") at March 31, 2019. 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	March 31, 2019	December 31, 2018
Total assets per Balance Sheet	$2,172,094	$2,117,992
Mortgages payable	$817,107	$799,571
Lines of credit	38,540	23,550
Total debt	$855,647	$823,121
Debt to GBV	39.4%	38.9%

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 REIT 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 March 31st:

In $000's	12 Months Ended March 31, 2019	12 Months Ended March 31, 2018
NOI	$85,028	$70,210
Less: Administrative costs	11,161	9,541
EBITDA	$73,867	$60,669
Interest expense [1]	24,847	21,635
Interest coverage ratio	**2.97x**	**2.80x**
Contractual principal repayments	15,933	11,881
Total debt service payments	$40,780	$33,516
Debt service coverage ratio	**1.81x**	**1.81x**

[1] Interest expense includes interest on mortgages and credit facilities 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 and vendor take-back loans of InterRent REIT.

Year Maturing	Mortgage Balances At March 31, 2019 (in $ 000's)	Weighted Average by Maturity	Weighted Average Interest Rate
2019	$62,698	7.5%	3.74%
2020	$120,090	14.4%	3.19%
2021	$53,490	6.4%	3.61%
2022	$69,529	8.3%	2.82%
2023	$70,178	8.4%	2.73%
Thereafter	$458,333	55.0%	2.94%
Total	$834,318	100%	3.03%

At March 31, 2019, the average term to maturity of the mortgage debt was approximately 5.9 years and the weighted average cost of mortgage debt was 3.03%. At March 31, 2019, approximately 81% of InterRent REIT's mortgage debt was backed by CMHC insurance.

During the quarter the Trust repaid four mortgages on properties that were sold for $5.8 million, assumed five mortgages on properties acquired for a combined amount of $27.0 million, and paid down $4.3 million in mortgage principal. The net result at March 31, 2019 compared to December 31, 2018 was:

- A decrease in the average term to maturity of the mortgage debt to 5.9 years from 6.0 years;
- A decrease in the weighted average cost of mortgage debt to 3.03% from 3.04% ; and,
- An increase in the mortgage debt backed by CMHC insurance to approximately 81% from 80%.

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

- A $0.5 million demand credit facility with a Canadian chartered bank secured by a general security agreement. Interest is charged at a floating rate plus a pre-defined spread. As at March 31, 2019, the Trust had no balance outstanding under this facility.
- A $35.0 million term credit facility, maturing in 2019, 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 March 31, 2019, the Trust had no balance outstanding under this facility.
- A $25.0 million term credit facility, maturing in 2021, with a Canadian chartered bank secured by a general security agreement, a first mortgage on one of the Trust's properties and second collateral mortgages on two of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread. As at March 31, 2019, the Trust had utilized $7.5 million of this facility.
- A $60.0 million term credit facility, maturing in 2020, with a Canadian chartered bank secured by a general security agreement, first mortgages on two of the Trust's properties and second collateral mortgages on five of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread for prime advances and banker's acceptances. As at March 31, 2019, the Trust had utilized $31.0 million of this facility.

ACCOUNTING

RISKS AND UNCERTAINTIES

A comprehensive description of the risks and uncertainties can be found in InterRent REIT's December 31, 2018 MD&A and other securities filings at www.sedar.com.

Financial Risk Management and Financial Instruments

A. **Overview**

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

B. **Credit Risk**

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

Credit risk arises from the possibility that: (i) 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 March 31, 2019, the Trust had past due rents and other receivables of $2.3 million net of an allowance for doubtful accounts of $1.0 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 21 in the March 31, 2019 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 March 31, 2019, the Trust had credit facilities as described in note 9 in the March 31, 2019 condensed consolidated financial statements.

Note 8 in the March 31, 2019 condensed consolidated financial statements reflects the contractual maturities for mortgage and loans payable of the Trust at March 31, 2019, 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 and loans 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 and loans 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 and loans payable and credit facilities is approximately $873 million as at March 31, 2019 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 March 31, 2019, approximately 13% 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 $0.3 million for the three months ended March 31, 2019.

OFF-BALANCE SHEET ARRANGEMENTS

As of March 31, 2019 the Trust did not have any off-balance sheet arrangements in place.

RELATED PARTY TRANSACTIONS

The transactions with related parties are incurred in the normal course of business. Related party transactions have been listed below.

i. Accounts Payable (net of amounts receivable)

As at March 31, 2019, $nil (December 31, 2018- $nil) was included in accounts payable and accrued liabilities, net of amounts receivable, which are due to companies controlled by an officer of the Trust. The amounts were non-interest bearing and due on demand.

ii. Services

There were no related party transactions during the three months ended March 31, 2019. During the three month period ended March 31, 2018 the Trust incurred $1.0 million in services from companies controlled by an officer of the Trust. Of the services received approximately $0.2 million had been capitalized to the investment properties and the remaining amounts were included in operating and administrative costs.

iii. Property Management Internalization

On February 15, 2018, the REIT entered into an agreement with CLV Group Inc. (the "Property Manager") to internalize the REIT's property management function. Upon closing of the transaction, a subsidiary of the REIT acquired the Property Manager's REIT-related property management business for a total consideration of $38.0 million to the Property Manager (3,224,516 Class B LP limited partnership units (exchangeable on a one-for-one basis) at a value of approximately $9.42 per unit, or $30.4 million and $7.6 million in cash) and $3.1 million in deferred units as retention bonuses to employees being transferred to InterRent (to be matched and vest over a period of up to 5 years in accordance with the Deferred Unit Plan). The total consideration, including all future vesting of deferred units, was approximately $44.1 million. The REIT also incurred approximately $2.0 million in transaction related costs.

During the three month period ended March 31, 2018, the REIT recorded $44.0 million in property management internalization costs. The remaining $2.1 million relating to the future vesting of the matched portion of the retention bonuses to employees will be expensed over the next 5 years as administrative costs.

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 March 31, 2019:

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 purchased one property with 74 suites that closed on April 3, 2019 for a purchase price of approximately $11.2 million and one redevelopment property that closed on April 25, 2019 for a purchase price of approximately $21.8 million.

OUTSTANDING SECURITIES DATA

As of April 29, 2019, the Trust had issued and outstanding: (i) 107,097,552 units; (ii) LP Class B Units that are exchangeable for 3,410,766 units of the Trust; (iii) options exercisable to acquire 929,145 units of the Trust; and (iv) deferred units that are redeemable for 4,148,224 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.