InterRent REIT Management's Discussion & Analysis

For the Three and Six Months Ended June 30, 2022

August 9, 2022

Le Neuville,
Montréal, QC

MANAGEMENT'S DISCUSSION & ANALYSIS
TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

Caution Regarding Forward-Looking Statements

This Management's Discussion and Analysis ("MD&A") of InterRent Real Estate Investment Trust ("InterRent REIT", the "REIT" or the "Trust") contains "forward-looking statements" within the meaning of applicable securities legislation. This document should be read in conjunction with material contained in the Trust's audited consolidated financial statements for the year ended December 31, 2021, along with InterRent REIT's other publicly filed documents. Forward-looking statements appear in this MD&A under the heading "Outlook" and generally include, but are not limited to, statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results circumstances, performance or expectations, including but not limited to financial performance and equity or debt offerings, new markets for growth, financial position, comparable multi-residential REITs and proposed acquisitions. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of InterRent REIT to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: the duration and impact of the COVID-19 pandemic on the business, operations and financial condition of InterRent REIT and its residents, as well as on the economy in general, the risks related to the market for InterRent REIT's securities, the general risks associated with real property ownership and acquisition, that future accretive acquisition opportunities will be identified and/or completed by InterRent REIT, risk management, liquidity, debt financing, credit risk, competition, general uninsured losses, interest rate fluctuations, environmental matters, restrictions on redemptions of outstanding InterRent REIT securities, lack of availability of growth opportunities, diversification, potential unitholder liability, potential conflicts of interest, the availability of sufficient cash flow, fluctuations in cash distributions, the market price of InterRent REIT's trust units, the failure to obtain additional financing, dilution, reliance on key personnel, changes in legislation, failure to obtain or maintain mutual fund trust status and delays in obtaining governmental approvals or financing as well as those additional factors discussed in the section entitled "Risks and Uncertainties" and in other sections of this Management's Discussion and Analysis.

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

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

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

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

INTERRENT REAL ESTATE INVESTMENT TRUST

InterRent Real Estate Investment Trust (“InterRent REIT”, the “REIT” or the “Trust”) is an unincorporated, open-ended real estate investment trust created pursuant to a Declaration of Trust, dated October 10, 2006, and as amended and restated on June 29, 2007, September 30, 2009, December 29, 2010, and May 21, 2019, under the laws of the Province of Ontario. InterRent REIT was created to invest in income producing multi-family residential properties within Canada initially through the acquisition of InterRent International Properties Inc. (the “Corporation”) and of the Silverstone Group by the way of a plan of arrangement (the “Arrangement”) under the *Business Corporations Act* (Ontario), which was completed on December 7, 2006.

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

DECLARATION OF TRUST

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

At June 30, 2022 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, 2021, and note 2 of the condensed consolidated interim financial statement for June 30, 2022.

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, 2019.

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 November 28, 2021, Canada's first case of the Omicron coronavirus variant was confirmed in Ottawa. The variant's high infection rate quickly overwhelmed testing capacity in some provinces, with Canada documenting more cases of COVID-19 during the first 40 days of the Omicron wave than during all of 2020. On December 18, 2021, in response to the significant risks and uncertainties presented by the spread of the Omicron variant in Canada and globally, the Government of Canada announced further adjustments to travel and border measures. However, the highly contagious nature of the variant meant that the Omicron wave crested faster than previous ones. Many provinces hit peak community transmission in mid-January 2022, leading to the easing of restrictions sooner than in previous waves in the three provinces in which the Trust operates.

Overall, the drop in Canadian economic activity due to Omicron-related restrictions was minimal, compared to the Delta wave that proceeded it, and economic activity has picked up considerably as restrictions continue to ease. According to Export Development Canada, the Canadian Economic Recovery Tracker (CERT) reading as of July 22, 2022 sits flat with pre-pandemic levels. At the time of writing, province-wide restrictions in British Columbia have been lifted and wearing masks in public indoor settings is not required. Ontario lifted most of its public health measures on March 1, 2022, and removed the remaining masking requirements for select indoor settings on June 12, 2022. In Quebec, many restrictions were phased out mid-March 2022 and public health authorities removed the mask mandate for most public spaces on May 14, 2022.

The Trust is encouraged by the reopening progress and positive momentum as demand returns to normalized levels, however the recovery of demand appears slower in Quebec. Though the improving health situation and economic signals are encouraging, the full impact of the COVID-19 pandemic on the Trust remains unknown at this time. As such, it is not possible to reliably estimate the length and severity of COVID-19-related impacts on the Trust's financial results and operations. As always, the health and safety of residents and team members remains the Trust's top priority.

OPERATIONS UPDATE

- Rental demand continued to strengthen through Q2 with average rent across the total portfolio for June 2022 up 7.1% over June 2021. The strong demand has continued into the beginning of Q3.
- Total portfolio occupancy of 95.1% was only slightly below the 95.5% recorded in March of 2022. A small decrease between Q1 and Q2 is in line with historical trends. This represents a 360 basis point increase from June 2021 occupancy of 91.5%.
- Incentive granting has continued to trend down from its peak in September 2021. Due to the nature of the accounting recognition where incentives are amortized over time, Q2 2022 was 15% lower than Q1 2022.
- Rent collection during the six months ended June 30, 2022 is trending in line with that of previous months. The Trust will continue to monitor rent collections and work compassionately with residents as the impacts of the pandemic and inflation continue.
- The Trust continues to invest in its portfolio as a driver of future organic growth, spending $35.8 million during the quarter of which $10.7 million was spent on improvements for non-repositioned properties, $11.5 million on properties under development, $13.6 million on the repositioned portfolio ($10.9 million on value-enhancing initiatives and $2.7 million on sustaining and maintaining existing spaces).

OVERVIEW

BUSINESS OVERVIEW AND STRATEGY

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

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

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

In the first six months of 2022, the Trust purchased a 50% ownership in two properties comprised of 57 suites in Vancouver for $12.8 million, and a 50% ownership in a property in Quebec consisting of 254 suites for $54.6 million.

During the year we have added key positions and people to the organization that we believe have both the experience and ability necessary to execute on our growth strategy in the years to come.

As at June 30, 2022, the Trust has 100% ownership interest in 11,965 suites and a 50% financial interest in 1,214 suites of which: a) 11,040 are included in same property suites, or 87.8% of the overall portfolio; and, b) 8,950 are included in repositioned property suites, or 71.2% of the overall portfolio. With the current immigration targets there will be an increased demand for housing while supply issues in the market are persisting. The Trust is working with various levels of government to try and create policies to encourage more supply and currently has 4,094 suites under development with the potential for further intensification at various sites within its portfolio.

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OUTLOOK

a) Management remains committed to growing the REIT in a strategic and structured manner, although timing may be impacted by the current pandemic as well as the current economic environment, however, 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.

b) The REIT is continuing to make progress on its four active developments as well as the evaluation of other intensification opportunities within the portfolio. For more information on our ongoing projects, see "Properties Under Development"

- Liquidity Update:
    - The Trust's current credit facilities total $223.0 million of available credit. There is approximately $10.0 million drawn on these facilities as at June 30, 2022.
    - At June 30, 2022, the Trust had approximately $149.7 million in unencumbered properties that do not have mortgages nor provide security for any credit facilities.
    - During the quarter, the Trust closed on three new mortgages totaling an additional $71.0 million, renewed three mortgages totaling $54.6 million, and closed on six up-financings totaling $161.6 million (maturing loans totaled $50.5 million).
    - Subsequent to the end of the quarter the Trust has:
        i. up-financed one property with an additional $9.2 million mortgage,
        ii. closed on three up-financings totaling $25.9 million (maturing loans totaled $8.2 million),
        iii. renewed three mortgages totaling $97.0 million, and
        iv. submitted for CMHC financing a further $64.6 million of 2022 maturing loans for which the REIT has already entered into forward rate locks.
    - With a debt-to-GBV ratio of 37.3%, the REIT has significant liquidity available through both CMHC insured and conventional mortgage financing to finance future capital programs, development opportunities and acquisitions.

Q2 PERFORMANCE HIGHLIGHTS

The following table presents a summary of InterRent's operating performance for the three months ended June 30, 2022 compared to the same period in 2021:

Selected Consolidated Information In $000's, except per Unit amounts and other non-financial data	**3 Months Ended June 30, 2022**	**3 Months Ended June 30, 2021**	**Change**
Total suites	**12,573[(1)]**	11,850[(1)]	**+6.1%**
Average rent per suite (June)	**$ 1,433**	$ 1,339	**+7.1%**
Occupancy rate (June)	**95.1%**	91.5%	**+360 bps**
Operating revenues	**$ 52,831**	$ 44,966	**+17.5%**
Net operating income (NOI)	**$ 33,635**	$ 28,765	**+16.9%**
NOI %	**63.7%**	64.0%	**-30 bps**
Same Property average rent per suite (June)	**$ 1,416**	$ 1,334	**+6.2%**
Same Property occupancy rate (June)	**95.6%**	92.2%	**+340 bps**
Same Property operating revenues	**$ 46,698**	$ 42,660	**+9.5%**
Same Property NOI	**$ 29,772**	$ 27,333	**+8.9%**
Same Property NOI %	**63.8%**	64.1%	**-30 bps**
Net Income	**$ 77,607**	$ 61,066	**+27.1%**
Funds from Operations (FFO)	**$ 18,880**	$ 17,766	**+6.3%**
FFO per weighted average unit - diluted	**$ 0.131**	$ 0.124	**+5.6%**
Adjusted Funds from Operations (AFFO)	**$ 16,262**	$ 15,672	**+3.8%**
AFFO per weighted average unit - diluted	**$ 0.113**	$ 0.110	**+2.7%**
Distributions per unit	**$ 0.0855**	$ 0.0814	**+5.0%**
Adjusted Cash Flow from Operations (ACFO)	**$ 16,648**	$ 17,738	**-6.1%**
Debt-to-GBV	**37.3%**	34.4%	**+290 bps**
Interest coverage (rolling 12 months)	**3.19x**	3.53x	**-0.34x**
Debt service coverage (rolling 12 months)	**1.82x**	1.90x	**-0.08x**

(1) Represents 11,965 (2021 – 11,520) suites fully owned by the REIT and 1,214 (2021 – 659) suites owned 50% by the REIT.

- Overall Portfolio:
  a) Operating revenue for the quarter rose by $7.9 million to $52.8 million, an increase of 17.5% over Q2 2021.
  b) Average monthly rent per suite increased to $1,433 (June 2022) from $1,339 (June 2021), an increase of 7.1%.
  c) Occupancy for June 2022 was 95.1%, a decrease of 40 basis points from March 2022 and an increase of 360 basis points when compared to June 2021.
  d) NOI for the quarter was $33.6 million, an increase of $4.9 million, or 16.9%, over Q2 2021. NOI margin for the quarter was 63.7%, down 30 basis points over Q2 2021.

- Same Property Portfolio:
  a) Operating revenue for the quarter increased by $4.0 million to $46.7 million, an increase of 9.5%, over Q2 2021.
  b) Average monthly rent per suite for the same property portfolio increased to $1,416 (June 2022) from $1,334 (June 2021), an increase of 6.2%.
  c) Occupancy for June 2022 was 95.6%, a decrease of 80 basis points when compared to March 2022 but an increase of 340 basis points when compared to June 2021.
  d) NOI for the quarter was $29.8 million, an increase of $2.4 million, or 8.9%, over Q2 2021. Same property NOI margin for the quarter was 63.8%, down 30 basis points over Q2 2021.

- Repositioned properties had an average monthly rent per suite of $1,447, occupancy of 96.0% for June 2022 and an NOI margin for the quarter of 65.0%.
- Net income for the quarter was $77.6 million, an increase of $16.5 million compared to Q2 2021. This difference was due primarily to the fair value gain on financial liabilities which was $31.2 million in Q2 2022, versus a loss of $16.0 million in Q2 2021 due to movements in the REIT's unit price. This was offset by the fair value gain on investment properties which was $27.8 million in Q2 2022 against $59.5 million in Q2 2021. Also contributing was an increase in net operating income of $4.9 million offset by a $2.9 million increase in financing costs and a $1.0 million increase in administrative costs.
- FFO for the quarter increased by $1.1 million, or 6.3%, to $18.9 million compared to Q2 2021.
- FFO per Unit for the quarter increased by 5.6% to $0.131 per Unit compared to $0.124 per Unit for Q2 2021.
- AFFO for the quarter increased by $0.6 million, or 3.8%, to $16.3 million compared to Q2 2021.
- AFFO per Unit for the quarter increased by 2.7% to $0.113 per Unit compared to $0.110 per Unit for Q2 2021.
- ACFO decreased by $1.1 million, or 6.1%, to $16.6 million compared to Q2 2021.
- Debt-to-GBV at quarter end was 37.3%, an increase of 290 and 90 basis points compared to June 2021 and March 2022, respectively.

PORTFOLIO SUMMARY

The Trust started the year with 12,426 suites. During the three months ended June 30, 2022, the Trust purchased a 50% ownership stake in a 254 suite property in Brossard, Québec, and added one suite to an existing property in the Greater Toronto & Hamilton Area. At June 30, 2022, the Trust owned 12,573 suites. Management continuously reviews the markets that the REIT operates in to determine if the portfolio mix remains suitable. Management believes that there are significant opportunities within the portfolio for organic rent growth, to reduce operating costs, and to further streamline operations. At June 30, 2022, 87.8% of the portfolio was same property suites and 71.2% of the portfolio was repositioned property suites. We are actively seeking opportunities within our target markets, as well as evaluating other gateway cities in Canada, in order to continue to build our acquisition pipeline and grow the REIT in a fiscally prudent manner. The following chart shows our suite mix by region. InterRent's focus on recycling capital and growing its core markets of the Greater Toronto & Hamilton Area ("GTHA"), National Capital Region ("NCR"), Greater Montréal Area ("GMA"), and Greater Vancouver Area ("GVA") has resulted in approximately 85% of InterRent's suites being located in these core markets.

▼ Suites By Region at June 30, 2022

Region	Total Portfolio		Same Property	
	Suites	% of Portfolio	Suites	% of Portfolio
Greater Toronto & Hamilton Area	4,142 [(1)]	31.3%	3,568	32.3%
National Capital Region	2,960	22.5%	2,955	26.8%
Other Ontario	2,002	15.2%	1,730	15.7%
Greater Montreal Area	3,210 [(2)]	24.4%	2,787	25.2%
Greater Vancouver Area	866 [(3)]	6.6%	-	-
Total	13,180	100.0%	11,040	100.0%

(1) Represents total suites of which the REIT owns a 100% interest in 4,048 suites and a 50% interest in 94 suites.

(2) Represents total suites of which the REIT owns a 100% interest in 2,956 suites and a 50% interest in 254 suites.

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

▼ Acquisitions

The Trust completed the following investment property transaction during the second quarter:

Transaction Date	Property	City	Region	Property Type	# of Suites	Transaction Price
30-Jun-2022	8405 Place St-Charles	Brossard	GMA	Residential	254	$ 109,250,000
Q2 2022 Acquisition at the Trust's 50% financial interest						**$ 54,625,000**

▼ Properties Under Development

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

The REIT currently has four ongoing development projects that, when complete, will provide an additional 4,094 suites and over 570,000 square feet of commercial and retail space. This includes one project involving the adaptive reuse of obsolete office stock, providing an opportunity to divert waste, recycle materials, and revitalize an underused building structure.

Project	City	Suite Count	Commercial Sq. Ft.	Ownership Interest	Target Completion Date	Expected Yield
473 Albert Street	Ottawa	158	-	100.0%	Q4 2022	4.30%
Richmond & Churchill	Ottawa	180	18,650	100.0%	Q4 2025	4.20-4.70%
Burlington GO Lands	Burlington	1,526 (Phases 1-2) 989 (Phases 3-4)	20,081 (Phases 1-2) 19,779 (Phases 3-4)	25.0%	Q2 2028 (Phases 1-2)	4.65-5.15% (Phases 1-2)
900 Albert Street	Ottawa	1,241	511,608	47.5%(1)	TBD	TBD

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

473 Albert Street

Construction at the project is fully underway to convert the existing office building to a residential rental building. All major long lead items have been tendered and awarded, and the construction costs are approximately 95% contracted. The REIT has finalized the property branding and began marketing and pre-leasing activities in late Q2 2022 to prepare for partial occupancy commencing late Q3 2022.

Richmond & Churchill

The zoning bylaw amendment for the property has been successfully approved by the City of Ottawa to allow for a 9-storey mixed-use building, as well as an additional rooftop amenity level. The rezoning allows the REIT to develop 180 residential suites and 18,650 sq ft of commercial space on the site. The site plan application was formally approved February 2022 and the draft Site Plan agreement was received June 2022. The REIT is working through design development, in preparation of future construction drawings and building permit applications.

Burlington GO Lands

In Q2 2022, a settlement was reached with the City of Burlington regarding the Phase 1 site plan application, subject to conditions ultimately granted at the Ontario Land Tribunal. Fulfillment of the conditions and building permit submission is anticipated in Q4 of 2022. The REIT is finalizing working drawings in anticipation of construction in 2023. The full site plan contemplates 2,515 residential suites with 39,860 sq ft of commercial space. Phase 1 will include 775 units across 2 point towers on a 4 storey podium along with 9,304 sq ft of retail space.

900 Albert Street

The site plan application was approved by Ottawa City Council in July 2020 and the final site plan agreement is currently ongoing. The approved site plan application allows for 1,241 residential suites, 423,764 sq ft of office space, and 87,844 sq ft of retail space. The REIT continues to work with its partners and external consultants to develop detailed design plans in order to deliver an offering that reflects not only the current needs of the market but also incorporates concepts and technologies to ensure its continued relevance as rental housing needs continue to evolve. On June 23, 2022, the National Capital Commission in charge of developing a large parcel of vacant land near the site announced the signing of a memorandum of understanding toward the development of an NHL hockey arena and major events centre.

ANALYSIS OF OPERATING RESULTS

In $ 000's	3 Months Ended June 30, 2022		3 Months Ended June 30, 2021		6 Months Ended June 30, 2022		6 Months Ended June 30, 2021	
Gross rental revenue	**$ 53,251**		$ 46,957		**$ 105,742**		$ 91,919	
Less: vacancy & rebates	**(3,795)**		(4,968)		**(7,688)**		(9,722)	
Other revenue	**3,375**		2,977		**6,640**		5,820	
Operating revenues	**$ 52,831**		$ 44,966		**$ 104,694**		$ 88,017	
Expenses								
Property operating costs	**9,361**	**17.7%**	7,641	17.0%	**16,952**	**16.2%**	14,283	16.2%
Property taxes	**5,979**	**11.3%**	5,355	11.9%	**11,928**	**11.4%**	10,752	12.2%
Utilities	**3,856**	**7.3%**	3,205	7.1%	**9,820**	**9.4%**	7,729	8.8%
Operating expenses	**$ 19,196**	**36.3%**	$ 16,201	36.0%	**$ 38,700**	**37.0%**	$ 32,764	37.2%
Net operating income	**$ 33,635**		$ 28,765		**$ 65,994**		$ 55,253	
Net operating margin	**63.7%**		64.0%		**63.0%**		62.8%	

REVENUE

Gross rental revenue for the three months ended June 30, 2022 increased 13.4% to $53.3 million compared to $47.0 million for the three months ended June 30, 2021. Operating revenue for the quarter was up $7.9 million to $52.8 million, or 17.5% compared to Q2 2021. The Trust owned, on a weighted average basis, 12,447 suites for the three months ended Q2 2022 as compared to 11,683 throughout Q2 2021, an increase of 764 suites over the period. On a weighted average suite basis, operating revenue for 2022 increased by 6.4% over 2021.

The average monthly rent across the portfolio for June 2022 increased to $1,433 per suite from $1,339 (June 2021), an increase of 7.1% and from $1,404 (March 2022), an increase of 2.1%. On a same property basis, the average rent increased by $82 per suite to $1,416 (or up 6.2%) over June 2021 and by $25 per suite (or up 1.8%) over March 2022. 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		
	June 2022	June 2021	Change	June 2022	June 2021	Change
Greater Toronto & Hamilton Area	$1,523	$1,423	+7.0%	$1,513	$1,415	+7.0%
National Capital Region[(1)]	$1,495	$1,422	+5.1%	$1,494	$1,424	+5.0%
Other Ontario	$1,390	$1,285	+8.1%	$1,406	$1,306	+7.7%
Greater Montreal Area	$1,250	$1,153	+8.4%	$1,216	$1,153	+5.5%
Greater Vancouver Area	$1,693	$1,569	+7.9%	-	-	-
Total	**$1,433**	**$1,339**	**+7.1%**	**$1,416**	**$1,334**	**+6.2%**

[(1)] Excludes extended stay suites.

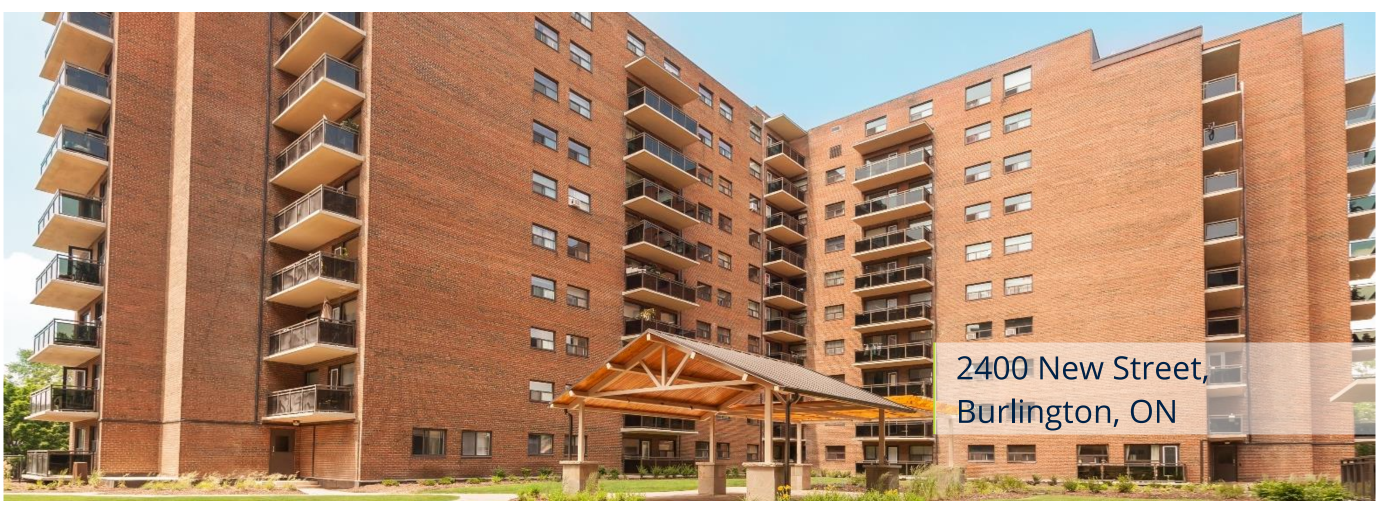
With the significant gains in employment rates and the return to normal operations in most regions, market rents have returned to the levels seen pre-pandemic. The REIT estimates the average market rental gap on the total portfolio to be approximately 27%; which is just slightly below pre-pandemic levels. The REIT is continuing to carefully monitor the demand in the market and will adjust rents based on balancing short-term occupancy against long term rental revenue growth.

Portfolio Occupancy

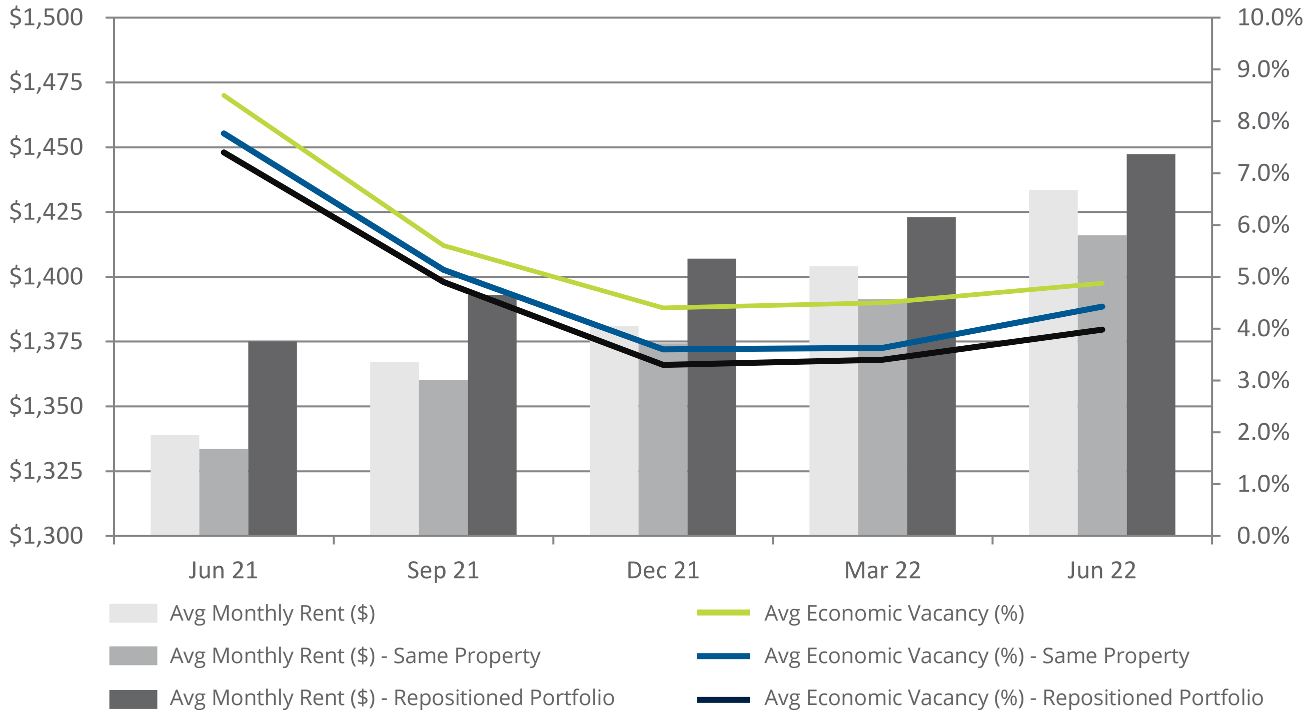
As part of the ongoing effort to balance organic revenue growth and occupancy levels, the vacancy rate on an annual basis is expected to be in the 4% range once a property is repositioned. Going forward, management believes that minor variations in economic vacancy will continue to occur from one quarter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

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

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



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



	June 2021	September 2021	December 2021	March 2022	June 2022
Average monthly rents all properties	$1,339	$1,367	$1,381	$1,404	$1,433
Average monthly rents same property	$1,334	$1,360	$1,374	$1,391	$1,416
Average monthly rents repositioned property	$1,366	$1,393	$1,407	$1,423	$1,447

The overall economic vacancy for June 2022 across the entire portfolio was 4.9%, an increase of 40 basis points from the 4.5% recorded in March 2022 and a decrease of 360 basis points as compared to the 8.5% recorded for June 2021.

The overall economic vacancy for June 2022 for the same property portfolio was 4.4%, up 80 basis points from March 2022 and a decrease of 340 basis points as compared to the 7.8% recorded for June 2021.

The Trust continues to expect the arrival of new permanent residents, temporary foreign workers, and international students to gradually return to normal over the course of 2022, barring any new variant waves, which is an important source of demand for multi-family housing across its core regions.

Canada welcomed more than 187,000 new permanent residents in the first five months of 2022, tracking ahead of its ambitious full year target. Encouragingly, in the month of May 2022, the share of new immigrants that were net new people in the country rose to 61%, continuing the steady monthly climb since the start of the year toward historical norms of 70-75%.

Looking to international students, the Trust was pleased to see post-secondary study permits up 37% YTD May 2022 relative to the same period in 2021, with growth of 44% in the month of May alone. Narrowing to our three provinces of interest, study permits in Ontario were up 56% year-over-year in YTD May 2022, while permit holders for students bound for British Columbia were up 34%. In Québec, however, study permits continue to be weaker over the first five months of 2022 compared to the same period in 2021. While the Canadian government has made strides to improve its service levels, the immigration backlog as of July 17, 2022 had grown to 2.7 million people, of which approximately 1.7 million relates to temporary residence inventory that includes both new study permits and study permit extensions. This backlog may provide a partial explanation for lower study permit figures in Quebec given that July through September are historically the most seasonally high permit months.

▼ Vacancy By Region

Region	Total Portfolio			Same Property		
	June 2022	June 2021	Change	June 2022	June 2021	Change
Greater Toronto & Hamilton Area	3.1%	6.0%	-290 bps	3.0%	5.0%	-200 bps
National Capital Region	6.7%	10.8%	-410 bps	6.7%	10.8%	-410 bps
Other Ontario	2.9%	4.5%	-160 bps	2.4%	2.5%	-10 bps
Greater Montreal Area	7.7%	10.8%	-310 bps	5.3%	10.8%	-550 bps
Greater Vancouver Area	1.8%	23.5%	-2170 bps	-	-	-
Total	**4.9%**	**8.5%**	**-360 bps**	**4.4%**	**7.8%**	**-340 bps**

Other Revenue

Other rental revenue for the three months ended June 30, 2022 increased 13.3% to $3.4 million compared to $3.0 million for the three months ended June 30, 2021. 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 June 30, 2022, other revenue represents 6.4% of operating revenues, a decrease of 20 basis points as a percentage of operating revenues from the same period in 2021.

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 June 30, 2022 amounted to $9.4 million or 17.7% of revenue compared to $7.6 million or 17.0% of revenue for the three months ended June 30, 2021. As a percentage of revenue, operating costs increased by 70 basis points as compared to 2021.

PROPERTY TAXES

Property taxes for the three months ended June 30, 2022 amounted to $6.0 million or 11.3% of revenue compared to $5.4 million or 11.9% of revenue for 2021. Overall property taxes have decreased as a percentage of operating revenues and the increase in taxes is mainly attributable to the increase in suites from the second quarter of 2021 to 2022.

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

UTILITY COSTS

Utility costs for the three months ended June 30, 2022 amounted to \$3.9 million or 7.3% of revenue compared to \$3.2 million or 7.1% of revenue for the three months ended June 30, 2021. Utility costs have increased over last year as both a percentage of operating revenues and on a per suite basis. Higher charges for natural gas are the biggest driver, with rates up 38% over last year across the portfolio. Gas usage was also up 14% overall (8% for same property), consistent with a larger portfolio and colder weather (5% increase in heating degree days) for the quarter.

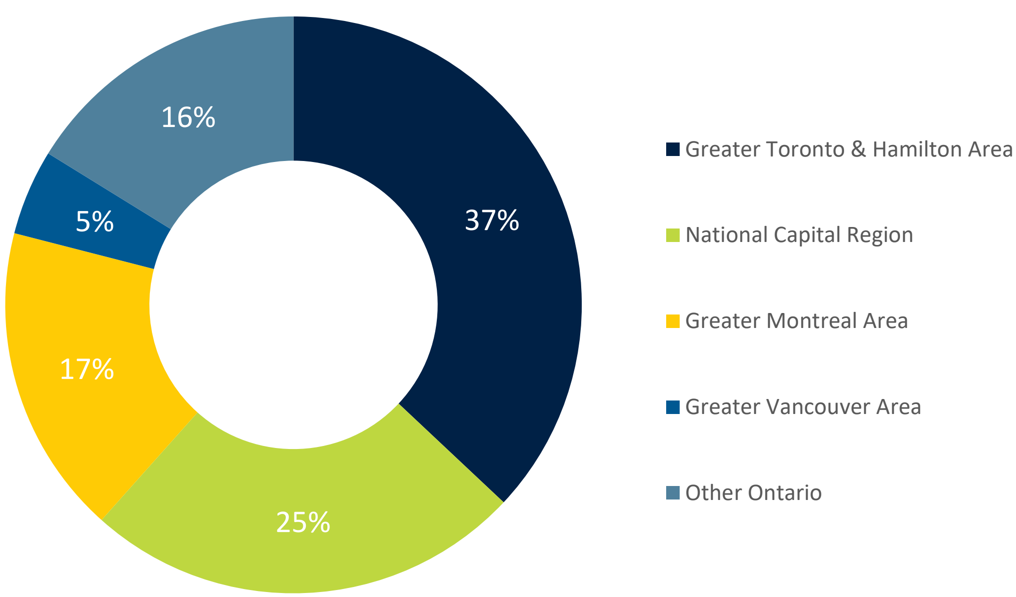
Electricity costs were flat year-over-year. The Trust continues to manage its electricity costs through its hydro sub-metering initiative, which reduced electricity costs by 25.5%, or \$0.4 million for the quarter. At June 30, 2022, the REIT had approximately 83% of its portfolio that had the capability to sub-meter hydro in order to recover the cost. Of these, approximately 84% were on hydro extra leases whereby the resident either pays the local utility provider directly or the REIT recovers the cost from the resident. This represents approximately 69% 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 June 30, 2022 amounted to \$33.6 million or 63.7% of operating revenue compared to \$28.8 million or 64.0% of operating revenue for the three months ended June 30, 2021. The \$4.8 million increase in the quarter results primarily from growth in the portfolio, as well as lower vacancy and rebates in Q2 2022 versus Q2 2021. Vacancy and rebates decreased by 23.6% contributing to a 17.5% increase in operating revenue compared to the three months ended June 30, 2021.

NOI for the three months ended June 30, 2022 from the same property portfolio was \$29.8 million, or 63.8% 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 June 30, 2022



SAME PROPERTY PORTFOLIO PERFORMANCE

Same property results for the three months ended June 30, 2022 are defined as all properties owned and operated by the Trust throughout the comparative periods being reported, and therefore do not take into account the impact on performance of acquisitions, dispositions or properties going through a lease-up during the period from January 1, 2021 to June 30, 2022. As at June 30, 2022, the Trust has 11,040 suites in the same property portfolio. The same property portfolio represents 87.8% of the overall portfolio.

In $ 000's	3 Months Ended June 30, 2022		3 Months Ended June 30, 2021		6 Months Ended June 30, 2022		6 Months Ended June 30, 2021	
Gross rental revenue	**$ 46,796**		$ 44,235		**$ 93,007**		$ 87,884	
Less: vacancy & rebates	**(3,158)**		(4,474)		**(6,265)**		(9,048)	
Other revenue	**3,060**		2,899		**6,036**		5,706	
Operating revenues	**$ 46,698**		$ 42,660		**$ 92,778**		$ 84,542	
Expenses								
Property operating costs	**8,276**	**17.7%**	7,244	17.0%	**14,902**	**16.0%**	13,690	16.3%
Property taxes	**5,274**	**11.3%**	5,083	11.9%	**10,569**	**11.4%**	10,337	12.2%
Utilities	**3,376**	**7.2%**	3,000	7.0%	**8,605**	**9.3%**	7,389	8.7%
Operating expenses	**$ 16,926**	**36.2%**	$ 15,327	35.9%	**$ 34,076**	**36.7%**	$ 31,416	37.2%
Net operating income	**$ 29,772**		$ 27,333		**$ 58,702**		$ 53,126	
Net operating margin	**63.8%**		64.1%		**63.3%**		62.8%	

For the three months ended June 30, 2022, operating revenues for same property increased by 9.5% compared to Q2 2021. Property operating costs and utilities are up 70 and 20 basis points as a percentage of operating revenues, respectively, whereas property taxes decreased by 60 basis points. This resulted in an overall increase in operating expenses, as a percentage of operating revenues, of 30 basis points as compared to the same period last year.

Operating expense growth of 10.4% was more than offset by revenue growth of 9.5%, achieved through a substantial reduction in vacancy and rebates and achieving market rents on turnover. This resulted in an increase in same property NOI of $2.4 million, or 8.9%, as compared to the same period last year. NOI margin for Q2 2022 was 63.8% as compared to 64.1% for Q2 2021, a 30 basis point decrease.

The average monthly rent for June 2022 for same property increased to $1,416 per suite from $1,334 (June 2021), an increase of 6.1%. Economic vacancy for June 2022 for same property was 4.4%, compared to 7.8% for June 2021.

	June 2021	September 2021	December 2021	March 2022	June 2022
Average monthly rent same property	$1,334	$1,360	$1,374	$1,391	$1,416
Average monthly vacancy same property	7.8%	5.1%	3.6%	3.6%	4.4%

REPOSITIONED PROPERTY PORTFOLIO PERFORMANCE

The Trust's repositioning program following the acquisition of a property typically spans 3 to 4 years, depending on how significant the capital requirements are and on the resident turnover at the property. Repositioned property suites for the three months ended June 30, 2022 are defined as all properties owned and operated by the Trust prior to January 1, 2019. As at June 30, 2022, the Trust has 8,950 repositioned property suites, which represents 71.2% of the overall portfolio.

	3 Months Ended June 30, 2022								
In $ 000's	Repositioned Property Portfolio			Non-Repositioned Property Portfolio			Total Portfolio		
Gross rental revenue	$	38,822		$	14,429		**$**	**53,251**	
Less: vacancy & rebates		(2,485)			(1,310)			**(3,795)**	
Other revenue		2,310			1,065			**3,375**	
Operating revenues	$	38,647		$	14,184		**$**	**52,831**	
Expenses									
Property operating costs		6,584	17.0%		2,777	19.6%		**9,361**	**17.7%**
Property taxes		4,346	11.2%		1,633	11.5%		**5,979**	**11.3%**
Utilities		2,611	6.8%		1,245	8.8%		**3,856**	**7.3%**
Operating expenses	$	13,541	35.0%	$	5,655	39.9%	**$**	**19,196**	**36.3%**
Net operating income	$	25,106		$	8,529		**$**	**33,635**	
Net operating margin		65.0%			60.1%			**63.7%**	

	6 Months Ended June 30, 2022								
In $ 000's	Repositioned Property Portfolio			Non-Repositioned Property Portfolio			Total Portfolio		
Gross rental revenue	$	77,171		$	28,571		**$**	**105,742**	
Less: vacancy & rebates		(4,982)			(2,706)			**(7,688)**	
Other revenue		4,515			2,125			**6,640**	
Operating revenues	$	76,704		$	27,990		**$**	**104,694**	
Expenses									
Property operating costs		11,841	15.4%		5,111	18.3%		**16,952**	**16.2%**
Property taxes		8,709	11.4%		3,219	11.5%		**11,928**	**11.4%**
Utilities		6,631	8.6%		3,189	11.4%		**9,820**	**9.4%**
Operating expenses	$	27,181	35.4%	$	11,519	41.2%	**$**	**38,700**	**37.0%**
Net operating income	$	49,523		$	16,471		**$**	**65,994**	
Net operating margin		64.6%			58.8%			**63.0%**	

The average monthly rent for June 2022 for the repositioned property portfolio was $1,447 per suite and the economic vacancy for June 2022 was 4.0% whereas the non-repositioned properties had an average monthly rent of $1,399 per suite and an economic vacancy of 7.2% for June 2022.

Region	**Repositioned Property Portfolio**			**Non-Repositioned Property Portfolio**		
	Suites	June 2022 Average Rent	June 2022 Vacancy	Suites	June 2022 Average Rent	June 2022 Vacancy
Greater Toronto & Hamilton Area	2,887	$1,527	2.3%	1,208	$1,511	5.1%
National Capital Region	2,955	$1,494	6.7%	5	$1,624	39.4%
Other Ontario	1,460	$1,451	2.4%	542	$1,224	4.2%
Greater Montreal Area	1,648	$1,221	3.5%	1,435	$1,282	12.2%
Greater Vancouver Area	-	-	-	433	$1,693	1.8%
Total	**8,950**	**$1,447**	**4.0%**	**3,623**	**$1,399**	**7.2%**

FINANCING AND ADMINISTRATIVE COSTS

In $ 000's	**3 Months Ended June 30, 2022**	**3 Months Ended June 30, 2021**	**6 Months Ended June 30, 2022**	**6 Months Ended June 30, 2021**
Net operating income	**$ 33,635**	$ 28,765	**$ 65,994**	$ 55,253
Expenses				
Financing costs	**10,379**	7,493	**20,034**	14,488
Administrative costs	**4,253**	3,242	**7,754**	6,247
Income before other income and expenses	**$ 19,003**	$ 18,030	**$ 38,206**	$ 34,518

FINANCING COSTS

Financing costs amounted to $10.4 million or 19.6% of operating revenue for the three months ended June 30, 2022 compared to $7.5 million or 16.7% of operating revenue for the three months ended June 30, 2021 due to higher interest rates and amount of outstanding mortgage debt, both from growth in the portfolio as well as new mortgages and successful up-financings.

In $ 000's	**3 Months Ended June 30, 2022**		**3 Months Ended June 30, 2021**	
	Amount	% of Revenue	Amount	% of Revenue
Cash based:				
Mortgage interest	$ 9,665	18.2%	$ 7,278	16.2%
Credit facilities	348	0.7%	283	0.7%
Interest capitalized	(331)	(0.6%)	(213)	(0.5%)
Interest income	(113)	(0.2%)	(89)	(0.2%)
Non-Cash based:				
Amortization of deferred finance cost and premiums on assumed debt	810	1.5%	234	0.5%
Total	$ 10,379	19.6%	$ 7,493	16.7%

Financing costs amounted to $20.0 million or 19.1% of operating revenue for the six months ended June 30, 2022 compared to $14.5 million or 16.5% of operating revenue for the six months ended June 30, 2021 due to higher interest rates and amount of outstanding mortgage debt, both from growth in the portfolio as well as new mortgages and successful up-financings.

In $ 000's	6 Months Ended June 30, 2022		6 Months Ended June 30, 2021	
	Amount	% of Revenue	Amount	% of Revenue
Cash based:				
Mortgage interest	$ 18,261	17.5%	$ 14,102	16.0%
Credit facilities	1,248	1.2%	583	0.7%
Interest capitalized	(579)	(0.6%)	(420)	(0.5%)
Interest income	(201)	(0.2%)	(199)	(0.2%)
Non-Cash based:				
Amortization of deferred finance cost and premiums on assumed debt	1,305	1.2%	422	0.5%
Total	$ 20,034	19.1%	$ 14,488	16.5%

Mortgage interest is one of the single largest expense line items for the REIT. There has been significant volatility in the debt markets in Q2 with CMHC insured mortgages fluctuating between a low of 3.30% and 3.50% to a high of 4.40% and 4.60% for 5- and 10- year terms, respectively. The REIT is actively managing its mortgage ladder and continues to reduce its variable rate exposure. Given the persistent inflationary environment and the Bank of Canada's hawkish approach, it is management's expectation that there will be further upward pressure on mortgage interest costs in the near term before rates begin to pull back. Mortgage debt has increased on an overall basis, mainly attributable to up-financing for property acquisitions and repositioning.

Amortization of deferred finance costs for the quarter included a $0.6 million write-off related to the financing of mortgages through CMHC ($0.8 million for the six months ended June 30, 2022). As the REIT continues to actively manage its mortgage ladder, there will be additional write-offs as we continue to increase our percentage of CMHC insured mortgages.

ADMINISTRATIVE COSTS

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

Administrative costs for the three months ended June 30, 2022 amounted to $4.3 million, or 8.1% of operating revenue, compared to $3.2 million for 2021, being 7.2% of operating revenue. Approximately 7% of the Q2 2022 figure relates to ESG actions, including the impact of InterRent's initiative to support refugees from Ukraine and Afghanistan, foundational work for the REIT's climate commitments, and various biodiversity initiatives across the portfolio.

OTHER INCOME AND EXPENSES

In $ 000's	3 Months Ended June 30, 2022	3 Months Ended June 30, 2021	6 Months Ended June 30, 2022	6 Months Ended June 30, 2021
Income before other income and expenses	**$ 19,003**	$ 18,030	**$ 38,206**	$ 34,518
Other income and expenses				
Income from joint ventures	**9**	9	**19**	19
Other income and fees	**272**	96	**506**	158
Fair value adjustments of investment properties	**27,849**	59,537	**93,684**	157,176
Unrealized gain/(loss) on financial liabilities	**31,170**	(15,960)	**41,192**	(24,804)
Distributions expense on units classified as financial liabilities	**(696)**	(646)	**(1,368)**	(1,292)
Net income	**$ 77,607**	$ 61,066	**$172,239**	$165,775

OTHER INCOME AND FEES

The Trust has contractual arrangements and receives compensation to perform the property and project management services for 1,214 residential suites within the joint operations.

FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES

The fair value of the portfolio at June 30, 2022 and 2021 was determined internally by the Trust. In order to substantiate management's valuation, the Trust engaged a leading independent national real estate appraisal firm to provide appraisals for substantially all of the portfolio at December 31, 2021. 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 June 30, 2022. For the three months ended June 30, 2022, a fair value gain of $27.8 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 Q2 2022 was 3.83% as compared to 3.82% for Q1 2022 and 3.98% for Q2 2021.

The Link, Vancouver, BC

UNREALIZED FAIR VALUE GAIN/LOSS ON FINANCIAL LIABILITIES

The Trust used a price of $11.99 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 June 30, 2022 was $49.2 million and a corresponding fair value gain of $16.5 million was recorded on the consolidated statement of income for the three months ended June 30, 2022.

The total fair value of the performance and restricted units recorded on the consolidated balance sheet at June 30, 2022 was $0.4 million with a minimal fair value gain recorded on the consolidated statement of income for the three months ended June 30, 2022.

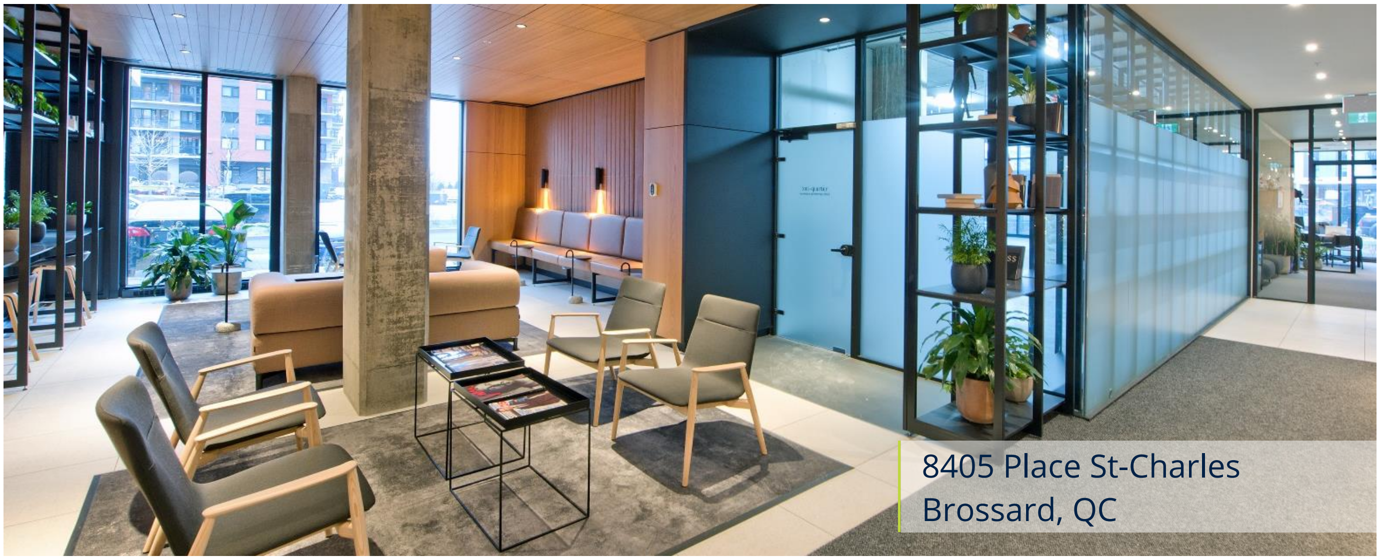
The Trust determined the fair value of the option plan (unit-based compensation liability) at June 30, 2022 was $1.1 million and a corresponding fair value gain of $0.8 million was recorded on the consolidated statement of income for the three months ended June 30, 2022.

The total fair value of the Class B LP Unit Liability recorded on the consolidated balance sheet at June 30, 2022 was $40.9 million and a corresponding fair value gain of $13.6 million was recorded on the consolidated statement of income for the three months ended June 30, 2022.

In $ 000's	3 Months Ended June 30, 2022	3 Months Ended June 30, 2021	6 Months Ended June 30, 2022	6 Months Ended June 30, 2021
Fair value gain/(loss) on financial liabilities:				
Deferred unit compensation plan	**$ 16,471**	$ (8,455)	**$ 21,343**	$ (12,845)
Performance and restricted unit compensation plan	**51**	-	**51**	-
Option plan	**821**	(559)	**1,070**	(1,243)
Class B LP unit liability	**13,643**	(7,060)	**18,145**	(10,812)
Rate swap	**184**	114	**583**	96
Fair value gain/(loss) on financial liabilities	**$ 31,170**	$ (15,960)	**$ 41,192**	$ (24,804)

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.



8405 Place St-Charles
Brossard, QC

INVESTMENT PROPERTIES

The following chart shows the changes in investment properties from December 31, 2021 to June 30, 2022.

In $ 000's	June 30, 2022
Balance, December 31, 2021	$ 4,062,593
Acquisitions	70,869
Property capital investments	61,821
Fair value gains	93,684
Total investment properties	$ 4,288,967

The Trust purchased a 50% ownership stake in one property with 254 suites during the quarter.

The Trust's repositioning program following the acquisition of a property typically spans 3 to 4 years, depending on how significant the capital requirements are and on the resident turnover at the property. For the purpose of identifying capital expenditures related to properties being repositioned, for 2022 the REIT uses a cut-off of December 31, 2018. 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, 2019, management reviews the capital expenditures to identify and allocate, to the best of its abilities, those that relate to enhancing the value of the property (either through lowering operating costs or increasing revenue) and those expenditures that relate to sustaining and maintaining the existing space. There are 8,950 suites in the REIT's portfolio that were acquired prior to January 1, 2019 and are considered repositioned properties for the purpose of calculating maintenance capital investment.

For the six month period ended June 30, 2022, the Trust invested $61.8 million in the portfolio compared to $36.7 million in 2021. In the first six months of the year, $19.3 million was invested in the non-repositioned properties and $19.3 million was invested in properties under development. Of the remaining $23.2 million, $18.7 million was invested in value enhancing initiatives and $4.5 million was related to sustaining and maintaining existing spaces within the repositioned portfolio. This significant level of capital expenditures allows the Trust to rejuvenate multi-family supply, thereby extending the life of the properties, and creates safe living spaces that our residents can be proud to call home.


5220 Lakeshore,
Burlington, ON

UNITHOLDERS' EQUITY

The following chart shows the changes in reported Unitholders' equity from December 31, 2021 to June 30, 2022.

Summary of Unitholders' Capital Contributions	Trust Units	Amount (in $ 000's)
December 31, 2021	140,179,844	$1,030,780
Units issued under the deferred unit plan	73,630	1,007
Units issued under distribution reinvestment plan	627,551	8,907
Units issued from options exercised	68,387	1,122
June 30, 2022	140,949,412	$1,041,816

As at June 30, 2022 there were 140,949,412 Trust Units issued and outstanding.

DISTRIBUTIONS

The distributions per Unit were $0.0855 and $0.0814 for the three months ended June 30, 2022 and 2021, respectively. The Trust is currently making monthly distributions of $0.02850 per Unit, which equates to $0.34200 per Unit on an annualized basis. For the three months ended June 30, 2022, the Trust's FFO and AFFO was $0.131 and $0.113 per unit (basic) respectively, compared to $0.125 and $0.110 for the three months ended June 30, 2021.

Distributions to Unitholders are as follows:

In $ 000's	3 Months Ended June 30, 2022	3 Months Ended June 30, 2021	6 Months Ended June 30, 2022	6 Months Ended June 30, 2021
Distributions declared to Unitholders	**$ 12,039**	$ 11,316	**$ 24,043**	$ 22,600
Distributions reinvested through DRIP	**(4,384)**	(4,160)	**(8,907)**	(8,125)
Distributions declared to Unitholders, net of DRIP	**$ 7,655**	$ 7,156	**$ 15,136**	$ 14,475
DRIP participation rate	**36.4%**	36.8%	**37.0%**	36.0%

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 June 30, 2022	3 Months Ended June 30, 2021	6 Months Ended June 30, 2022	6 Months Ended June 30, 2021
Trust units	**140,894,688**	138,980,252	**140,539,241**	138,780,209
LP Class B units	**3,410,766**	3,410,766	**3,410,766**	3,410,766
Weighted average units outstanding - Basic	**144,305,454**	142,391,018	**143,950,007**	142,190,975
Unexercised dilutive options (1)	**101,301**	415,430	**101,301**	415,530
Weighted average units outstanding - Diluted	**144,406,755**	142,806,448	**144,051,308**	142,606,505

(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 $000's, except per Unit amounts and Units outstanding	**3 Months Ended June 30, 2022**	**3 Months Ended June 30, 2021**	**6 Months Ended June 30, 2022**	**6 Months Ended June 30, 2021**
Net income	**$ 77,607**	$ 61,066	**$ 172,239**	$ 165,775
Add (deduct):				
Fair value adjustments on investment property	**(27,849)**	(59,537)	**(93,684)**	(157,176)
Unrealized (gain) loss on financial instruments	**(31,170)**	15,960	**(41,192)**	24,804
Interest expense on puttable units classified as liabilities	**292**	277	**584**	555
Funds from Operations (FFO)	**$ 18,880**	$ 17,766	**$ 37,947**	$ 33,958
FFO per weighted average unit - basic	**$0.131**	$0.125	**$0.264**	$0.239
FFO per weighted average unit - diluted	**$0.131**	$0.124	**$0.263**	$0.238

AFFO Reconciliation In $000's, except per Unit amounts and Units outstanding	**3 Months Ended June 30, 2022**	**3 Months Ended June 30, 2021**	**6 Months Ended June 30, 2022**	**6 Months Ended June 30, 2021**
Funds from Operations	**$ 18,880**	$ 17,766	**$ 37,947**	$ 33,958
Add (deduct):				
Actual maintenance capital investment	**(2,618)**[(1)]	(2,094)[(2)]	**(4,418)**[(1)]	(3,760)[(2)]
Adjusted Funds from Operations (AFFO)	**$ 16,262**	$ 15,672	**$ 33,529**	$ 30,198
AFFO per weighted average unit - basic	**$0.113**	$0.110	**$0.233**	$0.212
AFFO per weighted average unit - diluted	**$0.113**	$0.110	**$0.233**	$0.212

[(1)] Maintenance capital investment total is for the 8,950 (2021 – 8,314) repositioned suites

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

ACFO Reconciliation In $000's, except per Unit amounts and Units outstanding	**3 Months Ended June 30, 2022**	**3 Months Ended June 30, 2021**	**6 Months Ended June 30, 2022**	**6 Months Ended June 30, 2021**
Cash generated from operating activities	**$ 18,124**	$ 24,566	**$ 34,287**	$ 44,344
Add (deduct):				
Changes in non-cash working capital not indicative of sustainable cash flows	**2,000**	(4,500)	**1,350**	(9,250)
Amortization of finance costs	**(810)**	(234)	**(1,305)**	(422)
Principal portion of lease payments	**(48)**	-	**(96)**	-
Actual maintenance capital investment	**(2,618)**	(2,094)	**(4,418)**	(3,760)
ACFO	**$ 16,648**	$ 17,738	**$ 29,818**	$ 30,912
Distributions declared [1]	**$ 12,331**	$ 11,594	**$ 24,627**	$ 23,155
Excess/(shortfall) of ACFO over distributions	**$ 4,317**	$ 6,144	**$ 5,191**	$ 7,757
ACFO payout ratio	**74.1%**	65.4%	**82.6%**	74.9%

[1] Includes distributions on LP Class B units

For the three months ended June 30, 2022, ACFO exceeded distributions declared by $4.3 million. Amounts retained in excess of the declared distributions are used to fund acquisitions and capital expenditure requirements.

CASH FROM OPERATING ACTIVITIES AND CASH DISTRIBUTIONS

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

In $ 000's	**3 Months Ended June 30, 2022**	**3 Months Ended June 30, 2021**	**6 Months Ended June 30, 2022**	**6 Months Ended June 30, 2021**
Net income	**$ 77,607**	$ 61,066	**$ 172,239**	$ 165,775
Cash flows from operating activities	**18,124**	24,566	**34,287**	44,344
Distributions paid [1]	**7,936**	7,423	**15,697**	15,009
Distributions declared [1]	**12,331**	11,594	**24,627**	23,155
Excess of net income over distributions paid	**69,671**	53,643	**156,542**	150,766
Excess of net income over distributions declared	**65,276**	49,472	**147,612**	142,620
Excess of cash flows from operations over distributions paid	**10,188**	17,143	**18,590**	29,335
Excess of cash flows from operations over distributions declared	**5,793**	12,972	**9,660**	21,189

[1] Includes distributions on LP Class B units

For the three months ended June 30, 2022, cash flows from operating activities exceeded distributions paid by $10.2 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 37.3% of Gross Book Value ("GBV") at June 30, 2022. 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	June 30, 2022	December 31, 2021
Total assets per Balance Sheet	$ 4,357,049	$ 4,118,699
Mortgages payable	$ 1,617,111	$ 1,371,577
Credit facilities	10,030	140,495
Total debt	$ 1,627,141	$ 1,512,072
Debt-to-GBV	37.3%	36.7%

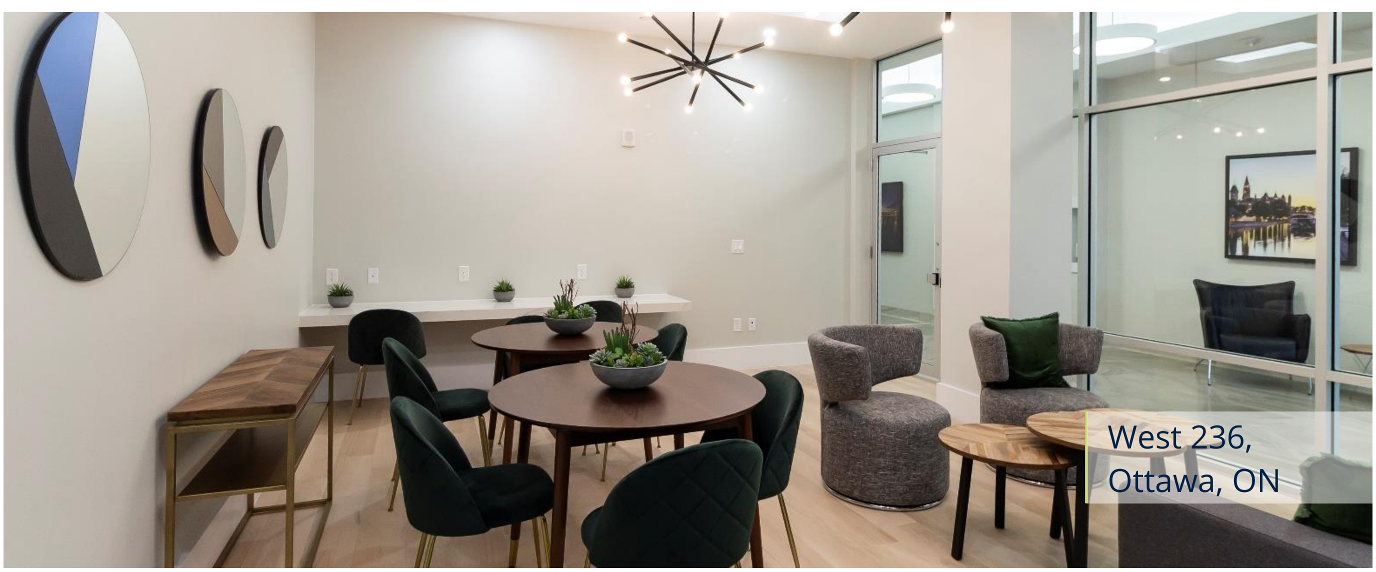
With a DOT limit of 75% of Debt-to-Gross Book Value, InterRent REIT has the ability to further leverage the existing portfolio to assist with future investments in new assets. The Trust is conscious of the current credit environment and how this affects the ability of the Trust to grow. Management continues 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 June 30, 2022:

In $000's	12 Months Ended June 30, 2022	12 Months Ended June 30, 2021
NOI	$ 128,398	$ 107,846
Less: Administrative costs	14,724	12,069
EBITDA	$ 113,674	$ 95,777
Interest expense [1]	$ 35,627	$ 27,101
Interest coverage ratio	**3.19x**	**3.53x**
Contractual principal repayments	$ 26,862	$ 23,326
Total debt service payments	$ 62,489	$ 50,427
Debt service coverage ratio	**1.82x**	**1.90x**

[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 June 30, 2022 (in $ 000's)	Weighted Average by Maturity	Weighted Average Interest Rate
2022	$ 283,534	17.2%	2.86%
2023	$ 243,238	14.7%	2.81%
2024	$ 105,621	6.4%	3.48%
2025	$ 152,926	9.3%	2.58%
2026	$ 101,943	6.2%	2.15%
Thereafter	$ 764,547	46.2%	2.82%
Total	$ 1,651,809	100.0%	2.80%

At June 30, 2022, the average term to maturity of the mortgage debt was approximately 4.8 years and the weighted average cost of mortgage debt was 2.80%. At June 30, 2022, approximately 73% of InterRent REIT's mortgage debt was backed by CMHC insurance.

During the quarter, the Trust added one new mortgage on a property acquired during the quarter for $34.2 million, two new mortgages on the existing portfolio for $36.8 million, renewed three mortgages totaling $54.6 million, and closed on six up-financings totaling $161.6 million (maturing loans totaled $50.5 million). The net result at June 30, 2022 compared to March 31, 2022 was:

- An increase in the average term to maturity of the mortgage debt to 4.8 years from 4.5 years;
- An increase in the weighted average cost of mortgage debt to 2.80% from 2.51%; and
- An increase in the mortgage debt backed by CMHC insurance to approximately 73% from 71%.

As at June 30, 2022, the Trust had the following credit facilities:

- A $3.0 million demand credit facility with a Canadian chartered bank secured by a general security agreement. Interest is charged at a floating rate plus a pre-defined spread. As at June 30, 2022, the Trust had no amounts outstanding on this facility.
- A $105.0 million term credit facility, maturing in 2022, with a Canadian chartered bank secured by a general security agreement and second collateral mortgages on nine of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread. As at June 30, 2022, the Trust had no amounts outstanding on this facility.
- A $15.0 million term credit facility, maturing in 2023, with a Canadian chartered bank secured by a general security agreement, a first mortgage on one of the Trust's properties and second collateral mortgages on one of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread. As at June 30, 2022, the Trust had no amounts outstanding on this facility.
- A $100.0 million term credit facility, maturing in 2024, with a Canadian chartered bank secured by a general security agreement, first mortgages on two of the Trust's properties and second collateral mortgages on four of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread for prime advances and banker's acceptances. As at June 30, 2022, the Trust had utilized $10.0 million of this facility.

ACCOUNTING

FUTURE ACCOUNTING CHANGES

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

In January 2020, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or noncurrent. The narrow scope amendments affect only the presentation of liabilities in the statement of financial position and not the amount or timing of their recognition. It clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The implementation of these amendments is not expected to have a significant impact on the Trust as the balance sheet is presented on a liquidity basis.

RISKS AND UNCERTAINTIES

A comprehensive description of the risks and uncertainties can be found in InterRent REIT's December 31, 2021 MD&A and other securities filings at www.sedar.com.

Financial Risk Management and Financial Instruments

a) Overview

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

b) Credit Risk

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

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

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

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

The amounts disclosed as rents and other receivables and loan receivable long-term incentive plan in the consolidated balance sheet are net of allowances for doubtful accounts. At June 30, 2022, the Trust had past due rents and other receivables of $7.9 million net of an allowance for doubtful accounts of $2.7 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 22(c) in the June 30, 2022 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 June 30, 2022, the Trust had credit facilities as described in note 9 in the June 30, 2022 consolidated financial statements.

Note 8 in the June 30, 2022 consolidated financial statements reflects the contractual maturities for mortgage payable of the Trust at June 30, 2022, 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 $1,593 million as at June 30, 2022 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 June 30, 2022, approximately 14% (December 31, 2021 – 20%) of the Trust's mortgage debt was at variable interest rates. The Trust's credit facilities bear interest at variable rates. If there was a 100 basis point change in the interest rate, cash flows would have changed by approximately $2.0 million for the six months ended June 30, 2022.

OFF-BALANCE SHEET ARRANGEMENTS

As of June 30, 2022 the Trust did not have any off-balance sheet arrangements in place.

RELATED PARTY TRANSACTIONS

The Audit Committee and Nominations and Governance Committee have reviewed and recommended approval to the Board, and the Board has subsequently approved, the entering into of a services agreement with CLV Group Developments to carry out certain entitlement, development, and construction services on behalf of the REIT in relation to the REITs developments. CLV Group Developments is a private company controlled by an officer and Trustee of the REIT with a long track record of developing and constructing multifamily properties in Ontario. In order to mitigate the potential conflict of interest, both firms retained separate and independent legal representation for this matter. In addition, an independent external consultant reviewed the services to be supplied and provided a report in regards to the typical range of fees that would be charged for such services.

The fees included in the agreement are either at or below the bottom end of the range provided by the consultant. During the three months ended June 30, 2022, the Trust incurred $0.6 million (2021 - nil) in entitlement, development, and construction management services related to the agreement which have been capitalized to the investment properties.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Pursuant to Canadian Securities Administrators requirements 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, InterRent REIT's Chief Executive Officer and Chief Financial Officer have satisfied themselves that as at June 30, 2022:

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

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

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

OUTSTANDING SECURITIES DATA

As of August 9, 2022, the Trust had issued and outstanding: (i) 141,132,908 units; (ii) LP Class B Units that are exchangeable for 3,410,766 units of the Trust; (iii) options exercisable to acquire 223,265 units of the Trust; (iv) deferred units that are redeemable for 4,635,185 units of the Trust; and (v) restricted units that are redeemable for 104,796 units of the Trust. Additionally, the Trust has 104,796 performance units outstanding under the Trust's Performance and Restricted Unit Plan.

ADDITIONAL INFORMATION

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