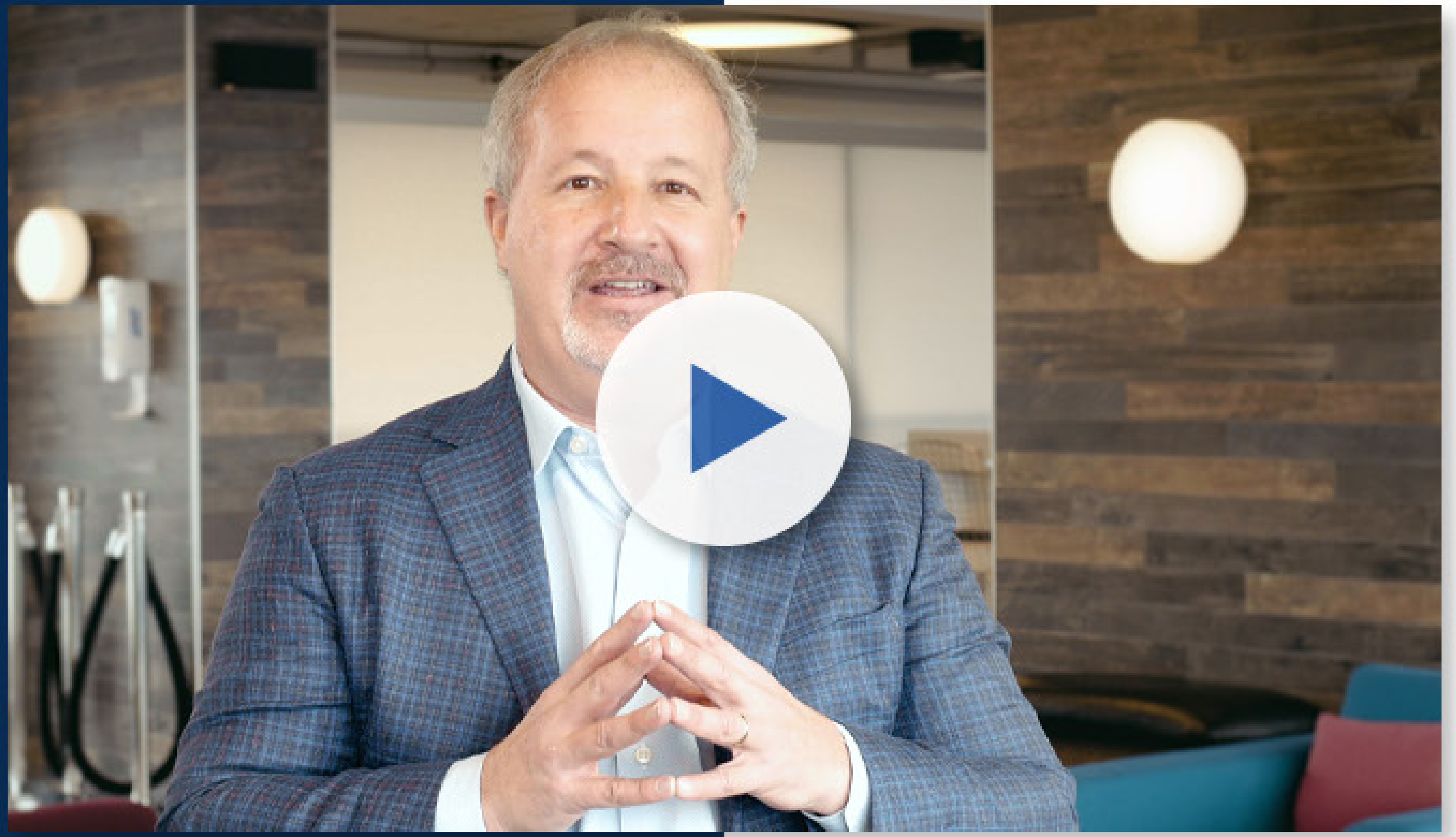
MOVING OUR COMMUNITIES FORWARD

INTERRENT REIT 2021 ANNUAL REPORT

A WORD FROM OUR CEO



As we all know, 2021 was another challenging year for our communities and for the world in general. If 2020 came as a complete surprise with an unprecedented global event, 2021 in many respects felt like a year where things just seemed a bit stuck. As much as the world tried to break away from the COVID-19 pandemic, new variants caused case spikes and new restrictions that pulled us right back into March of 2020. And yet, 2021 for the REIT felt like a year in which we made more forward progress than ever before.

We moved the business forward in very big and tangible ways including significant portfolio growth with our entry into British Columbia and Toronto's downtown core, as well as a record amount of over $1 million raised for various community partners through our Mike McCann Charity Golf Tournament. But we also moved the business forward in more subtle but equally important ways; through technology advances that will set us up for future success and through an influx of incredible talent and expertise in new areas that will continue to form the foundation of our winning formula for years to come. Our Team has never been stronger, we have a much deeper Team with the right people and the right platform to deliver service excellence to the nearly 13,000 households that call an InterRent community home.

I would like to thank all our stakeholders for your continued support. We have endured the pandemic as individuals, each of us experiencing its effects in a uniquely personal way. In 2021, we decided to focus on our future after COVID-19 and we saw how powerful the combination of being back together and being bold could be. We will continue to harness the spirit of innovation, invention, and collaboration to move our communities forward. We are excited for what's to come, and we look forward to sharing our progress with you along the way.

Mike McGahan, CEO

INTERRENT REIT

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A YEAR OF PROGRESS

95.6%

December 2021 occupancy; a 430 bps improvement over 2020 as we welcomed home domestic students and young professionals throughout the year.

+16%

Total operating revenue growth in 2021, supported by a record acquisition year and leading to overall net operating income growth of 15.2%.

19

Number of community partners across Canada we supported through funds raised during the 2021 Mike McCann Charity Golf Tournament.

1,829

The number of suites acquired in 2021 as we closed on transactions valued at $727 million, which offers us tremendous value creation potential in the years ahead.

$73M

Funds from Operations (FFO) generated in 2021; a 15.8% increase over 2020 and resulting in growing FFO per unit (diluted) to $0.51

2.38%

Weighted average interest rate as of December 31, 2021; a further 18 bps reduction during the year and matched by a rock-solid balance sheet that offers flexibility and peace of mind.

5.1%

Distribution increase approved in 2021, underpinned by strong operating performance and marking the 10th consecutive year of growing our distribution by 5% or more.

> “ **We are committed to advancing in our diversity, equity and inclusion journey and we experienced some majestic steps together in 2021, as a Team.**

OUR INNOVATION RECIPE

Innovation is not about technology. It's about a collective desire on the part of our incredible Team to constantly strive to find new ways to improve the way we serve our residents and engage with our various stakeholders.

We are a passionate group of individuals who work as a team, and are encouraged to use our voice to share ideas and solutions to provide high quality customer care and to have a positive impact in our communities.

OUR SECRET SAUCE

Listen to the story of Stephanie, one of our Community Leasing Agents, to understand why we think our culture sets us apart.

When you think about real estate, innovation is probably not the first word that comes to mind. Our asset class tends to conjure up connotations like 'predictable', 'passive', even 'boring'. We disagree. There is a quiet revolution happening behind our bricks and mortar and its drumbeat is moving us forward. We are seeing the spirit of innovation energize our Team and propel our service excellence to surprise and delight our residents.

Our **MISSION** is to treat each team member with professionalism, integrity and respect while supporting the individual needs of each to grow. By doing this, we believe each team member will in turn treat each customer, supplier and stakeholder the same way.

Guided by our **VALUES** and driven by our leaders' expertise and the strength of our culture, we are confident we have the right mix of ingredients to create value for our Unitholders and deliver a sustainable and growing distribution. We love what we do and our appetite to continuously improve is insatiable.

QUALITY — Investing in our properties to ensure safe, clean and high-quality homes for our residents.

INTEGRITY — Inspiring trust by saying what we mean, acting honestly and taking responsibility for our actions.

STRONG TEAMS & COMMUNITIES — Encouraging and working with our teams to give back to our customers and communities through sustainable programs and philanthropic efforts.

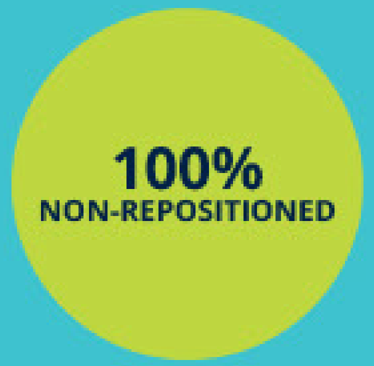
RESPECT — Showing, as well as having respect for our residents, suppliers, Unitholders and communities while maintaining an environment of teamwork and growth.

SERVICE EXCELLENCE — Continuously building on our accomplishments and setting best in class standards within our industry.

OUR INNOVATION RECIPE

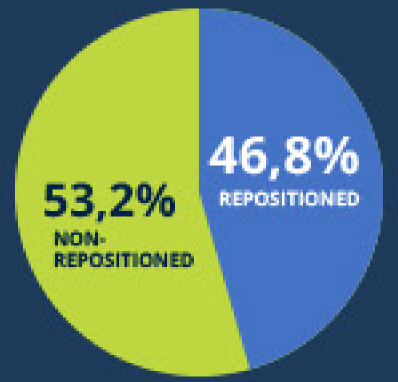
GREATER VANCOUVER AREA (GVA)

- 19 Communities
- 809 Suites (at 100%)
- 0.7% Market Penetration
- 3.7% Vacancy
- 2.96% Cap Rate



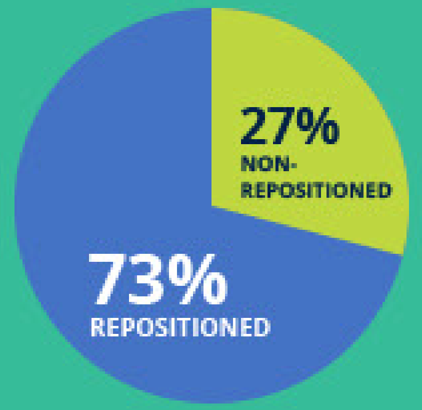
GREATER MONTREAL AREA (GMA)

- 24 Communities
- 2,956 Suites
- 0.5% Market Penetration
- 6.2% Vacancy
- 3.54% Cap Rate



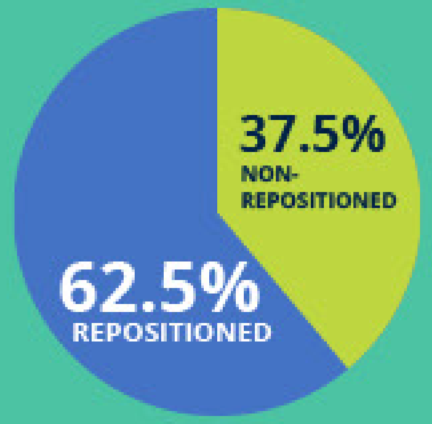
OTHER ONTARIO

- 16 Communities
- 2,002 Suites
- 2.7% Market Penetration
- 3.1% Vacancy
- 4.37% Cap Rate



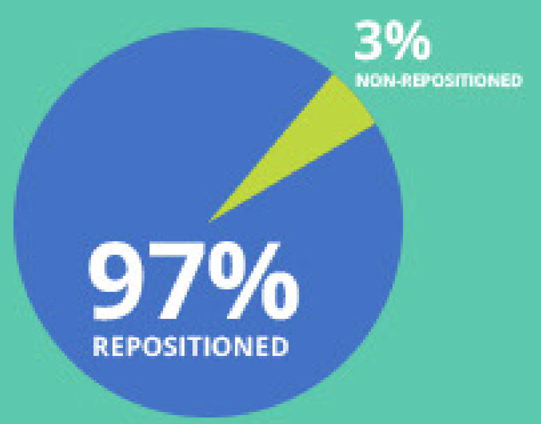
GREATER TORONTO & HAMILTON AREA (GTHA)

- 36 Communities
- 4,140 Suites
- 1.1% Market Penetration
- 3.5% Vacancy
- 3.72% Cap Rate



NATIONAL CAPITAL REGION (NCR)

- 29 Communities
- 2,970 Suites
- 3.2% Market Penetration
- 4.8% Vacancy
- 4.21% Cap Rate



OUR INNOVATION RECIPE

OUR CHEFS

MIKE MCGAHAN

CEO, Trustee, joined in 2009

It's our team that moves me forward, everyone works together to get the job done.

"I love being with my Family at home and at work."

BRAD CUTSEY

President, joined in 2015

Always searching for ways to deliver the ultimate customer and team member experience. This starts with living and operating by the Platinum Rule.

"I have a French Bulldog named Doris and she is the ultimate Leafs, Raptors, Blue Jays and Cowboys fan!"

CURT MILLAR

CFO, joined in 2010

Helping to understand interconnections between systems and champion change/user adoption.

"I can find the humour in almost anything/any situation (even when I probably shouldn't)"

DAVE NEVINS

COO, joined in 2009

Technology, innovation and training to help create the ultimate resident and team member experience

"I don't like potatoes…not even French fries"

WILL CHAN

CIO, joined in 2009

We work with other departments to solve business challenges with technological solutions.

"My favourite hobby is travelling to eat"

CATHERINE HÉBERT

CTO, joined in 2021

Preparing and suporting our leaders to meet our growth strategy and promoting and facilitating a positive emplolyee experience.

"I may have a few years behind me but I can stil rock my roller skates"

CHRIS WILLOUGHBY

VP Marketing, joined in 2019

Leading our Digital Transformation.

"I'm an American, Canadian and Mexican citizen"

ASAD HANIF

VP Acquisitions, joined in 2021

Overseeing acquisitions to execute our growth strategy.

"I enjoy running"

CRAIG STEWART

VP Finance, joined in 2012

Being a facilitator and champion of operational and financial innovations and being a link between all stakeholders and finance.

"I sit on the board of directors for the Ottawa Dragon Boat Festival and Foundation and you'll find me hanging out by the water all-year long."

ROBERT JARRETT

General Manager, joined in 2018

Administer insurance claims, tax assessment appeals, serve as a Privacy Officer, manage payroll team.

"I enjoy watching, playing hockey. Anytime… All the time!"

INVESTING IN THE FUTURE

5 REASONS TO MOVE FORWARD WITH US

01 PROVEN VALUE CREATION STRATEGY

Strategic CAPEX with a long-term view

- Elevator modernization
- Brick repairs
- Common area upgrades

MONTREAL

Community: **5160 Gatineau**

54 Suites

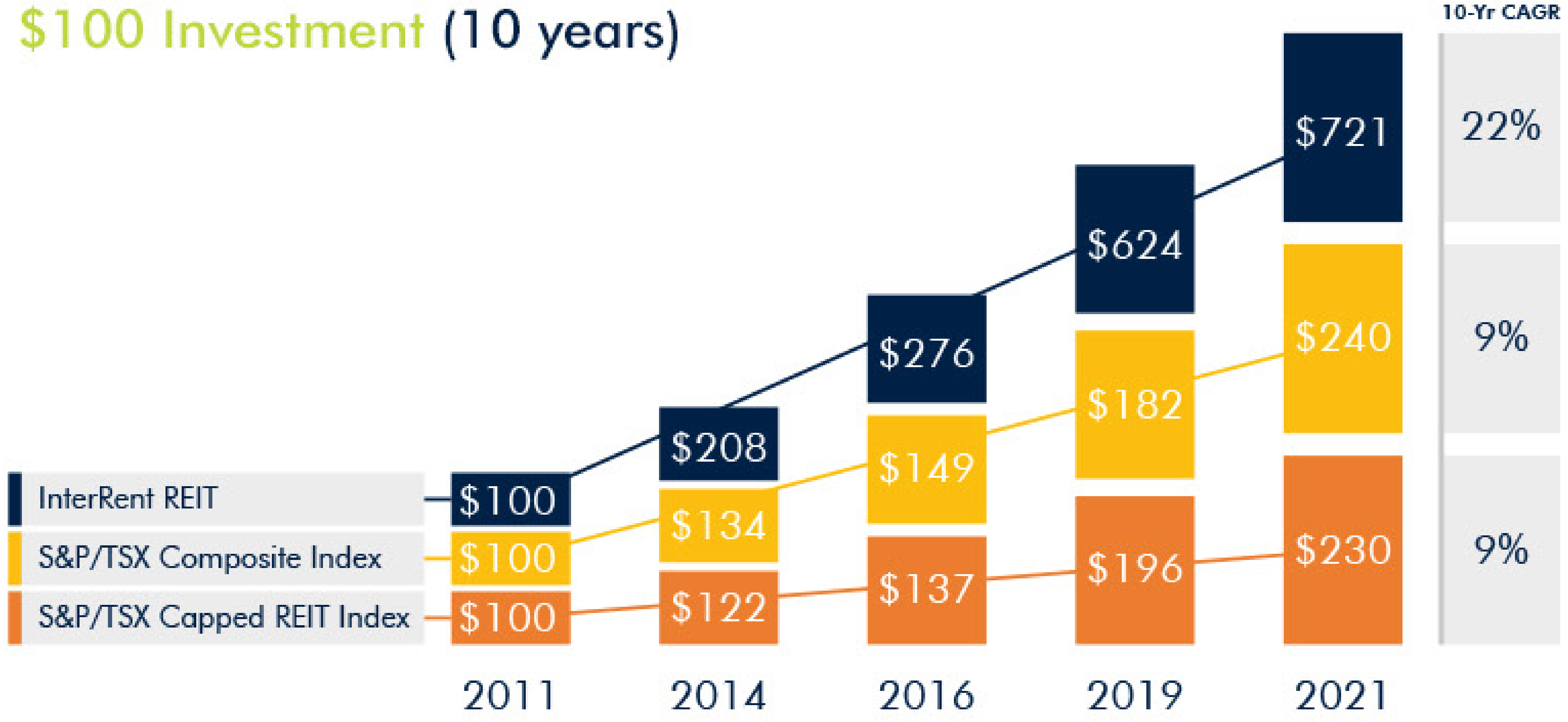
$967 Thousand Invested

104 bps Yield improvement since acquisition

2019 Acquisition Year

$11.2 Million Acquisition Cost

Total Return on a Canadian $100 Investment (10 years)

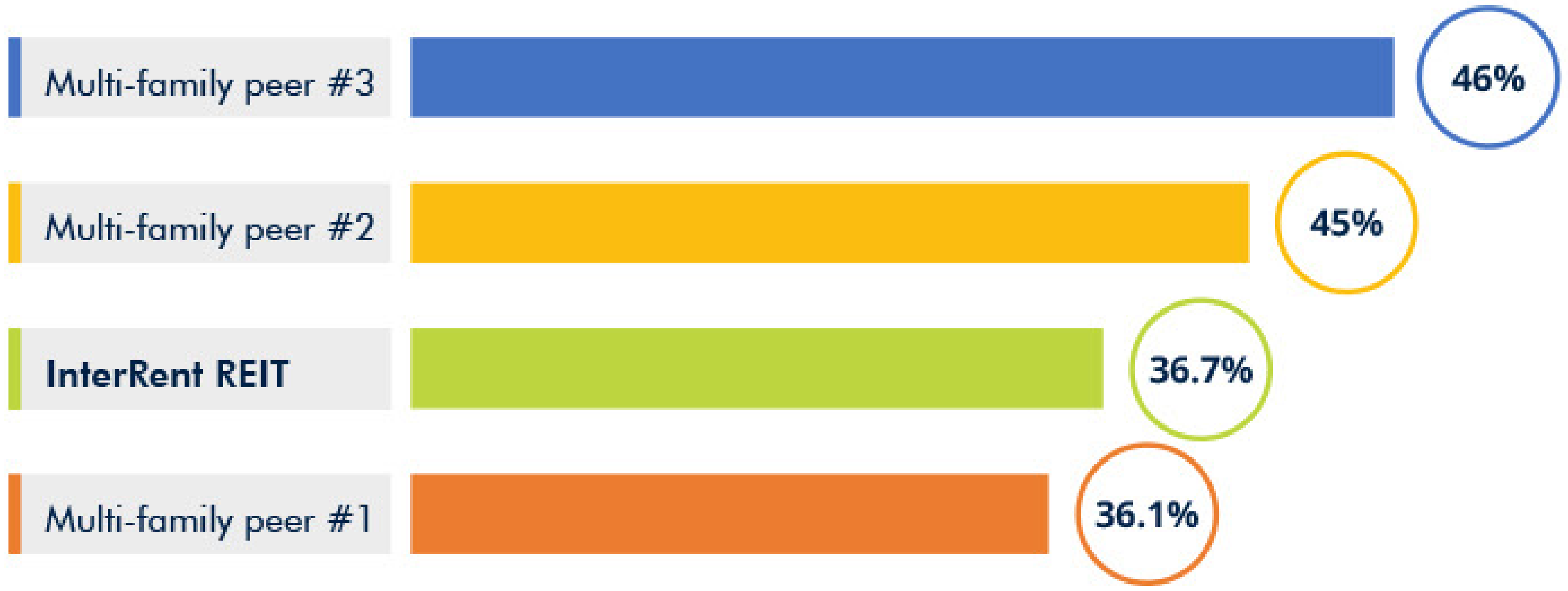


INVESTING IN THE FUTURE

5 REASONS TO MOVE FORWARD WITH US

02 CONSERVATIVE BALANCE SHEET OFFERS FINANCIAL FLEXIBILITY

Our leverage ratio positions us well in our peer group and offers flexibility to execute on our growth plans



Low weighted-average interest rate and comfortable interest coverage

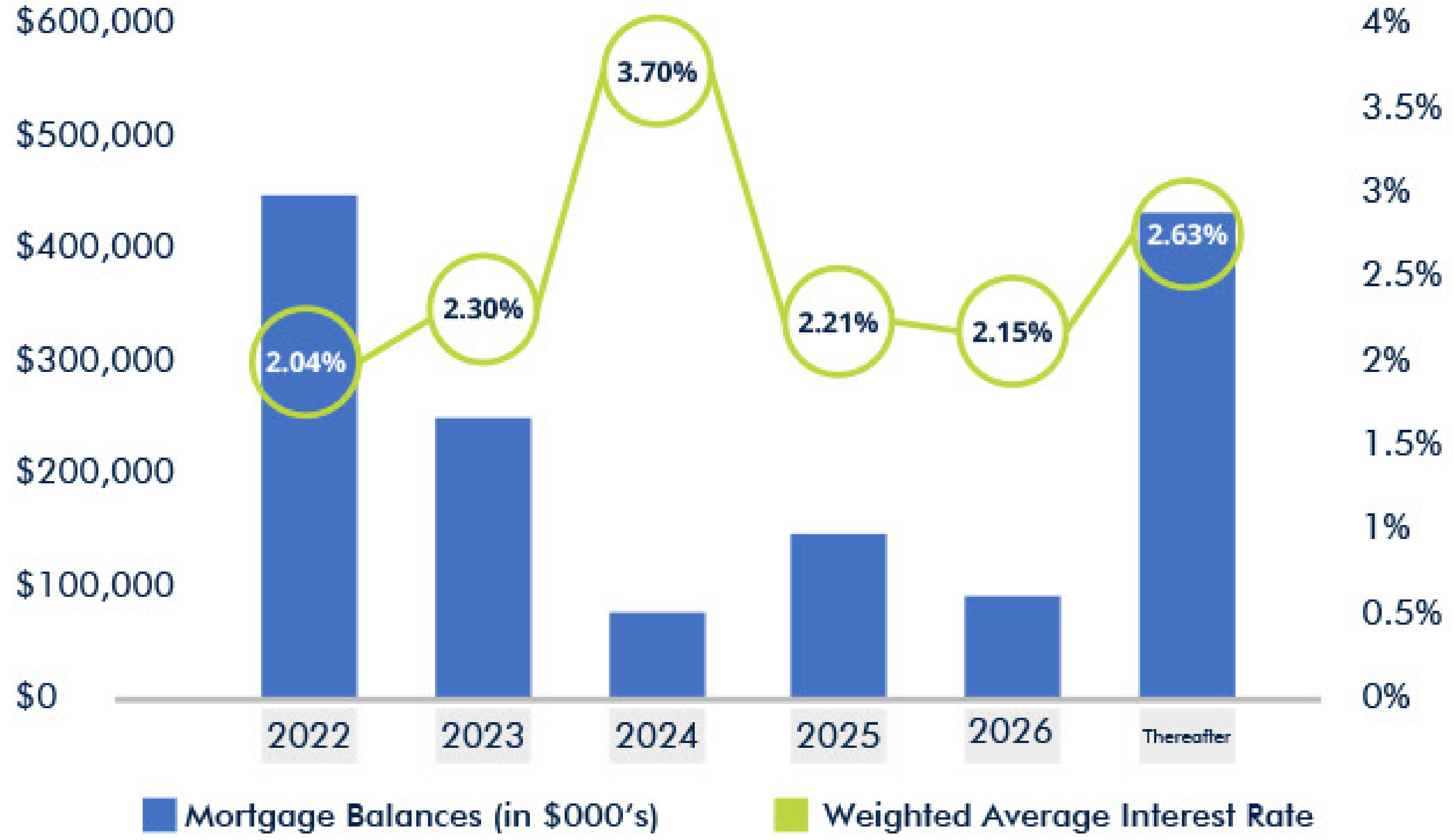
2.38%

WEIGHTED AVERAGE INTEREST COST

3.39x

INTEREST COVERAGE
Rolling 12 months

Well-spread mortgage maturity schedule

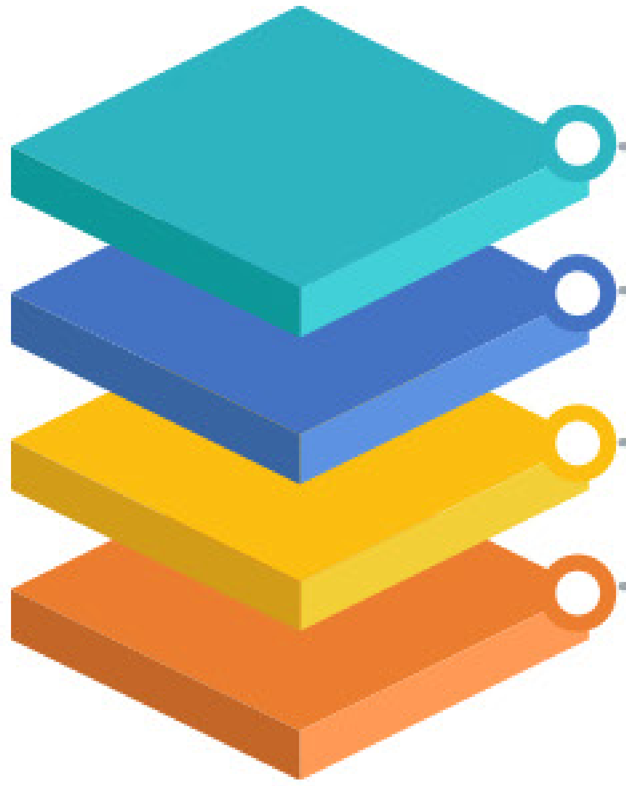


INVESTING IN THE FUTURE

5 REASONS TO MOVE FORWARD WITH US

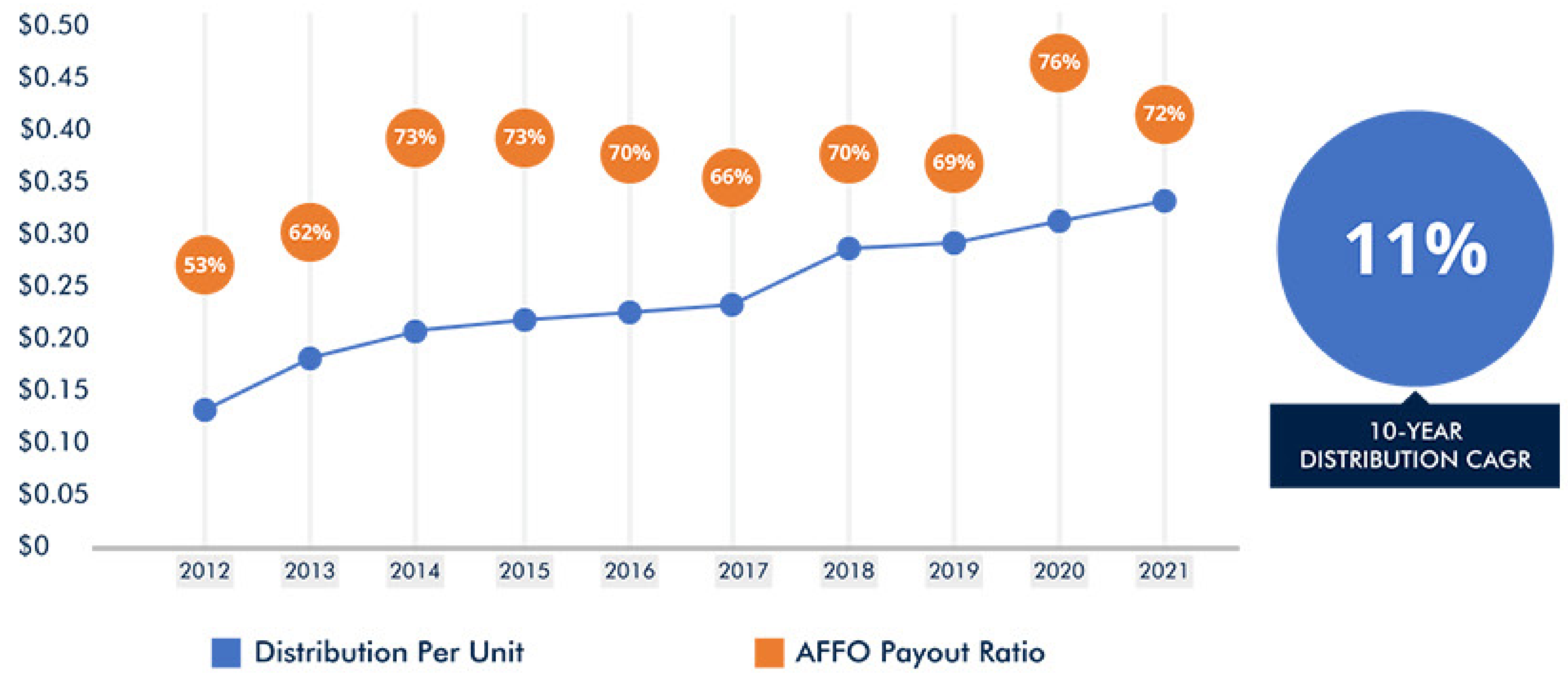
03 100% CANADIAN REAL ESTATE EXPOSURE AND DISTRIBUTION GROWTH TRACK RECORD

Who owns IIP Units



- We have more than 17,000 Unitholders
- Many of our Unitholders are individual Canadians who are planning for their retirement
- Our units offer a way for everyone to access great real estate in Canada's major cities
- Through its exposure to hard assets, our units can serve as an inflation hedge and offer a growing distribution stream

10-year trend of distribution growth and payout ratio



INVESTING IN THE FUTURE

5 REASONS TO MOVE FORWARD WITH US

04 EFFICIENT OPERATING PLATFORM BACKED BY HIGH-PERFORMING TEAM

Investing in a high-performing team

- More than 35% of our team members are Unitholders, and this ownership mindset drives us forward
- Our flat hierarchy means that there's an easy flow of information across teams, regions and functional areas
- Innovation and best practices are celebrated
- We are investing in tools to equip our teams with smarter data and faster insights, so that we can serve our residents better

35.2%

% OF EMPLOYEES WHO ARE UNITHOLDERS

Diversity of thought and experience drives innovation

- **34.1%** of our employees identify as BIPOC
- **36.7%** of our employees were born outside of Canada
- **4.7%** of our employees identify as part of the LGBTQ2S+ community
- **16.0%** of our employees identify as a person with a disability

Our employees are:

35.8%	36.2%	28.0%
under 30 years old	30-50 years old	over 50 years old

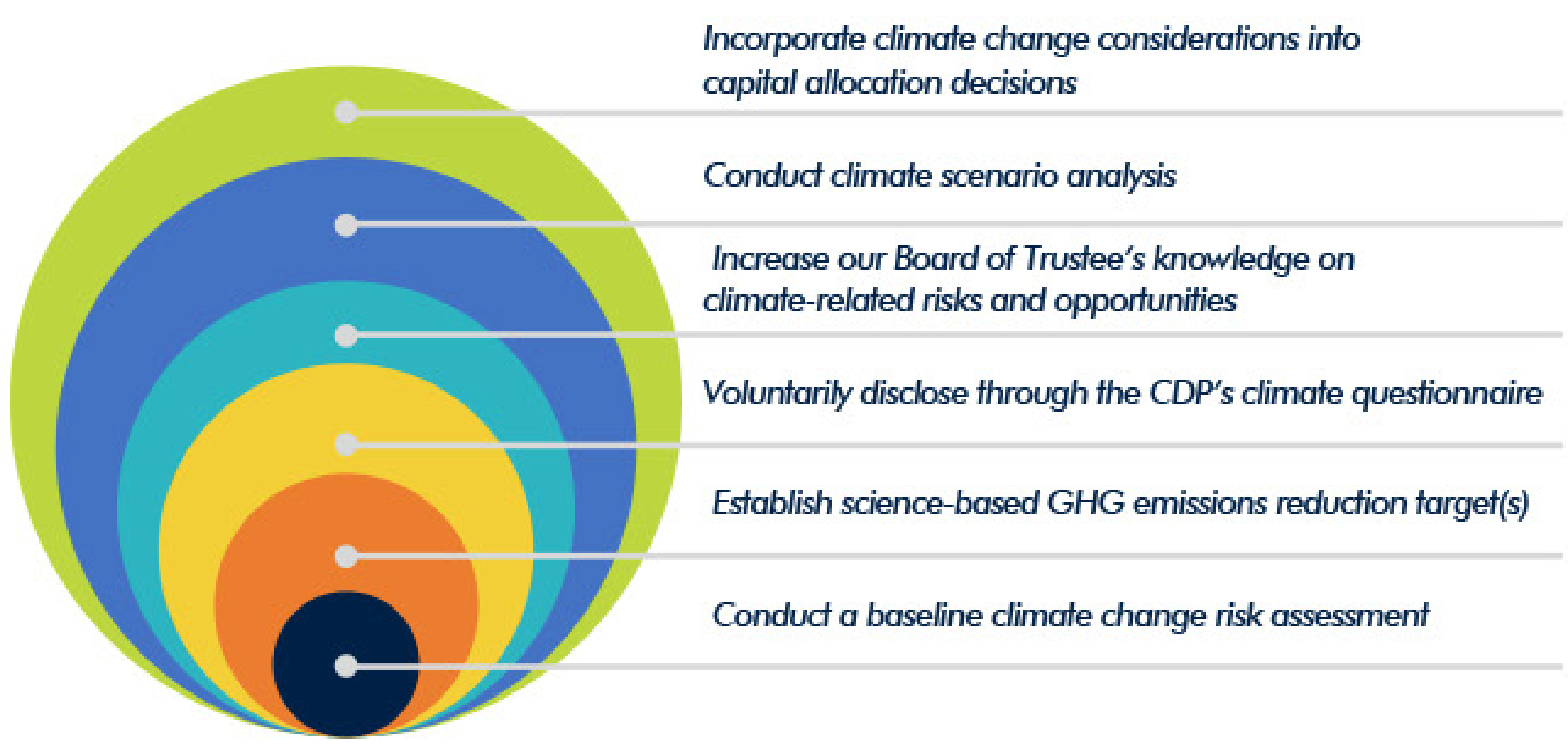
*Anonymized responses to voluntary self-identification questions in employee engagement survey conducted in November 2020. Age groups reflect headcount as at August 2021.

INVESTING IN THE FUTURE

5 REASONS TO MOVE FORWARD WITH US

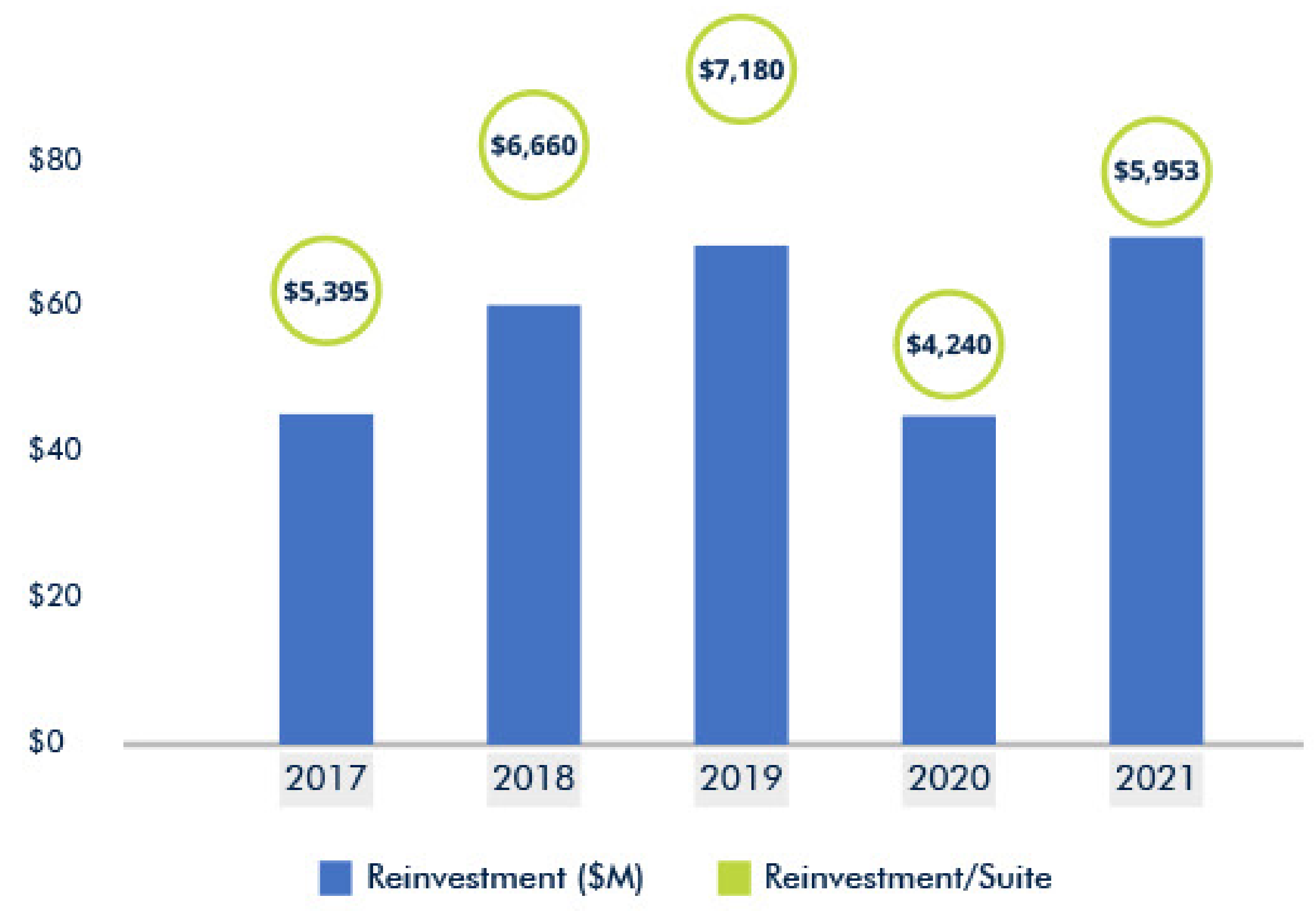
05 SUSTAINABILITY MINDSET

Our Climate Commitments



By reinvesting in our portfolio, we extend the benefit of the embodied carbon in existing structures and load up on energy-saving measures and fixtures.

5-Year Reinvestment History



Our capital expenditure:

- Rejuvenates multi-family supply that could otherwise be headed for demolition.
- Creates beautiful, safe, and quality communities for our residents.
- Delivers value for our Unitholders.

GRESB Real Estate Assessment

25%
improvement over inaugural submission and achieved a "Green Star" rating

A WORLD OF OPPORTUNITIES

CANADA'S GOT TALENT

Canada's economy is largely driven by the services-producing sector, making up 80% of the country's labour force[1]. Regions with stable employment and strong employers, including hospitals, universities, and a growing tech industry, are critical in our selection of markets.

Over the years, Canada has been receiving more interest from U.S.-based tech companies who are looking to expand. What attracts these companies to Canada are the surges in skilled labour from increased immigration policy efforts and the talent developed through Canadian universities[2].

According to CBRE's Scoring Tech Talent in North American report, four of our key cities have a market competitive advantage based on their ability to attract and grow tech talent pools.

#4 Toronto | #10 Ottawa | #11 Vancouver | #16 Montreal

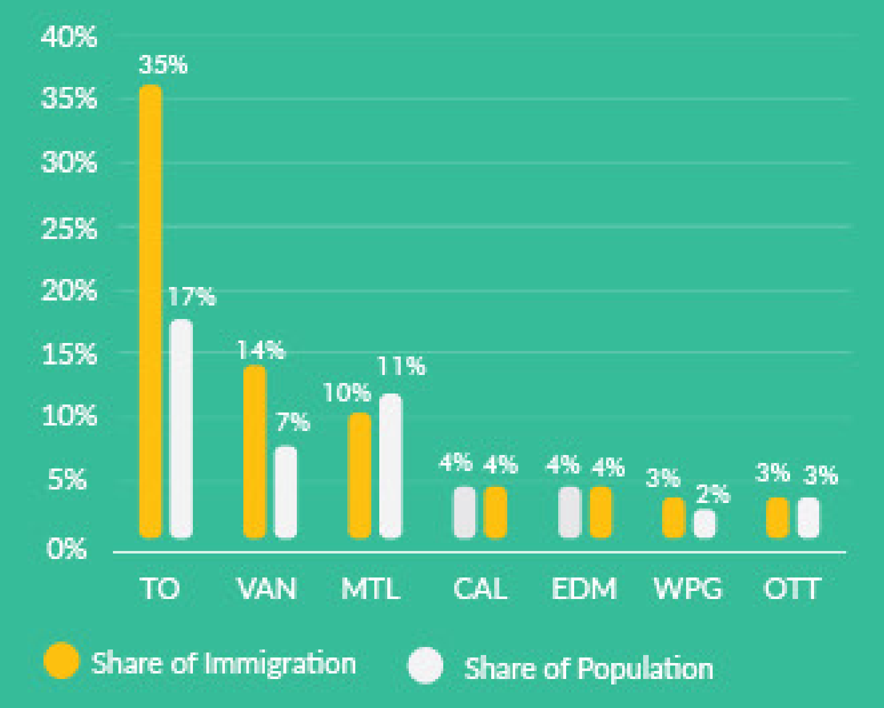
Toronto, Montreal, and Vancouver were also listed as "brain gain" markets, meaning they produced more jobs than graduates[3].

ADITI'S INTERNATIONAL STORY: WHEN MACRO TRENDS BECOME PERSONAL

OUR COUNTRY IS GROWING

According to the world migration report in 2020, Canada ranks as the country with the 8th highest total immigrant count globally[4]. Continuous high levels of immigration fuels Canada's economy and accounts for almost 100% of labour force growth[5].

Share of Immigration vs. Share of Total Population



Source: Statistics Canada

Toronto, Vancouver, and Montreal receive the highest share of immigrants out of all Canadian cities. According to pre-pandemic data, the GTA and Vancouver are growing faster through immigration than any other city in North America[6].

The proportion of immigrants listing Toronto and Vancouver as their intended destination is significantly higher than the cities' respective share of the Canadian population, meaning that Canada's top metros are poised for outsized growth in the future.

Government of Canada Immigration Targets

Source: Statistics Canada

The Government of Canada has recently revised immigration targets for the coming three years. Canada expects to welcome approximately 432,000, 447,000, and 451,000 new permanent residents in 2022, 2023, and 2024, respectively[7].

Source:

[1] Statistics Canada, Labour force characteristics by industry.
[2] Storeys Real Estate News, 'Toronto Market Sees Biggest High-Tech Job Growth in North America'.
[3] CBRE, Scoring Tech Talent in North America, 2021 Report.
[4] International Organization for Migration, 2020 World Migration Report.
[5] Government of Canada News Release, 'Canada welcomes the most immigrants in a single year in its history'.
[6] New to BC, 'Toronto and Vancouver breaking North American records for immigration growth'.
[7] CIC News, 'Canada increases target to 432,000 immigrants in Immigration Levels Plan 2022-2024'

A WORLD OF OPPORTUNITY

THE APPEAL OF RENTING

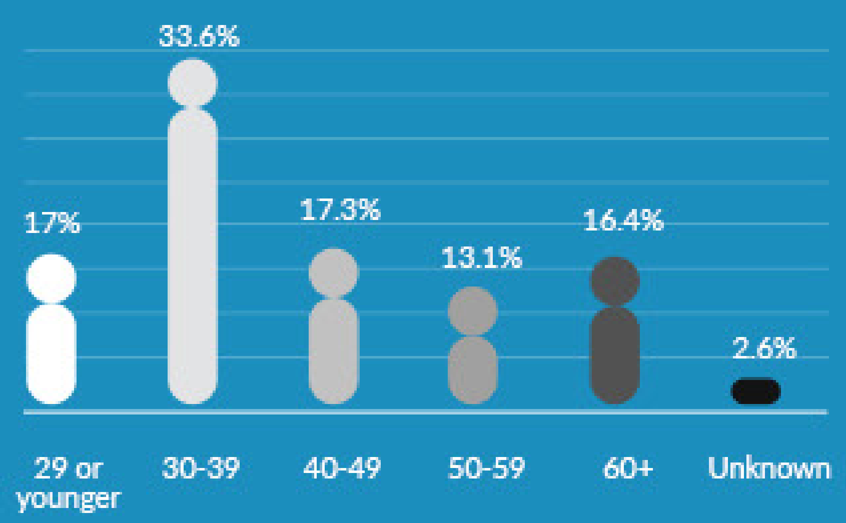
The rental market is appealing to people of all ages for a multitude of reasons. Renting provides flexibility for individuals who are not ready to settle down or do not want to worry about the maintenance that comes with owning a house. With affordability issues rising in Canada, rentals continue to gain attractiveness.

According to the 2016 Census, approximately 30% of Canadians rent. It is expected that this percentage has increased even more over the last five years[1].

Recently, the Globe and Mail conducted a survey on renting in Canada and received responses from more than 5,200 renters across the country.

The survey dispelled the popular belief that the majority of renters are in their 20's.

AGE GROUP OF RENTERS



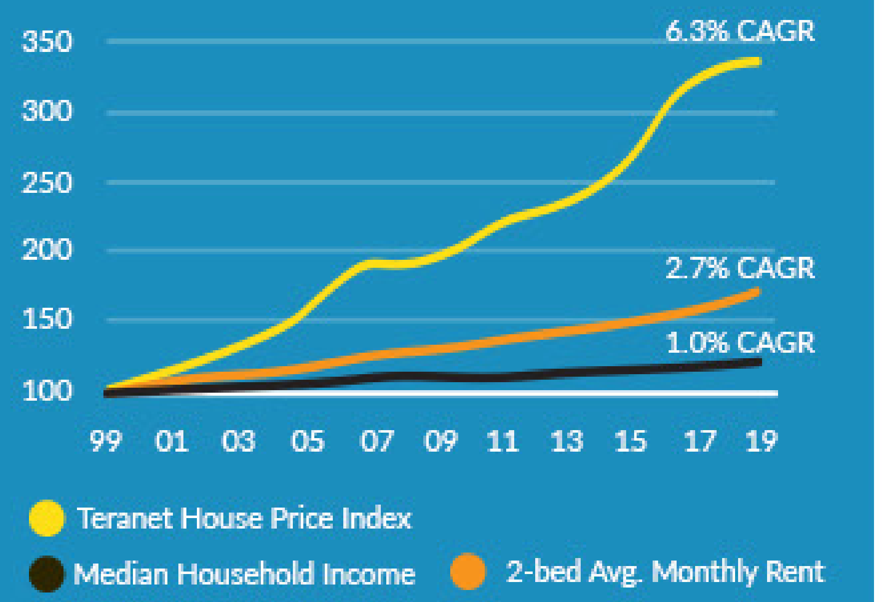
Source: The Globe and Mail

Additionally, one in four survey participants expressed liking or loving renting, highlighting the lifestyle perks that renting affords[2].

Negative attitudes towards renting are typically the product of affordability challenges. While housing prices having increased dramatically over the years, rent has grown slightly above the pace of income growth, making it a more affordable option for many Canadians.

As of November 2021, housing prices were up 30% since before the pandemic, strengthening the case of renting for longer periods and an increase in demand for rental units[3].

CANADIAN HOME AFFORDABILITY GAP
(Annual, indexed to 100, 1999-2019)



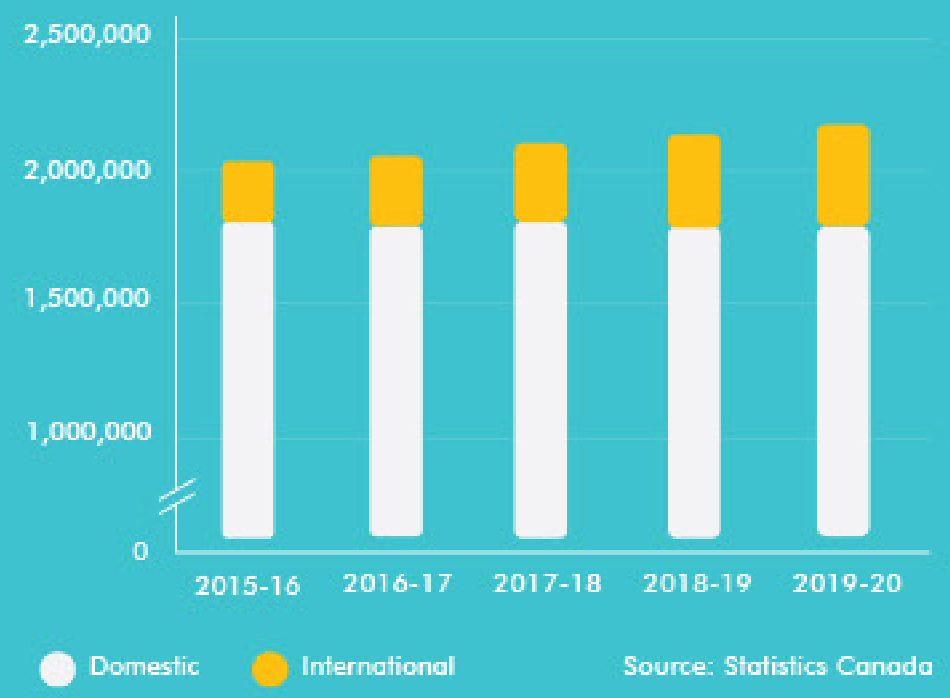
Sources: Teranet, CMHC, Statistics Canada

A HOME AWAY FROM HOME

Canadian universities and colleges are increasingly popular destinations for international students.

The rental market tends to be an attractive option for students, both foreign and domestic, as it offers shorter-term housing options often close to campus.

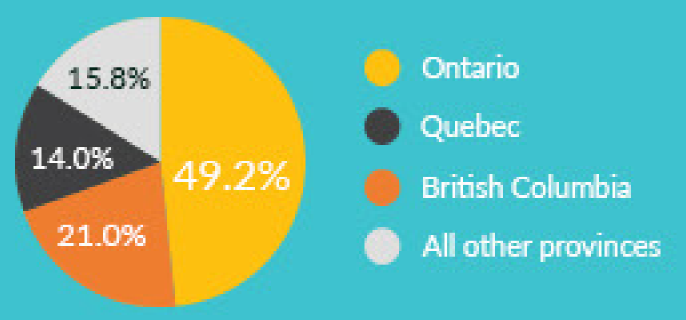
Post-Secondary Enrolments by Status of Student



Source: Statistics Canada

International student enrolments in post-secondary institutions in Canada have been seeing double-digit growth over the last five years, and India and China continue to make-up more than 50% of Canada's international student population[4].

2021 study permits by province of intended destination:



The provinces in which we are present receive the largest shares of international students with 84% listing their intended destination as Ontario, British Columbia or Quebec[5].

Canadian schools continue to climb the world rankings. Six out of the top seven Canadian universities are located in our markets[6], suggesting that we're likely to see international students continue to call our communities their new home.

Source:
1 The Globe and Mail, 'Millions of Canadians rent, but they have been left out of federal campaign promises'.
2 The Globe and Mail, 'Canadian renters sound off on renovictions, how much they pay and feeling judged by loved ones'.
3 The Globe and Mail, 'Average home costs are up 30% since before the pandemic, a spike CMHC links to speculative investors'.
4 Statistics Canada, Postsecondary enrolments, by status of student in Canada, country of citizenship and gender.
5 Statistics Canada, Temporary Residents: Study Permit Holders.
6 Times Higher Education, World University Rankings 2022.

OUR STAKEHOLDERS

01 OUR RESIDENTS

02 OUR TEAM

03 OUR COMMUNITIES

04 OUR VENDORS

05 OUR INVESTORS

> *In our actions, we strive to consider and balance the perspectives and expectations of five broad stakeholder groups.*

As a provider of nearly 13,000 homes across Canada, we understand and appreciate the significant role and responsibility we have with respect to our residents.

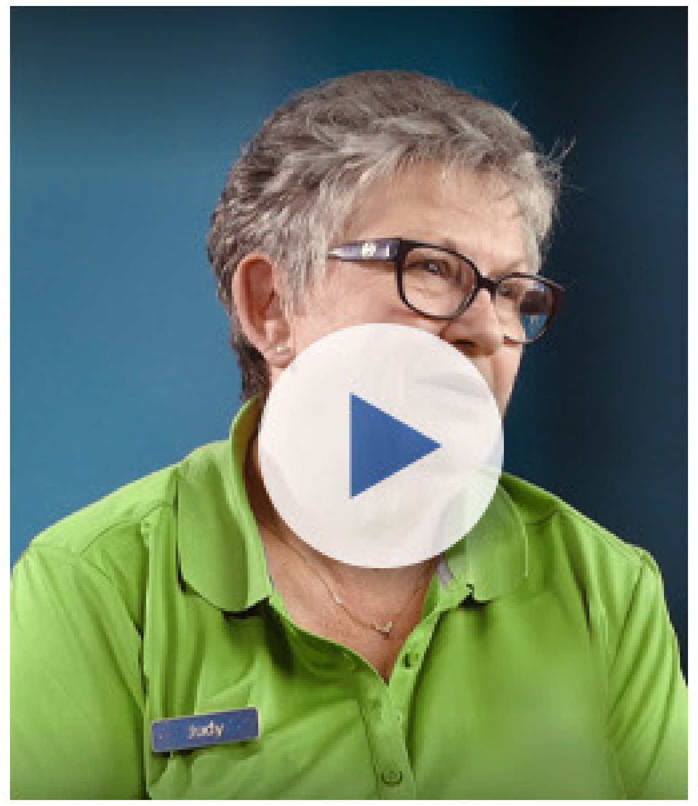
Furthermore, we believe that our role as a responsible provider of homes extends beyond the four walls of our properties to include the communities in which we operate.

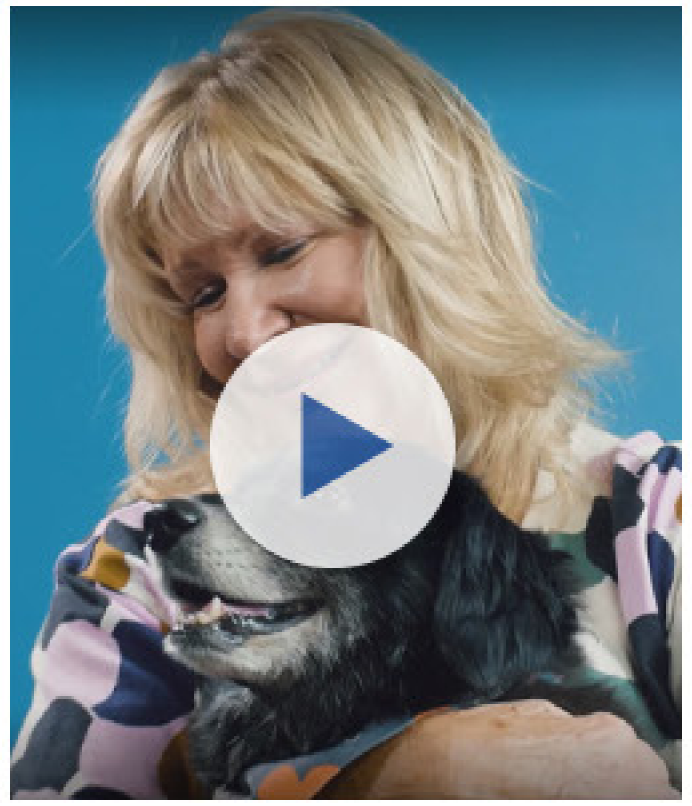
OUR STAKEHOLDERS

01 OUR RESIDENTS

With ongoing pandemic-driven restrictions, our team once again pivoted to make our resident engagement program responsive to changing situations. When government restrictions were toughest, we offered virtual classes on cooking, gardening and mocktail mixology to provide a break from the monotony.

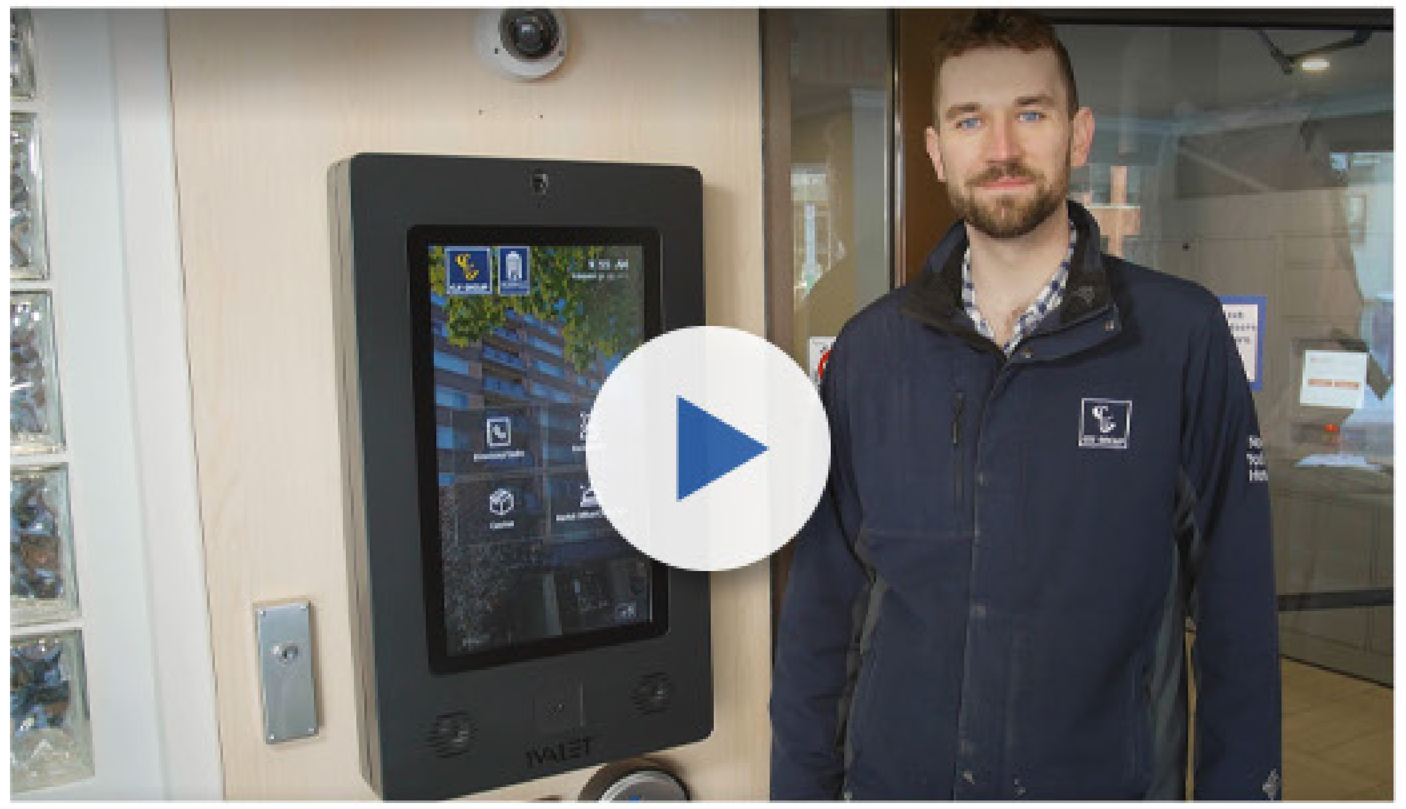
As soon as we saw a window to safely gather, we re-opened amenity spaces backed by our industry leading CLV Clean & Secure+™ program, mobilized ice cream trucks, hosted a rooftop harvest party, and served hot chocolate and cookies to celebrate the holidays.





MEET THE COMMUNITY AT 10 & 14 REID DRIVE IN MISSISSAUGA

We refer to our properties as communities because that's how we hope our residents will experience them. But don't take our word for it, check out these conversations with one of our valued residents, Valerie, and our legendary Community Coordinator, Judy, to understand why 10 & 14 Reid Drive is such a special home.



BRINGING INNOVATION RIGHT TO OUR RESIDENTS' DOOR

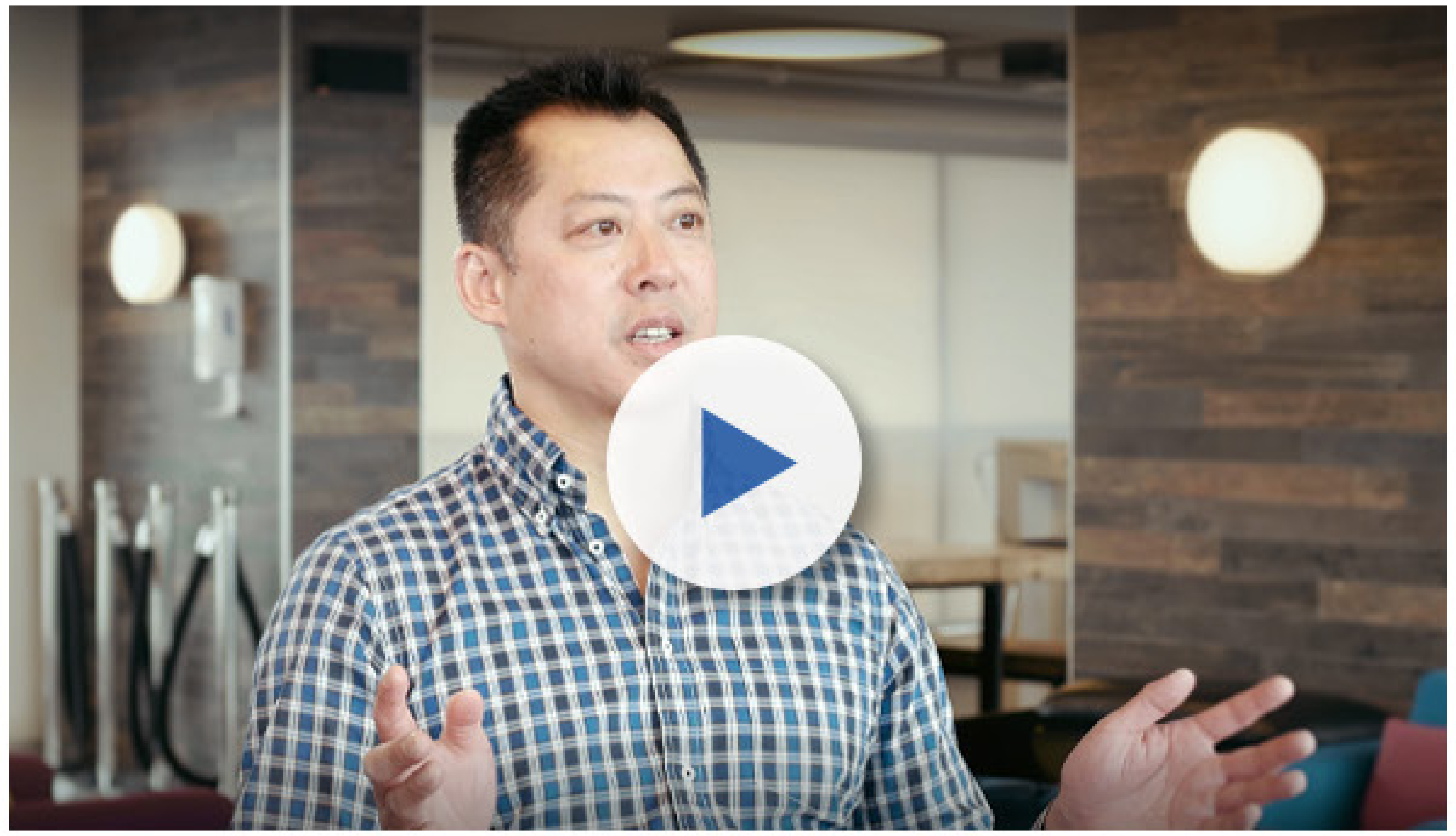
Say goodbye to the crackly push button intercoms of the 1970's and say hello to smarter and safer access. Enjoy a personal tour of our smart building operating system with Nick, one of our amazing property managers in Ottawa.

02 OUR TEAM

We have been on a tremendous growth path over the last few years and our team is the lifeblood of the company. In 2021, we added to our bench strength through new leadership roles in talent management, acquisitions, pricing and analytics, customer experience, finance, and sustainability.

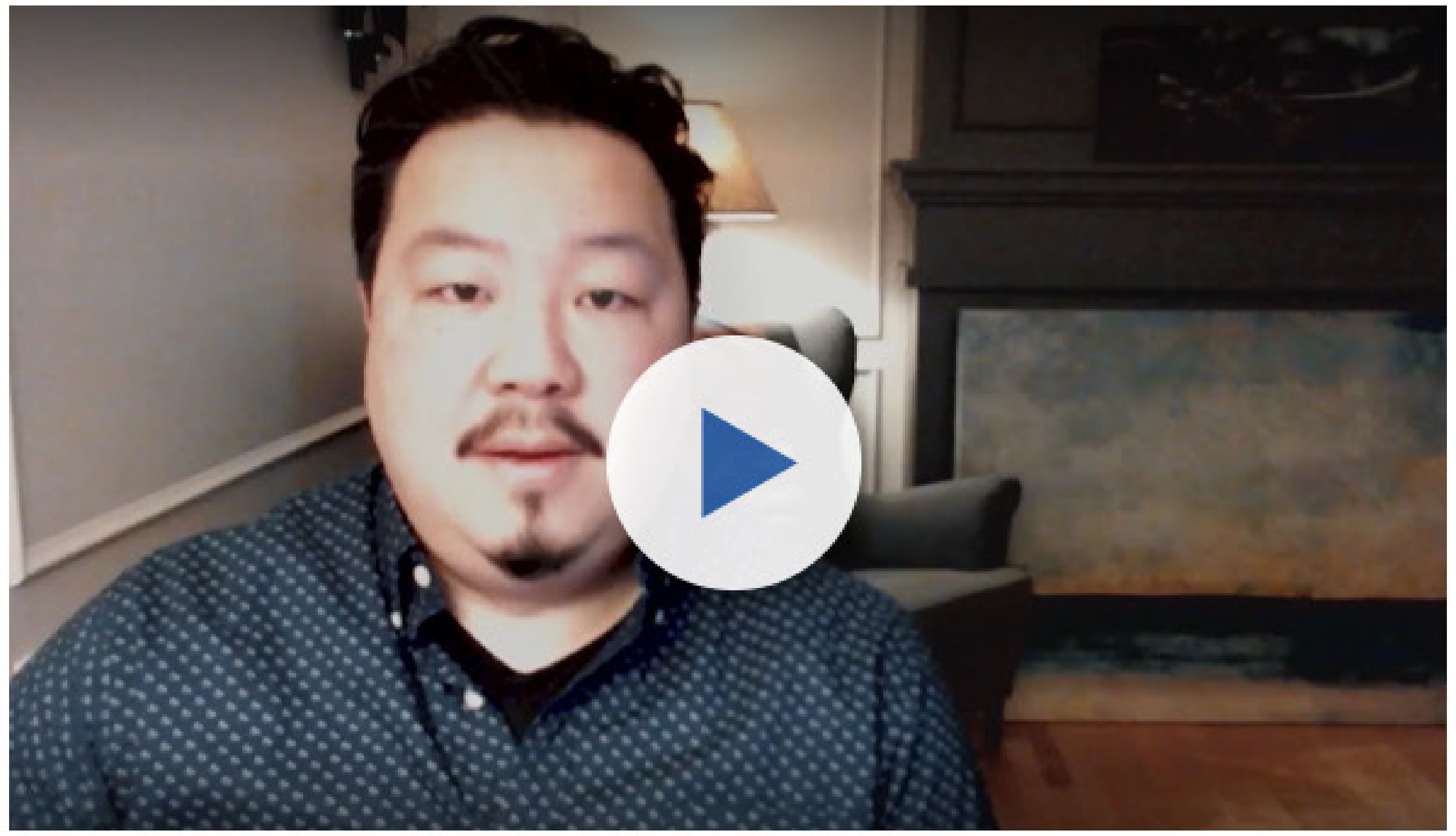
In the fall, we welcomed our Team back to our regional offices in Ottawa, Montreal, and Oakville on a new hybrid work model. This approach recognizes the benefits in having our Team come together for collaboration, mentoring, and fun events, while also acknowledging that our employees value the flexibility of working from home.

We know that working as a team is essential to our success, and we are confident that our operating platform, with our people at its centre, will allow us to remain nimble, creative, and close to our residents, even as we grow.



KEEPING PACE WITH A DIGITAL LIFESTYLE

More and more, the expectations of our stakeholders are fully digital. Listen in as our Chief Information Officer, Will, explains how he's developing internal capacity to meet that change.



UP AND RUNNING IN VANCOUVER

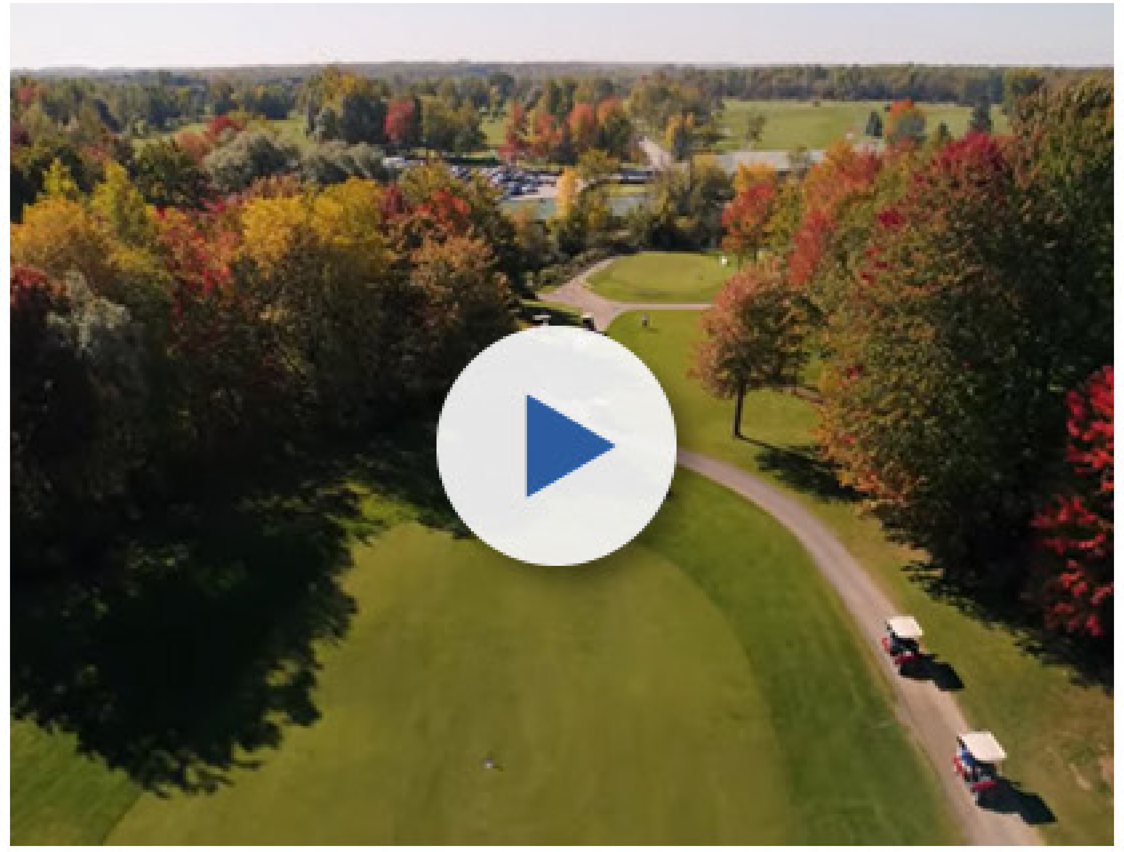
We believe that an engaged team is energized, positive, and focused on delivering on our business strategy. Look no further than Aaron, our construction manager in British Columbia, to show you what that means on the ground in Vancouver.

03 OUR COMMUNITIES

Our community partnerships are a key social consideration for our business because our success is intrinsically tied to the health of the neighbourhoods where we are present. Our cornerstone financial initiative to support community partners is our annual Mike McCann Charity Golf Tournament, in collaboration with CLV Group and our business partners across the country.

We also offer all full-time permanent employees time off each year to participate in charitable events and activities that mean the most to them, by way of a paid volunteer day. In 2021, once our community partners were able to safely welcome back volunteers, we organized a holiday blitz that resulted in our Team clocking in more than 300 volunteer hours during just one month.

MORE THAN A MILLION REASONS TO PARTNER WITH US



On October 6, 2021, our Mike McCann Charity Golf Tournament welcomed and health-screened 282 golfers, thanked 56 event sponsors, awarded 94 silent auction and 14 live auction prizes, and raised an incredible total of $1,047,925 which was fully deployed back into neighbourhoods that are the heart of our communities.

MOVING OUR NEIGHBOURHOODS FORWARD IN 2021

We believe that the community organizations and agencies in our regions should be able to count on us as a partner, both financially and with our time. Check out how we supported our community partners across our neighbourhoods in 2021.

ONTARIO

- The Ottawa Hospital Foundation
- The Boys and Girls Club of Ottawa
- Ottawa Food Bank
- Burlington Community Foundation
- Habitat for Humanity
- The Boys and Girls Club of Hamilton-Halton
- Christie Lake Kids
- Youth Services Bureau
- The Boys and Girls Club of London
- The Snowsuit Fund
- The Boys and Girls Club of St. Catharines
- Kidney Research Foundation
- Easter Seals
- Old Forge
- St. Pats High School
- The Shoebox Project

Total financial support	$807,500
Company-sponsored volunteer hours	104

QUEBEC

- Sun Youth Organization
- Old Brewery Mission
- The Shoebox Project

Total financial support	$100,000
Company-sponsored volunteer hours	184

BRITISH COLUMBIA

- Greater Vancouver Food Bank
- Moose Hidden Campaign
- The Boys and Girls Club South Coast BC

Total financial support	$35,000
Company-sponsored volunteer hours	18

04 OUR VENDORS

Executing work on the scales required with our repositioning strategy is not possible without partnering with vendors across the country who share our core values.

In 2021, we developed a Vendor Code of Conduct to reinforce our expectation that every vendor with which we do business demonstrates the same commitment to our values.

You can check out the full Vendor Code of Conduct here:

Vendor Code of Conduct

Our vendors truly live our values every day. In September 2021, we reached out to our partners to say that we were going to try to pull off the impossible – organize our annual Mike McCann Charity Golf Tournament for 280 vaccinated golfers, in just four short weeks, with temperature checks and health screening and a revamped format for registrations and meals to ensure social distancing. Instead of saying we were crazy, they showed up for our communities by raising an incredible record amount of over $1 million.

In large part thanks to the generosity of our vendors, our 2021 golf experience included:

94 SILENT AUCTION PRIZES VALUED AT $43,000

14 LIVE AUCTION PRIZES THAT RAISED $105,000

232 EVENT DONATIONS

A RELATIONSHIP 10-YEARS STRONG

WIRING SOLUTIONS is a low voltage and security contractor based out of London, Ontario that we have used since the early InterRent REIT days. Founded in 2005, Wiring Solutions was a relatively small outfit when we met them; however, the 5-person team had a good reputation and we liked their collaborative approach, so we took a chance that they could provide the service we needed. Over the last decade, Wiring Solutions has been instrumental in helping us grow our portfolio in Southern Ontario and has been involved in many projects that impact our residents' everyday experience in our communities. During this time, our two companies have grown together, and we've developed a strong relationship based on shared values. Today, Wiring Solutions has grown to 15 employees across 2 locations and they continue to be a trusted partner in moving our communities forward.

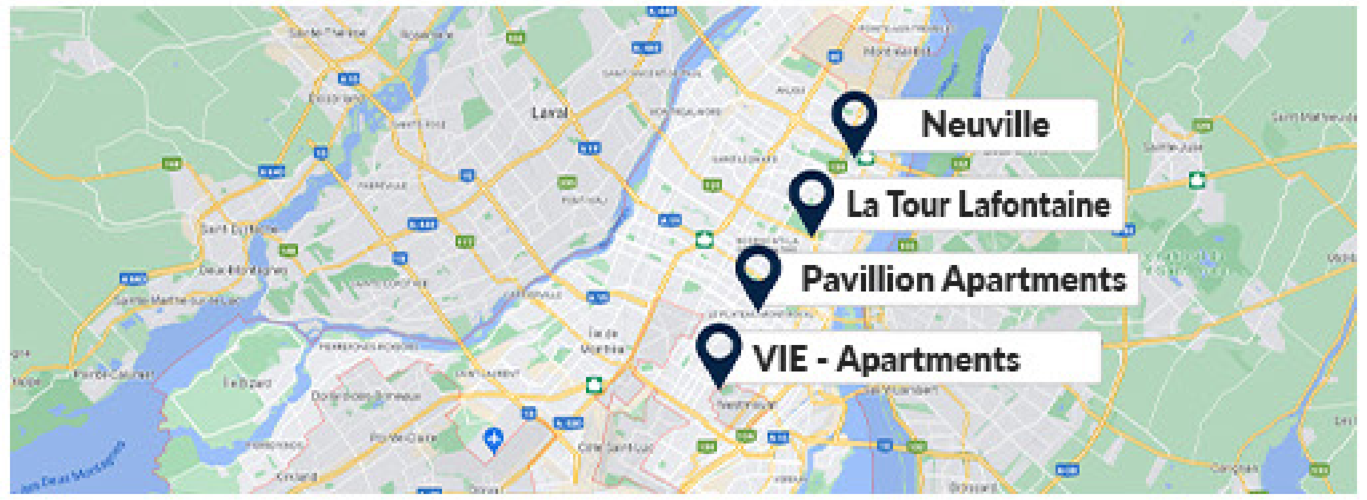
OUR STAKEHOLDERS

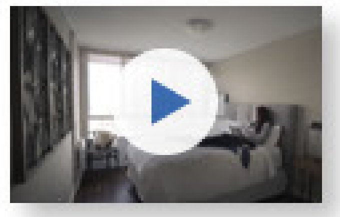
05 OUR INVESTORS

We have always prided ourselves on open dialogue and transparency with the investment community, and 2021 was no exception. Throughout the year, we hosted 124 investor meetings and shared our view on market fundamentals and life at InterRent as panelists during the RealREIT Conference, the Ottawa Real Estate Forum, and Concordia Real Estate Club's 2021 Conference.

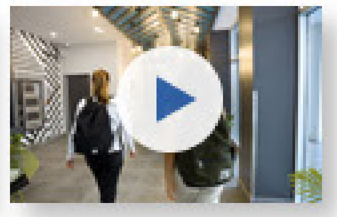
This year we also engaged with several investor associations to better understand Unitholder expectations around climate change and diversity, equity and inclusion. These discussions helped to shape the commitments we unveiled in our inaugural sustainability report and on our new microsite in 2021, and we look forward to sharing our progress update with you later this spring.

TOUR WITH US, *CHEZ VOUS*




NEUVILLE


LA TOUR LAFONTAINE


PAVILLON APARTMENTS


VIE - APARTMENTS

In the fall of 2021, we hosted institutional investors on property tours of our Greater Toronto & Hamilton Area and Greater Montreal Area communities. We've recreated the Montreal experience for all Unitholders, profitez-en!


PAUL AMIRAULT
Chairman of the Board


PAUL BOUZANIS
Chair, Capital Resources Committee


MIKE MCGAHAN
Chief Executive Officer


CHERYL PANGBORN
Chair, Human Resources and Compensation Committee


JOHN JUSSUP
Chair, Nominations and Governance Committee


RONALD LESLIE
Chair, Audit Committee

BOARD OF TRUSTEES

Our Board of Trustees is the backbone of our strong corporate governance framework. This team evaluates the management of the REIT, oversees our strategic direction, and has an overall responsibility to protect the interest of Unitholders by fostering a culture of integrity and accountability throughout the company.

In this pursuit, in 2021 the Board penned an enhanced Whistleblower policy, approved six corporate climate commitments, and brought innovation to the boardroom with a Board intelligence platform featuring enhanced security and collaboration tools.

GREAT CONVERSATIONS SPARK NEW IDEAS

Spend a moment with Sandy to learn how our Unithoilders are moving us forward.

Diversity Policy | Whistleblower Policy

Sustainability Policy | Code of Business Conduct and Ethics

InterRent REIT Management's Discussion & Analysis

For the Year Ended December 31, 2021

March 8, 2022

Pier Towers,
Hamilton, ON

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 and the acquisition of additional, accretive properties.

DECLARATION OF TRUST

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

At December 31, 2021 the Trust was in material compliance with all investment guidelines and operating policies stipulated in the DOT.

ACCOUNTING POLICIES

InterRent REIT's accounting policies are described in note 3 of the audited consolidated financial statements for the years ended December 31, 2021 and December 31, 2020.

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

NON-GAAP MEASURES

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

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

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

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

Repositioned property results are revenues, expenses and NOI from properties owned by the Trust prior to January 1, 2018.

Funds from Operations ("FFO") and Adjusted Funds from Operations ("AFFO") are financial measures commonly used by many Canadian real estate investment trusts which should not be considered as an alternative to net income, cash flow from operations, or any other operating or liquidity measure prescribed under GAAP. The Trust presents FFO and AFFO in accordance with the REALpac White Paper on Funds from Operations and Adjusted Funds from Operations for IFRS dated February 2019. Management considers FFO and AFFO a useful measure of recurring economic earnings.

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

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

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

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

COVID-19 OVERVIEW, RISK AND UPDATE

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

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

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

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

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

Operations Update:

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

Cresta Apartments, Vancouver, BC

OVERVIEW

BUSINESS OVERVIEW AND STRATEGY

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

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

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

In 2021, the Trust purchased:

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

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

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

OUTLOOK

- The immediate concern of the Trust is ensuring the health and safety of both our residents and team members and making sure operational disruptions due to COVID-19 are kept to a minimal effect on the Trust. Management remains committed to growing the REIT in a strategic and structured manner and although timing may be impacted by the current pandemic, future growth is still anticipated to come from:
  a) continuing to source properties in our core markets that allow us to build scale within these areas and apply our repositioning experience and expertise in a manner that continues to provide long term accretion for our Unitholders;
  b) continuously looking for new ways and opportunities to drive existing revenues, create new revenue streams and reduce operating costs within our portfolio;
  c) re-deploying capital from areas where management believes that properties have reached their economic peak or that the area will not allow the REIT to reach the desired level of scale;
  d) developing purpose-built rental on existing sites that have the ability to add more density; and
  e) participating in joint ventures for mixed-use sites where the REIT can add value through its experience and expertise in owning and operating multi-family rentals.
- The REIT is continuing to make progress on its four active developments as well as the evaluation of other intensification opportunities within the portfolio. The current active developments include:
  - 473 Albert Street, Ottawa – conversion of office tower to 158 residential suites: The site plan application for the development has been approved by the City of Ottawa and a final site plan agreement is being prepared by the City. The building permit received approval from the City. Demolition has been completed and exterior and interior construction is underway and on schedule. Long lead construction items have all been tendered and awarded; and, the project is approximately 80% contracted from a hard cost standpoint. The REIT anticipates partial occupancy of the building to commence in late Q3;
  - 900 Albert Street, Ottawa (TIP Albert joint venture and direct ownership) – development: The site plan application was approved by Ottawa City Council in July 2020 and the final site plan agreement is currently ongoing. The approved site plan application allows for 1,241 residential suites, 423,764 sq ft of office space, and 87,844 sq ft of retail space. The REIT continues to work with its partners and external consultants to develop detailed design plans in order to deliver an offering that reflects not only the current needs of the market but also incorporates concepts and technologies to ensure its continued relevance as rental housing needs continue to evolve;
  - Richmond & Churchill, Ottawa – development: The zoning bylaw amendment for the property has been successfully approved by the City of Ottawa to allow for a 9-storey mixed-use building, as well as an additional rooftop amenity level. The rezoning allows the REIT to develop 180 residential suites and 18,685 sq ft of commercial space on the site. The site plan application was formally approved February 2022. The REIT is working through design development, in preparation of future construction drawings and building permit applications; and,
  - Burlington GO Lands (Fairview joint venture) – development: The site plan application was submitted in Q1 2020 and comments were received from the City of Burlington staff and external agencies. A second site plan application was submitted in October 2020. The REIT, its partners, and consultants have received a full set of comments from the City addressing the prior submissions. A third site plan application was submitted in Q4 2021, along with a building permit application. Conditional site plan approval is anticipated for Q2 2022 and a shoring and excavation permit is anticipated to be issued in Q3 2022. The current submission proposes 2,514 residential suites with 39,860 sq ft of commercial space.

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

30 Edith Drive,
Toronto, ON

Q4 AND FULL YEAR PERFORMANCE HIGHLIGHTS

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

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

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

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

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

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

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

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

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

(1) Includes a parking lot with 24 parking stalls.

(2) Includes 5,661 sq ft of leasable commercial space.

Glenmore Apartments, Vancouver, BC

PORTFOLIO SUMMARY

The Trust started the year with 11,047 suites. During the year ended December 31, 2021, the Trust purchased ten income properties (totalling 926 suites) and a 50% ownership stake in twenty properties with 903 suites in Vancouver, British Columbia and Mississauga, Ontario through its two joint operations. The Trust also added a suite to a property in St. Catharines, Ontario. At December 31, 2021, the Trust owned 12,426 suites. Management continuously reviews the markets that the REIT operates in to determine if the portfolio mix remains suitable. Management believes that there are significant opportunities within the portfolio to drive rents, reduce operating costs, and streamline operations. At December 31, 2021, 81.8% of the portfolio was same property suites and 66.9% of the portfolio was repositioned property suites. We are actively seeking opportunities within our target markets, as well as evaluating other gateway cities in Canada, in order to continue to build our acquisition pipeline and grow the REIT in a fiscally prudent manner. The following chart shows our suite mix by region. InterRent's focus on recycling capital and growing its core markets of the Greater Toronto & Hamilton Area ("GTHA"), National Capital Region ("NCR"), Greater Montréal Area ("GMA"), and Greater Vancouver Area ("GVA") has resulted in approximately 85% of InterRent's suites being located in these core markets.

▼ Suites By Region at December 31, 2021

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

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

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


1924 Barclay Street,
Vancouver, BC

ANALYSIS OF OPERATING RESULTS

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

REVENUE

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

The average monthly rent across the portfolio for December 2021 increased to $1,381 per suite from $1,315 (December 2020), an increase of 5.0% and from $1,367 (September 2021), an increase of 1.0%. On a same property basis, the average rent increased by $58 per suite to $1,380 (or up 4.4%) over December 2020 and by $13 per suite (or up 1.0%) over September 2021. Management expects to continue to grow rent organically, as well as continuing to drive other ancillary revenue streams such as parking, laundry, locker rentals, and cable and telecom revenue share agreements.

▼ Average Rent By Region[1]

Region	Total Portfolio			Same Property		
	Dec 2021	Dec 2020	Change	Dec 2021	Dec 2020	Change
Greater Toronto & Hamilton Area	$1,465	$1,387	+5.6%	$1,478	$1,406	+5.1%
National Capital Region[1]	$1,457	$1,407	+3.6%	$1,459	$1,409	+3.5%
Other Ontario	$1,333	$1,275	+4.5%	$1,388	$1,313	+5.7%
Greater Montreal Area	$1,182	$1,150	+2.8%	$1,192	$1,150	+3.7%
Greater Vancouver Area	$1,660	-	-	-	-	-
Total	**$1,381**	**$1,315**	**+5.0%**	**$1,380**	**$1,322**	**+4.4%**

[1] Excludes extended stay suites.

The REIT estimates that the average market rental gap on the total portfolio under normal conditions to be in excess of 25%; however, in light of the current economic environment, the current mark to market rental gap is estimated to be approximately 20% higher than the average in-place rent of $1,381. The REIT is continuing to carefully monitor the demand in the market and will adjust rents based on balancing short-term occupancy against long term rental revenue growth.

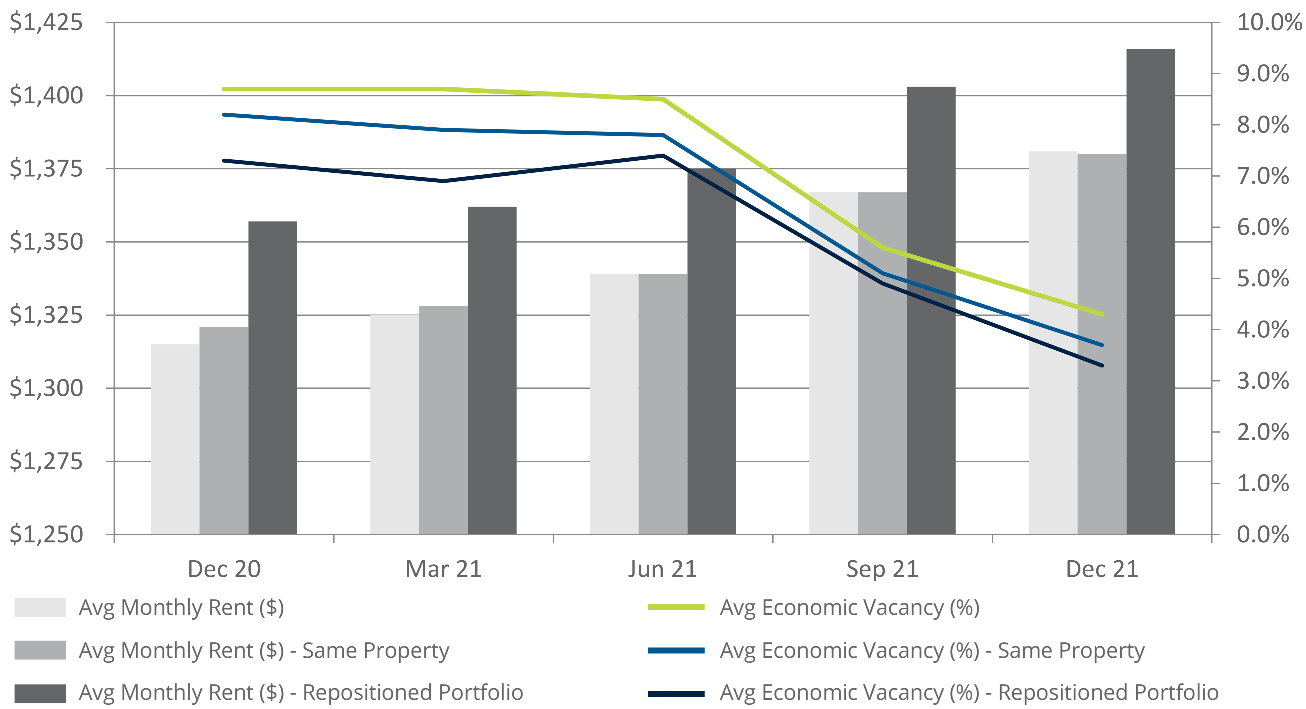
Portfolio Occupancy

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

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

This is part of the Trust's repositioning strategy to maximize rental revenues, lower operating costs and create value for Unitholders. Management intends to continue to pursue this strategy both within the existing portfolio and as it looks to add new properties within targeted regions.

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



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

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

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

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

▼ Vacancy By Region

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

Other Revenue

Other rental revenue for the year ended 2021 increased 19.0% to $12.0 million compared to $10.1 million for 2020. The increased revenues from commercial space as well as ancillary sources such as parking, laundry, locker rentals, and cable and telecom continues to be a focus as it provides organic revenue growth. For the year ended 2021, other revenue represents 6.5% of operating revenues, an increase of 20 basis points as a percentage of operating revenues from 2020.

PROPERTY OPERATING COSTS

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

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

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

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

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

PROPERTY TAXES

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

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

UTILITY COSTS

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

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

150 Allan Street,
Oakville, ON

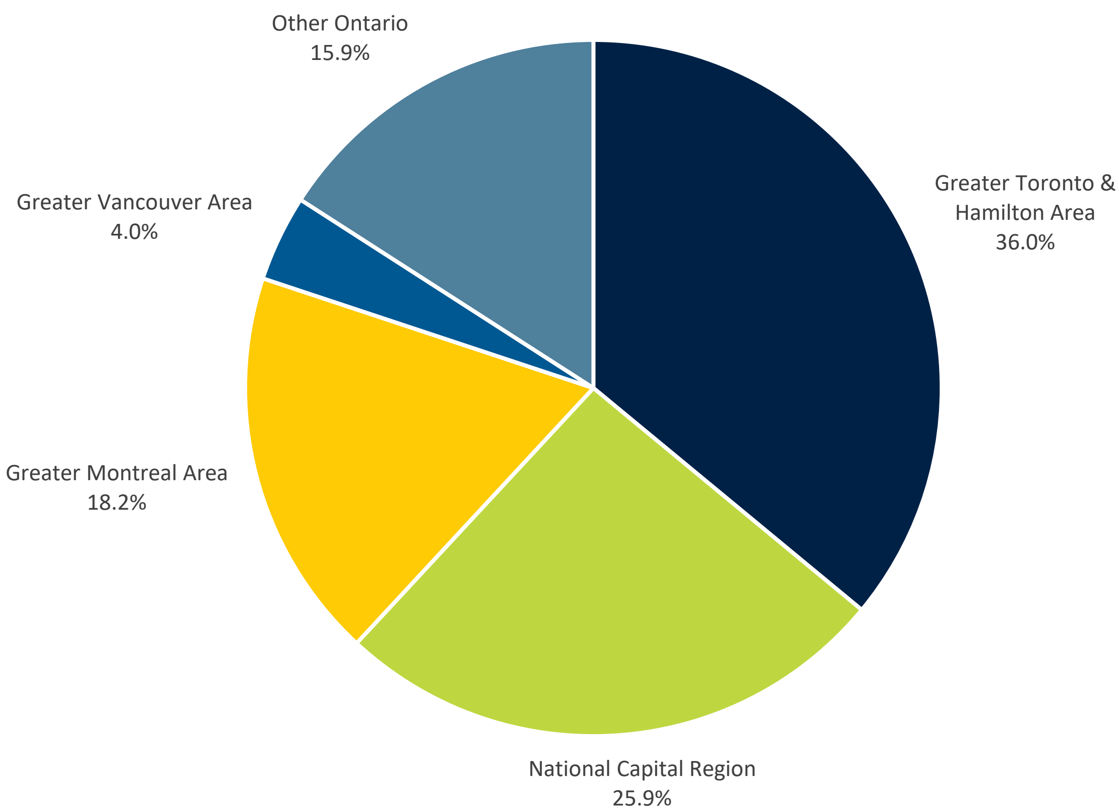
NET OPERATING INCOME (NOI)

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

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

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

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



SAME PROPERTY PORTFOLIO PERFORMANCE

Same property results for the three and twelve months ended December 31, 2021 are defined as all properties owned and operated by the Trust throughout the comparative periods being reported, and therefore do not take into account the impact on performance of acquisitions, dispositions or properties going through a lease-up period completed during the period from January 1, 2020 to December 31, 2021. As at December 31, 2021, the Trust has 10,168 suites in the same property portfolio. The same property portfolio represents 81.8% of the overall portfolio.

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

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

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

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

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

REPOSITIONED PROPERTY PORTFOLIO PERFORMANCE

The Trust's repositioning program following the acquisition of a property typically spans 3 to 4 years, depending on how significant the capital requirements are and on the resident turnover at the property. Repositioned property suites for the three months ended December 31, 2021 are defined as all properties owned and operated by the Trust prior to January 1, 2018. As at December 31, 2021, the Trust has 8,314 repositioned property suites, which represents 66.9% of the overall portfolio.

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

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

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

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

FINANCING AND ADMINISTRATIVE COSTS

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

FINANCING COSTS

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

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

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

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

Mortgage Interest

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

ADMINISTRATIVE COSTS

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

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

OTHER INCOME AND EXPENSES

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

OTHER INCOME AND FEES

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

FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTIES

The fair value of the portfolio at December 31, 2021 and 2020 was determined internally by the Trust. In order to substantiate management's valuation, the Trust engaged a leading independent national real estate appraisal firm to provide appraisals for substantially all of the portfolio at December 31, 2021 and 2020. For the year ended December 31, 2021, a fair value gain of $327.2 million was recorded on the financial statements as a result of changes in the fair value of investment properties. The weighted average capitalization rate used across the portfolio at the end of Q4 2021 was 3.86% as compared to 3.93% for Q3 2021 and 4.16% for Q4 2020.

UNREALIZED FAIR VALUE GAIN/LOSS ON FINANCIAL LIABILITIES

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

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

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

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

DISTRIBUTION EXPENSE

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

INVESTMENT PROPERTIES

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

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

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

The Trust's repositioning program following the acquisition of a property typically spans 3 to 4 years, depending on how significant the capital requirements are and on the resident turnover at the property. For the purpose of identifying capital expenditures related to properties being repositioned, for 2021 the REIT uses a cut-off of December 31, 2017. Any property purchased after this date is considered a repositioning property and capital expenditures are all part of the program to improve the property by lowering operating costs and/or enhancing revenue. For properties acquired prior to January 1, 2018, management reviews the capital expenditures to identify and allocate, to the best of its abilities, those that relate to enhancing the value of the property (either through lowering operating costs or increasing revenue) and those expenditures that relate to sustaining and maintaining the existing space. There are 8,314 suites in the REIT's portfolio that were acquired prior to January 1, 2018 and are considered repositioned properties for the purpose of calculating maintenance capital investment.

For the twelve month period ended December 31, 2021, the Trust invested $90.1 million in the portfolio compared to $55.3 million in 2020. In 2021, $36.6 million was invested in the non-repositioned properties and $11.4 million was invested in properties under development. Of the remaining $42.1 million, $34.2 million was invested in value enhancing initiatives and $7.9 million was related to sustaining and maintaining existing spaces within the repositioned portfolio. This significant level of capital expenditures allows the trust to rejuvenate multi-family supply, thereby extending the life of the properties, and creates safe living spaces that our residents can be proud to call home.

The fair value of the portfolio at December 31, 2021 and 2020 was determined internally by the Trust. In order to substantiate management's valuation, the Trust engaged a leading independent national real estate appraisal firm to provide appraisals for substantially all of the portfolio at December 31, 2021 and 2020. For the year ended December 31, 2021, a fair value gain of $327.2 million was recorded on the financial statements as a result of changes in the fair value of investment properties.

UNITHOLDERS' EQUITY

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

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

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

DISTRIBUTIONS

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

Distributions to Unitholders are as follows:

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

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

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Ottawa, ON

WEIGHTED AVERAGE NUMBER OF UNITS

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

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

[(1)] Calculated using the treasury method.

PERFORMANCE MEASURES

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

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

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

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

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

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

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

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

(1) Includes distributions on LP Class B units

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

CASH FROM OPERATING ACTIVITIES AND CASH DISTRIBUTIONS

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

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

[1] Includes distributions on LP Class B units

For the three and twelve months ended December 31, 2021, cash flows from operating activities exceeded distributions paid by $35.6 million and $66.5 million, respectively. Net income is not used as a proxy for distributions as it includes fair value changes on investment properties and fair value change on financial instruments, which are not reflective of the Trust's ability to make distributions. Amounts retained in excess of the declared distributions are used to fund acquisitions and capital expenditure requirements.

Landmark Place, Hamilton, ON

QUARTERLY PERFORMANCE HIGHLIGHTS

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

[(1)] Last month of the quarter

LIQUIDITY AND CAPITAL RESOURCES

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

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

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

INTEREST AND DEBT SERVICE COVERAGE

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

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

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

MORTGAGE AND DEBT SCHEDULE

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

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

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

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

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

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

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

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

- A $2.0 million demand credit facility with a Canadian chartered bank secured by a general security agreement. Interest is charged at a floating rate plus a pre-defined spread. As at December 31, 2021, the Trust had utilized $0.4 million of this facility.
- A $55.0 million term credit facility, maturing in 2022, with a Canadian chartered bank secured by a general security agreement and second collateral mortgages on nine of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread. As at December 31, 2021, the Trust had had utilized $53.6 million of this facility.
- A $15.0 million term credit facility, maturing in 2023, with a Canadian chartered bank secured by a general security agreement, a first mortgage on one of the Trust's properties and second collateral mortgages on one of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread. As at December 31, 2021, the Trust had utilized $0.5 million of this facility.
- A $100.0 million term credit facility, maturing in 2024, with a Canadian chartered bank secured by a general security agreement, first mortgages on two of the Trust's properties and second collateral mortgages on four of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread for prime advances and banker's acceptances. As at December 31, 2021, the Trust had utilized $86.0 million of this facility.

ACCOUNTING

FUTURE ACCOUNTING CHANGES

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

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

RISKS AND UNCERTAINTIES

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

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

Current Economic Risks

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

Real Estate Industry Risk

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

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

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

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

Multi-Unit Residential Sector Risk

Income producing properties generate income through rent payments made by residents of the properties. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the resident replaced. The terms of any subsequent lease may be less favourable to the Trust than the existing lease. The Trust is dependent on leasing markets to ensure vacant residential space is leased, expiring leases are renewed and new residents are found to fill vacancies. A disruption in the economy could have a significant impact on how much space residents will lease and the rental rates paid by residents. This would affect the income produced by the Trust's properties as a result of downward pressure on rents.

Environmental Risks

As an owner and manager of real property, the Trust is subject to various Canadian federal, provincial, and municipal laws relating to environmental matters. These laws could encumber the Trust with liability for the costs of removal and remediation of certain hazardous substances or wastes released or deposited on or in its properties or disposed of at other locations. The failure to remove or remediate such substances, if any, could adversely affect the Trust's ability to sell its real estate, or to borrow using real estate as collateral, and could potentially also result in claims or other proceedings against the Trust. Although the Trust is not aware of any material non-compliance with environmental laws at any of its properties nor is it aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties or any material pending or threatened claims relating to environmental conditions at its properties, no assurance can be given that environmental laws will not result in significant liability to the Trust in the future or otherwise adversely affect the Trust's business, financial condition or results of operations. The Trust has formal policies and procedures to review and monitor environmental exposure. The Trust has made, and will continue to make, the necessary capital expenditures for compliance with environmental laws and regulations. Environmental laws and regulations can change rapidly and the Trust may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have a material adverse effect on the Trust's business, financial condition or results of operation.

Competition Risk

Each segment of the real estate business is competitive. Numerous other residential developers and apartment owners compete in seeking residents. Although the Trust's strategy is to own multi-residential properties in desirable locations in each market in which it operates, some of the properties of the Trust's competitors may be newer, better located or better capitalized. The existence of alternative housing could have a material adverse effect on the Trust's ability to lease space in its properties and on the rents charged or concessions granted, and could adversely affect the Trust's revenues and its ability to meet its obligations.

General Uninsured Losses

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

Credit Risk - Leases

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

Local Real Estate Market Risk and Asset Concentration

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

Rent Control Legislation Risk

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

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

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

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

Utility and Property Tax Risk

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

Operational Risk

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

Renovation Risks

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

Fluctuations and Availability of Cash Distributions

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

Cyber Security Risk

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

Market Price of Units

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

Legal Rights Normally Associated with the Ownership of Shares of a Corporation

As holders of Units, Unitholders do not have all of the statutory rights normally associated with ownership of shares of a company including, for example, the right to bring "oppression" or "derivative" actions against the Trust. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Ac*t (Canada) and are not insured under the provisions of that Act or any other legislation. Furthermore, the Trust is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Ability of Unitholders to Redeem Units

It is anticipated that the redemption right attached to the Units will not be the primary mechanism by which holders of such Units liquidate their investments. The entitlement of holders of Units to receive cash upon the redemption of their Units is subject to the limitations that: (i) the total amount payable by the Trust in respect of such Units and all other Units tendered for redemption in the same calendar month shall not exceed $50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) at the time such Units are tendered for redemption, the outstanding Units shall be listed for trading on a stock exchange or traded or quoted on another market which the Trustees consider, in their sole discretion provides representative fair market value prices for such Units; and (iii) the normal trading of the Units is not suspended or halted on any stock exchange on which the Units are listed for trading or, if not so listed, on any market on which the Units are quoted for trading, on the redemption date or for more than five trading days during the ten trading day period ending on the redemption date.

Regulatory Approvals Risk

Upon a redemption of Units or termination of the Trust, the Trustees may distribute securities directly to the Unitholders, subject to obtaining any required regulatory approvals. No established market may exist for the securities so distributed at the time of the distribution and no market may ever develop. In addition, the securities so distributed may not be qualified investments for Mutual Fund Plans (Plans), depending upon the circumstances at the time.

Changes in Legislation

There can be no assurance that the Canadian federal income tax laws (or the judicial interpretation thereof), the administrative and/or assessing practices of the Canadian Revenue Agency (CRA) and/or the treatment of mutual fund trusts (including real estate investment trusts) and/or SIFT trusts (as defined below) will not be changed in a manner which adversely affects the Trust or Unitholders.

SIFT Rules

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

The REIT Exception

Based on a review of the Trust's assets and revenues, management believes that the Trust satisfied the tests to qualify for the REIT Exception throughout 2021 and therefore the SIFT Rules will have no application and the Trust and its Unitholders will not, directly or indirectly, be subject to tax imposed by the SIFT Rules. However, as the REIT exemption includes complex revenue and asset tests no assurances can be provided that the Trust will continue to qualify for any subsequent year.

In the unlikely event that the Trust does not qualify for the REIT Exception, distributions of income may be treated by the Trust as distributions of capital which are not taxed and instead reduce the adjusted cost base of the Unitholder's Units.

The REIT Exception is applied on an annual basis. Accordingly, if the Trust did not qualify for the REIT Exception in a particular Taxation Year, it may be possible to restructure the Trust such that it may qualify in a subsequent Taxation Year. There can be no assurances, however, that the Trust will be able to restructure such that it will not be subject to the tax imposed by the SIFT Rules, or that any such restructuring, if implemented, would not result in material costs or other adverse consequences to the Trust and Unitholders. The Trust intends to take such steps as are necessary to ensure that, to the extent possible, it qualifies for the REIT Exception and any negative effects of the SIFT Rules on the Trust and Unitholders are minimized.

Other Canadian Tax Matters

Although the Trust is of the view that all expenses to be claimed by the Trust and/or its subsidiary entities will be reasonable and deductible and that the cost amount and capital cost allowance claims of such entities will have been correctly determined, there can be no assurance that the Tax Act or the interpretation of the Tax Act will not change, or that the CRA will agree. If the CRA successfully challenges the deductibility of such expenses, the taxable income of the Trust and/or its subsidiary entities and indirectly the Unitholders may increase or change. The extent to which distributions will be non-taxable in the future will depend in part on the extent to which the Trust and/or its subsidiary entities is able to deduct capital cost allowance relating to its Properties.

In structuring its affairs, the Trust consults with its tax and legal advisors and receives advice as to the optimal method in which to complete its business objectives while at the same time minimizing or deferring taxes, where possible. There is no guarantee that the relevant taxing authorities will not take a different view as to the ability of the Trust to utilize these strategies. It is possible that one or more taxing authorities may review these strategies and determine that tax should have been paid, in which case the Trust may be liable for such taxes. Such increased tax liability could have a material adverse effect upon the Trust's ability to make distributions to Unitholders.

Investment Eligibility

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

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

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

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

Unitholders Limited Liability

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

Structural Subordination of Debt

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

Statutory Remedies

The Trust is not a legally recognized entity within the relevant definitions of the *Bankruptcy and Insolvency Act*, the *Companies' Creditors Arrangement Ac*t and in some cases, the *Winding Up and Restructuring Act*. As a result, in the event a restructuring of the Trust were necessary, the Trust would not be able to access the remedies available thereunder. In the event of a restructuring, a holder of debentures may be in a different position than a holder of secured indebtedness of a corporation.

Outstanding Indebtedness

The ability of the Trust to make cash distributions to Unitholders or to make other payments are subject to applicable law and contractual restrictions contained in instruments governing the Trust's indebtedness. Although the Trust is currently not in default under any existing loan agreements or guarantee agreements, any future default could have significant consequences for Unitholders. Further, the amount of the Trust's indebtedness could have significant consequences to holders of Units, including the ability of the Trust to obtain additional financing for working capital, capital expenditures or future acquisitions may be limited; and that a significant portion of the Trust's cash flow from operations may be dedicated to the payment of principal and interest on its indebtedness thereby reducing funds available for future operations and distributions. Additionally, some of The Trust's debt may be at variable rates of interest or may be renewed at higher rates of interest, which may affect cash flow from operations available for distributions. Also, in the event of a significant economic downtown, there can be no assurance that the Trust will generate sufficient cash flow from operations to meet required interest and principal payments. The Trust is subject to the risk that it may not be able to refinance existing indebtedness upon maturity or that the terms of such refinancing may be onerous. These factors may adversely affect the Trust's cash distributions.

Pandemic Risk and Economic Downturn

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

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

Volatility Resulting from the Current Conflict in Ukraine

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

Dependence on Key Personnel

The management of the Trust depends on the services of certain key personnel. The termination of employment by any of these key personnel could have a material adverse effect on the Trust.

Potential Conflicts of Interest

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

Dilution

The number of Units the Trust is authorized to issue is unlimited. The Trustees have the discretion to issue additional Units in other circumstances, including pursuant to the Unit Option Plan, the Deferred Unit Plan and the Long Term Incentive Plan and upon conversion or exercise of other convertible securities. Any issuance of additional Units may have a dilutive effect on the existing holders of the Units. Future acquisitions and combinations with other entities could result in significant dilution.

Restrictions on Potential Growth and Reliance on Credit Facilities

The payout by the Trust of a substantial part of its operating cash flow could adversely affect the Trust's ability to grow unless it can obtain additional financing. Such financing may not be available, or renewable, on attractive terms or at all. In addition, if current credit facilities were to be cancelled or could not be renewed at maturity on similar terms, the Trust could be materially and adversely affected.

Proposed Property Acquisitions

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

Property Acquisition Risks

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

Interest Risk

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

Appraisals of Properties

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

Joint Arrangements

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

Zoning and Approval

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

Debt and Distributable Income

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

Legal Proceedings

In the normal course of operations, the Trust may become subject to a variety of legal and other claims. Management and legal counsel evaluate all claims on their apparent merits, and accrue management's best estimate of the estimated costs to satisfy such claims.

Financial Risk Management and Financial Instruments

a) Overview

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

b) Credit Risk

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

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

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

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

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

c) Liquidity Risk

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

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

Note 9 in the December 31, 2021 consolidated financial statements reflects the contractual maturities for mortgage payable of the Trust at December 31, 2021, excluding interest payments. The Trust continues to refinance the outstanding debts as they mature. Given the Trust's available credit and its available liquid resources from both financial assets and on-going operations, management assesses the Trust's liquidity risk to be low.

d) Fair Value

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

The fair value of the mortgages payable has been determined by discounting the cash flows using current market rates of similar instruments. These estimates are subjective in nature and therefore cannot be determined with precision. The fair value of mortgages payable and credit facilities is approximately $1,543 million as at December 31, 2021 excluding any deferred financing costs.

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

e) Market Risk

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

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

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

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

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Pursuant to Canadian Securities Administrators requirements 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, InterRent REIT's Chief Executive Officer and Chief Financial Officer have satisfied themselves that as at December 31, 2021:

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

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

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

SUBSEQUENT EVENTS

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

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

OUTSTANDING SECURITIES DATA

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

ADDITIONAL INFORMATION

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

InterRent Real Estate Investment Trust

Consolidated Financial Statements

For the Years Ended December 31, 2021 and 2020

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of InterRent Real Estate Investment Trust

Opinion

We have audited the consolidated financial statements of InterRent Real Estate Investment Trust and its subsidiaries, (the "Trust"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020 and the consolidated statements of income, changes in unitholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Trust as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair Value of Income Properties

Refer to consolidated financial statements note 2 - Basis of presentation - Critical accounting estimates, note 3 - Significant accounting policies - Critical judgments in applying accounting policies, and note 4 - Investment properties.

The fair market value of income properties as at December 31, 2021 is $3,998,193, which represents approximately 97% of total assets. Management used an internal valuation model based on the direct capitalization income approach to determine the fair value of income properties as at December 31, 2021. Management engaged an external valuation expert to provide appraisals for substantially all of the income properties held as at December 31, 2021 and a summary of major assumptions and market data by city to validate its internal model.

We identified the valuation of fair value of income properties as a key audit matter because management made significant assumptions relating to the capitalization rate, vacancy rate, and forecasted stabilized net operating income of each income property used in its internal model. These significant assumptions involve a high degree of estimation uncertainty and complexity. This has resulted in significant audit effort, including the use of valuation specialists and a high degree of auditor judgment and subjectivity to evaluate the audit evidence obtained.

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How our audit addressed the Key Audit Matter

Our audit procedures related to the valuation of income properties included the following, among others:

- We evaluated the appropriateness of the underlying data used in the calculation of stabilized net operating income, used in management's direct capitalization method.

- We assessed the competency and objectivity of those involved in the valuation of income properties, including management's internal valuation team and management's external valuation specialists, by considering their qualifications and expertise.

- We compared the forecasted stabilized net operating income from management's prior year internal valuation model to the actual results.

- For a sample of properties, we utilized an internal valuation specialist to assist in:

    - Developing independent ranges for management's assumptions and estimates from comparable market benchmarks for similar assets in similar locations; and

    - Evaluating the appropriateness of assumptions used by management including the capitalization rate, vacancy rate, and forecasted stabilized net operating income by comparing them to independent regional market data, industry averages, and improved comparable sales.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

- The information, other than the consolidated financial statements and our auditor's report thereon, included in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of this auditor's report. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Trust to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Grand Lui.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
March 8, 2022
Toronto, Ontario

InterRent Real Estate Investment Trust

Consolidated Balance Sheets
(Cdn $ Thousands)

	Note	**December 31, 2021**	December 31, 2020
Assets			
Investment properties	4	**$ 4,062,593**	$ 3,106,240
Investment in joint ventures	6	**30,399**	28,012
Prepaids and deposits		**2,855**	11,395
Receivables and other assets	8	**20,788**	16,758
Cash		**2,064**	51,642
Total assets		**$ 4,118,699**	$ 3,214,047
Liabilities			
Mortgages payable	9	**$ 1,371,577**	$ 999,595
Credit facilities	10	**140,495**	-
Class B LP unit liability	12	**59,040**	46,694
Unit-based compensation liabilities	13	**70,492**	58,200
Lease liabilities		**1,548**	-
Tenant rental deposits		**16,654**	13,338
Accounts payable and accrued liabilities	11	**38,890**	27,449
Total liabilities		**1,698,696**	1,145,276
Unitholders' equity			
Unit capital	15	**1,030,780**	1,003,526
Retained earnings		**1,389,223**	1,065,245
Total unitholders' equity		**2,420,003**	2,068,771
Total liabilities and unitholders' equity		**$ 4,118,699**	**$ 3,214,047**

Commitments and contingencies (note 25)

Subsequent events (note 26)

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Trust	*Ronald Leslie*	*Michael McGahan*
	Trustee	Trustee

InterRent Real Estate Investment Trust

Consolidated Statements of Income
For the Years Ended December 31
(Cdn $ Thousands)

	Note		2021		2020
Operating revenues					
Revenue from investment properties	16	**$**	**185,148**	$	159,955
Operating expenses					
Property operating costs			**30,853**		26,550
Property taxes			**21,857**		19,405
Utilities			**14,780**		11,861
Total operating expenses			**67,490**		57,816
Net operating income			**117,658**		102,139
Financing costs	17		**30,769**		26,331
Administrative costs			**13,216**		11,599
Income before other income and expenses			**73,673**		64,209
Other income and expenses					
Fair value adjustments on investment properties	4		**327,208**		70,110
Other income and fees			**605**		-
Income from investment in joint ventures	6		**39**		40
Other fair value gains/(losses)	18		**(29,229)**		18,736
Interest on units classified as financial liabilities	19		**(2,610)**		(2,447)
Net income for the year		**$**	**369,686**	$	150,648

The accompanying notes are an integral part of these consolidated financial statements.

InterRent Real Estate Investment Trust

Consolidated Statements of Changes in Unitholders' Equity
For the Years Ended December 31
(Cdn $ Thousands)

	Trust units	Cumulative profit	Cumulative distributions to Unitholders	Retained earnings	Total Unitholders' equity
Balance, January 1, 2020	$ 766,282	$ 1,100,427	$ (144,773)	$ 955,654	$ 1,721,936
Units issued (note 15)	237,244	-	-	-	237,244
Net income for the year	-	150,648	-	150,648	150,648
Distributions declared to Unitholders	-	-	(41,057)	(41,057)	(41,057)
Balance, December 31, 2020	**$ 1,003,526**	**$ 1,251,075**	**$ (185,830)**	**$ 1,065,245**	**$ 2,068,771**
Balance, January 1, 2021	$ 1,003,526	$ 1,251,075	$ (185,830)	$ 1,065,245	$ 2,068,771
Units issued (note 15)	27,254	-	-	-	27,254
Net income for the year	-	369,686	-	369,686	369,686
Distributions declared to Unitholders	-	-	(45,708)	(45,708)	(45,708)
Balance, December 31, 2021	**$ 1,030,780**	**$ 1,620,761**	**$ (231,538)**	**$ 1,389,223**	**$ 2,420,003**

The accompanying notes are an integral part of these consolidated financial statements.

InterRent Real Estate Investment Trust

Consolidated Statements of Cash Flows
For the Years Ended December 31
(Cdn $ Thousands)

	Note		2021		2020
Cash flows from (used in) operating activities					
Net income for the period		**$**	**369,686**	$	150,648
Add items not affecting cash					
Income from investment in joint ventures	6		**(39)**		(40)
Amortization			**908**		642
Fair value adjustments on investment properties	4		**(327,208)**		(70,110)
Other fair value (gains)/losses	18		**29,229**		(18,736)
Unit-based compensation expense	13		**6,234**		6,927
Financing costs	17		**30,769**		26,331
Interest expense	17		**(29,923)**		(25,309)
Tenant inducements			**4,307**		921
			83,963		71,274
Net income items related to financing activities	19		**1,119**		1,066
Changes in non-cash operating assets and liabilities	20		**10,938**		(10,397)
Cash from operating activities			**96,020**		61,943
Cash flows from (used in) investing activities					
Acquisition of investment properties	5		**(517,851)**		(228,911)
Investment in joint venture	6		**(2,348)**		(2,772)
Other investments			**(250)**		-
Additions to investment properties	4		**(85,271)**		(59,025)
Cash used in investing activities			**(605,720)**		(290,708)
Cash flows from (used in) financing activities					
Mortgage and loan repayments	20		**(40,449)**		(185,944)
Mortgage advances	20		**393,041**		305,139
Financing fees			**(2,357)**		(5,701)
Credit facility advances/(repayments)	20		**140,495**		(26,865)
Principal repayments on lease liabilities			**(79)**		-
Trust units issued, net of issue costs	13, 15		**2,875**		220,921
Deferred units purchased and cancelled	13, 15		**(3,925)**		(908)
Interest paid on units classified as financial liabilities	19		**(1,119)**		(1,066)
Distributions paid	20		**(28,360)**		(25,922)
Cash from financing activities			**460,122**		279,654
Increase (decrease) in cash during the period			**(49,578)**		50,889
Cash at the beginning of period			**51,642**		753
Cash at end of period		**$**	**2,064**	$	51,642

The accompanying notes are an integral part of these consolidated financial statements.

1. ORGANIZATIONAL INFORMATION

InterRent Real Estate Investment Trust (the “Trust” or the "REIT") is an unincorporated, open-ended real estate investment trust created pursuant to a Declaration of Trust, dated October 10, 2006, and most recently amended and restated on May 21, 2019, under the laws of the Province of Ontario.

The Trust was created to invest in income producing residential properties within Canada. InterRent REIT Trust Units are listed on the Toronto Stock Exchange under the symbol IIP.UN. The registered office of the Trust and its head office operations are located at 485 Bank Street, Suite 207, Ottawa, Ontario, K2P 1Z2.

These consolidated financial statements were authorized for issuance by the Trustees of the Trust on March 8, 2022.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The accounting policies set out below have been applied consistently to all periods presented.

Basis of presentation

The Trust presents its consolidated balance sheets based on the liquidity method, whereby all assets and liabilities are presented in increasing order of liquidity. The notes to the consolidated financial statements distinguish between current and non-current assets and liabilities. Current assets and liabilities are those expected to be recovered or settled within one year from the reporting period, and non-current assets and liabilities are those where the recovery or settlement is expected to be greater than a year from the reporting period.

These consolidated financial statements have been prepared on a historical cost basis except for:

i) Investment properties, which are measured at fair value (except for investment properties under development where fair value is not reliably determinable);
ii) Financial assets and financial liabilities classified as “fair value through profit and loss”, which are measured at fair value; and
iii) Unit-based compensation liabilities and Class B LP unit liability which are measured at fair value.

The Trust has not presented a statement of comprehensive income as there is no other comprehensive income.

Basis of consolidation

The consolidated financial statements include the accounts of the Trust and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation. Subsidiaries are entities over which the Trust has control and are consolidated from the date control commences until control ceases. Control is achieved when the Trust has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

2. BASIS OF PRESENTATION (Continued)

Functional currency

The Trust and its subsidiaries' functional currency is Canadian dollars and all figures are rounded to the nearest thousand except when otherwise noted.

Critical accounting estimates and judgments in applying accounting policies

The preparation of these consolidated financial statements requires management to apply judgment when making estimates and assumptions that have a risk of causing material adjustment to the reported amounts recognized in the consolidated financial statements. Estimates made by management are based on events and circumstances at the balance sheet date. Accordingly actual results may differ from these estimates.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The duration and impact of the COVID-19 pandemic on the Trust is unknown at this time. As such, it is not possible to reliably estimate the length and severity of COVID-19 related impacts on the financial results and operations of the Trust. Any estimates are therefore subject to significant uncertainty, and may materially and adversely affect the Trust’s operations and financial results.

In light of the COVID-19 pandemic, management has made judgments in determining the valuation inputs used in its internal valuation model to measure fair value of investment properties. There has not been a structural shift in the supply or demand of multifamily housing as a result of the pandemic that would necessitate any changes in the valuation methodologies. The carrying value for the Trust’s investment properties reflects its best estimate for the highest and best use as at December 31, 2021 (note 4).

Investment properties

Investment properties, except for investment properties under development where fair value is not reliably determinable, are re-measured to fair value at each reporting date, determined based on internal valuation models incorporating market evidence and valuations performed by third-party appraisers. When estimating the fair value of investment properties, management makes multiple estimates and assumptions that have a significant effect on the measurement of investment properties. Estimates used in determining the fair value of the investment properties include capitalization rates, inflation rates, turnover estimates, market rent, vacancy rates, standard costs and stabilized net operating income used in the overall capitalization rate valuation method as well as direct comparison model for vacant land held for development.

2. BASIS OF PRESENTATION (Continued)

Financial liabilities

The fair value measurement of the Class B LP unit and unit-based compensation liabilities require management to make estimates and assumptions that affect the reported amount of the liabilities and the corresponding compensation expense, and gain or loss on changes in fair value. Estimates and assumptions used in determining the fair value of these liabilities include the expected life of the instruments and the volatility of the Trust's unit prices.

3. SIGNIFICANT ACCOUNTING POLICIES

Property asset acquisitions

At the time of acquisition of a property or a portfolio of investment properties, the Trust evaluates whether the acquisition is a business combination or asset acquisition. IFRS 3 is only applicable if it is considered that a business has been acquired. A business, according to IFRS 3, is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to the Trust. When an acquisition does not represent a business as defined under IFRS 3, the Trust classifies these properties or a portfolio of properties as an asset acquisition. Identifiable assets acquired and liabilities assumed in an asset acquisition are measured initially at their relative fair values at the acquisition date. Acquisition-related transaction costs are capitalized to the property.

Investment properties

The Trust uses the fair value method to account for real estate classified as investment properties. The Trust's investment properties include multi-family residential properties that are held to earn rental income, capital appreciation, or both or properties (including land) that are being developed or redeveloped for future use as investment properties. Investment properties acquired through an asset purchase are initially recognized at cost, which includes all amounts directly related to the acquisition of the properties. Investment properties acquired through a business combination are recognized at fair value. All costs associated with upgrading and extending the economic life of the existing properties, other than ordinary repairs and maintenance, are capitalized to investment properties.

Investment properties are re-measured to fair value at each reporting date in accordance with International Accounting Standard 40 - Investment Property ("IAS 40"). Fair value is determined based on internal valuation models incorporating market evidence and valuations performed by third-party appraisers. Changes in the fair value of investment properties are recorded in the consolidated statement of income in the period in which they arise. Investment properties are not amortized.

Investment properties under development

Properties under development include properties that are undergoing activities that will take a substantial period of time and effort to complete in order to prepare the property for its intended use to earn rental income. The cost of development properties includes the cost of acquiring the property and direct development costs, realty taxes and borrowing costs directly attributable to the development. Capitalization of costs continue until all activities necessary to prepare the property for its intended use as a rental property are substantially complete. Land held for development is transferred to investment properties under development when development type of activities begin that will change the property condition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under the requirements of IAS 40, an investment property under development is measured at fair value at each reporting date, with the recognition of gains or losses in the consolidated statement of income. If the fair value of an investment property under development is not reliably determinable, but the Trust expects the fair value of the property to be reliably determinable when development is complete, it measures that investment property under development at cost until either its fair value becomes reliably determinable or development is completed (whichever is earlier).

Joint Arrangements

The Trust enters into joint arrangements which include joint ventures and joint operations. A joint arrangement is an arrangement pursuant to which the Trust and other parties undertake an economic activity that is subject to joint control. Joint control exists when the joint arrangements require the unanimous consent of the parties sharing control for decisions about relevant activities.

Investment in joint ventures

Joint arrangements that involve the establishment of a separate entity in which parties to the arrangement have joint control over the economic activity of the entity and rights to the net assets are referred to as a joint venture.

The Trust's investments in joint ventures are accounted for using the equity method. Under the equity method, the investment in a joint ventures is initially recognized at cost, which includes cost directly attributable to the acquisition. The carrying amount of the investment is adjusted to recognize changes in the Trust's share of net assets of the joint ventures since the acquisition date less any identified impairment loss. Distributions received from a joint ventures reduce the carrying amount of the investment. The consolidated statement of income reflects the Trust’s share of the results of operations of the joint ventures.

If the Trust's share of losses of a joint ventures exceeds the Trust's interest in that joint ventures, the Trust discontinues recognizing its share of further losses, unless it has undertaken obligations or made payments on behalf of the joint ventures.

Joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The Trust records only its proportionate share of the assets, liabilities and the results of operations of the joint operation. The assets, liabilities and results of joint operations are included within the respective line items of the consolidated balance sheets and consolidated statements of income.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue from investment properties includes rents from tenants under leases, parking, laundry and other ancillary revenues. Most leases are for one-year terms or less; consequently, the Trust accounts for leases with its tenants as operating leases as the Trust has retained substantially all of the risks and benefits of ownership of its investment properties. Lease revenue earned directly from leasing the asset is recognized and measured in accordance with IFRS 16 – Leases. In addition to revenue generated directly from the operating lease, rental revenue includes non-lease revenue earned from the tenant, which is recognized and measured under IFRS 15. Non-lease revenue includes laundry, income earned from telephone and cable providers, commercial common area maintenance and ancillary services. These revenues are recognized when earned.

Any gain or loss from the sale of an investment property is recognized when the significant risks and rewards have been transferred to the buyer (usually at the time when title passes to the purchaser).

Tenant inducements such as free rent or move-in allowances are initially deferred and included in other assets. The balance is amortized over the term of the related lease, reducing the revenue recognized. In the event that a tenant vacates its leased space prior to the contractual term of the lease, any unamortized balance is recorded as an expense in the consolidated statement of income.

Compensation is earned from project and property management services provided to the jointly controlled properties and is recorded in other income and fees as the services are provided.

IFRS 15 requires revenue recognized from customer contracts (non-lease components) to be disclosed separately from its other sources of revenue (note 16).

Financial instruments

The Trust recognizes financial assets and financial liabilities when the Trust becomes a party to a contract. Financial assets and financial liabilities, with the exception of financial assets and financial liabilities classified as fair value through profit or loss, are measured at fair value plus or minus transaction costs on initial recognition. Financial assets and financial liabilities at fair value through profit or loss are measured at fair value on initial recognition and transaction costs are expensed when incurred.

The following summarizes the Trust's classification and measurement of financial assets and financial liabilities:

- Cash, rents and other receivables and loan receivable long-term incentive plan, are classified as amortized cost.
- Interest rate swaps are classified as fair value through profit and loss.
- Mortgages and loans payable, credit facilities, tenant rental deposits and accounts payable and accrued liabilities are classified as amortized cost.
- Class B LP unit liability and unit-based compensation liabilities are classified as fair value through profit and loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement in subsequent periods depends on the classification of the financial instrument:

Financial assets at amortized cost

Cash, rents and other receivables, and loan receivable long-term incentive plan are held with the objective of collecting contractual cash flows and classified as amortized cost.

Subsequent to initial recognition, these assets are carried at amortized cost, using the effective interest method, less any impairment loss. The carrying amount of the financial asset is reduced through an allowance account, and the amount of the loss is recognized in the consolidated statement of income. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Financial assets at FVTPL

Derivative financial assets, consisting of an interest rate swap, are classified as FVTPL and are measured at fair value, with changes recognized in the consolidated statement of income.

Financial liabilities at amortized cost

Credit facilities, accounts payable and accrued liabilities, tenant rental deposits and mortgages and loans payable are classified as amortized cost.

Subsequent to initial recognition, these liabilities are carried at amortized cost, using the effective interest method. The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all transaction costs and other premiums or discounts) through the expected life of the debt instrument to the net carrying amount on initial recognition.

Financial liabilities at FVTPL

Financial liabilities are classified as FVTPL if it is classified as held for trading, or they are derivative liabilities. Financial liabilities classified as FVTPL are measured at fair value, with changes recognized in the consolidated statement of income.

The Class B LP unit liability and unit-based compensation liability are measured at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

At each reporting date, each financial asset measured at amortized cost is assessed for impairment under an expected credit loss (ECL) model. The Trust applies the simplified approach which uses lifetime ECLs for contractual rents receivable and the general approach for other and loans receivable.

The Trust uses an accounts receivable aging provision matrix to measure the ECL for contractual rents receivable and applies loss factors to aging categories greater than 30 days past due.

Other receivables and loans receivables are classified as impaired when there is objective evidence that the full carrying amount of the loan or mortgage receivable is not collectible.

Fair value measurement

The Trust measures certain financial instruments and non-financial assets, such as investment properties, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interests. A fair value measurement on a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Trust uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted prices in active markets for identical assets or liabilities
- Level 2: Quoted prices in active markets for similar assets or liabilities or valuation techniques where significant inputs are based on either directly or indirectly observable market data
- Level 3: Valuation techniques for which any significant input is unobservable

Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the change occurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases, the Trust as a lessee

At the inception of a contract, the Trust assesses whether a contract is, or contains, a lease by assessing if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration using the definition of a lease in IFRS 16. The Trust recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, however it applies the recognition exemptions for leases of low-value assets and short-term leases with a lease term of 12 months or less.

Right-of-use assets are measured at cost less any accumulated amortization and are included within receivables and other assets. Such right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities are measured at the present value of lease payments to be made over the lease term less any variable payments and lease incentives receivable. Variable payments are recognized as an expense in the period in which the event or condition that triggers the payment occurs. After the commencement date, the amount of the lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments, or a change in the assessment to the purchase underlying asset.

Trust units

Effective December 29, 2010, changes were made to the Declaration of Trust so that distributions are made at the discretion of the Trustees. Subsequent to this change the trust units, while still defined as a liability, meet the conditions that permit classification as equity. At this time, the trust units were reclassified from liabilities to unitholders' equity. The carrying value of the trust units reflects their fair value on the date of the reclassification to unitholders' equity. As a result of the redemption feature of the trust units, these units are not considered equity for the purposes of calculating net income on a per unit basis under IAS 33 Earnings per Share. Accordingly, the Trust has elected not to present an earnings per unit calculation, as is permitted under IFRS.

Class B LP unit liability

The Class B LP units are exchangeable on demand for trust units, which in turn are redeemable into cash at the option of the holder. As such, the Class B LP units are classified as a liability. Management has designated the Class B LP unit liability as FVTPL, and the Class B LP unit liability is re-measured to fair value at each reporting date with changes recorded in the consolidated statements of income. The distributions on the Class B LP units are recognized in the consolidated statements of income as interest expense.

Unit-based compensation

The Trust maintains compensation plans which include the granting of unit options and deferred units to Trustees and employees. The Trust records the expense associated with these awards over the vesting period. Unit options and deferred units are settled with the issuance of Trust Units. However, due to the fact that Trust Units are redeemable, awards of unit options and deferred units are considered to be cash-settled. As such, the fair value of unit options and deferred units are recognized as a liability and re-measured at each reporting date, with changes recognized in the consolidated statements of income. The additional deferred units earned on the deferred units granted are recognized in the consolidated statements of income as interest expense.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

Provisions are recognized when the REIT has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value when the effect is material.

Income taxes

The Trust is taxed as a Mutual Fund Trust for income tax purposes and intends to distribute its income for income tax purposes each year to Unitholders to such an extent that it would not be liable for income tax under Part I of the Income Tax Act (Canada) ("Tax Act"). Accordingly, no provision for income taxes is included in the consolidated financial statements.

Throughout 2020 and 2021, the Trust and its wholly owned subsidiaries satisfied certain conditions available to REITs (the "REIT Exception") under amendments to the Tax Act, intended to permit a corporate income tax rate of nil as long as the specified conditions continue to be met. Without satisfying these conditions, the Trust would have been liable for income taxes.

Critical judgments in applying accounting policies

In the preparation of these consolidated financial statements management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the consolidated financial statements.

Investment properties

Management makes judgments in determining the extent and frequency of independent appraisals and establishing an internal valuation model to measure fair value of investment properties. With respect to properties under development, management makes judgments to determine the reliability of fair value of investment properties undergoing development and the related costs included in the property value as well as identifying the point at which substantial completion of the property occurs. The Trust also undertakes capital improvements and upgrades and management applies judgement in determining the costs to be capitalized to investment properties.

Investment in joint arrangements

Management makes judgments to determine whether a joint arrangement should be classified as a joint venture or a joint operation and in determining whether there is any objective evidence of impairment and if so, estimating the amount of loss.

Property asset acquisitions

Management is required to apply judgment as to whether or not transactions should be accounted for as an asset acquisition or business combination. IFRS 3 Business Combinations is only applicable if it is considered that a business has been acquired. When an acquisition does not represent a business as defined under IFRS 3, the Trust classifies the transaction as an asset acquisition. All of the Trust's property acquisitions as well as the property management internalization have been accounted for as asset acquisitions.

(Cdn $ Thousands except unit amounts)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax

Deferred income taxes are not recognized in the consolidated financial statements on the basis that the Trust can deduct distributions paid such that its liability for income taxes is substantially reduced or eliminated for the year. In applying this accounting policy, management has made the judgment that Trust intends to continue to distribute its taxable income and continue to qualify as a real estate investment trust for the foreseeable future.

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.

4. INVESTMENT PROPERTIES

Investment properties include income properties, properties under development and land held for development.

	December 31, 2021	December 31, 2020
Income properties	**$ 3,998,193**	$ 3,053,856
Properties under development	**64,400**	52,384
	$ 4,062,593	$ 3,106,240

Income properties:

	December 31, 2021	December 31, 2020
Balance, beginning of year	**$ 3,053,856**	$ 2,713,669
Acquisitions (note 5)	**538,996**	217,684
Transfers to properties under development	**(639)**	-
Property capital investments	**78,772**	52,393
Fair value adjustments	**327,208**	70,110
	$ 3,998,193	$ 3,053,856

Properties under development:

Properties that are undergoing a significant amount of development work to prepare the property for use as income properties.

	December 31, 2021	December 31, 2020
Balance, beginning of year	**$ 52,384**	$ 34,673
Acquisitions (note 5)	**-**	14,839
Transfer from income properties	**639**	-
Property capital investments	**11,377**	2,872
	$ 64,400	$ 52,384

(Cdn $ Thousands except unit amounts)

4. INVESTMENT PROPERTIES (Continued)

The fair value of the income properties at December 31, 2021 and 2020 is determined internally by the Trust. The fair value methodology of the Trust's income properties is considered a level 3 valuation as significant unobservable inputs are required to determine fair value.

The Trust determined the fair value of each income property internally based upon the direct capitalization income approach method of valuation. The fair value was determined by applying a capitalization rate ("Cap Rate") to forecasted stabilized net operating income ("SNOI"), which incorporates turnover estimates, market rent adjustments, allowances for vacancy, management fees, labour and repairs and maintenance for the property. In order to substantiate management's valuation, the Trust engaged a leading independent national real estate appraisal firm to provide appraisals for substantially all of the portfolio at December 31, 2021 and 2020. These external appraisals provided the Trust with a summary of the major assumptions and market data by city (such as capitalization rate, turnover estimate and market rent adjustments) in order for the Trust to complete its internal valuations.

In reviewing the forecasted SNOI and Cap Rates, management considers many economic factors including, but not limited to, the effect that the COVID-19 pandemic has had on the major assumptions (specifically market rent adjustments, turnover estimates and allowances for vacancy).

The capitalization rate assumptions for the income properties are included in the following table:

	December 31, 2021		December 31, 2020	
	Range	**Weighted average**	**Range**	**Weighted average**
Capitalization rate	2.75% - 5.75%	3.86%	3.25% - 5.75%	4.16%

The direct capitalization income approach method of valuation requires that SNOI be divided by a Cap Rate to determine a fair value. As such, changes in both SNOI and Cap Rate could significantly alter the fair value of the investment properties. The tables below summarize the impact of changes in both SNOI and Cap Rate on the Trust's fair value of the income properties:

As at December 31, 2021

Forecasted stabilized net operating income		-3%	-1%	As estimated	+1%	+3%
		$ 149,612	$ 152,697	**$ 154,239**	$ 155,781	$ 158,866
Capitalization rate						
-0.25%	3.61%	$ 4,146,980	$ 4,232,485	$ 4,275,237	$ 4,317,989	$ 4,403,494
Cap rate used	**3.86%**	$ 3,878,235	$ 3,958,199	**$ 3,998,193**	$ 4,038,162	$ 4,118,126
+0.25%	4.11%	$ 3,642,202	$ 3,717,299	$ 3,754,848	$ 3,792,396	$ 3,867,493

As at December 31, 2020

Forecasted stabilized net operating income		-3%	-1%	As estimated	+1%	+3%
		$ 123,229	$ 125,770	**$ 127,040**	$ 128,310	$ 130,851
Capitalization rate						
-0.25%	3.91%	$ 3,151,632	$ 3,216,614	$ 3,249,105	$ 3,281,596	$ 3,346,578
Cap rate used	**4.16%**	$ 2,962,231	$ 3,023,308	**$ 3,053,856**	$ 3,084,385	$ 3,145,462
+0.25%	4.41%	$ 2,794,304	$ 2,851,918	$ 2,880,726	$ 2,909,533	$ 2,967,147

(Cdn $ Thousands except unit amounts)

4. INVESTMENT PROPERTIES (Continued)

The three (2020 - three) properties under development are valued at acquisition cost plus development costs. The direct capitalization income approach method of valuation is not a reliable measure as the properties are undergoing a significant amount of work which will affect multiple components of the estimated stabilized net operating income as well as the Cap Rate. The Trust expects the fair value of the properties to be reliably determinable when development is substantially complete, and will measure these investment properties under development at cost until either their fair value becomes reliably determinable or development is completed (whichever is earlier).

Cash outflow used for additions to investment properties for the years ended December 31:

		2021		2020
Property capital investments	**$**	**(90,149)**	$	(55,265)
Changes in non-cash investing accounts payable and accrued liabilities		**4,878**		(3,760)
	$	**(85,271)**	$	(59,025)

5. INVESTMENT PROPERTY ACQUISITIONS

During the year ended December 31, 2021, the Trust completed the following investment property acquisitions, which have contributed to the operating results effective from the acquisition date:

Acquisition Date	Suite Count	Ownership Interest	Total Acquisition Costs(1)	Mortgage Funding(1)	Interest Rate	Maturity Date
January 21, 2021	114	100%	$ 22,521	$ 16,500	1.36%	February 20, 2022
January 28, 2021	614	50%	151,641	95,063	BA + 1.35%	January 28, 2023
April 13, 2021	45	50%	10,035	6,143	BA + 1.35%	January 28, 2023
April 29, 2021	158	100%	32,103	-	-%	n/a
May 13, 2021	55	100%	27,338	3,821	2.95%	June 1, 2023
May 13, 2021	45	100%	20,859	10,142	2.87%	June 1, 2030
June 1, 2021	95	100%	33,623	24,488	BA + 1.10%	May 31, 2022
June 9, 2021	5(2)	100%	4,257	-	-%	n/a
July 26, 2021	94	50%	15,854	9,783	BA + 1.10%	July 26, 2022
October 18, 2021	172	100%	83,560	48,000	BA + 1.10%	October 18, 2022
October 18, 2021	113	100%	46,686	27,000	BA + 1.10%	October 18, 2022
October 22, 2021	104	50%	26,244	15,250	BA + 1.35%	January 28, 2023
November 8, 2021	48(3)	100%	19,164	7,503	3.81%	August 1, 2023
November 26, 2021	46	50%	10,308	6,338	BA + 1.35%	January 28, 2023
December 2, 2021	121	100%	34,803	20,000	1.94%	December 2, 2022
	1,829		**$ 538,996**	**$ 290,031**		

(1) Only the Trust's ownership interest is included in the total acquisition costs and mortgage funding.
(2) Includes a parking lot with 24 parking stalls.
(3) Includes 5,661 sq ft of leasable commercial space.

(Cdn $ Thousands except unit amounts)

5. INVESTMENT PROPERTY ACQUISITIONS (Continued)

During the year ended December 31, 2020, the Trust completed the following investment property acquisitions:

Acquisition Date	Suite Count	Ownership Interest	Total Acquisition Costs	Mortgage Funding	Interest Rate	Maturity Date
February 27, 2020	57	100%	$ 18,604	$ 13,613	2.59%	March 2, 2021
March 31, 2020[1]	4	100%	1,429	-	-%	n/a
July 16, 2020	26	100%	7,520	-	-%	n/a
July 16, 2020	34	100%	11,496	-	-%	n/a
July 23, 2020	36	100%	5,551	-	-%	n/a
September 21, 2020	123[2]	100%	33,961	16,600	1.58%	October 1, 2021
September 21, 2020	110	100%	27,911	13,650	1.58%	October 1, 2021
September 21, 2020	295[3]	100%	77,670	38,000	1.58%	October 1, 2021
September 21, 2020	117	100%	20,963	10,250	1.58%	October 1, 2021
September 21, 2020	78	100%	14,008	6,850	1.58%	October 1, 2021
October 14, 2020	-[4]	-	13,410	3,612	Prime + 1%	Demand facility
	880		**$ 232,523**	**$ 102,575**		

(1) Development site (0.11 acres) includes a fourplex which will be operated during the interim period prior to construction.
(2) Includes 886 sq ft of leasable commercial space.
(3) Includes 62,271 sq ft of leasable commercial space.
(4) Represents a 14.17% direct ownership in the development site at 900 Albert Street, Ottawa (see note 6).

Cash outflow used for investment property acquisitions:

	2021	2020
Total acquisition costs	**$ (538,996)**	$ (232,523)
Fair value adjustment of assumed debt	**(321)**	-
Assumed debt	**21,466**	3,612
	$ (517,851)	$ (228,911)

6. INVESTMENT IN JOINT VENTURES

The Trust accounts for its joint venture interests using the equity method. The following table details the Trust's ownership interest in its equity accounted investments:

Equity Investee	Location	Principal Activity	December 31, 2021	December 31, 2020
TIP Albert Limited Partnership	Ottawa	Develop, own and operate investment property[1]	38.83%	38.83%
Fairview Limited Partnership	Burlington	Develop, own and operate investment property	25.0%	25.0%

(1) TIP Albert Limited Partnership has ownership interest of 85.83% in 801 Albert Street Inc., the development site at 900 Albert Street Ottawa. The Trust has ownership interest of 33.33% in 801 Albert Street Inc. through its 38.83% ownership in TIP Albert Limited Partnership. The Trust holds the remaining ownership of 14.17% interest directly in 801 Albert Street Inc. This 14.17% interest is reported under Property under Development (see note 7) as a joint operation. In total, the Trust holds a 47.5% interest in the development property.

The Trust is contingently liable for certain obligations of the joint ventures, up to the Trust's interest. All of the net assets of the joint ventures are available for the purpose of satisfying such obligations and guarantees.

(Cdn $ Thousands except unit amounts)

6. INVESTMENT IN JOINT VENTURES (Continued)

The Trust is responsible to fund its total investment in the joint ventures for the development of the investment property. The following table shows the changes in the carrying value of the investment in joint ventures:

	December 31, 2021	December 31, 2020
Balance, beginning of year	**$ 27,505**	$ 24,693
Additions	**2,348**	2,772
Share of net income	**39**	40
Distributions	**-**	-
	$ 29,892	$ 27,505
Transaction costs	**$ 507**	$ 507
Carrying value of the investment in joint ventures	**$ 30,399**	$ 28,012

The following tables shows the summarized financial information of the Trust's joint ventures:

	December 31, 2021	December 31, 2020
Current assets	**$ 5,508**	$ 7,357
Non-current assets	**151,566**	139,671
Current liabilities	**(872)**	(368)
Non-current liabilities	**(64,137)**	(64,137)
Net assets	**$ 92,065**	$ 82,523
Trust's share	**$ 29,892**	$ 27,505

	December 31, 2021	December 31, 2020
Revenue	**$ 226**	$ 227
Expenses	**65**	66
Net income	**$ 161**	$ 161
Trust's share	**$ 39**	$ 40

7. JOINT OPERATIONS

The Trust has interest in twenty investment properties and one property under development that are subject to joint control and have been determined to be joint operations. The Trust records only its proportionate share of the assets, liabilities and the results of operations of the joint operations. The assets, liabilities and results of joint operations are included within the respective line items of the consolidated balance sheets and consolidated statements of income. The Trust's ownership in the joint operations are as follows:

Joint Operation	**Region**	**Type**	**Ownership Interest**
Vancouver No. 1 Apartments Partnership	Greater Vancouver Area	Investment properties	50.00%
Ontario No. 1 Apartments Partnership	Greater Toronto and Hamilton Area	Investment properties	50.00%
801 Albert Street Inc.	National Capital Region	Property under development	14.17%

(Cdn $ Thousands except unit amounts)

8. RECEIVABLES AND OTHER ASSETS

	December 31, 2021	December 31, 2020
Current:		
Rents and other receivables, net of allowance for uncollectable amounts (note 23(b))	**$ 3,775**	$ 1,717
Lease incentives[1]	**1,963**	1,401
	$ 5,738	$ 3,118
Non-current:		
Automobiles, software, equipment and furniture and fixtures, net of accumulated amortization of $3,149 (2020 - $2,273)	**$ 3,330**	$ 2,417
Deferred finance fees on credit facilities, net of accumulated amortization of $2,017 (2020 - $1,778)	**323**	197
Loan receivable long-term incentive plan (note 14)	**10,596**	11,026
Right-of-use asset, net of accumulated amortization of $32 (2020 - $nil)	**551**	-
Other investments	**250**	-
	$ 15,050	$ 13,640
	$ 20,788	$ 16,758

[1] Comprised of straight-line rent. This amount is excluded from the determination of the fair value of the investment properties.

9. MORTGAGES PAYABLE

Mortgages are secured by the investment properties and bear interest at a weighted average interest rate of 2.38% (December 31, 2020 - 2.56%).

The mortgages mature at various dates between the years 2022 and 2031.

The aggregate future minimum principal payments, including maturities, are as follows:

2022	$ 457,534
2023	222,384
2024	75,355
2025	111,608
2026	96,273
Thereafter	430,399
	1,393,553
Less: Deferred finance costs and mortgage premiums	(21,976)
	$ 1,371,577

(Cdn $ Thousands except unit amounts)

10. CREDIT FACILITIES

	December 31, 2021	December 31, 2020
Demand credit facility (i)	**$ 405**	$ -
Term credit facility (ii)	**53,570**	-
Term credit facility (iii)	**520**	-
Term credit facility (iv)	**86,000**	-
	$ 140,495	$ -

(i) The Trust has a $2,000 (2020 - $2,000) demand credit facility with a Canadian chartered bank secured by a general security agreement. The weighted average interest rate on amounts drawn during the year ended December 31, 2021 was 2.95% (2020 - 3.27%).

(ii) The Trust has a $55,000 (2020 - $55,000) term credit facility, maturing in 2022, with a Canadian chartered bank secured by a general security agreement and second collateral mortgages on nine (2020 - nine) of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread. The weighted average interest rate on amounts drawn during the period ended December 31, 2021 was 2.19% (2020 - 3.46%).

(iii) The Trust has a $15,000 (2020 - $15,000) term credit facility, maturing in 2023, with a Canadian chartered bank secured by a general security agreement, first mortgage on one (2020 - one) of the Trust's properties and second collateral mortgages on one (2020 - one) of the Trust's properties. Interest is charged at a floating rate plus a pre-defined spread. The weighted average interest rate on amounts drawn during the period ended December 31, 2021 was 3.10% (2020 - 3.42%).

(iv) The Trust has a $100,000 (2020 - $100,000) term credit facility, maturing in 2024, with a Canadian chartered bank secured by a general security agreement, first mortgages on two (2020 - two) of the Trust's properties and second collateral mortgages on four (2020 - 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. The weighted average interest rate on amounts drawn during the period ended December 31, 2021 was 2.17% (2020 - 3.64%).

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2021	December 31, 2020
Accounts payable	**$ 3,977**	$ 3,774
Accrued liabilities	**28,649**	17,985
Accrued distributions	**4,092**	3,847
Mortgage interest payable	**2,172**	1,843
	$ 38,890	$ 27,449

(Cdn $ Thousands except unit amounts)

12. CLASS B LP UNIT LIABILITY

The Class B LP units are non-transferable, except under certain circumstances, but are exchangeable, on a one-for-one basis, into Trust Units at any time at the option of the holder. Prior to such exchange, distributions will be made on the exchangeable units in an amount equivalent to the distributions which would have been made had the units of Trust been issued.

The Class B LP units are exchangeable on demand for Trust Units, which in turn are redeemable into cash at the option of the holder. As such, Class B LP units are classified as a financial liability.

A summary of Class B LP Unit activity is presented below:

Number of Units	
Balance - December 31, 2019	**3,410,766**
Units issued	-
Balance - December 31, 2020	**3,410,766**
Units issued	-
Balance - December 31, 2021	**3,410,766**

The Class B LP Units represented an aggregate fair value of $59,040 at December 31, 2021 (December 31, 2020 - $46,694). The fair value represents the closing price of the Trust Units on the TSX on the reporting date, or the first trading date after the reporting date. Each Class B LP Unit is accompanied by a Special Voting Unit, which entitles the holder to receive notice of, attend and vote at all meetings of Unitholders. There is no value assigned to the Special Voting Units. The gains or losses that resulted from changes in the fair value were recorded in the consolidated statement of income.

13. UNIT-BASED COMPENSATION LIABILITIES

Unit-based compensation liabilities are comprised of awards issued under the deferred unit plan (“DUP”) and the unit option plan as follows:

	December 31, 2021	December 31, 2020
Unit-based liabilities, beginning of year	**$ 58,200**	$ 66,070
Compensation expense - deferred unit plan	**4,743**	5,546
Compensation expense - unit option plan	**-**	-
DRIP[(1)] expense - deferred unit plan	**1,491**	1,381
DUP units converted, cancelled and forfeited	**(6,957)**	(1,822)
Unit options exercised and expired	**(4,238)**	(890)
(Gain)/Loss on fair value of liability (note 18)	**17,253**	(12,085)
Unit-based liabilities, end of year	**$ 70,492**	$ 58,200

(1) Distribution reinvestment plan

Unit options and deferred units are settled with the issuance of Trust Units. However, due to the fact that Trust Units are redeemable, awards of unit options and deferred units are considered to be cash-settled. As such, the fair value of unit options and deferred units are recognized as a financial liability and re-measured at each reporting date, with changes recognized in the statement of income.

The maximum number of Trust Units issuable under the Trust’s equity incentive compensation plans, which includes the DUP and unit options, as well as the long-term incentive plan (note 14) is 7% of the issued and outstanding Trust Units.

(Cdn $ Thousands except unit amounts)

13. UNIT-BASED COMPENSATION LIABILITIES (Continued)

(i) DEFERRED UNIT PLAN

The deferred unit plan entitles trustees, officers and employees, at the participant's option, to elect to receive deferred units (elected portion) in consideration for trustee fees or bonus compensation under the employee incentive plan, as the case may be. The Trust matches the elected portion of the deferred units received. The matched portion of the deferred units vest 50% on the third anniversary and 25% on each of the fourth and fifth anniversaries, subject to provisions for earlier vesting in certain events. The deferred units earn additional deferred units for the distributions that would otherwise have been paid on the deferred units (i.e., had they instead been issued as Trust Units on the date of grant). Effective January 1, 2021, the Trust no longer matches the elected portion of the deferred units received for trustees' fees.

A summary of Deferred Unit activity is presented below:

Number of Units	
Balance - December 31, 2019	**4,228,924**
Units issued under deferred unit plan	326,703
Reinvested distributions on deferred units	100,877
Deferred units exercised into Trust Units (note 15)	(61,195)
Deferred units purchased and cancelled	(47,139)
Deferred units cancelled	(23,954)
Balance - December 31, 2020	**4,524,216**
Units issued under deferred unit plan	276,625
Reinvested distributions on deferred units	96,173
Deferred units exercised into Trust Units (note 15)	(188,456)
Deferred units purchased and cancelled	(197,378)
Deferred units cancelled	(59,247)
Balance - December 31, 2021	**4,451,933**

The fair value of each unit granted is determined based on the weighted average observable closing market price of the REIT's Trust Units for the ten trading days preceding the date of grant.

The aggregate fair value of vested deferred units was $67,585 at December 31, 2021 (December 31, 2020 - $53,174). The fair value of the vested deferred units represents the closing price of the Trust Units on the TSX on the reporting date, or the first trading date after the reporting date, representing the fair value of the redemption price.

(ii) UNIT OPTIONS

The Trust has a unit option plan and provides for options to be granted to the benefit of employees, Trustees and certain other third parties. The exercise price of options granted under the unit option plan will be determined by the Trustees, but will be at least equal to the volume weighted average trading price of the Trust Units for the five trading days immediately prior to the date the option was granted. The term of any option granted shall not exceed 10 years or such other maximum permitted time period under applicable regulations. At the time of granting options, the Board of Trustees determines the time, or times, when an option or part of an option shall be exercisable. The Trust will not provide financial assistance to any optionee in connection with the exercise of options.

(Cdn $ Thousands except unit amounts)

13. UNIT-BASED COMPENSATION LIABILITIES (Continued)

Options granted, exercised and expired during the years ended December 31 are as follows:

	2021		2020	
	Number of units	Weighted average exercise price	Number of units	Weighted average exercise price
Balance, beginning of year	756,745	$ 6.28	854,140	$ 6.11
Exercised (note 15)	(465,093)	$ 6.18	(97,395)	$ 4.73
Balance, end of year	**291,652**	**$ 6.44**	**756,745**	$ 6.28

Options outstanding at December 31, 2021:

Exercise price	Number of units	Remaining life in years	Number of units exercisable
$ 5.65	91,500	1.45	91,500
$ 5.81	93,000	2.96	93,000
$ 7.67	107,152	5.57	107,152
	291,652		**291,652**

The weighted average market price of options exercised in the year ended December 31, 2021 was $17.31 (2020 - $15.60).

The unit options represented an aggregate fair value of $2,907 at December 31, 2021 (December 31, 2020 - $5,026). The fair value of unit options is re-valued at each reporting period based on an estimate of the fair value using the Black-Scholes option pricing model using the following weighted average valuation assumptions:

	December 31, 2021	December 31, 2020
Market price of Unit	$ 17.31	$ 13.69
Expected option life	1.2 years	1.5 years
Risk-free interest rate	0.98%	0.22%
Expected volatility (based on historical)	31%	31%
Expected distribution yield	5.0%	5.0%

(Cdn $ Thousands except unit amounts)

14. LONG-TERM INCENTIVE PLAN

The Board of Trustees may award long-term incentive plan (“LTIP”) units to certain officers and key employees, collectively the "Participants". The maximum number of Trust Units issuable under the Trust’s equity incentive compensation plans, which includes the long-term incentive plan, as well as the DUP and unit option plan (note 13) is 7% of the issued and outstanding Trust Units. The Participants can subscribe for Trust Units at a purchase price equal to the weighted average trading price of the Trust Units for the five trading days prior to issuance. The purchase price is payable in instalments, with an initial instalment of 5% paid when the Trust Units are issued. The balance represented by a loan receivable (note 8) is due over a term not exceeding ten years. Participants are required to pay interest at a ten-year fixed rate based on the Trust's fixed borrowing rate for long-term mortgage financing and are required to apply cash distributions received on these units toward the payment of interest and the remaining instalments. Participants may pre-pay any remaining instalments at their discretion. The Trust has recourse on the loans receivable and has reasonable assurance that the Trust will collect the full amount of the loan receivable. The loans receivable are secured by the units as well as the distributions on the units. If a Participant fails to pay interest and/or principal, the Trust can enforce repayment which may include the election to reacquire or sell the units in satisfaction of the outstanding amounts.

Date of award	Number of units	Interest rate	Loan receivable
March 8, 2012	250,000	3.57%	$ 644
June 29, 2012	25,000	3.35%	71
September 11, 2012	100,000	3.35%	430
June 27, 2013	150,000	3.85%	695
December 16, 2014	100,000	3.27%	484
June 9, 2015	75,000	3.44%	417
June 30, 2016	275,000	2.82%	1,928
July 28, 2017	445,000	3.09%	3,102
March 5, 2018	310,000	3.30%	2,825
	1,730,000		$ 10,596

(Cdn $ Thousands except unit amounts)

15. TRUST UNITS

As a result of the redeemable feature of the Trust Units, the Trust Units are defined as a financial liability; however, for the purposes of financial statement classification and presentation, the Trust Units are presented as equity instruments in accordance with IAS 32, Financial Instruments.

	Trust Units	Amount
Balance - December 31, 2019	**121,478,721**	**$ 766,282**
Issued from prospectus	15,709,000	230,137
Unit issue costs	-	(9,676)
Units Issued under the deferred unit plan (note 13(i))	61,195	914
Units Issued under distribution reinvestment plan	1,070,389	14,519
Units Issued from options exercised (note 13(ii))	97,395	1,350
Balance - December 31, 2020	**138,416,700**	**$ 1,003,526**
Units Issued under the deferred unit plan (note 13(i))	188,456	3,032
Units Issued under distribution reinvestment plan	1,109,595	17,109
Units Issued from options exercised (note 13(ii))	465,093	7,113
Balance - December 31, 2021	**140,179,844**	**$ 1,030,780**

On May 10, 2021, the TSX approved the Trust's normal course issuer bid ("Bid") for a portion of its Trust Units. Under the Bid, the Trust may acquire up to a maximum of 13,200,140 of its Trust Units, or approximately 10% of its public float of 132,001,401 Trust Units as of May 6, 2021, for cancellation over the next 12 months commencing on May 14, 2021 until the earlier of May 13, 2022 or the date on which the Trust has purchased the maximum number of Trust Units permitted under the Bid. The number of Trust Units that can be purchased pursuant to the Bid is subject to a current daily maximum of 88,485 Trust Units (being 25% of the average daily trading volume), except where purchases are made in accordance with "block purchases" exemptions under applicable TSX policies. Purchases will be made at market prices through the facilities of the TSX.

For the year ended December 31, 2021 the Trust did not purchase any Trust Units.

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

Declaration of Trust

The Declaration of Trust authorizes the Trust to issue an unlimited number of units for consideration and on terms and conditions established by the Trustees without the approval of any unitholders. The interests in the Trust are represented by two classes of units: a class described and designated as "Trust Units" and a class described and designated as "Special Voting Units". The beneficial interests of the two classes of units are as follows:

(Cdn $ Thousands except unit amounts)

15. TRUST UNITS (Continued)

(a) Trust Units

Trust Units represent an undivided beneficial interest in the Trust and in distributions made by the Trust. The Trust Units are freely transferable, subject to applicable securities regulatory requirements. Each Trust Unit entitles the holder to one vote at all meetings of unitholders. Except as set out under the redemption rights below, the Trust Units have no conversion, retraction, redemption or pre-emptive rights.

Trust Units are redeemable at any time, in whole or in part, on demand by the holders. Upon receipt by the Trust of a written redemption notice and other documents that may be required, all rights to and under the Trust Units tendered for redemption shall be surrendered and the holder shall be entitled to receive a price per Trust Unit equal to the lesser of:

i) 90% of the “market price” of the Trust Units on the principal market on which the Trust Units are quoted for trading during the twenty-day period ending on the trading day prior to the day on which the Trust Units were surrendered to Trust for redemption; and

ii) 100% of the “closing market price” of the Trust Units on the principal market on which the Trust Units are quoted for trading on the redemption notice date.

(b) Special Voting Units

The Declaration of Trust provides for the issuance of an unlimited number of Special Voting Units that will be used to provide voting rights to holders of Class B LP units or other securities that are, directly or indirectly, exchangeable for Trust Units.

Each Special Voting Unit entitles the holder to the number of votes at any meeting of unitholders, which is equal to the number of Trust Units that may be obtained upon surrender of the Class B LP unit to which the Special Voting Unit relates. The Special Voting Units do not entitle or give any rights to the holders to receive distributions or any amount upon liquidation, dissolution or winding-up of Trust. There is no value assigned to the Special Voting Units.

16. REVENUE FROM INVESTMENT PROPERTIES

The components of revenue from investments properties are as follows:

	2021	2020
Lease revenue (1)	**$ 181,124**	$ 156,460
Non-lease revenue (2)	**4,024**	3,495
	$ 185,148	$ 159,955

(1) Consists of lease revenue from residential, parking and commercial tenants
(2) Consists of revenue from non-lease items such as laundry, commercial common area maintenance and ancillary services

(Cdn $ Thousands except unit amounts)

17. FINANCING COSTS

	2021	2020
Mortgages payable	**$ 29,476**	$ 25,490
Credit facilities	**1,717**	1,389
Interest income	**(386)**	(635)
Interest capitalized to properties under development	**(884)**	(935)
Interest expense	**29,923**	25,309
Amortization of deferred finance costs on mortgages	**1,178**	1,455
Amortization of deferred finance costs on credit facilities	**239**	172
Amortization of fair value on assumed debt	**(571)**	(605)
	$ 30,769	$ 26,331

18. OTHER FAIR VALUE GAINS/(LOSSES)

	2021	2020
Class B LP unit liability	**$ (12,346)**	$ 6,651
Unit-based compensation liability (deferred unit plan)	**(15,133)**	10,765
Unit-based compensation liability (option plan)	**(2,120)**	1,320
Rate swap (mortgage payable)	**370**	-
	$ (29,229)	$ 18,736

19. INTEREST ON UNITS CLASSIFIED AS FINANCIAL LIABILITIES

	2021	2020
Class B LP unit liability	**$ 1,119**	$ 1,066
Unit-based compensation liability (deferred unit plan)	**1,491**	1,381
	$ 2,610	$ 2,447

20. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Net change in non-cash operating assets and liabilities

	2021	2020
Receivables and other assets	**$ (7,242)**	$ (3,031)
Prepaid and deposits	**8,540**	(9,166)
Accounts payable and accrued liabilities	**6,324**	184
Tenant rental deposits	**3,316**	1,616
	$ 10,938	$ (10,397)

(Cdn $ Thousands except unit amounts)

20. SUPPLEMENTAL CASH FLOW INFORMATION (Continued)

(b) Net cash distributions to unitholders

	2021	2020
Distributions declared to unitholders	**$ 45,708**	$ 41,057
Add: Distributions payable at beginning of year	**3,755**	3,138
Less: Distributions payable at end of period	**(3,994)**	(3,755)
Less: Distributions to participants in the DRIP	**(17,109)**	(14,518)
	$ 28,360	$ 25,922

(c) Interest paid

	2021	2020
Interest expense	**$ 29,923**	$ 25,309
Add: Mortgage interest payable at beginning of year	**1,843**	1,636
Less: Mortgage interest payable at end of year	**(2,172)**	(1,843)
Add: Interest capitalized	**884**	935
Add: Interest income received	**386**	635
	$ 30,864	$ 26,672

(d) Reconciliation of liabilities arising from financing activities

Mortgages payable	2021	2020
Balance, beginning of year	**$1,019,816**	$ 897,009
Mortgage advances	**393,041**	305,139
Assumed mortgages	**21,145**	3,612
Repayment of mortgages	**(40,449)**	(185,944)
Balance, end of year	**$1,393,553**	$1,019,816

Credit facilities	2021	2020
Balance, beginning of year	**$ -**	$ 26,865
Advances of credit facilities	**140,495**	-
Repayment of credit facilities	**-**	(26,865)
Balance, end of year	**$ 140,495**	$ -

(Cdn $ Thousands except unit amounts)

21. RELATED PARTY TRANSACTIONS

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

(i) Services

There were no related party transactions during the years ended December 31, 2021 and 2020.

(ii) Key management remuneration

Key management consists of the Trustees and executive management team of the Trust. Compensaiton paid or payable is provided in the following table:

	2021	2020
Salaries and other short-term employee benefits	**$ 2,003**	$ 2,017
Deferred unit plan	**2,240**	1,469
	$ 4,243	$ 3,486

Loans outstanding from key management for indebtedness relating to the LTIP at December 31, 2021 were $10,351 (December 31, 2020 - $10,566). Deferred unit plan includes accrued compensation for key management at December 31, 2021 for $1,610 (December 31, 2020 - $1,150).

22. CAPITAL RISK MANAGEMENT

The Trust’s objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions and to provide returns to its unitholders. The Trust defines capital that it manages as the aggregate of its unitholders’ equity, which is comprised of issued capital and retained earnings, Class B LP units and deferred unit capital and options recorded as unit-based compensation liabilities.

The Trust manages its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets and the Trust’s working capital requirements. In order to maintain or adjust its capital structure, the Trust, upon approval from its Board of Trustees, may issue or repay long-term debt, issue units, repurchase units through a normal course issuer bid, pay distributions or undertake other activities as deemed appropriate under the specific circumstances. The Board of Trustees reviews and approves any material transactions out of the ordinary course of business, including approval of all acquisitions of investment properties, as well as capital and operating budgets. There have been no changes to the Trust’s capital risk management policies for the years ended December 31, 2021 and 2020.

The Trust monitors capital using a debt to gross book value ratio, as defined in the Declaration of Trust which requires the Trust to maintain a debt to gross book value ratio below 75%. As at December 31, 2021, the debt to gross book value ratio is 36.7% (December 31, 2020 - 31.1%).

In addition, the Trust is subject to financial covenants in its mortgages payable and credit facilities such as minimum tangible net worth, interest coverage, debt service coverage and leverage ratio (similar to debt to gross book value as calculated in the Declaration of Trust). The Trust was in compliance with all financial covenants throughout the years ended December 31, 2021 and 2020.

23. FINANCIAL RISK MANAGEMENT

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.

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

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.

For its rents receivable, the Trust conducts credit assessments for all prospective tenants and, where permitted, obtains adequate security to assist in potential recoveries. The Trust monitors its collection process on a regular basis and all receivables from past tenants and tenant receivables over 30 days are provided for in allowances for doubtful accounts.

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.

At December 31, 2021, the Trust had past due rents and other receivables of $6,071 (December 31, 2020 - $3,529), net of an allowance for doubtful accounts of $2,296 (December 31, 2020 - $1,812) which adequately reflects the Trust's credit risk.

(Cdn $ Thousands except unit amounts)

23. FINANCIAL RISK MANAGEMENT (Continued)

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 to the 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 (excluding derivative and other financial instruments reported as liabilities at fair value) when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Trust's reputation. In addition, liquidity and capital availability risks are mitigated by diversifying the Trust’s sources of funding, maintaining a staggered debt maturity profile and actively monitoring market conditions.

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

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.

The undiscounted contractual maturities and repayment obligations of the Trust’s financial liabilities, excluding unit-based compensation liabilities and Class B LP unit liability as their redemption time is uncertain, as at December 31, 2021 are as follows:

Year	Mortgages payable	Mortgage interest (1)	Credit facilities	Lease liabilities principal outstanding	Accounts payable and accrued liabilities	Total
2022	$ 457,534	$ 28,699	$ 53,975	$ 193	$ 38,890	$ 579,291
2023	222,384	20,047	520	199	-	243,150
2024	75,355	17,016	86,000	205	-	178,576
2025	111,608	15,510	-	211	-	127,329
2026	96,273	12,734	-	218	-	109,225
Thereafter	430,399	22,478	-	522	-	453,399
	$ 1,393,553	**$ 116,484**	**$ 140,495**	**$ 1,548**	**$ 38,890**	**$ 1,690,970**

(1) Based on current in-place interest rates for the remaining term to maturity.

d) Market Risk

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

At December 31, 2021, approximately 20% (December 31, 2020 - 2%) of the Trust’s mortgage debt is at variable interest rates and the Trust's credit facilities also bear interest at variable rates. If there was a 100 basis point change in the interest rate, cash flows would have changed by approximately $2,523 for the year ended December 31, 2021 (2020 - $503).

(Cdn $ Thousands except unit amounts)

24. FAIR VALUE MEASUREMENT

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.

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, which are measured at a fair value level 2, is approximately $1,543,290 (December 31, 2020 - $1,050,628) excluding any deferred financing costs.

The following table presents the fair values by category of the Trust's assets and liabilities:

December 31, 2021	Level 1	Level 2	Level 3
Assets			
Investment properties	-	-	$ 4,062,593
Interest rate swap asset		$ 370	
Liabilities			
Unit-based compensation liability	-	70,492	-
Class B LP unit liability	-	59,040	-

December 31, 2020	Level 1	Level 2	Level 3
Assets			
Investment properties	-	-	$ 3,106,240
Liabilities			
Unit-based compensation liability	-	$ 58,200	-
Class B LP unit liability	-	46,694	-

25. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business activities, the Trust may be contingently liable for litigation and claims with tenants, suppliers and former employees. Management believes that adequate provisions have been recorded in the accounts where required.

26. SUBSEQUENT EVENTS

The Trust, through the Vancouver No. 1 Apartments Partnership joint operation (see note 7), acquired one property (36 suites) in Vancouver, British Columbia (the "Property") for a purchase price of approximately $16,500 on January 24, 2022. Under the joint operation, the Trust will own a 50% interest in the Property. A subsidiary of the Trust will be the property manager and will receive industry standard compensation for the services.

The Trust, through the Vancouver No. 1 Apartments Partnership joint operation (see note 7), acquired one property (21 suites) in Vancouver, British Columbia (the "Property") for a purchase price of approximately $9,125 on February 28, 2022. Under the joint operation, the Trust will own a 50% interest in the Property. A subsidiary of the Trust will be the property manager and will receive industry standard compensation for the services.

EXCHANGE AND SYMBOL

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