

# ANNUAL INFORMATION FORM

For the financial year ended December 31, 2023

February 29, 2024





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## NOTES TO THE ANNUAL INFORMATION FORM

### *Forward-Looking Statements*

This annual information form (“AIF”) contains “forward-looking statements” within the meaning of applicable securities legislation under the headings “Description of the Business”, “Future Trends”, “Risk Factors” and elsewhere in this AIF. Forward-looking statements include, but are not limited to, statements with respect to current expectations of management of InterRent Real Estate Investment Trust (“InterRent REIT”, the “Trust” or the “REIT”) respecting financial performance, cash flow, proposed acquisitions and expansion, equity and debt offerings, markets for growth, financial position, comparable real estate investment trusts, demand for rental units, capitalization rates, opportunities for rent increases, effect of capital expenditures, the real estate industry and real estate market conditions, interest, inflation and unemployment rates, the labour market, immigration rates, and the economy generally. 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 state 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 the Trust to be materially different from those expressed or implied by such forward-looking statements, including, but not limited to: the economy in general, the risks related to the public financial market for the Trust’s securities; the general risks associated with real property ownership and acquisition; that future accretive acquisition opportunities will be identified and/or completed by the Trust; risk management; liquidity; debt financing; credit risk; competition; general uninsured losses; interest rate fluctuations, environmental matters; restrictions on redemptions of outstanding securities of the Trust; lack of availability of growth opportunities; diversification; potential Unitholder (as defined herein) liability; potential conflicts of interest; the availability of sufficient cash flow; fluctuations in cash distributions; the market price of the Units (as defined herein); 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 financings as well as those additional factors discussed herein. 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 including employment rates and immigration trends; inflationary and deflationary factors; long, medium and short term interest rates; availability of financing; housing starts; housing affordability; provincial government housing policies; and CMHC policies. The Trust 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. The Trust does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

## GLOSSARY

The following terms used in this AIF have the meanings set forth below:

“**Affiliate**” has the meaning given to that term in National Instrument 45-106 – *Prospectus Exemptions*;

“**AIF**” means this annual information form, together with the appendices attached hereto which are incorporated herein by reference;

“**Amalco**” means InterRent International Properties Inc., the corporation continuing from the amalgamation of IIP and IP pursuant to the Arrangement;

“**Amended and Restated Declaration of Trust**” means the amended and restated declaration of trust of the Trust dated as of May 21, 2019;

“**Arrangement**” means the arrangement completed on December 7, 2006 under section 182 of the OBCA involving, among other things, the transfer by Shareholders of all of the issued and outstanding Shares to the Trust in exchange for Units based upon the Exchange Ratio, all as more particularly set forth in the Arrangement Agreement;

“**Arrangement Agreement**” means the agreement made effective October 16, 2006 between IIP, IA, IP, IR, the Trust, InterRent Trust, the Holdings Partnership, InterRent LP No. 1, InterRent LP No. 2, InterRent LP No. 3, InterRent LP No. 4, Newman Family Trust, 2115511 Ontario Inc., PurchaseCo, Park Place GP, Park Place LP, Silvercreek Parkway Inc., J.P. McClintock Investments Limited, Silvercreek Parkway GP, Silvercreek Parkway No. 2 GP, J.W. McClintock Management Inc., S.N.B. Properties Inc., MPM Canada Residential Property Management Inc., Park Place 2000, Silvercreek Parkway LP, Silvercreek Parkway LP No. 2, Jilani Group Inc., Adelaide Development Corp., Paul Roberts and the shareholders of MPM Canada Residential Property Management Inc., pursuant to which the parties agreed to implement the Plan of Arrangement, which is attached to the Arrangement Circular as Appendix H;

“**Arrangement Circular**” means the information circular of IIP dated October 17, 2006 in connection with the special meeting of Shareholders held on November 24, 2006;

“**Asset Purchase Agreement**” means the asset purchase agreement entered into between InterRent REIT and CLV on February 6, 2018 to internalize the property, asset and project management functions of the Trust;

“**Board**” or “**Board of Trustees**” means the board of Trustees of the Trust;

“**CLV**” means CLV Group Inc.;

“**CMHC**” means the Canada Mortgage and Housing Corporation;

“**Contributed Assets**” means all of the assets of IIP and Silverstone including, without limitation, the revenue producing Properties of IIP and the applicable Silverstone entities, the beneficial interests in various trusts, the beneficial interests in various real Properties (including those held by Affiliates) listed under the heading “The Trust – The Properties” in the Arrangement Circular and including the shares of Affiliates of IIP and the securities of the applicable Silverstone entities that hold the revenue producing Properties to be transferred, assigned, conveyed and set over, directly or indirectly, to the Trust pursuant to the Arrangement Agreement;

**“Control Person”** when used in respect of an issuer, has the meaning ascribed thereto in the *Securities Act* (Ontario);

**“CRA”** means the Canada Revenue Agency;

**“Distributable Income”** means, for any period, the net income of the Trust and its applicable consolidated subsidiaries for such period set out in its consolidated financial statements as determined in accordance with GAAP, subject to certain adjustments, including: (a) adding or adding back the following items, as the case may be: unrealized losses, depreciation, amortization (except for amortization of deferred financing costs incurred after December 7, 2006), deferred income tax expense, losses on dispositions of assets and amortization of any net discount on long-term debt assumed from vendors of Properties at rates of interest less than fair value incurred after December 7, 2006; (b) deducting the following items: unrealized gains, deferred income tax credits, maintenance capital expenditures, interest on convertible debentures to the extent not already deducted in computing net income, gains on dispositions of assets and amortization of any net premium on long-term debt assumed from vendors of Properties at rates of interest greater than fair value incurred after December 7, 2006; and (c) any other adjustments as determined by the Trustees in their discretion, all as more particularly defined in Section 5.1 of the Amended and Restated Declaration of Trust;

**“Distribution Date”** means, in respect of a Distribution Period, the 15<sup>th</sup> day of the month immediately following the month in which a distribution is declared, or such other date as the Trustees may determine from time to time;

**“Distribution Period”** means each month, or such other period determined by the Trustees;

**“Exchange Agreement”** means the agreement between the Trust, New InterRent and the Holdings Partnership whereby the Holdings Partnership Class B LP Units, InterRent Warrants, Options granted under the Stock Option Plan and Debentures (all such terms as defined therein) are exchangeable for Units rather than Shares;

**“Exchange Ratio”** means the ratio of one Unit for every ten Shares held;

**“GAAP”** means Canadian generally accepted accounting principles, which for InterRent REIT, means International Financial Reporting Standards (“IFRS”), being the generally accepted accounting principles adopted by InterRent REIT on January 1, 2011; see “Adoption of IFRS” in InterRent REIT’s December 31, 2011 MD&A for more details;

**“GP No. 1”** means InterRent GP No. 1 Limited, the general partner of InterRent LP No. 1 and a corporation created under the laws of the Province of Ontario;

**“GP No. 2”** means InterRent GP No. 2 Limited, the general partner of InterRent LP No. 2 and a corporation created under the laws of the Province of Ontario;

**“GP No. 3”** means InterRent GP No. 3 Limited, the general partner of InterRent LP No. 3 and a corporation created under the laws of the Province of Ontario;

**“GP No. 4”** means InterRent GP No. 4 Limited, the general partner of InterRent LP No. 4 and a corporation created under the laws of the Province of Ontario;

**“GP No. 5”** means InterRent GP No. 5 Limited, the general partner of InterRent LP No. 5 and a corporation created under the laws of the Province of Ontario;

**“GP No. 6”** means InterRent GP No. 6 Limited, the general partner of InterRent LP No. 6 and a corporation created under the laws of the Province of Ontario;

**“GP No. 7”** means InterRent GP No. 7 Limited, the general partner of InterRent LP No. 7 and a corporation created under the laws of the Province of Ontario;

**“GP No. 7A”** means InterRent GP No. 7A Limited, the general partner of InterRent LP No. 7A and a corporation created under the laws of the Province of Ontario;

**“GP No. 8”** means InterRent GP No. 8 Limited, the general partner of InterRent LP No. 8 and a corporation created under the laws of the Province of Ontario;

**“GP No. 9”** means InterRent GP No. 9 Limited, the general partner of InterRent LP No. 9 and a corporation created under the laws of the Province of Ontario;

**“GP No. 10”** means InterRent GP No. 10 Limited, the general partner of InterRent LP No. 10 and a corporation created under the laws of the Province of Ontario;

**“GP No. 11”** means InterRent GP No. 11 Limited, the general partner of InterRent LP No. 11 and a corporation created under the laws of the Province of Ontario;

**“GP No. 12”** means InterRent GP No. 12 Limited, the general partner of InterRent LP No. 12 and a corporation created under the laws of the Province of Ontario;

**“Gross Book Value”** means, at any time, the book value of the assets of the Trust and its consolidated Subsidiaries, as shown on its then most recent consolidated balance sheet, plus the amount of accumulated depreciation and amortization on buildings shown thereon or in the notes thereto plus the amount of future income tax liability arising out of indirect acquisitions and excluding the amount of any receivable reflecting interest rate subsidies on any debt assumed by the Trust shown thereon or in the notes thereto, or if approved by a majority of the Trustees at any time, the appraised value of the assets of the Trust and its consolidated Subsidiaries may be used instead of book value;

**“Holdings Manager Partnership”** means InterRent Holdings Manager Limited Partnership, a limited partnership created under the laws of the Province of Ontario;

**“Holdings Manager Partnership General Partner”** means InterRent Holdings Manager GP ULC, the general partner of Holdings Manager Partnership and a corporation created under the laws of the Province of Alberta;

**“Holdings Manager Partnership Limited Partnership Agreement”** means the limited partnership agreement of Holdings Manager Partnership entered into between Holdings Manager Partnership General Partner, as general partner, and InterRent Trust, as the initial limited partner, as may be amended and/or restated from time to time;

**“Holdings Partnership”** means InterRent Holdings Limited Partnership, a limited partnership created under the laws of the Province of Ontario;

**“Holdings Partnership Class B LP Units”** means the Class B limited partnership units of Holdings Partnership;

**“Holdings Partnership General Partner”** means InterRent Holdings General Partner Limited, the general partner of Holdings Partnership and a corporation created under the laws of the Province of Ontario;

**“Holdings Partnership Limited Partnership Agreement”** means the limited partnership agreement of Holdings Partnership entered into between Holdings Partnership General Partner, as general partner, and InterRent Trust, as the initial limited partner, as may be amended and/or restated from time to time;

**“IA”** means InterRent Apartments Inc., a corporation incorporated under the laws of the Province of Ontario;

**“IFRS”** means International Financial Reporting Standards, issued by the International Accounting Standards Committee, as adopted by the Canadian Institute of Chartered Accountants, as amended from time to time;

**“Independent Trustee”** means a Trustee who, in relation to the Trust or any of its related parties, is “independent” within the meaning of National Instrument 52-110 – *Audit Committees*;

**“Insider”** if used in relation to an issuer, has the meaning ascribed thereto in the *Securities Act* (Ontario);

**“IIP”** means InterRent International Properties Inc., a corporation formed under the laws of the Province of Ontario and one of the predecessor entities to the Trust prior to the Arrangement;

**“InterRent LP No. 1”** means InterRent No. 1 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

**“InterRent LP No. 1 Agreement”** means the limited partnership agreement of InterRent LP No. 1 between the GP No. 1, as general partner, and the Holdings Partnership, as limited partner;

**“InterRent LP No. 2”** means InterRent No. 2 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

**“InterRent LP No. 2 Agreement”** means the limited partnership agreement of InterRent LP No. 2 between the GP No. 2, as general partner, and the Holdings Partnership, as limited partner;

**“InterRent LP No. 3”** means InterRent No. 3 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

**“InterRent LP No. 3 Agreement”** means the limited partnership agreement of InterRent LP No. 3 between the GP No. 3, as general partner, and the Holdings Partnership, as limited partner;

**“InterRent LP No. 4”** means InterRent No. 4 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

**“InterRent LP No. 4 Agreement”** means the limited partnership agreement of InterRent LP No. 4 between the GP No. 4, as general partner, and the Holdings Partnership, as limited partner;

**“InterRent LP No. 5”** means InterRent No. 5 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

**“InterRent LP No. 5 Agreement”** means the limited partnership agreement of InterRent LP No. 5 between the GP No. 5, as general partner, and the Holdings Partnership, as limited partner;

**“InterRent LP No. 6”** means InterRent No. 6 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

**“InterRent LP No. 6 Agreement”** means the limited partnership agreement of InterRent LP No. 6 between the GP No. 6, as general partner, and the Holdings Partnership, as limited partner;

**“InterRent LP No. 7”** means InterRent No. 7 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

**“InterRent LP No. 7 Agreement”** means the limited partnership agreement of InterRent LP No. 7 between the GP No. 7, as general partner, and the Holdings Partnership, as limited partner;

**“InterRent LP No. 7A”** means InterRent No. 7A Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

**“InterRent LP No. 7A Agreement”** means the limited partnership agreement of InterRent LP No. 7A between the GP No. 7A, as general partner, and the Holdings Partnership, as limited partner;

**“InterRent LP No. 8”** means InterRent No. 8 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

**“InterRent LP No. 8 Agreement”** means the limited partnership agreement of InterRent LP No. 8 between the GP No. 8, as general partner, and the Holdings Partnership, as limited partner;

**“InterRent LP No. 9”** means InterRent No. 9 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

**“InterRent LP No. 9 Agreement”** means the limited partnership agreement of InterRent LP No. 9 between the GP No. 9, as general partner, and the Holdings Partnership, as limited partner;

**“InterRent LP No. 10”** means InterRent No. 10 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

**“InterRent LP No. 10 Agreement”** means the limited partnership agreement of InterRent LP No. 10 between the GP No. 10, as general partner, and the Holdings Partnership, as limited partner;

**“InterRent LP No. 11”** means InterRent No. 11 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

**“InterRent LP No. 11 Agreement”** means the limited partnership agreement of InterRent LP No. 11 between the GP No. 11, as general partner, and the Holdings Partnership, as limited partner;

**“InterRent LP No. 12”** means InterRent No. 12 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;



**“InterRent LP No. 12 Agreement”** means the limited partnership agreement of InterRent LP No. 12 between the GP No. 12, as general partner, and the Holdings Partnership, as limited partner;

**“InterRent REIT”** means InterRent Real Estate Investment Trust, an unincorporated open-ended real estate investment trust formed pursuant to the laws of the Province of Ontario pursuant to the Amended and Restated Declaration of Trust;

**“InterRent Trust”** means InterRent Trust, a limited purpose, open-ended trust formed pursuant to the laws of the Province of Ontario pursuant to the InterRent Trust Declaration of Trust;

**“InterRent Trust Declaration of Trust”** means the declaration of trust of InterRent Trust, dated as of October 10, 2006 pursuant to which InterRent Trust was formed under the laws of the Province of Ontario;

**“IP”** means InterRent Properties Inc., a corporation incorporated under the laws of the Province of Ontario;

**“IR”** means InterRent Realty Corporation, a corporation incorporated under the laws of the Province of Ontario;

**“Material Agreements”** means collectively the Amended and Restated Declaration of Trust, the InterRent Trust Declaration of Trust, the Holdings Partnership Limited Partnership Agreement, the Exchange Agreement, the Arrangement Agreement, the Note Indenture, and the Asset Purchase Agreement;

**“MD&A”** means the Management’s Discussion and Analysis;

**“New InterRent”** means InterRent International Properties Inc., the corporation continuing from the amalgamation of PurchaseCo and Amalco pursuant to the Arrangement;

**“Non-Resident”** means a person who is a “non-resident” within the meaning of the Tax Act and a partnership other than a Canadian partnership for the purposes of the Tax Act;

**“Note Indenture”** means the note indenture between InterRent Trust and the Note Trustee providing for the issuance of the Notes;

**“Note Trustee”** means the trustee in connection with the issuance of Notes and its permitted successors and assigns;

**“Notes”** means collectively, the Series 1 Notes, the Series 2 Notes and the Series 3 Notes;

**“OBCA”** means the *Business Corporations Act* (Ontario);

**“Other Issuable Securities”** has the meaning ascribed thereto in “*Amended and Restated Declaration of Trust and Description of Units – Issuance of Units*”;

**“Park Place 2000”** means Park Place Equities 2000 Inc., a corporation formed under the laws of the Province of Ontario;

**“Park Place GP”** means Park Place Equities 2005 Inc., a corporation formed under the laws of the Province of Ontario;

**“Park Place LP”** means Park Place Equities 2000 Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

**“Person”** means an individual, partnership, limited partnership, corporation, unlimited liability company, trust, unincorporated organization, association, government or any department or agency thereof and the successors and assigns thereof or the heirs, executors, administrators or other legal representatives of an individual thereof, or any other entity recognized by law;

**“Plan of Arrangement”** means the Plan of Arrangement attached as Exhibit 1 to the Arrangement Agreement;

**“Plans”** means, collectively, trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, tax-free savings accounts and deferred profit sharing plans, each as defined in the Tax Act, and **“Plan”** means any of them;

**“Properties”** means the properties owned directly or indirectly by the Trust from time to time;

**“Property Management Agreement”** means the property management agreement dated September 30, 2009 (subsequently amended as of November 10, 2014 and terminated as part of the Asset Purchase Agreement) between, among others, InterRent REIT and CLV;

**“PurchaseCo”** means 2115503 Ontario Inc., a corporation formed under the laws of the Province of Ontario;

**“Redemption Date”** has the meaning ascribed thereto in *“Description of the Business – Amended and Restated Declaration of Trust and Description of Units”*;

**“Redemption Price”** has the meaning ascribed thereto in *“Description of the Business – Amended and Restated Declaration of Trust and Description of Units”*;

**“Related Party”** means, with respect to any person, a person who is a “related party” as that term is defined in Multilateral Instrument 61-101, as amended from time to time (including any successor rule or policy thereto);

**“Series 1 Notes”** means the Series 1 Notes of InterRent Trust;

**“Series 2 Notes”** means the Series 2 Notes of InterRent Trust;

**“Series 3 Notes”** means the Series 3 Notes of InterRent Trust;

**“Shareholders”** mean the holders of Shares;

**“Shares”** means the common shares of IIP;

**“Silvercreek Parkway GP”** means Silvercreek Parkway GP Limited, a corporation formed under the laws of the Province of Ontario;

**“Silvercreek Parkway Inc.”** means 90-102 Silvercreek Parkway Inc., a corporation formed under the laws of the Province of Ontario;

**“Silvercreek Parkway LP”** means Silvercreek Parkway Guelph Limited Partnership, a limited partnership formed under the laws of the Province of Ontario;

**“Silvercreek Parkway LP No. 2”** means Silvercreek Parkway Guelph Limited Partnership No. 2, a limited partnership formed under the laws of the Province of Ontario;

**“Silvercreek Parkway No. 2 GP”** means Silvercreek Parkway No. 2 Limited, a corporation formed under the laws of the Province of Ontario;

**“Silverstone”** or the **“Silverstone Group”** means collectively, Silverstone Equities, Park Place 2000, Park Place GP, Park Place LP, Silvercreek Parkway GP, Silvercreek Parkway LP, Silvercreek Parkway No. 2 GP, Silvercreek Parkway LP No. 2, Silvercreek Parkway Inc. and J.P. McClintock Investments Limited;

**“Silverstone Equities”** means Silverstone Equities Inc., a corporation formed under the laws of the Province of Ontario;

**“Special Voting Unit(s)”** means non-participating voting unit(s) of the Trust and, for greater certainty, does not mean Unit(s);

**“Subsidiary”** or **“subsidiary”** includes, with respect to any person, company, partnership, limited partnership, trust or other entity, any company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such person, company, partnership, limited partnership, trust or other entity;

**“Tax Act”** means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

**“Taxation Year”** means the taxation year of the Trust for the purposes of the Tax Act;

**“Trust”** means InterRent Real Estate Investment Trust, an unincorporated open-ended real estate investment trust formed pursuant to the laws of Ontario pursuant to the Amended and Restated Declaration of Trust;

**“Trustee”** means a Trustee of the Trust and **“Trustees”** means all of the Trustees of the Trust;

**“Trust Units”** mean units of InterRent Trust;

**“TSX”** means the Toronto Stock Exchange;

**“TSXV”** means the TSX Venture Exchange;

**“Unit(s)”** means unit(s) of the Trust;

**“Unitholder(s)”** means the holder(s) of Units of the Trust;

**“Unit Option Plan”** means the unit option plan of the Trust dated as at November 24, 2006 and amended on June 29, 2007, September 30, 2009, June 28, 2010, June 22, 2011, May 18, 2016 and May 21, 2019;

**“Voting Unitholders”** means the holders of Units and Special Voting Units; and

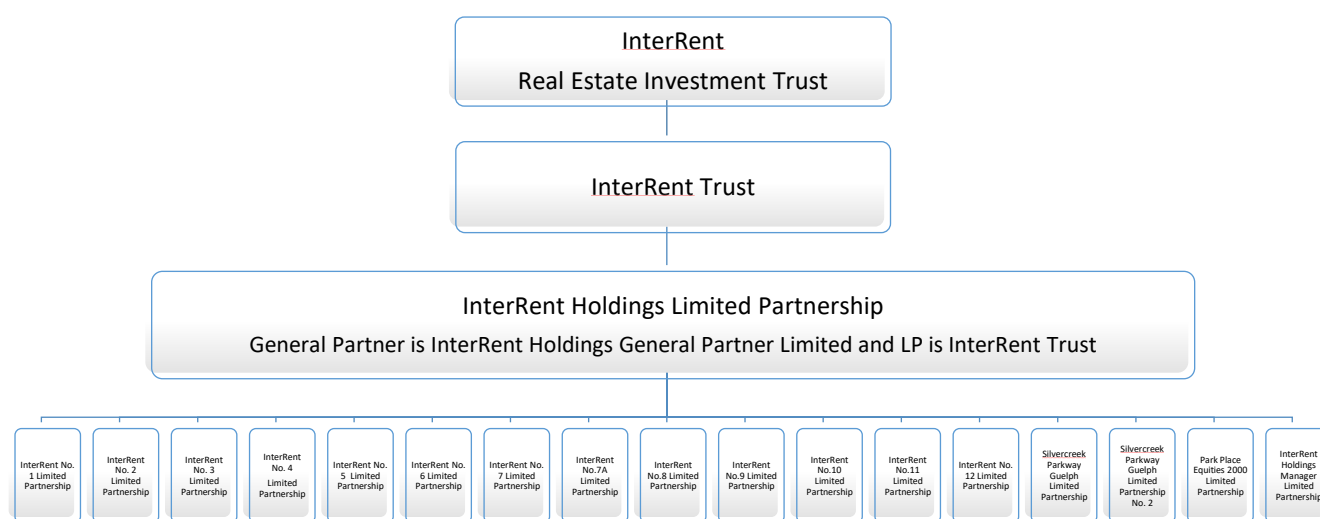
**“Voting Units”** means the Units and Special Voting Units.

## STRUCTURE OF THE TRUST

InterRent Real Estate Investment Trust (“**InterRent REIT**” or the “**Trust**”) is an unincorporated open-ended real estate investment trust formed on October 10, 2006 under the laws of the Province of Ontario pursuant to the Amended and Restated Declaration of Trust. (See “Description of the Business – Amended and Restated Declaration of Trust and Description of Units”). The registered and head office of the Trust is located at 485 Bank Street, Suite 207, Ottawa, Ontario, K2P 1Z2.

The Units are listed and posted for trading on the TSX under the symbol IIP.UN.

The chart below describes the inter-corporate relationship of the Trust and its Subsidiaries as at December 31, 2023. Unless otherwise noted, all entities are wholly owned and are organized or incorporated pursuant to the laws of the Province of Ontario.



Note: all of the Limited Partnerships under InterRent Holdings Limited Partnership have 2 general partners, one with a similar name (i.e. InterRent GP No. 1 Limited) and InterRent Holdings Manager Limited Partnership. Each General Partner (“GP”) is owned by InterRent Holdings Limited Partnership. InterRent Holdings Limited Partnership is also the Limited Partner (“LP”) for each of the Limited Partnerships under InterRent Holdings Limited Partnership and InterRent Holdings Manager Limited Partnership. All of the Properties within the Trust are owned by nominee companies who act as bare trusts and who are wholly or partially beneficially owned by one of the limited partnerships listed in the above structure.

## GENERAL DEVELOPMENT OF THE BUSINESS

### History

On December 7, 2006, the Trust became a successor issuer to, *inter alia*, InterRent International Properties Inc. (“IIP”), which converted to a real estate investment trust concurrent with the completion of the acquisition of the Silverstone Group by way of a plan of arrangement under the OBCA (the “Arrangement”). The Arrangement resulted in the Trust having an indirect interest at the time in an aggregate of over 1,700 suites.

In April 2007, the Trust moved from the TSXV to the TSX and began trading under the symbol IIP.UN.

The Trust began 2021 with 11,047 suites, of which 9,318 suites were in its then three primary markets, representing approximately 84% of the total portfolio. In 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. As at December 31, 2021, the Trust owned 12,426 suites.

The Trust’s repositioning program following the acquisition of a property typically spans three to four years, depending on how significant the capital requirements are. As of December 31, 2021, there were 4,122 suites, or approximately 33% of the portfolio, that were considered non-repositioned properties and the remaining 8,314 suites, or approximately 67% of the portfolio, that were considered repositioned properties.

In 2021, the Trust invested \$90.1 million in capital expenditures within the portfolio, with approximately \$26.6 million invested in non-repositioned properties and \$11.4 million invested in properties under development. Of the remaining \$30.6 million, \$24.8 million was invested in value-enhancing initiatives and \$5.8 million was invested towards sustaining and maintaining existing spaces within the repositioned portfolio.

During 2022, the Trust purchased a 50% ownership stake in two properties with 57 suites in Vancouver, British Columbia and one property with 254 suites in Brossard, Quebec; added three suites to existing properties in the Greater Toronto & Hamilton area; combined two suites into one in Ottawa, Ontario; moved 10 suites in Ottawa, Ontario from income-producing to properties under development; and commenced occupancy on its development project at 473 Albert Street, Ottawa, with 37 suites occupied as at December 31, 2022.

Additionally, in 2022, the Trust invested \$126.2 million in the portfolio. The investment consisted of \$40.6 million in non-repositioned properties and \$36.4 million in properties under development, including the acquisition of additional stake in 900 Albert Street, Ottawa. The remaining \$49.2 million was invested in the repositioned portfolio. As at December 31, 2022, the Trust owned 12,610 suites.

During 2023, the Trust acquired a 10% interest in 605 suites in the Greater Toronto & Hamilton Area, added four suites to existing properties, two in the Greater Toronto & Hamilton Area, and one each in the Ontario region, and Greater Montréal Area, brought 104 suites online a property in the National Capital Region, added 31 units at the Montréal intensification project, and disposed of a 54-suite property in the National Capital Region. The Trust ended 2023 with ownership of 12,756 suites.

In 2023, the Trust invested \$109.0 million on a proportionate basis in the portfolio. The investment consisted of \$32.8 million in non-repositioned properties, \$4.7 million for the HST self-assessment on 473 Albert, \$3.1 million on the Montreal intensification project and \$11.3 million in properties under development, including the acquisition of a 25% interest in an office conversion project in Ottawa for \$4.4 million. The remaining \$57.1 million was invested in 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 Trust will continue to focus on operations (as it is a primary driver of the Trust's success) as well as organic growth, strategic acquisitions, partnerships and development. The Trust's targeted acquisition strategy is to focus within key geographic markets with focus on properties that present above average potential returns that can be achieved through the prudent deployment of capital and guided by the knowledge and experience of the Trust's team members.

### Property Acquisitions

During the period from January 1, 2023 to December 31, 2023, the Trust completed the following acquisitions:

- On March 27, 2023, the Trust acquired a 10% interest at 2 & 4 Hanover Road, Brampton, Ontario for a purchase price of \$18.6 million (net consideration of \$8.9 million after debt assumed on acquisition). The acquisition is a joint venture with two partners, with the Trust's initial equity interest being 10%, with the option to increase its ownership to 33.3% within the first two years after closing. The Trust also acts as property manager on behalf of the joint venture and collects industry standard fees. In the Trust's financial statements, the acquisition is accounted for using the equity method, appearing on one line in the consolidated balance sheet and consolidated statement of income (loss) together with the Trust's other equity accounted joint ventures.
- On July 10, 2023 the Trust acquired a 25% interest in the property located at 360 Laurier Avenue, Ottawa, Ontario for a purchase price of \$4.4 million (net consideration of \$1.2 million after debt assumed on acquisition)

### Property Dispositions

During the period from January 1, 2023 to December 31, 2023, the Trust completed the sale of a 54-suite property in Ottawa, Ontario for a sale price of \$11.5 million, or \$213,000 per suite, against a carrying value of \$10.8 million.

## DESCRIPTION OF THE BUSINESS

### Overview

The Trust is a growth-oriented real estate investment trust engaged in increasing Unitholder value through the acquisition, ownership, management and repositioning of strategically located, income producing, multi-residential properties.

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

As at December 31, 2023, the Trust owns or manages a portfolio of Properties containing 13,907 suites (100% ownership in 12,088 suites, 50% ownership in 1,214 suites and 10% ownership in 605 suites). Approximately 2,004 suites (14.4% of the suites in the portfolio) are located in mid-sized population markets, with the remaining 11,903 suites (85.6% of the suites in the portfolio) located in the Greater Toronto and Hamilton Area (GTHA), Greater Montreal Area (GMA), the National Capital Region (NCR) and the Greater Vancouver Area (GVA). The portfolio is split into five regions with the following holdings: the GTHA with 4,748 suites in 37 Properties; GMA with 3,243 suites in 25 Properties; the NCR with 3,046 suites in 27 Properties; the GVA with 866 suites in 21

Properties; and other areas in Ontario outside of the NCR and GTHA with 2,004 suites in 16 Properties. As at December 31, 2023, the Trust's suites were approximately 97.0% occupied.

The Trust reviews its portfolio on a regular basis in order to maximize value to Unitholders and maintain a suitable portfolio mix.

The Trust has assembled an experienced management team that has continued to: i) invest within the existing assets to create a strong and reputable portfolio of assets; ii) rely upon the existing Board of Trustees who collectively possess broad business depth and experience in the banking, legal, accounting and multi-family residential sectors; iii) build a company-wide team with the capacity and experience to manage a larger portfolio platform, execute quickly on opportunities and provide necessary guidance on sustainability initiatives; iv) refinance the portfolio of Properties as necessary in order to provide sufficient capital to continue to invest in the existing portfolio as well as acquire new properties; and, v) raise equity in order to grow the portfolio accretively.

### **Strategy of the Trust**

The Trust's strategy has continued to evolve with its expansion, while remaining focused on long-term NAV growth. Identifying and pursuing repositioning opportunities remains a key aspect of its strategy as it drives substantial NAV growth and rent increases. The Trust also actively reviews strategic development and office conversion opportunities to achieve above-average returns and drive further growth in its target markets – the GTHA, GMA, NCR and GVA.

Sustainability is woven into the day-to-day activities of the Trust and is at the center of how the Trust conducts itself. The Trust shared its Sustainability Policy in its first sustainability report (2020), which guides how the Trust thinks about environmental, social and governance (ESG) considerations, and explains how these considerations are governed across the Trust. Since that time, the Trust has continued to make progress regarding its sustainability objectives, including completion of a baseline climate change risk assessment and establishing Green House Gas reduction targets and decarbonization plan. The Trust will continue to report its progress in a dedicated sustainability report outlining both its accomplishments over the past year and its objectives for the future.

### *Acquisition Criteria*

The Trust employs a rigorous set of criteria, coupled with a thorough due diligence process, to identify potential acquisitions, all managed by a seasoned management team. It targets existing properties with strong structural foundations that have historically underperformed due to reasons such as insufficient capital investment, lack of managerial expertise, or neglect from owners. Pursuing these properties, the Trust relies on its professional management approach, experience, and expertise to enhance their financial performance, bolster cash flow, and elevate future valuation. Additionally, it seeks opportunities in newly built properties within markets facing supply constraints, aiming to optimize asset performance through its adept management platform and advantageous economies of scale. Moreover, the Trust invests in development projects or initiatives such as office conversions in markets with limited access to newly constructed properties for sale.

The Trust's management uses a geographically opportunistic growth strategy within the targeted regions, allowing the Trust to participate in markets where they believe opportunities exist to acquire properties that conform to the investment criteria of the Trust. The management of the Trust believes that its focus on these markets provides the Trust with a competitive advantage, as many of these target markets are fragmented in terms of ownership.

The Trust intends to take advantage of the economies afforded by the "clustering", or close grouping of its properties, by targeting acquisition opportunities within close proximity to its existing assets. When targeting

new communities, the Trust also seeks buildings that have a sufficient number of suites to ensure that it maintains economic viability through economies of scale.

Management has developed a network of real estate contacts across Ontario, Quebec and British Columbia, allowing them to source both off-market and listed opportunities, and to move quickly to acquire accretive properties. Often, this network has allowed the Trust to purchase properties directly from vendors or through invited tenders as opposed to fully marketed sale processes.

As at December 31, 2023, the Trust's property portfolio was located in the Ontario, Quebec and British Columbia multi-residential market, representing approximately 1.1% of the total multi-residential suites available within the markets (based on CMHC's Fall 2023 Rental Market Statistics for Privately Initiated Rental Apartment Structures of Three Units and Over). The following chart shows the Trust's approximate regional market penetration as at December 31, 2023:

#### InterRent REIT's Market Penetration

	CMHC Rental Market		
	Trust Suites	Universe	Penetration
GTHA	4,748	380,182	1.25%
NCR	3,046	108,650	2.80%
Other Ontario	2,004	79,750	2.51%
GMA	3,243	634,163	0.51%
GVA	866	123,867	0.70%
<b>Total</b>	<b>13,907<sup>(1)</sup></b>	<b>1,326,612</b>	<b>1.05%</b>

(1) Represents suites owned and managed by the Trust

The management of the Trust believes that multi-residential real estate is a favourable asset class to operate within because it offers stability of cash flow; opportunity for expansion given the fragmentation in the Canadian market; and, benefits greatly from the growing population base within the country. Management's experience is that the multi-residential asset class has historically been able to withstand downturns in overall real estate markets when higher interest rates increase the cost of home ownership and reduce vacancies as quality shelter remains of high importance for most residents.

The fragmented nature of multi-residential property ownership presents an opportunity, as the Trust's experience suggests that the majority of these owners own less than five properties in total, typically many of those having been held for long periods of time. In addition, the management of the Trust believes that many current owners are reaching retirement age, a possible exit point for them and an opportunity for the Trust.

#### Competitive Environment

The Trust faces competition for the acquisition of properties from various sources, some larger and better financed than InterRent REIT. These include other real estate investment trusts and institutional and private investors, both foreign and domestic. Multi-residential real estate is an asset much in demand because of the belief held by many that it is a relatively stable long-term investment. Management believes that the Trust's proven repositioning strategy to maximize rental revenues, lower operating costs and create value for



Unitholders provides the Trust with a competitive advantage within the markets in which it operates and provides a strong foundation to build upon as the Trust grows.

## Capital Improvements

Multi-residential properties require significant capital improvements over their lifetime. The Trust's due diligence process evaluates capital expenditure requirements against rental growth expectations to prioritize properties that offer the most significant long term net asset value appreciation. Although the Trust prioritizes properties that do not require capital improvements in the short-term, Given the long term nature of these properties, the useful life of a number of building components will ultimately come to an end and require replacement or significant repair at some point in the future. The most common of these are:

- Roofs
- Building envelope/façade (including balconies, windows, brickwork)
- Parking structures
- Elevators
- Lobbies, corridors, and other common areas
- Heating, ventilation, and air conditioning
- In-suite elements (appliances, kitchens, bathrooms, flooring)
- Amenity areas

The Trust has a maintenance capital budget of approximately \$1,000 per suite, per year to account for on-going day-to-day maintenance. Management is of the opinion that both capital and maintenance capital budgets are adequate to maintain and improve the quality and functionality of its portfolio. Management's decision to reposition certain of its' Properties will mean that capital will be deployed to such areas as energy efficiency projects, the upgrade of common areas and the upgrade of suites.

## Operating Facilities

As at December 31, 2023, the Trust had the following credit facilities:

- A \$3.0 million demand credit facility with a Canadian chartered bank secured by a general security agreement. Interest is charged at prime plus a pre-defined spread. As at December 31, 2023, the Trust had no amounts drawn on this facility.
- A \$105.0 million term credit facility, maturing in 2025, with a Canadian chartered bank secured by a general security agreement and second collateral mortgages on eight of the Trust's properties. Interest is charged at a pre-defined spread for prime advances and banker's acceptances. As at December 31, 2023, the Trust had utilized \$40.8 million of this facility.
- A \$15.0 million term credit facility, maturing in 2025, 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 prime plus a pre-defined spread. As at December 31, 2023, the Trust had a minimal amount outstanding on this facility.
- A \$100.0 million term credit facility, maturing in 2025, 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 pre-defined spread for prime advances and banker's acceptances. As at December 31, 2023, the Trust had no amounts drawn on this facility.

## Employees

As at December 31, 2023, the Trust had 474 employees, including management, administrative, and site specific rental / customer care, maintenance, cleaning and superintendent staff. Employees are generally compensated either on an annual salary or hourly basis, with health and dental benefits on a shared basis. As at December 31, 2023, 269 employees were participants in either the Trust's Deferred Unit Plan or Performance and Restricted Unit Plan.

## Future Trends

Subject to the Trust's ability to secure financing on commercially attractive terms, management of the Trust expects to continue to expand the Trust's portfolio through accretive acquisitions. If interest rates increase: (i) management of the Trust expects that vacancies will decline as fewer people would be able to afford the purchase of a new home; and (ii) the Trust's cost of debt will also rise on future purchases, which the management of the Trust believes would be largely offset by increased earnings from higher occupancies and rent increases.

As at December 31, 2023, the Trust's portfolio was located in the Canadian provinces of Ontario, Quebec and British Columbia which represent 75%<sup>1</sup> of the Canadian population and 82%<sup>2</sup> of the rental housing market. Although demand was impacted by COVID-19 (both domestic and foreign), the market conditions in multi-residential sector have continued to move in a positive direction and the return of net new immigration in 2023 resulted in strong rental demand in the year.

CMHC published the following market data in its 2023 Rental Market Reports:

- Vacancy rates in Ontario decreased to 1.7% compared to 1.8% in 2022 while the average rent of two-bedroom suites from a fixed sample increased by 8.1% year-over-year.
- Vacancy rates in Quebec decreased to 1.3% compared to 1.7% in 2022 while the average rent of two-bedroom suites from a fixed sample increased by 7.7% year-over-year.
- Vacancy rates in British Columbia decreased to 1.2% compared to 1.3% in 2022 while the average rent of two-bedroom suites from a fixed sample increased by 9.0% year-over-year.

There are several major challenges to growth and profitability in the industry, including:

- Continuing low capitalization rates due to the continued demand from pension funds as well as private and public investors, both foreign and domestic, for quality multi-residential buildings;
- Both the pace and quantum of interest rate changes in 2023 created uncertainty in the market and lead to reduced market transactions;
- Historically, competition from the condominium market, mainly within the GTHA but also in GMA;
- The increased costs to comply with sustainability measures requiring substantial investments in eco-friendly upgrades and compliance measures; and
- Increasing utility costs and taxes.

<sup>1</sup> Statistics Canada. Table 17-10-0009-01 Population estimates, quarterly

<sup>2</sup> CMHC Rental Market Survey

Management expects that as the Trust's property portfolio grows, general and administrative expenses, as a percentage of revenues, will decrease. Portfolio growth should also result in economies of scale and reduced expenses as a percentage of revenue.

### Property Portfolio

The following table provides a summary of the Properties that comprise the Trust's portfolio as at December 31, 2023 grouped by geographic region:

Region	31-Dec-23		31-Dec-22	
	Suites	Average Monthly Rent	Suites	Average Monthly Rent
GTHA	4,157 <sup>(1)</sup>	\$1,700	4,096 <sup>(1)</sup>	\$1,561
NCR	3,046	\$1,651	2,996	\$1,543
Other Ontario	2,004	\$1,566	2,002	\$1,445
GMA	3,116 <sup>(1)</sup>	\$1,379	3,083 <sup>(1)</sup>	\$1,289
GVA	433 <sup>(1)</sup>	\$1,909	433 <sup>(1)</sup>	\$1,768
<b>Total</b>	<b>12,756</b>	<b>\$1,596</b>	<b>12,610</b>	<b>\$1,479</b>

(1) Represents the Trust's ownership.

### Seasonality

The Trust's utility and operating expenses tend to be higher in the first and fourth quarters of its fiscal year, due to colder weather (increased heating costs) and snowfall / ice (increased maintenance expenses). The peak rental season through the summer months results in higher leasing costs as more units turn over during this period than at any other time in the year. Other than these cyclical expenses, operating and other expenses are usually spread evenly throughout the year.

### Management of the Trust

The governance, investment guidelines and operating policies of the Trust are overseen by the Board of Trustees, a majority of whom must be resident Canadians and a majority of whom must be Independent Trustees. The role of the Trustees is similar to the role of directors of a corporation.

## ***Governance and Board of Trustees***

### ***General***

The Amended and Restated Declaration of Trust provides that the investment policies and operations of the Trust are the responsibility of the Board. The Amended and Restated Declaration of Trust provides for a Board of between one and twelve Trustees. There are currently nine Trustees, seven of whom are considered to be Independent Trustees. The number of Trustees may be changed by the Unitholders or by the Trustees, provided that the Trustees may not, between meetings of Unitholders, appoint an additional Trustee if, after such appointment, the total number of Trustees would be greater than one and one-third times the number of Trustees in office immediately following the last annual meeting of Unitholders. Subject to certain conditions, a vacancy occurring among the Trustees may be filled by resolution of the remaining Trustees so long as they constitute a quorum or by Unitholders at a meeting of the Unitholders.

The standard of care and duties of the Trustees provided in the Amended and Restated Declaration of Trust are similar to those imposed on directors of a corporation governed by the OBCA. Accordingly, each Trustee is required to exercise the powers and discharge the duties of their office honestly, in good faith and in the best interests of the Trust and the Unitholders and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

### ***Conflict of Interest Restrictions and Provisions***

The Amended and Restated Declaration of Trust contains “conflict of interest” provisions to protect Unitholders without creating undue limitations on the Trust. As the Trustees are engaged in other real estate-related activities, the Amended and Restated Declaration of Trust contains provisions, similar to those contained in the OBCA, that require each Trustee to disclose to the Trust any interest in a material contract or transaction or proposed material contract or transaction with the Trust or its subsidiaries (including a contract or transaction involving the making or disposition of any investment in real property or a joint venture agreement) or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with the Trust or its subsidiaries. Such disclosure is required to be made at the first meeting at which a proposed contract or transaction is considered. If a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by the Trustees, a Trustee is required to disclose in writing to the Trust, or request to have entered into the minutes of meetings of Trustees, the nature and extent of their interest forthwith after the Trustee becomes aware of the contract or transaction or proposed contract or transaction. In any case, a Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating to their remuneration or for indemnity under the provisions of the Amended and Restated Declaration of Trust or liability insurance.

### ***Independent Trustee Matters***

The following matters require the approval of a majority of the Independent Trustees to become effective:

- an acquisition or disposition of a property or an investment in a property, whether by co-investment or otherwise, in which any Related Parties has any direct or indirect interest;
- the entering into, waiver of, exercise or enforcement of any rights or remedies under any agreement entered into by the Trust, or the making, directly or indirectly, of any co-investment, with any Related Party or in which any Related Party has a material interest;

- the refinancing or renewal of any indebtedness owing by or to any Related Party or in which any Related Party has a material interest;
- the grant of options or issuing of Units under any option or purchase plan;
- any change in the number of Trustees of the Trust and the appointment of Trustees to fill any vacancies created by any increase in the number of Trustees;
- decisions relating to compensation of Trustees or of any employee who is also an employee of a Related Party; and
- decisions relating to any claim by or against any vendor of Properties to the Trust or any of the parties to the Material Agreements.

### ***Mandate of the Board of Trustees***

The role of the Trust's Board of Trustees is one of stewardship and oversight of the Trust and its business. The Board of Trustees is responsible for overseeing management and approving major decisions. In fulfilling its mandate, the Board of Trustees is responsible, among other things, for: (i) participating in the development of and approving a strategic plan for the Trust; (ii) identifying and managing risk exposure; (iii) ensuring the integrity and adequacy of the Trust's internal controls and management information systems; (iv) defining the roles and responsibilities of management; (v) reviewing and approving the business and investment objectives to be met by management of the Trust; (vi) assessing the performance of management; (vii) reviewing the Trust's debt management strategy; (viii) succession planning; (ix) ensuring effective and adequate communication with the Unitholders and other stakeholders as well as the public at large; and (x) establishing committees of the Board of Trustees, where required or prudent, and defining their mandate.

The following table sets forth the name, municipality of residence, positions held with the Trust, principal occupation as well as month and year that they became a Trustee for each of the Trustees and executive officers of the Trust. Such information has been furnished by each Trustee or executive officer, respectively, to the Trust. Each Trustee holds office until the close of the next annual meeting of Unitholders following their election or until a successor is duly appointed.

At the annual meeting of the Trust held on June 12, 2023, Meghann O’Hara-Fraser was newly elected as a Trustee.

<u>Name and Municipality of Residence</u>	<u>Position with the Trust</u>	<u>Principal Occupation</u>	<u>Trustee Since</u>
Paul Amirault <sup>(1)(2)(3)</sup> Ottawa, Ontario	Lead Independent Trustee	Partner at Norton Rose Fulbright Canada LLP	May 2010
Jean-Louis Bellemare <sup>(2)(3)(4)</sup> Ottawa, Ontario	Trustee	Partner, President and General Manager of Farm Boy Company Inc.	June 2022
Brad Cutsey <sup>(4)</sup> Toronto, Ontario	Trustee, President and CEO	President and CEO	June 2022
Judy Hendriks <sup>(3)(5)</sup> Ottawa, Ontario	Trustee	Chief People Officer Harris	June 2022
John Jussup <sup>(2)(5)</sup> Ottawa, Ontario	Trustee	Director	February 2019
Ronald Leslie <sup>(1)</sup> Ottawa, Ontario	Trustee	Partner at Leslie & MacLeod – Chartered Professional Accountants (A Professional Corporation)	May 2011
Mike McGahan <sup>(4)</sup> Ottawa, Ontario	Trustee, Executive Chair	CEO of CLV Group Inc.	September 2009
Meghann O’Hara-Fraser <sup>(5)</sup> Toronto, Ontario	Trustee	Senior Director, Strategy & Growth Marketing at Maple Lease Sprots and Entertainment	June 2023
Cheryl Pangborn <sup>(1)(4)</sup> Ottawa, Ontario	Trustee	Retired	May 2017
Curt Millar Ottawa, Ontario	Chief Financial Officer	Chief Financial Officer	N/A
Dave Nevins Ottawa, Ontario	Chief Operating Officer	Chief Operating Officer	N/A

(1) Member of the Audit Committee

(2) Member of the Nominations and Governance Committee

(3) Member of the Human Resources and Compensation Committee

(4) Member of the Capital Resources Committee

(5) Member of the Sustainability Committee

Additional biographical information regarding the Trustees and executive officers of the Trust:

**Paul Amirault** is a partner of Norton Rose Fulbright Canada LLP. Mr. Amirault practices corporate and securities law, with an emphasis on equity financings and mergers and acquisitions. He represents start-ups and established businesses, as well as underwriters and investors. Mr. Amirault works with venture capital and private equity funds. In addition to experience in prospectus offerings, private placements and friendly takeovers, he has been involved in hostile bids, proxy battles and contested shareholder meetings. Mr. Amirault advises clients on a broad range of corporate and securities matters, including corporate governance, regulatory compliance and stock exchange rules.

**Jean-Louis Bellemare** is the founder and Chairman of Farm Boy Company Inc. (“Farm Boy”), which is one of the fastest growing and most successful food retailers in Ontario. Under Mr. Bellemare’s leadership, Farm Boy was named one of the best-managed companies in Canada in 2011. Mr. Bellemare brings over 40 years of retail expertise in operations, corporate strategy and executive leadership. He has a proven track record of strategic

leadership, operational efficiency and value creation having scaled Farm Boy up to 42 locations. In 2012, he was a key lead in the negotiations for the sale of Farm Boy to Berkshire Partners. Subsequently, Mr. Bellemare was a key strategic advisor to facilitate the sale of Farm Boy to Empire Company Inc. in 2018.

**Judy Hendriks** has over 20 years' experience as a human resources professional and executive leader, including her current role as the Chief People Officer (CPO) for Harris Computer Corporation ("Harris"), one of the operating groups within the Constellation Software Inc. family of companies. In her current role as CPO, Ms. Hendriks is responsible for coaching and advising senior leaders in a range of areas, including leadership development, succession planning, compensation strategy, talent management and organizational design. Harris' global footprint and growth through acquisitions has allowed Ms. Hendriks to gain significant experience in human resources diligence, integrations as well as business growth strategies. Prior to Harris, Ms. Hendriks held human resource leadership roles with companies in the telecom and e-commerce sectors. She has graduate degrees from both Queen's University (Sociology) and Humber College (Human Resources).

**John Jussup** has over 30 years experience as a corporate counsel, including 15 years as Senior Vice President, Chief Legal Officer of Canadian-based software company Cognos Inc., which was listed on the TSX and NASDAQ until its acquisition by IBM in 2008. He also served as General Counsel of the Bank of Canada before his retirement in 2012. Since then, he has operated a boutique practice advising and serving on boards of directors and providing small and medium-sized businesses with a broad range of legal and corporate services. His experience includes advising boards of directors and senior management; dealing with securities matters in multiple jurisdictions; executing and managing mergers and acquisitions of all sizes in Canada, the United States and overseas; and dealing with a broad range of human resources matters. Mr. Jussup is a graduate of Royal Military College and Queen's University and is a member of the Law Society of Ontario.

**Ronald Leslie, CPA, CA, LPA** is the founding partner of Leslie & MacLeod, Chartered Professional Accountants (A Professional Corporation) and the current office managing partner. Mr. Leslie has over 30 years of public accounting and business advisory experience and sits on the board and is the chair of the audit committee of C-COM Satellite Systems Inc. (which is listed on the TSXV). He specializes in providing financial and business advisory services to entrepreneurs from private to public companies including owner-managed entities as well as various not-for-profit organizations and charities. Mr. Leslie is a graduate of Carleton University and holds a Bachelor of Commerce degree.

**Mike McGahan** is the Executive Chair of InterRent REIT. In addition, Mr. McGahan is President and Chief Executive Officer of CLV Group Inc. ("CLV"). CLV is a company that focuses on providing "Complete Real Estate Solutions", including property management, real estate brokerage, mortgage brokerage, residential rentals, commercial leasing and construction. Mr. McGahan has over 35 years' experience in the real estate business focusing on the multi-residential apartment and commercial properties sectors and has successfully bought, sold, financed and managed over 200 properties valued in excess of \$4 billion. Mr. McGahan, through CLV, has developed a reputation as one of the top property managers having managed a portfolio of over 12,000 residential units and 500,000 sq. ft. of commercial properties for institutions including Toronto Dominion Bank, Bank of Hong Kong, Bank of Nova Scotia, Canada Mortgage and Housing Corporation and Canada Lands as well as private investors. Mr. McGahan has a wealth of experience in finding properties that have untapped potential and creating value through repositioning, renovations and improved efficiencies using pro-active management. Mr. McGahan has been a licensed real estate agent and mortgage broker for over 30 years and is a graduate of the University of Ottawa.

**Meghann O’Hara-Fraser** is a seasoned marketing leader with an incredible record of creating value through customer insight, brand positioning and digital marketing. She has vast experience advising Fortune 500 executive leadership teams on how to drive shareholder value and build strong brands through tighter integration of brand, business and customer experience strategies. In her current role as Senior Director, Strategy & Growth Marketing at Maple Leaf Sports and Entertainment, she is responsible for driving fan growth and delivering best in class omnichannel marketing experiences across a portfolio of iconic sports brands. MLSE’s focus on international growth and out-of-venue revenue diversification has allowed Meghann to gain significant experience in creating customer strategies that drive brand loyalty profitably. Prior to joining MLSE, Meghann led global branding consulting initiatives with Interbrand New York. She holds an MBA from the University of Cambridge and a Bachelor of Science from Bishop’s University.

**Cheryl Pangborn** was a Director and Group Lead, Real Estate Banking at a Canadian chartered bank since 2013. During her more than 25 years in the real estate finance business, she has been involved in construction and mortgage financing of most real estate asset classes throughout eastern Canada. She is a graduate of Carleton University and holds a Bachelor of Arts (Economics / Commercial Law).

**Brad Cutsey, CFA** is the current President and Chief Executive Office of InterRent REIT. Mr. Cutsey has over 20 years of experience in real estate and capital markets, including roles as Group Head of Real Estate Investment Banking, and as a top-ranked Equity Research Analyst. Throughout his career, Mr. Cutsey has advised on several billions of dollars worth of real estate transactions and equity and debt financings and has played a key role in the formation of a number of publicly listed REITs. Mr. Cutsey is a Chartered Financial Analyst (CFA) and a graduate of the Bachelor of Business Administration (Finance concentration and Economics Major) program at Bishop’s University.

**Curt Millar, CPA, CA**, is Chief Financial Officer of the Trust. Prior to assuming his position as the Trust’s Chief Financial Officer in 2010, Mr. Millar was Chief Executive Officer (2009-10) and Chief Financial Officer (2004-09) of Zip.ca. A Chartered Accountant (CA) and Magna Cum Laude graduate of the Bachelor of Commerce (Honors in Accounting) program of the University of Ottawa, Mr. Millar has held positions of increasing responsibility in accounting, financial management and operations with a number of businesses for over 20 years.

**Dave Nevins, CPM** is the Chief Operating Officer (COO) of the Trust. Prior to assuming his position as the Trust’s COO, Mr. Nevins was Vice President Operations at CLV. Mr. Nevins joined CLV in 1995 and held positions of increasing responsibility in sales, operations and construction management over his 25-year tenure. Mr. Nevins is a graduate of the Bachelor of Economics program of the University of Ottawa.

As at the date hereof, the Trustees and senior officers of the Trust, as a group, beneficially own, directly or indirectly, or exercise control or direction over approximately 9,516,212 Units representing approximately 6.5% of the Units outstanding.

### **Corporate Cease Trade Orders**

None of the Trustees or executive officers of InterRent REIT is, or has been within the 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company that (i) while such person was acting in that capacity was the subject of a cease trade or similar order that denied the company access to any statutory exemptions under Canadian securities legislation, in each case for a period of more than 30 consecutive days (each, an “**Order**”) or (ii) was subject to an Order that was issued after such person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while such person was acting in the capacity as director, chief executive officer or chief financial officer.



### ***Bankruptcies***

None of the Trustees or executive officers of InterRent REIT or any Unitholder holding a sufficient number of securities of the Trust to affect materially the control of the Trust, is or has been within the 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company that while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### ***Personal Bankruptcies***

None of the Trustees or executive officers of InterRent REIT or any Unitholder holding a sufficient number of securities of the Trust to affect materially the control of the Trust, has within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

### ***Penalties and Sanctions***

None of the Trustees or executive officers of InterRent REIT or any Unitholder holding a sufficient number of securities of the Trust to affect materially the control of the Trust, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Committees of the Board of Trustees**

#### ***Audit Committee***

The audit committee's responsibilities include: (i) reviewing the Trust's procedures for internal control with the Trust's auditors and Chief Financial Officer; (ii) reviewing and approving the engagement of the auditors; (iii) reviewing annual and quarterly financial statements as well as all other material continuous disclosure documents, such as the Trust's annual information form and management's discussion and analysis; (iv) assessing the Trust's financial and accounting personnel; (v) assessing the Trust's accounting policies; (vi) reviewing the Trust's risk management procedures; and (vii) reviewing any significant transactions outside the Trust's ordinary course of business and any pending litigation involving the Trust.

National Instrument 52-110 - *Audit Committees* ("NI 52-110") requires that certain information regarding the Audit Committee of an issuer be included in the annual information form.

#### ***Audit Committee Charter***

The full text of the charter of the Trust's Audit Committee is attached hereto as Appendix "A".

#### ***Composition of the Audit Committee***

The Trust is required to have an Audit Committee comprised of not less than three Trustees each of whom is financially literate, a majority of whom are not officers, Control Persons or employees of the Trust or an Affiliate of the Trust.

Trust's Audit Committee comprises of three Trustees. At the beginning of 2023, the Trustees in the Audit Committee were Ronald Leslie (Chair), John Jussup, and Cheryl Pangborn. During 2023, John Jussup was replaced by Paul Amirault. Throughout 2023, all Trustees in the Audit Committee were independent as that term is defined in NI 52-110.

### **Relevant Education and Experience**

Ronald Leslie is a Chartered Professional Accountant, Chartered Accountant and Licensed Public Accountant and is the Office Managing Partner at Leslie & MacLeod – Chartered Professional Accountants (A Professional Corporation). Mr. Leslie has over 30 years of experience as a public accountant and currently sits on the board and is the chair of the audit committee of C-COM Satellite Systems Inc. (which is listed on the TSX Venture Exchange).

Paul Amirault is a lawyer that practices corporate and securities law, with an emphasis on equity financings and mergers and acquisitions for public and private companies. Mr. Amirault has been involved in corporate finance and M&A transactions over the past 20 years whose aggregate value exceeds \$4 billion. This involvement has included considerable experience in reviewing, drafting and providing advice in connection with financial disclosure for public companies pursuant to continuous and timely reporting obligations, and under proxy circular and prospectus requirements.

Cheryl Pangborn is a retired Director and Group Lead, Real Estate Banking at a Canadian chartered bank. During her more than 25 years in the real estate finance business, she has been involved in construction and mortgage financing of most real estate asset classes throughout eastern Canada.

Each of the members of the Audit Committee is financially literate within the meaning of NI 52-110 as each has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Trust's financial statements. In this regard, the Board has determined that each member of the Audit Committee meets these criteria as Ronald Leslie, Paul Amirault and Cheryl Pangborn are familiar with accounting principles, financial statements and financial reporting requirements.

### **Audit Fees**

The following table provides detail in respect of audit, audit related and other fees incurred by the Trust to the external auditors for professional services:

	<b>Audit Fees</b>	<b>Audit-Related Fees</b>	<b>All Other Fees</b>
January 1, 2023 – December 31, 2023	\$235,000	\$77,000	\$19,000
January 1, 2022 – December 31, 2022	\$220,000	\$70,000	-

**Audit Fees** – Audit fees were incurred for professional services rendered by the auditors for the audit of the Trust's annual financial statements as well as services provided in connection with statutory and regulatory filings.

**Audit-Related Fees** – Audit-related fees were incurred for professional services rendered by the auditors and were comprised primarily of the review of quarterly financial statements and related documents.

All Other Fees - Other fees were incurred for professional services rendered in service of the filing of the Trust's base shelf prospectus on November 2, 2023.

### **Tax Fees**

The following table provides detail in respect of tax and other fees incurred by the Trust to the external tax advisors for professional services:

	<b>Tax Fees</b>	<b>All Other Fees</b>
January 1, 2023 – December 31, 2023	\$170,000	-
January 1, 2022 – December 31, 2022	\$188,942	-

Tax Fees – Tax fees were incurred for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.

### **Nominations and Governance Committee**

The Nominations and Governance Committee is charged with reviewing, overseeing and evaluating the governance and policies of the Trust, which includes (i) assessing the effectiveness of and improving the Trust's governance practices; (ii) ensuring that current governance practices are identified and followed by the Board and management, (iii) regularly reviewing and revising the Board's governance mandates, charters and policies, taking all regulatory requirements and best practices into consideration. In addition, the committee is responsible for: (i) assessing the effectiveness of the Board of Trustees, each of its committees and individual Trustees; (ii) identifying individuals qualified to serve on the Board and its committees; (iii) overseeing the recruitment and selection of candidates as Trustees of the Trust including considering whether each new nominee can devote sufficient time and resources to duties as a member of the Board in making recommendations for trustee nominees; (iv) making recommendations to the Board with respect to management succession, in particular, succession for the Chief Executive Officer position; (v) reviewing the relative proportion of gender and diversity representation on the Board, and ensure that inclusivity is a key factor taken into consideration when recruiting new trustee nominees (vi) organizing an orientation and education program for new Trustees; and (vii) reviewing and making recommendations to the Board of Trustees concerning any change in the number of Trustees of the Trust. The Nominations and Governance Committee is currently comprised of three Trustees: John Jussup (Chair), Paul Amirault and Jean-Louis Bellemare.

### **Human Resources and Compensation Committee**

The Human Resources and Compensation Committee is responsible for administration of the Trust's compensation matters and reviewing, overseeing and evaluating the compensation policies, philosophies and guidelines of the Trust. In addition, this committee is responsible for: (i) reviewing and making recommendations to the Board with respect to the compensation structure and package for the Chief Executive Officer; (ii) reviewing and making recommendations to the Board, in consultation with the Chief Executive Officer, in respect of the compensation paid by the Trust to senior management; (ii) administering any equity-based incentive or purchase plans of the Trust, and any other compensation incentive programs; (iii) assessing the performance of management of the Trust; (iv) reviewing and making any recommendations to the Board of Trustees concerning

the level and nature of the compensation payable to the Trustees; (v) reviewing and updating periodically and overseeing the administration and content of the Trust's Code of Business Conduct and Ethics and ensuring that management has established a system to enforce such Code; and (vi) if requested by the Board of Trustees, make recommendations to the Board with respect to senior officer succession. The Human Resources and Compensation Committee also has general oversight responsibility for the Trust's human resources function and in this regard is responsible for (i) reviewing and monitoring the Trust's overall compensation and benefits programs; (ii) ensuring that the Trust's human resources policies are in compliance with applicable laws and regulations; and (iii) considering such other human resources issues as may be referred to the committee. The Human Resources and Compensation Committee is currently comprised of three Trustees: Judy Hendriks (Chair), Paul Amirault, and Jean-Louis Bellemare.

### ***Capital Resources Committee***

The Capital Resources Committee is responsible for: (i) approval of any material investment proposal by management of the Trust; and (ii) reviewing and analyzing the due diligence and overview of any proposed material property acquisition against the Trust's strategic objectives. The Capital Resources Committee is comprised of four Trustees: Cheryl Pangborn (Chair), Jean-Louis Bellemare, Brad Cutsey, and Mike McGahan.

### ***Sustainability Committee***

The Sustainability Committee is responsible for: (i) reviewing and recommending to the Board the Trust's overall general strategy with respect to matters of environmental, social and governance responsibility (collectively "Sustainability") to promote long-term sustainable performance; (ii) overseeing, assessing and improving the Trust's policies, practices and performance with respect to Sustainability matters in collaboration with other relevant committees (including the Nominations and Governance Committee and the Human Resources and Compensation Committee); (iii) providing oversight of social, political and environmental trends, risks and opportunities that affect the Trust's business strategy and performance; and (iv) carrying out actions the Trust can take to be, and be known as, a responsible and good corporate citizen in the communities in which it operates, while furthering its long-term business goals, including investing in technology and new initiatives to increase sustainability and lower its carbon footprint across the portfolio, with focus on energy, water and waste consumption and management. The Sustainability Committee is comprised of three Trustees: Meghann O'Hara-Fraser (Chair), John Jussup and Judy Hendriks.

### **Remuneration of Trustees**

For 2023, the Trustees of the Board, whom so elect, will receive between 60% and 100% of their Board retainers in the form of Deferred Units (as defined below), subject to the terms of the Trust's Deferred Unit Plan (as defined below), as amended. The Trustees have elected to receive 100% of their retainers and meeting fees in the form of Deferred Units.

For 2023, the Trustees of the REIT were paid an annual base retainer of \$105,000. As well, Board and Committee Chair positions received the following annual amounts: (a) Lead Trustee and Audit Committee Chair - \$30,000, and (b) Chairs of the Capital Resources, Compensation, Nominating & Governance and Sustainability Committees - \$25,000. Trustees are paid no other amounts in the ordinary course. The Executive Chair and the President and CEO are not paid any incremental fees for their roles as Trustees.

Trustees are required to own (or be entitled to receive) Units of InterRent REIT equal in value, as at January 1 of any calendar year, to 3 times the base annual retainer. Each Trustee is required to acquire the foregoing number

Units (or the entitlement thereto) on or before the end of the third complete calendar year after joining the Board. As of the date hereof, all Trustees have met this requirement.

### ***Trustees' and Officers' Liability Insurance***

The Trust carries Trustees' and officers' liability insurance. Under this insurance coverage, the Trust will be reimbursed for payments made under indemnity provisions on behalf of its Trustees and officers contained in the Amended and Restated Declaration of Trust, subject to a deductible for each loss. Individual Trustees and officers will also be reimbursed for losses arising during the performance of their duties for which they are not indemnified by the Trust, subject to a deductible, which will be paid by the Trust. Excluded from insurance coverage are illegal acts, acts which result in personal profit and certain other acts. The Amended and Restated Declaration of Trust provides for the indemnification in certain circumstances of Trustees and officers from and against certain losses arising from claims against them for certain of their acts, errors or omissions in respect of the execution of their duties of office.

### ***Trustees' and Officers' Indemnities***

InterRent REIT enters into indemnity agreements with each of its Trustees which indemnifies them, among other things, against all costs, charges, expenses and liabilities in connection with a claim related to the fact that the indemnitee acted for the Trust provided that, among other things, such indemnitee (i) acted honestly and in good faith with a view to the best interests of the Trust or, as the case may be, to the best interests of the other entity for which the indemnitee acted at the Trust's request; and (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the indemnitee had reasonable grounds for believing that the indemnitee's conduct was lawful.

## **Declaration of Trust and Description of Units**

### ***General***

The Trust is an unincorporated open-ended trust created pursuant to the Amended and Restated Declaration of Trust under, and governed by, the laws of the Province of Ontario. Under the Amended and Restated Declaration of Trust, the Trust is restricted to investing in only the securities of InterRent Trust, the Holdings Partnership, the Holdings Partnership General Partner and their respective associates. Although the Trust qualifies as a "mutual fund trust" as defined in the Tax Act, the Trust will not be a "mutual fund" as defined by applicable securities 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. The Trust has been established for an indeterminate term.

### ***Units***

The Amended and Restated Declaration of Trust provides for the issuance of an unlimited number of Units. Each Unit will represent a Unitholder's proportionate undivided ownership interest in the Trust. No Unitholder has or is deemed to have any right of ownership in any of the assets of the Trust. Each whole Unit confers the right to one vote at any meeting of Unitholders and to participate *pro rata* in any distributions to Unitholders by the Trust, whether of net income, net realized capital gains or other amounts and, in the event of termination of the Trust, in any distribution to Unitholders out of the net assets of the Trust remaining after satisfaction of all liabilities. Units will be fully paid and non-assessable when issued (unless issued on an instalment receipt basis)

and are transferable. Except as set out below under “*Redemption Right*”, the Units have no conversion, retraction, redemption or pre-emptive rights. Issued and outstanding Units may be subdivided or consolidated.

Units are not shares in the Trust. Holders of Units do not have statutory rights similar to those of a shareholder in an OBCA corporation, which are normally associated with the ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of such Act or any other legislation.

### ***Special Voting Units***

The Amended and Restated Declaration of Trust also provides for the issuance of an unlimited number of Special Voting Units that shall carry voting rights relating to the Trust for persons holding Holdings Partnership Class B LP Units or other shares, units or other securities that are directly or indirectly exchangeable for Units. Each Special Voting Unit will entitle the holder thereof to a number of votes at any meeting of Unitholders equal to the number of Units which may be obtained upon the exchange of the exchangeable shares, units or other securities, including the Holdings Partnership Class B LP Units, to which the Special Voting Unit relates.

The Special Voting Units will be subject to such other rights and limitations as may be determined by the Trustees at the time of issuance of any such Special Voting Units. The Special Voting Units are not transferable separately from the Holdings Partnership Class B LP Units, or other securities to which they relate, and will be automatically transferred upon the transfer of such securities. Upon the exchange or surrender of Holdings Partnership Class B LP Units for Units, the corresponding Special Voting Units will automatically be cancelled by the Trust.

### ***Meetings of Voting Unitholders***

The Amended and Restated Declaration of Trust provides that meetings of Voting Unitholders will be required to be called and held annually, for the purpose of: (a) electing Trustees; (b) appointing auditors of the Trust for the ensuing year; (c) directing the election of nominees of the Trust to serve as Trustees and directors of certain subsidiaries; (d) generally, any other matter which requires a resolution of Voting Unitholders; and (e) transacting such other business as the Trustees may determine or as may be properly brought before the meeting. All meetings of Voting Unitholders shall be held in Canada.

A meeting of Voting Unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned in writing by the Voting Unitholders representing not less than 10% of the votes attached to all outstanding Voting Units. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Voting Unitholders have the right to obtain a list of Voting Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the OBCA.

Voting Unitholders may attend and vote at all meetings of the Voting Unitholders either in person or by proxy and a proxy holder need not be a Voting Unitholder. Two or more individuals, present in person either holding personally or representing proxies, not less, in the aggregate, than 25% of the aggregate number of votes attached to all outstanding Voting Units shall constitute a quorum for the transaction of business at all such meetings. At any meeting at which a quorum is not present within one-half hour after the time fixed for the holding of such meeting, the meeting, if convened upon the request of the Voting Unitholders, shall be dissolved, but in any other case, the meeting will stand adjourned to a day not less than seven days later and to a place and

time as chosen by the chair of the meeting, and if at such adjourned meeting a quorum is not present, the Voting Unitholders present either in person or by proxy shall be deemed to constitute a quorum.

The Amended and Restated Declaration of Trust provides that without the authorization of at least 66⅔% of the votes cast at a meeting of Voting Unitholders called for such purpose, the Trustees shall not, among other things: (i) authorize any combination, transaction, amalgamation or arrangement of the Trust, (ii) dispose of all or substantially all of the assets of the Trust, or (iii) liquidate or dissolve the Trust, InterRent Trust or the Holdings Partnership, except in conjunction with an internal reorganization. Certain amendments to the Amended and Restated Declaration of Trust require the approval of two-thirds of the votes cast by Unitholders. See *“Amendments to Declaration of Trust”*.

### ***Purchases of Units***

The Trust may from time to time purchase Units in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies. Any such purchase, unless otherwise exempt, will constitute an “issuer bid” under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof.

In 2021 and 2022, the Trust did not purchase any Trust Units. In the twelve months ended December 31, 2023, the Trust purchased 157,200 Trust Units for a total of \$2.0 million. Average price per Unit across all purchases was \$12.71 and all units were purchased for cancellation. A company controlled by an officer and Trustee of the Trust exchanged 1,250,000 Class B LP Units for 1,250,000 Trust Units. All Class B LP Units are exchangeable at the option of the holder and the exchange occurred at market prices.

### ***Redemption Right***

Subject to certain conditions, Units are redeemable at any time on demand by the holders thereof upon delivery to the Trust of a duly completed and properly executed notice requesting redemption in a form reasonably acceptable to the Trustees, together with written instructions as to the number of Units to be redeemed. A Unitholder not otherwise holding a fully registered Unit certificate who wishes to exercise the redemption right will be required to obtain a redemption notice form from the Unitholder’s investment dealer who will be required to deliver the completed redemption notice form to the Trust and the Transfer Agent. Upon receipt of the redemption notice by the Trust, all rights to and under the Units tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive a price per Unit (“**Redemption Price**”) equal to the lesser of: (i) 90% of the “market price” of the Units on the principal market on which the Units are quoted for trading during the 10-trading day period ending immediately prior to the date on which the Units were surrendered for redemption (the “**Redemption Date**”); and (ii) 100% of the “closing market price” on the principal market on which the Units are listed for trading on the Redemption Date.

For the purposes of this calculation, “market price” will be the amount equal to the weighted average of the trading prices of the Units on the applicable market or exchange for each of the trading days on which there was a trade during the specified trading day period, and provided that if there was trading on the applicable exchange or market for fewer than five of the trading days during the specified trading day period, the “market price” will be the average of the following prices established for each of the trading days during the specified trading period: the average of the last bid and last asking prices of the Units for each day on which there was no trading and the weighted average trading prices of the Units for each day that there was trading. The “closing market price” will be an amount equal to the closing price of the Units on the applicable market or exchange if there was a trade on the specified date and the applicable exchange or market provides a closing price; an amount equal to the

average of the highest and lowest prices of the Units on the applicable market or exchange if there was trading on the specified date and the exchange or other market provides only the highest and lowest prices of Units traded on a particular day; or the average of the last bid and last asking prices of the Units if there was no trading on the specified date.

If Units are not listed or quoted for trading in a public market, the Redemption Price will be the fair market value of the Units, which shall be determined by the Trustees in their sole discretion.

The aggregate Redemption Price payable by the Trust in respect of any Units surrendered for redemption during any calendar month shall be satisfied by way of a cash payment in Canadian dollars within 30 days after the end of the calendar month in which the Units were tendered for redemption, provided that the entitlement of Unitholders 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 the TSX or traded or quoted on any other stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; (iii) the normal trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the Redemption Date or for more than five trading days during the 10-day trading period commencing immediately after the Redemption Date.

Cash payable on redemptions will be paid *pro rata* to all Unitholders tendering Units for redemption in any month. To the extent a Unitholder is not entitled to receive cash upon the redemption of Units as a result of any of the foregoing limitations, then the balance of the Redemption Price for such Units shall, subject to any applicable regulatory approvals, be paid and satisfied by way of a distribution *in specie* of assets held by the Trust. In such circumstances, Series 1 Notes and Trust Units of a value equal to the balance of the Redemption Price will be redeemed by InterRent Trust in consideration of the issuance by InterRent Trust to the Trust of Series 2 Notes and Series 3 Notes, respectively, with an aggregate principal amount equal to the balance of the Redemption Price. The Series 2 Notes and Series 3 Notes will then be distributed in satisfaction of the balance of the Redemption Price. No Series 2 Notes or Series 3 Notes in integral multiples of less than \$100 will be distributed and, where notes to be received by a Unitholder includes a multiple less than \$100, that number shall be rounded to the next lowest integral multiple of \$100 and the excess will be paid in cash. The Trust shall be entitled to all interest paid on the Notes, if any, and distributions paid on the Trust Units on or before the date of the distribution *in specie*. Where the Trust makes a distribution *in specie* on the redemption of Units of a Unitholder, the Trust currently intends to allocate to that Unitholder any capital gain or income realized by the Trust on or in connection with such distribution.

It is anticipated that the redemption right described above will not be the primary mechanism for Unitholders to dispose of their Units. Series 2 Notes and Series 3 Notes that may be distributed to Unitholders in connection with a redemption will not be listed on any exchange, no market is expected to develop in securities of InterRent Trust and such securities may be subject to resale restrictions under applicable securities laws. Series 2 Notes and Series 3 Notes so distributed may not be qualified investments for Plans under the Tax Act.

### **Take-Over Bids**

The Amended and Restated Declaration of Trust contains provisions to the effect that if a take-over bid or issuer bid is made for all of the issued and outstanding Units (including securities then currently convertible,



exchangeable or exercisable for Units) within the meaning of the *Securities Act* (Ontario) and not less than 90% of all the issued and outstanding Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or associates or Affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by Unitholders who did not accept the offer, on the same terms that the offeror acquired Units from the offeror who accepted the take-over bid.

### ***Issuance of Units***

The Trust may issue new Units and other securities of the Trust including securities convertible or exchangeable for Units or other securities of the Trust (the “**Other Issuable Securities**”) from time to time, in such manner, for such consideration and to such person, persons or class of persons as the Trustees shall determine and Unitholders do not have any pre-emptive rights whereby additional Units or Other Issuable Securities proposed to be issued are first offered to existing Unitholders. If the Trustees determine that the Trust does not have cash in an amount sufficient to make payment of the full amount of any distribution, the payment may include the issuance of additional Units having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution. In addition, Units may be issued pursuant to any option plan or long-term incentive plan established by the Trust from time to time. New Units may also be issued for cash through public offerings, through rights offerings to existing Unitholders, through private placements or as a result of conversion rights exercised under convertible securities, including warrants and subscription receipts. The Trust may also issue new Units as consideration for the acquisition of new properties or assets by it. The price or the value of the consideration for which Units may be issued will be determined by the Trustees, and, where the Trustees so determine, generally in consultation with investment dealers or brokers who may act as underwriters in connection with offerings of Units and subject to applicable regulatory approvals.

The Amended and Restated Declaration of Trust also provides that immediately after any *pro rata* distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated so that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution. In this case, each certificate representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation. Notwithstanding the foregoing, where tax is required to be withheld from a Unitholder’s share of the distribution, the consolidation will result in such Unitholder holding that number of Units equal to (i) the number of Units held by such Unitholder prior to the distribution plus the number of Units received by such Unitholder in connection with the distribution (net of the number of whole and part Units withheld on account of withholding taxes) multiplied by (ii) the fraction obtained by dividing the aggregate number of Units outstanding prior to the distribution by the aggregate number of Units that would be outstanding following the distribution and before the consolidation if no withholding were required in respect of any part of the distribution payable to any Unitholder.

### ***Limitation on Non-Resident Ownership***

In order for the Trust to maintain its status as a “mutual fund trust” under the Tax Act, the Trust must not be established or maintained primarily for the benefit of Non-Residents. Accordingly, at no time may Non-Residents be the beneficial owners of more than 49% of the Units and the Trustees have informed the transfer agent and registrar of this restriction. The Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustees become aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 49% of the Units then outstanding are, or may

be, Non-Residents or that such a situation is imminent, the Trustees may make a public announcement thereof and shall not accept a subscription for Units from or issue Units to a person unless the person provides a declaration that the person is not a Non-Resident. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the Units are held by Non-Residents, the Trustees may send a notice to Non-Resident holders of Units, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold the specified number of Units or have not provided the Trustees with satisfactory evidence that they are not Non-Residents within such period, the Trustees may, on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units, if any. Upon such sale the affected holders shall cease to be holders of Units and their rights shall be limited to receiving the net proceeds of sale. The Trustees shall have no liability for the amount received provided that they act in good faith.

### ***Information and Reports***

The Trust will furnish to Unitholders such financial statements (including quarterly and annual financial statements) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Unitholders' tax returns under the Tax Act and equivalent provincial legislation. Prior to each annual and special meeting of Unitholders, the Trustees will provide the Unitholders (along with notice of such meeting) information similar to that required to be provided to shareholders of a public corporation governed by the OBCA.

### ***Amendments to Amended and Restated Declaration of Trust***

The Amended and Restated Declaration of Trust may be amended or altered from time to time. Certain amendments require approval by at least two-thirds of the votes cast in respect of the amendment at a meeting of the Unitholders called for such purpose. Other amendments to the Amended and Restated Declaration of Trust require approval by a majority of the votes cast in respect of the amendment at a meeting of the Unitholders called for such purpose.

The following amendments, among others, require the approval by at least two-thirds of the votes cast by Unitholders in respect of the amendment at a meeting:

- (a) the termination of the Trust;
- (b) any combination, merger, amalgamation or arrangement of the Trust, InterRent Trust or the Holdings Partnership, as the case may be, any sale of all or substantially all of the assets of the Trust, InterRent Trust or Holdings Partnership, as the case may be, or the liquidation or dissolution of the Trust, InterRent Trust or Holdings Partnership, as the case may be, (other than as part of an internal reorganization of the assets of the Trust, InterRent Trust or Holdings Partnership, as the case may be, as approved by the Trustees);
  - i. For greater certainty, notwithstanding anything to the contrary herein contained, if at any time the Trustees so resolve to implement an internal reorganization of the assets of the Trust or any of the Subsidiaries (including, without limitation, forming additional trusts or limited partnerships to be subsidiaries of the Trust), any such resolution or reorganization shall not require the prior approval of Unitholders provided that such reorganization is not prejudicial to Unitholders.
- (c) an amendment to the Investment Guidelines of the Trust;

- (d) the provisions of the InterRent Trust Declaration of Trust concerning the computation of net income;
- (e) an exchange, reclassification or cancellation of all or part of the Units or Special Voting Units other than as specifically provided for in the Amended and Restated Declaration of Trust with respect to Special Voting Units;
- (f) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units or Special Voting Units and, including, without limiting the generality of the foregoing:
  - i. the removal or change of rights to distributions;
  - ii. the addition or removal of or change to conversion privileges, options, voting, transfer or pre-emptive rights; or
  - iii. the reduction or removal of a distribution preference or liquidation preference;
- (g) the creation of new rights or privileges attaching to Units or Special Voting Units; or,
- (h) the constraint on the issue, transfer or ownership of Units or Special Voting Units or the change or removal of such constraint, except as otherwise provided in the Amended and Restated Declaration of Trust.

The operating policies of the Trust may be amended with the approval by a majority of the votes cast by Unitholders in respect of the amendment at a meeting.

The Trustees may, without the approval of the Unitholders, make certain amendments to the Amended and Restated Declaration of Trust, including amendments:

- (a) ensuring continuing compliance with applicable laws (including the Tax Act and maintaining the Trust's status as a "mutual fund trust" under the Tax Act), regulations, requirements or policies of any governmental or other authority having jurisdiction over the Trustees, the Trust, or over the distribution of Units;
- (b) providing additional protection, in the opinion of the Trustees, for the Unitholders;
- (c) removing any conflicts or inconsistencies in the Amended and Restated Declaration of Trust, or making minor corrections, including the rectification of any ambiguities, defective provisions, errors, mistakes or omissions which are, in the opinion of Trustees, necessary or desirable and not prejudicial to the Unitholders;
- (d) which, in the opinion of the Trustees, are necessary or desirable to remove conflicts or inconsistencies between the publicly filed disclosure documents of the Trust and the Amended and Restated Declaration of Trust;
- (e) which, in the opinion of the Trustees, are necessary or desirable as a result of changes in generally accepted accounting principles (including accounting guidelines) or taxation or other laws or the administration or enforcement thereof;
- (f) enabling the Trust to issue Units for which the purchase price is payable in instalments;

- (g) creating one or more additional classes of units solely to provide voting rights to holders of shares, units or other securities that are exchangeable for Units entitling the holder thereof to a number of votes not exceeding the number of Units into which the exchangeable shares, units or other securities are exchangeable or convertible but that do not otherwise entitle the holder thereof to any rights with respect to the Trust's property or income other than a return of capital;
- (h) for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) if the Trustees are of the opinion that the amendment is not prejudicial to Unitholders and is necessary or desirable; or
- (i) making those changes to the Amended and Restated Declaration of Trust which, in the opinion of the Trustees, are necessary or desirable in order to: (i) ensure continuing compliance with IFRS, or (ii) ensure the Units qualify as equity for the purposes of IFRS, or (iii) address any changes to the interpretation of the terms of the Amended and Restated Declaration of Trust that may arise due to the adoption of IFRS, or any changes to IFRS after the adoption thereof; or (iv) avoid any other unintended consequences from the adoption of IFRS.

However, no amendment, other than an amendment made pursuant to paragraph (i), above, shall: (a) modify the right to vote attached to any Unit or the entitlement to distributions from the Trust without Unitholder consent; (b) reduce the percentage of votes required to be cast at a meeting of the Unitholders without the consent of the holders of all of the Units then outstanding amend the Amended and Restated Declaration of Trust without the consent of all Unitholders; or (c) cause the Trust to fail or cease to qualify as a "mutual fund trust" under the Tax Act.

#### **Market Price and Trading Volume Data**

The outstanding Units are listed for trading on the TSX under the symbol "IIP.UN" and began trading on the TSX on April 25, 2007.

The following table sets forth the high and low and closing trading prices of the Units on the TSX, together with the volume, for the 12 months in 2023:

<b>Month</b>	<b>High</b>	<b>Low</b>	<b>Close</b>	<b>Volume</b>
January	\$14.46	\$12.78	\$14.41	6,510,100
February	\$15.13	\$14.22	\$14.72	6,528,600
March	\$14.81	\$12.74	\$13.39	9,361,100
April	\$13.41	\$12.72	\$12.96	4,036,200
May	\$13.87	\$12.61	\$13.13	4,052,400
June	\$13.44	\$11.99	\$12.82	4,285,400
July	\$13.28	\$12.40	\$12.81	5,506,800
August	\$12.95	\$12.12	\$12.30	4,177,700
September	\$13.40	\$12.14	\$12.49	6,354,500
October	\$13.33	\$11.43	\$11.76	8,925,800
November	\$12.84	\$11.60	\$12.09	6,490,300
December	\$13.75	\$12.04	\$13.23	9,787,900

## Other Securities

## Equity Incentive Plans

### *Deferred Unit Plan*

The purpose of the Deferred Unit Plan is to promote the greater alignment of interests between the trustees, officers, and employees of the REIT and the unitholders of the REIT.

The following is a summary of the principal terms of the Deferred Unit Plan, which is qualified in its entirety by reference to the text of the Deferred Unit Plan, a copy of which can be obtained on the REIT's website ([www.irent.com/en/investors/corporate-governance/](http://www.irent.com/en/investors/corporate-governance/)).

<b>DESCRIPTION OF DEFERRED UNIT PLAN</b>	
<b>Eligible Participants</b>	Non-employee trustees, officers and employees of the REIT, or any subsidiary or affiliate of the REIT, who elect to participate in the Deferred Unit Plan are eligible to receive awards of DUs under the Deferred Unit Plan.
<b>Units Reserved for Issuance</b>	<p>The maximum number of Units that may be reserved for issuance under the Deferred Unit Plan, together with all Units reserved for issuance under all other security-based compensation arrangements of the REIT, is 6% of the total issued and outstanding Units.</p> <p>The number of Units that may be issued to any insider and that insider's associates may not, within a 12-month period, under the Deferred Unit Plan and/or under any other security based compensation arrangement of the REIT, exceed 5% of the issued and outstanding Units.</p> <p>Under no circumstances may the Deferred Unit Plan, together with all of the REIT's other previously established or proposed security based compensation arrangements, result, at any time, in the number of Units issued to or issuable to insiders exceed 6% of the issued and outstanding Units.</p> <p>Under no circumstances may the Deferred Unit Plan, together with all of the REIT's other previously established or proposed security based compensation arrangements result, at any time, in the number of Units reserved for issuance pursuant to the Deferred Unit Plan and/or other units or unit options to any one person exceeding 5% of the issued and outstanding Units.</p>
<b>Election to Defer Compensation and Awards</b>	<p>Trustees may elect to be paid between 60% and 100% of their annual cash retainer and additional committee chair fees and retainers, in the form of DUs. The REIT does not match the number of DUs for Trustees. Trustees are not eligible to receive discretionary awards under the Deferred Unit, except for their election to be paid their cash retainer and fees in DUs.</p> <p>Employees may elect to be paid up to 100% of their annual cash bonus in the form of DUs. Officers and employees that elect to participate will also be paid 100% of any cash retention bonus and/or annual cash incentive bonus the employees are entitled to receive, subject to achievement of pre-determined performance</p>

	<p>targets, in the form of DUs. The REIT matches the number of DUs such that the award of DUs is equal to 2 times the elected amount.</p> <p>Executive officers do not receive an annual cash bonus that is eligible to be received in the form of DUs under the Deferred Unit Plan.</p> <p>Each DU awarded to a participant under the Deferred Unit will be credited to the participant's deferred unit account.</p> <p>From time to time, a participant's deferred unit account will be credited with additional DUs in respect of outstanding DUs on each distribution payment date in respect of which normal cash distribution are paid on Units.</p>
<b>Redemption</b>	DUs credited to the participant's deferred unit account that have vested may be redeemed on the date in which the participant files a written notice of redemption. On redemption of the DUs, the REIT shall issue Units equal to the number of DUs redeemed, net of any applicable withholding taxes. In certain circumstances, the REIT may make a lump sum cash payment to the participant with respect to the value of the redeemed DUs, net of any applicable withholding taxes. DUs respecting the redemption are cancelled.
<b>DESCRIPTION OF DUS</b>	
<b>Vesting</b>	<p>Unless otherwise varied by the Board, DUs vest in accordance with the following schedule:</p> <ul style="list-style-type: none"> <li>a) 50% of DUs vest on the third anniversary of the grant</li> <li>b) 25% of DUs vest on the fourth anniversary of the grant</li> <li>c) 25% of DUs vest on the fifth anniversary of the grant</li> </ul>
<b>Resignation / Termination for Cause</b>	<p>DUs representing the elected amount shall vest and be redeemable by the participant upon termination.</p> <p>Any DUs representing a match of the elected amount, or an annual incentive bonus, which are unvested are forfeited.</p>
<b>Termination Without Cause</b>	DUs shall vest and be redeemable by the participant upon termination.
<b>Death / Disability</b>	DUs shall vest and be redeemable by the participant upon termination.
<b>Retirement</b>	If a Participant's position (other than a Trustee) is terminated by reason of Retirement, all of the Participant's DUs shall be eligible to vest.
<b>OTHER ELEMENTS OF THE DEFERRED UNIT PLAN</b>	
<b>Capital Adjustments</b>	The Deferred Unit Plan contains provisions permitting the Board or any designated committee of the Board to make appropriate adjustments in the event of capital adjustments impacting the REIT's assets or Units.

<b>Transferability</b>	Rights or interests respecting DUs shall not be transferable, assignable or pledged in any way other than by death, by will or the laws of succession and distribution.
<b>Change of Control</b>	In the event of a change of control, any unvested DUs shall vest upon the earlier of: <ul style="list-style-type: none"> <li>i. The next applicable vesting date under the DU vesting schedule, and</li> <li>ii. The date immediately prior to the date upon which the change of control is completed.</li> </ul>
<b>Amendment, Suspension &amp; Termination</b>	<p>The Board (or a committee designated by the Board) may amend, suspend or terminate the Deferred Unit Plan, or any portion thereof, at any time, subject to those provisions of applicable law, if any, that require the approval of Unitholders or any regulatory body.</p> <p><i>Amendments</i></p> <p>The Board has discretion to amend the Deferred Unit Plan without seeking the approval of Unitholders, including, without limitation, amendments to the Deferred Unit Plan of a housekeeping nature, amend the vesting provisions, and change the termination provisions of the Deferred Unit Plan.</p> <p>However, the REIT may not make the following amendments to the Deferred Unit Plan without the approval of Unitholders and the TSX: (i) an amendment to increase the maximum number of Units made available for issuance from treasury under the Deferred Unit Plan; (ii) an amendment affecting the eligibility of participation to the Deferred Unit Plan; (iii) an amendment increasing insider participation; (iv) an amendment to permit non-employee trustees to receive awards on a discretionary basis; (v) an increase in the matching amount by the REIT; (vi) an amendment materially increasing benefits to participants; and (vii) an amendment to the amending provision within the Deferred Unit Plan.</p> <p><i>Termination</i></p> <p>If the Deferred Unit Plan is terminated, its provisions and any administrative guidelines, and other rules adopted by the Board and in force at the time of the Deferred Unit Plan, will continue in effect as long as a DU or any rights pursuant thereto remain outstanding.</p>

### ***Performance and Restricted Unit Plan (“PRU Plan”)***

The PRU Plan is available to certain officers and employees of the Trust (“**PRU Participants**”). The purpose of the PRU Plan is to advance the interests of the REIT by: (i) providing employees and officers with additional incentive; (ii) encouraging long-term Unit ownership; (iii) increasing the proprietary interest of employees and officers in the success of the REIT; (iv) encouraging employees and officers to remain with the REIT; and (v) attracting new employees, and officers to the REIT.

The following is a summary of the principal terms of the PRU Plan, which is qualified in its entirety by reference to the text of the PRU Plan, a copy of which can be obtained on the REIT’s website ([www.irent.com/en/investors/corporate-governance/](http://www.irent.com/en/investors/corporate-governance/)).

<b>DESCRIPTION OF PRU PLAN</b>	
<b>Eligible Participants</b>	The Board has discretion to grant Performance Units (PUs) and Restricted Units (RUs) (collectively referred to as “Plan Units”) to any employee or officer of the REIT, or any subsidiary or affiliate of the REIT. Trustees are not eligible to participate in the Plan.
<b>Units Reserved for Issuance</b>	<p>(a) The maximum number of Units that may be reserved for issuance under the PRU Plan, together with all Units reserved for issuance under all other security-based compensation arrangements of the REIT, is 6% of the total issued and outstanding Units.</p> <p>(b) Under no circumstances may the PRU Plan, together with all of the REIT’s other previously established or proposed security based compensation arrangements result, at any time, in the number of Units reserved for issuance pursuant to Plan Units and/or other units or unit options to any one person exceeding 5% of the issued and outstanding Units.</p> <p>(c) The number of Units that may be issued to any insider and that insider’s associates may not, within a 12-month period, under PRU the Plan and/or under any other security based compensation arrangement of the REIT, exceed 5% of the issued and outstanding Units.</p> <p>(d) Under no circumstances may the PRU Plan, together with all of the REIT’s other previously established or proposed security based compensation arrangements, result, at any time, in the number of Units issued to or issuable to insiders exceed 6% of the issued and outstanding Units.</p> <p>(e) The terms “insider” and “insider’s associates” have the meanings attributed thereto in the Toronto Stock Exchange Company Manual.</p>
<b>Awards</b>	<p>Each Plan Unit granted to a participant under the PRU Plan will be credited to the participant’s plan unit account.</p> <p>From time to time, a participant’s plan unit account will be credited with distribution share units in the form of additional distribution PUs and distribution RUs (collectively referred to as “Distribution Units”), as applicable, in respect of outstanding PUs or RUs on each distribution payment date in respect of which normal cash distribution are paid on Units.</p>
<b>Expiry Date</b>	The Expiry Date shall be set out in the Grant Agreement, provided that if the Expiry Date would otherwise occur within 10 business days following the end of a Blackout Period, the Expiry Date shall automatically be extended to the end of the 10th business day following the end of the Blackout Period.
<b>Redemption</b>	On redemption of Plan Units, the REIT will issue Units from treasury. Participants may request redemption in the form of open-market Units or cash, subject to board approval in its sole and absolute discretion. Participants shall have no further rights respecting any Plan Units which have been redeemed.



<b>DESCRIPTION OF RUs</b>	
<b>Vesting</b>	RUs vest in accordance with the provisions of the grant agreement and any additional conditions established by the Board (or such other committee of the directors appointed to administer the PRU Plan) from time to time.
<b>Resignation / Termination for Cause</b>	All rights, title and interest with respect to unvested RUs are forfeited. All Vested RUs will be redeemed as soon as practical following the Participant's Termination Date, using Fair Market Value as at the Participant's Termination Date.
<b>Termination Without Cause</b>	A pro-rata portion of all unvested RUs shall vest in accordance with the formula set out in the PRU Plan, and shall be redeemed at the end of the grant period.
<b>Death</b>	All RUs shall vest immediately prior to the date of death, and shall be redeemed as of the date of death.
<b>Retirement or Disability</b>	All RUs shall continue to vest in the ordinary course and shall be redeemed as at the end of the grant period provided in the grant agreement.
<b>Termination Following Change of Control</b>	Within twelve months following a change of control, all RUs shall vest immediately prior to the date of termination and shall be redeemed as at the date of termination.
<b>DESCRIPTION OF PUs</b>	
<b>Vesting</b>	PUs vest in accordance with the terms of the relevant grant agreement and any additional conditions established by the Board (or such other committee of the directors appointed to administer the PRU Plan) from time to time. The number of PUs which vest is the number of PUs scheduled to vest on the vesting date, multiplied by the performance payout percentage provided in the grant agreement.
<b>Resignation / Termination for Cause</b>	All rights, title and interest with respect to unvested PUs are forfeited. The Participant's Vested PUs shall be redeemed as soon as practical following the Participant's Termination Date, but no earlier than the end of the Performance Period, using the Performance Payout Percentage determined for the Performance Period.
<b>Termination Without Cause</b>	A pro-rata portion of all unvested PUs shall vest in accordance with the formula set out in the PRU Plan, and shall be redeemed at the end of the performance period.
<b>Death</b>	All PUs shall vest immediately prior to the date of death with the performance payout percentage determined by the Board, provided that if the performance period began less than one year prior to the date of death the percentage shall be 100%, and shall be redeemed as of the date of death.
<b>Retirement or Disability</b>	All PUs shall continue to vest in the ordinary course and shall be redeemed as at the vesting date provided in the grant agreement at the end of the performance period.

<b>Termination Following Change of Control</b>	Within twelve months following a change of control, all PUs shall vest immediately prior to the date of termination using a performance payout percentage determined by the Board, taking into account performance, and shall be redeemed as at the date of termination.
<b>OTHER ELEMENTS OF THE PRU PLAN</b>	
<b>Capital Adjustments</b>	The PRU Plan contains provisions permitting the Board or any designated committee of the Board to make appropriate adjustments in the event of capital adjustments impacting the REIT's assets or Units.
<b>Transferability</b>	Rights respecting Plan Units shall not be transferable or assignable other than by will or the laws of descent and distribution.
<b>No Special Rights</b>	Nothing PRU Plan will confer upon any participant any right to the continuation of the participant's employment by the REIT.
<b>Change of Control</b>	In the event of a change of control, any surviving, successor or acquiring entity shall assume any outstanding Plan Units or shall substitute similar share units for the outstanding Plan Units, failing which any outstanding Plan Units shall vest in accordance with the change of control provisions of the PRU Plan.
<b>Other Employee Benefits</b>	The amount of any compensation deemed to be received by a participant as a result of the redemption of any Plan Unit will not constitute compensation with respect to which any other employee benefits of that participant are determined, including, without limitation, benefits under any bonus, pension, profit-sharing, insurance or salary continuation plan, except as otherwise specifically determined by the Board or any designated committee of the Board.
<b>Amendment, Suspension &amp; Termination</b>	<p>The Board (or a committee designated by the Board) may amend, suspend or terminate the PRU Plan, or any portion thereof, at any time, subject to those provisions of applicable law, if any, that require the approval of shareholders or any governmental or regulatory body.</p> <p><i>Amendments</i></p> <p>The Board has discretion to amend the PRU Plan without seeking the approval of shareholders, including, without limitation, amendments to the PRU Plan to, among other things, (i) amend the vesting provisions of the PRU Plan and any grant agreement, including to accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of a Plan Unit; (ii) amend the PRU Plan or a Plan Unit as necessary to comply with applicable law or the requirements of the applicable stock exchange or any other regulatory body having authority over the REIT; (iii) any amendment to the PRU Plan and any Grant Agreement to permit the conditional redemption of any Plan Unit; (iv) any amendment of a "housekeeping" nature, including, without limitation, to clarify the meaning of an existing provision of the PRU Plan, correct or supplement any provision of the PRU Plan that is inconsistent with any other provision of the PRU Plan, correct any grammatical or typographical errors or amend the definitions in the PRU</p>

	<p>Plan regarding administration of the PRU Plan; (v) any amendment respecting the administration of the PRU Plan; and (vi) any other amendment that does not require the approval of the unitholders of the REIT including, for greater certainty, an amendment in connection with a Change of Control (as defined in the PRU Plan) to assist the Participants to tender the underlying Units to, or participate in, the actual or potential event or to obtain the advantage of holding the underlying Units during such event; and to terminate, following the successful completion of such event, on such terms as it sees fit, the Plan Units not redeemed prior to the successful completion of such event.</p> <p>However, the REIT may not make the following amendments to the PRU Plan without the approval of Unitholders and the TSX: (i) an amendment to increase the maximum number of Units made available for issuance from treasury under the PRU Plan; (ii) an amendment expanding the categories of eligible participants which would have the potential of broadening or increasing insider participation; (iii) an amendment extending the term of a Plan Unit; (iv) the addition of any other provision which results in participants receiving Units, while no cash consideration is received by the REIT; (v) an amendment to the amending provision within the PRU Plan; and (vi) amendments required to be approved by Unitholders.</p> <p><i>Termination</i></p> <p>If the PRU Plan is terminated, its provisions and any administrative guidelines, and other rules adopted by the Board and in force at the time of the PRU Plan, will continue in effect as long as a Plan Unit or any rights pursuant thereto remain outstanding. The Board may continue to make any amendments to the Plan Unit it would be entitled to make if the PRU Plan were still in effect.</p>
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### ***Exchange Agreement***

The Trust, New InterRent and the Holdings Partnership entered into the Exchange Agreement whereby the Holdings Partnership Class B LP Units, Warrants, Options granted under the Stock Option Plan and Debentures are exchangeable for Units rather than Shares.

### ***Distribution Reinvestment Plan***

The Trust has a distribution reinvestment plan, which allows Unitholders to elect to reinvest their monthly cash distributions into Units except as disclosed therein.

### ***Legal Proceedings***

There are no legal proceedings material to the Trust to which the Trust is a party or of which any of its property is the subject matter, except as disclosed herein.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of results of operations and financial position of the Trust for the financial period ended December 31, 2023 is incorporated by reference herein.

### INVESTMENT GUIDELINES AND OPERATING AND DISTRIBUTION POLICES

#### Investment Guidelines

Pursuant to the Amended and Restated Declaration of Trust, the assets of the Trust may be invested only and the Trust shall not permit the assets of any subsidiary to be invested otherwise than in accordance with the following investment guidelines:

- (a) the Trust will focus its activities primarily on the acquisition, holding, maintaining, improving, leasing or managing of multi-unit residential revenue producing properties, and ancillary real estate ventures ("**focus activities**");
- (b) notwithstanding anything contained in the Amended and Restated Declaration of Trust to the contrary, no investment will be made that would result in the Trust not qualifying as a "mutual fund trust" or "real estate investment trust" pursuant to subsection 132(6) and 122.1(1) of the Tax Act, respectively;
- (c) the Trust may, directly or indirectly, make such investments, do all such things and carry out all such activities as are necessary or desirable in connection with the conduct of its activities provided they are not otherwise specifically prohibited under the Amended and Restated Declaration of Trust;
- (d) the Trust may invest in freehold, leasehold or other interests in property (real, personal, moveable or immovable);
- (e) the Trust may make its investments and conduct its activities directly or indirectly, through an investment in one or more persons on such terms as the Trustees may from time to time determine, including by way of joint ventures, partnerships (general or limited), and limited liability companies;
- (f) no single asset (other than Trust Units, Notes and units of the Holdings Partnership) shall be acquired if the cost of such acquisition (net of the amount of debt secured by such asset) will exceed 20% of Gross Book Value, provided that where such asset is the securities of or an interest in an entity, the foregoing tests shall be applied individually to each asset of such entity;
- (g) investments may be made in a joint venture arrangement provided that:
  - where the joint venture investment is made through the ownership of securities or an interest in an entity ("**joint venture entity**") the joint venture entity satisfies the definition of "excluded subsidiary entity" as defined in subsection 122.1(1) of the Tax Act;
- (h) unless otherwise permitted in the provisions of this Declaration of Trust and except for temporary investments held in cash, deposits with a Canadian or U.S. chartered bank or trust company registered under the laws of a province of Canada, short-term government debt securities, some or all of the receivables under instalment receipt agreements or money market instruments of, or guaranteed by, a Schedule I Canadian chartered bank maturing prior to one year from the date of issue, the Trust, directly

or indirectly, may not hold securities other than (i) currency or interest rate futures contracts for hedging purposes to the extent that such hedging activity complies with the Canadian Securities Administrator's National Instrument 81-102 or any successor instrument or rule; (ii) securities of a joint venture entity, or any entity formed and operated solely for the purpose of carrying on ancillary activities to any real estate owned, directly or indirectly, by the Trust, or an entity wholly-owned, directly or indirectly, by the Trust formed and operated solely for the purpose of holding a particular real property or real properties; and (iii) securities of another issuer provided either (A) such securities derive their value, directly or indirectly, principally from real property, or (B) the principal business of the issuer of the securities is the ownership or operation, directly or indirectly, of real property, and provided in either case the entity whose securities are being acquired are engaged in a focus activity;

- (i) no investments will be made in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
- (j) no investments will be made in a mortgage, mortgage bonds, notes (other than Notes) or debentures ("**Debt Instruments**") (including participating or convertible) unless the aggregate value of the investments of the Trust in Debt Instruments, after giving effect to the proposed investment, will not exceed 20% of the Gross Book Value provided that, notwithstanding the foregoing, an investment may be made in a Debt Instrument if the sole intention is to use such investment as a method of acquiring control of a revenue producing real property which would otherwise be a permitted investment pursuant to these investment guidelines and provided that the aggregate value of the investments in such Debt Instruments will not exceed 20% of the Gross Book Value; and
- (k) notwithstanding any other provisions of this Declaration of Trust, investments may be made which do not comply with the investment policy provisions of this Declaration of Trust provided (i) the aggregate cost thereof (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred in connection with the acquisition and secured by a mortgage on such property) does not exceed 20% of the Gross Book Value and (ii) the making of such investment would not contravene paragraph (b) above.

Pursuant to the Amended and Restated Declaration of Trust, the investment guidelines set forth above may only be amended with the approval of at least 66⅔% of the votes cast at a meeting of Voting Unitholders called for that purpose.

### **Operating Policies**

Pursuant to the Amended and Restated Declaration of Trust, the operations and affairs of the Trust will be conducted in accordance with the following policies and that the Trust will not permit any subsidiary to conduct its operations and affairs other than in accordance with the following policies:

- (a) the construction or development of real property may be engaged in;
- (b) title to each real property shall be held by and registered in the name of the Holdings Partnership, the Holdings Partnership General Partner or a corporation or other entity wholly-owned directly or indirectly by the Trust or jointly owned directly or indirectly by the Trust with joint venturers; provided, that where land tenure will not provide fee simple title, the Holdings Partnership, the Holdings Partnership General Partner or a corporation or other entity wholly-owned, directly or indirectly by the Holdings Partnership

or jointly owned, directly or indirectly, by the Trust with joint venturers shall hold a land lease as appropriate under the land tenure system in the relevant jurisdiction;

- (c) no indebtedness shall be incurred or assumed if, after giving effect to the incurring or assumption thereof of the indebtedness, the total indebtedness as a percentage of Gross Book Value would be more than 75%, with the prior approval of Independent Trustees, for indebtedness, including amounts drawn under an acquisition facility;
- (d) at all times insurance coverage will be obtained and maintained in respect of potential liabilities of the Trust and the accidental loss of value of the assets of the Trust from risks, in amounts and with such insurers, in each case as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties;
- (e) the trust shall not, directly or indirectly, guarantee any indebtedness or liabilities of any kind if such guarantee would disqualify the Trust as a “mutual fund trust” within the meaning of the Tax Act;
- (f) except for the Contributed Assets acquired pursuant to the Arrangement Agreement, a Phase I environmental audit shall be conducted for each real property to be acquired and, if the Phase I environmental audit report recommends that further environmental audits be conducted, such further environmental audits shall be conducted, in each case by an independent and experienced environmental consultant; and
- (g) at least 8.5% of gross consolidated annual rental revenues generated from properties where the associated mortgage financing is insured by the Canadian Mortgage and Housing Corporation (“**insured properties**”) as determined pursuant to GAAP shall be expended annually on sustaining capital expenditures, repairs and maintenance, all determined on a portfolio basis for all insured properties. For this purpose, capital expenditures and repairs and maintenance include all onsite labour costs and other expenses and items associated with such capital expenditures, repairs and maintenance.

Pursuant to the Amended and Restated Declaration of Trust, the operating policies set forth above may only be amended with the approval of a majority of the votes cast at a meeting of Unitholders called for that purpose.

### **Distribution Policy**

The Trust may distribute to Unitholders on or about each Distribution Date such percentage of the Distributable Income of the Trust for any Distribution Period or other period as the Trustees in their discretion may determine and declare. The Trust, at the Trustees’ absolute discretion, currently intends to distribute in each year, subject to appropriate reserves as determined by the Trustees, in the range of 90% of the Distributable Income of the Trust for such year provided that the Trust receives amounts equal to such distributions from its investments. Unitholders at the close of business on each Distribution Record Date shall be entitled to receive and to enforce payment of any distribution of Distributable Income declared by the Trustees for such Distribution Period. The distribution for any Distribution Period will be paid on the Distribution Date for such Distribution Period. In addition to the distributions which are made payable to Unitholders, the Trustees may designate and make payable any income or capital gains realized by the Trust (including any income or capital gains realized by the Trust on the redemption of Trust Units *in specie*) to redeeming Unitholders. The Trustees, if they so determine when income has been accrued but not collected may, on a temporary basis, transfer sufficient monies from the capital to the income account of the Trust to permit distributions of income which are payable to be effected.

The computation of Distributable Income as well as other related matters in regards to distributions are available in the most recent Amended and Restated Declaration of Trust which can be found on [www.sedarplus.ca](http://www.sedarplus.ca).

### **Actual Cash Distributions**

The Trust's current monthly distribution was changed to \$0.0315 per unit from \$0.0300 per unit for the November 2023 distribution that was paid in December 2023. The monthly distribution had changed from: \$0.0285 to \$0.0300 in November 2022 and from \$0.027125 to \$0.0285 in November 2021.

The following distributions were declared for the most recent three financial years: 2023 – \$0.3630; 2022 – \$0.3450; and, 2021 – \$0.3283.

## **RISK FACTORS**

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. This section should be read in conjunction with the Trust's management's discussion and analysis for the year ended December 31, 2023.

### **(a) 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.

### **(b) 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.

### **(c) 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 adversely affect the income produced by the Trust's properties as a result of downward pressure on rents.

### **(d) Property Valuation Risk**

The Trust conducts a valuation assessment on its properties on a quarterly basis. Property values fluctuate over time in response to market factors and the underlying inputs used in the valuation model, and therefore the fair value of the Trust's portfolio could change materially. The Trust is responsible for the reasonableness of the assumptions and for the accuracy of the inputs into the valuation model. Errors in the inputs or assumptions may result in an inaccurate valuation of the properties. Any changes to the value of the Trust's properties may impact Unitholder value.

### **(e) Inflation Risks**

Although the inflation rate in Canada has declined since June 2022, it still remains at a high level. The rate of inflation impacts the economic and business environments in which the Trust operates. Recent inflationary pressures experienced domestically and globally, external supply constraints, tight labour markets and strong demand for goods and resources, together with the imposition by governments of higher interest rates or wage and price controls as a means of curbing inflationary increases, will put pressure on the Trust's development, financing, operation and labour costs and could negatively impact levels of demand for real property.

Further increases to inflation or prolonged inflation above central banks' targets could lead to further increases to interest rates by central banks, which could have a more pronounced negative impact on any variable rate debt the Trust is subject to or incurs in the future and on its results of operations. Similarly, during periods of high inflation, annual rent increases may be less than the rate of inflation on a continual basis. Substantial inflationary pressures, high interest rates, and other increased costs may have an adverse impact on the Trust's tenants if increases in their living expenses exceed any increase in their incomes. This may adversely affect the tenants' ability to pay rent, which could negatively affect the Trust's financial condition.



## **(f) Environmental and Climate Change 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.

The Trust's investment properties are exposed to physical climate change risks, including natural disasters, and severe weather, such as heavy rain and flooding, high winds, wildfires, blizzards, ice storms and thunderstorms that may cause damage. As weather becomes more erratic, damage to investment properties may result in increased restoration costs, loss of revenue in the event of business disruption, potential decrease in property values and increased costs to insure properties against climate-related risks. Physical and transitional climate-related risks are considered by the Trust as part of its ongoing risk management processes. The materiality of such risks varies among the business operations of the Trust and the jurisdictions in which such operations are conducted. Furthermore, as a real property owner, the Trust faces the risk that its properties will be subject to government initiatives and reforms aimed at countering climate change, such as transitioning to a low carbon economy and may entail extensive changes to policies regulations and technologies to address mitigation and adaptation efforts. The Trust may incur financial costs to comply with various reforms. Any failure to adhere and adapt to climate change could result in fines or adversely affect the Trust's reputation, operations, or financial performance.

## **(g) ESG Targets and Commitments Risk**

InterRent has announced certain targets and ambitions relating to ESG. To achieve these goals and to respond to changing market demand, InterRent may incur additional costs and invest in new technologies. It is possible that the return on these investments may be less than InterRent expects, which may have an adverse effect on its business, financial condition and reputation.

## **(h) Pandemics and Other Public Health Crises Risk**

Pandemics and other public health crises can result in significant economic disruptions, slowdowns and increased volatility in financial markets, which could have adverse consequences on InterRent including, but not limited to, business continuity interruptions, disruptions and costs of development activities, unfavorable market conditions, and threats to the health and safety of employees. Such occurrences could also potentially affect the

market price for the equity securities of InterRent, its current credit rating, total return and distributions. InterRent's residents may also face economic challenges as a result of a pandemic or other public health crisis that may adversely affect their ability to pay rent in full, on a timely basis or at all. Such events could materially adversely affect InterRent's operations, reputation and financial condition, including the fair value of InterRent's properties.

**(i) Joint Venture and Co-ownership Risk**

The Trust participates in joint ventures, partnerships, and other similar arrangements with third parties, which may give rise to risks including, but not limited to, the possibility of the Trust's dependency on partners or co-ventures that are not under the control of the Trust and that might compete with the Trust for opportunities, become bankrupt or expose the Trust to liability or reputational damage that could have an adverse impact on the Trust. Moreover, the partners may have interests or goals that are different or inconsistent with the Trust, which may result in the Trust taking actions that are in the interest of the partners collectively, but not in the Trust's sole interest. Additionally, the Trust may become engaged in a dispute with the partners which may affect its ability to operate.

**(j) 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.

**(k) 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.

**(l) 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.

### **(m) 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.

### **(n) 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 landlord. Residential tenancy legislation in the Provinces of Ontario, British Columbia, and Québec prescribe certain procedures which must be followed by a landlord 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 landlord 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.

### **(o) 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.

### **(p) 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.

### **(q) 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.

### **(r) Development Risk**

Development projects are subject to risks associated with (i) a failure to receive, or a delay in receiving, zoning, occupancy and other required permits and authorizations; (ii) construction delays, cost overruns, or other unanticipated increases to project costs; (iii) the availability of project financing; (iv) the ability to achieve timely occupancy upon completion; (v) the potential that the Trust will incur costs on projects which are not completed; and (vi) contractor and subcontractor disputes, strikes, labour disputes, or supply disruptions. The above risks could result in additional delays or expenses and could impact the Trust's operations and financial results.

### **(s) Supply Chain Risk**

On January 1, 2024, an Act to enact the Fight Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff ("Supply Chains Act") came into force. Starting in May 2024, the Supply Chains Act introduce a public reporting requirement that will apply to many governmental institutions and private sector businesses, including InterRent. While there are no identified instances of InterRent using forced labour or child labour in its supply chain, there is a risk that InterRent's supply chain may have actual or alleged forced or child labour. Should such an instance arise, InterRent would be required to take measures to address such a claim or risk of a claim, including disrupting its supply chain operations in pursuit of such a remedy, which could result in operational, financial, business or reputational harm.

### **(t) 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.

### **(u) 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.

**(v) 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.

**(w) Dilution Risk**

InterRent may, in its sole discretion, issue additional Units, or securities convertible or exchangeable into Units, from time to time, and the voting power and/or economic interest of Unitholders may be diluted thereby. InterRent cannot predict the size or nature of future sales or issuances of securities, or the effect, if any, that such future sales and issuances will have on the market price of the Units.

**(x) 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 Act* (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.

**(y) 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.

## **(z) Unitholder Activism Risk**

Responding to activist campaigns that contest or conflict with InterRent's governance and strategic direction can be costly and time-consuming, disrupting business operations and diverting the attention and resources of the Board of Trustees, management, and employees. Unitholder activism may result in uncertainty relating to the leadership, governance and strategic direction of InterRent, which could adversely affect or undermine InterRent's ability to execute on its strategy, harm InterRent's business and create adverse volatility in the market price and trading volume of Trust Units. Events such as these could adversely affect InterRent's operating and financial results.

## **(aa) 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.

## **(bb) 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 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.

## **(cc) 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.

## **(dd) 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.

#### **(ee) 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.

#### **(ff) Statutory Remedies**

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

#### **(gg) 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 downturn, 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.

#### **(hh) 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.

#### **(ii) Workforce Availability and Talent Management**

InterRent's ability to provide services to its residents is dependent on the availability of well-trained employees and contractors to service our residents as well as complete required maintenance and capital upgrades on our buildings. InterRent must balance the requirement to maintain adequate staffing levels while balancing the overall cost to the Trust. The inability to attract and retain an adequate workforce could have a material impact on the Trust's ability to maintain its buildings and service its residents.

#### **(jj) 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 Executive Chairperson 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.

#### **(kk) 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.

#### **(ll) 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.

#### **(mm) 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.



## **(nn) Property Acquisition Risks**

InterRent's acquisition and investment strategy and market selection process may not ultimately be successful and may not provide positive returns on investment. The acquisition of properties or portfolios of properties entails risks that include the following, any of which could adversely affect InterRent's financial position and results of operations and its ability to meet its obligations: (i) InterRent may not be able to identify suitable properties to acquire or may be unable to complete the acquisition of the properties identified; (ii) properties acquired may fail to achieve the occupancy or rental rates projected at the time of the acquisition decision, which may result in the properties' failure to achieve the returns projected; (iii) InterRent's pre-acquisition evaluation of the physical condition of each new investment may not detect certain defects or identify necessary repairs, which could significantly increase InterRent's total acquisition costs; (iv) InterRent's investigation of a property or building prior to acquisition, may fail to reveal various liabilities, which could reduce the cash flow from the property or increase its acquisition cost; and (v) representations and warranties obtained from third party vendors may not adequately protect against unknown, unexpected or undisclosed liabilities and any recourse against such vendors may be limited by the financial capacity of such vendors.

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 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.

## **(oo) 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.

## **(pp) 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 an 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.

#### **(qq) 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.

#### **(rr) 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.

#### **(ss) 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.

#### **(tt) 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.

#### 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. 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.

#### 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.

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.

## INCOME TAX MATTERS

### 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 2023 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.

### **Non-Resident Withholding Tax**

A holder of Units that is non-resident of Canada for purposes of the Tax Act will generally be subject to Canadian withholding tax under Part XIII of the Tax Act at the rate of 25% on the portion of the income of the Trust (including, in general, taxable capital gains deemed to be "TCP gains distributions" for purposes of the Tax Act) paid or credited (whether in cash or in specie) in respect of such Units, subject to reduction under an applicable tax treaty. In addition, a holder of Units that is a non-resident of Canada for purposes of the Tax Act will generally be subject to Canadian withholding tax under Part XIII.2 of the Tax Act at the rate of 15% on the portion of any distributions from the Trust that are not otherwise subject to tax under Part I or Part XIII of the Tax Act. A refund in respect of any withholding tax payable under Part XIII.2 of the Tax Act may be available in certain circumstances. Investors should consult with their own tax advisors regarding the applicability of withholding tax having regard to their particular circumstances.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Mr. Mike McGahan, Executive Chair and a Trustee of the Trust is the President, Chief Executive Officer and principal of CLV. CLV is a company that focuses on providing "Complete Real Estate Solutions", including property management, real estate brokerage, mortgage brokerage, residential rentals, commercial leasing and construction. As a result, Mr. McGahan may be subject to certain potential conflicts of interest with respect to his roles with the Trust and CLV. CLV was party to a five-year non-competition provision related to managing multi-family residential properties which expired in February 2023.

From time to time, the REIT may, directly or indirectly, enter into certain agreements with CLV Group Developments Ltd. to carry out certain entitlement, development and construction services on behalf of the REIT or on behalf of projects in which the REIT has a partial ownership interest. CLV Group Developments Ltd. is a company that is related to CLV and ultimately controlled by Mr. McGahan. The projects and transactions that CLV Group Developments Ltd. are involved in, and the value of these contracts to both the REIT and CLV Group Developments Ltd. are not considered to be material to the REIT.

## **MANAGEMENT CONTRACTS**

There are no management functions of InterRent REIT that are to any substantial degree performed by a person other than the Trustees or officers of InterRent REIT.

In 2018, the REIT entered into an agreement with CLV to internalize the Trust's property management function effective February 15, 2018. CLV agreed to allow the Trust to use the property manager's brand without cost for a period of 24 months following closing of the transaction. Subsequently, the Trust entered into an agreement with CLV which extended the term to February 14, 2025 at no cost consideration. On December 12, 2023, the Trust revealed a refresh of its brand identity to better reflect the evolving needs of its customers. The change includes a new logo, visual identity and a redesigned website.

## **AUDITOR, TRANSFER AGENT AND REGISTRAR**

### **Auditor**

The auditors of InterRent REIT are RSM Canada LLP, Chartered Professional Accountants ("RSM"), who have prepared an independent auditors' report dated February 29, 2024 in respect of InterRent REIT's consolidated annual financial statements with accompanying notes as at and for the years ended December 31, 2023 and 2022. RSM has advised that they are independent with respect to InterRent REIT within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

### **Transfer Agent and Registrar**

The transfer agent and registrar for the Units is TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1.

## **MATERIAL CONTRACTS**

The following are the material contracts relating to the Trust and its Subsidiaries:

1. the Amended and Restated Declaration of Trust;
2. the InterRent Trust Declaration of Trust;
3. the Holdings Partnership Limited Partnership Agreement;
4. the Exchange Agreement;
5. the Note Indenture; and
6. the Asset Purchase Agreement

See information in this annual information form and the information circular dated October 17, 2006 of IIP for particulars of such contracts. Copies of these agreements are available for review at [www.sedarplus.ca](http://www.sedarplus.ca) but may be inspected, without charge, at the registered office of InterRent REIT located at 485 Bank Street, Suite 207, Ottawa, Ontario, K2P 1Z2 Attention: Chief Financial Officer during ordinary business hours.

## **ADDITIONAL INFORMATION**

Additional information relating to InterRent REIT, including the documents listed above and incorporated by reference in this AIF can be found on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval+ (SEDAR+) at [www.sedarplus.ca](http://www.sedarplus.ca). Additional financial information respecting the InterRent REIT is provided in the audited financial statements and management's discussion and analysis for the period ended December 31, 2023. Additional information of InterRent REIT, including InterRent REIT's Trustees and officers' remuneration and indebtedness, principal holders of InterRent REIT's Units and securities authorized for issuance under equity compensation plans is provided in InterRent REIT's management information circular dated May 9, 2023. All of the foregoing documents have been filed on SEDAR+. Copies of those documents, as well as additional copies of this AIF, are available upon written request without charge from the Chief Financial Officer of InterRent REIT at 485 Bank Street, Suite 207, Ottawa, Ontario, K2P 1Z2.

## APPENDIX A

### INTERRENT REAL ESTATE INVESTMENT TRUST (the “Trust”)

#### CHARTER OF THE AUDIT COMMITTEE (the “Charter”)

#### I. GENERAL

##### 1. Mandate and Purpose

The Audit Committee (the “Committee”) is a committee of the Board of Trustees (“Board”/“Board of Trustees”) of the Trust. The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities by:

- reviewing the financial reports, other financial information and relevant documents provided by the Trust to any governmental body or the public;
- recommending the appointment of the Trust’s external auditor and reviewing and appraising the audit efforts of such external auditor;
- reviewing and approving any proposed hiring of the Trust’s internal auditor, as may be recommended by management;
- providing an open avenue of communication among the external auditor, financial and senior management of the Trust and the Board of Trustees;
- reviewing the qualifications, independence and performance of the external auditor;
- serving as an independent and objective party to monitor the Trust’s financial reporting processes including internal controls and disclosure controls thereon;
- encouraging continuous improvement of, and fostering adherence to, the Trust’s policies, procedures and practices over financial reporting processes;
- ensuring the Trust’s compliance with legal and regulatory requirements, as they relate to the Trust’s financial statements;
- reviewing management’s program of risk assessment and steps taken to address significant risks or exposures of all types including insurance coverage, tax compliance and climate change;
- establishing procedures for the receipt, retention and treatment of complaints received by the Trust regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of the Trust of concerns regarding questionable accounting or auditing matters and including the establishment and review of a whistle blower policy; and
- performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

For purposes of performing its oversight related duties, members of the Committee shall have full access to all Trust information and shall be permitted to discuss such information and any other matters relating to the financial position of the Trust with senior employees, officers and external auditors of the Trust.

## 2. Authority

The Committee has authority to:

- (a) engage independent counsel, accountants, experts and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Committee; and
- (c) communicate directly with the external auditors.

## II. PROCEDURAL MATTERS

### 1. Composition

The Committee shall be composed of a minimum of three members.

### 2. Member Qualifications

- (a) Every Committee member must be a trustee of the Trust;
- (b) Every Committee member must be “independent” as that term is defined in sections 1.4 and 1.5 of National Instrument 52-110 *Audit Committees*, and in addition a controlling shareholder or non-employee officer of the Trust or its affiliates if he or she is among the five most highly compensated, would not be considered independent for the purposes of this Committee;
- (c) Every Committee member must be “financially literate” as that term is defined in section 1.6 of National Instrument 52-110 *Audit Committees*; and
- (d) Each member of the Committee shall hold no more than three audit committee memberships at once for publicly listed companies.

### 3. Member Appointment and Removal

Members of the Committee will be appointed by the Board annually. The members of the Committee will hold office until their successors are appointed or until they are removed by the Board or cease to be trustees of the Trust.

The Board may, by resolution, remove a member of the Committee at any time in its sole discretion. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board. A vacancy will be filled by the Board if the membership of the Committee falls below three members.

### 4. Structure and Operations

#### (a) Chair

Each year, the Board will appoint one member of the Committee to act as the chairperson of the Committee (the “Chair”). The Chair must have accounting or related financial expertise. The Chair may be removed at any time



at the discretion of the Board. If the Chair is absent from any meeting, the Committee will select one of its other members to preside at that meeting.

**(b) Meetings**

The Chair will be responsible for developing and setting the agenda of the Committee meetings, and in consultation with management determining the schedule and frequency of such Committee meetings, provided that any member of the Committee or the external auditor may call a meeting of the Committee. The Committee shall meet at least four times annually, or more frequently as circumstances require. The Committee shall meet prior to the filing of quarterly financial statements to review and discuss the financial results for the preceding quarter and the related Management Discussion & Analysis (“MD&A”) and the Auditor’s report thereon, and shall meet prior to filing the annual financial statements to review and discuss the audited financial results for the year and related MD&A and the Auditor’s report thereon.

As part of its job to foster open communication, the Committee should meet at least annually with management and the external auditor in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately.

**(c) Notice**

Notice of the time and place of every meeting will be given in writing, verbally or by telephonic or other electronic communication to each member of the Committee, the chairman of the Board, the chief executive officer (the “CEO”) of the Trust and the chief financial officer (the “CFO”) of the Trust, at least 48 hours prior to the time fixed for such meeting. The notice period may be waived by a quorum of the Committee.

Notice of all meetings of the Committee shall be given to the external auditor and the external auditor shall be entitled to attend and be heard at each Committee meeting. The external auditor must attend every meeting of the Committee that it is specially required to attend by a member of the Committee.

**(d) Attendees**

The Committee may invite such officers and employees of the Trust and advisors as it sees fit from time to time to attend meetings of the Committee to assist in the discussion and deliberation of matters being considered by the Committee, and to provide information as necessary.

**(e) Quorum**

The quorum for the transaction of business at any meeting of the Committee shall consist of a majority of the number of members of the Committee then holding office, or such greater number as the Committee shall by resolution determine. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person, or by means of a telephonic, electronic or other communications facility that permits all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

**(f) Secretary**

The Committee will appoint a Secretary to the Committee who need not be a trustee or officer of the Trust.

## **(g) Records**

Minutes of meetings of the Committee will be recorded and maintained by the Secretary to the Committee and will be subsequently presented to the Committee for review and approval.

## **(h) Liaison**

The CFO will act as management liaison with the Committee.

### **III. RESPONSIBILITIES AND DUTIES**

#### **1. General**

In general, the Committee has responsibility to:

- create an agenda for the ensuing year;
- review all legislative and regulatory requirements applicable to the Committee as well as any best practice guidelines recommended by regulators, and recommend to the Governance Committee any changes to be made to this Charter; and
- assist management in providing the information required by Form 52-110F1 in the Trust's annual information form or such other disclosure document required by National Instrument 52-110 and other legal requirements.

#### **2. Documents/Reports Review**

The Committee has responsibility to:

- review the Trust's interim and annual financial statements, all interim and annual MD&As and all financial-related information and press releases prior to their publication and/or filing with any governmental body, or the public, or the Unitholders including any certification, report, opinion or review rendered by the external auditor; and
- satisfy itself that adequate procedures are in place for the review of the Trust's public disclosure of financial information extracted or derived from the Trust's financial statements, and periodically assess the adequacy of such procedures.

#### **3. External Auditor**

The Committee has responsibility to:

- recommend to the Board of Trustees the selection of the external auditor, consider the independence and effectiveness of such external auditor, and approve their fees and other compensation to be paid;
- monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discuss and resolve any material differences of opinion between management and the external auditor;

- review, discuss and obtain a formal written statement of external auditor, on an annual basis, setting forth all significant relationships they have with the Trust to determine their independence;
- oversee and review, on an annual basis, the performance of the external auditor who shall be ultimately accountable to the Board and Committee as representatives of unitholders of the Trust, and approve any proposed discharge of the external auditor when circumstances warrant. Consider with management and the external auditor the rationale for employing accounting/auditing firms other than the principal external auditor;
- review and discuss with the external auditor, any disclosed relationships or services that may impact the objectivity and independence of the external auditor;
- periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the Trust's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper;
- ensure that the external auditor reports directly to the Committee and arrange for the external auditor to be available to the Committee and the Board of Trustees as needed; and
- review and approve the Trust's hiring policies regarding partners, employees and former partners and employees of the Trust's present and former external auditor.

#### **4. Internal Auditor**

The Committee has responsibility to:

- review and approve any proposed hiring of the Trust's internal auditor, as may be recommended to the Committee by management;
- determine the annual compensation of the internal auditor; and
- oversee the work of the internal auditor.

#### **5. Pre-Approval of Non-Audit Services**

The Committee has responsibility to:

- review and pre-approve all audit and audit related services and the fees and other compensation related thereto, and any non-audit services to be provided to the Trust or its subsidiaries by the external auditor; and
- establish policies and procedures relating to the review and pre-approval of all audit and non-audit services provided by the external auditor and to approve and monitor all expenditures or fees related to the performance of such services.

The Committee may delegate such pre-approval authority to a member or several members of the Committee. The decision of any Committee member to whom pre-approval authority is delegated must be presented to the full Committee at its first scheduled meeting following such pre-approval.

## 6. Financial Reporting Processes

The Committee has responsibility to:

- review and recommend approval to the Board of:
  - (i) the annual financial statements; and
  - (ii) financial information contained in prospectuses or other offering documents.
- in consultation with the external auditor, review with management the integrity of the Trust's financial reporting processes, both internal and external;
- consider the external auditor's judgments about the quality and appropriateness, not just the acceptability, of the Trust's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices or are minority practices;
- consider and approve, if appropriate, changes to the Trust's accounting principles and practices as suggested by management with the concurrence of the external auditor and ensure that the management's reasoning is described in determining the appropriateness of changes in accounting principles and disclosure; and
- discuss with management any significant variances between comparative reporting periods.

## 7. Process Improvement

The Committee has responsibility to:

- establish regular and separate systems of reporting to the Committee by each of management and the external auditor regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments;
- review the scope and plans of the external auditor's audit and reviews prior to the audit and reviews being conducted. The Committee may authorize the external auditor to perform supplemental reviews or audits as the Committee may deem desirable;
- following completion of the annual audit and quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and reviews;
- review and resolve any significant disagreements among management and the external auditor in connection with the preparation of the financial statements;
- ensure that there is an agreed course of action for the resolution of such matters where there are significant unsettled issues, or areas of concern;
- review with the external auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee;

- review activities, organizational structure, and qualifications of the CFO and the staff in the financial reporting area and see to it that matters related to succession planning within the Trust are raised for consideration by the Board; and
- oversee the success of the Trust's internal control systems in:
  - (i) identifying, monitoring and mitigating business risks; and
  - (ii) ensuring compliance with legal, ethical and regulatory requirements.

## **8. Controls and Control Deviations**

The Committee has the responsibility to:

- review the plan and scope of the annual audit with respect to planned reliance and testing of controls;
- review major points contained in the auditor's management letter resulting from control evaluation and testing;
- receive reports from management when significant control deviations occur;
- establish a Trust-wide culture that conveys basic values of ethical integrity, as well as legal compliance and strong financial reporting and control;
- review plans of the external auditors to ensure the evaluation and testing of control is comprehensive, cost effective and appropriate to risks, business activities and changing circumstances;
- receive from management and the external auditors, regular reports on all major control deviations, or indications/detection of fraud, and how such control breakdowns have been corrected;
- participate in the review and appointment of key people involved in financial reporting (i.e. the CFO etc.);
- review CEO and CFO certification matters including matters relating to disclosure controls and procedures;
- regularly review and report to the Board the expenses incurred by the Chief Executive Officer of the Trust, and ensure procedures are in place for review of all expenses incurred by the senior officers of the Trust by the Chief Executive Officer.
- review annually a formal report prepared by management on the effectiveness of the Trust's internal control systems;
- review fraud prevention policies and programs and for monitoring their implementation; and
- examine whether extension of its oversight of internal control systems into any nonfinancial areas (e.g., operations) is appropriate.

## **9. Ethical and Legal Compliance**

The Committee has the responsibility to:

- establish procedures for the receipt, retention and treatment of complaints received by the Trust regarding accounting, internal controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters and ensure that these complaints are brought directly to the attention of the chair of the Committee;
- regularly review and update the Trust's Whistle Blower Policy;

- review management’s monitoring of the Trust’s system in place to ensure that the Trust’s financial statements, reports and other financial information disseminated to governmental organizations, and the public satisfy legal requirements; and
- review, with the Trust’s counsel, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the Trust’s financial statements.

## **10. Risk Management**

The Committee has the responsibility to:

- serve as the Trust’s “Risk Management Committee” by examining the Trust’s principal business risks, financial risks and climate risks and ensuring that such risks are controlled and appropriately described in the Trust’s annual information forms, MD&As and other operating documents;
- review the Trust’s “appetite” for risk as set forth by the management and the Board;
- review management’s plans, processes and programs to manage and control such risks; and
- review management’s program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage.

## **11. General**

- Conduct or authorize investigations into any matters within the Committee’s scope of responsibilities.
- Perform any other activities consistent with this Charter, the Declaration of Trust and governing law, as the Committee or the Board of Trustees deem necessary or appropriate.

## **12. Reporting to the Board**

- Report to the Board in a timely manner on all significant matters it has considered and addressed and with respect to such other matters that are within its responsibilities. This report may take the form of circulating copies of the minutes of each meeting held.

## Schedule "A"

### Independence Requirement of National Instrument 52-110 – Audit Committee ("NI 52-110")

A member of the Audit Committee shall be considered "independent", in accordance with NI 52-110 - Audit Committees, subject to the additional requirements or exceptions provided in NI 52-110, if that member has no direct or indirect relationship with the Trust, which could reasonably interfere with the exercise of the member's independent judgment. The following persons are considered to have a material relationship with the Trust and, as such cannot be a member of the Committee:

- (a) an individual who is, or has been within the last three years an employee or executive officer of the Trust;
- (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Trust;
- (c) an individual who:
  - (a) is a partner of a firm that is the Trust's internal or external auditor;
  - (b) is an employee of that firm; or
  - (c) was within the last three years a partner or employee of that firm and personally worked on the Trust's audit within that time;
- (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares home with the individual:
  - (a) is a partner of a firm that is the Trust's internal or external auditor;
  - (b) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
  - (c) was within the last three years a partner or employee of that firm and personally worked on the Trust's audit within that time;
- (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Trust's current executive officers serve or served at the same time on the entity's human resources and compensation committee; and
- (f) an individual who received, or whose immediate family member who is employed as an executive officer or the Trust received more than \$75,000 in direct compensation from the Trust during any 12 month period within the last three years, other than a remuneration for acting in his or her capacity as a member of the Board of Trustees or any committee of the Board, or the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service to the Trust if the compensation is not contingent in any way on continued service.

In addition to the independence criteria discussed above, any individual who:

- (a) has a relationship with the Trust pursuant to which the individual may accept directly or indirectly, any consulting, advisory or other compensatory fee from the Trust or any subsidiary entity of the Trust, other than as remuneration for acting in their capacity as a member of the Board or any board committee or as a part-time chair or vice-chair of the Board or any board or committee, or
- (b) is an affiliated entity of the Trust or any of its subsidiary entities,

is deemed to have a material relationship with the Trust, and therefore, is deemed not to be independent.

The indirect acceptance by an individual of any consulting, advisory or other fee includes acceptance of a fee by:

- (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
- (b) an entity in which such individual is a partner, member or an officer such as a managing trustee occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Trust or any subsidiary entity of the Trust.

### **Financial Literacy Under NI 52-110**

"Financially literate", in accordance with NI 52-110, means that the trustee has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Trust's financial statements.