INTERRENT REIT

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News Release

InterRent REIT Reports Results for the Third Quarter of 2020, Operational Update related to COVID-19 and a 5% Increase in the Monthly Distribution

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Ottawa, Ontario (November 9, 2020) – InterRent Real Estate Investment Trust (TSX-IIP.UN) ("**InterRent**" or the "**REIT**") today reported financial results for the Third quarter ended September 30, 2020. With InterRent's portfolio continuing to demonstrate strong sustainable results, the Board of Trustees has approved a 5% increase to the distribution. This is the ninth consecutive year that the REIT has grown its distribution by 5% or more. The increase will be effective for the November 2020 distribution that is to be paid in December 2020.

Quarter Highlights

- Monthly distribution has been increased by5% effective with the November distribution that is to be paid in December 2020. The annualized distribution increases to $0.3255 per unit from $0.31 per unit.
- Operating revenues for the quarter increased by $2.1 million, or 5.6%, over Q3 2019. Operating revenues for the same property portfolio increased by $0.9 million, or 2.6%, over Q3 2019.
- Average monthly rent per suite for the entire portfolio increased to $1,302 (September 2020) from $1,248 (September 2019), an increase of 4.3%. The same property portfolio increased to $1,337 (September 2020) from $1,274 (September 2019), an increase of 4.9%.
- Occupancy for September 2020 was 92.1%, a decrease of 340 basis points when compared to September 2019 and 90 basis points when compared to June 2020. Same property occupancy for September 2020 was 93.0%, a decrease of 300 basis points when compared to September 2019 and 140 basis points when compared to June 2020.
- Net Operating Income (NOI) for the quarter was $26.2 million, an increase of $0.4 million, or 1.7%, over Q3 2019. NOI for the quarter included approximately $533 thousand of COVID-19 related operating costs.
- Same property NOI for the quarter was $23.5 million, a decrease of $77 thousand, or 0.3%, over Q3 2019. Same property NOI for the quarter included approximately $450 thousand of COVID-19 related operating costs.
- Repositioned properties had an average monthly rent per suite of $1,361, occupancy of 94.2% for September 2020 and an NOI margin for the quarter of 67.1%.
- Fair value gain on investment properties in the quarter of $2.3 million was driven by property level operating improvements.
- Net income for the quarter was $32.5 million, a decrease of $37.0 million compared to Q3 2019. This difference was due primarily to a lower fair value gain on investment properties in Q3 2020 as compared to Q3 2019 offset by the higher non-cash fair value gains on unit-based liabilities and Class B unit liability from the Unit price depreciation in the quarter.
- Funds from Operations (FFO) increased by $1.2 million, or 7.6%, for the quarter. Fully diluted FFO per unit decreased by 6.2% from $0.129 per unit to $0.121 per unit.
- Adjusted Funds from Operations (AFFO) increased by $0.5 million, or 3.7%, for the quarter. Fully diluted AFFO per unit decreased by 9.4% from $0.117 per unit to $0.106 per unit.
- Adjusted Cash Flow from Operations (ACFO) decreased by $1.8 million, or 10.7%, to $15.4 million for the quarter.
- Debt to GBV ratio at quarter end was 30.9%, a decrease of 160 and 410 basis points from December 2019 (32.5%) and September 2019 (35.0%), respectively.

Financial Highlights

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

Gross rental revenue for the quarter was $40.6 million, an increase of $3.3 million, or 8.8%, compared to Q3 2019. Operating revenue for the quarter was up $2.1 million to $39.7 million, or 5.6% compared to Q3 2019. The average monthly rent across the portfolio for September 2020 increased to $1,302 per suite from $1,248 (September 2019), an increase of 4.3% and from $1,260 (December 2019), an increase of 3.3%. The September 2020 vacancy rate across the entire portfolio was 7.9%, an increase of 140 basis points as compared to June 2020.

On a same property portfolio basis (same properties are income properties owned by the REIT throughout the comparative periods), the average monthly rent per suite increased from $1,274 (September 2019) to $1,337 (September 2020), an increase of 4.9%. The REIT believes that when immigration and in-person University classes return to more normalized levels, strong rental demand will return and will drive down vacancy and upward rental pressure will resume

NOI for the quarter, which included approximately $0.5 million of COVID-19 related operating expenses, was $26.2 million, or 66.0% of operating revenue, compared to $25.8 million, or 68.5% of operating revenue, for the three months ended September 30, 2019. NOI from the same property portfolio remained at $23.5 million for Q3 2020, a decrease of $77 thousand, or 0.3%, over Q3 2019. Same property NOI margin for the quarter was 66.4%. Net income for the quarter was $32.5 million, compared to $69.5 million for Q3 2019. The decrease of $37.0 million was due primarily to a lower fair value gain on investment properties in Q3 2020 as compared to Q3 2019 offset by the higher non-cash fair value gains on unit-based liabilities and Class B unit liability from the Unit price depreciation in the quarter.

“While the public offering that closed in June had a short term dilutive effect on per unit numbers, it has positioned the REIT in good standing to navigate the waters in these uncertain times. We continue to take a long term view and believe that our best in class balance sheet will allow the REIT to capitalize on potential acquisitions and continue to create long term value for Unitholders,” said Mike McGahan, CEO

Operational Update

On March 11, 2020, the World Health Organization declared the outbreak of the novel strain of coronavirus “COVID-19” a global pandemic. The outbreak has resulted in the federal and provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown.

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

“With strong demand continuing to be anticipated, driven by factors such as foreign students and the governments revised increase in forecasted immigration, and the trend towards lower turnover, the REIT has continued to focus on long term rental growth and value creation by not buying occupancy by significantly lowering asking rents. We believe this will serve our Unitholders best over the medium to long term,” said Mike McGahan, CEO

The following information provides an operating update on the REIT’s portfolio and liquidity position:

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

- The REIT had $38.5 million in cash as of September 30, 2020.
- The REIT has no outstanding balance on any current credit facilities. The REIT has $172 million in current facilities; the ability to increase the current facilities by a further $60 million; and, an undrawn mortgage facility of $60 million, providing a total of $292 million of available credit.
- To-date, mortgage financings and renewals have progressed on schedule with no significant delays noted as a result of COVID-19. During the quarter, the REIT completed five CMHC mortgage re-financings for net proceeds of $72.3 million. Two other CMHC re-financings are expected to close in the fourth quarter for net proceeds of approximately $22.1 million. Proceeds are to fund the REIT's capital program, developments and future acquisitions.
- With a debt to GBV ratio of 30.9%, the REIT has significant liquidity available through both CMHC insured and conventional mortgage financing to provide for future capital programs, development opportunities and acquisitions.

"Strong cash flows and collection rates have demonstrated the resiliency of the multi-family asset class demonstrated throughout the pandemic. The transactions that have occurred in the last few months have shown an extremely strong bid for the asset class with cap rates in our core markets staying at or even compressing further from pre-COVID-19 levels. Due to our strong relationships in our core markets, we believe we will continue to be able to source accretive acquisitions and drive Unitholder value," said Mike McGahan, CEO

About InterRent

InterRent REIT is a growth-oriented real estate investment trust engaged in increasing Unitholder value and creating a growing and sustainable distribution through the acquisition and ownership of multi-residential properties.

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

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

***Non-GAAP Measures**

InterRent prepares and releases unaudited quarterly and audited consolidated annual financial statements prepared in accordance with IFRS (GAAP). In this and other earnings releases, as a complement to results provided in accordance with GAAP, InterRent also discloses and discusses certain non-GAAP financial measures, including Gross Rental Revenue, NOI, Same Property results, Repositioned Property results, FFO, AFFO, ACFO and EBITDA. These non-GAAP measures are further defined and discussed in the MD&A dated November 9, 2020, which should be read in conjunction with this press release. Since Gross Rental Revenue, NOI, Same Property results, Repositioned Property results, FFO, AFFO, ACFO and EBITDA are not determined by GAAP, they may not be comparable to similar measures reported by other issuers. InterRent has presented such non-GAAP measures as Management believes these measures are relevant measures of the ability of InterRent to earn and distribute cash returns to Unitholders and to evaluate InterRent's performance. These non-GAAP measures should not be construed as alternatives to net income (loss) or cash flow from operating activities determined in accordance with GAAP as an indicator of InterRent's performance.

Cautionary Statements

The comments and highlights herein should be read in conjunction with the most recently filed annual information form as well as our consolidated financial statements and management's discussion and analysis for the same period. InterRent's publicly filed information is located at www.sedar.com.

This news release contains "forward-looking statements" within the meaning applicable to Canadian securities legislation. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "anticipated", "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". InterRent is subject to significant risks and uncertainties which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements contained in this release. A full description of these risk factors can be found in InterRent's most recently publicly filed information located at www.sedar.com. InterRent cannot assure investors that actual results will be consistent with these forward looking statements and InterRent assumes no obligation to update or revise the forward looking statements contained in this release to reflect actual events or new circumstances.

The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

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