INTERRENT REIT

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<u>News Release</u>

InterRent REIT Results for the Fourth Quarter and 2019 Results

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Ottawa, Ontario (March 3, 2020) – InterRent Real Estate Investment Trust (TSX-IIP.UN) ("**InterRent**" or the "**REIT**") today reported financial results for the fourth quarter and year-ended December 31, 2019.

Highlights

- Operating revenues for the quarter ended December 31, 2019, increased by 15.1%, or $5.1 million, to $39.2 million. Operating revenues for the year increased by 14.2%, or $18.0 million, to $145.3 million.
- Operating revenues for the quarter ended December 31, 2019 from the same property portfolio increased by 7.6%, or $2.3 million, to $33.4 million. Operating revenues from the same property portfolio for the year increased by 8.4%, or $10.0 million, to $128.8 million.
- Average monthly rent per suite for the portfolio increased to $1,260 (December 2019) from $1,190 (December 2018), an increase of 5.9%. Average monthly rent from the same property portfolio increased by 6.8% to $1,297 per suite (December 2019) from $1,214 per suite (December 2018).
- Occupancy for the overall portfolio was 95.6%, down 100 basis points (December 2019 compared to December 2018). Occupancy for the same property portfolio was 97.5%, up 60 basis points (December 2019 compared to December 2018).
- Net Operating Income (NOI) for the quarter ended December 31, 2019 increased by $3.9 million, or 17.5%, to $26.2 million. NOI margin for the quarter ended December 31, 2019 was 66.9%, up 140 basis points over the same period in 2018. NOI for the year increased by $14.0 million, or 17.0%, to $96.2 million. NOI margin for the year was 66.2%, up 160 basis points year-over-year.
- Same property NOI for the quarter ended December 31, 2019 increased by $2.2 million, or 10.7%, to $22.6 million. Same property NOI margin for the quarter was 67.7%, up 200 basis points over the same period in 2018. Same property NOI for the year ended 2019 increased by $8.9 million, or 11.5%, to $85.8 million. Same property NOI margin for the full year was up 190 basis points year-over-year to 66.6%.
- Repositioned properties had an average monthly rent per suite of $1,328 and occupancy of 98.1% for December 2019 and an NOI margin of 68.5% for the quarter and 67.7% for the year.
- Fair value gain on investment properties in the year of $353.2 million was driven by property level operating improvements as well as a change in the valuation technique in Q4 to align the REIT's valuation model more closely with that of the sector. The valuation model now includes turnover assumptions, mark-to-market rent adjustments (based on turnover) as well as expected increases in operating expenses that match the timeframe for the turnover and mark-to-market assumptions. The reduction in overall weighted average capitalization rate to 4.24% compared to 4.38% as at December 31, 2018 was driven primarily by acquisitions and dispositions in the year.
- Net income for the year was $384.9 million, an increase of $216.6 million compared to 2018. The increase was driven primarily by the net increase in fair value gain on investment properties of $157.5 million ($353.2 million in 2019 compared to $195.7 million in 2018) and the property management internalization cost of $44.0 million that occurred in 2018.

- Funds from Operations (FFO) increased by $3.2 million, or 26.0%, for the quarter and increased $11.8 million, or 26.3% for the year.
- Fully diluted FFO per unit was $0.126 for the quarter, an increase of 10.5% over Q4 2018, and $0.483 for the year, an increase of 8.1% over 2018.
- Excluding the non-recurring professional costs identified in the MD&A, fully diluted FFO would have been $0.131 per Unit for the quarter.
- Adjusted Funds from Operations (AFFO) increased by $2.9 million, or 26.0%, for the quarter and increased $11.0 million, or 28.0% for the year.
- Fully diluted AFFO per unit was $0.111 for the quarter, an increase of 9.9% over Q4 2018, and $0.428 for the year, an increase of 9.5% over 2018.
- Adjusted Cash Flow from Operations (ACFO) for the quarter increased by 24.0% to $19.0 million compared to Q4 2018. ACFO for the year increased by 30.1% to $61.1 million compared to 2018.
- Debt-to-GBV ratio at year end was 32.5%, a decrease of 640 basis points from December 2018.
- The weighted average interest rate on mortgage debt decreased from 3.04%, at December 31, 2018, to 3.02%, at December 31, 2019. Over the same period, the weighted average life to maturity has decreased from 6.0 years to 5.1 years and mortgage debt backed by CMHC insurance has decreased from 80% to 79%. Exposure to variable interest rate debt has decreased from 13% (December 2018) to approximately 12% (December 2019).
- 2019 was another active year for the REIT, with a total of 1,214 rental suites and a vacant office building to be converted into residential suites acquired for $319.7 million. The REIT also disposed of the Sault Ste. Marie portfolio of 349 suites for $35.3 million and its land held for development at 2243 Fairview, Burlington for cash and a 25% interest in the Burlington GO Lands joint venture.
- Subsequent to the year end, the REIT purchased one building with 57 suites in Mississauga for $18.2 million and is committed to purchase a building with 4 suites which is contiguous to our development site at Richmond/Churchill in Ottawa, for $1.4 million, in March 2020.

Financial Highlights

Selected Consolidated Information In $000's, except per Unit amounts and other non-financial data	**3 Months Ended December 31, 2019**	**3 Months Ended December 31, 2018**	**Change**	**12 Months Ended December 31, 2019**	**12 Months Ended December 31, 2018**	**Change**
Total suites	-	-	-	**10,164**	9,299	**+9.3%**
Average rent per suite (December)	-	-	-	**$1,260**	$1,190	**+5.9%**
Occupancy rate (December)	-	-	-	**95.6%**	96.6%	**-100bps**
Operating revenues	**$39,199**	$34,062	**+15.1%**	**$145,302**	$127,286	**+14.2%**
Net operating income (NOI)	**26,206**	22,312	**+17.5%**	**96,194**	82,218	**+17.0%**
NOI %	**66.9%**	65.5%	**+140bps**	**66.2%**	64.6%	**+160bps**
Same Property average rent per suite	-	-	-	**$1,297**	$1,214	**+6.8%**
Same Property occupancy rate (December)	-	-	-	**97.5%**	96.9%	**+60bps**
Same Property NOI	**22,604**	20,418	**+10.7%**	**85,833**	76,947	**+11.5%**
Same Property NOI %	**67.7%**	65.7%	**+200bps**	**66.6%**	64.7%	**+190bps**
Net Income	**$264,975**	$42,188	**+528.1%**	**$384,889**	$168,297	**+128.7%**
Funds from Operations (FFO)	**$15,723**	$12,474	**+26.0%**	**$56,706**	$44,910	**+26.3%**
FFO per weighted average unit - diluted	**$0.126**	$0.114	**+10.5%**	**$0.483**	$0.447	**+8.1%**
Adjusted Funds from Operations (AFFO)	**$13,938**	$11,066	**+26.0%**	**$50,303**	$39,294	**+28.0%**
AFFO per weighted average unit - diluted	**$0.111**	$0.101	**+9.9%**	**$0.428**	$0.391	**+9.5%**
Distributions per unit	**$0.07583**	$0.07083	**+7.1%**	**$0.29334**	$0.27333	**+7.3%**
Adjusted Cash Flow from Operations	**$19,036**	$15,357	**+24.0%**	**$61,064**	$46,944	**+30.1%**
Debt to GBV	-	-	-	**32.5%**	38.9%	**-640bps**
Interest coverage (rolling 12 months)	-	-	-	**3.12x**	2.93x	**+0.19x**
Debt service coverage (rolling 12 months)	-	-	-	**1.87x**	1.81x	**+0.06x**

Gross rental revenue for the year ended December 31, 2019 was $143.2 million, an increase of $17.2 million, or 13.6%, compared to 2018. Operating revenue for the year was up $18.0 million to $145.3 million, or 14.2% compared to prior year. The average monthly rent across the portfolio for December 2019 increased to $1,260 per suite from $1,190 (December 2018), an increase of 5.9%. The December 2019 vacancy rate across the entire portfolio was 4.4%, an increase from 3.4% recorded in December 2018.

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 $1,214 (December 2018) to $1,297 (December 2019), an increase of 6.8%. Management expects to continue to grow revenues organically through moving to market rent on suite turnovers, guideline increases, continued roll-out of AGIs, as well as continuing to drive other ancillary revenue streams.

NOI for the year ended December 31, 2019 was $96.2 million or 66.2% of operating revenue compared to $82.2 million or 64.2% of operating revenue for 2018. NOI for the quarter was $26.2 million, or 66.9% of operating revenue, compared to $22.3 million, or 65.5% of operating revenue, for the quarter ended December 31, 2018. NOI from the same property portfolio for the year increased to $85.8 million, an increase of $8.9 million, or 11.5%, over 2018. Same property NOI margin for the year was 66.6%. Same property NOI margin for the quarter was 67.7%.NOI from the same property portfolio increased to $22.6 million for Q4 2019, an increase of $2.2 million, or 10.7%, over Q4 2018. Same property NOI margin for the quarter was 67.7%.

Net income for the year was $384.9 million, an increase of $216.6 million compared to 2018. The increase was driven primarily by the net increase in fair value on investment properties of $157.5 million ($353.2 million in 2019 compared to $195.7 million in 2018) and the property management internalization cost of $44.0 million that occurred in 2018.

FFO and AFFO per unit has grown 8.1% and 9.5% respectively this year despite a year-over-year reduction of 640 basis points in the Debt to GBV ratio to 32.5%. The strength of the REIT's balance sheet has positioned InterRent to be able to undertake its development program and safely navigate market cycles. "The strong results we are achieving are a direct result of our team members, many of whom are Unitholders, as it is their commitment that allows us to deliver unsurpassed levels of service to our customers each and every day," 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 March 3, 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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