INTERRENT
REIT

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News Release

InterRent REIT Reports Results for the Third Quarter of 2018 and a 7.4% Increase in the Monthly Distribution

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Ottawa, Ontario (October 30, 2018) – InterRent Real Estate Investment Trust (TSX-IIP.UN) ("**InterRent**" or the "**REIT**") today reported financial results for the third quarter ended September 30, 2018. With InterRent's portfolio demonstrating strong sustainable results and with the REIT applying its disciplined approach to growing the portfolio, the Board of Trustees has approved a 7.4% increase to the distribution. The annualized distribution increases to $0.29 per unit from $0.27 per unit. The increase will be effective for the November 2018 distribution that is to be paid in December 2018.

Highlights

- Monthly distribution has been increased by 7.4% effective with the November distribution that is to be paid in December 2018. This is the seventh consecutive year that the REIT has grown its distribution by 5% or more.
- Gross rental revenue for the quarter increased by $4.6 million, or 16.6%, over Q3 2017.
- Average monthly rent per suite for the entire portfolio increased to $1,176 (September 2018) from $1,099 (September 2017), an increase of 7.0%. The same property portfolio increased to $1,177 (September 2018) from $1,093 (September 2017), an increase of 7.7%.
- Occupancy for the overall portfolio was 95.8%, a decrease of 150 basis points (September 2018 compared to September 2017). Occupancy for the same property portfolio was 96.8%, a decrease of 30 basis points (September 2018 compared to September 2017).
- Net Operating Income (NOI) for the quarter was $21.6 million, an increase of $4.0 million, or 23.0%, over Q3 2017. NOI margin for the quarter was 67.1%, up 410 basis points over Q3 2017.
- Same property NOI for the quarter was $18.3 million, an increase of $2.0 million, or 12.4%, over Q3 2017. Same property NOI margin for the quarter was 68.2%, up 300 basis points over Q3 2017.
- Fair value gain on investment properties in the quarter of $75.8 million was driven by property level operating improvements as well as a reduction in the overall weighted average capitalization rate to 4.41% from 4.46% at Q2 2018.
- Net income for the quarter was $81.4 million, compared to $111.1 million for Q3 2017. The decrease of $29.7 million was driven primarily by the change in the fair value gain on investment properties.
- Funds from Operations (FFO) increased by $2.4 million, or 23.8%, for the quarter. Fully diluted FFO per unit decreased by 0.8%, from $0.118 per unit to $0.117 per unit.
- Adjusted Funds from Operations (AFFO) increased by $1.8 million, or 20.8%, for the quarter. Fully diluted AFFO per unit decreased by 3.8% from $0.106 per unit to $0.102 per unit.
- On August 9th, the Trust completed a public offering of 10,798,500 Trust Units from treasury for gross proceeds of $115 million. The timing difference between the issuance of Units and the use of proceeds resulted in a marginal decrease in FFO and AFFO per unit basis as compared to Q3 2017.
- Adjusted Cash Flow from Operations (ACFO) increased by $1.7 million, or 14.1%, to $13.6 million for the quarter.
- Debt to GBV at quarter end was 39.1%, a decrease of 870 basis points from December 2017.
- Purchased 215 suites in one of our key growth markets of Montreal for a purchase price of $44.3 million as well as a 6.3 acre land site in the GTA for future development for $42.0 million.

Financial Highlights

Selected Consolidated Information In $000's, except per Unit amounts and other non-financial data	**3 Months Ended September 30, 2018**	**3 Months Ended September 30, 2017**	**Change**
Total suites	**9,235**	8,605	**+7.3%**
Average rent per suite (September)	**$1,176**	$1,099	**+7.0%**
Occupancy rate (September)	**95.8%**	97.3%	**-150bps**
Operating revenues	**$32,149**	$27,800	**+15.6%**
Net operating income (NOI)	**$21,562**	$17,526	**+23.0%**
NOI %	**67.1%**	63.0%	**+410bps**
Same Property average rent per suite (September)	**$1,177**	$1,093	**+7.7%**
Same Property occupancy rate (September)	**96.8%**	97.1%	**-30bps**
Same Property NOI	**$18,252**	$16,235	**+12.4%**
Same Property NOI %	**68.2%**	65.2%	**+300bps**
Net Income	**$81,435**	$111,112	**-26.7%**
Funds from Operations (FFO)	**$12,246**	$9,891	**+23.8%**
FFO per weighted average unit - diluted	**$0.117**	$0.118	**-0.8%**
Adjusted Funds from Operations (AFFO)	**$10,724**	$8,878	**+20.8%**
AFFO per weighted average unit - diluted	**$0.102**	$0.106	**-3.8%**
Distributions per unit	**$0.0675**	$0.0608	**+11.0%**
Adjusted Cash Flow from Operations (ACFO)	**$13,588**	$11,908	**+14.1%**
Debt to GBV	**39.1%**	48.5%	**-940bps**
Interest coverage (rolling 12 months)	**2.85x**	2.71x	**+0.14x**
Debt service coverage (rolling 12 months)	**1.80x**	1.71x	**+0.09x**

Gross rental revenue for the quarter was $32.2 million, an increase of $4.6 million, or 16.6%, compared to Q3 2017. Operating revenue for the quarter was up $4.3 million to $32.1 million, or 15.6% compared to Q3 2017. The average monthly rent across the portfolio for September 2018 increased to $1,176 per suite from $1,099 (September 2017), an increase of 7.0%. The September 2018 vacancy rate across the entire portfolio was 4.2%, an increase from 2.7% recorded in September 2017. With turnover in the coming years expected to be lower than normal, the REIT believes that we must capture maximum rent on turnover at this time.

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 $1,093 (September 2017) to $1,177 (September 2018), an increase of 7.7%.

NOI for the quarter was $21.6 million, or 67.1% of operating revenue, compared to $17.5 million, or 63.0% of operating revenue, for the three months ended September 30, 2017. NOI from the same property portfolio increased to $18.3 million for Q3 2018, an increase of $2.0 million, or 12.4%, over Q3 2017. Same property NOI margin for the quarter was 68.2%. Net income for the quarter was $81.4 million, compared to $111.1 million for Q3 2017. The decrease of $29.7 million was driven primarily by a lower fair value gain on investment properties being recognized in Q3 2018.

"The multifamily sector has continued to see strong rental demand through Q3. Our Team within all regions have worked very hard to ensure that we continue to offer clean, safe and well-maintained homes and best in class service for our residents and our communities. The strong market and tireless effort of our Team has led to significant rental growth, NOI improvement and FFO/AFFO growth. There continues to be very strong demand for the asset class which has resulted in further cap rate compression in core markets across Ontario and Quebec," 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 primary objective is to use the proven industry experience of the Trustees, Management and Operational Team to: (i) provide Unitholders with stable and growing cash distributions from investments in a diversified portfolio of multi-residential properties; (ii) enhance the value of the assets and maximize long-term Unit value through the active management of such assets; and (iii) expand the asset base and increase Distributable Income through accretive acquisitions.

*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, FFO, AFFO, ACFO and EBITDA. These non-GAAP measures are further defined and discussed in the MD&A dated October 30, 2018, which should be read in conjunction with this press release. Since Gross Rental Revenue, NOI, Same 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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