INTERRENT REIT

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News Release

InterRent REIT Results for the Fourth Quarter and 2017 Results

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Ottawa, Ontario (February 22, 2018) – 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, 2017.

Highlights

- Gross rental revenue for the three months ended December 31, 2017, increased by 15.5%, or $3.9 million, to $29.0 million. Gross rental revenue for the year increased by 9.0%, or $9.0 million, to $108.5 million.
- Gross rental revenue for the three months ended December 31, 2017 from stabilized operations increased by 4.9%, or $1.0 million, to $21.2 million. Gross rental revenue from stabilized operations for the year increased by 4.4%, or $3.5 million, to $83.0 million.
- Average monthly rent per suite for the portfolio increased to $1,110 (December 2017) from $1,064 (December 2016), an increase of 4.3%. Average monthly rent from stabilized operations increased by 4.9% to $1,118 per suite (December 2017) from $1,066 per suite (December 2016).
- Occupancy for the overall portfolio was 97.9%, up 310 basis points (December 2017 compared to December 2016). Occupancy from stabilized operations was up 180 basis points from 96.6% (December 2016) to 98.4% (December 2017).
- Net Operating Income (NOI) for the three months ended December 31, 2017 increased by $3.8 million, or 26.5%, to $18.4 million. NOI margin for the three months ended December 31, 2017 was 61.8%, up 330 basis points over the same period in 2016. NOI for the year increased by $9.3 million, or 16.4%, to $66.2 million. NOI margin for the year was 60.7%, up 240 basis points year-over-year.
- Stabilized NOI for the three months ended December 31, 2017 increased by $1.4 million, or 11.3%, to $13.7 million. Stabilized NOI margin for the quarter was 62.8%, up 240 basis points over the same period in 2016. Stabilized NOI for the year-ended 2017 increased by $5.0 million, or 10.3%, to $52.9 million. Stabilized NOI margin for the full year was up 220 basis points year-over-year to 62.7%.
- Funds From Operations (FFO) per fully diluted unit was $0.114 for the quarter, an increase of 12.9% over the same period in 2016. FFO per fully diluted unit for the year was $0.424, an increase of 10.1% over 2016.
- Adjusted Funds From Operations (AFFO) per fully diluted unit was $0.101 for the quarter, an increase of 12.2% over the same period in 2016. AFFO per fully diluted unit for the year was $0.374, an increase of 11.0% over 2016.
- The weighted average interest rate on mortgage debt increased slightly by 12 basis points from 2.69%, at December 31, 2016, to 2.81%, at December 31, 2017. Over the same period, the weighted average life to maturity has increased from 4.2 years to 4.9 years and mortgage debt backed by CMHC insurance has increased from 52% to 67%.
- Debt-to-GBV ratio decreased significantly by 750 basis points from 55.3% (December 2016) to 47.8% (December 2017). This was due to a combination of: an equity issue in March 2017, resulting in net proceeds of $76.4 million; and, value created as a result of our repositioning program.

- 2017 was another active year for the REIT, with a total of 602 rental suites acquired for $99.0 million in its core markets of Hamilton and Montreal. Subsequent to year-end the REIT has purchased a low-rise building of 48 suites immediately adjacent to its existing buildings at the corner of Sir Walter Scott Avenue and Kildare Street in the Cote-St-Luc neighborhood of Montreal and 172 suites in Grimsby, Ontario for a total of $26.3 million.
- Subsequent to year-end 2017, the REIT entered into an agreement with CLV Group Inc. to internalize the REIT's property management function effective February 15, 2018. As a result of the Internalization, the property, asset and project management fees payable by the REIT under its existing property management agreement will be eliminated. The Transaction is immediately accretive to the REIT with an expected increase in AFFO per Unit exceeding 4%, based on 2018 expectations.

Financial Highlights

Selected Consolidated Information In $000's, except per Unit amounts and other non-financial data	**3 Months Ended December 31, 2017**	**3 Months Ended December 31, 2016**	**Change**	**12 Months Ended December 31, 2017**	**12 Months Ended December 31, 2016**	**Change**
Total suites	-	-	-	**8,660**	8,059	**+7.5%**
Average rent per suite (December)	-	-	-	**$1,110**	$1,064	**+4.3%**
Occupancy rate (December)	-	-	-	**97.9%**	94.8%	**+310bps**
Operating revenues	**$29,710**	$24,782	**+19.9%**	**$109,004**	$97,466	**+11.8%**
Net operating income (NOI)	**18,356**	14,507	**+26.5%**	**66,166**	56,868	**+16.4%**
NOI %	**61.8%**	58.5%	**+330bps**	**60.7%**	58.3%	**+240bps**
Stabilized average rent per suite (December)	-	-	-	**$1,118**	$1,066	**+4.9%**
Stabilized occupancy rate (December)	-	-	-	**98.4%**	96.6%	**+180bps**
Stabilized NOI	**13,720**	12,332	**+11.3%**	**52,881**	47,926	**+10.3%**
Stabilized NOI %	**62.8%**	60.4%	**+240bps**	**62.7%**	60.5%	**+220bps**
Net Income	**$42,345**	$17,578	**+140.9%**	**$200,980**	$38,614	**+420.5%**
Funds from Operations (FFO)	**$9,645**	$7,335	**+31.5%**	**$34,662**	$27,796	**+24.7%**
FFO per weighted average unit - basic	**$0.115**	$0.102	**+12.7%**	**$0.426**	$0.387	**+10.1%**
FFO per weighted average unit - diluted	**$0.114**	$0.101	**+12.9%**	**$0.424**	$0.385	**+10.1%**
Adjusted Funds from Operations (AFFO)	**$8,502**	$6,526	**+30.3%**	**$30,570**	$24,319	**+25.7%**
AFFO per weighted average unit - basic	**$0.101**	$0.090	**+12.2%**	**$0.376**	$0.339	**+10.9%**
AFFO per weighted average unit - diluted	**$0.101**	$0.090	**+12.2%**	**$0.374**	$0.337	**+11.0%**
Cash distributions per unit	**$0.0653**	$0.0598	**+9.2%**	**$0.2475**	$0.2330	**+6.2%**
AFFO payout ratio	**64.5%**	66.1%	**-160bps**	**65.8%**	68.8%	**-300bps**
Debt to GBV	-	-	-	**47.8%**	55.3%	**-750bps**
Interest coverage (rolling 12 months)	-	-	-	**2.76x**	2.51x	**+0.25x**
Debt service coverage (rolling 12 months)	-	-	-	**1.78x**	1.54x	**+0.24x**

Gross rental revenue for the year ended December 31, 2017 increased 9.0% to $108.5 million compared to $99.5 million for the prior year. Operating revenue for the year was up $11.5 million to $109.0 million, or 11.8% compared to the prior year. NOI for the twelve months ended December 31, 2016 amounted to $66.2 million or 60.7% of operating revenue compared to $56.9 million or 58.3% of operating revenue for 2016.

InterRent's focus on recycling capital and growing its core markets of GTA (including Hamilton), Ottawa/NCR and Montreal has resulted in approximately 79% of InterRent's suites now being located in these core markets.

For the stabilized portfolio, gross rental revenue for the year ended December 31, 2017 increased 4.4% to $83.0 million compared to $79.5 million for the prior year. Stabilized NOI for the twelve months ended December 31, 2017 amounted to $52.9 million or 62.7% of stabilized operating revenue compared to $47.9 million or 60.5% of stabilized operating revenue for 2016. These increases were largely the result of continued strong revenue growth combined with reductions in operating costs, property taxes and utility costs as a percentage of operating revenue.

"We are pleased with the progress made in 2017 and look forward to continuing to build on this momentum throughout 2018. We are extremely pleased to have concluded the internalization of the property management in an accretive fashion at a time when appropriate economies of scale exist. Having its own operating platform will provide the REIT with many opportunities to partner with others, such as we have done with our first mixed-use development at 900 Albert Street in Ottawa, which is at the gateway to LeBreton Flats and the intersection of the North/South and East/West LRT, and create significant returns for REIT unitholders," said Mike McGahan, Chief Executive Officer of the REIT.

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 NOI, FFO, AFFO and EBITDA. These non-GAAP measures are further defined and discussed in the MD&A dated February 22, 2018, which should be read in conjunction with this press release. Since NOI, FFO, AFFO 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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