INTERRENT
REIT

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News Release

InterRent REIT Results for the First Quarter of 2016

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Ottawa, Ontario (May 4, 2016) – InterRent Real Estate Investment Trust (TSX-IIP.UN) ("**InterRent**" or the "**REIT**") today reported financial results for the first quarter ended March 31, 2016.

Highlights

- Gross rental revenue for the quarter increased by $6.1 million, or 33.2%, over Q1 2015.
- Gross rental revenue from the stabilized portfolio was $16.8 million for the quarter, an increase of 3.3%, over Q1 2015.
- Average monthly rent per suite for the entire portfolio increased to $1,004 (March 2016), or 3.6%, from $969 (March 2015). The stabilized portfolio increased to $1,009 (March 2016) from $969 (March 2015), an increase of 4.1%.
- Occupancy for the overall portfolio was 94.6%, down 1.8% (March 2016 compared to March 2015) as a result of an increase in acquisitions and continued repositioning of properties acquired in 2014 and 2015. Occupancy from stabilized operations was up from 96.3% (March 2015) to 97.2% (March 2016).
- Net Operating Income (NOI) for the quarter increased by $3.2 million over Q1 2015, or 32.9%, to $13.0 million. NOI margin for Q1 2016 was 54.3%, up 80 basis points over Q1 2015.
- Stabilized NOI for the quarter increased by $0.9 million, or 10.1%, to $9.7 million. Stabilized NOI margin for Q1 2016 was 57.5%, up 330 basis points over Q1 2015.
- Funds from operations (FFO) for the quarter increased by 18.8% on a per unit basis, going from $4.4 million (or $0.069 per unit) for Q1 2015 to $5.8 million (or $0.082 per unit) for Q1 2016.
- Adjusted funds from operations (AFFO) for the quarter increased by 21.1% on a per unit basis, going from $3.7 million (or $0.057 per unit) for Q1 2015 to $4.9 million (or $0.069 per unit) for Q1 2016.
- The weighted average interest rate on mortgage debt at the end of the quarter was 2.72% with an average life to maturity of 4.7 years (down from 2.74% and 5.0 years at the end of Q4 2015).
- InterRent closed on the acquisition of 127 suites in Montreal in the first three months of 2016 and has purchased a 418 suite complex in Ottawa that is scheduled to close on May 4, 2016.
- InterRent disposed of four properties (155 suites) in Brampton and Belleville in the first quarter of 2016 and has announced the disposition of 2 properties (104 suites) in Brantford scheduled to close in July 2016 and 7 properties (202 suites) in Kingston scheduled to close in May 2016.

Financial Highlights

Selected Consolidated Information In $000's, except per Unit amounts and other non-financial data	**3 Months Ended March 31, 2016**	**3 Months Ended March 31, 2015**	**Change**
Total suites	**8,362**	6,985	**+19.7%**
Average rent per suite (March)	**$1,004**	$969	**+3.6%**
Occupancy rate (March)	**94.6%**	96.4%	**-1.9%**
Operating revenues	**$23,903**	$18,261	**+30.9%**
Net operating income (NOI)	**$12,978**	$9,766	**+32.9%**
NOI %	**54.3%**	53.5%	**+1.5%**
Stabilized average rent per suite (March)	**$1,009**	$969	**+4.1%**
Stabilized occupancy rate (March)	**97.2%**	96.3%	**0.9%**
Stabilized NOI	**$9,671**	$8,781	**+10.1%**
Stabilized NOI %	**57.5%**	54.2%	**+6.1%**
Funds from Operations (FFO)	**$5,842**	$4,385	**+33.2%**
FFO per weighted average unit - basic	**$0.082**	$0.069	**+18.8%**
FFO per weighted average unit - diluted	**$0.081**	$0.068	**+19.1%**
Adjusted Funds from Operations (AFFO)	**$4,930**	$3,651	**+35.0%**
AFFO per weighted average unit - basic	**$0.069**	$0.057	**+21.1%**
AFFO per weighted average unit - diluted	**$0.069**	$0.057	**+21.1%**
Cash distributions per unit	**$0.0578**	$0.0549	**+5.3%**
AFFO payout ratio	**84%**	96%	**-12.5%**
Debt to GBV	**55.0%**	47.3%	**+16.3%**
Interest coverage (rolling 12 months)	**2.61x**	2.38x	**+9.7%**
Debt service coverage (rolling 12 months)	**1.52x**	1.37x	**+10.9%**

Gross rental revenue for the quarter was $24.4 million, an increase of $6.1 million, or 33.2%, compared to Q1 2015. Operating revenue for the quarter was up $5.6 million to $23.9 million, or 30.9% compared to Q1 2015. The average monthly rent across the entire portfolio for March 2016 increased to $1,004 per suite from $969 (March 2015), an increase of 3.6%. The March 2016 vacancy rate across the entire portfolio was 5.4%, an increase from 3.6% recorded in March of 2015. The 5.4% was comprised of 2.8% for stabilized properties and 10.8% for un-stabilized. "As we work through the repositioning of the recently acquired properties, we will continue to see an uptick in our non-stabilized vacancy numbers. This is expected as we reposition the properties and prepare the suites to capture full market rents," said Mike McGahan, CEO.

On a stabilized portfolio basis (stabilized properties are those owned by the REIT continuously for 24 months), the average monthly rent per suite increased from $969 to $1,009 over the same period, an increase of 4.1%. 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 quarter was $13.0 million, or 54.3% of operating revenue, compared to $9.8 million, or 53.5% of operating revenue, for the three months ended March 31, 2015. NOI from the stabilized portfolio increased from $8.8 million for Q1 2015 to $9.7 million for Q1 2016, an increase of $0.9 million, or 10.1%. Stabilized NOI margin increased by 330 basis points in the quarter-over-quarter comparison going from 54.2% to 57.5% primarily as a result of continued strong revenue growth combined with reductions in both operating costs and utility costs as a percentage of operating revenue.

InterRent is continuing to execute on its capital recycling program by actively pursuing an asset allocation strategy of monetizing value created by the REIT in smaller non-core markets and recycling capital into core growth markets. Year to date, InterRent has sold or announced the sale of 461 suites, for a combined sale price of $52,460,000, or $113,796 per door. “We continue to execute on our strategy of recycling capital from our non-core properties into new repositioning opportunities within our core markets,” 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 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 May 4, 2016, 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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