INTERRENT REIT

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News Release

InterRent REIT Results for the Second Quarter of 2014

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Ottawa, Ontario (August 12, 2014) – InterRent Real Estate Investment Trust (TSX-IIP.UN) ("**InterRent**" or the "**REIT**") today reported financial results for the second quarter ended June 30, 2014.

Highlights

- Average monthly rent per suite increased to $947 (June 2014) from $909 (June 2013), an increase of 4.2%.
- Average monthly rent per suite for the stabilized operations increased to $921 (June 2014) from $887 (June 2013), an increase of 3.8%.
- Gross rental revenue for the second quarter of 2014 increased by $0.6 million, or 3.6%, over Q2 2013 while operating revenue increased by $0.2 million, or 1.2% compared to Q2 2013.
- Gross rental revenue from stabilized operations for the second quarter of 2014 increased by $0.5 million, or 4.0%, over Q2 2013 while operating revenue increased by $0.1 million, or 1.0%.
- Economic vacancy increased to 5.8% (June 2014) from 4.0% (June 2013) as management continued to drive rents, reposition the suites added to the portfolio in 2013 and the first half of 2014, and transition to a new rental operations methodology.
- NOI decreased to $9.2 million for the quarter, or 58.6% of operating revenues, compared to $9.6 million, or 61.6%, for Q2 2013.
- The weighted average interest rate on mortgage debt was reduced further in the quarter from 3.37% (June 2013) to 3.28% (June 2014).
- Funds from operations (FFO) for the quarter decreased by $0.6 million to $4.5 million (or $0.08 per unit) compared to $5.1 million (or $0.09 per unit) for Q2 2013.
- Adjusted funds from operations (AFFO) for the quarter decreased by $0.6 million. AFFO was $0.07 per unit for the quarter compared to $0.08 per unit for Q2 2013.

Financial Highlights

Selected Consolidated Information *In $000's, except per Unit amounts and other non-financial data*	*3 Months Ended June 30, 2014*	*3 Months Ended June 30, 2013*
Total suites	***6,128***	*6,040*
Occupancy rate (June)	***94.2%***	*96.0%*
Average rent per suite (June)	***$947***	*$909*
Operating revenues	***$15,704***	*$15,521*
Net operating income (NOI)	***9,201***	*9,568*
NOI %	***58.6%***	*61.6%*
NOI per weighted average unit - basic	***$0.16***	*$0.17*
NOI per weighted average unit - diluted	***$0.16***	*$0.17*
Funds from operations (FFO)	***$4,495***	*$5,128*
FFO per weighted average unit - basic	***$0.08***	*$0.09*
FFO per weighted average unit - diluted	***$0.08***	*$0.09*
Adjusted funds from operations (AFFO)	***$3,860***	*$4,448*
AFFO per weighted average unit - basic	***$0.07***	*$0.08*
AFFO per weighted average unit - diluted	***$0.07***	*$0.08*
Distributable income (DI)	***$3,537***	*$4,980*
DI per weighted average unit - basic	***$0.06***	*$0.09*
DI per weighted average unit – diluted	***$0.06***	*$0.09*
Cash distributions per unit	***$0.0501***	*$0.0467*
AFFO payout ratio	***75%***	*60%*
Stabilized average rent per suite	***$921***	*$887*
Stabilized NOI %	***59.0%***	*61.7%*
Interest coverage (rolling 12 months)	***2.50x***	*2.72x*
Debt service coverage (rolling 12 months)	***1.46x***	*1.72x*
Debt to GBV	***49.2%***	*46.6%*

Results for the Quarter

Gross rental revenue for the quarter was $16.0 million, an increase of $0.6 million, or 3.6%, compared to Q2 2013. Operating revenue for the quarter was up $0.2 million to $15.7 million, or 1.2% compared to the Q2 2013. The average monthly rent across the entire portfolio for June 2014 increased to $947 per suite from $909 (June 2013), an increase of 4.2%. 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 $887 to $921 over the same period, an increase of 3.8%. 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.

The June 2014 vacancy rate across the entire portfolio was 5.8%. "The increase is as a result of transitioning to a new rental operations model which better aligns rental operations to longer term value creation. We believe that the short term pain of the transition will be beneficial to the long term growth of the REIT. As of August 12, our suite occupancy has increased to 96%," said Mike McGahan, CEO.

Property operating costs for the three months ended June 30, 2014 amounted to $2.8 million or 18.0% of revenue compared to $2.5 million or 16.0% of revenue for the three months ended June 30, 2013. As a percentage of revenue, operating costs increased by 2.0% as compared to Q2 2013. The increase in operating costs are primarily as a result of costs associated with transitioning to a new rental operations model.

Property taxes for the three months ended June 30, 2014 amounted to $2.2 million or 13.8% of revenue compared to $2.0 million or 13.1% of revenue for the three months ended June 30, 2013. The overall increase in taxes is mainly attributable to the overall increase in assessed property values.

Utility costs for the three months ended June 30, 2014 amounted to $1.5 million or 9.5% of revenue compared to $1.4 million or 9.2% of revenue for the three months ended June 30, 2013. As a percentage of operating revenues and on a per suite basis, heating costs increased over the same quarter last year due to cooler months in April and May.

NOI for the three months ended June 30, 2014 amounted to $9.2 million or 58.6% of operating revenue compared to $9.6 million or 61.6% of operating revenue for the three months ended June 30, 2013. The growth in revenue was offset by increased vacancy and leasing costs, stemming from the transition to a new rental operations model. The redevelopment property in Ottawa and the property damaged by fire in Hamilton both had positive contributions to NOI in the second quarter of 2013 and no NOI contribution in the second quarter of 2014. The net effect of the two properties on NOI is a $0.4 million decrease as compared to Q2 2013.

Given the amount of capital required to acquire and reposition properties, being able to access mortgage debt and the interest rate thereon is crucial for the long term success of the REIT. At the end of the quarter, the weighted average interest rate was 3.28% and the average life to maturity was approximately 4.4 years. The REIT regularly reviews mortgages and maturities in order to capitalize on the availability of long term funds at the historically low rates that we continue to experience.

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, DI and EBITDA. These non-GAAP measures are further defined and discussed in the MD&A dated August 12, 2014, which should be read in conjunction with this press release. Since NOI, FFO, AFFO, DI 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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