INTERRENT REIT

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News Release

InterRent REIT Results for the First Quarter of 2013 and a 25% Increase in the Monthly Distribution

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Ottawa, Ontario (May 13, 2013) – InterRent Real Estate Investment Trust (TSX-IIP.UN) ("**InterRent**" or the "**REIT**") today reported financial results for the first quarter ended March 31, 2013. 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 25% increase to the monthly per unit distributions. The increase results in an annualized $0.20 per unit distribution, from $0.16 per unit, and will be effective for the May distribution that is to be paid in June 2013.

Highlights

- Operating revenue for the quarter increased from $10.8 million to $13.1 million, an increase of $2.3 million, or 20.8%, over Q1 2012.
- The average monthly rent for March 2013 increased to $888 per suite from $832 in March 2012, an increase of 6.7%.
- Occupancy increased to 98.0% (March 2013) from 97.3% (March 2012).
- Net Operating Income (NOI) increased by $1.7 million, or 30.1%, for the quarter compared to Q1 2012. NOI for the quarter was $7.4 million, or 56.9% of operating revenues, compared to $5.7 million, or 52.9% of operating revenue, for Q1 2012.
- Net Operating Income (NOI) from stabilized properties increased by $0.5 million, or 10.2%, for the quarter compared to Q1 2012. NOI from stabilized operations for the quarter was $5.3 million, or 56.6% of operating revenues compared to $4.8 million, or 53.9% of operating revenue, for Q1 2012.
- Funds From Operations (FFO) for the quarter increased by $1.7 million, or 86.3%, to $3.7 million (or $0.08 per unit) compared to $2.0 million (or $0.05 per unit) for Q1 2012.
- Adjusted Funds From Operations (AFFO) for the quarter increased by $1.4 million, or 72.1%, to $3.2 million (or $0.07 per unit) compared to $1.8 million (or $0.04 per unit) for Q1 2012.
- Distributable Income (DI) for the quarter increased by $1.4 million, or 53.5%, to $4.0 million (or $0.09 per unit) compared to $2.6 million (or $0.06 per unit) for Q1 2012.
- The weighted average interest rate for the REIT's mortgages was down 9 basis points to 3.51% at the end of the quarter as compared to 3.60% at the end of Q4 2012.
- Completed public offering of 12,420,646 trust units from treasury at a price of $6.53 per Unit for gross proceeds of $81,106,818.38.
- Fair Market Value of investment properties has increased to $600.3 million at the end of Q1 2013 from $551.0 million at the end of Q4 2012. The increase comes as a result of continued NOI improvements within the portfolio as well as the addition of 325 suites.
- For the year to date, InterRent has announced the acquisition of 1,395 suites within three core markets that have been targeted for growth. Of the announced acquisitions, 325 suites were included in the portfolio by the end of the quarter.

Financial Highlights

Selected Consolidated Information *In $000's, except per Unit amounts and other non-financial data*	***3 Months Ended March 31, 2013***	***3 Months Ended March 31, 2012***
Total suites	***5,020***	*4,489*
Occupancy rate (March)	***98.0%***	*97.3%*
Average rent per suite (March)	***$888***	*$832*
Operating revenues	***$13,054***	*$10,806*
Net operating income (NOI)	***7,430***	*5,713*
NOI %	***56.9%***	*52.9%*
NOI per weighted average unit - basic	***$0.16***	*$0.13*
NOI per weighted average unit - diluted	***$0.16***	*$0.13*
Funds from operations (FFO)	***$3,745***	*$2,010*
FFO per weighted average unit - basic	***$0.08***	*$0.05*
FFO per weighted average unit - diluted	***$0.08***	*$0.05*
Adjusted funds from operations (AFFO)	***$3,180***	*$1,848*
AFFO per weighted average unit - basic	***$0.07***	*$0.04*
AFFO per weighted average unit - diluted	***$0.07***	*$0.04*
Distributable income (DI)	***$4,003***	*$2,608*
DI per weighted average unit - basic	***$0.09***	*$0.06*
DI per weighted average unit - diluted	***$0.09***	*$0.06*
Cash distributions per unit	***$0.04***	*$0.03*
AFFO payout ratio	***58%***	*71%*
Stabilized average rent per suite	***$888***	*$855*
Stabilized NOI %	***56.6%***	*53.9%*
Debt to GBV	***39.6%***	*50.3%*

Results for the Quarter

Operating revenue for the quarter increased $2.3 million, an increase of 20.8%, to $13.1 million compared to the same quarter last year. The REIT had 5,020 suites at the end of the current quarter compared to 4,489 at the end of Q1 2012, a net increase of 531 suites, or 11.8%. The average monthly rent across the entire portfolio for March 2013 increased to $888 per suite from $832 (March 2012), an increase of 6.7%. 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 $855 to $888 over the same period, an increase of 3.9%. 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.

Management believes in trying to optimize the balance of supply and demand by pushing rents and monitoring vacancy within acceptable levels in order to strike the right balance and maximize revenue. The March 2013 vacancy rate of 2.0% across the entire portfolio is at the low end of the range that management believes is required in order to maximize revenues.

The decrease in operating expenses as a percentage of operating revenues from 47.1% in Q1 2012 to 43.1% in Q1 2013 was driven by operating efficiencies (as the number of suites have increased); by reduced operating costs (as a result of the previous capital expenditures); and, improvement to the overall quality of portfolio (as a result of the acquisitions, dispositions and capital expenditures). Property operating costs as a percentage of operating revenue were 16.6% for the quarter compared to 16.7% for Q1 2012. "While growing our suite count by 12% in the quarter, our team continued to find savings and eliminate inefficiencies in the existing portfolio. We continue to believe that our current staffing levels are adequate to address not only the current requirements but also position us well for the integration of planned strategic acquisitions," said Mike McGahan, CEO.

Utility costs for the quarter amounted to $1.7 million or 13.2% of operating revenue compared to $1.7 million or 15.8% for Q1 2012. Despite increasing the suite count over the comparative quarter, and the colder/longer winter, utility costs remained at $1.7 million for both quarters. As a percentage of operating revenues and on a per suite basis, utility costs have decreased over the same quarter last year as a result of energy savings initiatives, the expiry of retail natural gas contracts, and from our hydro sub-metering initiative. Our hydro sub-metering initiative reduced our utility costs by 6.2% for the quarter. Management expects this initiative to continue to contribute to stabilized NOI growth over the next 2-3 years.

NOI for the quarter saw continued improvement over prior comparative period. NOI for the portfolio was $7.4 million for the quarter, or 56.9% of operating revenue, compared to $5.7 million, or 52.9% of operating revenue, for Q1 2012. Overall NOI was up 30.1% for the quarter compared to Q1 2012. Stabilized property NOI for the first quarter was up $0.5 million, or 10.2% over the same period last year. The continued improvement in NOI resulted in a fair market value gain in the quarter of $5.5 million. "We continue to strive to improve the NOI quarter over comparative quarter both in our stabilized properties as well as within our acquisitions. The ability to drive NOI in order to create value is one of the key factors we evaluate when looking at an acquisition," said CEO Mike McGahan.

Given the significant amount of capital required to acquire and maintain properties, being able to access mortgage debt and the interest rate thereon is crucial for the long term success of the REIT. Over the last year, the REIT has lowered the weighted average interest rate by 55 basis points from 4.06% at Q1 2012 to 3.51% at Q1 2013 and extended the average life to maturity from 2.4 years to 5.0 years. The REIT will continue to review the mortgages and maturities in order to capitalize on the availability of long term funds at the historically low rates that are currently available.

In keeping with management's strategy of maximizing returns for unitholders and focusing on clusters of buildings within geographical proximity to each other in order to build operational efficiencies and attract focused, professional staff, properties are reviewed on a regular basis to determine if they should be kept or disposed. Over the course of the quarter, three properties were purchased (325 suites), four other properties (572 suites) were added subsequent to quarter end and an additional two properties (498 suites) have been announced and expect to close in the second quarter. "The 1,395 suites that we have acquired so far this year are all within three core markets that we have targeted for growth. We believe that these are all strong rental markets; provide opportunities to build on existing scale; and in the case of the Montreal acquisitions, provide a new platform for future growth. In the case of the most recently announced acquisition on Bell Street in Ottawa, the property is our most ambitious repositioning to date however, our proven team with their many years of experience managing these types of projects are looking forward to transforming this building and the area as a whole. We expect repositioning efforts will take approximately 12-18 months to complete and that the property will become a strong contributor to our bottom line starting in Q3 of 2014," said Mike McGahan.

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 DI. These non-GAAP measures are further defined and discussed in the MD&A released on May 13, 2013, which should be read in conjunction with this press release. Since NOI, FFO, AFFO and DI 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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