INTERRENT REIT

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News Release

InterRent REIT Results for the Second Quarter of 2012 and a 33% Increase in the Monthly Distribution

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Ottawa, Ontario (August 1, 2012) – InterRent Real Estate Investment Trust (TSX-IIP.UN) ("**InterRent**" or the "**REIT**") today reported financial results for the second quarter ended June 30, 2012. With the repositioning of InterRent's existing portfolio well in hand and demonstrating strong sustainable results and with the REIT applying its disciplined approach to growing the portfolio, the Board of Trustees has approved a 33% increase to the monthly per unit distributions. The increase results in an annualized $0.16 per unit distribution, from $0.12 per unit, and will be effective for the August distribution that is to be paid in September 2012.

Highlights

- Operating revenue for the quarter increased $2.1 million to $11.6 million, an increase of 22.6% over Q2 2011.
- The average monthly rent for the entire portfolio for June 2012 increased to $850 per suite from $832 in March 2012 and $812 in June 2011. This represents an increase of 2.2% from March 2012 and 4.7% from June 2011.
- The average monthly rent for stabilized properties for June 2012 increased to $861 per suite from $850 in March 2012 and $824 in June 2011. This represents an increase of 1.3% from March 2012 and 4.5% from June 2011.
- Occupancy increased to 96.6% (June 2012) from 95.1% (June 2011).
- Net Operating Income (NOI) increased to $7.0 million for the quarter, or 60.8% of operating revenues, compared to $5.2 million, or 55.2%, for Q2 2011.
- Stabilized NOI increased to $5.5 million for the quarter, or 60.1% of operating revenues, compared to $4.7 million, or 55.5%, for Q2 2011.
- Funds From Operations (FFO) for the quarter increased by $2.8 million, or 374%, to $3.5 million (or $0.08 per unit) compared to $0.7 million (or $0.02 per unit) for Q2 2011.
- Adjusted Funds From Operations (AFFO) for the quarter increased by $2.3 million, or 303%, to $3.0 million (or $0.07 per unit) compared to $0.8 million (or $0.02 per unit) for Q2 2011.
- Distributable Income (DI) for the quarter increased by $0.6 million, or 47%, to $1.9 million (or $0.04 per unit) compared to $1.3 million (or $0.04 per unit) for Q2 2011.
- One property (184 suites) was added to the portfolio in the quarter and one property (24 suites) was sold resulting in a net addition of 160 suites through acquisitions. One further acquisition has been announced that will add 96 suites in Toronto that is scheduled to close August 2012.

Financial Highlights

Selected Consolidated Information *In \$000's, except per Unit amounts and other non-financial data*	**3 Months Ended June 30, 2012**	**3 Months Ended June 30, 2011**
Total suites	***4,652***	*3,952*
Occupancy rate (June)	***96.6%***	*95.1%*
Average rent per suite (June)	***$850***	*$812*
Operating revenues	***$11,568***	*$9,434*
Operating NOI	***7,037***	*5,207*
NOI %	***60.8%***	*55.2%*
NOI per unit - basic	***$0.16***	*$0.16*
NOI per unit - diluted	***$0.16***	*$0.16*
Funds from operations	***$3,549***	*$749*
Funds from operations per unit - basic	***$0.08***	*$0.02*
Funds from operations per unit - diluted	***$0.08***	*$0.02*
Adjusted funds from operations	***$3,026***	*$751*
Adjusted funds from operations per unit - basic	***$0.07***	*$0.02*
Adjusted funds from operations per unit - diluted	***$0.07***	*$0.02*
Distributable income	***$1,881***	*$1,277*
Distributable income per unit - basic	***$0.04***	*$0.04*
Distributable income per unit - diluted	***$0.04***	*$0.04*
Cash distributions per unit	***$0.03***	*$0.03*
AFFO payout ratio	***44%***	*129%*
Stabilized average rent per suite	***$861***	*$824*
Stabilized NOI %	***60.1%***	*55.5%*
Debt to GBV	***51.0%***	*58.5%*

Results for the Quarter

Operating revenue for the quarter increased $2.1 million, an increase of 22.6%, to $11.6 million compared to the same quarter last year. The Trust had 4,652 suites at the end of the quarter as compared to 3,952 at the end of Q2, 2011, an increase of 17.7%. The average monthly rent across the entire portfolio for June 2012 increased to $850 per suite from $812 (June 2011), an increase of 4.7%. On a stabilized portfolio basis (stabilized properties are those owned by the Trust continuously for 24 months), the average monthly rent per suite increased from $824 to $861 over the same period, an increase of 4.5%. 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 such as parking and locker rentals.

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 June vacancy rate of 3.4% across the entire portfolio is within the range that management believes is healthy in order to maximize revenues. The property sold subsequent to quarter end represented 0.5% of the 3.4% vacancy in June 2012.

Property operating costs as a percentage of operating revenue were 16.8% for the quarter compared to 18.4% for Q2 2011. The decrease in operating expenses as a percentage of operating revenues was driven by operating efficiencies, as the number of suites have increased, and by reduced operating costs, as a result of the previous capital expenditures. “We continue to improve and post strong quarter-over-quarter growth as a result of the great work done day in and day out by our people. Our team is constantly looking for ways to improve and are willing to help us seize new opportunities in order to grow. We believe that 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 $1.1 million or 9.6% of operating revenue compared to $1.1 million or 11.3% for Q2 2011. Utilities as a percentage of operating revenues and on a per suite basis have decreased over the same quarter last year partially as a result of the energy savings initiatives rolled out in 2011 as well as a mild April and May 2012. On a stabilized basis, utilities decreased by $0.1 million from Q2 2011 to Q2 2012. The nominal charge for recovery of hydro costs has offset hydro by $0.03 million in the quarter and management expects this to increase as more leases are hydro extra and as tenants are metered.

NOI for the quarter saw continued improvement over comparable quarter from prior year. NOI for the portfolio was $7.0 million, or 60.8% of operating revenue, compared to $5.2 million, or 55.2% of operating revenue, for Q2 2011. NOI from stabilized properties was 60.1% for the quarter, compared to 55.5% for Q2 2011. “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 is one of the key factors we evaluate when looking at an acquisition. Our valued team members continue their efforts to eliminate all unnecessary costs and push our rents to market.” said CEO Mike McGahan.

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. One property was purchased (184 suites), one property was sold (24 suites) and one property (96 suites) has been purchased with the closing to be final in August of 2012. “These acquisitions add more scale within regions that we have targeted for incremental growth as we have the capacity to manage more suites within the existing infrastructure.” 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 7, 2012, 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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