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## *News Release*

# InterRent REIT Results for the Third Quarter of 2011

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**Ottawa, Ontario** (November 14, 2011) – InterRent Real Estate Investment Trust (TSX-IIP.UN/TSX-IIP.DB) ("**InterRent**") today reported financial results for the third quarter ended September 30, 2011. With the repositioning of InterRent's existing portfolio well in hand and demonstrating strong and sustainable results, the REIT has begun to apply its disciplined approach to growing the portfolio.

## Highlights

- Operating revenue for the quarter increased $0.9 million to $9.7 million, an increase of 9.9% over Q3 2010. Average monthly rent per suite increased to $829 (September 2011) from $797 (September 2010), an increase of 4.0%.

- Economic vacancy decreased to 3.4% (September 2011) from 6.7% (September 2010).

- Net Operating Income (NOI) increased by 24.6% to $5.6 million for the quarter compared to $4.5 million for Q3 2010.

- As a result of the capital investments of over $20 million in 2010, the REIT began a process of preparing applications for above guideline increases (AGIs) to rental rates. The applications submitted in Q2 to the Landlord and Tenant Board, represented approximately 67% of the portfolio. The AGIs rolled out to tenants to date amount to an increase in monthly rental revenue of approximately $15,000.

- Funds From Operation (FFO) for the quarter increased to $1.6 million (or $0.05 per unit) compared to $0.7 million (or $0.02 per unit) for Q3 2010.

- Distributable Income (DI) for the quarter was $1.3 million (or $0.04 per unit) an increase of $1.4 million over Q3 2010.

- One property, comprised of four buildings totaling 120 suites, was acquired in the quarter; one property, comprised of one building of 52 suites, was unconditional at quarter end and closed on October 25, 2011.

- As part of the continuing strategy of re-aligning the assets of the portfolio, three non-core properties were sold in the quarter (totaling 91 suites) and three more properties (totaling 69 suites) were sold subsequent to quarter end. All properties were sold for a sale price that exceeded their carrying value.

- The REIT secured an Operating Line of $10 million which will be used to provide financing as part of our growth / acquisition strategy.

## Financial Highlights

| *Selected Financial Information*<br>*In $000's, except per Unit amounts and Units outstanding* | ***3 Months Ended September 30, 2011*** | ***3 Months Ended September 30, 2010*** |
|---|---|---|
| *Operating revenues* | ***$9,713*** | *$8,836* |
| *Operating NOI* | ***5,553*** | *4,457* |
| *NOI %* | ***57.2%*** | *50.4%* |
| *NOI per unit* | ***$0.17*** | *$0.14* |
| *Funds from operations* | ***$1,633*** | *$682* |
| *Funds from operations per unit* | ***$0.05*** | *$0.02* |
| *Adjusted funds from operations* | ***$2,122*** | *$910* |
| *Adjusted funds from operations per unit* | ***$0.07*** | *$0.03* |
| *Distributable income* | ***$1,296*** | *$(118)* |
| *Distributable income per unit* | ***$0.04*** | *$(0.004)* |
| *Weighted average units outstanding* | ***32,600,708*** | *31,882,272* |

## Results for the Quarter

Operating revenue for the quarter was up $0.9 million to $9.7 million, or 9.9% compared to Q3 2010. The Trust had 4,028 suites at the end of Q3 2010 as compared to 3,985 at the end of Q3 2011. The average monthly rent for September 2011 increased to $829 per suite from $797 (September 2010), an increase of 4.0%. Management expects to continue to grow rent organically through continued roll-out of above guideline increases as well as continuing to drive other ancillary revenue streams such as parking and locker rentals. The current round of applications for above guideline increases (AGIs) was completed in June with applications being submitted for suites within properties totalling 67% of the portfolio. The increases being applied for (without including the guideline increase) range from 1.8% to 9% and management expects that the AGIs alone will add over $0.5 million in annualized gross rent once the process is complete. The AGIs rolled out to date amount to an increase in monthly rental revenue of approximately $15,000. The Trust anticipates that the balance of AGI applications will be filed by the end of Q1 2012.

Management believes that occupancy is now stable and that the repositioning strategy that has been implemented is now allowing InterRent to achieve market rents at the properties as suites turnover. The 1.5% decrease in economic vacancy from June 2011 to September 2011 was anticipated as the second round of tenant reviews that we began in Q2 2011 were completed part way through the third quarter. These reviews were completed as part of ongoing efforts to improve the profile of the properties and to push rents, the results of which are being reflected in the rent per suite and occupancy numbers.

Operating expenses decreased by $0.4 million for the quarter compared to 2010. The decrease in operating expenses was driven mainly by reductions in repairs and maintenance and leasing costs. The reductions in repairs and maintenance are as a direct result of the capital expenditures undertaken throughout 2010 and the first 9 months of 2011. Management believes that the staffing levels are adequate to address not only the current requirements but also the integration of planned strategic acquisitions.

NOI for Q3 2011 saw significant improvement over Q3 2010 increasing by $1.1 million, or 24.6%. NOI for the portfolio was 57.2% for the current quarter and NOI from stabilized properties and excluding the properties held for sale was 58.4%. "We believe the improvements in NOI quarter over comparative quarter will continue. Our valued team members have made a tremendous impact to date but we all know there is still much to do. We will continue to strive to eliminate all unnecessary costs and to drive our rents to market through turn-over and AGIs." said CEO Mike McGahan.

FFO was $1.63 million, an increase of almost $1 million from the $0.68 million of Q3 2010. FFO per REIT unit was $0.05 for the current quarter compared to $0.02 for Q3 2010.

AFFO, which is calculated by adjusting FFO for standardized maintenance capital expenditure as well as non-cash items affecting earnings (such as straight-line rent, accretion of discount on convertible debenture, amortization of deferred finance fee and unit based compensation expense), was $2.1 million for the quarter compared to $0.9 million for Q3 2010. The increase of $1.2 million improves our AFFO from $0.03 per unit in Q3 2010 to $0.07 per unit for Q3 2011.

DI was $1.3 million for Q3 2011 compared to a negative $0.1 million for Q3 2010. The DI of $1.3 million equates to $0.04 per unit.

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 of. Three properties (totaling 91 suites) were sold in the quarter and ten others (totaling 316 suites) were listed for sale. The REIT purchased one property in August and another in October adding 172 suites to the portfolio. "These acquisitions add more scale within regions that we had targeted for incremental growth as we have the capacity to manage more suites within the existing infrastructure." said Mike McGahan.

**<u>About InterRent</u>**

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 IFRS, InterRent also discloses and discusses certain non-GAAP financial measures, including NOI, FFO, AFFO, DI and weighted average units. These non-GAAP measures are further defined and discussed in the MD&A released on August 5, 2011, which should be read in conjunction with this press release. Since NOI, FFO, AFFO and weighted average units are not determined by IFRS, 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-IFRS 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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