
News Release

InterRent REIT Results for the Fourth Quarter and 2014 Results

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

Ottawa, Ontario (March 4, 2015) – InterRent Real Estate Investment Trust (TSX-IIP.UN) (“**InterRent**” or the “**REIT**”) today reported financial results for the fourth quarter and year ended December 31, 2014.

Highlights

- Gross rental revenue increased by \$5.7 million, or 9.5%, over 2013 while operating revenue increased by \$4.9 million, or 8.1%.
- Gross rental revenue from stabilized operations increased by \$2.0 million, or 4.0%, over 2013 while operating revenue increased by \$1.3 million, or 2.6%.
- Average monthly rent per suite for the portfolio increased to \$965 (December 2014) from \$931 (December 2013), an increase of 3.7%. Average monthly rent from stabilized operations increased by 3.3% to \$953 per suite (December 2014).
- Net Operating Income (NOI) increased by \$0.9 million, or 9.7%, for the quarter compared to Q4 2013 and by \$1.8 million, or 5.1%, for the year compared to 2013.
- Stabilized NOI increased by \$0.4 million, or 4.6%, for the quarter compared to Q4 2013. And by \$0.1 million, or 0.4%, for the year compared to 2013.
- Funds From Operations (FFO) for the quarter increased by \$0.7 million, or 16.3%, to \$5.2 million compared to \$4.5 million for Q4 2013. For the year, FFO decreased by \$0.1 million, or 0.2%, to \$18.8 million compared to \$18.9 million for 2013.
- Adjusted Funds From Operations (AFFO) for the quarter increased by \$0.7 million, or 18.6%, to \$4.5 million compared to \$3.8 million for Q4 2013. For the year, AFFO decreased by \$0.1 million, or 0.5%, to \$16.2 million compared to \$16.3 million for 2013.
- InterRent closed on the acquisition of 645 suites in 2014, added 7 suites to existing properties and has announced the acquisition of 959 suites (closing in 2015) within two of the core markets that have been targeted for growth.
- Weighted average interest rate on mortgage debt has been reduced by 18 basis point from 3.31% to 3.13%.

Financial Highlights

Selected Consolidated Information In \$000's, except per Unit amounts and other non-financial data	3 Months Ended December 31, 2014	3 Months Ended December 31, 2013	12 Months Ended December 31, 2014	12 Months Ended December 31, 2013
Total suites	6,700	6,048	6,700	6,048
Occupancy rate (December)	96.1%	96.4%	96.1%	96.4%
Average rent per suite (December)	\$965	\$931	\$965	\$931
Operating revenues	\$17,350	\$15,888	\$65,404	\$60,506
Net operating income (NOI)	10,120	9,226	37,884	36,041
NOI %	58.3%	58.1%	57.9%	59.6%
NOI per weighted average unit - basic	\$0.17	\$0.16	\$0.66	\$0.66
NOI per weighted average unit - diluted	\$0.17	\$0.16	\$0.65	\$0.66
Funds from operations (FFO)	\$5,237	\$4,505	\$18,836	\$18,883
FFO per weighted average unit - basic	\$0.09	\$0.08	\$0.33	\$0.35
FFO per weighted average unit - diluted	\$0.09	\$0.08	\$0.33	\$0.35
Adjusted funds from operations (AFFO)	\$4,535	\$3,825	\$16,189	\$16,278
AFFO per weighted average unit - basic	\$0.08	\$0.07	\$0.28	\$0.30
AFFO per weighted average unit - diluted	\$0.08	\$0.07	\$0.28	\$0.30
Cash distributions per unit	\$0.0533	\$0.0501	\$0.2036	\$0.1868
AFFO payout ratio	68%	75%	73%	63%
Stabilized average rent per suite (December)	\$953	\$923	\$953	\$923
Stabilized NOI %	59.6%	59.2%	58.8%	60.1%
Interest coverage (rolling 12 months)	2.38x	2.71x	2.38x	2.71x
Debt service coverage (rolling 12 months)	1.38x	1.64x	1.38x	1.64x
Debt to GBV	52.7%	47.4%	52.7%	47.4%

Results for the Quarter

Gross revenue for the year was up \$5.7 million to \$66.1 million, or 9.5% compared to the prior year. The Trust had 6,700 suites at the end of 2014 as compared to 6,048 at the end of 2013, a net increase of 652 suites. The average monthly rent across the entire portfolio for December 2014 increased to \$965 per suite from \$931 (December 2012), an increase of 3.7%. 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 \$923 to \$953 over the same period, an increase of 3.3%. 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 December 2014 vacancy rate across the entire portfolio was 3.9% which is made up of 3.5% in the stabilized portfolio (4,699 suites) and 5.0% in the non-stabilized portfolio (1,540 suites not including 444 un-rentable suites at the redevelopment property in Ottawa and 17 un-rentable suites at the redevelopment property in Hamilton).

Property operating costs for the year ended December 31, 2014 amounted to \$11.5 million or 17.6% of revenue compared to \$10.2 million or 16.8% of revenue for the year ended December 31, 2013. As a

percentage of revenue, operating costs increased by 1.2% as compared to 2013 due primarily to snow removal and associated repairs and maintenance required resulting from the cold winter and abundance of snow at the start of 2014 as well as the costs associated with transitioning to a new rental operations model over the course of the year.

Utility costs for the year ended December 31, 2014 amounted to \$7.1 million, or 10.9% of revenue, compared to \$6.3 million, or 10.4% of revenue, for the year ended December 31, 2013. As a percentage of operating revenues and on a per suite basis, utility costs have increased over last year due primarily to the cold winter in the first quarter of 2014 in the Trust's operating regions. Our hydro sub-metering initiative reduced our utility costs by \$0.7 million, or 8.6%, for the year.

NOI for the twelve months ended December 31, 2014 amounted to \$37.9 million or 57.9% of operating revenue compared to \$36.0 million or 59.6% of operating revenue for the twelve months ended December 31, 2013. The \$1.8 million increase in the year is as a result of growing the portfolio and increasing net revenue. On a weighted average per suite basis (excluding the un-rentable suites at the redevelopment properties), NOI increased 3.8% from \$6,263 per suite in 2013 to \$6,500 per suite in 2014. "We continue to strive to improve and find ways to drive NOI growth in order to create value for our Unitholders. The ability to grow NOI is one of the key factors we evaluate when looking at properties to add to our portfolio," said Mike McGahan, CEO.

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. Over the last year, the REIT has lowered the weighted average interest rate by 18 basis points from 3.31% at the end of 2013 to 3.13% at the end of 2014. The REIT regularly reviews 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 of. "Over the last 2 years the REIT has acquired 1,986 suites and grown our portfolio by over 42%. We expect repositioning and redevelopment efforts at the properties acquired over the last two years to be strong contributors to our bottom line in the second half of 2015," 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 March 4, 2015, 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.

For further information about InterRent please contact:

Mike McGahan
Chief Executive Officer
Tel: (613) 569-5699 Ext 244
Fax: (613) 569-5698
e-mail: mmcgahan@interrentreit.com
web site: www.interrentreit.com

Curt Millar, CA
Chief Financial Officer
Tel: (613) 569-5699 Ext 233
Fax: (613) 569-5698
e-mail: cmillar@interrentreit.com