



268 Royal York Road
Toronto, Ontario M8V 2V9
PHONE: 416-769-0769
FAX: 416-769-9919
EMAIL: info@interrentreit.com

Press Release

InterRent REIT Announces Change in Distributions, Application For Normal Course Issuer Bid For 7.0% Convertible Debentures

Toronto, Ontario (December 19, 2008) – InterRent Real Estate Investment Trust (TSX:-IIP.UN/TSX-IIP.DB) (“**InterRent**”) announced today that its distribution declared for the month of January, 2009 is \$0.01, per REIT unit, equal to \$0.12 per REIT unit on an annualized basis, representing an annual yield of approximately 11.4% based on the December 19, 2008 REIT unit closing price of \$1.05 per REIT unit. Payment will be made on or about January 15, 2009 to REIT unit holders of record on December 31, 2008. At the close of business on December 19, 2008, InterRent had 18,275,701 REIT units issued and outstanding, including class “B” partnership units of InterRent Holdings Limited Partnership.

Change In Distributions

The per REIT unit distribution amount of \$0.01 represents an 64% decrease in distributions compared to distributions made since June 15, 2008, and is equal to \$0.12 per REIT unit on an annualized basis. Commenting on the change in distributions, Michael Newman, CEO of InterRent stated “InterRent’s management is closely monitoring current conditions in credit and capital markets, and recognizes the need for a proactive approach. Without forward visibility as to the extent and length of prevailing negative market sentiment, the trustees of the REIT believe that it is in the best long term interest of its unit holders that InterRent take a conservative approach to the preservation of capital. Although both multi residential market fundamentals and the operating and financial performance of InterRent have been steadily improving over the past year, capital markets are currently inaccessible on an accretive basis to small cap companies. As a consequence, management and the trustees of InterRent have determined to reduce distributions to a level, where all cash requirements, including capital improvements to its portfolio, should be satisfied by internally generated cashflows. The annualized \$0.12 in distributions is equal to the distributable income generated by InterRent through the first nine months of fiscal 2008. In a further move to improve profitability and increase internally generated cashflows, management has undertaken a detailed review of its operations and is implementing measures to reduce its General & Administrative (G&A) expenditures by approximately 15%, as well as initiating certain energy conservation measures that are expected to result in lower utility costs for next year Declining interest rates are also expected to reduce mortgage interest costs and improve financial performance moving forward.”

Normal Course Issuer Bid

InterRent also announced that it has filed with the Toronto Stock Exchange (the “TSX”) a notice of intention to make a normal course issuer bid (the “Bid”) to purchase, for cancellation, up to \$2,480,000 principal amount of its 7% Series A convertible redeemable unsecured subordinated debentures with a maturity date of January 31, 2013 (the “Debentures”) (Trading Symbol: IIP.DB), representing approximately 10% of the public float of such Debentures. The Bid is subject to TSX approval. The Debentures will be purchased for cancellation through the facilities of the TSX in accordance with its policies and at market price.

The Debentures are currently trading at \$50.00, based on the closing price of the debentures on December 18, 2008, and represent a yield to maturity of 26.33%. In the opinion of management of InterRent, the purchase of Debentures at current prices represents an accretive use of capital and is in the best interests of InterRent, and is expected to result in a reduction of debt service costs.

About InterRent

InterRent is a rapidly expanding, growth oriented real estate investment trust engaged in building unit holder value through the accretive acquisition, ownership and operation of strategically located income producing multi-residential real estate, with 3,981 apartment suites under ownership.

Forward Looking Statements

This news release contains “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable 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 publicly filed information which may be 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.

For further information about InterRent REIT please contact;

G. Michael Newman
Tel: (416)769-0769x232
Fax: (416)769-9919
e-mail: mnewman@interrentreit.com
web site: www.interrentreit.com

Gary Traer
Chief Financial Officer
Tel: (416) 769-0769x233
Fax: (416) 769-9919
e-mail: gtraer@interrentreit.com