



# INTERRENT REIT

## ANNUAL GENERAL MEETING

May 9, 2018





# FORWARD LOOKING STATEMENTS

This presentation contains “forward-looking statements” within the meaning of 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](http://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 presentation to reflect actual events or new circumstances.





# AGENDA

INTERRENT REIT IS A GROWTH-ORIENTED REAL ESTATE INVESTMENT TRUST ENGAGED IN INCREASING VALUE AND CREATING A GROWING AND SUSTAINABLE DISTRIBUTION THROUGH THE ACQUISITION AND OWNERSHIP OF MULTI-RESIDENTIAL PROPERTIES

THE ROAD TO THE PRESENT

VALUE CREATION STRATEGY

2017 RESULTS

GOING FORWARD





# THE ROAD TO THE PRESENT





# COMPANY VALUES

OUR VALUES INCLUDE:



## Quality

Providing the best unmatched results in delivering the highest levels of customer satisfaction.

## Integrity

Inspiring trust by saying what we mean, acting honestly and taking responsibility for our actions.

## Strong Teams and Communities

Encouraging and working with our team to give back to our communities through sustainable programs and philanthropic efforts.

## Respect

Having and showing respect for our team members, customers, suppliers, Unitholders and communities while maintaining an environment of teamwork and growth.

## Service Excellence

Continuously building on our accomplishments and setting best in class standards within our industry.



# MISSION STATEMENT

The REIT believes we can increase Unitholder value and create a growing and sustainable distribution by focusing on our team members. Our mission is to treat each team member with complete professionalism and integrity while supporting the individual needs of each to grow. By doing this, we believe each team member will in turn treat each customer, supplier, and stakeholder the same way.



LIV | Ottawa



New Street | Burlington



# EXECUTIVE TEAM

BOARD

**PAUL AMIRAUT**  
Trustee

**PAUL BOUZANIS**  
Trustee

**RONALD LESLIE**  
Trustee

**MIKE MCGAHAN**  
Trustee

**CHERYL PANGBORN**  
Trustee

**VICTOR STONE**  
Trustee

*“Good teams become great ones when the members trust each other enough to surrender the Me for the We”*

*- PHIL JACKSON*

INTERRENT REIT

**MIKE MCGAHAN**  
Chief Executive Officer  
& Trustee

Property Management  
Operations  
Acquisitions  
Development  
Syndications  
Brokerage

**BRAD CUTSEY, CFA**  
President

Capital Markets / Investor Relations  
Research & Financial Modeling  
Acquisitions  
Property Management  
Strategic Management

**CURT MILLAR, CPA, CA**  
Chief Financial Officer

Corporate Finance  
Accounting & Financial Reporting  
Operations Management  
Acquisitions  
Business Development  
Process & Systems Optimization

**DAVE NEVINS**  
Chief Operating Officer

Property Management  
Operations  
Construction

**BRIAN AWREY, CPA, CA**  
Vice President

Financial Reporting  
Corporate Finance  
Accounting

**100+ Years  
Combined  
Experience**

Our success is dependent on our team members. The InterRent team has a proven track record of creating value through repositioning rental properties, providing both the experience and ability necessary to continue to grow and improve the REIT while creating value for our unitholders.



# ROADMAP TO THE PRESENT

Since current management took over, **InterRent has been one of the best performing REITs in Canada with a total return of 736%.** InterRent continues to focus on organic growth of existing properties, target new properties to reposition, as well as participate in joint ventures for transit-oriented development.



Start	September 30, 2009
End	As at May 8, 2018
Unit Price	<b>\$1.50 to \$10.49</b>
Cumulative Distributions	<b>\$1.58</b>
Total Return	<b>736%</b>
Number of Suites	4,033 to 8,880 <span style="float: right;">120%</span>







# THE VALUE CREATION STRATEGY







# PROVEN ABILITY TO SOURCE DEALS

Proven track record of sourcing acquisitions, with over \$700 Million in acquisitions since change of control (over 6,200 units).

Continued pipeline of potential properties through solid relationships and proprietary lead generation database.

Crystal Beach East, Ottawa  
15 Kappele Circle, Stratford  
Tindale Court & Quigley Road, Hamilton  
6599 Glen Erin, Mississauga  
15 Louisa, Ottawa



2015

1101 Rachel, Montreal  
Parkway Park, Ottawa



2017

5775 Sir Walter Scott, Montreal  
1-3 Slessor, Grimsby

2014



5501 Adalbert, Montreal  
Forest Ridge, Ottawa  
Britannia Portfolio, Ottawa  
181 Lebreton & 231 Bell, Ottawa  
Stoney Creek Portfolio, Hamilton  
Maple & Brant, Burlington

2016



1111 & 1121 Mistral, Montreal  
3 East 37<sup>th</sup>, Hamilton  
2121 & 2255 Saint Mathieu, Montreal  
78 Lawrence, Hamilton

2018



Riviera, Gatineau

5550 Trent, Montreal

Crystal Beach, Ottawa



# ACQUISITIONS

Whether InterRent enters a new market or expands in an existing one, a disciplined approach is taken. InterRent seeks to acquire properties that have suffered from the absence of professional management. This gives the REIT an opportunity to move rents to market rates, as well as investing in energy saving initiatives. InterRent only pursues properties for its portfolio that it has identified as having the following four parameters:

## HEALTHY ECONOMIC CENTRES



Regions that have stable employment and are expected to have continued economic growth

## STRONG DEMAND



Cities that have strong population growth and immigration rates

## RENTAL RATE GROWTH



Communities with a track record of rising rental rates

## STABLE CAPITALIZATION RATES



Target markets that have sufficient supply and demand from investors maintaining relatively stable capitalization rates



## ENERGY-SAVING GREEN INITIATIVES

As part of the redevelopment process, an analysis of all utility items is conducted to determine ways to reduce consumption and overall utility costs. Additionally, InterRent has sub-metered the bulk of its portfolio which heightens awareness about energy consumption with our customers and promotes energy conservation.



### ENERGY-SAVING GREEN INITIATIVES

- Energy-efficient lighting
- Water-saving fixtures
- Energy-efficient boilers and domestic hot water tanks
- Micro cogeneration



Micro cogeneration units are natural gas generators designed to produce heat and electrical power simultaneously. The micro cogeneration unit installed at LIV is expected to offset electrical consumption from the grid by 17% and domestic hot water production from the boilers by 20%.



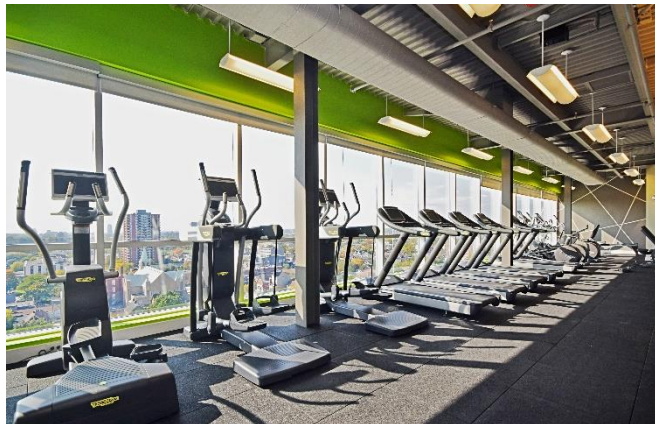


# REDUCING CUSTOMER TURNOVER ON REPOSITIONED PORTFOLIO

Once the repositioning process is complete, InterRent seeks to reduce customer turnover through providing exceptional service and amenities.

## REDUCING CUSTOMER TURNOVER

- Adding attractive amenities
- Implementing retention programs
- Providing high-quality customer service



# DRIVING AND ENHANCING REVENUE STREAMS

## EXTERIOR UPGRADES

- Complete, attractive first impression package
- Designer-influenced exterior finishes
- Addition of exterior amenities for residents

5220 Lakeshore | Burlington



Before

After



## COMMON AREA UPGRADES

- Added functionality
- Designer finishes
- Enhanced security
- Fitness centres and media rooms

New Street | Burlington



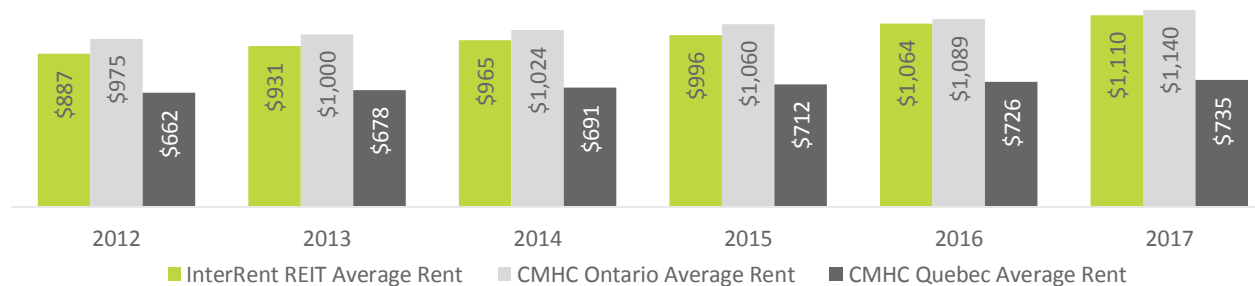
## UNIT UPGRADES

- Improving suite layout
- Upgraded bathrooms and kitchens
- Upgraded flooring
- Energy efficient measures

LIV | Ottawa



## AVERAGE RENT GROWTH



5-Year CAGR	
InterRent REIT	4.6%
Ontario	3.2%
Quebec	2.1%





# 2017 RESULTS





# GROWTH IN ALL THE RIGHT PLACES

<i>In \$000s, except as noted</i>	2012	2013	2014	2015	2016	2017	5-Year CAGR
Total Suites	4,695	6,048	6,700	8,389	8,059	8,660	13.0%
Occupancy Rate	97.8%	96.4%	96.1%	94.6%	94.8%	97.9%	N/A
Average Rent Per Suite	\$887	\$931	\$965	\$996	\$1,064	\$1,110	4.6%
Operating Revenues	\$47,530	\$60,506	\$65,404	\$82,977	\$97,466	\$109,004	18.1%
Net Operating Income (NOI)	\$27,946	\$36,041	\$37,884	\$48,490	\$56,868	\$66,166	18.8%
NOI %	58.8%	59.6%	57.9%	58.4%	58.3%	60.7%	N/A
Funds from Operations (FFO)	\$13,489	\$18,883	\$18,836	\$24,425	\$27,796	\$34,662	20.8%
FFO Per Unit (basic)	\$0.31	\$0.35	\$0.33	\$0.35	\$0.39	\$0.43	6.8%
Adjusted Funds from Operations (AFFO) <sup>1</sup>	\$11,748	\$16,278	\$16,189	\$21,145	\$24,170	\$30,570	21.1%
AFFO Per Unit (basic)	\$0.27	\$0.30	\$0.28	\$0.31	\$0.34	\$0.38	7.1%
Debt to GBV	46.8%	47.4%	52.7%	54.2%	55.3%	47.8%	N/A

Elmridge | Ottawa



<sup>1</sup>TTM AFFO for 2017 calculated in accordance to Realpac definition. Prior years calculated differently.



# A PROVEN APPROACH TO MANAGING THE BALANCE SHEET

## MORTGAGE SCHEDULE

Year Maturing	Mortgage & Debt Balance (000s)	Weighted Average by Maturity	Weighted Average Interest Rate
	31-Dec-17		
2018	\$212,226	28.4%	2.89%
2019	\$18,527	2.5%	2.64%
2020	\$92,875	12.5%	2.73%
2021	\$34,530	4.6%	3.54%
2022	\$67,849	9.1%	2.83%
Thereafter	\$320,354	42.9%	2.74%
<b>Total</b>	<b>\$746,361</b>	<b>100%</b>	<b>2.81%</b>

**INTEREST COVERAGE**

**2.76x**

**DEBT SERVICE COVERAGE**

**1.78x**

**DEBT TO GBV**  
31-Dec-17

**47.8%**

Britannia | Ottawa



455 Maple | Burlington

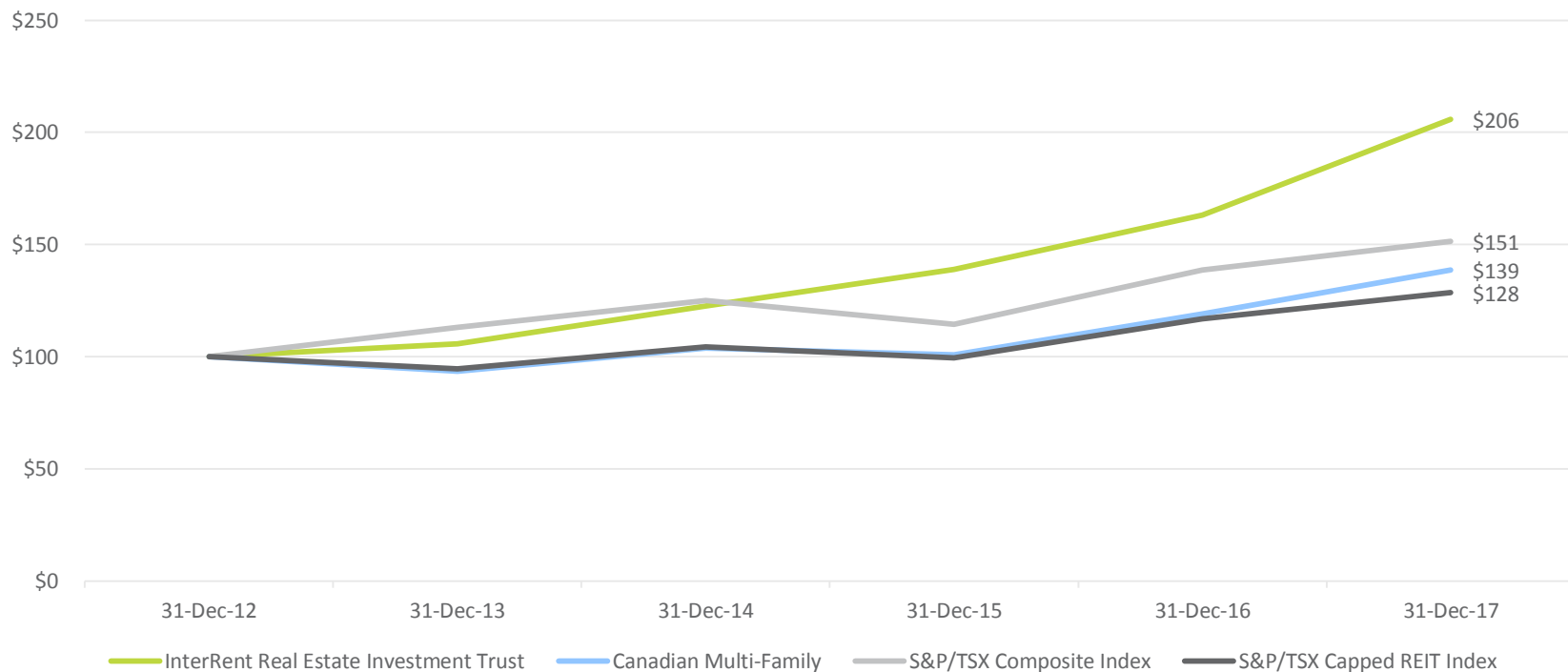


939 Western | London





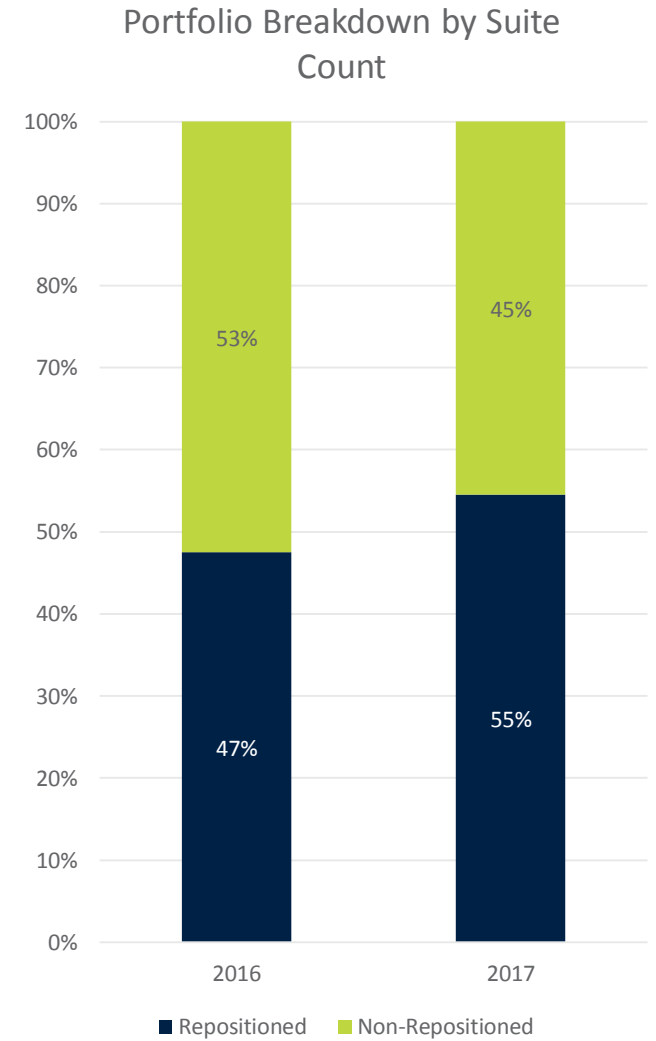
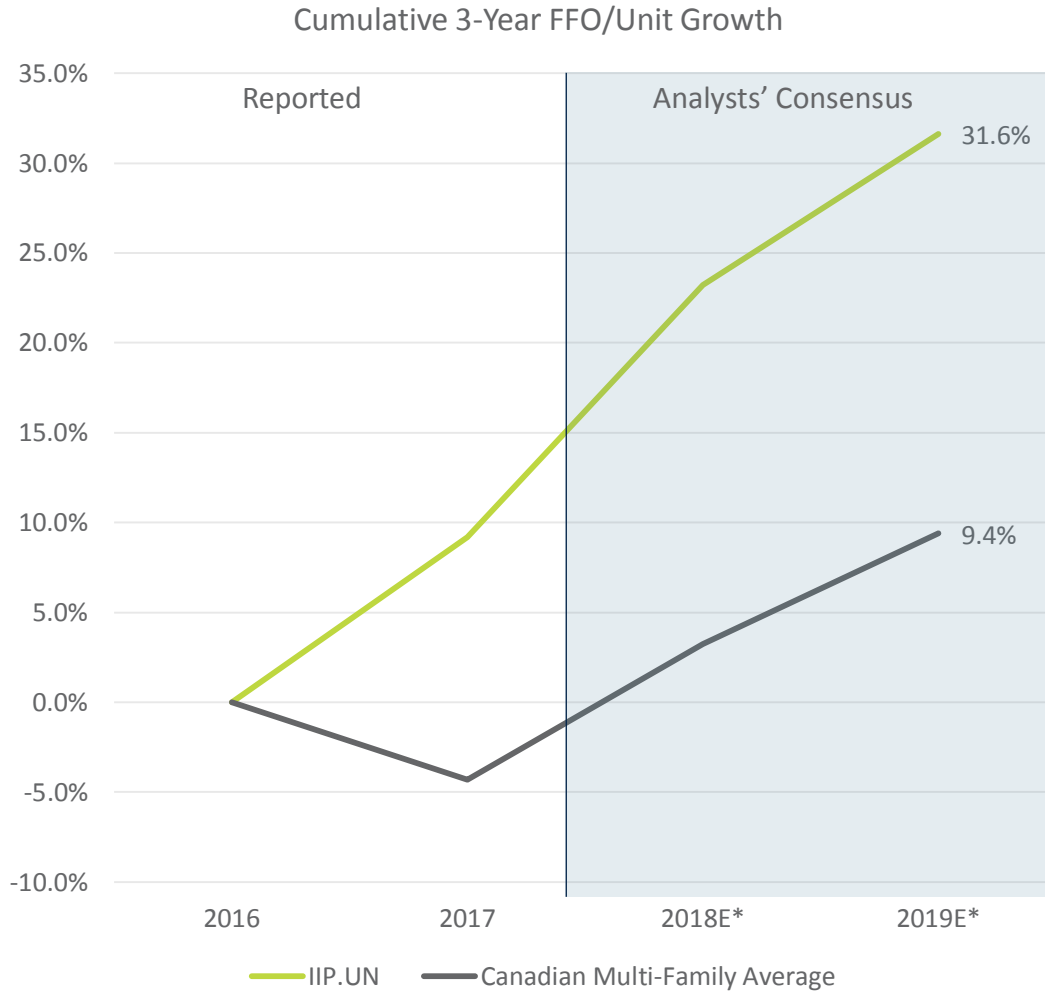
# TOTAL RETURN ON A CDN \$100 INVESTMENT



As At Dec 31,	2012	2013	2014	2015	2016	2017	2017 Total Return	5-Year Total return
InterRent Real Estate Investment Trust	\$100	\$106	\$123	\$139	\$163	\$206	26%	106%
Canadian Multi-Family	\$100	\$93	\$104	\$101	\$119	\$139	16%	39%
S&P/TSX Composite Index	\$100	\$113	\$125	\$115	\$139	\$151	9%	51%
S&P/TSX Capped REIT Index	\$100	\$94	\$104	\$99	\$117	\$128	10%	28%



# GROWTH OPPORTUNITY



\*Based on analysts' consensus as of May 4, 2018.

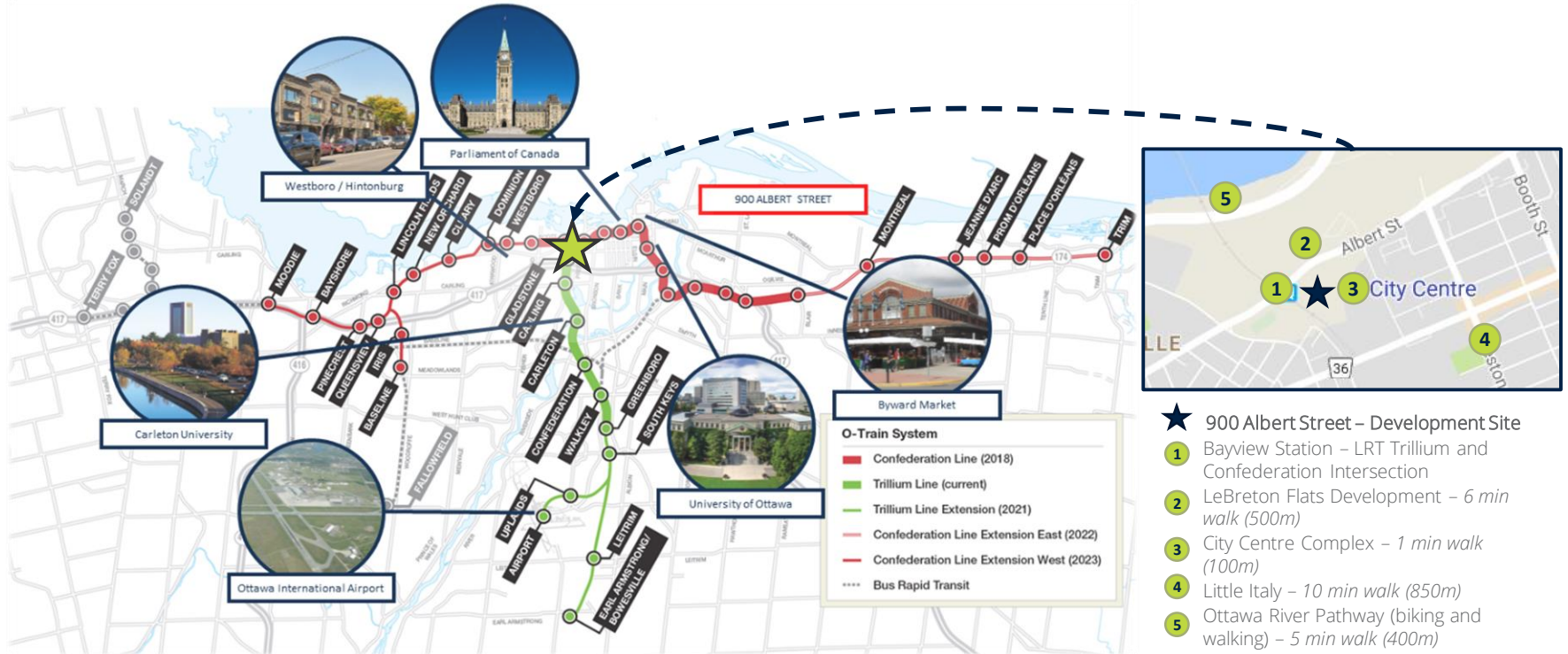
Source: S&P Global Market Intelligence



# GOING FORWARD



# TRANSFORMATIONAL DEVELOPMENT IN OTTAWA



Conveniently located at the southwest corner of Albert Street and City Centre Avenue, the new development will access a direct pedestrian link to the Bayview Light Rail Transit Station, the only intersection of the Confederation and Trillium Lines. The diverse spaces draw people and business from key downtown neighbourhoods.

Potential for up to:

- 130,000 sq ft of retail space
- 200,000 sq ft of office space
- 1,150,000 sq ft (1,400 suites) of residential space



# CORE MARKETS

## BRITISH COLUMBIA

VACANCY ..... 1.3%  
 RENT/GROWTH ... \$1164/5.9%  
 POP/GROWTH ... 4,648,055/5.6%  
 MF UNITS PC<sup>1</sup> ..... 0.04

## SASKATCHEWAN

VACANCY ..... 8.9%  
 RENT/GROWTH ... \$973/-0.5%  
 POP/GROWTH ... 1,098,352/6.3%  
 MF UNITS PC<sup>1</sup> ..... 0.03

## QUEBEC

VACANCY ..... 3.4%  
 RENT/GROWTH ... \$735/1.2%  
 POP/GROWTH ... 8,164,361/3.3%  
 MF UNITS PC<sup>1</sup> ..... 0.10

## NEWFOUNDLAND

VACANCY ..... 6.6%  
 RENT/GROWTH ... \$813/-1.1%  
 POP/GROWTH ... 519,716/1%  
 MF UNITS PC<sup>1</sup> ..... 0.01

## NEW BRUNSWICK

VACANCY ..... 4.1%  
 RENT/GROWTH ... \$741/1.2%  
 POP/GROWTH ... 747,101/-0.5%  
 MF UNITS PC<sup>1</sup> ..... 0.05

## PRINCE EDWARD ISLAND

VACANCY ..... 1.2%  
 RENT/GROWTH ... \$838/3.3%  
 POP/GROWTH ... 142,907/1.9%  
 MF UNITS PC<sup>1</sup> ..... 0.04

## ALBERTA

VACANCY ..... 7.6%  
 RENT/GROWTH ... \$1090/-0.8%  
 POP/GROWTH ... 4,067,175/11.6%  
 MF UNITS PC<sup>1</sup> ..... 0.03

## MANITOBA

VACANCY ..... 2.7%  
 RENT/GROWTH ... \$951/4.4%  
 POP/GROWTH ... 1,278,365/5.8%  
 MF UNITS PC<sup>1</sup> ..... 0.05

## ONTARIO

VACANCY ..... 1.6%  
 RENT/GROWTH ... \$1140/4.7%  
 POP/GROWTH ... 13,488,494/4.6%  
 MF UNITS PC<sup>1</sup> ..... 0.05

## NOVA SCOTIA

VACANCY ..... 2.6%  
 RENT/GROWTH ... \$982/3.7%  
 POP/GROWTH ... 923,598/0.2%  
 MF UNITS PC<sup>1</sup> ..... 0.06

## 1. TORONTO

VACANCY ..... 1%  
 RENT/GROWTH ... \$1300/5.4%  
 POP/GROWTH ... 5,928,040/6.2%  
 MF UNITS PC<sup>1</sup> ..... 0.05

## 2. OTTAWA

VACANCY ..... 1.7%  
 RENT/GROWTH ... \$1113/3.7%  
 POP/GROWTH ... 991,726/5.9%  
 MF UNITS PC<sup>1</sup> ..... 0.06

## 3. MONTREAL

VACANCY ..... 2.8%  
 RENT/GROWTH ... \$766/0.8%  
 POP/GROWTH ... 4,098,927/4.2%  
 MF UNITS PC<sup>1</sup> ..... 0.14

Sources: Vacancy, Average Rent/Growth, and Multifamily Universe obtained from CMHC Primary Rental Market Statistics (Oct. 2017). Population data obtained from Statistics Canada (2011 and 2016 census). (Population Growth from 2011-2016).

<sup>1</sup> Multi-Family Units Per Capita





# GROWTH OPPORTUNITY

- Conservative and flexible balance sheet
- Well positioned for both organic and external growth
- We have over 3,000 suites in our repositioning portfolio
- Potential to increase density at many sites across our portfolio
- Potential strategic partnerships & joint ventures



