



# INTERRENT REIT

## INVESTOR PRESENTATION

Q4 2015



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.





# 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.





# ROADMAP TO THE PRESENT

## 2009 - 2011

- CLV arranges private placement at \$1.50/unit
- Change of executive control September 30, 2009
- CLV Group begins managing InterRent's entire portfolio
- Began rebuilding & repositioning
- Changed culture & priorities
- Restored focus on property operations
- Completed disposition of non-core properties
- Internal growth via rent increases, new suites
- Focused on growing NOI organically through top line growth and operating cost reductions

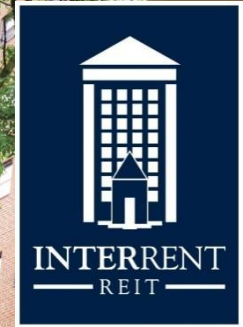
## 2012 - 2013

- Continued to grow NOI organically through top line growth and operating cost reductions
- Built Acquisitions Team and grew potential acquisition pipeline - focus on value-add properties
- Purchased 1,000 suites in 2012 and 1,341 suites in 2013
- Expanded into Quebec (Gatineau and Montreal)
- Focused on best in class within our target markets
- Refinanced repositioned properties with CMHC insured mortgages
- Increased distribution by 33% (12¢ to 16¢) in 2012 and 25% (16¢ to 20¢) in 2013

## 2014 - 2016

- Continued to focus on repositioning Acquisitions and organic growth
- Purchased 645 suites in 2014, 1,700 suites in 2015 and 546 suites in 2016\*
- Vacated all suites in the LIV property in order to complete redevelopment and capture upside from new market rents
- Changed model/staffing of rental operations to focus on customer service and overall performance
- Continued to refinance repositioned properties with CMHC to capitalize on low interest rates
- Increased distribution by 10% (20¢ to 22¢) in 2014 and again by 5% (22¢ to 23¢) in 2015

DISTRIBUTIONS PER UNIT/YEAR



Start	September 30 <sup>th</sup> , 2009
End	As at April 11, 2016
Unit Price	<b>\$1.50 to \$7.44</b>
Cumulative Distributions	<b>\$1.08</b>
Total Return	<b>468%</b>
Number of Suites	4,033 to 8,676* 115%

Since current management took over, **InterRent has been one of the best performing REITs in Canada with a total return of 468%**. InterRent continues to focus on organic growth of existing properties, target new properties to reposition, as well as acquisitions of properties with untapped value.

\*Suite count includes 418 in Ottawa from unconditional offer closing May 2016



# WE ARE PROVIDERS OF HOMES ACROSS ONTARIO AND QUEBEC

GREATER TORONTO AREA

1,283

NATIONAL CAPITAL REGION

2,884\*

HAMILTON/NIAGARA

1,503

WESTERN ONTARIO

1,343

EASTERN ONTARIO

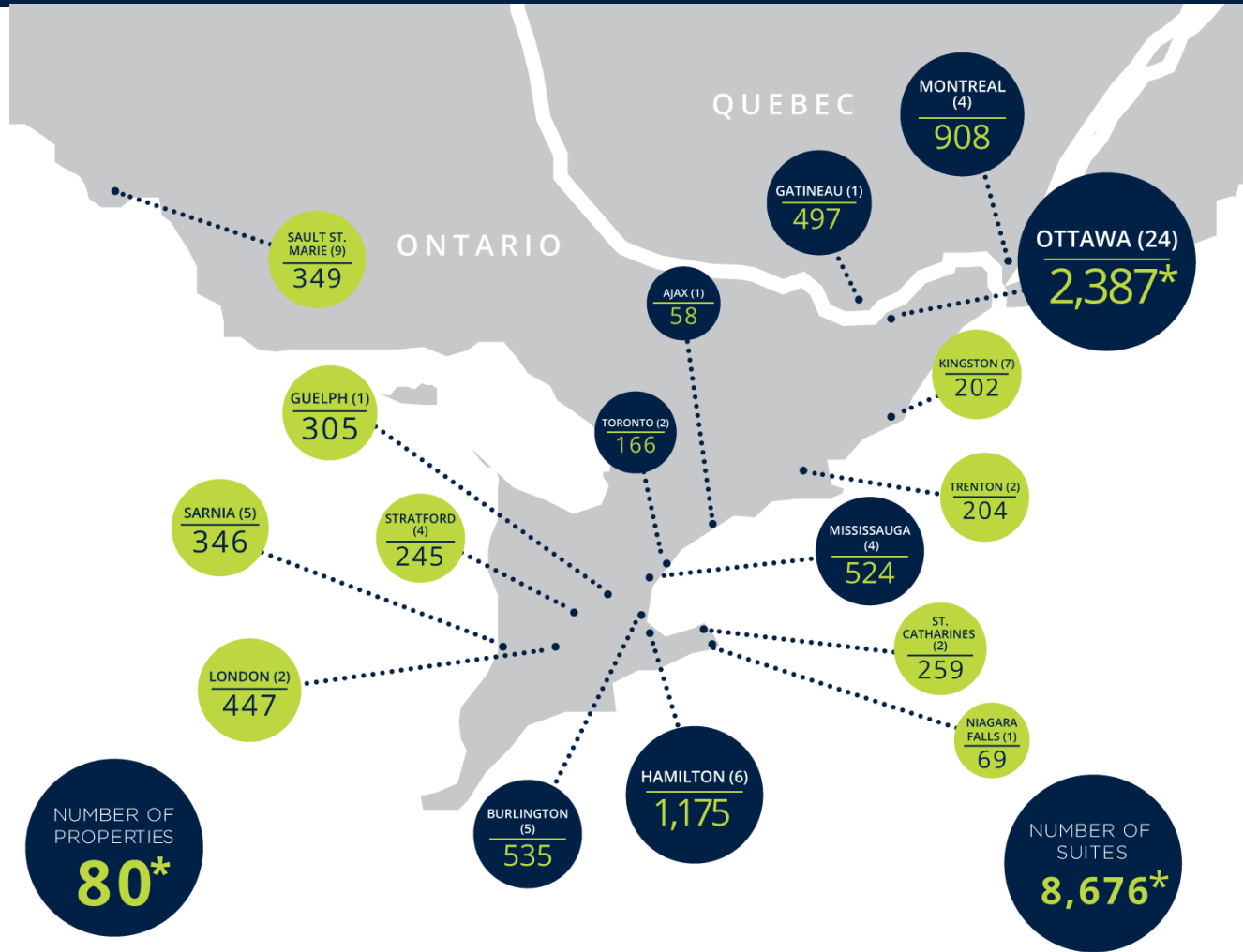
406

NORTHERN ONTARIO

349

MONTREAL

908



Going forward focus is on GTA (including Hamilton), GMA, and the National Capital Region

● Primary Market – 6,250\*  
~70% of Net Operating Income

● Secondary Market – 2,426  
~30% of Net Operating Income

\*Suite count includes 418 in Ottawa from unconditional offer closing May 2016



# CRITICAL MASS IN KEY MARKETS WITH AMPLE ROOM TO GROW

MARKET PENETRATION: IIP SUITES VS. TARGET MARKET

As at Apr 13, 2016



Montreal



Eastern Ontario



GTA



Hamilton/  
Niagara



Northern Ontario



NCR (Ottawa/  
Gatineau)



Western Ontario

InterRent Suites	908	406	1,283	1,503	349	2,884 <sup>2</sup>	1,343
% of Portfolio	10.5%	4.7%	14.8%	17.3%	4.0%	33.2%	15.5%
Total Suites in Market <sup>1</sup>	550,377	27,895	308,684	58,250	29,163	81,257	115,441
Penetration	0.2%	1.5%	0.4%	2.6%	1.2%	3.5%	1.2%

<sup>1</sup> Based on CMHC Fall 2015 Report

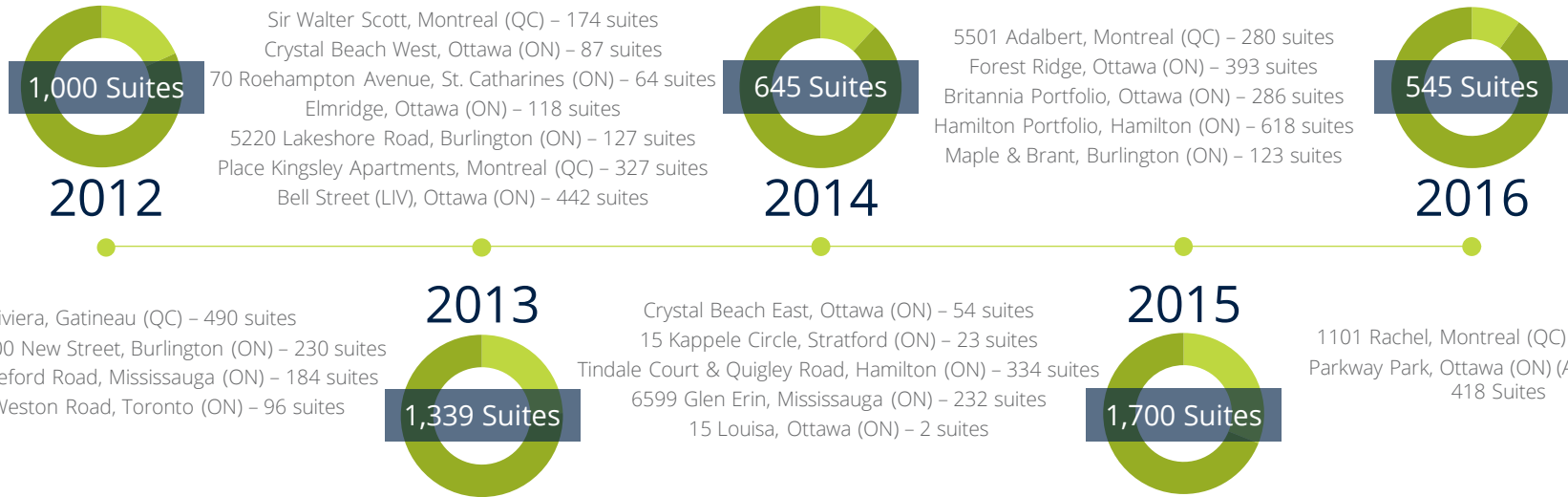
<sup>2</sup> Suite count includes 418 in Ottawa from unconditional offer closing May 2016



# PROVEN ABILITY TO SOURCE DEALS

Proven track record of sourcing acquisitions, with over \$580 Million in acquisitions since change of control (over 5,480 units).

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



Riviera, Gatineau

5550 Trent, Montreal

Crystal Beach, Ottawa

### Recycling and Allocation of Capital

- Regularly review the properties within the portfolio to determine the most efficient and effective use of capital
- Refinance at more favourable rates/terms
- Disposition of non-core assets

### Cost Reduction and Containment

Implement energy-efficient utility programs to lower operating costs while utilizing government programs to leverage investment dollars.

- Replace old boilers, domestic hot water heaters, water fixtures and lighting fixtures
- Conversion of domestic hot water heaters from electric to gas
- Implement hydro submetering programs
- Focus on preventative maintenance
- Reduce customer turnover by providing better customer service

### Acquisitions

- Acquire properties that have untapped value that can be realized through the REIT's repositioning strategy
- Properties that are located in our target growth areas



### Our People

Hiring excellence, providing constant training and career advancement

### Customer Service

Offer an unsurpassed customer experience by:

- Multi-channel communication stream
- Dedicated customer advocates
- Tracking and reporting to senior management of customer concerns and feedback
- Creating a sense of community

### Driving and Enhancing Revenue Streams

Continuously search for new revenue streams as well as ways to grow existing ones.

- Increase rents on turnover through exterior, common area and in-suite improvements
- Securing additional streams of income through rooftop leases and revenue sharing agreements
- Growing the rental revenue base organically while at the same time improving its stability by removing undesirable tenants
- Increased focus on parking and ancillary revenue
- Adding suites within under-utilized space





# FOCUS ON REPOSITIONING

## EXTERIOR UPGRADES

- Complete, attractive first impression package
- Designer-influenced exterior finishes
- Low-maintenance landscaping

Before



After



## COMMON AREA UPGRADES

- Energy-efficient lighting
- Designer finishes
- Added functionality
- Enhanced security



## UNIT UPGRADES

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





# 2011 ACQUISITIONS

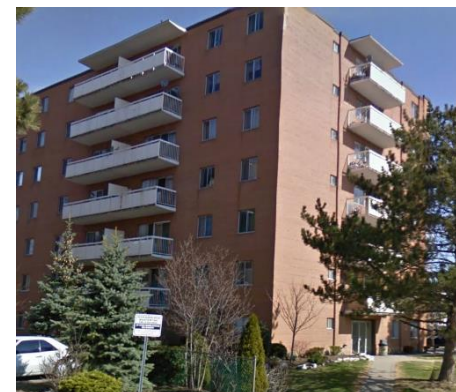
	As at <b>Acquisition</b>	As at <b>2015 Q4</b>
Acquisition Cost	\$ 15,745,537	
Capital Invested		\$ 4,870,813
Acquisition Cost Plus Capital Invested		\$ 20,616,351
Net Revenue	\$ 2,162,545	\$ 2,764,489
Operating Costs	\$ 1,120,723	\$ 1,163,090
<b>NOI</b>	<b>\$ 1,041,822</b>	<b>\$ 1,601,399</b> ↑ 54%
Cap Rate	6.6%	7.8%
Total Suites	242	244
Current Cap Rate		5.5%
Fair Value Today		\$ 29,174,000
<b>Value Creation</b>		<b>\$ 8,557,649</b>
<b>Value per Suite</b>	<b>\$ 65,064</b>	<b>\$ 119,566</b> ↑ 84%



Hamilton Landing | Trenton



225 Capel | Sarnia



14 Reid | Mississauga



# 2012 ACQUISITIONS

	As at <b>Acquisition</b>	As at <b>2015 Q4</b>
Acquisition Cost	\$ 85,276,275	
Capital Invested		\$ 38,422,125
Acquisition Cost Plus Capital Invested		\$ 123,698,401
Net Revenue	\$ 10,197,104	\$ 13,028,680
Operating Costs	\$ 4,758,527	\$ 4,585,267
<b>NOI</b>	<b>\$ 5,438,577</b>	<b>\$ 8,443,413</b> ↑ 55%
Cap Rate	6.4%	6.8%
Total Suites	1,000	1,016
Current Cap Rate		4.9%
Fair Value Today		\$ 173,027,000
<b>Value Creation</b>		<b>\$ 49,328,599</b>
Value per Suite	\$ 85,276	\$ 170,302 ↑ 100%



New Street | Burlington



Riviera | Gatineau



2304 Weston | Toronto

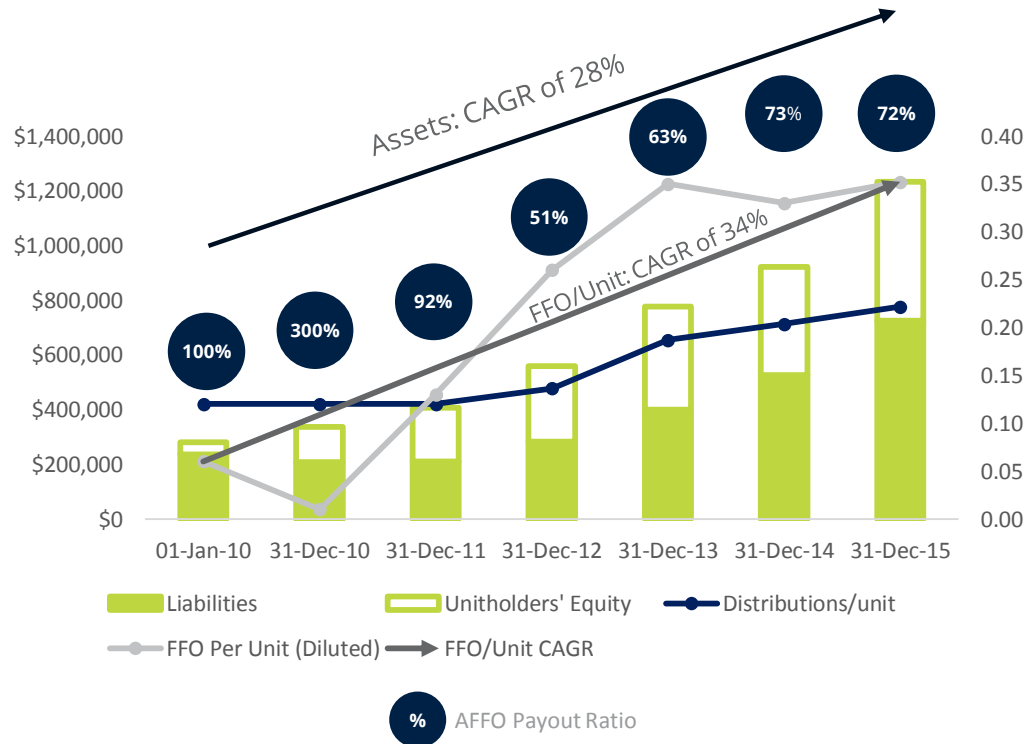


# PROVEN TRACK RECORD OF SUCCESS

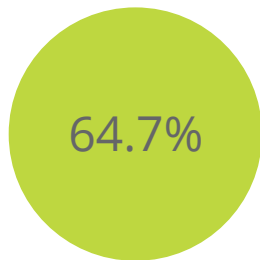
Effective use of capital through:  
 Smart disposition of properties  
 Recycle capital from dispositions fully into repositionings  
 Capitalize on low interest rate environment

## TOTAL ASSET GROWTH

## FIVE-YEAR DEBT-GBV CHANGE



31-Dec-10



31-Dec-15





## GROWTH IN ALL THE RIGHT PLACES

In \$000s, except as noted	31-Dec-10	31-Dec-11	31-Dec-12	31-Dec-13	31-Dec-14	31-Dec-15
Total Suites	3,998	3,820	4,695	6,048	6,700	8,389
Occupancy Rate	96.3%	96.6%	97.8%	96.4%	96.1%	94.6%
Average Rent Per Suite	\$805	\$843	\$887	\$931	\$965	\$996
Operating Revenues	\$35,352	\$38,471	\$47,530	\$60,506	\$65,404	\$82,977
Net Operating Income (NOI)	\$15,913	\$20,506	\$27,946	\$36,041	\$37,884	\$48,490
NOI %	45.0%	53.3%	58.8%	59.6%	57.9%	58.4%
Funds from Operations (FFO)	\$232	\$4,300	\$13,489	\$18,883	\$18,836	\$24,425
FFO Per Unit (basic)	\$0.01	\$0.13	\$0.31	\$0.35	\$0.33	\$0.35
Adjusted Funds from Operations (AFFO)	\$1,135	\$4,343	\$11,748	\$16,278	\$16,189	\$21,145
AFFO Per Unit (basic)	\$0.04	\$0.13	\$0.27	\$0.30	\$0.28	\$0.31
Debt to GBV	58.3%	48.5%	46.8%	47.4%	52.7%	54.2%

Elmridge | Ottawa





# 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-15		
2016	\$210,970	34.6%	2.40%
2017	\$130,046	21.3%	2.86%
2018	\$8,453	1.4%	2.63%
2019	\$15,500	2.6%	2.66%
2020	\$45,145	7.4%	2.54%
Thereafter	\$199,576	32.7%	3.18%
<b>Total</b>	<b>\$609,690</b>	<b>100%</b>	<b>2.74%</b>

**INTEREST COVERAGE**

**2.62x**

**DEBT SERVICE COVERAGE**

**1.50x**

**DEBT TO GBV  
31-DEC-10**

**64.7%**

**DEBT TO GBV  
31-DEC-15**

**54.2%**

Hamilton Landing | Trenton



700 Ross | Burlington



939 Western | London





# EXECUTIVE TEAM

BOARD

**JACIE LEVINSON**  
CHAIRMAN OF THE BOARD OF TRUSTEES

**MIKE MCGAHAN**  
TRUSTEE

**PAUL AMIRAULT**  
TRUSTEE

**PAUL BOUZANIS**  
TRUSTEE

**RONALD LESLIE**  
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  
Development  
Syndications  
Brokerage

**BRAD CUTSEY, CFA**  
President

Capital Markets  
Research & Financial Modeling  
Investor Relations  
Strategic Management

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

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

**OZ DREWNIAK**  
Vice President

Property Management  
Marketing  
Acquisitions  
Management

**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.



# APPENDIX







# 2386 & 2400 NEW STREET



## BURLINGTON, ONTARIO

Conveniently situated in the Roseland area in Burlington, 2386 & 2400 New Street offers spacious one, two, and three bedroom suites with scenic views of Lake Ontario.

This property has received extensive capital investments over the past three years including new landscaping, new balconies, upgraded kitchens and flooring in many suites, energy efficient lighting, a new gym and a media room. We have also added 8 suites to this property.

Since acquisition in March 2012, average rent on the suites which have been turned over has increased 41% from \$1,035 to \$1,460. NOI has increased 97% from \$1,313,832 to \$2,591,034. The expected IRR based on the IFRS value at December 31, 2015 is over 35%.

### 2386 & 2400 New Street Overview

Total Suites	238
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### Investment Highlights

Location	Burlington, Ontario
Investment Timeframe	46 Months
Purchase Price	\$20.7M
IRR*	35% +
Equity Multiple	2.57

\*IRR is based on the property's IFRS value for the most recent quarter.



# 2757 BATTLEFORD RD & 6599 GLEN ERIN DRIVE



## MISSISSAUGA, ONTARIO

2757 Battleford and 6599 Glen Erin are two properties located on the grounds of beautiful Lake Aquitaine near Erin Mills Parkway and Battleford Road in Mississauga, Ontario. InterRent initially purchased 2757 Battleford and negotiated a first right to purchase the adjacent property, 6599 Glen Erin. This right was exercised in December 2014.

Substantial capital improvements have been made to these properties including new hard & soft landscaping, new entrance and lobby, hydro submetering, new elevators and energy efficient lighting.

Since acquisition in June 2012, average rent on the suites which have been turned over at 2757 Battleford has increased 16% from \$1,152 to \$1,335. NOI has increased 39% from \$1,462,650 to \$2,037,500. The expected IRR based on the IFRS value at December 31, 2015 is over 25%.

6599 Glen Erin is still in the process of being repositioning to the same quality as 2757 Battleford.



### 2757 Battleford & 6599 Glen Erin Overview

Combined Suites	416
Combined Land Size	39,089 m <sup>2</sup> or 420,750 sq ft

### 2757 Battleford Investment Highlights

Investment Timeframe	43 Months
Purchase Price	\$23.9M
IRR*	25% +
Equity Multiple	2.32

\*IRR is based on the property's IFRS value for the most recent quarter.



# BRITANNIA PORTFOLIO



## OTTAWA, ONTARIO

InterRent purchased this 286 unit portfolio in 2015. The average purchase price was \$97,028 per unit overall, which the REIT believes was well below market value.

Unit types consist of apartments, duplexes and semi-detached homes and are located along Britannia Park and the waterfront of the Ottawa River.

The average rent for the suites which have turned over since the acquisition of this portfolio in April 2015 is \$978. This is an increase of 21% from the average rent for this same group of suites at acquisition of \$806. Capital improvements at these properties include recladding of exteriors, new windows, new landscaping, intercom and security systems new laundry rooms, energy efficient lighting, upgraded boilers and renovated kitchens on turnover.

Within this portfolio, InterRent acquired duplex units at an average price of \$152k per unit. This leaves significant potential for upside value when compared to the average selling price of private duplexes in Britannia of \$342k.

### Acquisition Highlights

Number of Units	286
Price per Unit	\$97,028
Going-In Cap Rate	5.6%
Year 3 Projected cap Rate with Capex	6.7%
Britannia Lot Size	34,057 m <sup>2</sup> or 366,586 sq ft

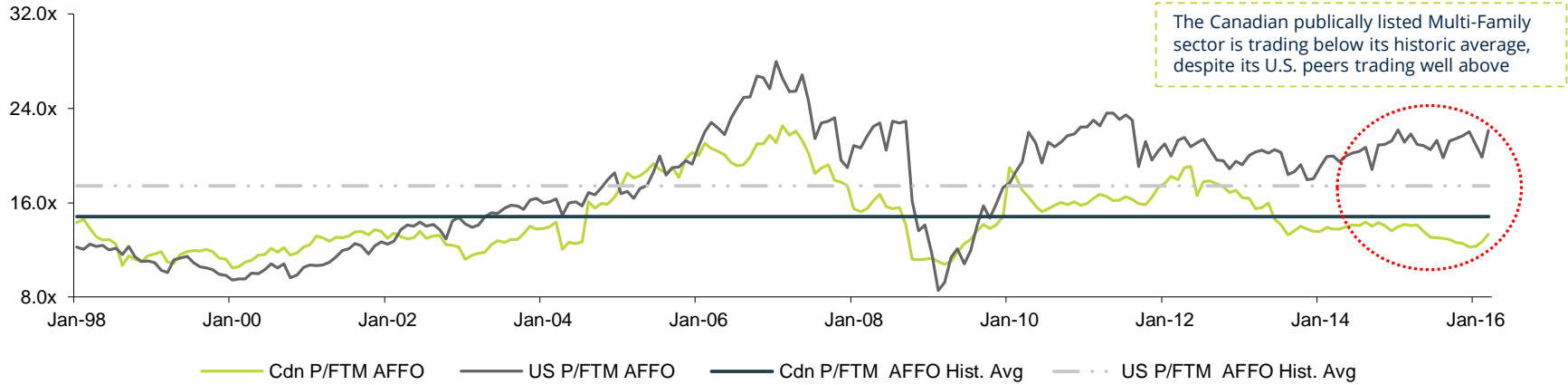
### Sample Potential Upside Value: Duplexes

InterRent Duplex Purchase Price	\$152k
Average Private Duplex Sale Price	\$342k
Potential Value	~\$190k/duplex

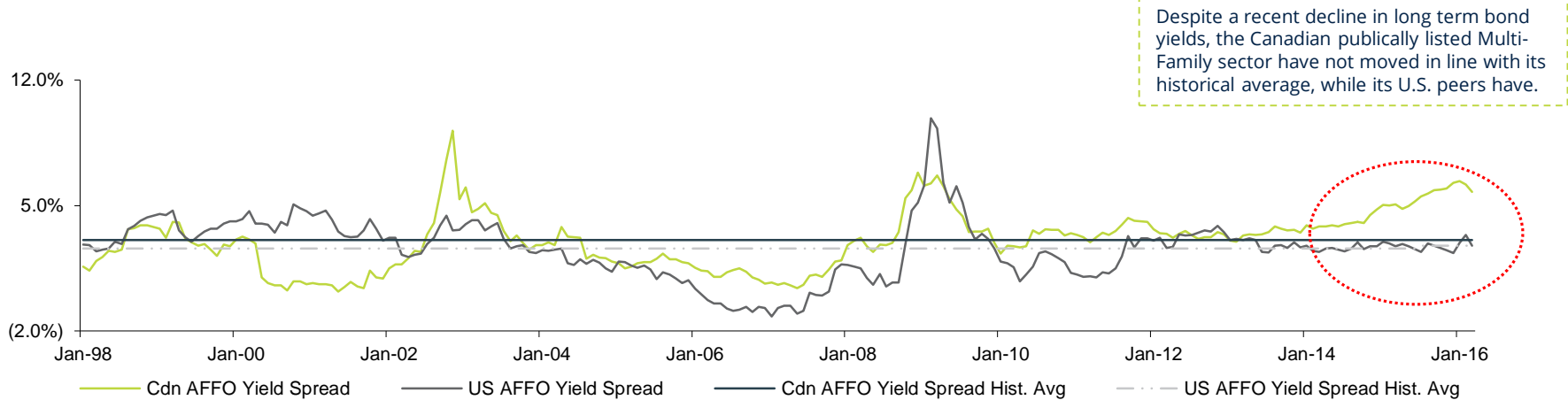


# CANADIAN APARTMENT REITS: ON SALE RELATIVE TO U.S.

## Historical Price / Consensus AFFO



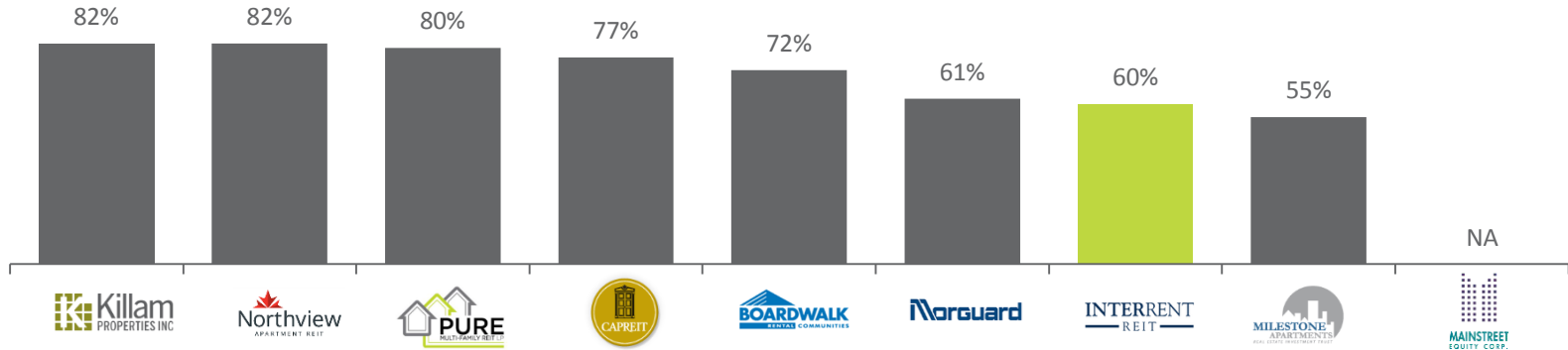
## Historical AFFO Yield Spread





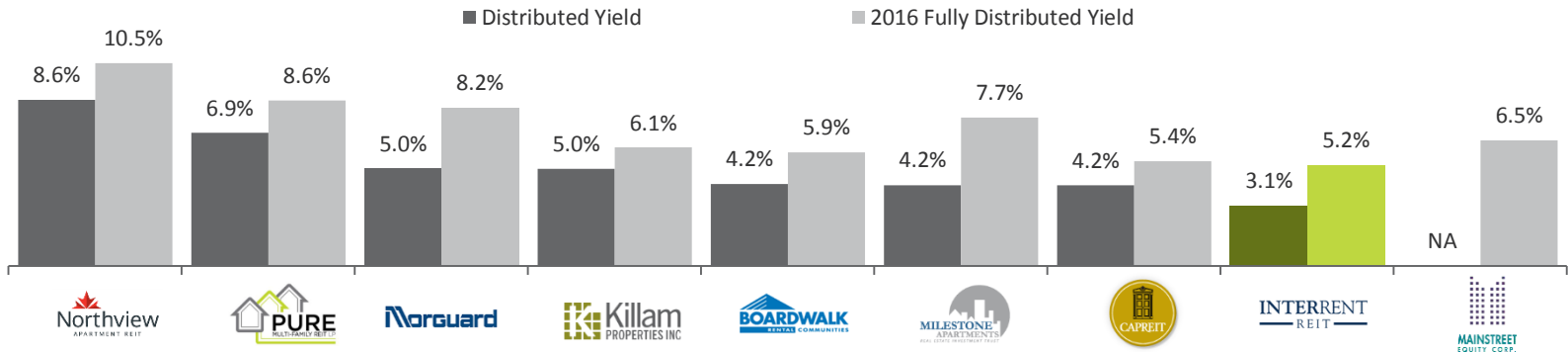
# INTERRENT'S PAYOUT RATIO: REMAINS CONSERVATIVE

## 2016E AFFO Payout Ratio



## Distribution Yields

Company	2017 Fully Distributed Yield
Killam Properties Inc	10.9%
Northview Apartment REIT	9.2%
PURE Multifamily REIT	8.6%
CAPREIT	6.4%
BOARDWALK Student Communities	5.9%
Norguard	8.0%
INTERRENT REIT	5.6%
MILESTONE APARTMENTS Real Estate Investment Trust	5.9%
MAINSTREET EQUITY CORP.	6.7%



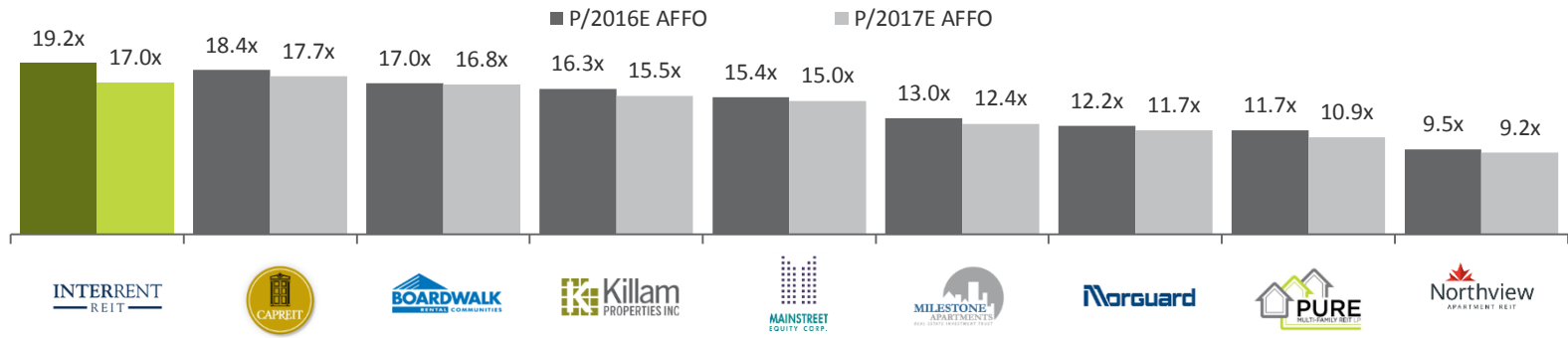
Figures based on consensus estimates as at April 11, 2016. Source: SNL.



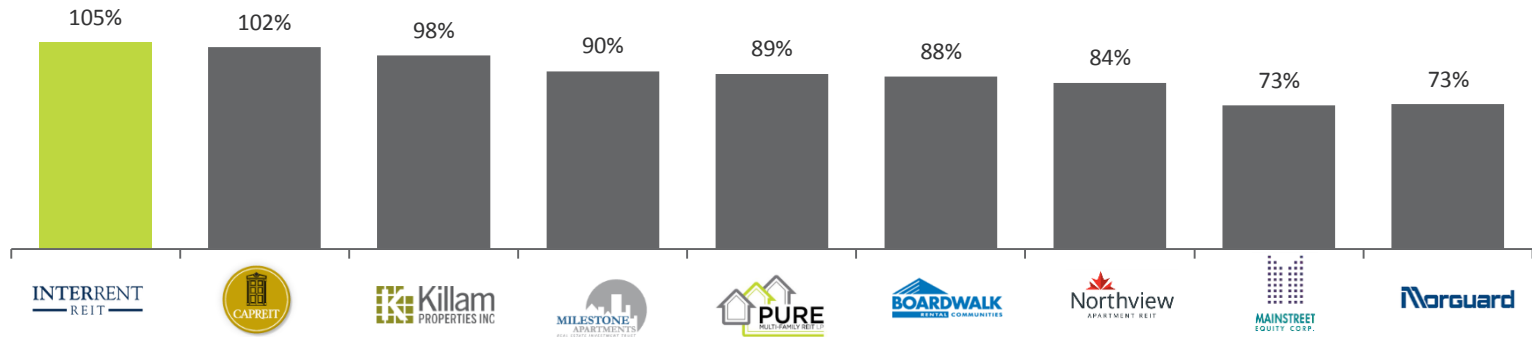
# INTERRENT'S PEG RATIO: AT A DISCOUNT RELATIVE TO ITS PEERS

## Price / Consensus AFFO

PEG Ratio (1)	0.8x	2.2x	5.0x	1.4x	13.9x	1.0x	0.8x	0.7x	1.1x
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## Price / Consensus NAV



Figures based on consensus estimates as at April 11, 2016.

Source: SNL.

(1) PEG Ratio = P/AFFO ('16E) / CAGR of AFFO ('15-'17E) + Current Yield



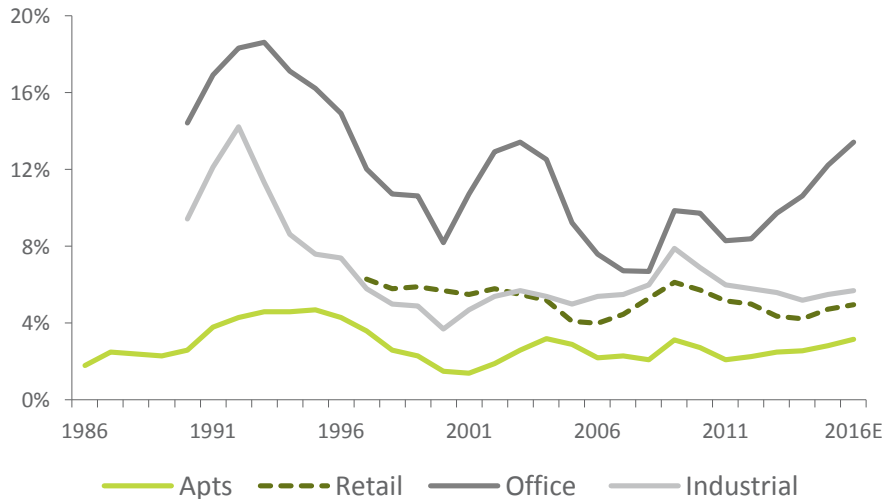
# VERY DEFENSIVE ASSET CLASS

- Multi-family properties known as safest real-estate asset class
- Steady and stable rent increases enabled by short term lease durations
- Lower cost mortgage financing with CMHC insurance and mortgage renewal risk mitigated
- Acquisitions at discount to replacement cost

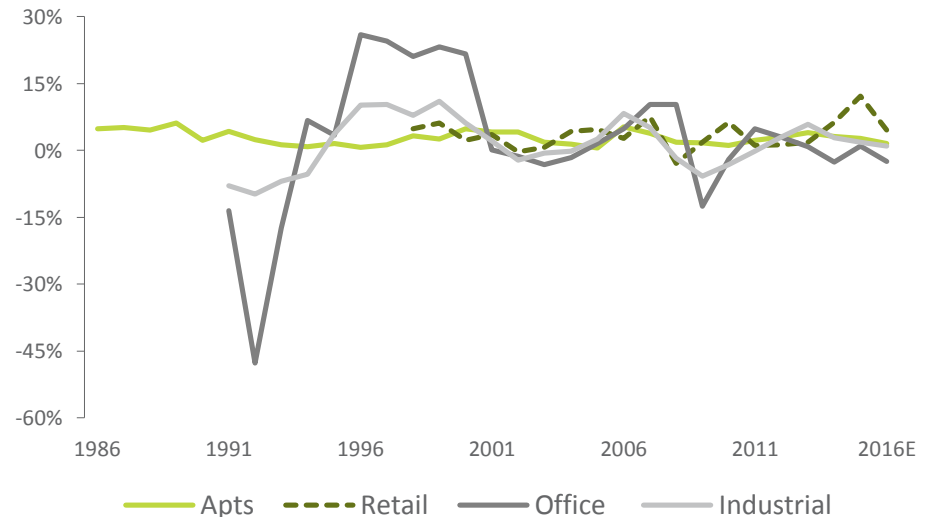
## Stable Multi-Family Fundamentals

Multi-Family assets have experienced less volatile changes in vacancy and more stable Y/Y rent growth over the past 30 years relative to other real estate sectors

Historical Vacancy



Historical Y/Y Rent Growth



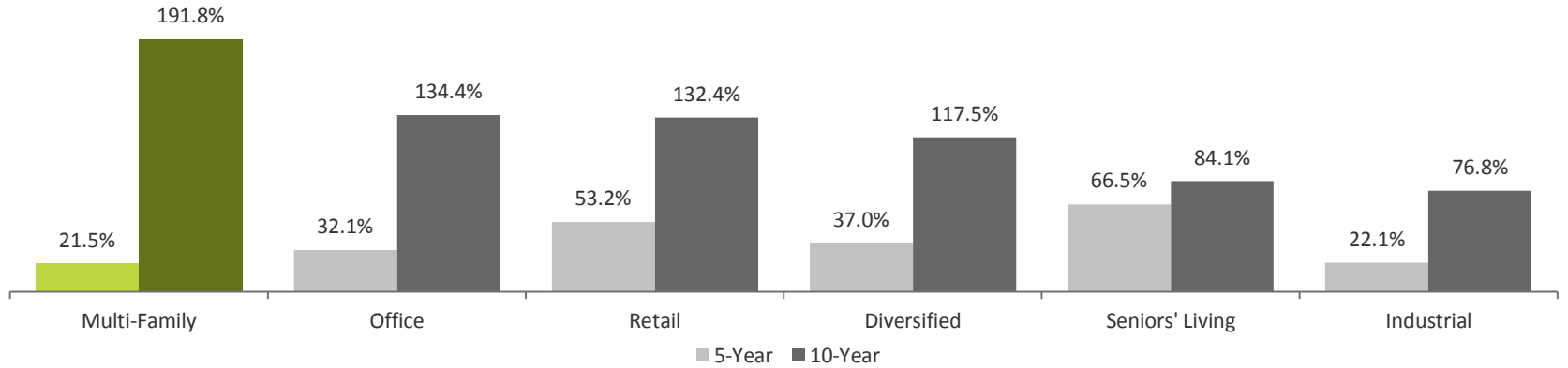


# BEST RISK-ADJUSTED RETURNS

## Sector Performance – Publicly Listed

Total Return (As at April 11, 2016)

The Canadian listed Multi-Family sector has outperformed its peers over the past 10-years, despite the direct property returns lagging the office and retail sectors



## Sector Performance – Private

Total Return (As at December 31, 2015)

