# Q3 2014
# INVESTOR PRESENTATION



INTERRENT
REIT

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.

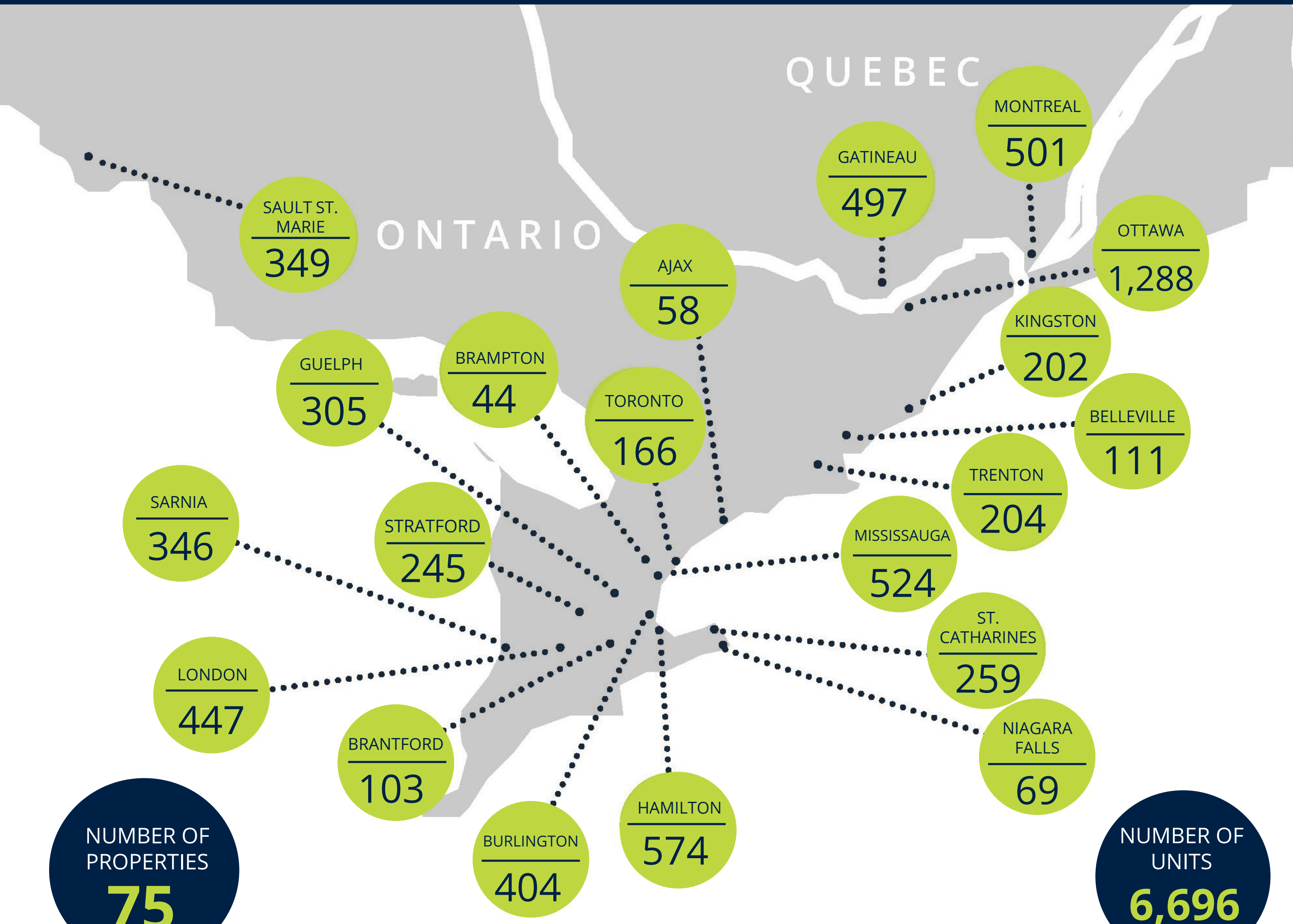
# FORWARD LOOKING STATEMENT

This presentation 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 presentation to reflect actual events or new circumstances. In particular, there is no assurance that the specified equity issue will be completed on schedule or at all as the completion will be conditional upon prevailing market conditions. There is no assurance that the specified acquisitions will be completed within the anticipated timeframes expressed above or at all. These transactions are all conditional upon financing. There is no assurance that sufficient funds will be raised in order to complete all or a portion of these acquisitions.

New Street | Burlington

# PORTFOLIO AT A GLANCE

As At December 1st, 2014




NUMBER OF PROPERTIES
**75**

NUMBER OF UNITS
**6,696**

GTA
**1,196**

NATIONAL CAPITAL REGION
**1,785**

HAMILTON/ NIAGARA
**1,005**

WESTERN ONTARIO
**1,343**

EASTERN ONTARIO
**517**

NORTHERN ONTARIO
**349**

MONTREAL
**501**

# OVERVIEW
## FINANCIAL HIGHLIGHTS

| AS AT, | 30-SEP-13 | 30-SEP-14 |
|---|---|---|
| TOTAL SUITES | 6,044 | 6,464 |
| AVERAGE RENT - ALL | $ 922 | $ 948 |
| AVERAGE RENT - STABILIZED | $ 913 | $ 944 |
| NOI MARGIN - ALL | 61.2% | 61.5% |
| NOI MARGIN - STABILIZED | 62.6% | 61.8% |
| DEBT/GBV | 46.8% | 50.3% |
| WEIGHTED AVERAGE INTEREST RATE % | 3.38% | 3.25% |
| WEIGHTED AVERAGE TERM TO MATURITY | 4.1 Years | 4.1 Years |
| INTEREST COVERAGE RATIO* | 2.74x | 2.43x |

* based on rolling 12 months


10 Reid | Mississauga


Blackthorne | Ottawa

# OVERVIEW
## MANAGEMENT & BOARD

235 Charlotte | Ottawa

| | |
|---|---|
| **MIKE MCGAHAN**<br>Chief Executive Officer & Trustee | Mr. McGahan has over 25 years experience in the real estate business focusing on the multi-residential apartment and commercial properties sectors and has successfully bought, sold, financed and managed over 250 properties valued in excess of $1 Billion. |
| **CURT MILLAR**<br>Chief Financial Officer | Mr. Millar was CEO (2009-10) and CFO (2004-09) of Zip.ca and has held positions of increasing responsibility in accounting, financial management and operations with a number of businesses over his 20+ year career. |
| **JACIE LEVINSON**<br>Chairman of the Board of Trustees | Since 1960, Mr. Levinson has been involved with real estate sales, construction and renovations of multi-residential properties. From 1969 to retirement, Mr. Levinson grew his own firm to manage in excess of 5,000 residential units in addition to developing two downtown Ottawa suite hotels, three malls and industrial condominiums. |
| **PAUL AMIRAULT**<br>Trustee | Mr. Amirault is a partner of Norton Rose Fulbright and a member of their Business Law Group. Mr. Amirault also practices corporate and securities law, with an emphasis on equity financing and mergers and acquisitions. |
| **PAUL BOUZANIS**<br>Trustee | Paul Bouzanis is the President of PBC Group (1985). Mr. Bouzanis' comprehensive understanding of real estate acquisitions, development, and redevelopment, combined with his extensive experience in the construction industry has been the driving force behind PBC's growth and success. |
| **RONALD LESLIE**<br>Trustee | Mr. Leslie is a Chartered Accountant and is the Office Managing Partner at Leslie & MacLeod Chartered Accountants.  Mr. Leslie has over 20 years of experience as a public accountant and currently sits on the board of C-COM Satellite Systems Inc. |
| **VICTOR STONE**<br>Trustee | Mr. Stone has been a Senior Manager, Real Estate Lending at a Canadian chartered bank since 2003. From 1980 to 2002, Mr. Stone was involved in multi-residential and commercial real estate financing with a number of major financial institutions. |

# OVERVIEW
## OBJECTIVES & OPERATING PRINCIPLE

## OBJECTIVE:

Generate sustainable & growing **Cash Distributions** and Increase **Unitholder Value** over time

## OPERATING PRINCIPLE:

Leverage Proven Industry Experience to:

**Maximize** revenue streams

**Improve** operational efficiencies

**Apply** disciplined approach to growth

614 Lake | St. Catharines

Sir Walter Scott | Montreal

# OVERVIEW

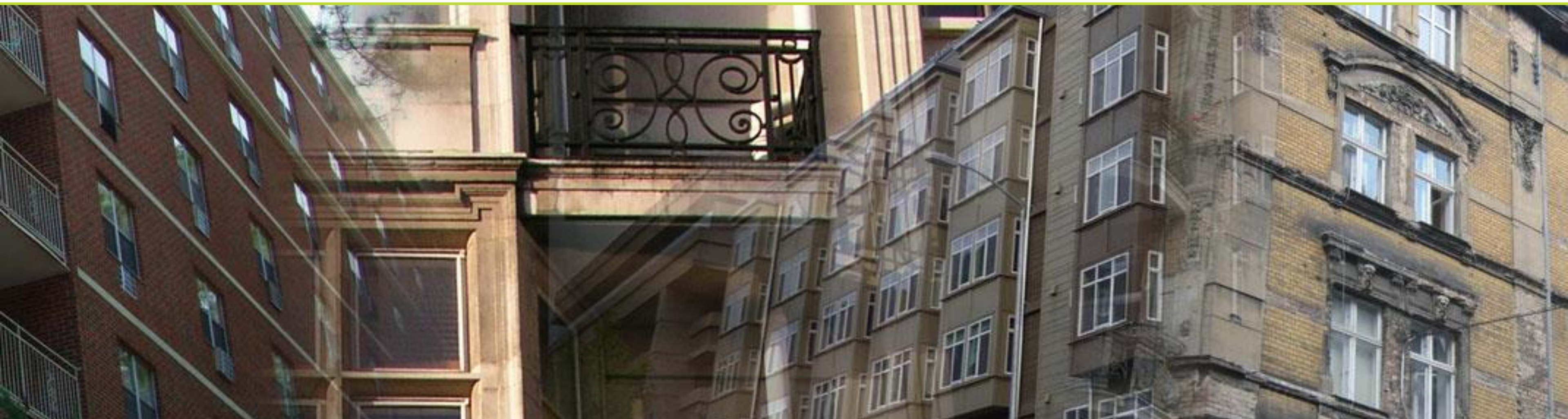
## TIMELINE

| 2010 - 2012 | 2013 | 2014 |
|---|---|---|
| • Rebuilding & repositioning<br>• Changing culture & priorities<br>• Restore focus on property operations<br>• Complete disposition of non-core properties<br>• Internal growth via rent increases, new suites<br>• Building Acquisitions Team<br>• Began creating pipeline for accretive acquisitions with focus on value-added properties<br>• Continue to grow NOI organically through top line growth and operating cost reductions<br>• Refinancing of mortgage debt<br>• First purchase in Quebec | • Continued to focus on pipeline growth and accretive acquisitions<br>• Continued to grow NOI organically through top line growth and operating cost reductions<br>• Refinancing of mortgage debt<br>• Purchased 1,341 suites in 2013<br>• Expanded into Montreal<br>• Focused on best in class within our target markets | • Purchased 643 suites (as at December 1st 2014)<br>• Continue to focus on repositioning Acquisitions<br>• Refinancing of mortgage debt<br>• Vacating all suites in the Bell Street property in order to capture the upside once suites are brought back to market rents<br>• Change model/staffing of rental operations to focus on customer service and overall performance |

# OVERVIEW
## MARKETS

Focused on growing within Ontario and Quebec's medium to large population markets with properties characterized by:

- Owner neglect
- Deferred maintenance
- Higher than average vacancy rates
- Ownership with limited access to capital
- Lack of professional management
- Under market rents
- Utility inefficiencies



# OVERVIEW

## LOW RISK PROFILE

- Multi-family properties known as safest real-estate asset class
- Broad geographic exposure generates stable cash flow
- Rent increases enabled by short term leases
- Lower cost mortgage financing with CMHC insurance and mortgage renewal risk mitigated
- Liquid real estate class
- Acquisitions at discount to replacement cost

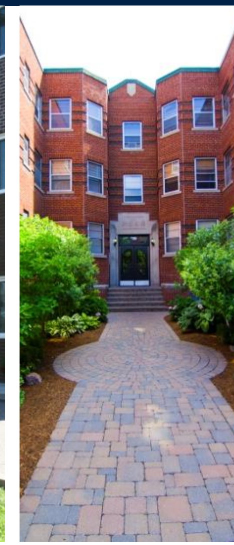
70 Roehampton| St. Catharines


Riviera | Gatineau

# GROWTH POTENTIAL
## MARKET







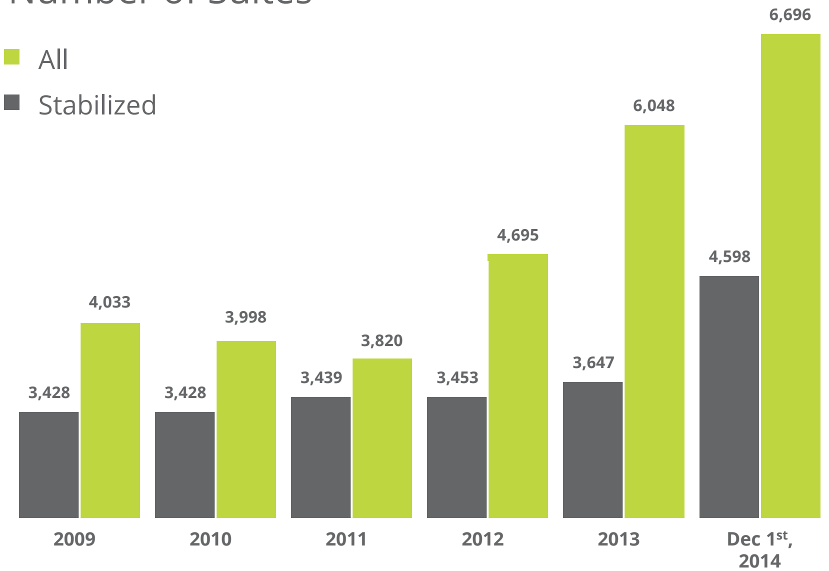

| TOTAL SUITES IN TARGET MARKET VS. IIP SUITES | Montreal | Eastern Ontario | GTA | Hamilton/ Niagara | Northern Ontario | NCR (Ottawa/ Gatineau) | Western Ontario |
|---|---|---|---|---|---|---|---|
| InterRent Suites* | 501 | 517 | 1,196 | 1,005 | 349 | 1,785 | 1,343 |
| % of Portfolio | 7.5% | 7.7% | 17.9% | 15.0% | 5.2% | 26.6% | 20.1% |
| Total Suites in Market** | 523,587 | 48,333 | 308,085 | 62,969 | 28,041 | 80,538 | 114,409 |
| Penetration | 0.10% | 1.07% | 0.39% | 1.60% | 1.24% | 2.22% | 1.17% |

* As At December 1st, 2014
**Based on CMHC Spring 2014 Report

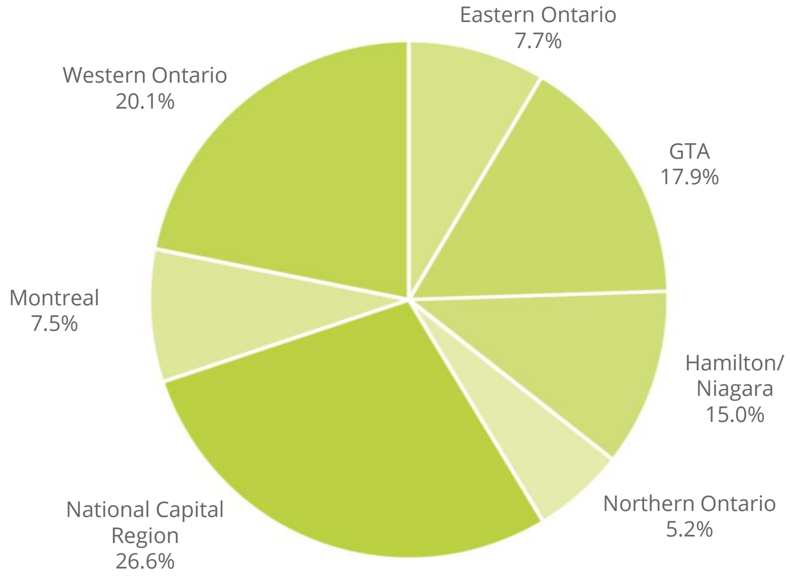
# GROWTH POTENTIAL

## SUITES

### Number of Suites




### Region




Wonderland | London

# GROWTH POTENTIAL
## STRATEGY


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:

### 1 HEALTHY ECONOMIC REGIONAL CENTRES & NEIGHBOURHOODS

Regions that have stable employment profile derived from strong & sustainable industries

### 2 ECONOMIC RECORD ACCOMMODATING RENTAL RATE GROWTH

InterRent looks for communities with an economic track record of rising rental rates, preferably where we have experience & success in driving rates and where we can leverage our existing infrastructure

### 3 STABLE DEMAND FOR RENTAL SUITES

Cities that typically have a vacancy rate in line or better than Canada Mortgage & Housing Corporation (CMHC) vacancy statistics for the region, which allows for consistent cash flow

### 4 LOCATIONS THAT OFFER STABLE CAPITALIZATION RATES

Within InterRent's target markets, capitalization rates are higher because there is less competition from major institutional players to acquire the properties that InterRent targets

939 Western| London

# GROWTH POTENTIAL
## ACQUISITIONS

New Street | Burlington

Hamilton Landing

| 2011 ACQUISITIONS | SUITES |
|---|---|
| 225-233 Capel Street, Sarnia (ON) | 70 |
| Hamilton Landing, Trenton (ON) | 120 |
| 14 Reid Drive, Mississauga (ON) | 52 |
| | **242** |


Riviera

| 2012 ACQUISITIONS | |
|---|---|
| Riviera, Gatineau (QC) | 490 |
| 2386 & 2400 New Street, Burlington (ON) | 230 |
| 2757 Battleford Road, Mississauga (ON) | 184 |
| 2304 Weston Road, Toronto (ON) | 96 |
| | **1,000** |

5220 Lakeshore

| 2013 ACQUISITIONS | |
|---|---|
| Sir Walter Scott, Montreal (QC) | 174 |
| Crystal Beach West, Ottawa (ON) | 87 |
| 70 Roehampton Avenue, St. Catharines (ON) | 64 |
| Elmridge, Ottawa (ON) | 118 |
| 5220 Lakeshore Road, Burlington (ON) | 127 |
| Place Kingsley Apartments, Montreal (QC) | 327 |
| Bell Street North, Ottawa (ON) | 444 |
| | **1,341** |

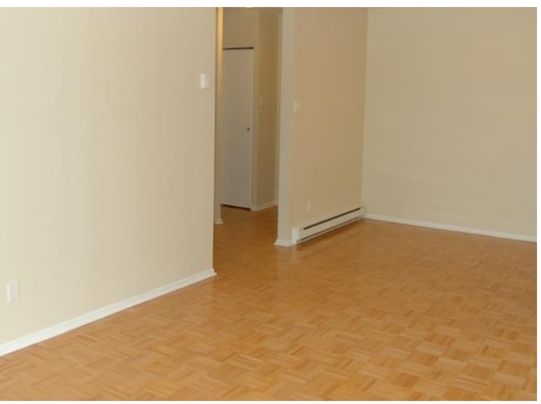
Crystal Beach East

| 2014 ACQUISITIONS | |
|---|---|
| Crystal Beach East, Ottawa (ON) | 54 |
| 15 Kappele Circle, Stratford (ON) | 23 |
| Tindale Court & Quigley Road, Hamilton (ON) | 334 |
| 6599 Glen Erin, Mississauga (ON) | 232 |
| | **643** |

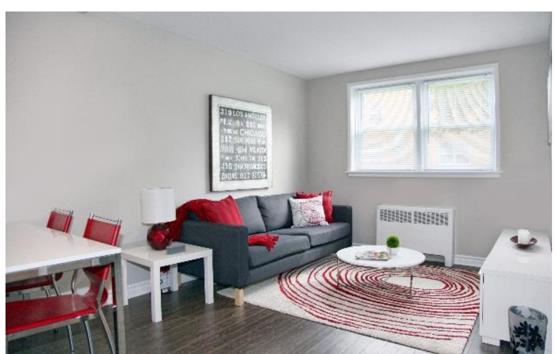
# PORTFOLIO MANAGEMENT
## REPOSITIONING

| Before | After |
| --- | --- |


5220 Lakeshore | Burlington




Riviera | Gatineau

939 Western| London

### 1 UNIT UPGRADES

- Energy efficient lighting
- Designer finishes
- Updated kitchens & bathrooms
- Upgraded flooring
- Setup of model suites

# PORTFOLIO MANAGEMENT
## REPOSITIONING

### 2 COMMON AREA UPGRADES

- Energy efficient lighting
- Designer finishes
- Added functionality
- Upgraded security
- Inviting first impressions
- Enhanced security

Before | After

Riviera | Gatineau


New Street | Burlington


2757 Battleford | Mississauga


# PORTFOLIO MANAGEMENT
## REPOSITIONING

Before | After


Wonderland | London

700 Ross | Burlington

2757 Battleford | Mississauga

10 Reid | Mississauga

## 3 | EXTERIOR UPGRADES

- Creating a complete, attractive first impression package
- Installation of professional looking & well branded property signage
- Enhanced secured entrances
- Designer influenced exterior finishes
- Low maintenance landscaping
- Energy saving light fixtures

# PORTFOLIO MANAGEMENT

## REPOSITIONING

As part of the redevelopment process, an analysis of all utility items is conducted to determine ways to reduce consumption and overall utility costs. InterRent has also sub-metered several buildings to shift the utility risk and burden to the tenant, where possible. Additionally, new and improved amenities have been added to improve building access and better utilize existing space.

These expense reductions and improvements include:

### GREEN INIATIVES

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

### ADDED AMENITIES

- New fitness and media rooms
- Resident lounges
- Elevator lift
- Modernized laundry facilities

# PORTFOLIO MANAGEMENT

## VALUE CREATION

| 939 WESTERN LONDON | AS AT, 31-DEC-09 | AS AT, 30-SEP-14 | IMPROVEMENT |
|---|---|---|---|
| IFRS VALUATION | $ 6,900,000 | - | |
| CAPITAL INVESTED | - | $ 2,994,361 | |
| VALUATION PLUS CAPITAL INVESTED | - | $ 9,894,361 | |
| NET REVENUE | $ 973,741 | $ 1,258,929 | |
| OPERATING COSTS | $ 494,544 | $ 460,207 | |
| **NOI** | **$ 479,197** | **$ 798,722** | **67%** |
| CAP RATE | 6.94% | 8.07% | |

Before

After

| 700 ROSS BURLINGTON | AS AT, 31-DEC-09 | AS AT, 30-SEP-14 | IMPROVEMENT |
|---|---|---|---|
| IFRS VALUATION | $ 4,440,000 | - | |
| CAPITAL INVESTED | - | $ 1,107,077 | |
| VALUATION PLUS CAPITAL INVESTED | - | $ 5,547,077 | |
| NET REVENUE | $ 531,233 | $ 673,682 | |
| OPERATING COSTS | $ 236,766 | $ 217,888 | |
| **NOI** | **$ 294,467** | **$ 455,794** | **55%** |
| CAP RATE | 6.63% | 8.22% | |

Before

After

# PORTFOLIO MANAGEMENT

## VALUE CREATION

| HAMILTON LANDING TRENTON | AS AT, 05-AUG-11 | AS AT, 30-SEP-14 | IMPROVEMENT |
|---|---|---|---|
| ACQUISITION COST | $ 6,036,839 | - | |
| CAPITAL INVESTED | - | $ 2,065,794 | |
| PURCHASE PRICE PLUS CAPITAL INVESTED | - | $ 8,102,633 | |
| NET REVENUE | $ 979,166 | $ 1,256,164 | |
| OPERATING COSTS | $ 585,773 | $ 562,596 | |
| **NOI** | **$ 393,393** | **$ 693,568** | **76%** |
| CAP RATE | 6.52% | 8.56% | |

Before

After

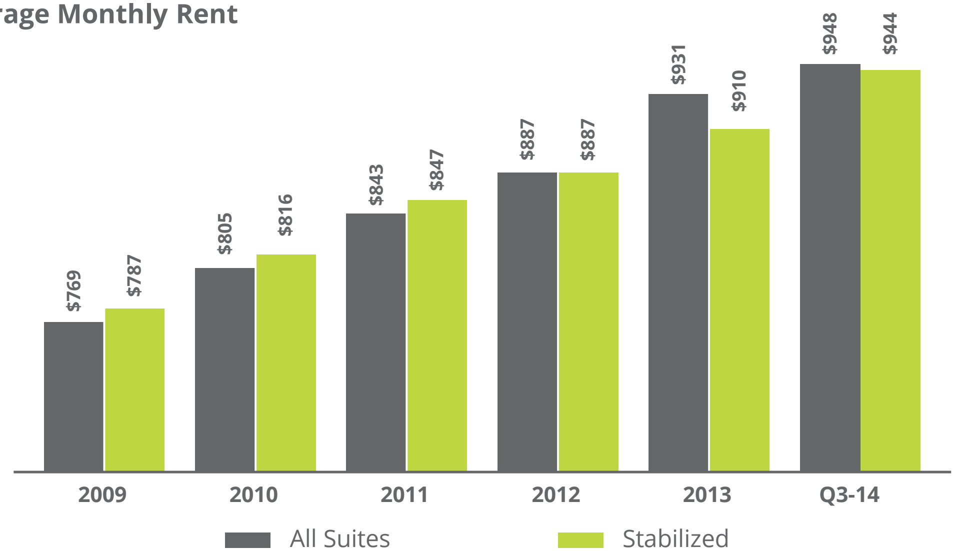

| 2304 WESTON TORONTO | AS AT, 08-AUG-12 | AS AT, 30-SEP-14 | IMPROVEMENT |
|---|---|---|---|
| ACQUISITION COST | $ 9,712,754 | - | |
| CAPITAL INVESTED | - | $ 1,510,261 | |
| PURCHASE PRICE PLUS CAPITAL INVESTED | - | $ 11,223,015 | |
| NET REVENUE | $ 1,165,980 | $ 1,310,909 | |
| OPERATING COSTS | $ 591,018 | $ 498,592 | |
| **NOI** | **$ 574,962** | **$ 812,317** | **41%** |
| CAP RATE | 5.92% | 7.24% | |

Before

After

# INVESTMENT BENEFITS
## RENT AND VACANCY RATE - YEARLY

### Average Monthly Rent

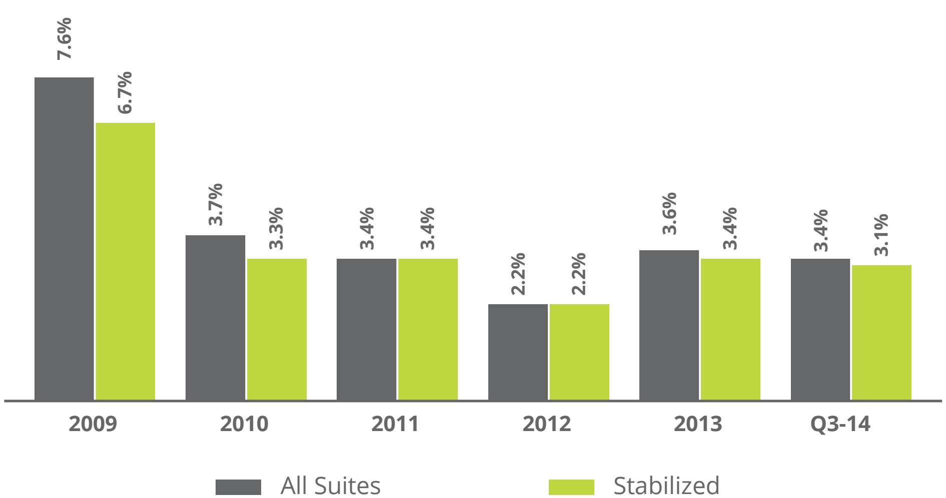



There are many factors that go into creating a growing and sustainable distribution. Two of these factors are:

a) growing top line revenue by increasing rents and occupancy levels; and,

b) repositioning new and existing properties in order to achieve market rents and occupancy levels.

### Average Monthly Vacancy

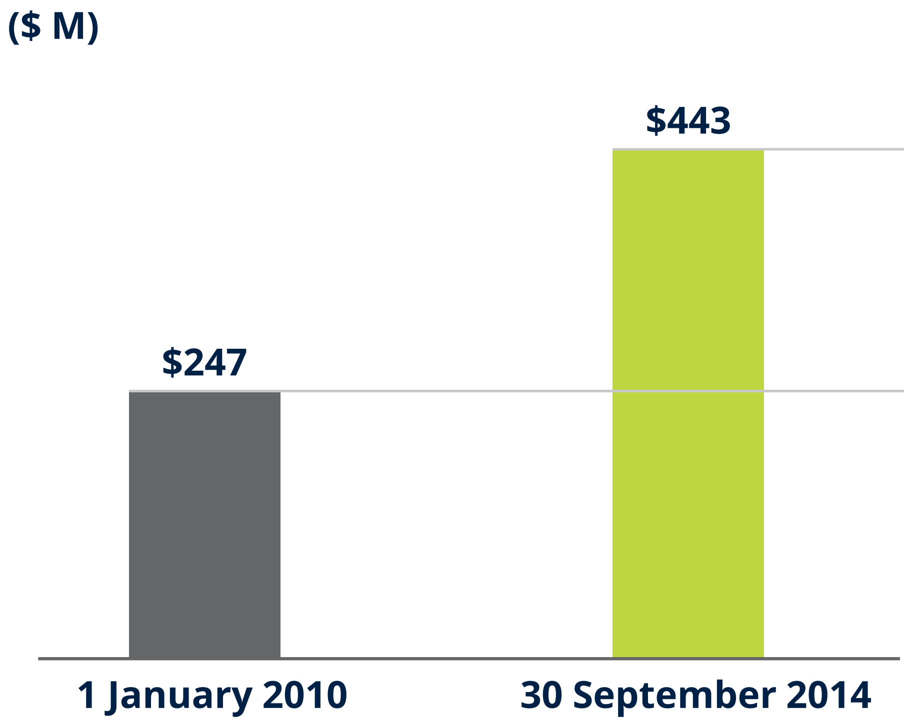



Part of the repositioning process often results in occupancy levels suffering in the short term.

Management believes that as the repositioned properties take hold we will return to long term vacancy rate in the 3-4% range.

# INVESTMENT BENEFITS

## SAME STORE COMPARISON




Investment of **$71M** to Properties Yielded

Increase of **$196M** in Market Value and growing…

26 June Avenue | Brampton

# KEY FINANCIAL METRICS
## TRENDS

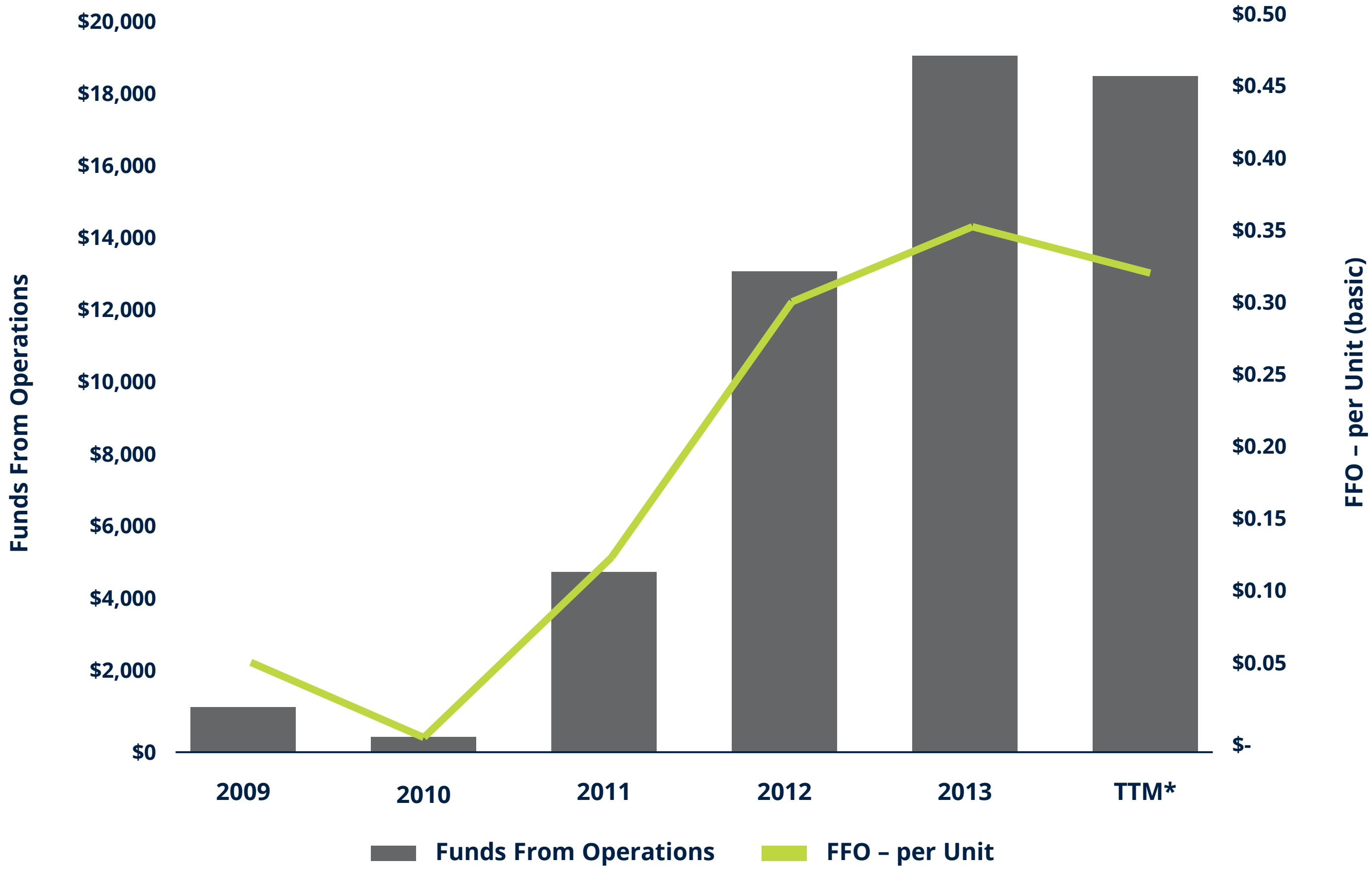
| *In $000's, except as noted* | **2009** | **2010** | **2011** | **2012** | **2013** | **TTM*** |
|---|---|---|---|---|---|---|
| Suites | 4,033 | 3,998 | 3,820 | 4,695 | 6,048 | 6,464 |
| Occupancy Rate | 92.5% | 96.3% | 96.6% | 97.8% | 96.4% | 96.6% |
| Average Rent per suite | $769 | $805 | $843 | $887 | $931 | $948 |
| Operating Revenues | $35,419 | $35,352 | $38,471 | $47,530 | $60,506 | $63,942 |
| Net Operating Income (NOI) | $14,949 | $15,913 | $20,506 | $27,946 | $36,041 | $36,990 |
| NOI % | 42.2% | 45.0% | 53.3% | 58.8% | 59.6% | 57.8% |
| Funds from Operations (FFO) | $1,211 | $232 | $4,300 | $13,489 | $18,883 | $18,102 |
| FFO per unit (basic) | $0.06 | $0.01 | $0.13 | $0.31 | $0.35 | $0.32 |
| Adjusted Funds from Operations (AFFO) | $2,519 | $1,135 | $4,343 | $11,748 | $16,278 | $15,477 |
| AFFO per unit (basic) | $0.12 | $0.04 | $0.13 | $0.27 | $0.30 | $0.28 |
| Debt to GBV | 65.0% | 58.3% | 48.5% | 46.8% | 47.4% | 50.3% |

* Trailing 12 months to September 30th 2014

Elmridge | Ottawa

# KEY FINANCIAL METRICS
## FUNDS FROM OPERATIONS

125 College | Sarnia




* Trailing 12 months to September 30th 2014

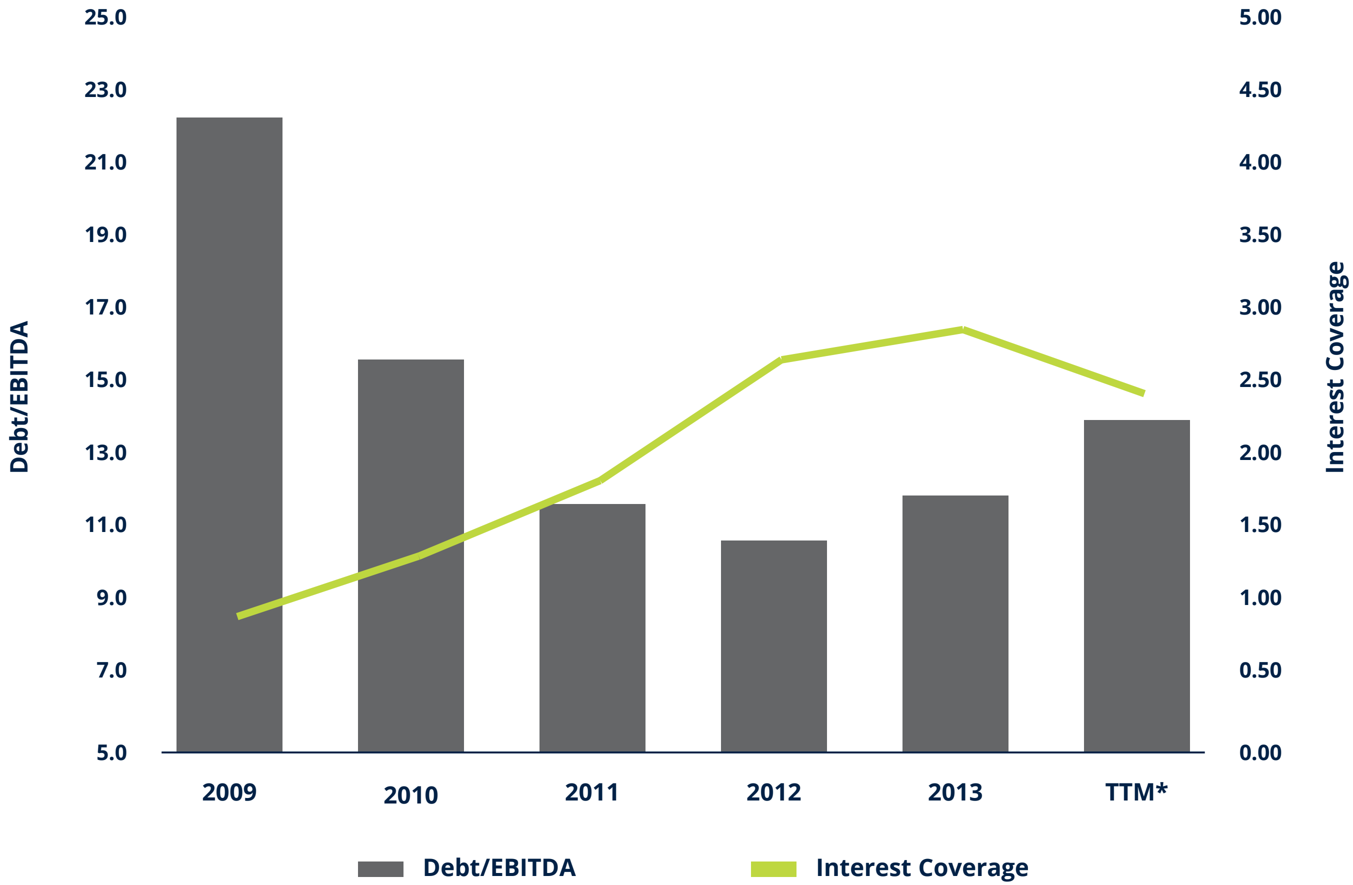
# KEY FINANCIAL METRICS
## BALANCE SHEET

| | 01-JAN-10 | 31-DEC-10 | 31-DEC-11 | 31-DEC-12 | 31-DEC-13 | 30-SEP-14 |
|---|---|---|---|---|---|---|
| Total Assets | $280,714 | $336,294 | $406,349 | $559,206 | $777,062 | $860,921 |
| Liabilities | $236,040 | $206,719 | $210,155 | $283,282 | $400,556 | $471,013 |
| Unitholders' Equity | $44,674 | $129,575 | $196,194 | $275,924 | $376,506 | $389,908 |
| Units Outstanding | 28,032,206 | 32,247,518 | 43,464,465 | 44,204,020 | 57,204,747 | 57,863,537 |
| Asset Leverage | 66.2% | 58.3% | 48.5% | 46.8% | 47.4% | 50.3% |

860 Blackthorne | Ottawa

# KEY FINANCIAL METRICS

## DEBT/EBITDA




* Trailing 12 months to September 30th 2014

2336 Weston | Toronto

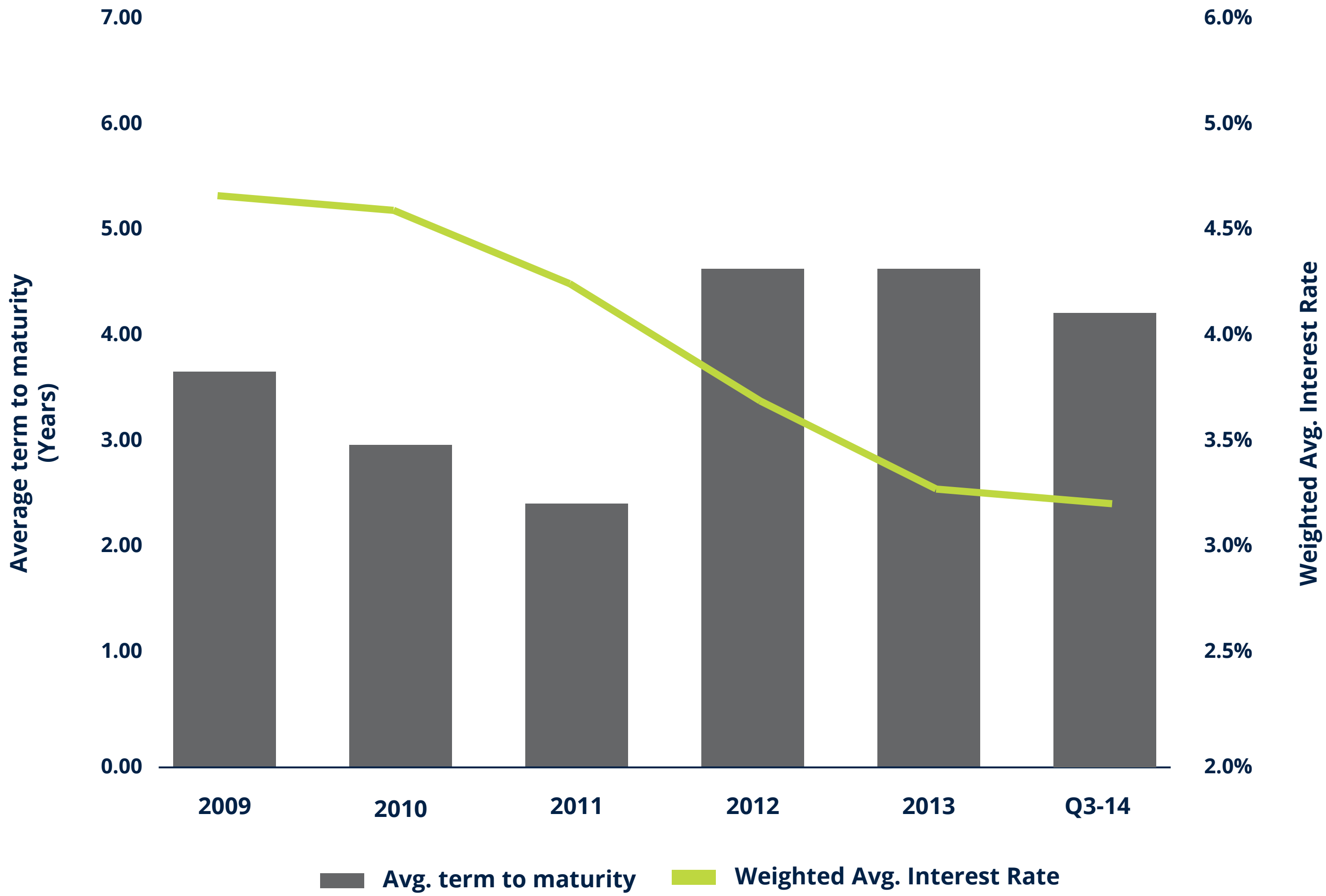
# KEY FINANCIAL METRICS

## MORTGAGE SCHEDULE

| YEAR MATURING | MORTGAGE & DEBT BALANCE (30-SEP-14) | WEIGHTED AVERAGE BY MATURITY | WEIGHTED AVERAGE INTEREST RATE |
|---|---|---|---|
| 2014 | $68,915 | 17.8% | 2.49% |
| 2015 | $99,356 | 25.7% | 3.05% |
| 2016 | $13,543 | 3.5% | 5.33% |
| 2017 | $45,367 | 11.7% | 4.42% |
| 2018 | $5,671 | 1.5% | 2.63% |
| Thereafter | $153,771 | 39.8% | 3.23% |
| **TOTAL** | **$386,623** | **100%** | **3.25%** |

5755 Sir Walter Scott | Montreal

# KEY FINANCIAL METRICS
## MORTGAGE RATE & TERM




Wonderland | London

# KEY FINANCIAL METRICS
## RECENT ACTIVITY

### Q3 Results - 2014 compared to 2013

- Distributions increased by 10%
- Gross rental revenue for stabilized properties for the quarter rose by $0.5 million to $13 million, an increase of 3.8% over Q3 2013.
- Average monthly rent per suite for the stabilized portfolio  increased to $944 (September 2014) from $913 (September 2013), an increase of 3.4%.
- Economic vacancy decreased to 3.4% (September 2014) from 5.8% (June 2014) and was slightly lower than the 3.6% recorded in September 2013.

### Acquisitions

- 1,341 suites added in first 6 months of 2013
- 12 additional suites were built out in 2013
- 411 suites were added in the first three quarters of 2014
- 232 suites were added subsequent to quarter end
- Expanding ownership in both Ontario and Quebec

2336 Weston | Toronto

# INVESTMENT HIGHLIGHTS

- Team and Strategy - proven at Repositioning Properties and Creating Value
- Strong Portfolio – Capital Invested 2010 - 2014 = minimal deferred maintenance
- Upside remaining in both stabilized and non-stabilized portfolio
- Successful Platform – able to grow existing markets and expand to new ones
- Size – large enough to attract people/deals yet small enough to “move the needle”
- Payout Ratio and Leverage are both very conservative

New Street | Burlington

# Q3 2014
# INVESTOR PRESENTATION



INTERRENT
REIT