



# InterRent REIT

Annual Meeting

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June 12, 2023

 The Lakeshore Club  
Burlington, ON



# ANNUAL MEETING AGENDA

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# 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.





# WHO WE ARE

# WHO WE ARE

## About Us



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.

We take pride in our work, and we build and invest in communities in which everyone desires to live and are proud to call home.

### WHY MULTI-RESIDENTIAL?

Multi-residential is a defensive asset class – it is resilient and has historically provided investors with more stable and lower-volatility returns than other real estate asset classes, even in the face of economic downturns<sup>1</sup>.

The ongoing surge in demand for rental apartments is fueled by rising immigration levels, restrictive building policies and rising construction costs<sup>2</sup>, and the multi-residential sector is strongly positioned to capture upside opportunities.

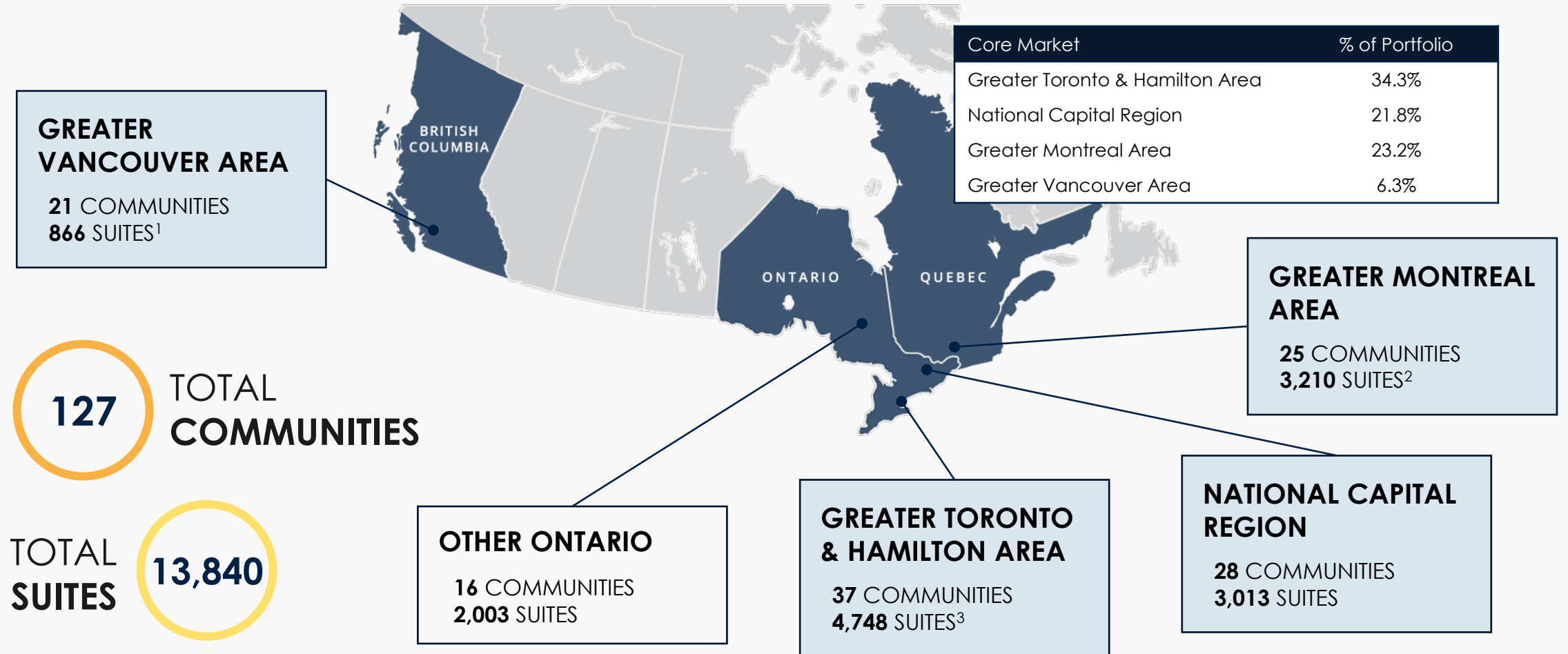
(1) Source: JPMorgan Research: [How multifamily investors can prepare for a recession 2023](#)

(2) Source: Oxford Economics: [Canada housing correction doesn't derail the case for multifamily 2022](#)



# WHO WE ARE

## A Provider of Homes in Urban, High-Growth Markets



<sup>1</sup> Includes 100% of Vancouver portfolio of which InterRent's ownership interest is 50%.

<sup>2</sup> Includes 100% of a 254-suite community in Brossard of which InterRent's ownership interest is 50%.

<sup>3</sup> Includes 100% of a 94-suite community in Mississauga and a 605-suite community in Brampton of which InterRent's ownership interest is 50% and 10%, respectively.



# WHO WE ARE

## Our Team

We have built an exceptional team focused on providing the best service to our customers, a positive work experience for our employees, and above average return for our Unitholders. In order to achieve this, we focus on not only what we do, but more importantly, how we can make an impact on our communities.

This experienced management team, combined with a strong operating platform and a healthy balance sheet, puts us in a position to capitalize on investment and growth opportunities, and continue to outperform in our sector.

### 2022 ACTIVITIES

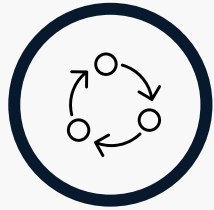
- Launched our Building Leaders Program with a goal to expand the capacity and competencies of our leaders.
- Launched “DEI Fundamentals Awareness” sessions, creating safe spaces for conducting open and frank conversations on diversity, equity, and inclusion.
- Brought back our “Maintenance and Cleaning Masters” event, celebrating the hard work and dedication of our property operating staff.



## WHO WE ARE

# Investing in Technology to Power Our Growth

Technology has always been at the core of our operating platform. We constantly explore innovative ways to drive operational efficiencies, enhance resident experiences and promote sustainability.



### OPERATING EFFICIENCY

- Business intelligence
- Best-in-class cloud platforms
- Cybersecurity infrastructure
- Automated A/P workflow
- Fully connected properties
- Better workforce online collaboration tools
- Next generation CRM



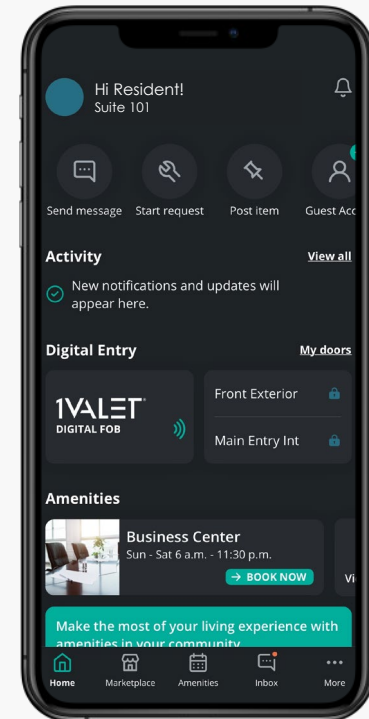
### RESIDENT EXPERIENCE

- Smart buildings: 1 Valet, Snaile
- Smart locks
- Controlled thermostats
- Resident online self-service:
  - Rent payments
  - Work order requests



### SUSTAINABILITY

- Building Automation Systems
- AI-powered energy optimization
- EV charging stations
- Renewable energy tech
- Rooftop urban farms
- Micro co-generation plant





## WHO WE ARE

# Community Involvement

We believe our role extends beyond the walls of our properties to the communities in which we operate. It is critical that the community organizations and agencies in our regions can count on us as a partner, both financially and with our time.

## ANNUAL MIKE MCCANN CHARITY GOLF TOURNAMENT

In 2022, we raised **\$1.4 million** for many partner charities in our communities, bringing our total contribution to nearly **\$6.5 million** since the tournament's inception in 1998.



**100%** of the donations raised go back to our communities in support of a variety of local charities in Ontario, Quebec and British Columbia.

## COMPANY VOLUNTEER HOURS

All full-time permanent employees are given time off each year to participate in charitable events and activities that mean the most to them, by way of a paid volunteer day.

**>1,300  
HOURS**

*Our employees spent more than 1,300 hours volunteering in our communities in 2022.*

## HOUSING INITIATIVES

**89  
HOMES**

*Were provided to households in need in 2022 through various housing initiatives.*

# WHO WE ARE

## Strong Track Record of Distribution Growth

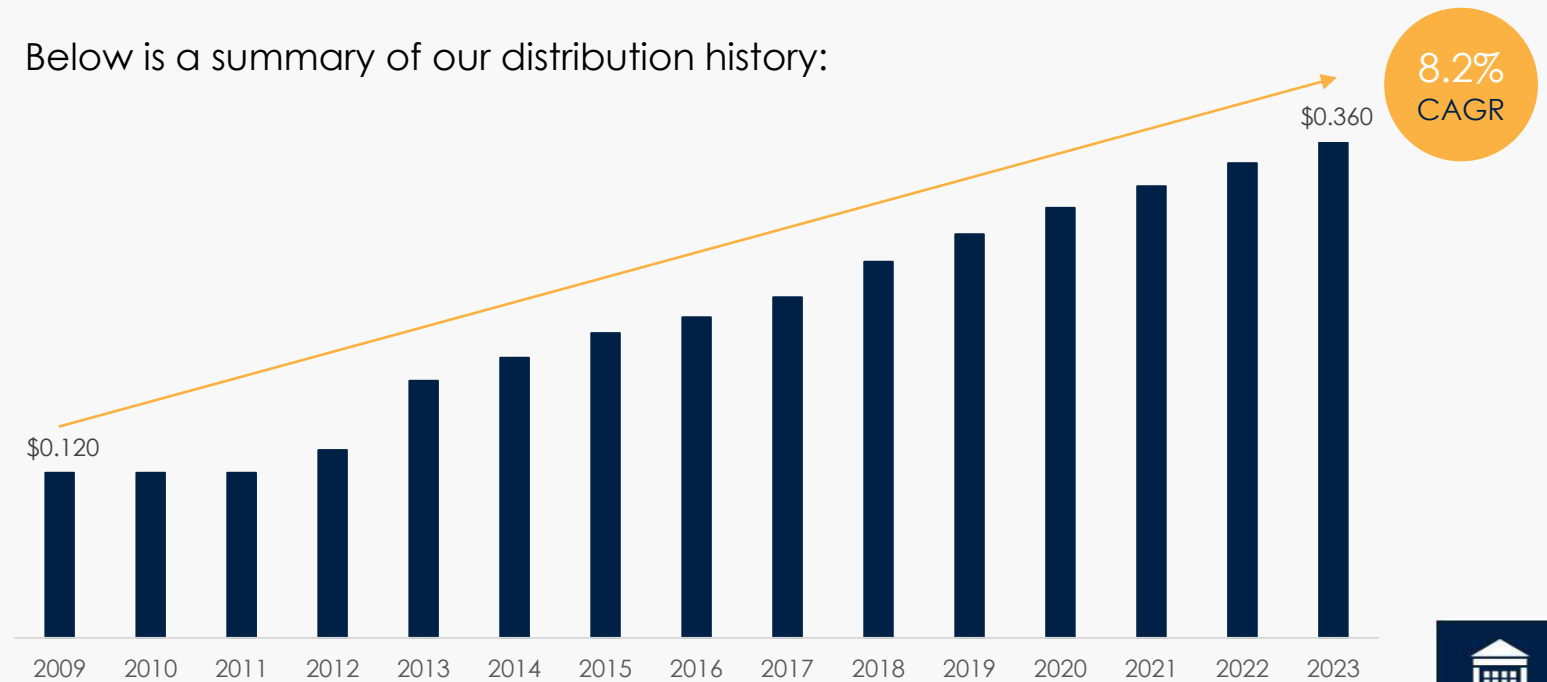


InterRent continues to focus on organic growth of existing properties, target new properties to reposition, as well as acquisitions of properties with untapped value.

Since inception, InterRent has been one of the best performing REITs in Canada, outperforming the S&P/TSX Composite Index, and growing distributions at an average of 8% per year over the past 13 years.

Below is a summary of our distribution history:

Start	September 30, 2009	
End	As at June 9, 2023	
Unit Price	\$1.80 to \$12.87	
Annual Distributions per Unit	\$0.120 to \$0.360	
Annualized Return	15.5%	
Number of Suites	4,033 to 13,840 <sup>1</sup>	+343%



8.2%  
CAGR



<sup>1</sup> Represents 12,021 suites fully owned by the REIT, 1,214 suites owned 50% by the REIT, and 605 suites owned 10% by the REIT.



# VALUE CREATION STRATEGIES

# VALUE CREATION STRATEGIES

## Increasing Scale Through Acquisitions

### ACQUISITION CRITERIA



#### 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.

### 2022 ACTIVITY

**311**

ACQUIRED  
**SUITES<sup>1</sup>**

**\$67M**

TOTAL  
**VOLUME<sup>1</sup>**

Continued to reinforce core regions while working with our joint venture partners.

Entered **Brossard**, one of the fastest growing rental markets in the Greater Montreal Area.

#### Q1 2023

We have continued to expand our footprint in the Greater Toronto Area in 2023 with the acquisition of

**605**

suites<sup>2</sup> in **Brampton** alongside our joint venture partners.

Total Volume: **\$185.5M**, with a share of **10%**



<sup>1</sup> At 100%; InterRent's ownership interest for all 311 acquired suites is 50%.

<sup>1</sup> At 100%; InterRent's ownership interest for all 605 acquired suites is 10%.

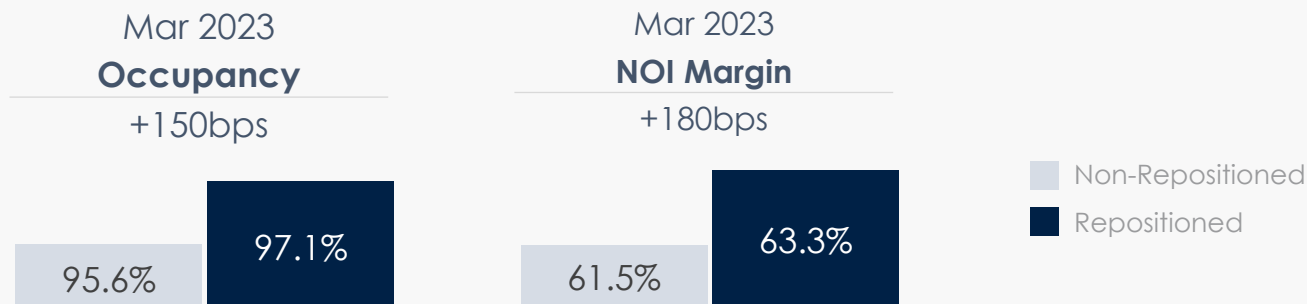
## VALUE CREATION STRATEGIES

# Upside to Investing in Our Properties

Acquired properties undergo repositioning work spanning 3-4 years to **increase efficiency and enhance revenue**. We breathe new life into buildings, which in some cases were at the end of their lifecycle.

By extending the life of existing buildings, and investing in energy reducing projects, our repositioning program contributes to the housing stock, meaningfully reduces carbon emissions, and provides more desirable homes for our residents

Roughly **18%** of our operating portfolio is currently undergoing repositioning work, representing substantial upside as repositioned suites **experience lower vacancy, and earn higher yields**, due to the investments in the efficiency of the properties:



## VALUE CREATION STRATEGIES

# Building New Bold and Vibrant Communities

### ONGOING PROJECTS

Project	Suites	Commercial Sq. Ft.	Ownership	Expected Completion
<b>900 Albert Street</b> – Ottawa, ON	1,241	511,608	50%	TBD
<b>Richmond &amp; Churchill</b> – Ottawa, ON	185	18,650	100%	H2 2026
<b>Burlington GO Lands</b> – Burlington, ON	2,515	39,860	25%	2028

>4,000  
SUITES

We are contributing to the much-needed supply of new housing in Canada and we continue to evaluate future projects.

### PROJECT HIGHLIGHT: **473 ALBERT**

473 Albert serves as an example of our industry-leading creativity in contributing to the housing supply issue as it was **one of the first office conversions in Canada**.

This unique and sustainable project not only breathed life into an underutilized Class C office building, but also revitalized the neighbourhood, fostering community engagement while providing the opportunity to divert waste and carbon, and addressing the critical need for additional housing supply.

As part of the transformation, materials not used in reconstruction were given a new purpose and donated to **Habitat for Humanity** and **Algonquin College**.





# SUSTAINABILITY



2121 Saint-Mathieu St.  
Montreal, QC



# SUSTAINABILITY

## Building Momentum on Our Sustainability Journey

### 2022 SUSTAINABILITY HIGHLIGHTS






# SUSTAINABILITY





## Building Momentum on Our Sustainability Journey

### OUR PROGRESS

#### ENVIRONMENTAL

-  Conducted a baseline climate risk assessment, identifying company and portfolio physical and transition risks and opportunities
-  Established science-based GHG emissions reduction targets and submitted to the SBTi
-  Disclosed climate-related initiatives and performance through CDP's climate change questionnaire
-  Develop a systematic approach to incorporating climate change considerations into our capital allocation decisions including capital recycling and capital expenditure decisions

#### SOCIAL

-  Enhance the diversity of our workforce
-  Equip our team with the knowledge, skills and comfort to ensure that our DEI work is self-sustaining into the future.
-  Explore racial and gender pay equity analyses
-  Ensure policies and practices are inclusive

#### GOVERNANCE

-  Incorporate ESG metrics in executive compensation
-  Became an Employer Partner with the Canadian Centre for Diversity and Inclusion
-  Increase our Board of Trustees' knowledge on climate-related risks and opportunities through training.
-  Increase Board diversity, increasing female representation to over 30% by 2023 AGM

 Complete  Ongoing





# FINANCIAL HIGHLIGHTS

# FINANCIAL HIGHLIGHTS

## Operating Improvements Cap Off a Year of Progress

Selected Consolidated Information In \$000's, except per Unit amounts and other non-financial data	Total Portfolio					
	Year Ended Dec. 31, 2022	Year Ended Dec. 31, 2021	Change	3 Months Ended Mar. 31, 2023	3 Months Ended Mar. 31, 2022	Change
Total Suites	13,217 <sup>(1)</sup>	12,877 <sup>(2)</sup>	<b>+2.6%</b>	13,840 <sup>(3)</sup>	12,925 <sup>(4)</sup>	<b>+12.7%</b>
Average Rent per Suite (end of period)	\$1,479	\$1,381	<b>+7.1%</b>	\$1,504	\$1,404	<b>+7.1%</b>
Occupancy (end of period)	96.8%	95.6%	<b>+120 bps</b>	96.8%	95.5%	<b>+130 bps</b>
Operating Revenues <sup>(5)</sup>	\$216,400	\$185,148	<b>+16.9%</b>	\$57,740	\$51,877	<b>+11.3%</b>
Net Operating Income (NOI) <sup>(5)</sup>	\$139,223	\$117,658	<b>+18.3%</b>	\$36,321	\$32,169	<b>+12.9%</b>
NOI %	64.3%	63.5%	<b>+80 bps</b>	62.9%	62.0%	<b>+90 bps</b>
Funds From Operations (FFO)	\$76,933	\$72,826	<b>+5.6%</b>	\$18,910	\$19,067	<b>-0.8%</b>
FFO per Unit (diluted)	\$0.532	\$0.510	<b>+4.3%</b>	\$0.130	\$0.133	<b>-2.3%</b>

- Total portfolio occupancy reached **96.8%**, in line with the REIT's long-term run-rate.
- Average rent growth of **7.1%** highlights the consistency in our strategy over time.
- Robust FFO performance, with a **5.6%** increase in FFO per unit despite pressures on operating expenses and financing costs.
- Fundamentals also strong on a Same Property basis, with average rent up **6.0%**, occupancy up **0.8%**, and NOI margin improving by **0.6%** over prior year.
- Strong operating results and cost control continuing in H1 2023

(1) Represents 12,003 suites fully owned by the REIT and 1,214 suites owned 50% by the REIT.  
 (2) Represents 11,974 suites fully owned by the REIT and 903 suites owned 50% by the REIT.  
 (3) Represents 12,021 suites fully owned by the REIT, 1,214 suites owned 50% by the REIT, and 605 suites owned 10% by the REIT.  
 (4) Represents 11,965 suites fully owned by the REIT and 960 suites owned 50% by the REIT.  
 (5) Proportionate.



## FINANCIAL HIGHLIGHTS

# A Strong Balance Sheet Well-Positioned for Stable Growth

In \$'000s	March 31, 2023	December 31, 2022
<b>Assets</b>		
Investment properties	\$ 4,343,071	\$ 4,253,044
Investment in joint ventures	41,829	32,040
Prepays and deposits	9,255	2,639
Receivables and other assets	24,067	23,603
Cash	1,842	4,267
<b>Total assets</b>	<b>\$ 4,420,064</b>	<b>\$ 4,315,593</b>
<b>Liabilities</b>		
Mortgages payable	\$ 1,635,670	\$ 1,654,449
Credit facilities	44,792	-
Class B LP unit liability	45,670	43,658
Unit-based compensation liabilities	58,139	54,131
Lease liabilities	1,858	1,903
Tenant rental deposits	18,457	18,226
Accounts payable and accrued liabilities	42,805	45,850
<b>Total liabilities</b>	<b>1,847,391</b>	<b>1,818,217</b>
<b>Unitholders' equity</b>		
Unit capital	1,058,174	1,052,858
Retained earnings	1,514,499	1,444,518
<b>Total unitholders' equity</b>	<b>2,572,673</b>	<b>2,497,376</b>
<b>Total liabilities and unitholders' equity</b>	<b>\$ 4,420,064</b>	<b>\$ 4,315,593</b>

Weighted average cap rate applied to our portfolio was **4.04%** at Q1 2023 (unchanged from Q4 2022).

At March 31, 2023, we had approximately **\$209.8 million** in unencumbered properties that do not have mortgages nor provide security for any credit facilities.

With a debt-to-GBV ratio of **38.0%**, the REIT has significant liquidity available through both CMHC insured and conventional mortgage financing to finance future capital programs, development opportunities and acquisitions.

### MORTGAGE ACTIVITY DURING THE QUARTER:

- Renewed two mortgages totaling \$40.8 million
- Renewed a mortgage facility totaling \$67.5 million (net of a \$27.2 million paydown)
- Closed on two new mortgages totaling \$4.4 million
- Closed on an up-financing totaling gross proceeds of \$20.8 million (maturing loans totaled \$10.5 million)
- Assumed a \$10.0 million mortgage as part of an acquisition in a joint venture

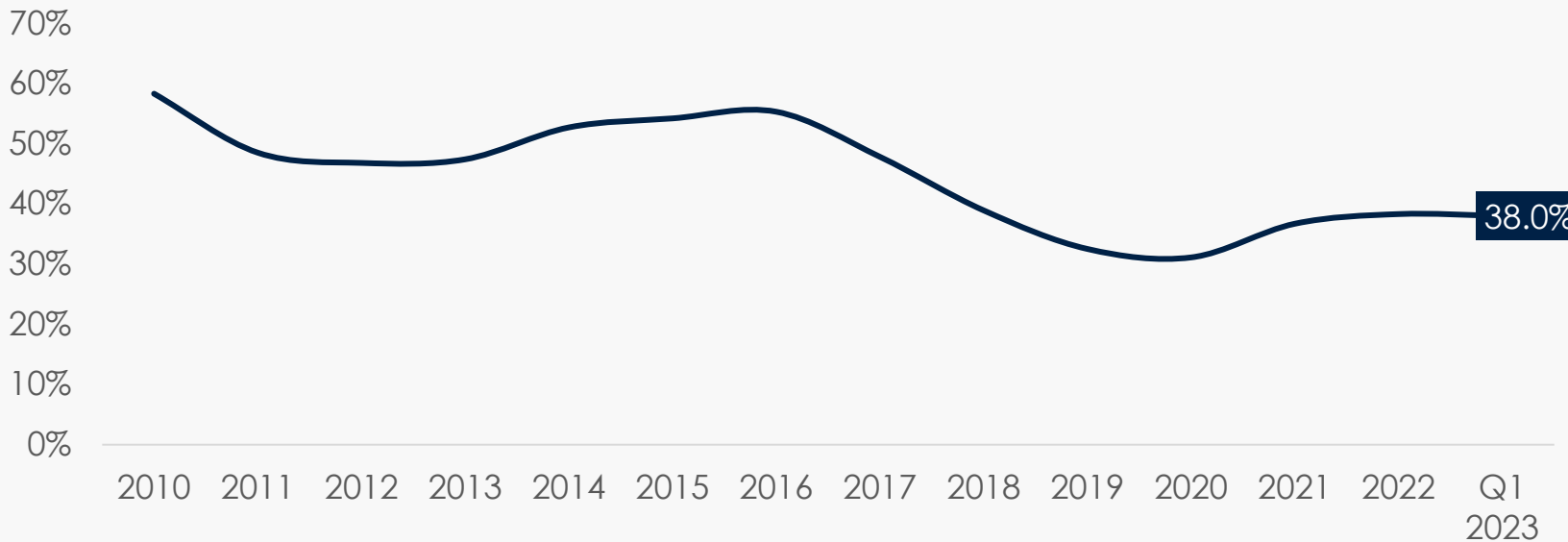


# FINANCIAL HIGHLIGHTS

## Prudent Liquidity and Debt Strategies

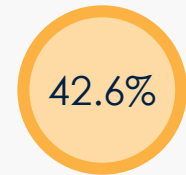
### FINANCIAL STRENGTH WITH FLEXIBILITY & AGILITY

HISTORICAL DEBT-TO-GBV



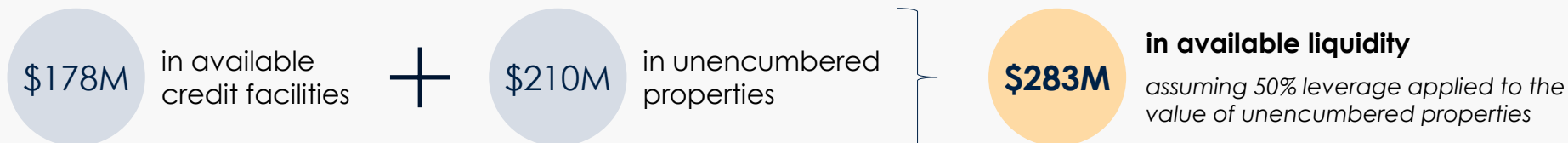
PEER AVERAGE DEBT TO GBV

At March 31, 2023



With the **lowest** debt-to-GBV ratio of our peer group, we are provided with added flexibility and agility in our financing strategy.

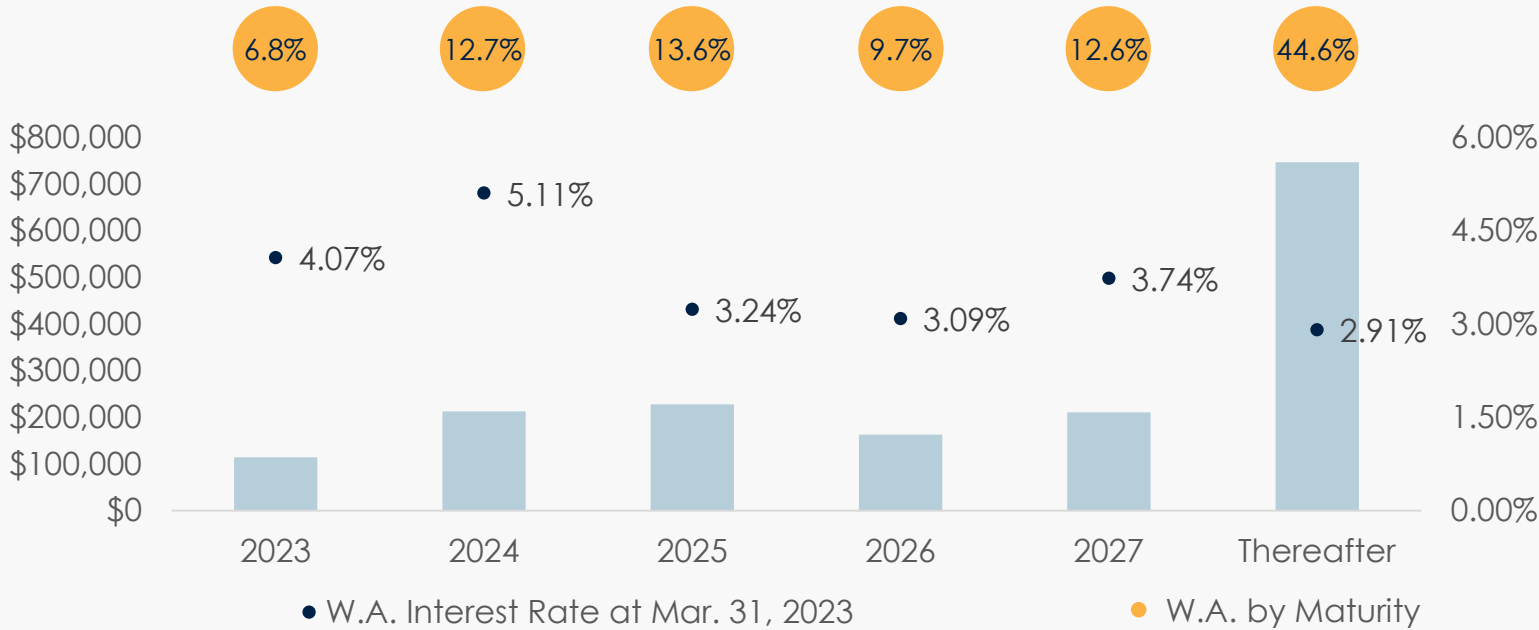
### AVAILABLE LIQUIDITY



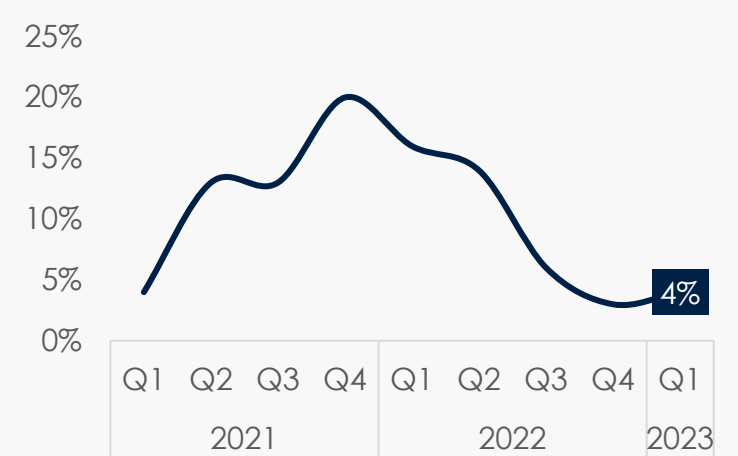
# FINANCIAL HIGHLIGHTS

## Prudent Liquidity and Debt Strategies

### STRATEGIC DEBT PORTFOLIO OPTIMIZATION



### SIGNIFICANT REDUCTION IN VARIABLE RATE EXPOSURE



### COVERAGE RATIOS



Interest Coverage



Debt Service Coverage





# MARKET OUTLOOK

“We are navigating the rising interest rate environment with vigilance and keeping a clear focus on our operations. We are confident in our ability to deliver sustainable and long-term value through organic growth, while continuing to explore opportunities through joint ventures.”

- Brad Cutsey, CEO



Pavillion Milton  
Montreal, QC





## CONTACT US

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# THANK YOU