

# InterRent REIT

Investor Presentation

January 2022







# Forward Looking Statements



Le Neuville | 1101 Rachel St, Montréal

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.



# Contents

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On Investors' Minds	4
Portfolio Characteristics	7
Quarterly Results at a Glance	12
Capital Deployment	14
Balance Sheet	19
Sustainability	22
Key Takeaways	24
Appendix	26





# On Investors' Minds

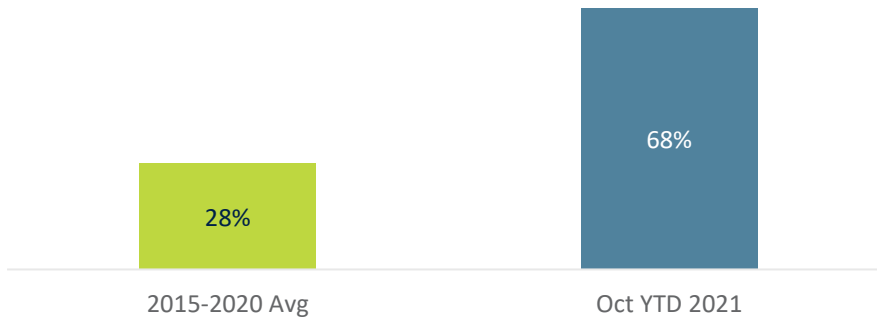


# Behind the Immigration Headlines

Canada welcomed a record 401,000 new permanent residents in 2021

...and yet, population growth is extremely weak

## SHARE OF NEW PERMANENT RESIDENTS LIVING IN CANADA AT TIME OF LANDING



Prior to the pandemic, most new immigrants moved to Canada from overseas

In 2021, the IRCC focused on transitioning temporary residents already in Canada to permanent residence

**Omicron may delay, but unlikely to derail Canada's overarching immigration policy goals**

Immigration Levels Plan 2022-2024 to be released on Feb 10

- ✓ Current 2022 target is 411,000
- ✓ Immigration Minister said open to increasing levels to address labour shortages
- ✓ Main federal parties largely aligned on immigration

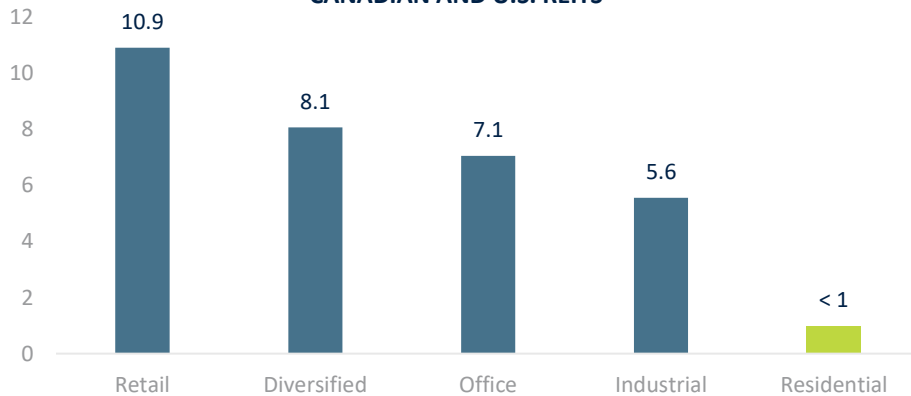
~1.8 million applications in backlog

- ✓ Demand to immigrate to Canada remains strong
- ✓ Processing time is improving
- ✓ Canada has overcome backlogs before



# Multi-Family REITs as a Hedge Against Inflation

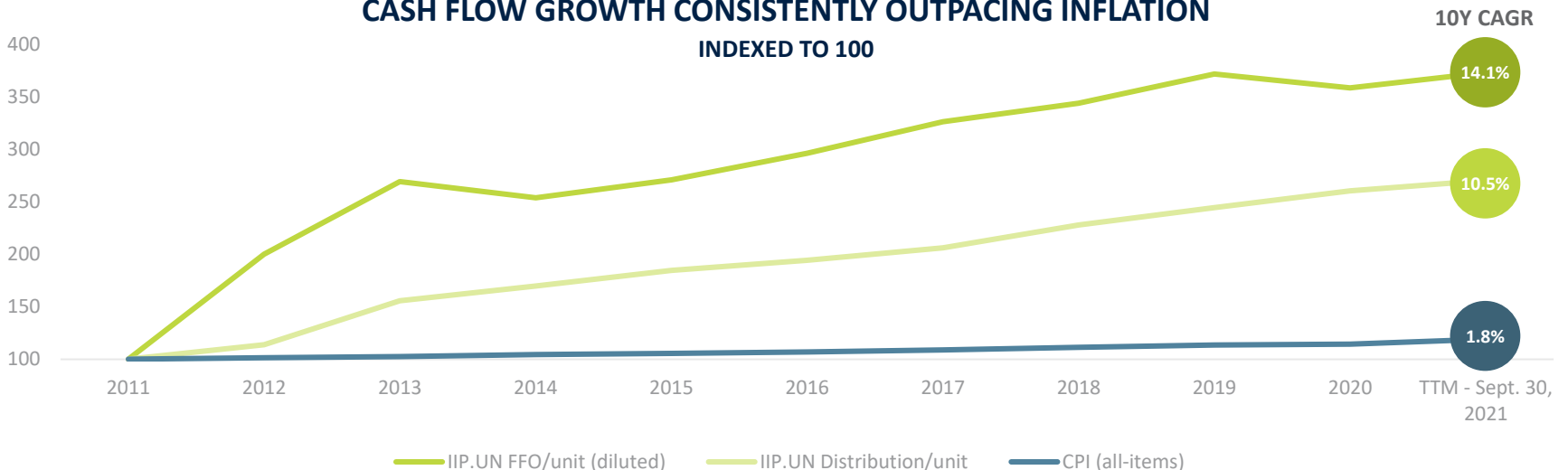
**AVERAGE REMAINING LEASE TERM**  
CANADIAN AND U.S. REITS



- Shorter-term residential leases can react quickly to capture inflation
- **IIP.UN ranks #1** among the six Canadian REITs considered 'most consistent distribution growers' since 2014<sup>1</sup>

<sup>1</sup>The BMO REIT Beat, December 2021 Edition

**CASH FLOW GROWTH CONSISTENTLY OUTPACING INFLATION**  
INDEXED TO 100



A modern apartment lobby featuring a long, grey reception desk with a wood-grain texture. The wall behind the desk is made of blue horizontal slats. The ceiling has recessed lighting and a single pendant light. The floor is a mix of grey and light-colored tiles. In the background, there is a staircase and a console table with decorative items.

# Portfolio Characteristics

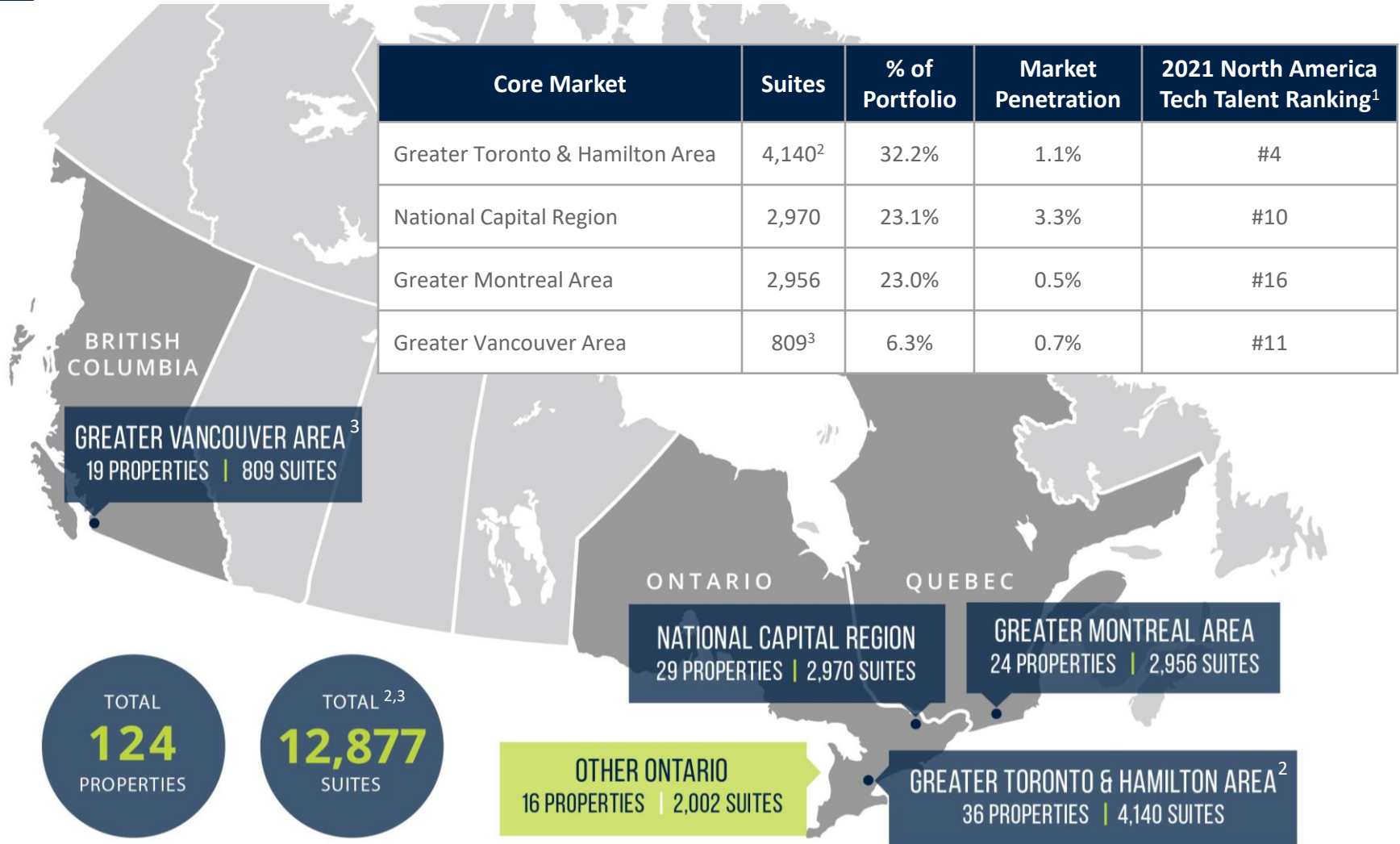
Appartements VIE | 2121 Saint-Mathieu St, Montréal





## PORTFOLIO CHARACTERISTICS

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



<sup>1</sup> Based on CBRE's analysis of the top 50 tech talent markets in the U.S. and Canada. Represents four of the top five markets in Canada.

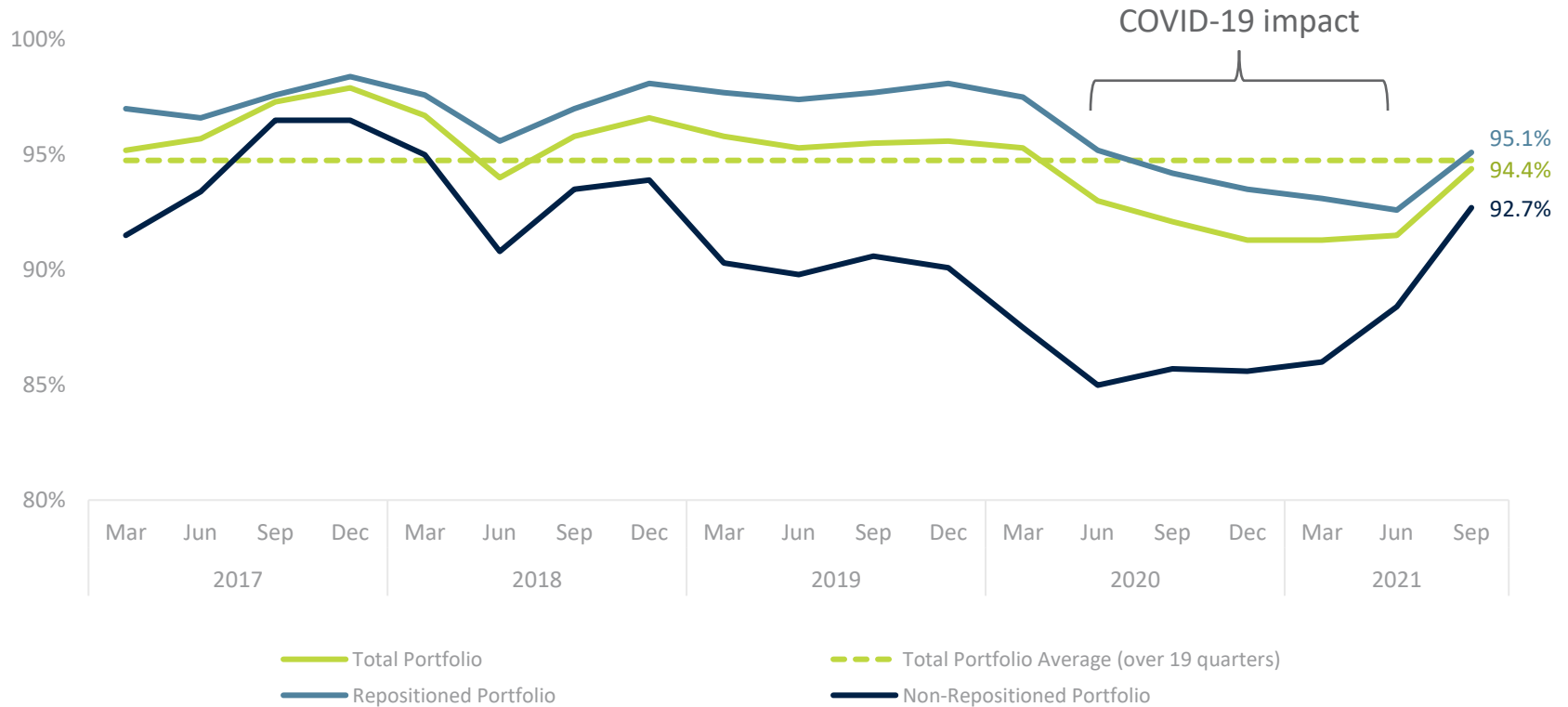
<sup>2</sup> Includes 100% of 94-suite community in Mississauga of which InterRent's ownership interest is 50%.

<sup>3</sup> Includes 100% of Vancouver portfolio of which InterRent's ownership interest is 50%.





# Occupancy Trend

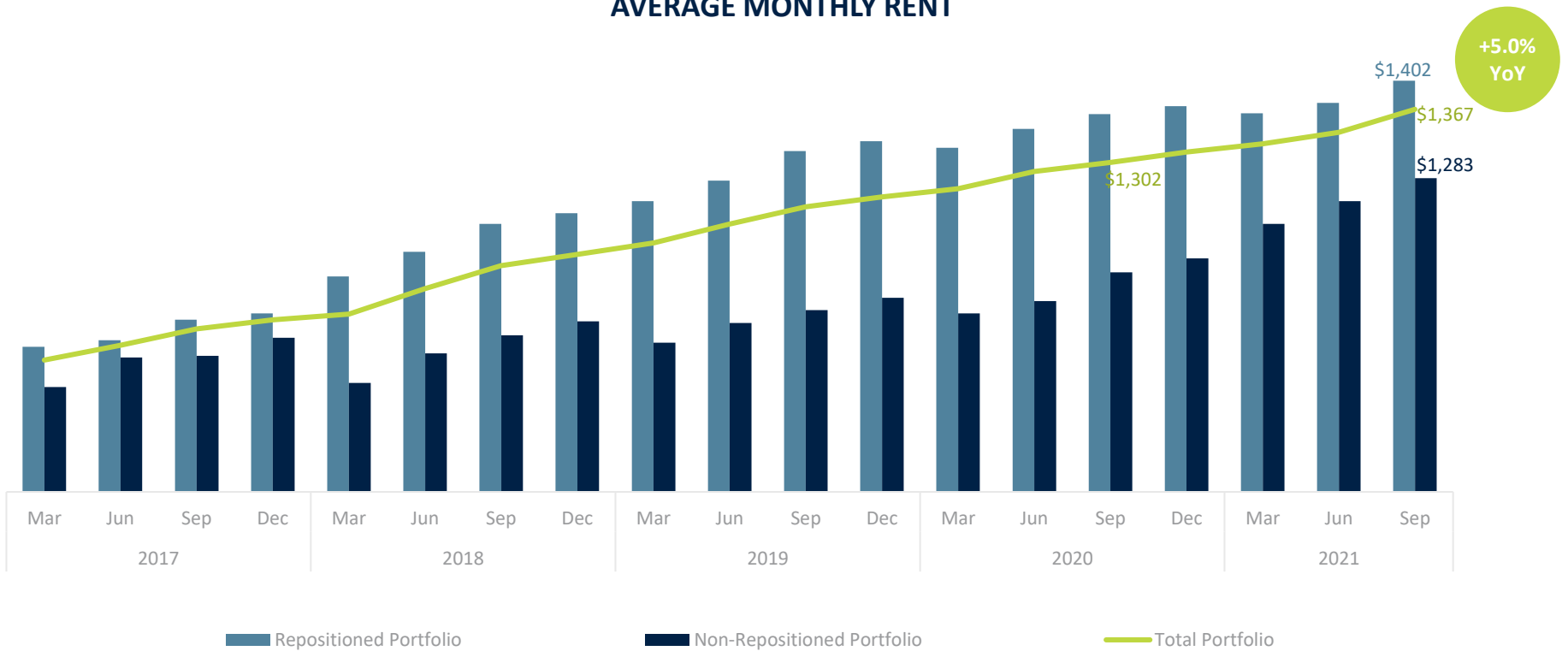


- Occupancy improvements across all portfolio segments in Q3 2021
- Improvement in Non-Repositioned portfolio driven by significant leasing progress in Vancouver



# Proven Track Record of Rental Growth

## AVERAGE MONTHLY RENT

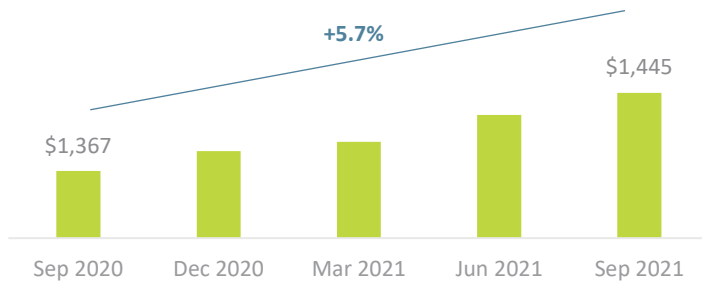




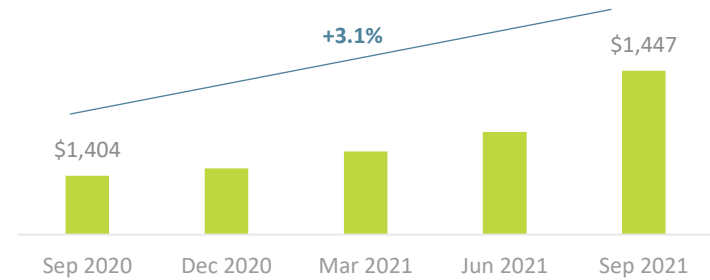


# Growing Average Monthly Rent Across the Portfolio

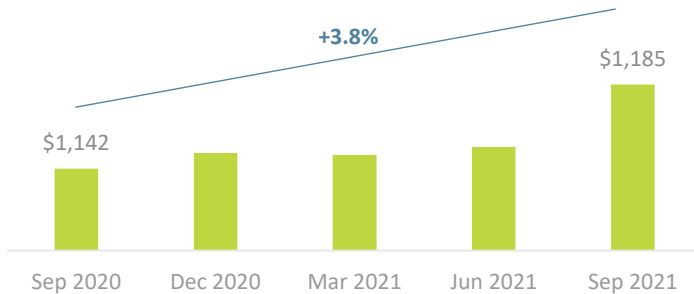
## GREATER TORONTO & HAMILTON AREA



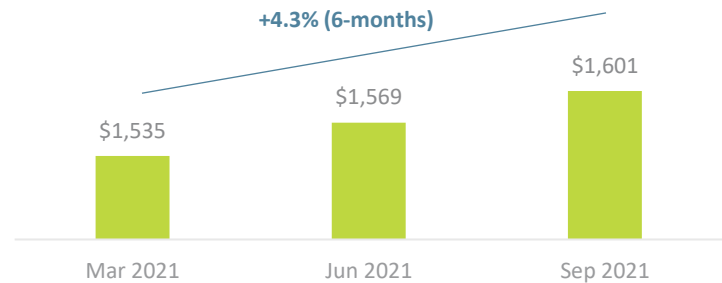
## NATIONAL CAPITAL REGION



## GREATER MONTREAL AREA



## GREATER VANCOUVER AREA



A modern apartment lounge area featuring a wall of horizontal wooden slats on the left, several round white tables with teal chairs, and a long bar with black stools on the right. The ceiling has several exposed light bulbs. A large blue semi-transparent banner is overlaid across the middle of the image.

# Quarterly Results at a Glance



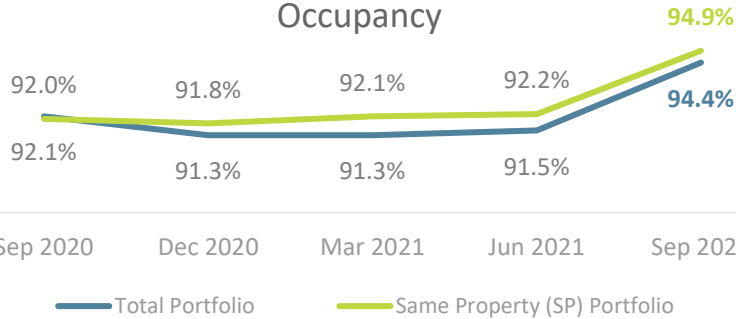


# QUARTERLY RESULTS AT A GLANCE

## Q3 2021

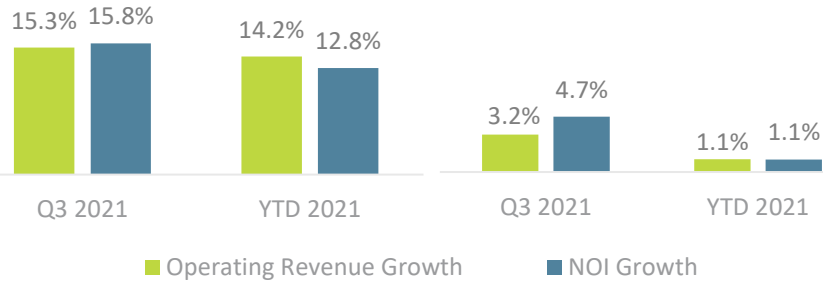
### OPERATIONAL HIGHLIGHTS

#### Occupancy



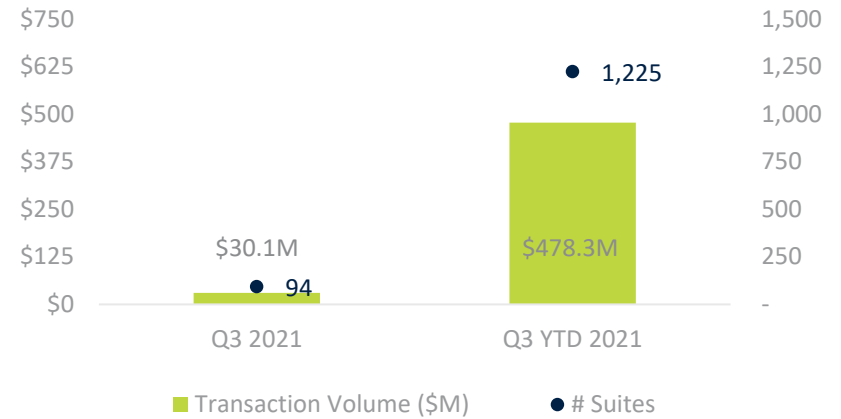
#### Total Portfolio

#### SP Portfolio



	Q3 2021	YoY Chg.	YTD 2021	YoY Chg.
FFO (\$M)	19,285	+12.3%	53,243	+13.5%
<b>FFO/Unit</b>	<b>\$0.135</b>	<b>+11.6%</b>	<b>\$0.373</b>	<b>+5.4%</b>
AFFO (\$M)	17,238	+14.4%	47,389	+14.5%
<b>AFFO/Unit</b>	<b>\$0.121</b>	<b>+14.2%</b>	<b>\$0.332</b>	<b>+6.4%</b>

### EXTERNAL GROWTH<sup>1</sup>



### FINANCIAL HEALTH

Debt/GBV	34.4%
Weighted Average Interest Cost	2.39%
CMHC Insured Mortgages	69%
Interest Coverage <sup>2</sup>	3.45x
Available Liquidity – Sep 30, 2021 <sup>3</sup>	~\$220M

<sup>1</sup> At 100%; InterRent's ownership interest is 50% in Vancouver and in Q3 closings

<sup>2</sup> Rolling 12 months

<sup>3</sup> Assuming 50% leverage applied to unencumbered properties

# Capital Deployment

A photograph of an outdoor swimming pool. In the foreground, there are several wooden lounge chairs and a large red patio umbrella. The pool is filled with clear blue water. In the background, there is a multi-story building, a parking lot with cars, and a line of trees under a blue sky with white clouds. A sign near the pool reads "SHALLOW WATER NO DIVING". A lifeguard stand is visible on the right side of the pool.

Forest Ridge | 2380 Baseline Rd, Ottawa





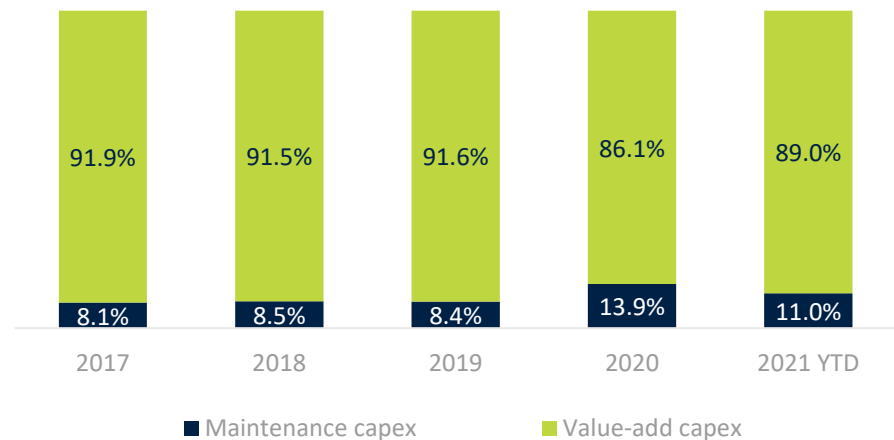
# Strategic CAPEX

## WELL-MAINTAINED PORTFOLIO

	Maintenance Capex	Per Repositioned Suite
2017	\$4.1M	\$866
2018	\$5.6M	\$966
2019	\$6.4M	\$975
2020	\$7.3M	\$946
2021 YTD	\$5.8M	\$930 <sup>1</sup>

<sup>1</sup> Annualized

## WITH FOCUS ON VALUE-ADD INVESTMENTS



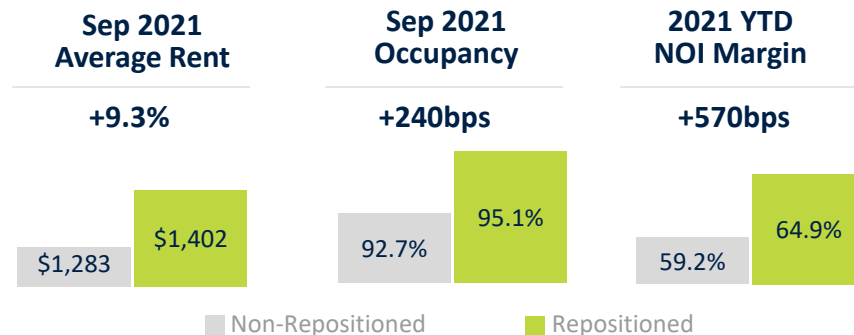
## REPOSITIONING PROGRAM

Acquired properties undergo repositioning work spanning 3-4 years to increase efficiency and enhance revenue.

Repositioning investment can include:

- Common area upgrades
- Exterior upgrades
- Full or partial suite renovations (\$15-\$40K/suite)

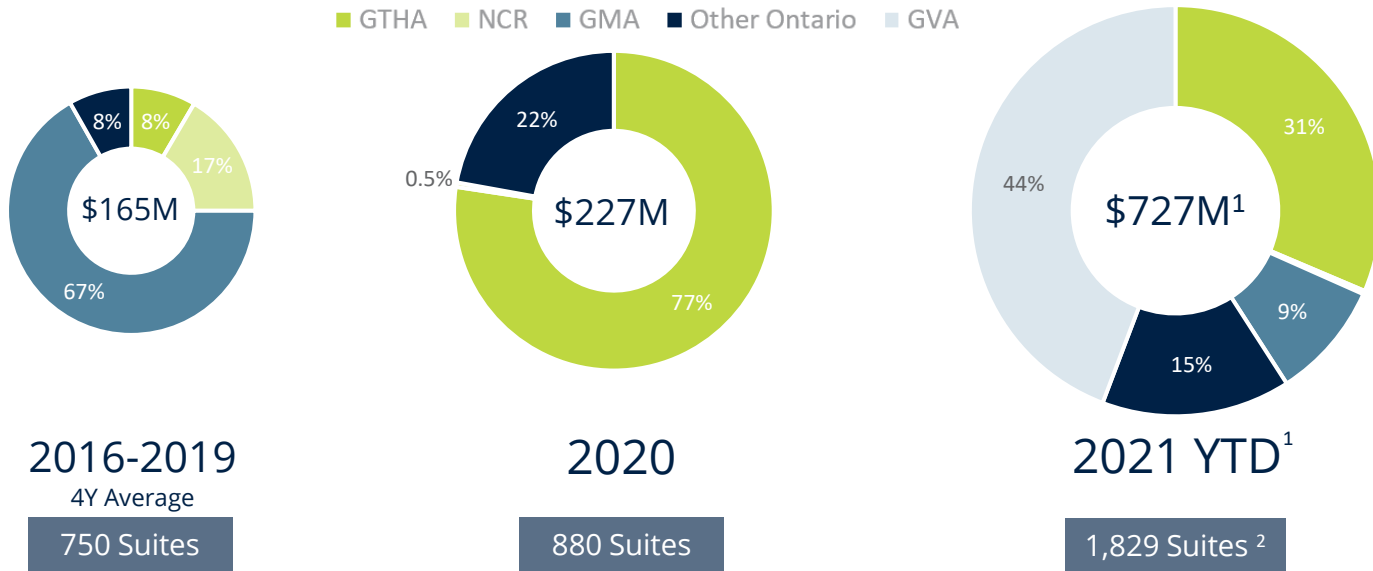
As of Sep 30, 2021, the REIT has 3,583 suites at various stages in its repositioning program and has invested \$26.6M YTD.





# Record Acquisition Activity Throughout Pandemic

- The pandemic accelerated the institutionalization of multi-family assets in Canada
- Delivered record external growth in 2021, while remaining disciplined in a competitive market



3655 Papineau, Montréal

920 Inverhouse, Mississauga

The Link, Vancouver

<sup>1</sup>Closed transactions as of September 30, 2021 and all subsequent events and commitments as disclosed in Q3 2021 Financial Statements

<sup>2</sup>At 100%; InterRent acquired 903 suites with a total transaction volume of \$413M at a 50% ownership interest

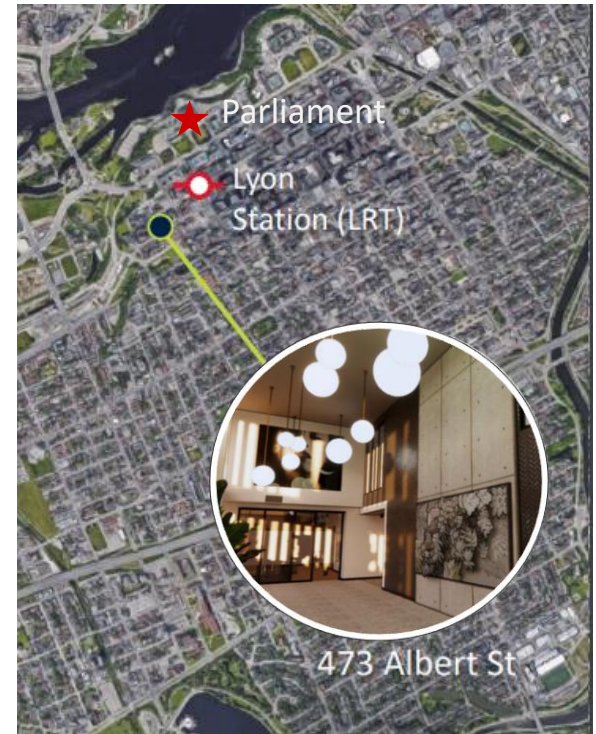


# Active Developments

## 473 Albert Street, Ottawa (NCR)

- Adaptive reuse of obsolete office stock
- Core downtown location, steps from two LRT nodes, Parliament and business core
- Construction underway and value engineering exercises ongoing

# Suites	158
Total investment	\$73M
Expected completion	Q4 2022
Expected yield	4.4%
Expected IRR <sup>1</sup>	>15%



<sup>1</sup> Levered





# Development Pipeline

Project	Location	Ownership	Use	Earliest start date	Status
900 Albert Street	Ottawa	47.5%	1,241 residential suites + ~510,000 sq ft commercial	1H 2023	In planning Zoning amendment approved
Richmond & Churchill	Ottawa	100%	180 residential suites + ~19,000 sq ft commercial	2H 2022	In planning Zoning amendment approved
Burlington GO Lands	Burlington	25%	2,494 residential suites + ~43,000 sq ft commercial	2H 2022	In planning Site plan application in progress



900 Albert Street



Richmond & Churchill



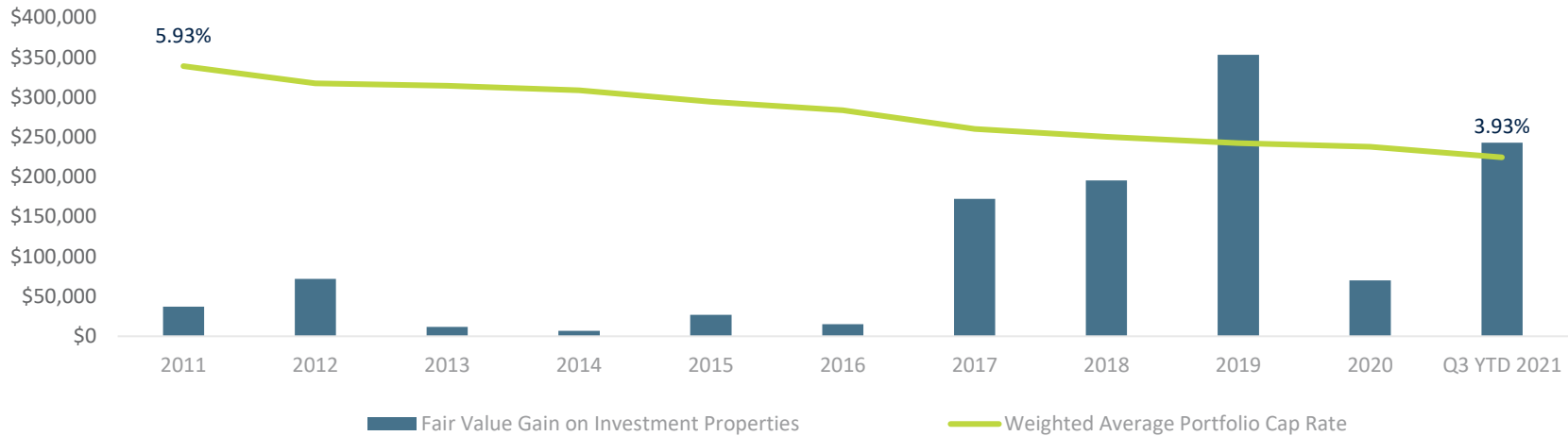
Burlington GO Lands

# Balance Sheet

PAVILLON  
HUTCHISON



# Active Management Track Record of Value Creation



Region	Q3 21 Cap Rate
Greater Toronto & Hamilton Area	3.81%
National Capital Region	4.31%
Greater Montreal Area	3.58%
Greater Vancouver Area	2.96%
Other Ontario	4.43%
<b>Total Investment Properties</b>	<b>3.93%</b>

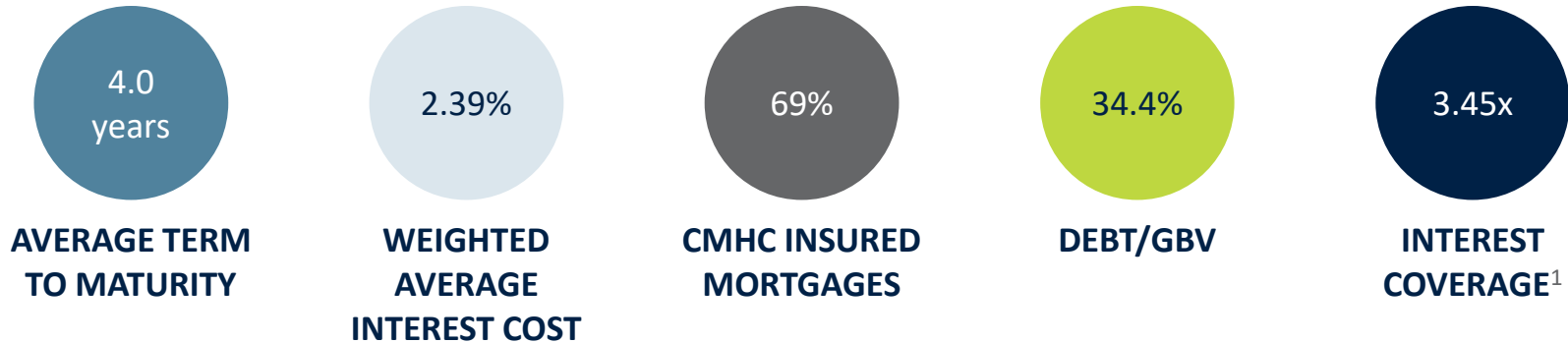
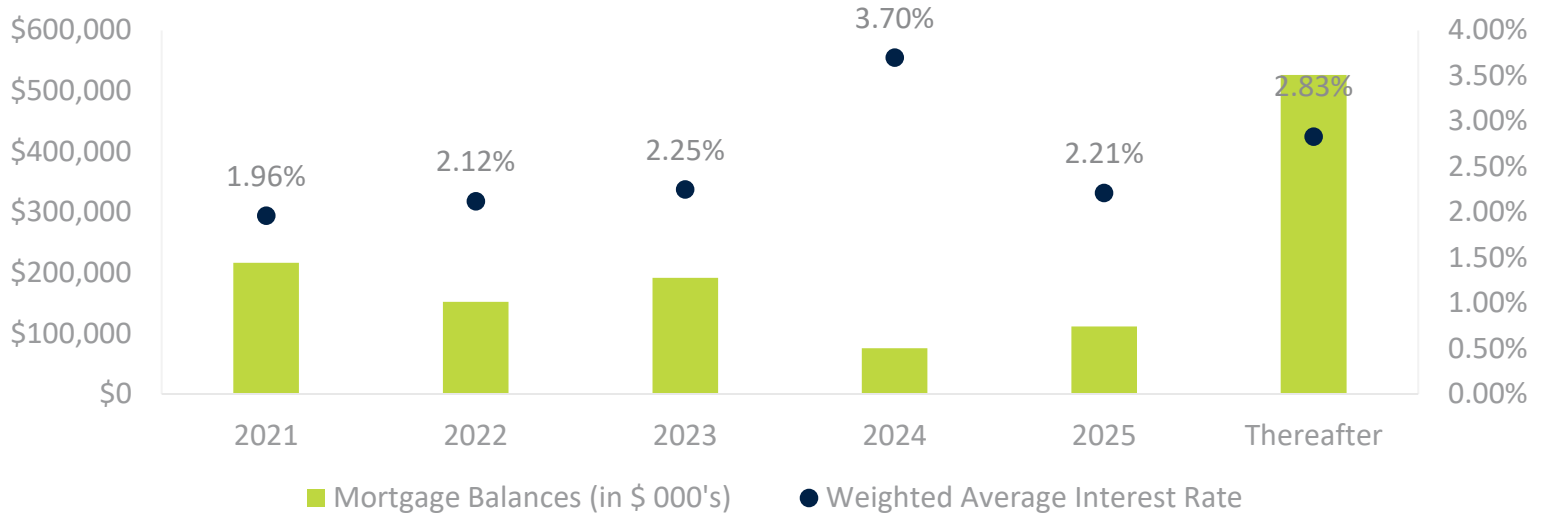
- Active management strategy has driven fair value gains over the last decade
- Q3 YTD 2021 fair value gain of \$242.7M driven by both cap rate compression and NOI improvement





# Financing Structure (as of September 30, 2021)

## MORTGAGE MATURITY SCHEDULE



<sup>1</sup> Rolling 12 months

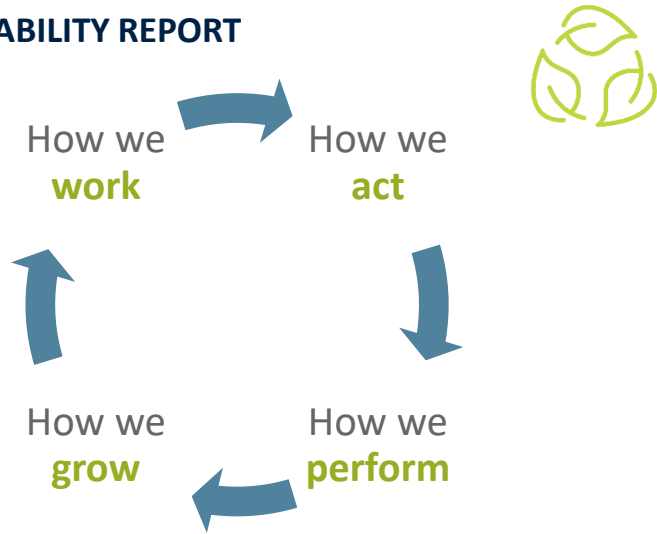
# Sustainability





# Bringing You Up to Speed

## 1<sup>ST</sup> SUSTAINABILITY REPORT



## DIVERSITY & INCLUSION

In Q3 2021, we continued on our diversity & inclusion (D&I) journey with the following:



- We became an **Employer Partner** with the Canadian Centre for Diversity and Inclusion ([CCDI](#))
- We marked Canada’s first **National Day for Truth and Reconciliation (Sep 30)** with an intimate coffee chat with Raven Lacerte, member of the Carrier First Nation and co-founder of the [Moose Hide Campaign](#)

## GRESB

25% increase in 2021 score & earned a “Green Star”



### Improvement drivers:

- ✓ Employee satisfaction & engagement
- ✓ Diversity disclosure
- ✓ Resident satisfaction & engagement



## CLIMATE CHANGE

### TCFD Recommendations

<b>Governance</b>	Climate risks and opportunities managed by senior leadership, with Board of Trustees oversight
<b>Strategy</b>	Have begun initial steps to identify and quantify climate risks that may impact strategy
<b>Risk Management</b>	Will conduct baseline climate change risk assessment and disclose through CDP
<b>Metrics &amp; Targets</b>	Currently monitor Scope 1 and 2 GHG emissions and will establish GHG emissions reduction target



# Key Takeaways



## Key Takeaways

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- Omicron may delay immigration ramp up, but nevertheless still expecting a strong recovery
- Short lease terms and track record of cash flow growth protect against inflation pressures
- With the current war for talent, an established multi-family operating platform is irreplicable
- Reinforcing sustainability commitment with inaugural report and GRESB performance





An aerial photograph of a residential development. In the foreground, a dark body of water is bordered by a wide, curved shoreline made of grey stones. Behind the shoreline is a large, well-maintained green lawn. A row of modern, two-story houses with dark grey roofs and brick accents is situated on the lawn. The houses have large windows and some have small patios. To the right of the main row, there is a larger, white, single-story building. The background is filled with lush green trees, and in the distance, a city skyline with several high-rise buildings is visible under a clear blue sky with a few wispy clouds.

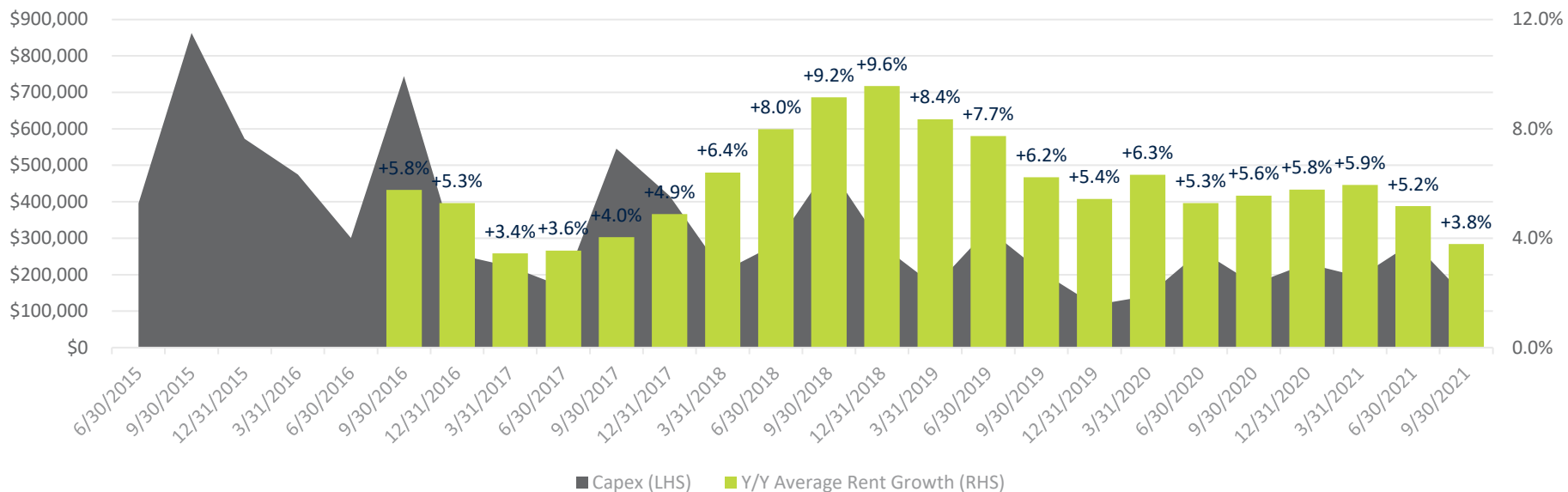
# Appendix





# Repositioning Case Study – Britannia Portfolio

Capital Invested in Repositioning Drives Long-Term Performance



## Investment Summary as at Sep 30, 2021

Region	National Capital Region	Acquisition Cost	\$28.1MM	Going-In Yield	5.7%
Suites	286	Capital Invested	\$8.5MM	Yield on Cost	9.0%
Avg Rent - Acquisition	\$880	Total Cost	\$36.6MM	<b>Yield improvement</b>	<b>+330bps</b>
Avg Rent - Current	\$1,292	IFRS Value	\$77.4MM	IFRS Cap Rate	4.3%
<b>Average Rent Growth</b>	<b>+47.0%</b>	<b>Value Created</b>	<b>\$40.8MM</b>	<b>Unlevered IRR</b>	<b>18.3%</b>
				<b>Levered IRR</b>	<b>39.1%</b>





## CONTACT US

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