

# InterRent REIT

Investor Presentation

Q1 2022 Conference Call

May 10, 2022





# Forward Looking Statements

Maison Hamilton | Côte Saint-Luc



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.



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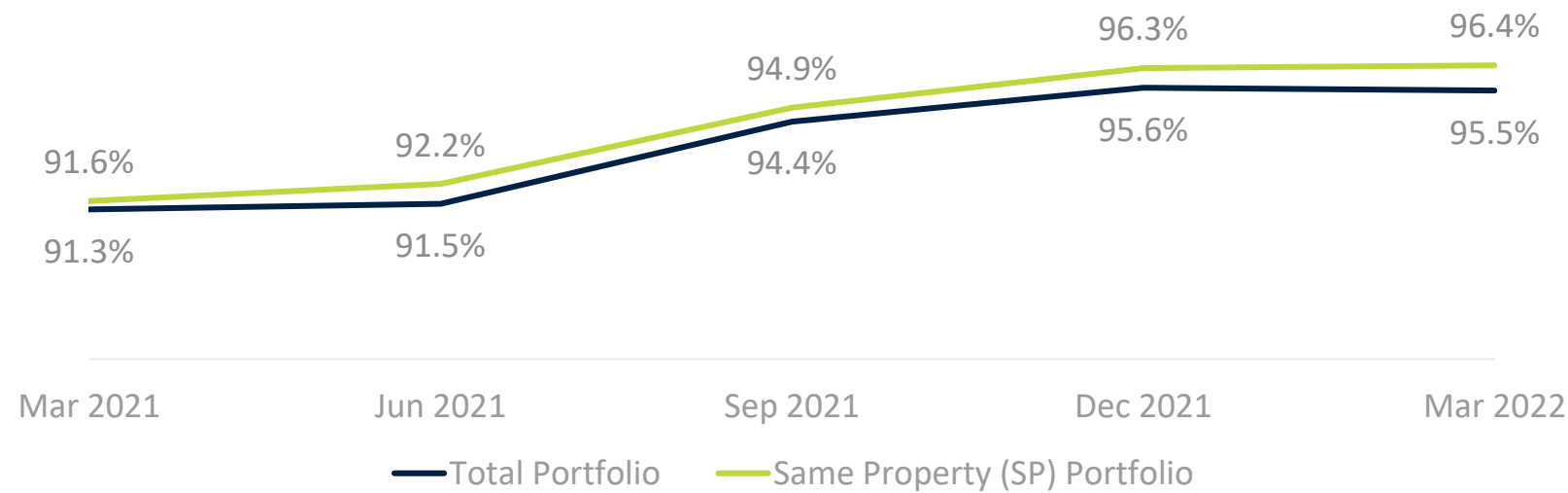
# Quarterly Results at a Glance



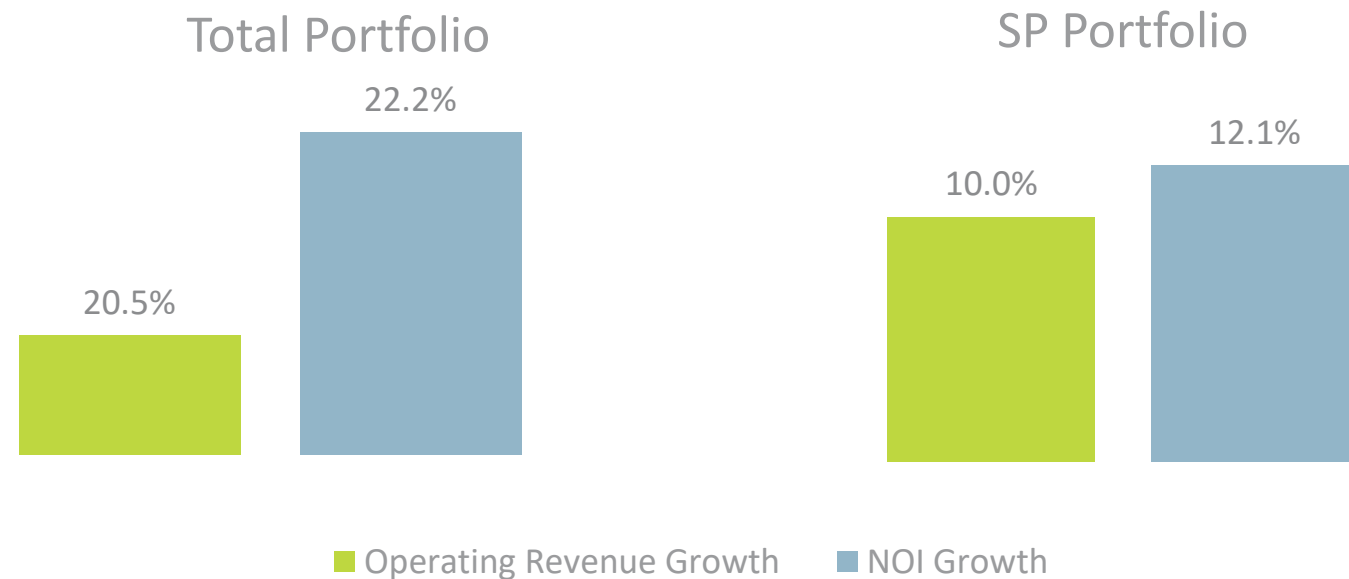


### OPERATIONAL HIGHLIGHTS

#### OCCUPANCY



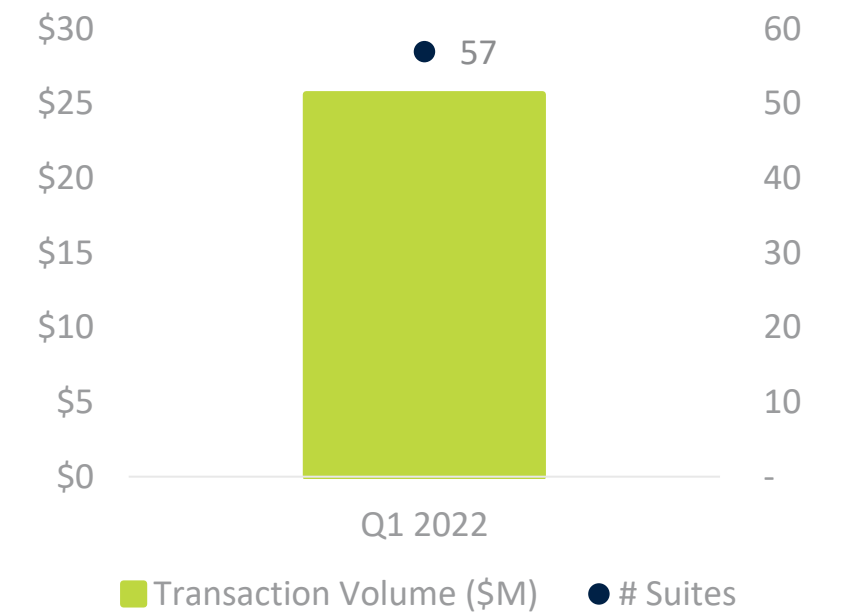
#### OPERATING REVENUE AND NOI GROWTH (YOY)



### PERFORMANCE MEASURES (NON-IFRS/GAAP)

|                  | Q1 2022        | YoY Chg.      |
|------------------|----------------|---------------|
| FFO (\$000)      | 19,067         | +17.8%        |
| <b>FFO/Unit</b>  | <b>\$0.133</b> | <b>+16.7%</b> |
| AFFO (\$000)     | 17,267         | +18.9%        |
| <b>AFFO/Unit</b> | <b>\$0.120</b> | <b>+17.6%</b> |

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



### FINANCIAL HEALTH

|                                                 |         |
|-------------------------------------------------|---------|
| Debt/GBV                                        | 36.4%   |
| Weighted Average Interest Cost                  | 2.51%   |
| CMHC Insured Mortgages                          | 71%     |
| Interest Coverage <sup>2</sup>                  | 3.31x   |
| Available Liquidity – Mar 31, 2022 <sup>3</sup> | ~\$255M |

<sup>1</sup> At 100%; InterRent has 50% ownership interest in 57 suites acquired in Q1 2022

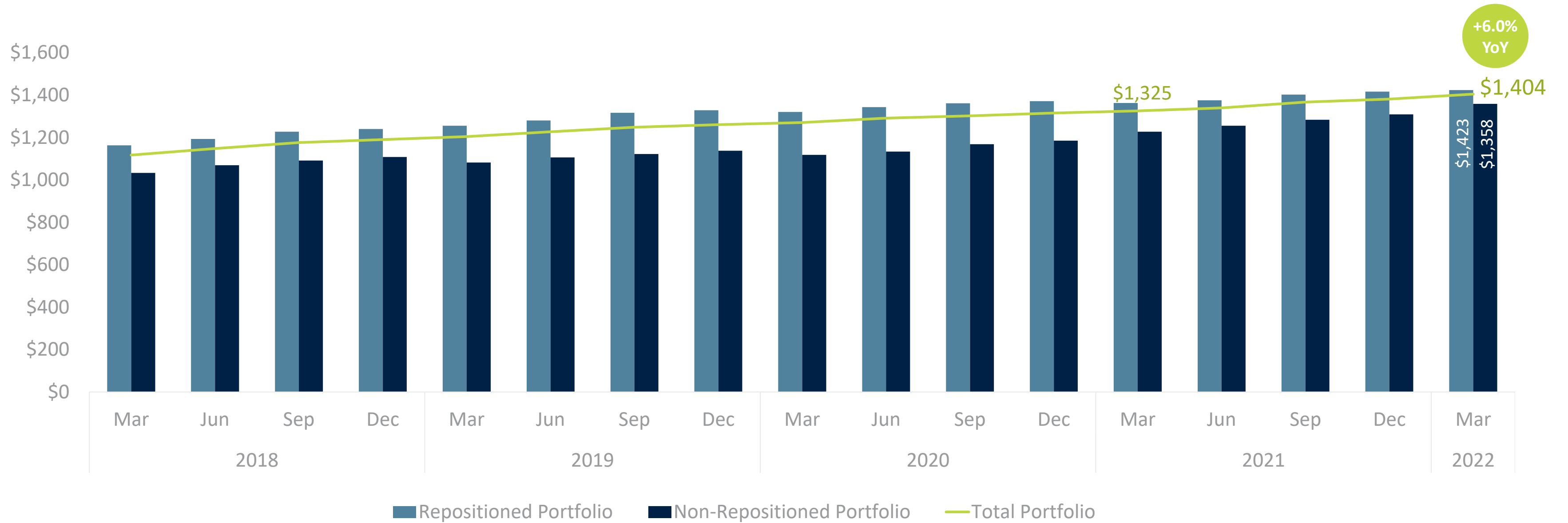
<sup>2</sup> Rolling 12 months

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



# Strengthening Fundamentals

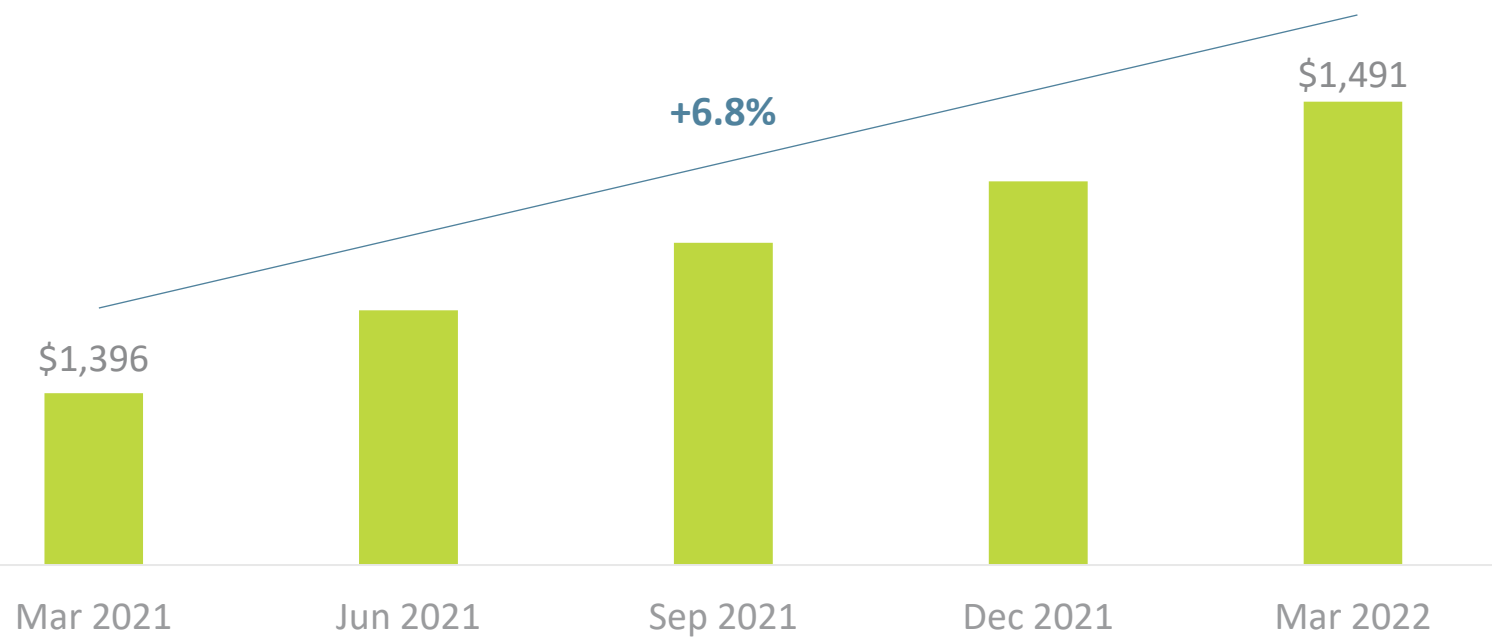
## AVERAGE MONTHLY RENT



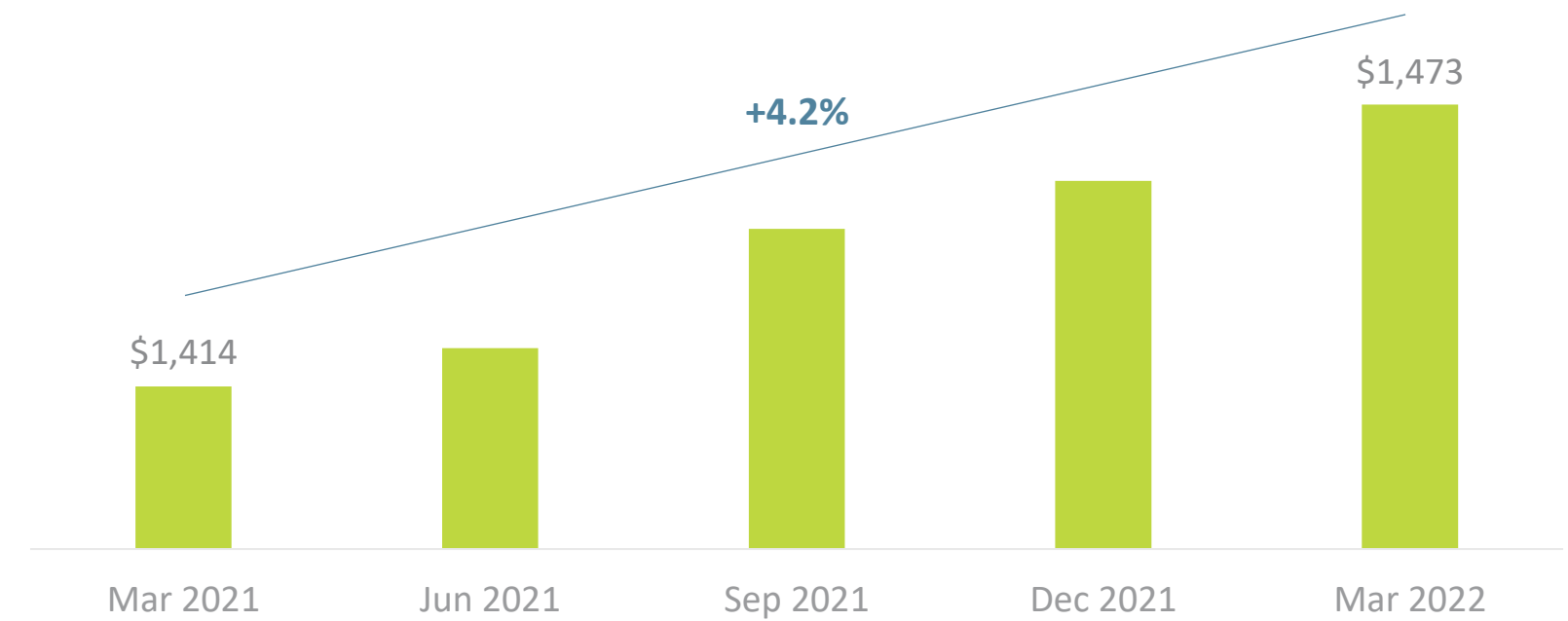


# Growing Average Monthly Rent Across All Regions

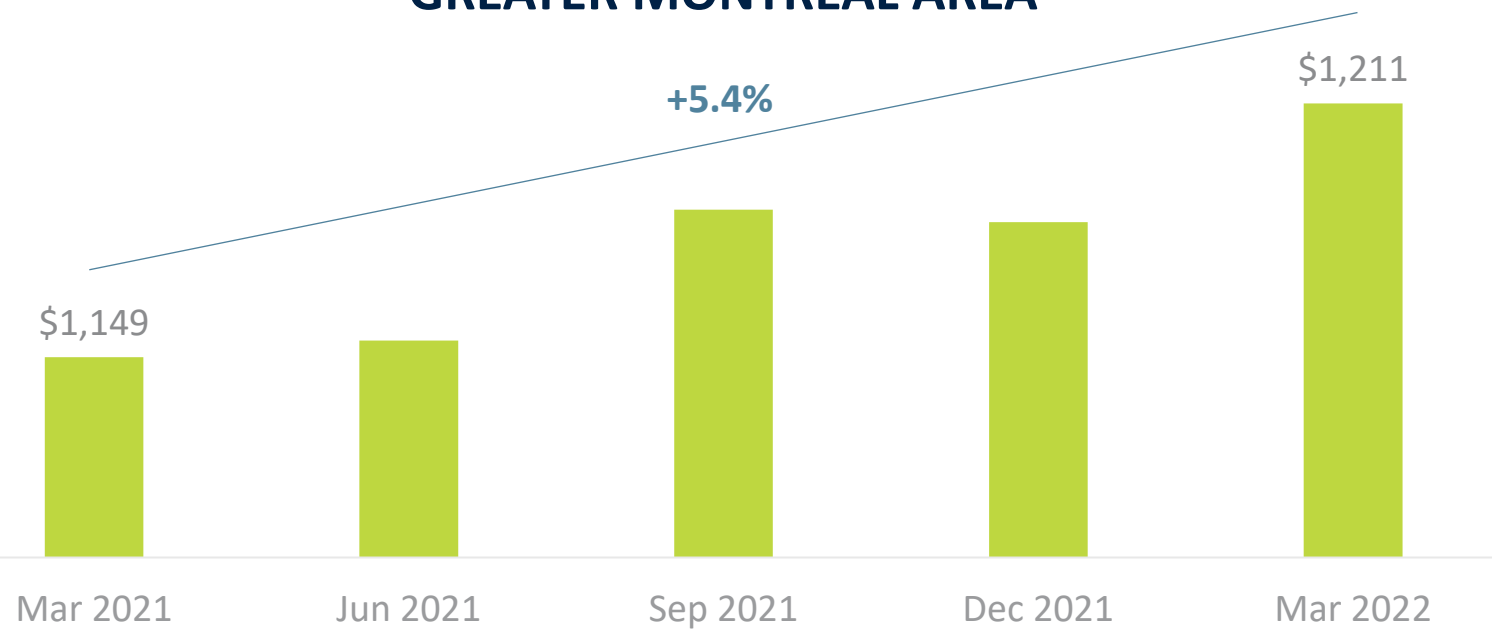
## GREATER TORONTO & HAMILTON AREA



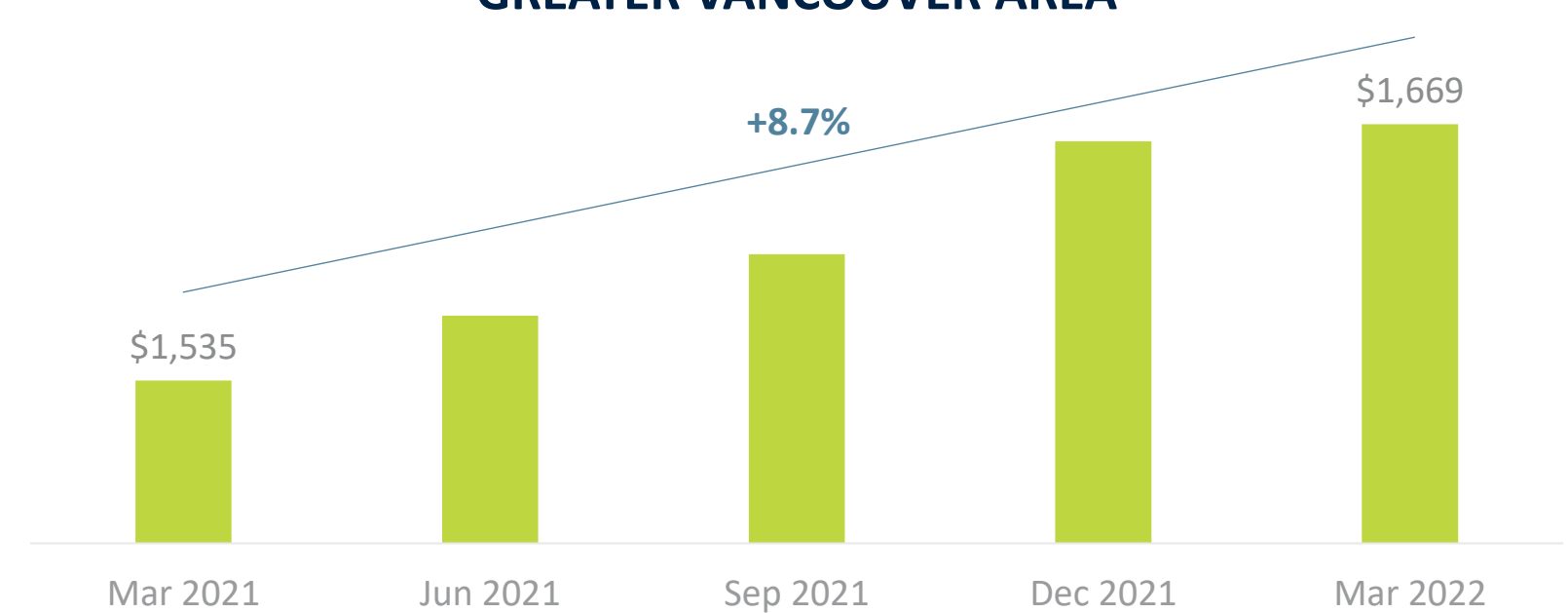
## NATIONAL CAPITAL REGION



## GREATER MONTREAL AREA



## GREATER VANCOUVER AREA



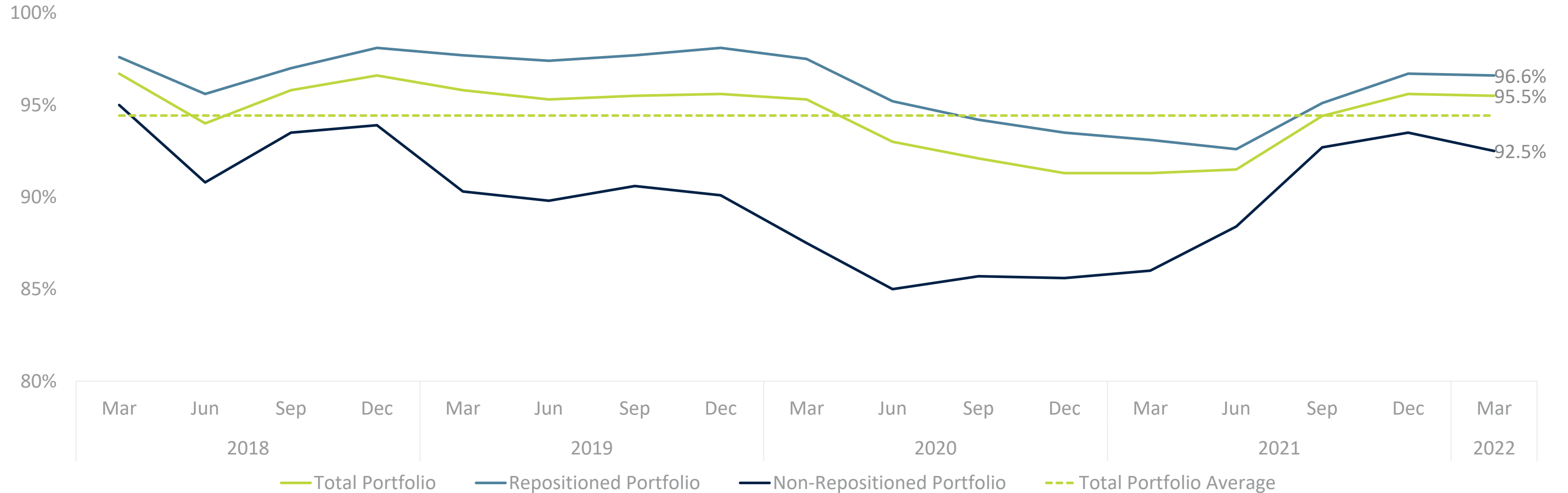
# Operating Highlights







# Q1 2022 Occupancy Bucked Seasonal Trend



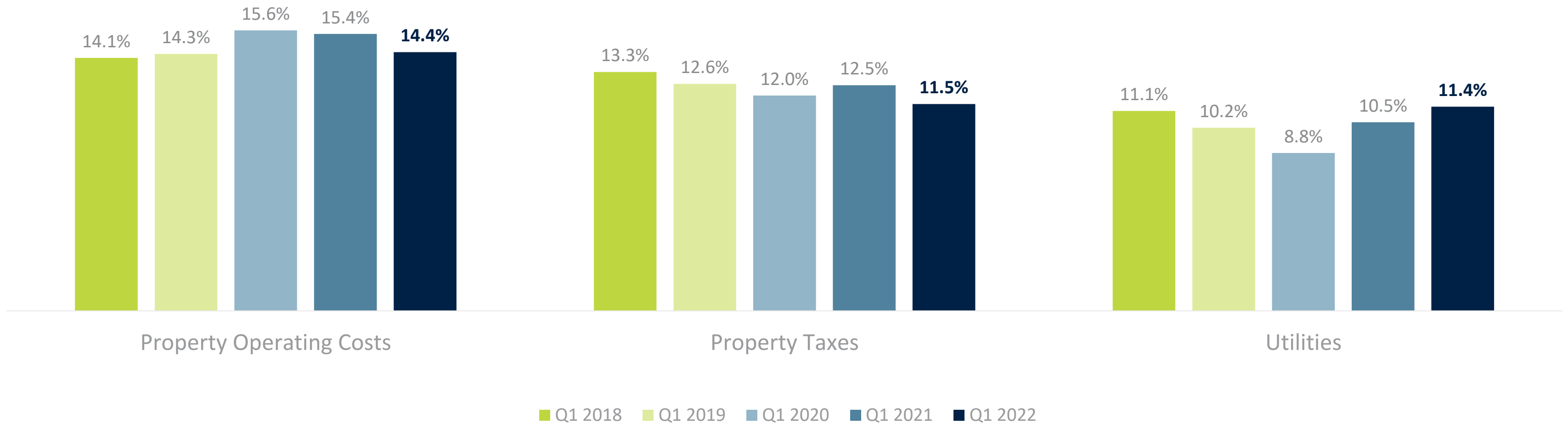
- Total portfolio occupancy held at 95.5% despite seasonality in Q1 historically leading to lower occupancy from Q4
- Occupancy for March 2022 represents an increase of 420 basis points over March 2021



# Operating In An Inflationary Environment

## SAME PROPERTY PORTFOLIO

*Operating Expenses as % of Operating Revenues*



# Capital Deployment

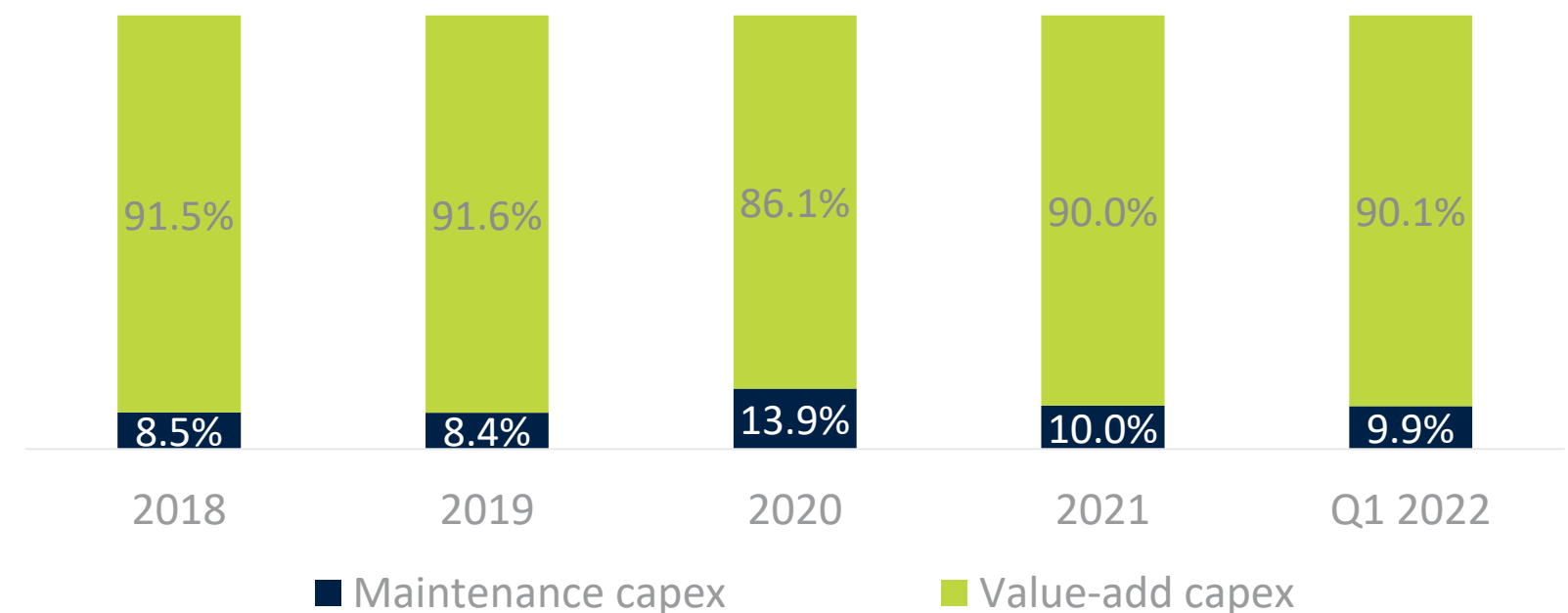


# Strategic CAPEX

## WELL-MAINTAINED PORTFOLIO

|         | Maintenance Capex | Per Repositioned Suite |
|---------|-------------------|------------------------|
| 2018    | \$5.6M            | \$966                  |
| 2019    | \$6.4M            | \$975                  |
| 2020    | \$7.3M            | \$946                  |
| 2021    | \$7.9M            | \$950                  |
| Q1 2022 | \$1.8M            | \$805 <sup>1</sup>     |

## WITH FOCUS ON VALUE-ADD INVESTMENTS<sup>2</sup>



<sup>1</sup> Annualized

<sup>2</sup> Excluding capital expenditures related to properties under development

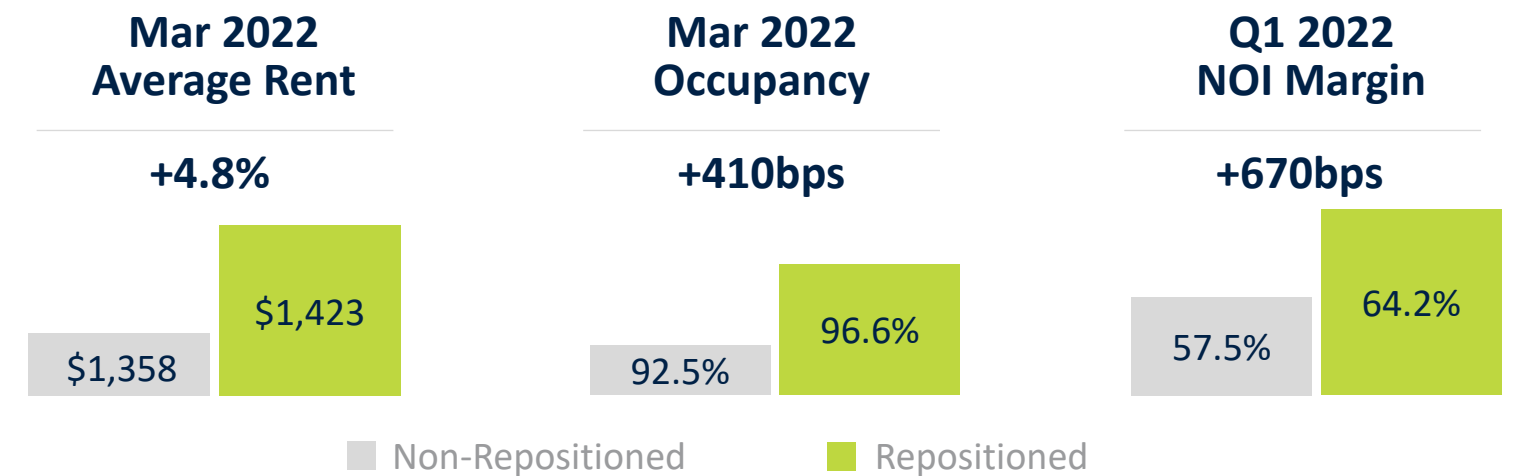
## REPOSITIONING PROGRAM

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-\$50K/suite)

As of Mar 31, 2022, the REIT has 3,496 suites at various stages in its repositioning program and invested \$8.6M in the first quarter of the fiscal year.



Pavillon Milton, Montréal





## Q1 2022 Acquisitions Reinforce Existing Clusters



- Continue to expect high single-digit IRRs for acquisitions in strategic locations
- In addition to value-add, may look to opportunistically add core and core+ communities, as well as new builds
- Public market valuation disconnected from private market strength

<sup>1</sup> At 100%; InterRent's ownership interest is 50%.

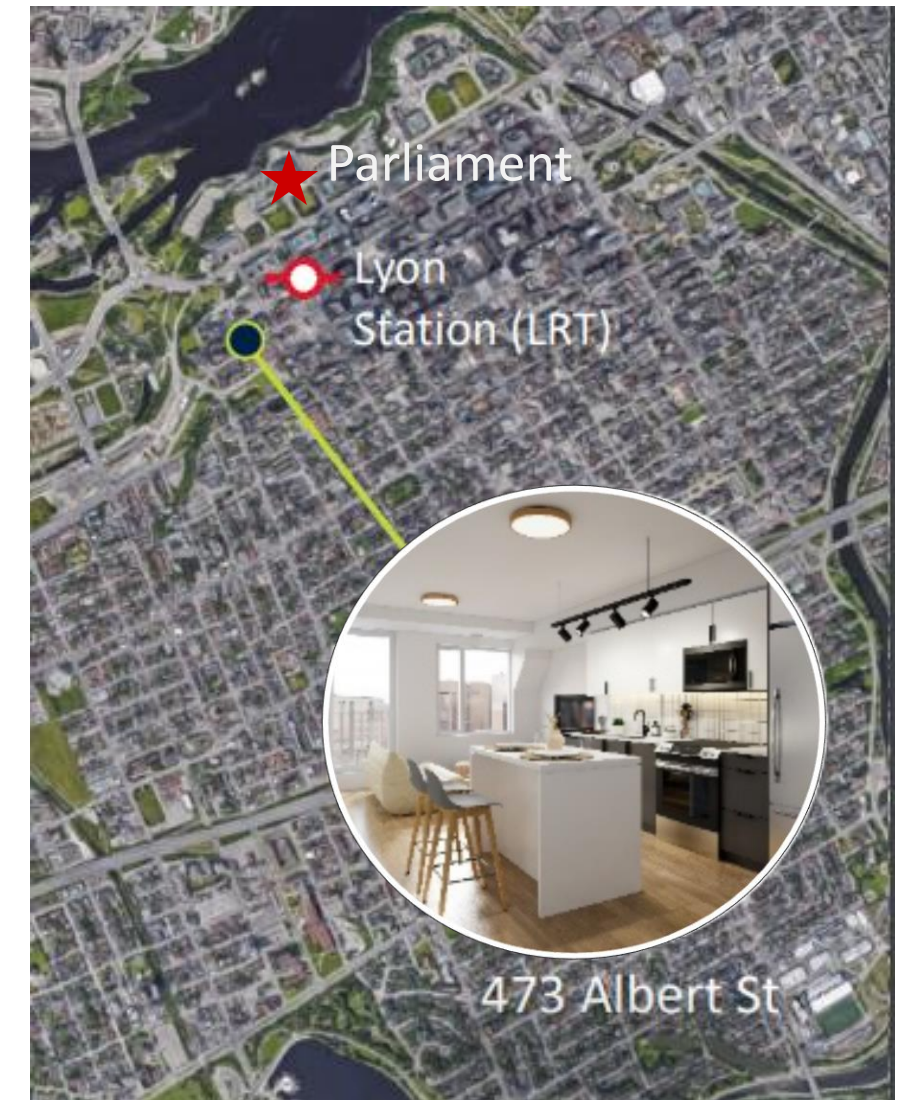


## 473 Albert Street, Ottawa (NCR)

- Adaptive reuse of obsolete office stock
- Core downtown location, steps from two LRT nodes, Parliament and business core
- Hard costs 95% contracted
- Pre-leasing activities to begin in Q2 2022 to prepare for partial occupancy commencing late Q3 2022



|                            |         |
|----------------------------|---------|
| # Suites                   | 158     |
| Total project cost         | \$75M   |
| Estimated cost to complete | \$35M   |
| Expected completion        | Q4 2022 |
| Expected yield             | 4.4%    |
| Expected IRR <sup>1</sup>  | >15%    |



<sup>1</sup> Levered



# Development Pipeline

| Project                         | City       | Suite Count                            | Commercial Sq. Ft.                         | Ownership | Target Completion Date   | Expected Yield             |
|---------------------------------|------------|----------------------------------------|--------------------------------------------|-----------|--------------------------|----------------------------|
| <b>Richmond &amp; Churchill</b> | Ottawa     | 180                                    | 18,650                                     | 100%      | Late 2025                | 4.40-4.90%                 |
| <b>Burlington GO Lands</b>      | Burlington | 1,566 (Phases 1-2)<br>949 (Phases 3-4) | 20,081 (Phases 1-2)<br>19,779 (Phases 3-4) | 25%       | Mid-2028<br>(Phases 1-2) | 4.90-5.40%<br>(Phases 1-2) |
| <b>900 Albert Street</b>        | Ottawa     | 1,241                                  | 511,608                                    | 47.5%     | TBD                      | 4.75-5.25%                 |



900 Albert Street



Richmond & Churchill



Burlington GO Lands

# Balance Sheet







## IFRS Valuation

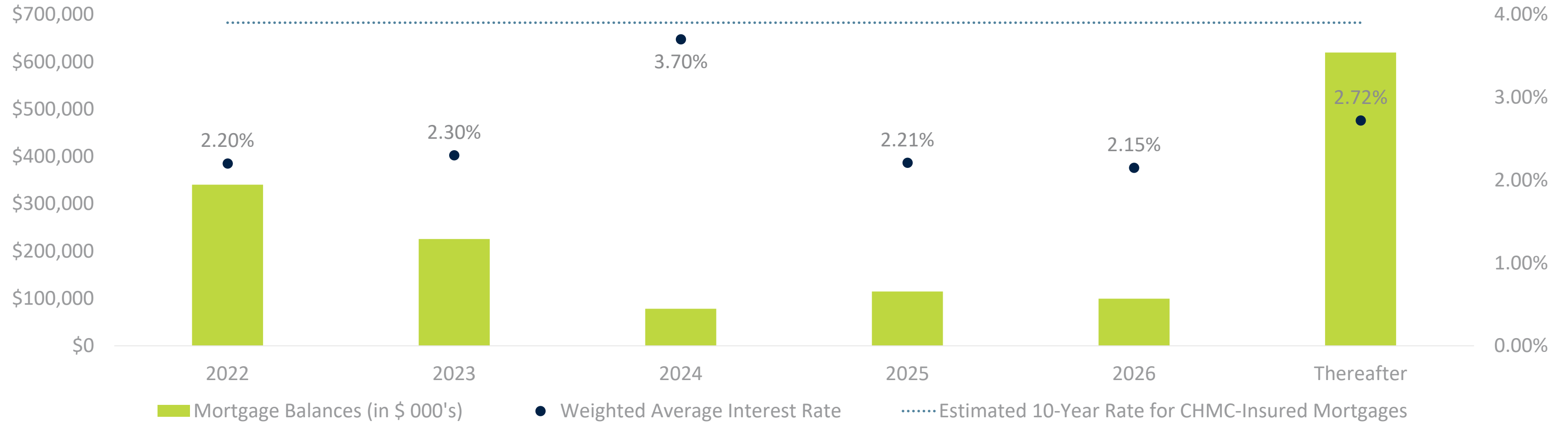
| Region                             | Q1 22 Cap Rate | Q4 21 Cap Rate | Q-o-Q Change |
|------------------------------------|----------------|----------------|--------------|
| Greater Toronto & Hamilton Area    | 3.66%          | 3.72%          | -6bps        |
| National Capital Region            | 4.21%          | 4.21%          | Flat         |
| Greater Montreal Area              | 3.56%          | 3.54%          | +2bps        |
| Greater Vancouver Area             | 3.04%          | 2.96%          | +8bps        |
| Other Ontario                      | 4.34%          | 4.37%          | -3bps        |
| <b>Total Investment Properties</b> | <b>3.82%</b>   | <b>3.86%</b>   | <b>-4bps</b> |

- \$65.8 million fair value gain in Q1 2022, largely attributed to improvements in NOI
- The compression in the overall capitalization rate was driven primarily by the addition of properties acquired in Q4 into the model

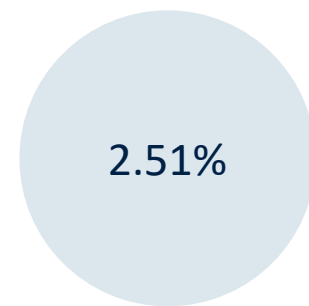


# Financing Structure

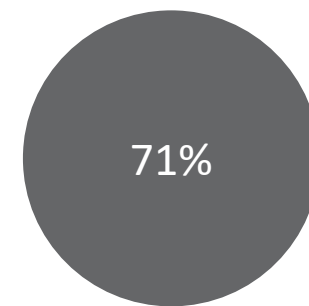
## MORTGAGE MATURITY SCHEDULE



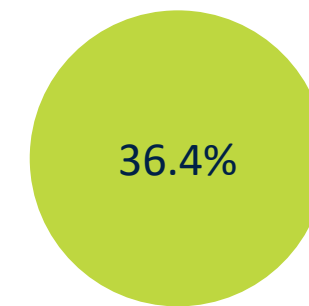
**AVERAGE TERM TO MATURITY**



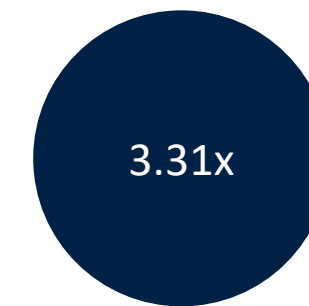
**WEIGHTED AVERAGE INTEREST COST**



**CMHC INSURED MORTGAGES**



**DEBT/GBV**



**INTEREST COVERAGE<sup>1</sup>**

<sup>1</sup> Rolling 12 months

# Sustainability





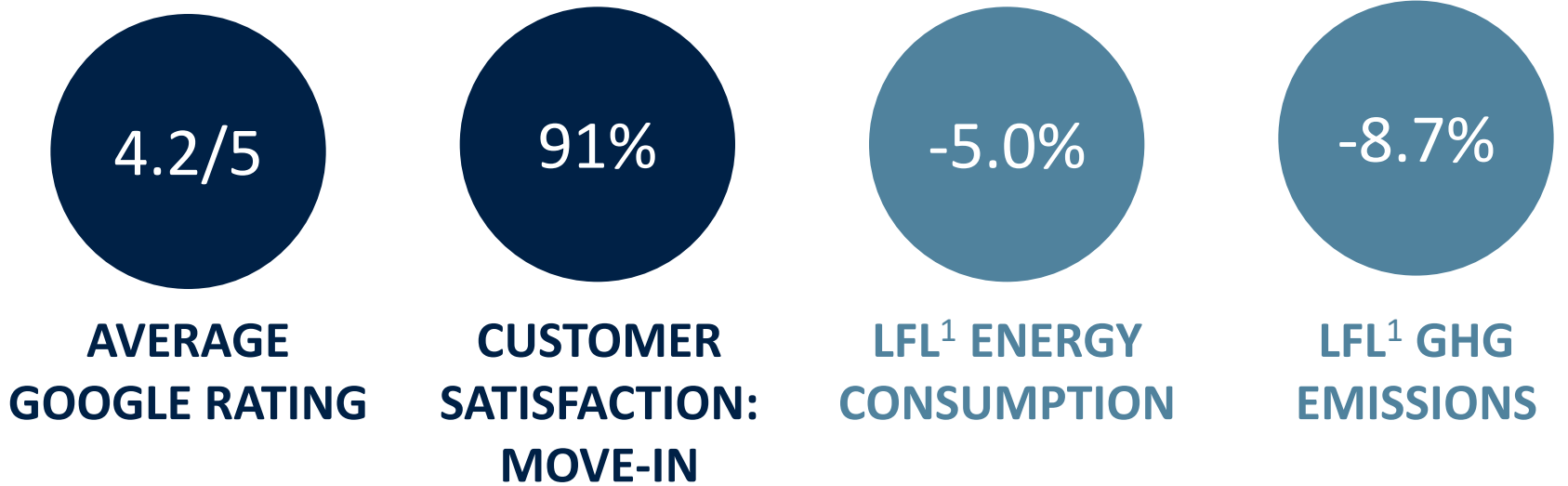
# Moving Forward On Our Commitments

## CLIMATE

1. Conduct a baseline climate change risk assessment to identify our company and portfolio physical and transition risks and opportunities.
2. Establish science-based GHG emissions reduction target(s).
3. Voluntarily disclose climate-related initiatives and performance through the CDP's climate questionnaire.
4. Increase our Board of Trustee's knowledge on climate-related risks and opportunities through training.
5. Conduct climate scenario analysis to understand potential impacts on our business strategy.
6. Develop a systematic approach to incorporate climate change considerations into our acquisition due diligence process, capex program, and capital recycling decisions.

## DEI

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



<sup>1</sup> Like-for-like

# Key Takeaways



## Key Takeaways

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- Strong financial performance in Q1 2022 and strengthening fundamentals
- Actively managing controllable costs and mortgage ladder in inflationary environment
- Moving forward on our sustainability commitments to stakeholders



# Appendix





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



<sup>1</sup> Includes 100% of 94-suite community in Mississauga of which InterRent's ownership interest is 50%.

<sup>2</sup> Includes 100% of Vancouver portfolio of which InterRent's ownership interest is 50%.





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