

# InterRent REIT

Investor Presentation

---

Q3 2022 Conference Call

November 10, 2022





# Contents

Quarterly Results at a Glance	4
Operating Highlights	9
Balance Sheet	12
Sustainability	15
Capital Allocation	17
Key Takeaways	20
Appendix	22





# Forward Looking Statements



West236 | Ottawa

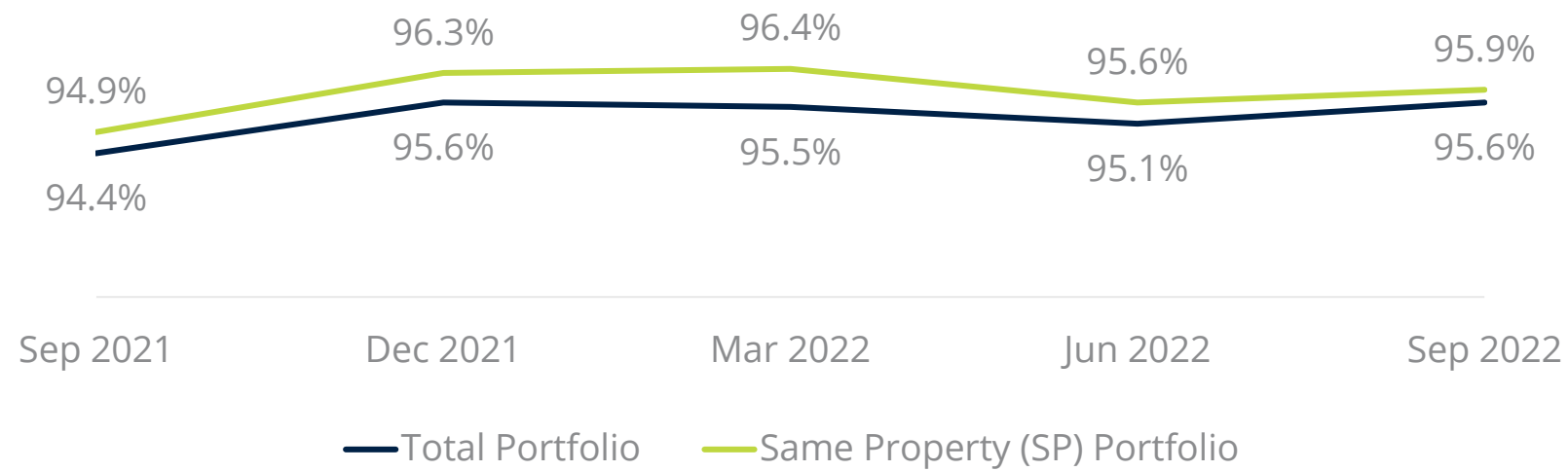
This presentation contains “forward-looking statements” within the meaning of applicable Canadian securities legislation. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “anticipated”, “expects” or “does not expect”, “is expected”, “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.

# Quarterly Results at a Glance

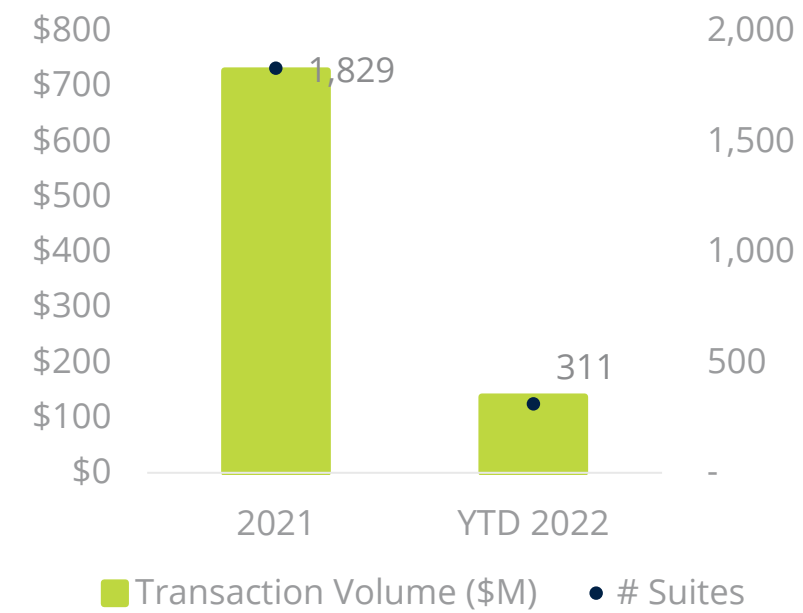


### OPERATIONAL HIGHLIGHTS

#### OCCUPANCY



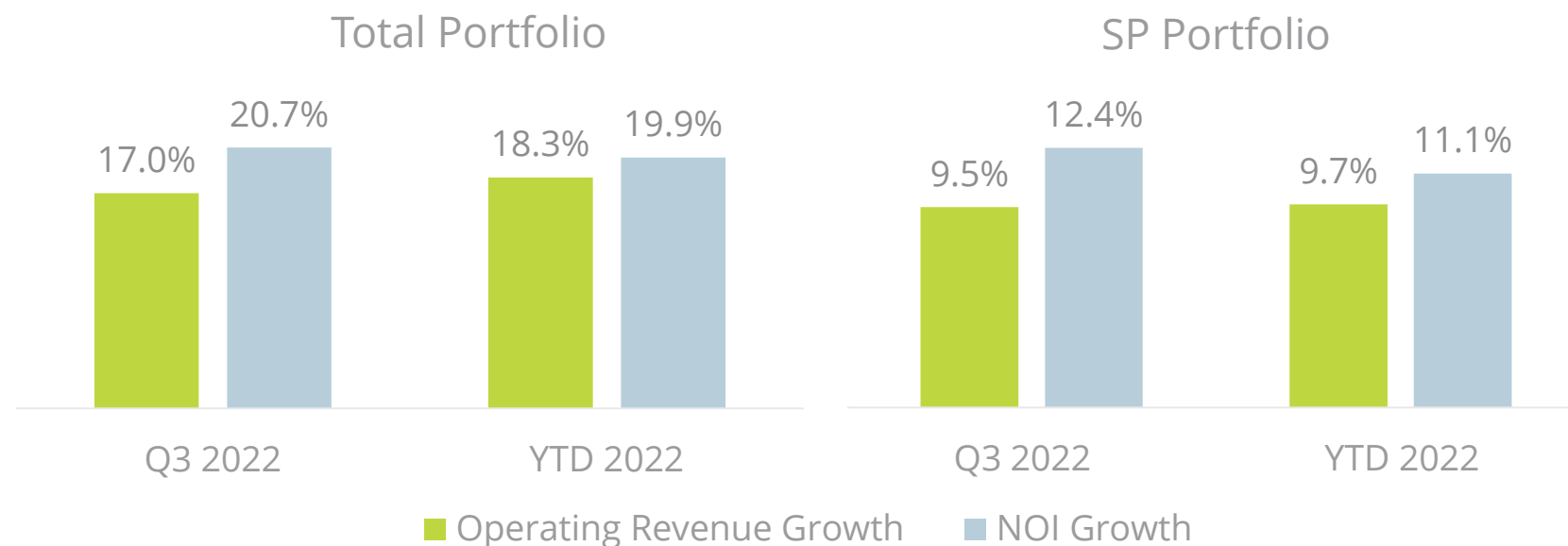
### EXTERNAL GROWTH<sup>1</sup>



### FINANCIAL HEALTH

Debt/GBV	37.4%
W.A. Interest Cost	3.08%
CMHC Insured Mortgages	74%
Interest Coverage <sup>2</sup>	2.96x
Available Liquidity Oct. 31, 2022 <sup>3</sup>	~\$311M

### OPERATING REVENUE AND NOI GROWTH (YOY)



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

	Q3 2022	YoY Chg.	YTD 2022	YoY Chg.
FFO (\$000)	20,309	+5.3%	58,256	9.4%
<b>FFO/Unit</b>	<b>\$0.140</b>	<b>+3.7%</b>	<b>\$0.404</b>	<b>8.0%</b>
AFFO (\$000)	17,806	+3.3%	51,335	8.3%
<b>AFFO/Unit</b>	<b>\$0.123</b>	<b>+2.5%</b>	<b>\$0.356</b>	<b>6.9%</b>

<sup>1</sup> At 100%; InterRent has 50% ownership interest in 903 suites acquired in FY 2021 and 50% ownership interest in all 311 suites acquired to date in 2022

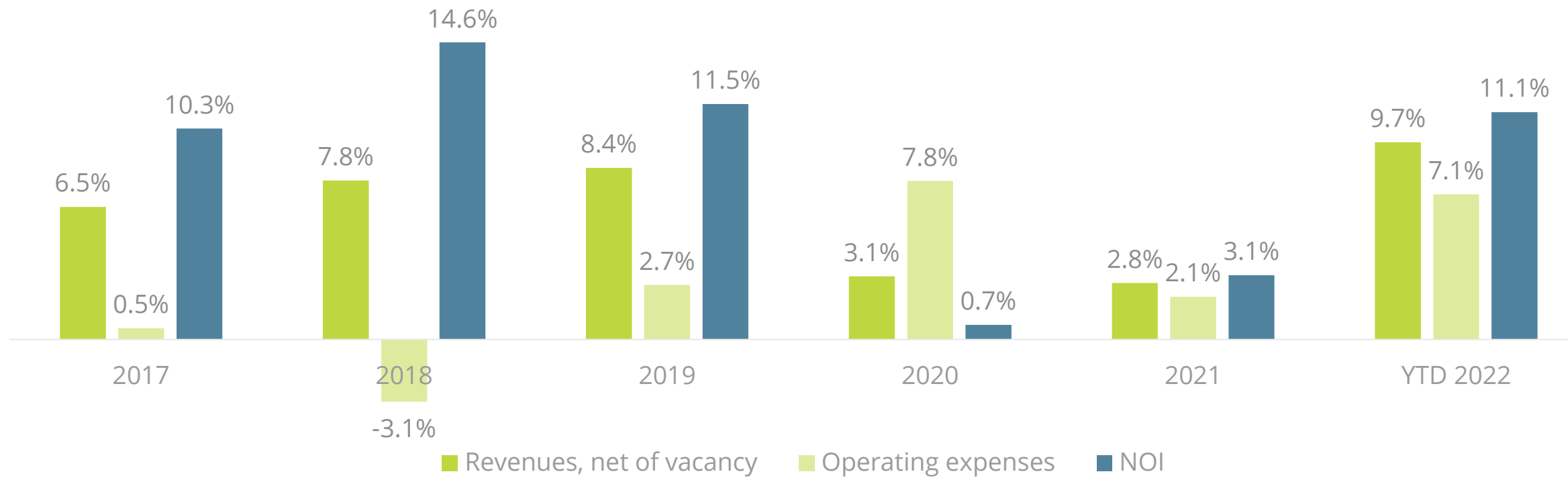
<sup>2</sup> Rolling 12 months

<sup>3</sup> Assuming 50% leverage applied to the value of unencumbered properties as of October 31, 2022.



# Top-Line Growth Should Drive Growth in NOI

YoY Growth in Revenues, Expenses, and NOI  
*Same property portfolio, as reported*



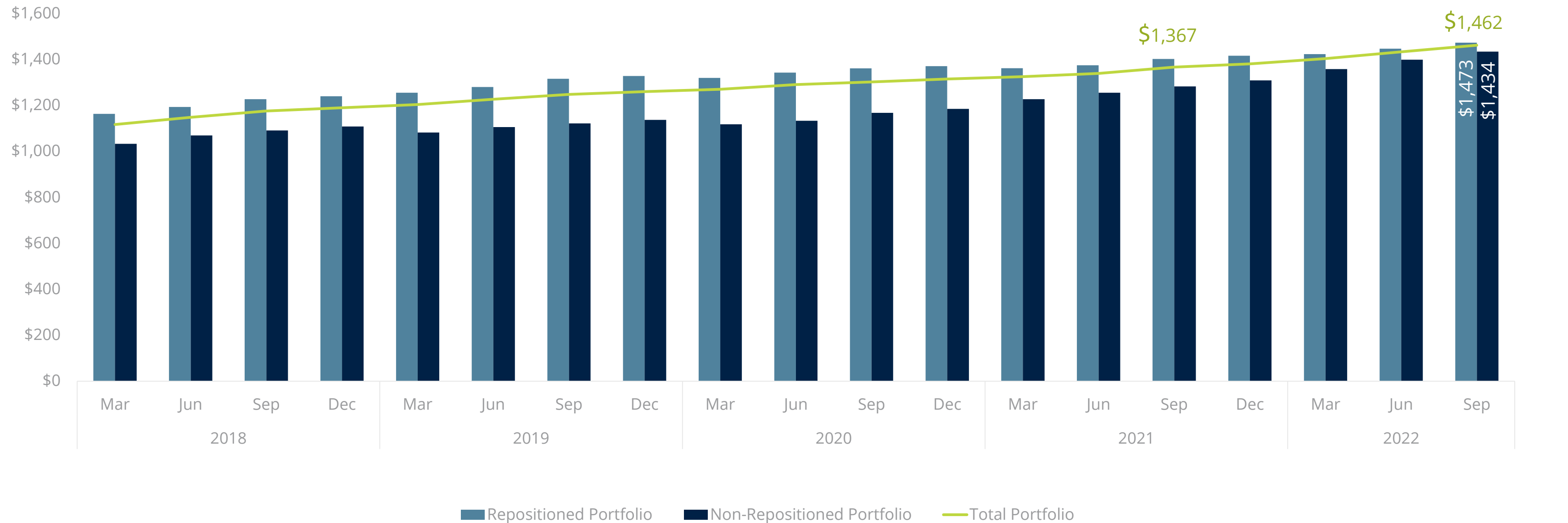
Our demonstrated track record of NOI growth may serve as a cushion against prevailing inflationary pressures





# Strengthening Fundamentals

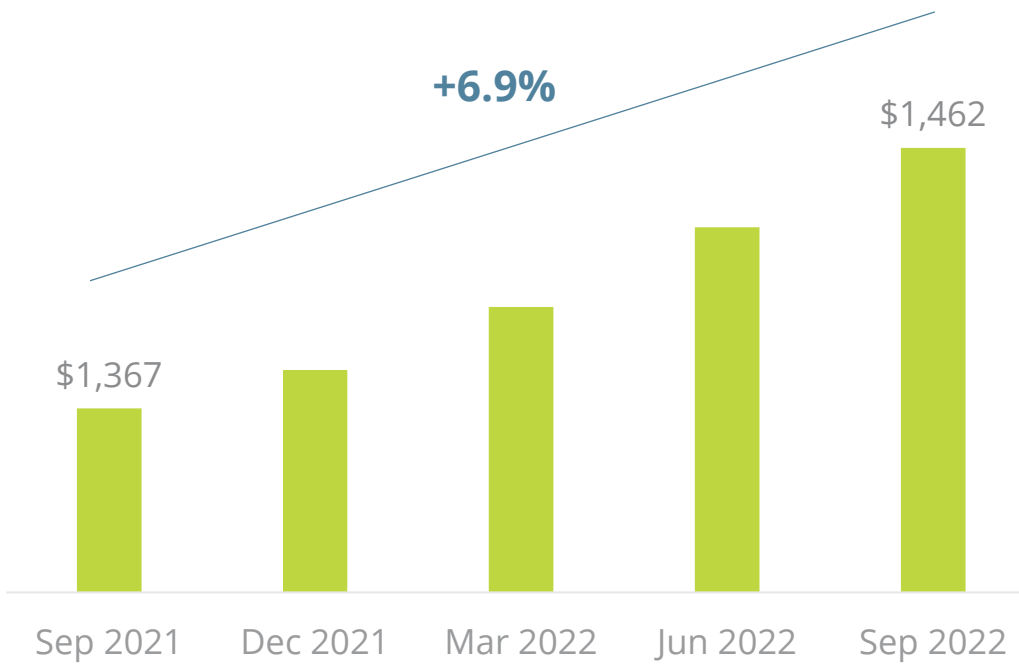
## AVERAGE MONTHLY RENT



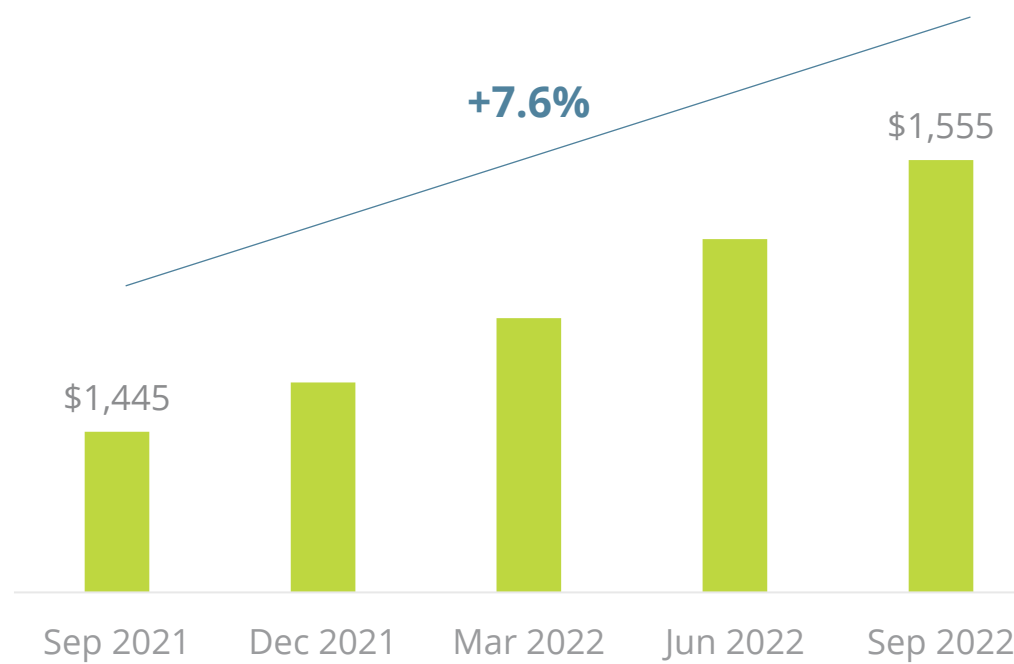


# Growing Average Monthly Rent Across All Regions

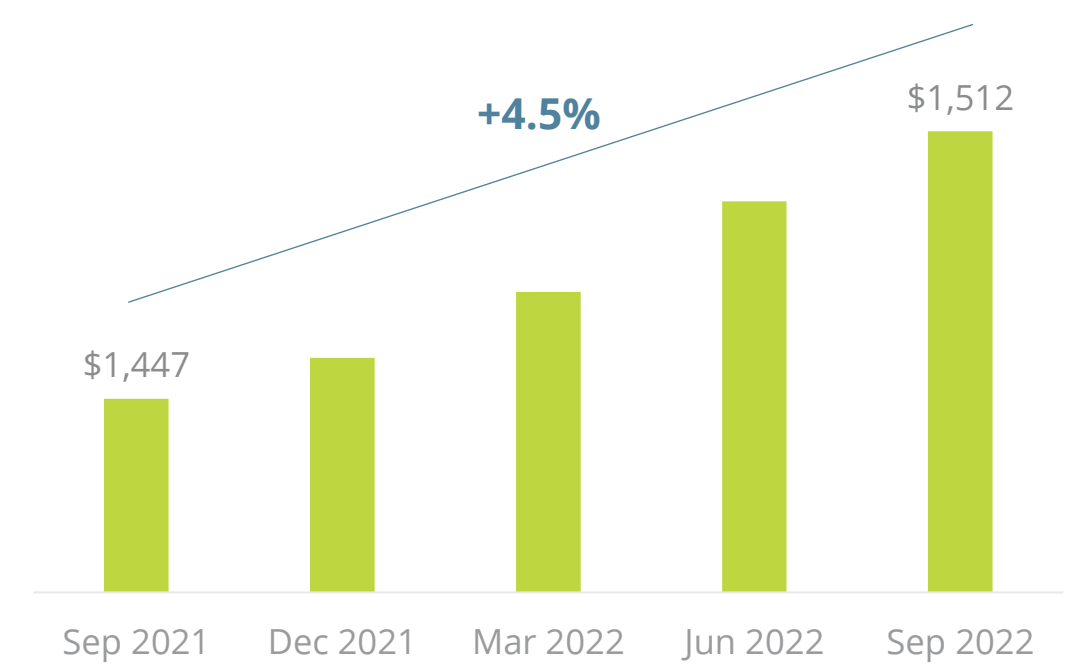
## TOTAL



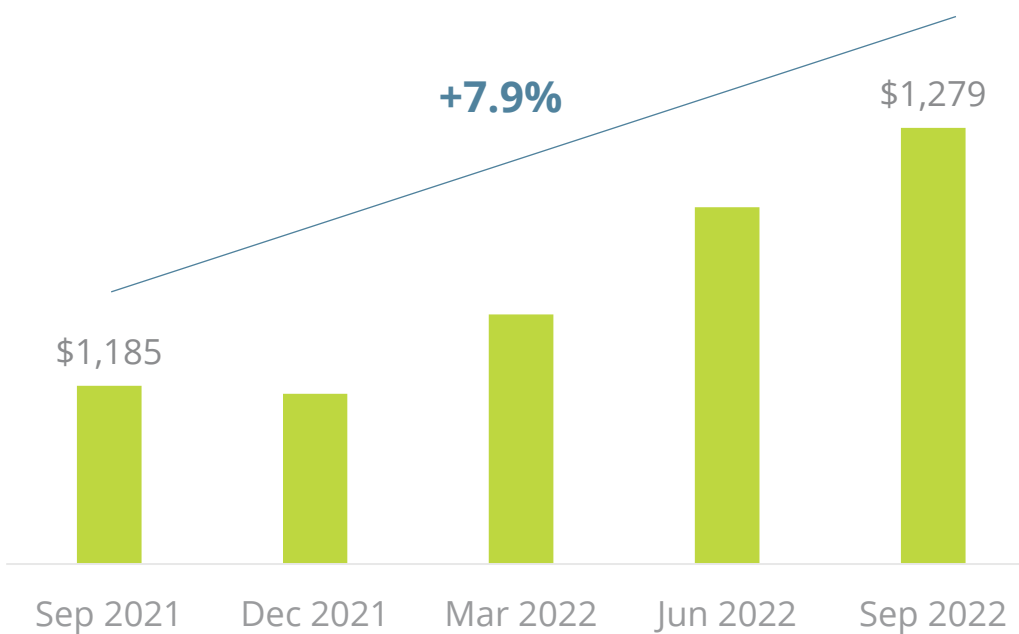
## GREATER TORONTO & HAMILTON AREA



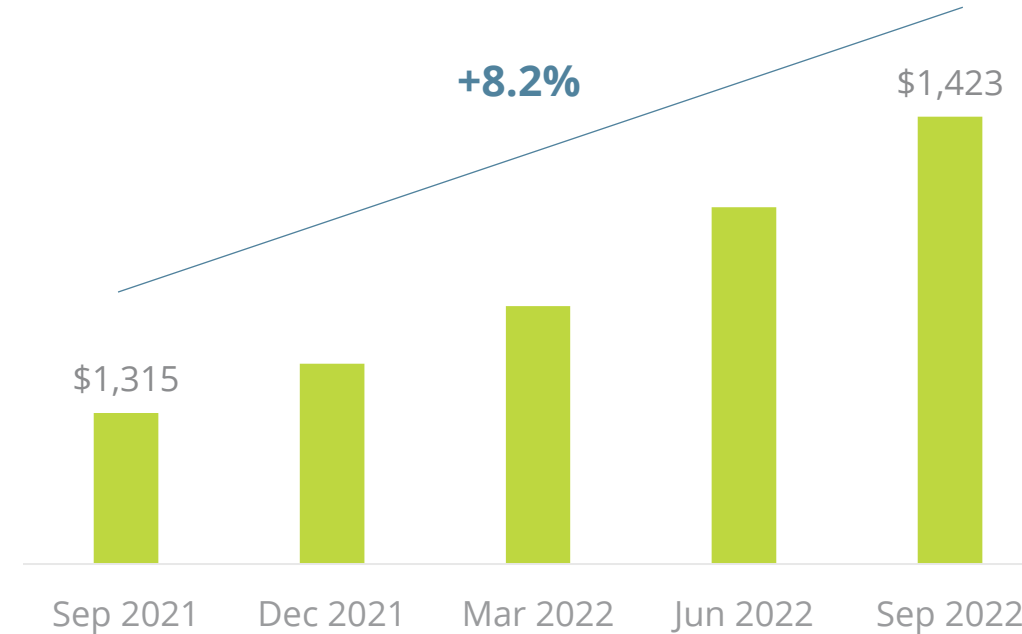
## NATIONAL CAPITAL REGION



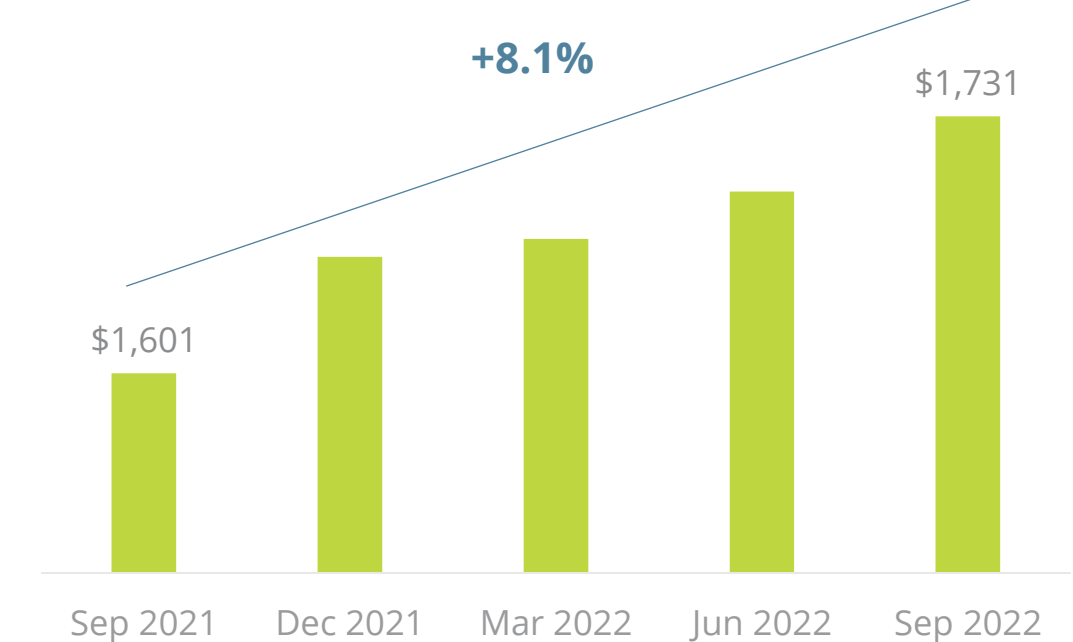
## GREATER MONTREAL AREA



## OTHER ONTARIO



## GREATER VANCOUVER AREA



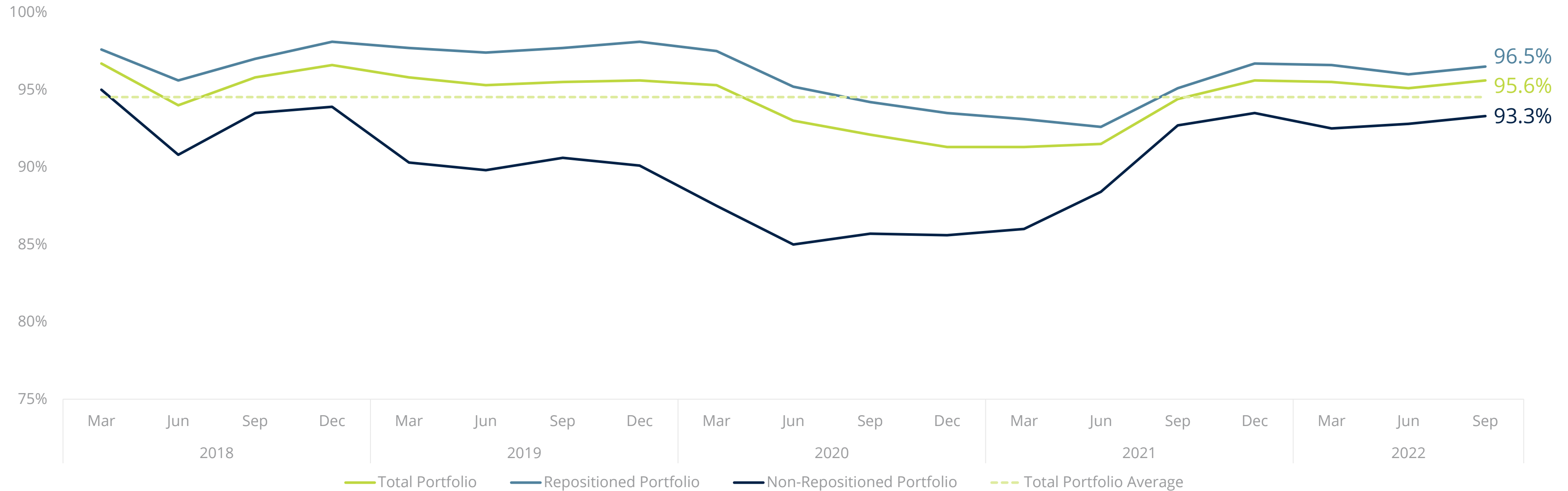


# Operating Highlights





# Q3 2022 Occupancy Strong and In Line with Seasonal Expectations



- Total portfolio occupancy at 95.6%, representing an increase of 120bps over September 2021 and in line with seasonal expectations
- Encouraging trend post Q3 2022, notably in the Greater Montréal Area that experienced softness during the summer



# 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
YTD 2022	\$6.9M	\$1,028 <sup>1</sup>

## REPOSITIONING PROGRAM

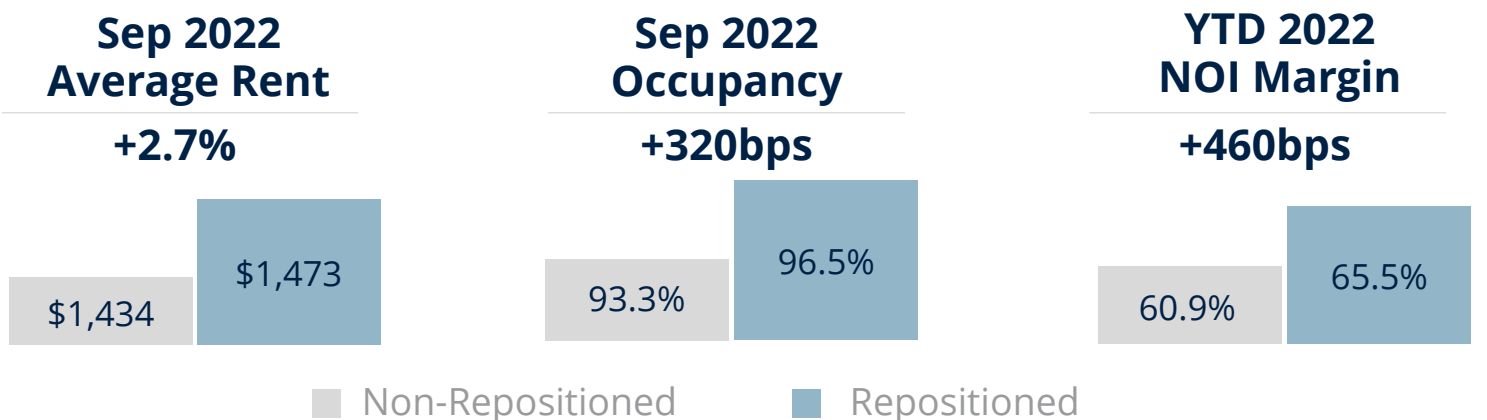
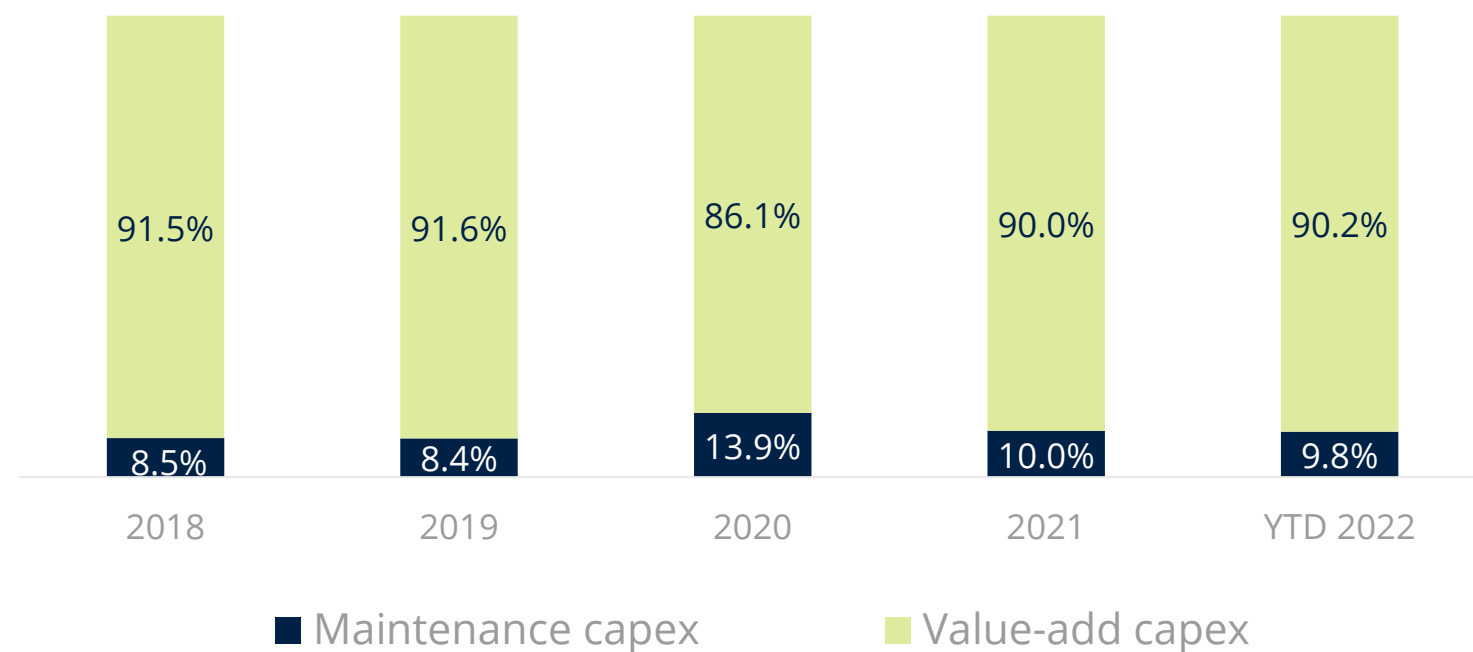
Acquired properties undergo repositioning work spanning 3-4 years to increase efficiency, enhance revenue, and create safe, quality communities for residents, while extending the useful life of buildings that would otherwise be heading for demolition.

Repositioning investment can include:

- Common area upgrades
- Exterior upgrades
- Full or partial suite renovations (\$15-\$50K/suite)

As of September 30, 2022, the REIT has 3,622 suites at various stages in its repositioning program and invested \$32.3M in the first nine months of the fiscal year.

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



Stoney Creek Apartments, Hamilton

<sup>1</sup> Annualized

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

# Balance Sheet





## IFRS Valuation

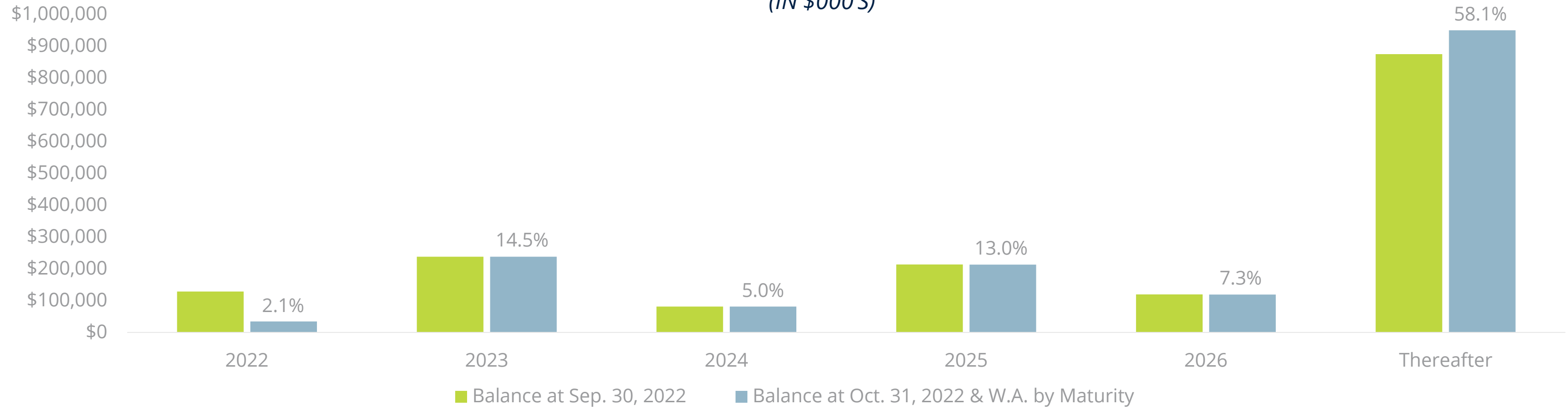
Region	Q3 22 Cap Rate	Q2 22 Cap Rate	Q-o-Q Change
Greater Toronto & Hamilton Area	3.81%	3.66%	+15bp
National Capital Region	4.28%	4.21%	+7bp
Greater Montreal Area	3.81%	3.57%	+24bp
Greater Vancouver Area	3.26%	3.04%	+22bp
Other Ontario	4.38%	4.35%	+3bp
<b>Total Investment Properties</b>	<b>3.97%</b>	<b>3.83%</b>	<b>+14bp</b>

- \$5.7 million fair value gain in Q3 2022 is fully attributable to NOI improvements which acts as a counterbalance to the 14bps capitalization rate increase

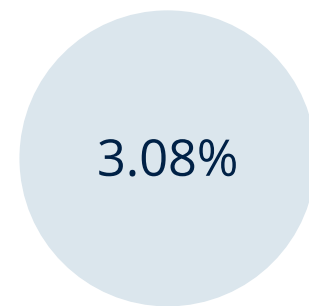


# Financing Structure

## MORTGAGE MATURITY SCHEDULE (IN \$000'S)

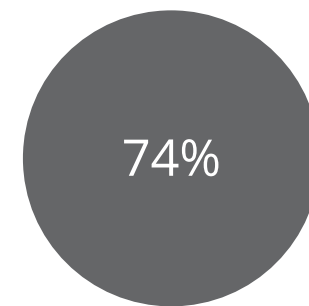


**AVERAGE TERM TO MATURITY**

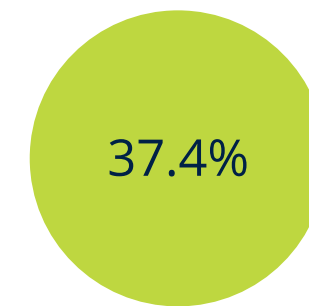


**WEIGHTED AVERAGE INTEREST COST**

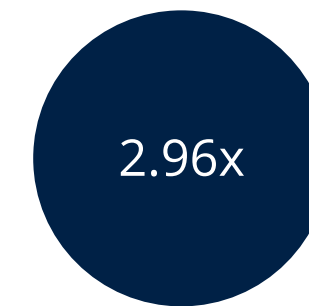
*AT OCT. 31: 3.15%*



**CMHC INSURED MORTGAGES**



**DEBT/GBV**



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

<sup>1</sup> Rolling 12 months

# Sustainability





# MAKING A DIFFERENCE IN OUR COMMUNITIES

## 2022 MIKE MCCANN CHARITY GOLF TOURNAMENT

Raised **\$1,390,500** for many partner charities in our communities



## GRESB

10% increase in 2022 score & maintained “Green Star” rating



### Improvement drivers:

- ✓ Stakeholder engagement
- ✓ Disclosure
- ✓ Energy & Water Consumption
- ✓ Resident satisfaction & engagement

## CLIMATE COMMITMENTS

### Climate Commitment #1

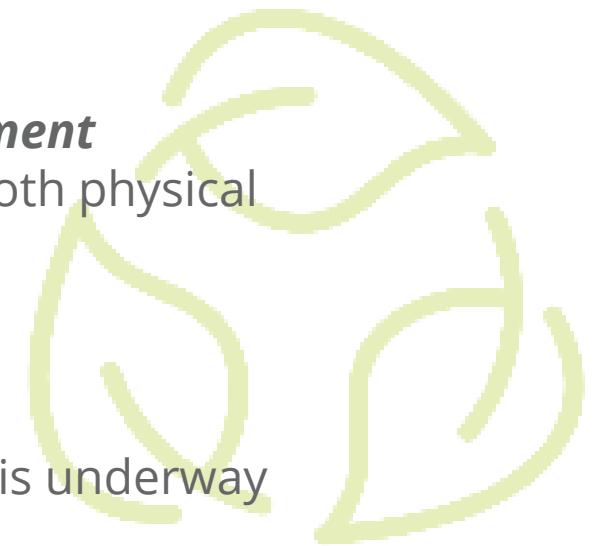
#### Baseline Climate Change Risk Assessment

Nearing completion and will include both physical and transition risks and opportunities

### Climate Commitment #2

#### Establish SBTi GHG targets

Data collection is complete & analysis is underway to determine/outline options





# Capital Allocation



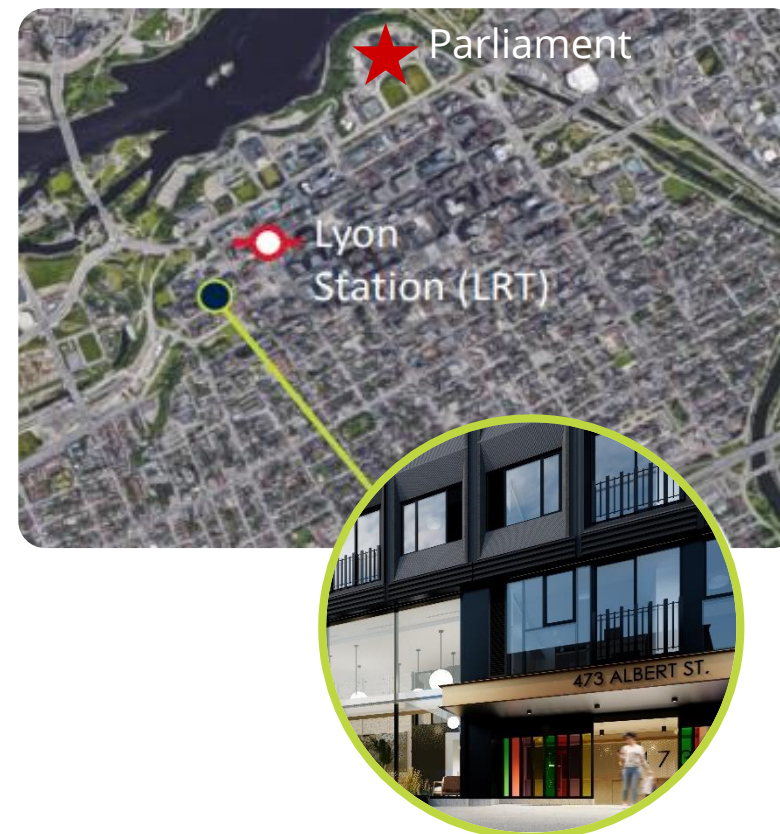


## 473 Albert Street

*Ottawa, ON (NCR)*

- Adaptive reuse project, transforming an existing office space into residential apartments
- Core downtown location, steps from two LRT nodes, Parliament and business core
- Hard costs 95% contracted
- Marketing and pre-leasing activities began in late Q2
- Achieved partial occupancy in early October 2022 with completion anticipated early 2023

Suites	158
Total project cost	\$79M
Estimated cost to complete	\$21M
Expected completion	Q1 2023
Expected yield	4.3%
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	185	18,650	100%	H1 2026	4.20-4.70%
<b>Burlington GO Lands</b>	Burlington	1,526 (Phases 1-2) 989 (Phases 3-4)	20,081 (Phases 1-2) 19,779 (Phases 3-4)	25%	2028 (Phases 1-2)	4.65-5.15% (Phases 1-2)
<b>900 Albert Street</b>	Ottawa	1,241	511,608	50.0%	TBD	TBD



900 Albert Street



Richmond & Churchill



Burlington GO Lands

# Key Takeaways



## Key Takeaways

- Strong demand in Q3 has continued post quarter and expected to continue especially in light of increased immigration targets
- Continuing to manage costs in inflationary environment and remaining in-line with budget expectations
- Finalizing upcoming mortgage maturities and reducing variable rate exposure
- Continuing to explore dispositions, NCIB, and select strategic acquisitions for capital allocation purposes



# 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%.

<sup>3</sup> Includes 100% of 254-suite community in Brossard of which InterRent's ownership interest is 50%.



## CONTACT US

Investor Relations  
[investorinfo@interrentreit.com](mailto:investorinfo@interrentreit.com)

### **InterRent REIT**

207-485 Bank Street, Ottawa, ON K2P 1Z2

Tel: (613) 569-5699

Fax: (888) 696-5698

[interrentreit.com](http://interrentreit.com)