

# InterRent REIT

Investor Presentation

Q2 2021 Conference Call

August 9, 2021





# Forward Looking Statements



Le Neuville | 1101 Rachel St, Montreal

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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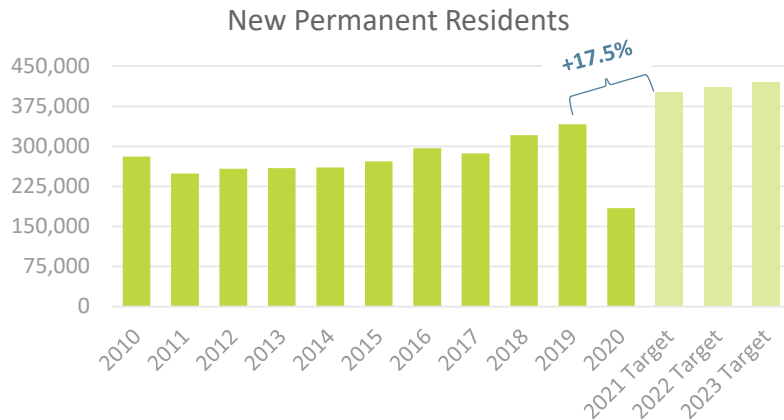
Lakeview | Hamilton

# On Investors' Minds



# Market Conditions Point to Strong 2022 Recovery

## IMMIGRATION



Canada's immigration plan aims to welcome 1.2 million new permanent residents by 2023, making it the **most ambitious plan in Canada's history**

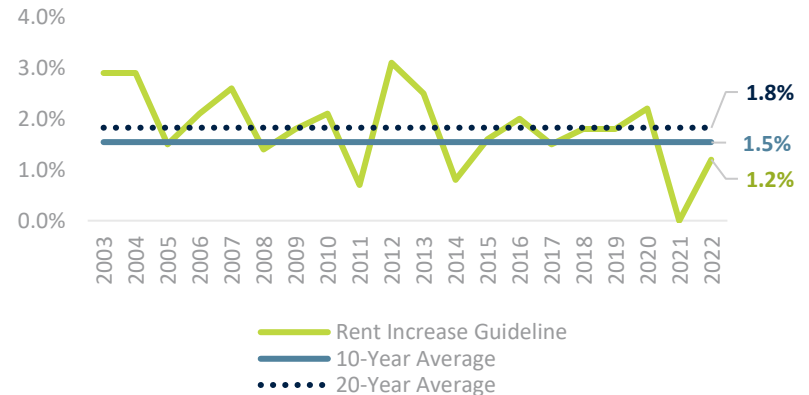
June 2021 marked the strongest month since the start of the pandemic, with +35,000 new arrivals

Canada has the lowest number of housing units per capita of any G7 country<sup>1</sup> and this wave of new demand will further tighten supply/demand dynamics

## REGULATION UPDATE

- BC approved Additional Rent Increases (ARI)
  - Similar to ON model, where landlords can recover eligible capital expenditures
  - ARI capped at 3% per year (+ annual rent increase), with amounts exceeding the cap rolled over to the 2<sup>nd</sup> and 3<sup>rd</sup> year

- Ontario rent increase guideline for 2022 renewals set at 1.2%



<sup>1</sup> Scotiabank Global Economics Housing Note, May 12, 2021

A modern dining area with a wooden slat wall on the left, round tables with teal chairs, and a bar with black stools on the right. The ceiling features several pendant lights. A large blue semi-transparent banner is overlaid across the middle of the image.

# QUARTERLY RESULTS AT A GLANCE

Appartements VIE | 2121 Saint-Mathieu St, Montreal

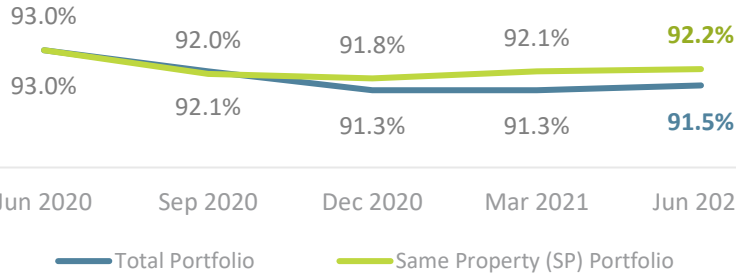


## QUARTERLY RESULTS AT A GLANCE

# Q2 2021

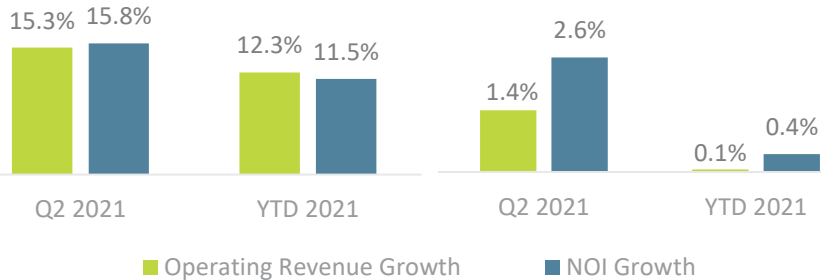
### OPERATIONAL HIGHLIGHTS

#### Occupancy



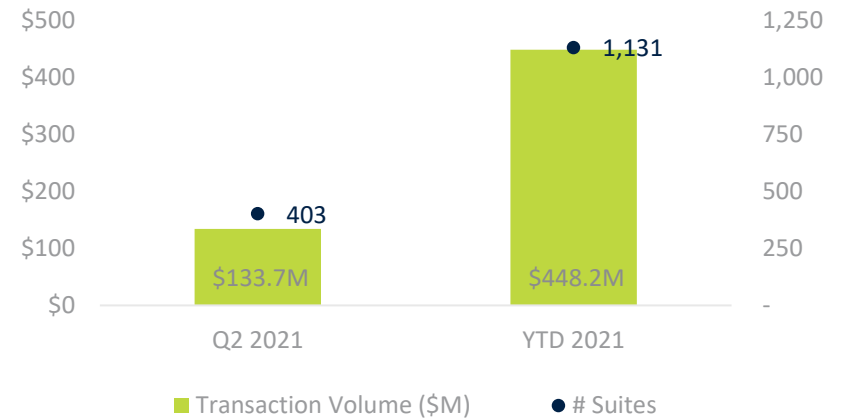
#### Total Portfolio

#### SP Portfolio



	Q2 2021	YoY Chg.	YTD 2021	YoY Chg.
FFO (\$M)	17,766	+16.5%	33,958	+14.2%
FFO/Unit	\$0.124	+6.0%	\$0.238	+2.6%
AFFO (\$M)	15,672	+14.0%	30,198	+14.8%
AFFO/Unit	\$0.110	+4.8%	\$0.212	+2.9%

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



### FINANCIAL HEALTH

Debt/GBV	34.4%
Weighted Average Interest Cost	2.41%
CHMC Insured Mortgages	67%
Interest Coverage <sup>2</sup>	3.53x
Available Liquidity - June 30, 2021 <sup>3</sup>	~\$260M

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

<sup>2</sup> Rolling 12 months

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

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 made of large, light-colored tiles. In the background, there is a staircase and a console table with decorative items.

# Portfolio Characteristics

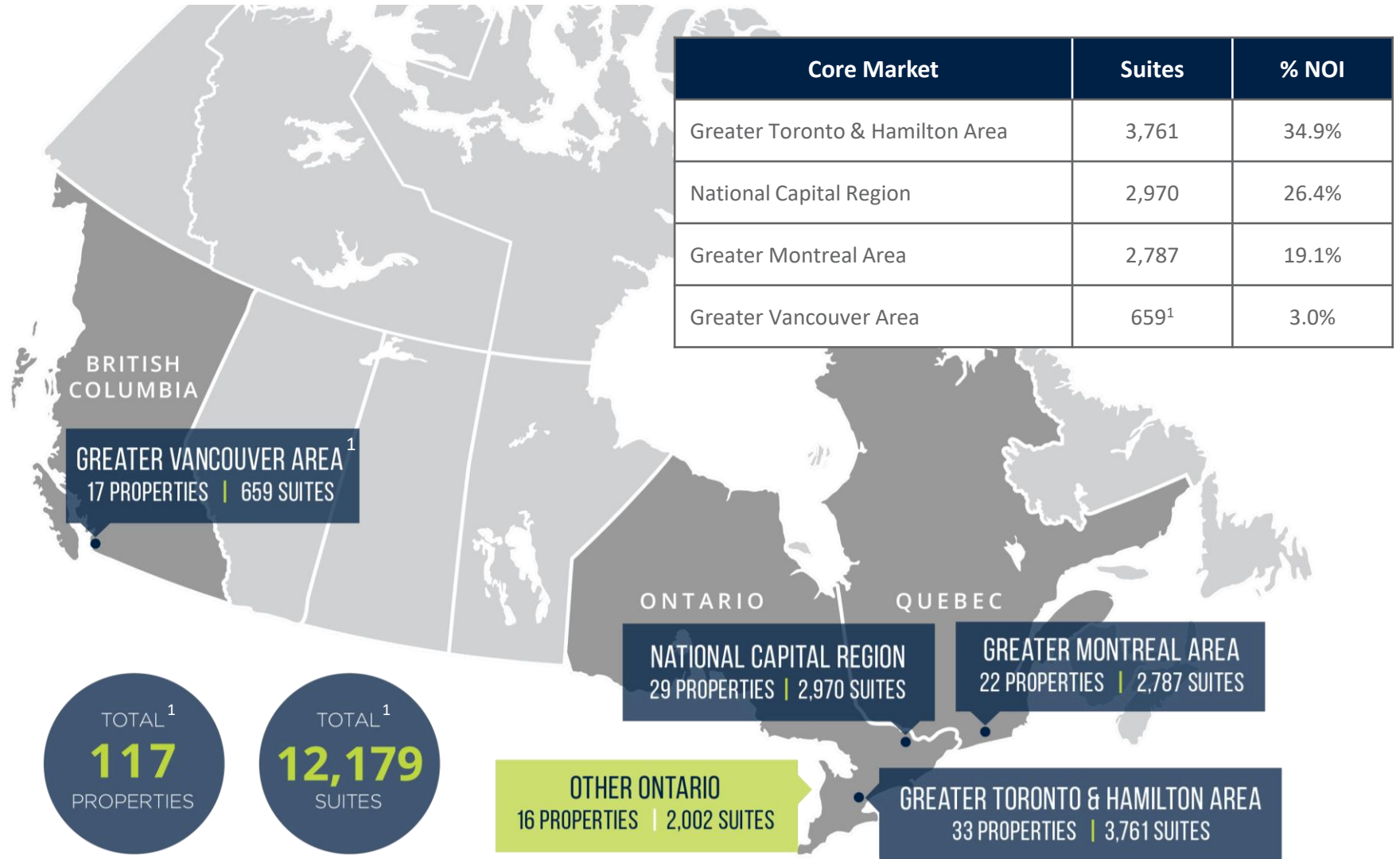
Appartements VIE | 2121 Saint-Mathieu St, Montreal





## PORTFOLIO CHARACTERISTICS

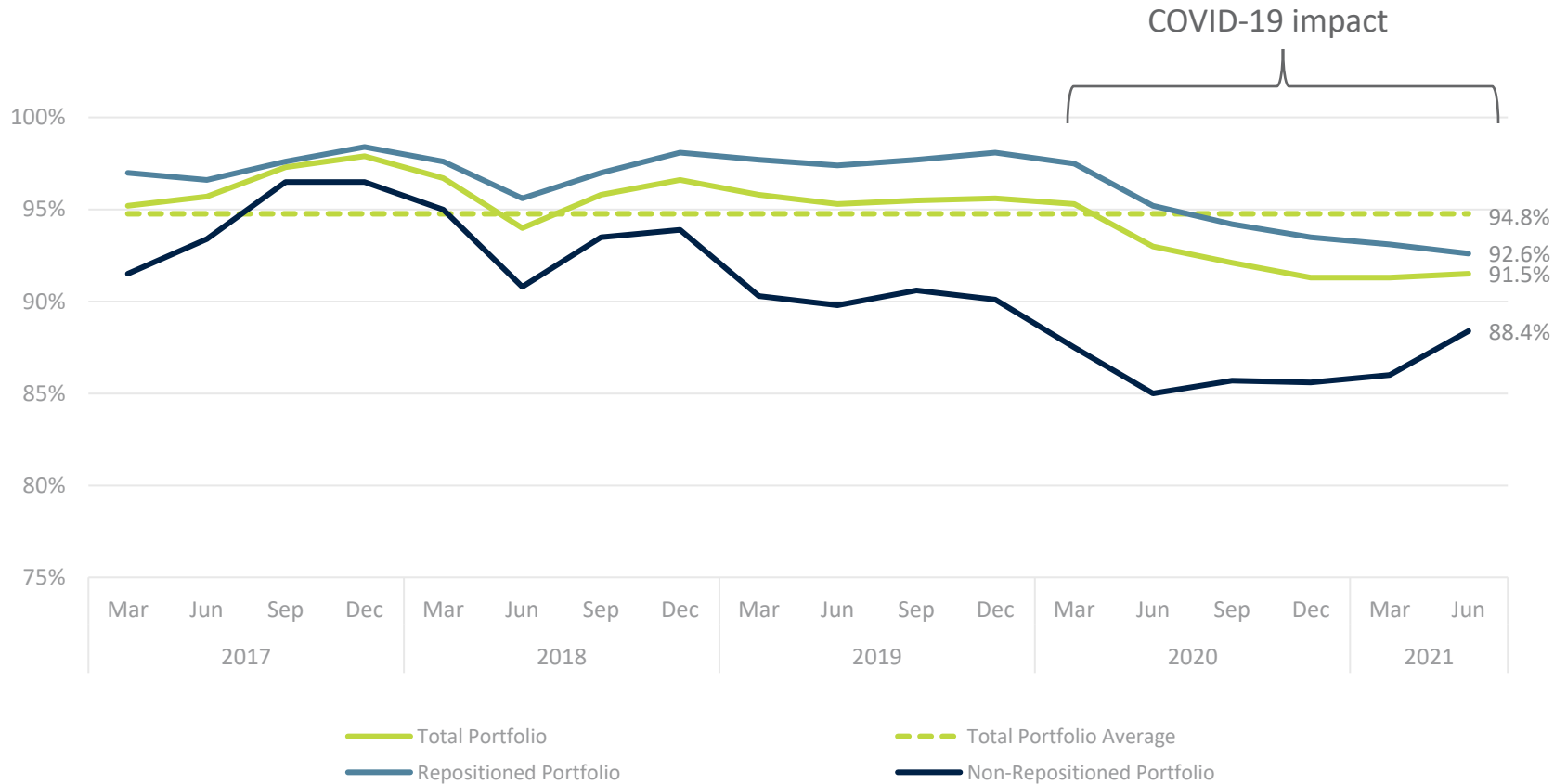
# A Provider of Homes in Urban, High-growth Markets



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



# Occupancy Trend

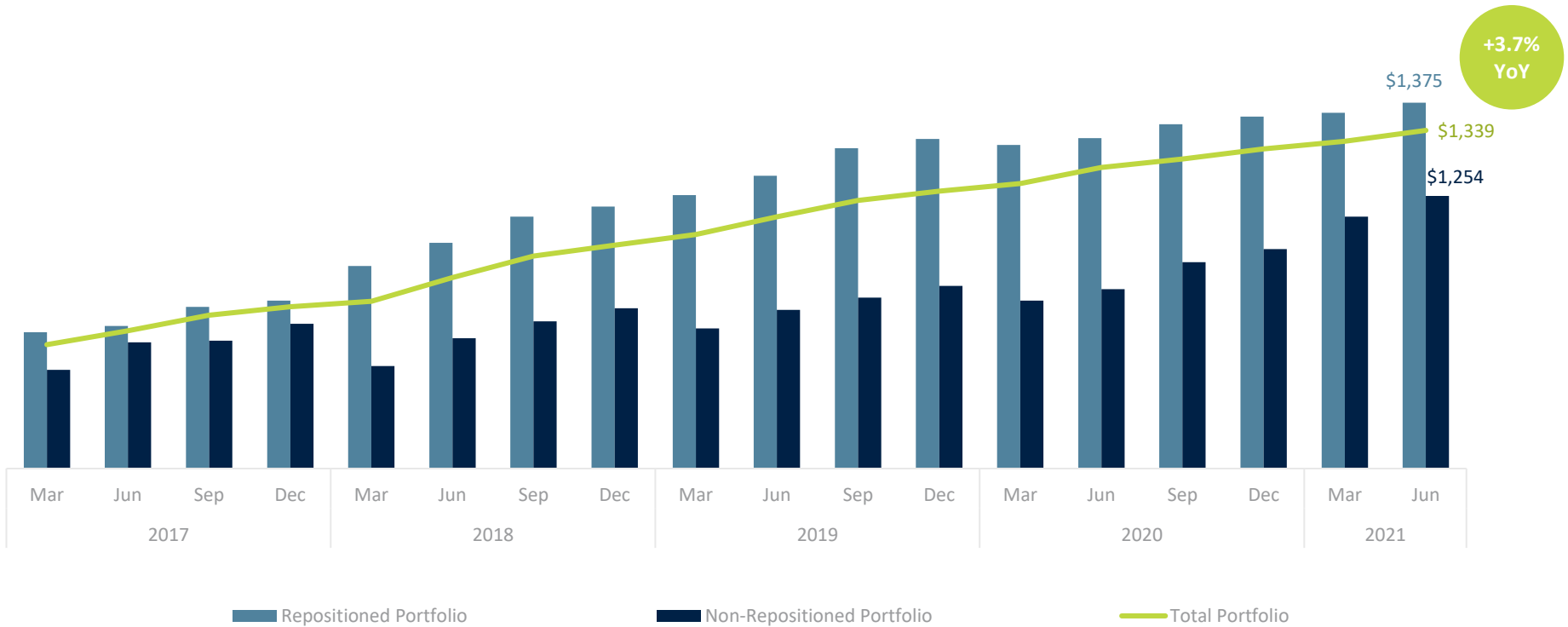


- COVID-19 has disrupted typical seasonality; 2021 leasing season expected to continue through Oct
- Acquisitions flow into Non-Repositioned Portfolio
- Elevated vacancy in Non-Repositioned Portfolio presents future rental growth opportunity



# PROVEN TRACK RECORD OF RENTAL GROWTH

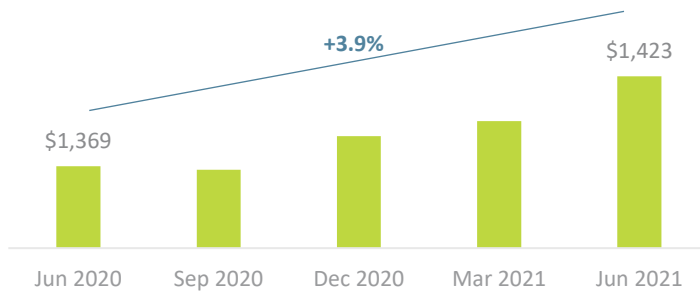
## AVERAGE MONTHLY RENT



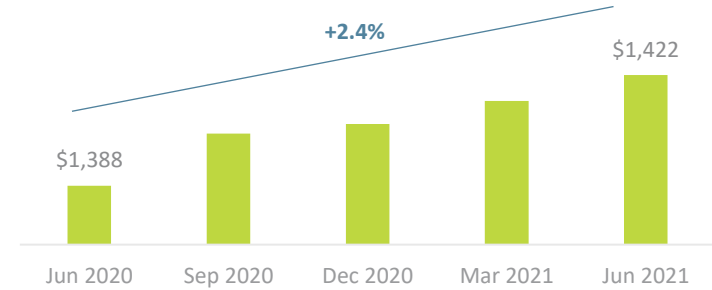


# GROWING AVERAGE MONTHLY RENT ACROSS THE PORTFOLIO

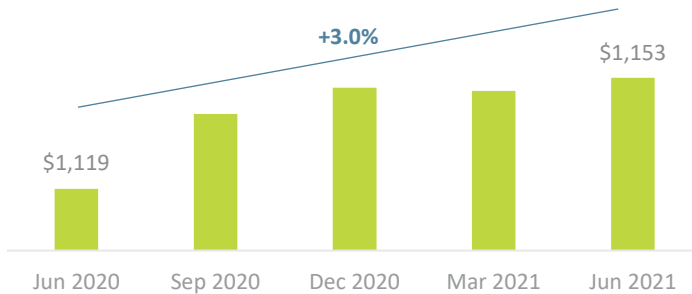
## GREATER TORONTO & HAMILTON AREA



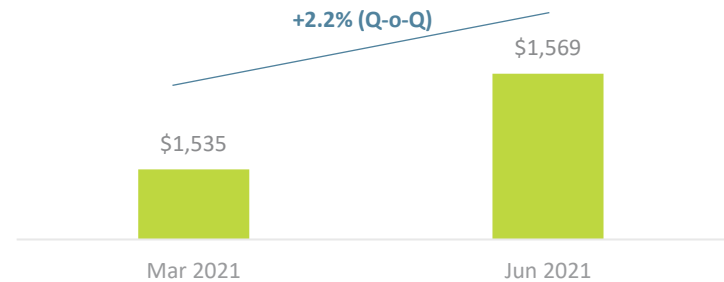
## NATIONAL CAPITAL REGION



## GREATER MONTREAL AREA



## GREATER VANCOUVER AREA



# Capital Deployment

Forest Ridge | 2380 Baseline Rd, Ottawa



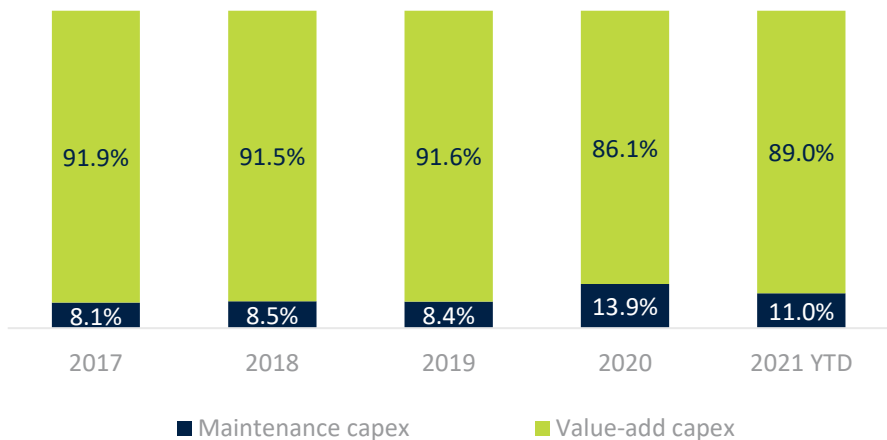
# Strategic CAPEX

## 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	\$3.8M	\$904 <sup>1</sup>

<sup>1</sup> Annualized

## WITH FOCUS ON VALUE-ADD INVESTMENTS



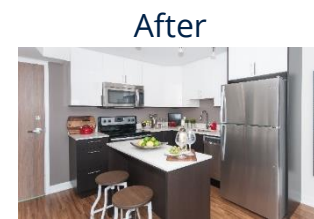
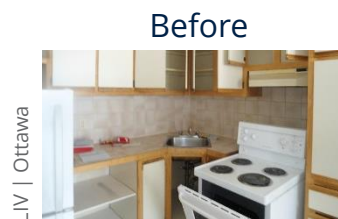
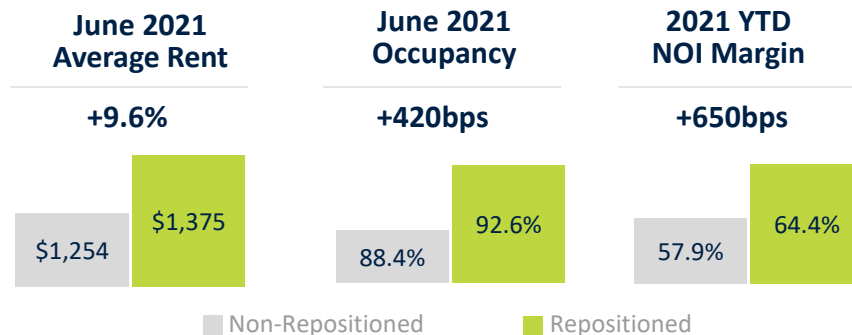
## REPOSITIONING PROGRAM

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 Jun 30, 2021, the REIT has 3,536 suites at various stages in its repositioning program and has invested \$16.0M YTD.





# Acquisitions



Region	GVA	Other Ontario	GTHA	GTHA
City	Vancouver	St. Catharines	Oakville	Mississauga
# Suites	45 <sup>1</sup>	158	100	95
Purchase price	\$18.9M <sup>1</sup>	\$31.4M	\$46.7M	\$32.7M
Closing date	Apr 13, 2021	Apr 29, 2021	May 13, 2021	Jun 1, 2021
Walk score	71, 82	74	81, 94	64

- Continue to expect high single-digit IRRs for acquisitions in strategic locations
- After the quarter-end, acquired 94-suite property in Mississauga (GTHA), together with Crestpoint, for a combined purchase price of \$30.1m (of which InterRent’s interest is 50%)

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

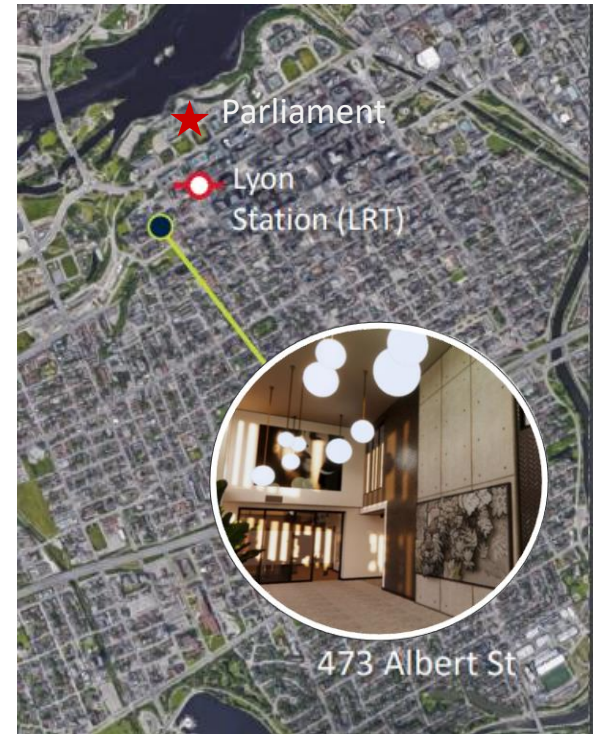


# Active Developments

## 473 Albert Street, Ottawa (NCR)

- Adaptive reuse of obsolete office stock
- Core downtown location, steps from two LRT nodes, Parliament and business core
- Building permit expected in Q3 2021
- Pre-construction activities underway

# Suites	158
Expected completion	Q4 2022
Expected yield	4.4%
Expected IRR <sup>1</sup>	>15%



<sup>1</sup> Levered





# Development Pipeline

Project	Location	Ownership	Use	Status
900 Albert Street	Ottawa (NCR)	47.5%	1,241 residential suites + ~540,000 sq ft commercial	In planning Zoning amendment approved
Richmond & Churchill	Ottawa (NCR)	100%	184 residential suites + ~19,000 sq ft commercial	In planning Zoning amendment approved
Burlington GO Lands	Burlington (GTHA)	25%	2,494 residential suites + ~43,000 sq ft commercial	In planning Site plan application in progress



900 Albert Street



Richmond & Churchill



Burlington GO Lands

# Balance Sheet

PAVILLON  
HUTCHISON



## IFRS Valuation

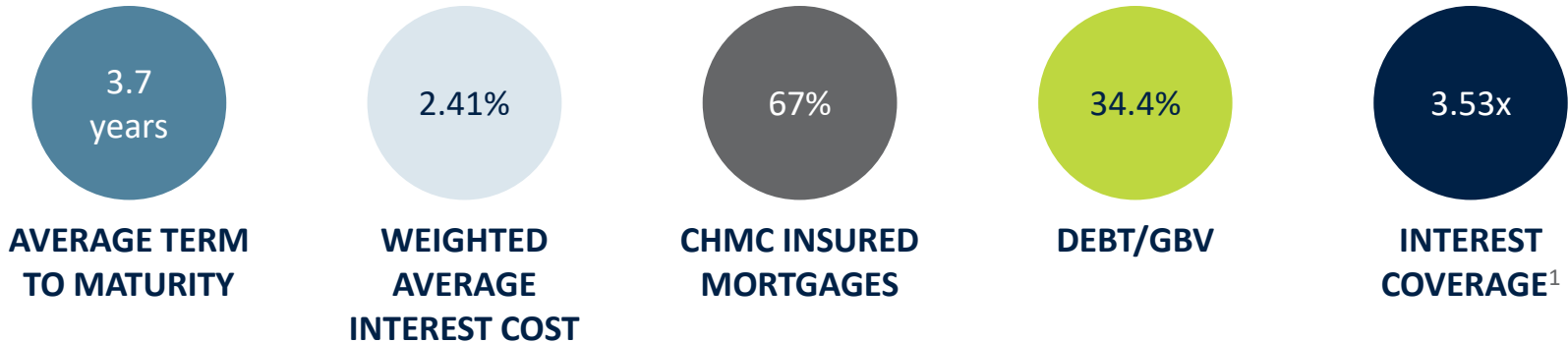
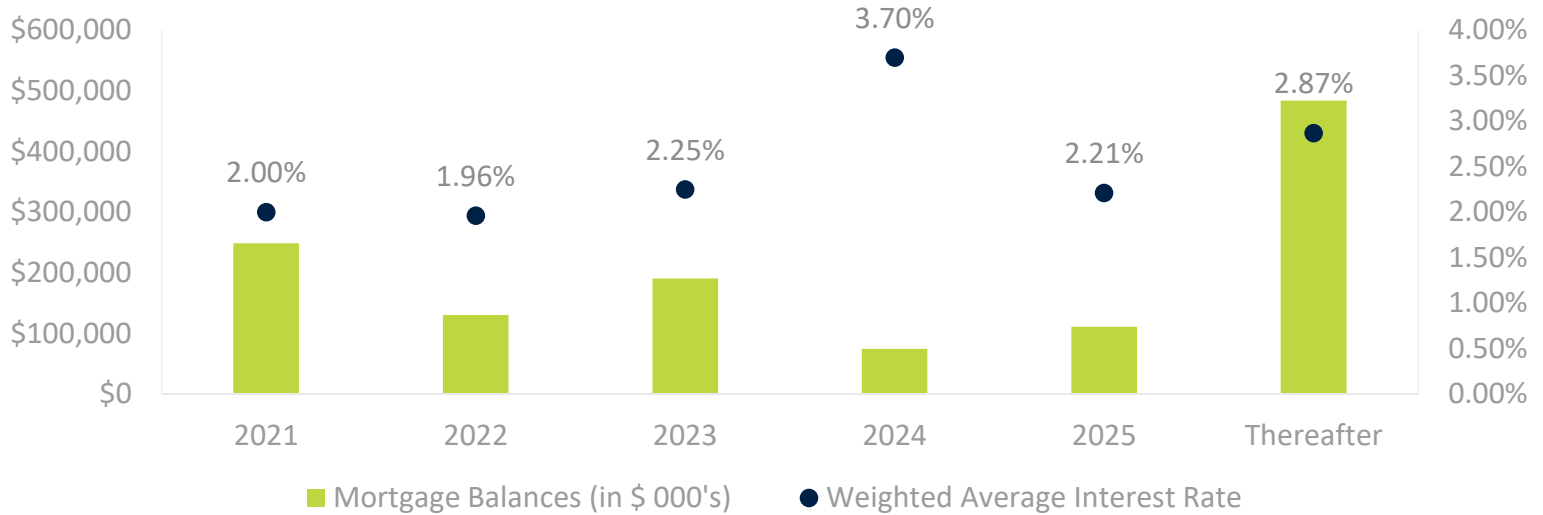
Region	Q2 2021 Cap Rate	Q1 2021 Cap Rate	Q-o-Q Change
Greater Toronto & Hamilton Area	3.86%	3.91%	-5bps
National Capital Region	4.34%	4.34%	Flat
Greater Montreal Area	3.66%	3.69%	-3bps
Greater Vancouver Area	2.95%	n/a	n/a
Other Ontario	4.50%	4.55%	-5bps
<b>Total Investment Properties</b>	<b>3.98%</b>	<b>4.06%</b>	<b>-8bps</b>

- First time inclusion of Vancouver acquisitions in Q2 2021
- \$59.5M fair value gain in Q2 2021 driven by 3bps of cap rate compression (ex-Vancouver)
- Private market transactions supportive of further cap rate compression



# Financing Structure

## MORTGAGE MATURITY SCHEDULE



<sup>1</sup> Rolling 12 months

# Sustainability





# Taking a Long-term View




## RECENT STRUCTURING WORK

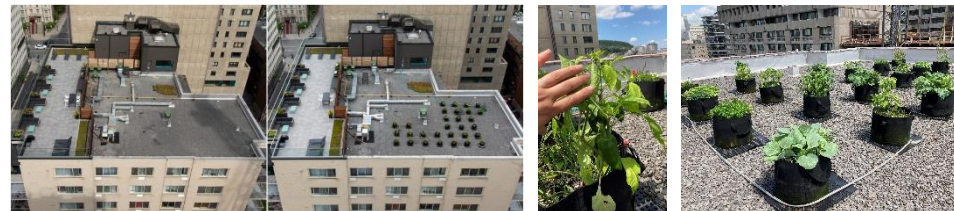
- I. Formalizing sustainability governance
  - ESG committee
  - Diversity & inclusion committee
- II. Understanding our starting point
  - Employee & resident surveys
  - GRESB assessment
  - Stakeholder engagement
- III. Enhanced sustainability disclosure
  - Redesigned annual report
  - Dedicated sustainability report (Nov 2021)

## WHAT WE'RE EXPLORING

emissions reduction target  
**TCFD**  
 automated meter readings  
 storm water irrigation  
 climate change  
**SASB** materiality map  
**D&I** roadmap  
 supplier code of conduct  
 building certifications

## Q2 2021 HIGHLIGHTS

- ✓ Completed 2<sup>nd</sup> GRESB assessment 
- ✓ Launched D&I corporate objectives
- ✓ Participated in 1<sup>st</sup> anniversary survey of the [BlackNorth Initiative](#) 
- ✓ Enhanced whistleblower policy to enable confidential or anonymous web and phone tips
- ✓ Invited all employees to join [Pride at Work Canada's](#) educational *Virtual ProPride* series 
- ✓ Partnered with [MicroHabitat](#) to transform unused rooftop into an urban farm at [Appartements VIE](#) in Montreal



# Key Takeaways





## Key Takeaways

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- Encouraging leasing trends, with all signs pointing to a robust rental environment in 2022
- Wall of capital and institutionalization of asset class translating into incredible deal flow
- Balance sheet strength continues to provide flexibility and fuel for future growth







## CONTACT US

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