



## **DID YOU KNOW?**

### **Small Canadian investors own us**

The vast majority of the Residential REITs are owned by small private investors. These are individuals, mostly retirees, who rely on their investment to help make ends meet in their sunset years..

### **We are a small player in the Canadian rental market**

Publicly traded Residential REITs represent less than 6% of the purpose-built rental stock, which is less than 3% of the total rental market in Canada.

### **Our rent increases are in line with government targets**

We are governed by the same government-set rent increase guidelines as everyone else. Over the past ten years, we've had modest rental growth of 2% across our portfolios. And we were there for their residents during the COVID-19 pandemic: we froze rents and set up rent relief programs, even before governments took action.

### **Our profits are modest**

Residential REITs are capital-intensive businesses, and work for steady, long term returns on investment. The majority of our apartments are affordable for the median renter. As an investment, our returns are modest and we are currently yielding approximately 3%.

### **We don't do "renovictions"**

Our policies are in keeping with the high standards of equity transparency and accountability.

### **More than half – 52.7% – of our 120,000 + suites are rented at affordable rates.**

This means they're less than 30% of median renters' incomes. We are proud to be providers of affordable housing, and to meet the housing needs of all Canadians. We're building thousands of more units across the country in key markets, delivering the housing supply Canada needs, and the homes Canadians want.

### **Investment makes all rentals possible**

Every rental apartment building is and always has been an investment, whether it's owned by an individual, a company, a pension, a social housing provider or a REIT. A building requires capital to build and maintain. That capital comes from the rents collected. We're for housing for people, and are proud to build and manage rental housing to meet the needs of all Canadians.

### **Residential REITs invest heavily in their properties for the health and safety of all their residents.**

Residential REITs invested nearly \$30,000 per home in capital projects over the last decade, primarily in utility upgrades, repairs and energy efficiency improvements like new boilers, elevators, roofs, building envelopes and windows. Making homes safer, healthier and reducing our greenhouse gas emissions.

### **Residential REITs are tax neutral**

After paying for operating expenses, 100% of the income of a REIT is distributed to owners:  $\frac{2}{3}$  of which are regular Canadians saving and paying for retirement. That income is then taxed through income tax at the owners' own marginal rate - just as if they owned a rental property directly. If any income is not distributed to owners, the REIT pays the highest marginal tax rate: 53%. Ultimately, the overall tax contribution from an owner, either as a REIT unitholder or a corporate shareholder, is approximately the same.

## **Changing the tax treatment of REITs would undermine affordable housing**

A 2022 study by EY found that changing the tax treatment of REITs would disincentivize needed investment in residential supply, put upward pressure on rents, and have a marginal — and possibly negative — impact on government revenues.

## **Residential REITs know that housing is about people**

Canada's Residential REITs know that every unit, suite or site in a financial table is home to someone's kitchen table. Housing is essential and we are proud to provide a place for tens of thousands of Canadian families to call home. Every year, thousands of newcomers arrive in Canada and find their first home with us. With over 63,000 of the most affordable housing in the country, we're walking the walk on affordable housing.

## **Residential REITs have thousands of homes in development and under construction**

We're bringing new supply of market and affordable housing to in-demand regional markets all across the country. We've also identified under-developed property that could support the construction of thousands of new units. Residential REITs want to partner with the Government of Canada and other organizations to deliver the housing Canada needs, and the homes Canadians want.

## **Residential REITs are deeply service-oriented.**

As part of that service commitment, we regularly conduct surveys, and receive strong participation and positive feedback from our residents. As large scale housing providers, residential REITs can offer our residents more service, like 24/7 mobile maintenance and online customer service portals where they can submit service requests, book amenities, reserve elevators to move-in/out, and receive essential communication.

The results are clear: as an example, a 2021 customer survey done by CLV/InterRent REIT showed an 87% satisfaction rate among residents for maintenance support, and Killam REIT residents have shown 89% satisfaction with the condition of their apartments.

We're committed to making residents satisfied while keeping market rents affordable.

## **Residential REITs are accountable on environmental, social and governance (ESG)**

We participate in annual Global Real Estate Sustainability Benchmark (GRESB) assessments. GRESB provides a consistent and actionable framework to measure the ESG performance of individual assets and portfolios in the real estate sector. They assess if the ESG strategies are effective, find areas for continuous improvement, prepare for climate-related risks, uncover sustainability related opportunities and standardize the ESG data collection.

Minto Apartment REIT adopted a comprehensive ESG strategy in 2020 with short, medium and long-term targets. It includes increasing employee ESG competency, addressing systemic inequities, promoting diversity and inclusion, and supporting residents' well-being. InterRent REIT/CLV Group have committed to enhancing the diversity of their workforce and ensuring that all policies and practices are inclusive. They equip their employees with the knowledge, skills and comfort to ensure that their diversity, equality and inclusiveness work is self-sustaining into the future.

CAPREIT has also adopted an ESG strategy which is incorporated in its "Elevation 2023" business plan and supported with a formal compliance and ethics program. CAPREIT has also established a code of business ethics and conduct, which ensures they do everything they can to best serve their residents at all times. All CAPREIT employees are required to learn it and abide by this code.

Killam has made diversity and inclusion (D&I) in the workplace a priority, and in 2021 over 500 D&I training sessions were held. They strive to make service to the community part of the culture, increasing paid volunteer days from one to three, with a long term goal of increasing employee volunteer hours by 25% by 2025.

Boardwalk puts its values at the centre of everything it does. For residents, that means welcoming newcomers to Canada by reducing barriers and working with social partners to make housing accessible and operating their own 'Internal Subsidy Program' which offers assistance to residents experiencing financial hardship. For our associates it means a commitment to being a top employer that people want to work for, investing in training for and advancing people of diverse backgrounds, and the creation of our enterprise-wide Diversity, Equity and Inclusion Council.

## **Residential REITs are committed to supporting those in need.**

Residential REITs are helping Ukrainians displaced by the illegal Russian invasion of their homeland. Working with our partners, we have made over 400 apartments available.

CAPREIT makes 2,289 apartments available to social housing groups in 53 communities across Canada.

InterRent REIT/CLV Group have committed over \$15 million in the last 5 years to a wide range of charitable causes, including the Ottawa Hospital Foundation, Habitat for Humanity, Sun Youth, and The Greater Vancouver Food Bank. InterRent REIT/CLV Group have also shown a commitment to Indigenous reconciliation by supporting the Moose Hide Campaign, an anti-violence campaign co-founded by Carrier Lake First Nation.

Killam REIT has established more than 850 subsidized units through government and community partnerships. It implemented a Tenant Assistance Program in 2009 to support residents facing challenging times — be it health or job-related. Killam REIT also provides annual rent subsidies of more than \$1.5 million per year.

Boardwalk operates its own 'Internal Subsidy Program' to support residents experiencing financial hardship, with an eye to its goal of zero evictions. It also works with social services to welcome newcomers to Canada, reducing barriers to housing. It also partners with charities and social services to deliver housing assistance to the most needy.

### **Residential REITs are taking action against climate change**

CAPREIT, for example, invested \$20 million in energy efficiency improvements in 2021 alone, resulting in an 11% reduction in energy consumption and a 10% reduction in GHG emission compared to 2010.

InterRent REIT/CLV Group have committed to conduct a baseline climate change risk assessment to identify physical and transition risks and opportunities, as well as establish science-based emissions reductions targets through the Science Based Targets Initiative (SBTi). They have also pledged to develop a systematic approach to incorporate climate change considerations into the acquisition due diligence process, capex program and capital recycling decisions.

Minto Apartment REIT supports achieving net zero by 2050. Its GHG reduction plans include working to increase energy efficiency and reduce carbon emissions by setting targets for new development projects, as well as integrating green technologies into new and existing buildings. In 2019-20, the REIT invested \$1.1 million in high-efficiency boilers and automation systems. It reduced energy intensity by 8% and carbon intensity by 11% in 2020. As part of its new ESG strategy, Minto Apartment REIT has set a target to reduce portfolio energy use by 10% and water use by 5% by 2025.



Boardwalk REIT's GHG emissions intensity per square foot has been decreased by 4.1% from a 2019 baseline. Boardwalk will reduce its GHGs 15% by 2030 from 2019 levels. In 2021, they invested over \$12 million in upgrades to windows and building envelope, LED lighting, insulation and other interior upgrades.

Killam has become an industry leader in geothermal heating and cooling, installing these energy saving systems in several new developments. This is part of an \$8.2 million investment in energy efficiency initiatives, leading to a 2.1% reduction in GHGs in 2021. Killam will invest another \$8M this year, including completing 7 photovoltaic installations. By 2030, Killam will reduce their GHGs by 15% from 2020 levels.