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## Activist Hedge Fund Anson Said to Build 9% Stake in InterRent

By Paula Sambo

(Bloomberg) -- Anson Funds has amassed a large position in multi-residential REIT InterRent and is pushing for strategic changes, according to people familiar with move.

The activist hedge fund is now Ottawa-based InterRent's top holder, with a 9% stake, or C\$130 million (\$90.2 million), the people said, asking not be identified discussing private information. In Canada, activists can build a stake in companies of up to 10% before they are required to publicly disclose their ownership.

The investment was jointly led by the head of Anson's real estate strategy Michael Missaghie and Sagar Gupta, who leads activism, the people said.

The hedge fund is pushing for operational and strategic changes at InterRent, whose portfolio includes more than 13,000 suites in 126 communities in Ontario, Quebec and British Columbia, according to the people. Anson has already held several meetings with management and the board.

Representatives for InterRent and Anson didn't immediately reply to requests for comment.

InterRent Chief Executive Officer Brad Cutsey announced plans to sell a portfolio of non-core assets in the range of C\$200 million to C\$250 million, during its earning call with investors in February. These sales could generate gains of up to C\$ 140 million, he said. Cutsey said proceeds would be used to pay down debt and buy shares back.

Analysts believe InterRent is positioned for continued growth. "We believe that IIP's strategy of opportunistically arbitraging public/private market disconnect is sensible, perhaps overdue," RBC's analysts led by Jimmy Shan wrote in a report last month, adding that the REIT trades at a "sizable 30% discount to our NAV." Units are down 42% from their peak in Dec. 2021, and virtually unchanged this year. They dropped 29% over the last 12 months.

Public REITs are more liquid and sensitive to short-term market trends. Private REITs, on the other hand, are valued based on long-term factors and are less affected by daily market fluctuations, leading to more stable prices. This results in public REITs sometimes trading above or below the actual value of the properties they hold, while private real estate investments tend to adjust more slowly to economic changes.

Toronto-based Anson has \$1.9 billion in assets under management. It has built a stake in Lionsgate Studios Corp. and is speaking with the studio behind *The Hunger Games* and *John Wick* about ways to unlock value, it said in December.

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