

FINANCIAL REPORT

THREE MONTHS ENDED
MARCH 31, 2024

Q1

Alto Towers, London, ON



CANADIAN APARTMENT
PROPERTIES • REIT

May 8, 2024

Report to Unitholders

We have maintained momentum on the execution of our strategy so far this year, and we are pleased to see that translate into another quarter of solid results. Operationally, occupancy remained high and turnover low, an ongoing reflection of a Canadian housing market in crisis. This continues to drive demand for CAPREIT's rental accommodation, which remains the comparatively affordable option in each of our markets. Our apartment portfolio in Canada was 98.4% occupied at March 31, 2024, while occupied average monthly rent reached \$1,552 as of quarter end, remaining significantly lower than the national average.

This past quarter, robust rent growth and low vacancy rates were augmented by a decrease in property operating costs as a percentage of operating revenues versus the first quarter of last year. This was largely due to lower utility costs resulting from milder winter weather experienced across the country. All in all, our net operating income margin for the same property portfolio was 64.1% for the three months ended March 31, 2024, which is up by 70 basis points from the comparative period. This margin expansion contributed to the 6.4% increase in Funds From Operations (FFO), which was realized despite elevated interest costs that we are incurring on our credit facilities and mortgages payable. Accretive purchases made under our Normal Course Issuer Bid (NCIB) program contributed positively to diluted FFO per unit, with our weighted average number of units outstanding decreasing by approximately 0.9% as compared to the same period last year. This culminated in diluted FFO per unit of \$0.609 realized for the first quarter, representing an increase of 7.4% from \$0.567 per unit achieved in the three months ended March 31, 2023.

Our NCIB program constitutes one component of our overarching capital allocation strategy. In addition to investing \$27 million in our NCIB to repurchase CAPREIT's units at a meaningful discount to net asset value, we also invested \$130 million into the on-strategy acquisition of two recently constructed, concrete rental apartment buildings, that we purchased at a steep discount to replacement cost, and at a capitalization rate (cap rate) that exceeded the weighted average cap rate on our first quarter dispositions. Those non-core sales had generated total gross proceeds of \$84 million that we were able to redeploy, as did our sale of \$58 million worth of equity in Irish Residential Properties REIT plc, which reduced our ownership from 18.7% to 11.3% as at March 31, 2024. Subsequent to quarter end, we settled on the disposition of an additional \$12.7 million, lowering our ownership further to 9.7% as of the date of this report. As demonstrated, we are continuing to optimize our portfolio and our capital to improve quality and earnings simultaneously.

Our financial structure supports our ability to execute on these capital recycling initiatives, and our balance sheet has remained strong. At current period end, we had approximately \$369 million in available liquidity in Canada, comprised of cash and capacity on our credit facilities, which provides us with the financial flexibility we need to capitalize on strategic opportunities in the market. Furthermore, our laddered Canadian mortgage profile has one of the longest terms to maturity in our peer universe at over five years, and it continues to carry a below-market weighted average effective interest rate of 3.0%. We also fix 100% of our mortgage interest, which mitigates the portfolio's volatility risk. Our total debt-to-gross book value ratio was 41.8% at March 31, 2024, and this is relatively stable as compared to 41.6% at year end. We have a conservative debt management methodology that forms an integral part of our overall strategy, and we will continue to apply this proactive and prudent approach to our financing going forward.

This past quarter, we were particularly excited about an instrumental transaction in which we sold two properties located in Langley, British Columbia, to a non-profit organization that was funded by the provincial government's Rental Protection Fund. This disposition will enable those suites to remain affordable in perpetuity, while we were able to free up capital to reinvest in new supply, that will in turn encourage incremental residential development needed in Canada. We were pleased to be able to participate in a productive public-private partnership such as this, and we hope that we will be able to see more of our non-core legacy buildings transfer to the hands of non-profit organizations in the future.

On that note, looking ahead, our focus will continue to revolve around our core legacy and new build apartment portfolio in Canada, and we are eager to make further progress on our strategy to enhance value for our residents, our communities, and our Unitholders.

A handwritten signature in blue ink, reading "Mark Kenney", positioned above a horizontal line.

Mark Kenney
President and Chief Executive Officer



CANADIAN APARTMENT
PROPERTIES • REIT

MANAGEMENT'S DISCUSSION AND ANALYSIS

**FOR THE THREE MONTHS ENDED
MARCH 31, 2024**

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SECTION I: OVERVIEW AND DISCLAIMER

BASIS OF PRESENTATION

The following Management's Discussion and Analysis ("MD&A") of Canadian Apartment Properties Real Estate Investment Trust's ("CAPREIT") results of operations and financial condition for the three months ended March 31, 2024 and March 31, 2023, dated May 8, 2024, should be read in conjunction with CAPREIT's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2024 and consolidated annual financial statements for the year ended December 31, 2023. CAPREIT and its subsidiaries are collectively referred to as "CAPREIT" in the MD&A. The results reported in CAPREIT's MD&A are on a consolidated basis including the full results of any subsidiaries. Information contained on CAPREIT's website or in other documents referred to in this MD&A is not incorporated by reference into, and should not be considered part of, this MD&A unless expressly stated otherwise. Additional information about CAPREIT, including the most recently filed Annual Information Form ("AIF"), is available on SEDAR+ at www.sedarplus.ca.

FORWARD-LOOKING DISCLAIMER

Certain statements contained in this MD&A constitute forward-looking information within the meaning of applicable securities laws. Forward-looking information may relate to CAPREIT's future outlook and anticipated events or results and may include statements regarding the future financial position, business strategy, budgets, litigation, occupancy rates, rental rates, productivity, projected costs, capital investments, development and development opportunities, financial results, taxes, plans and objectives of, or involving, CAPREIT. Particularly, statements regarding CAPREIT's future results, performance, achievements, prospects, costs, opportunities and financial outlook, including those relating to acquisition, disposition and capital investment strategies and the real estate industry generally, are forward-looking statements. In some cases, forward-looking information can be identified by terms such as "may", "will", "would", "should", "could", "likely", "expect", "plan", "anticipate", "believe", "intend", "estimate", "forecast", "predict", "potential", "project", "budget", "continue" or the negative thereof, or other similar expressions concerning matters that are not historical facts. Forward-looking statements are based on certain factors and assumptions regarding expected growth, results of operations, performance, and business prospects and opportunities. In addition, certain specific assumptions were made in preparing forward-looking information, including: that the Canadian and Dutch economies will generally experience growth, which, however, may be adversely impacted by the global economy, inflation and high interest rates, potential health crises and their direct or indirect impacts on the business of CAPREIT, including CAPREIT's ability to enforce leases, perform capital expenditure work, increase rents and apply for above guideline increases ("AGIs"), obtain financings at favourable interest rates; that Canada Mortgage and Housing Corporation ("CMHC") mortgage insurance will continue to be available and that a sufficient number of lenders will participate in the CMHC-insured mortgage program to ensure competitive rates; that the Canadian capital markets will continue to provide CAPREIT with access to equity and/or debt at reasonable rates; that vacancy rates for CAPREIT properties will be consistent with historical norms; that rental rates on renewals will grow; that rental rates on turnovers will grow; that the difference between in-place and market-based rents will be reduced upon such turnovers and renewals; that CAPREIT will effectively manage price pressures relating to its energy usage; and, with respect to CAPREIT's financial outlook regarding capital investments, assumptions respecting projected costs of construction and materials, availability of trades, the cost and availability of financing, CAPREIT's investment priorities, the properties in which investments will be made, the composition of the property portfolio and the projected return on investment in respect of specific capital investments. Although the forward-looking statements contained in this MD&A are based on assumptions and information that is currently available to management, which are subject to change, management believes these statements have been prepared on a reasonable basis, reflecting CAPREIT's best estimates and judgements. However, there can be no assurance actual results, terms or timing will be consistent with these forward-looking statements, and they may prove to be incorrect. Forward-looking statements necessarily involve known and unknown risks and uncertainties, many of which are beyond CAPREIT's control, that may cause CAPREIT's or the industry's actual results, performance, achievements, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, risks related to: rent control and residential tenancy regulations, general economic conditions, privacy, cyber security and data governance risks, availability and cost of debt, acquisitions, dispositions and property development, valuation risk, liquidity and price volatility of units of CAPREIT ("Trust Units"), catastrophic events, climate change, taxation-related risks, energy costs, environmental matters, vendor management and third-party service providers, operating risk, talent management and human resources shortages, public health crises, other regulatory compliance risks, litigation risk, CAPREIT's investment in European Residential Real Estate Investment Trust ("ERES"), potential conflicts of interest, investment restrictions, lack of diversification of investment assets,

geographic concentration, illiquidity of real property, capital investments, leasing risk, dependence on key personnel, adequacy of insurance and captive insurance, competition for residents, controls over disclosures and financial reporting, the nature of Trust Units, dilution, distributions and foreign operation and currency risks. There can be no assurance that the expectations of CAPREIT's management will prove to be correct. For a detailed discussion of risk factors, refer to Risks and Uncertainties in Section VII of the 2023 Annual MD&A. Subject to applicable law, CAPREIT does not undertake any obligation to publicly update or revise any forward-looking information.

NON-IFRS MEASURES

CAPREIT prepares and releases unaudited condensed consolidated interim financial statements and audited consolidated annual financial statements in accordance with International Financial Reporting Standards ("IFRS"). In this MD&A, earnings releases, investor presentations and investor conference calls, CAPREIT discloses measures not recognized under IFRS which do not have standard meanings prescribed by IFRS. These include Funds From Operations ("FFO"), Adjusted Cash Flow from Operations ("ACFO"), Adjusted Cash Generated from Operating Activities, Net Asset Value ("NAV"), Total Debt, Gross Book Value and Adjusted Earnings Before Interest, Tax, Depreciation, Amortization and Fair Value ("Adjusted EBITDAFV") (the "Non-IFRS Financial Measures"), as well as diluted FFO per unit, diluted NAV per unit, FFO payout ratio, ACFO payout ratio, Total Debt to Gross Book Value, Debt Service Coverage Ratio and Interest Coverage Ratio (the "Non-IFRS Ratios" and together with the Non-IFRS Financial Measures, the "Non-IFRS Measures"). Since these measures and related per unit amounts are not recognized under IFRS, they may not be comparable to similar measures reported by other issuers. CAPREIT presents Non-IFRS Measures because management believes Non-IFRS Measures are relevant measures of the ability of CAPREIT to earn revenue and to evaluate its performance, financial condition and cash flows. These Non-IFRS Measures have been assessed for compliance with National Instrument 52-112 and a reconciliation of these Non-IFRS Measures to the comparable IFRS measures, along with further definitions and discussion, is provided in Section VI under Non-IFRS Measures. The Non-IFRS Measures should not be construed as alternatives to net income (loss) or cash flows from operating activities determined in accordance with IFRS as indicators of CAPREIT's performance or the sustainability of CAPREIT's distributions.

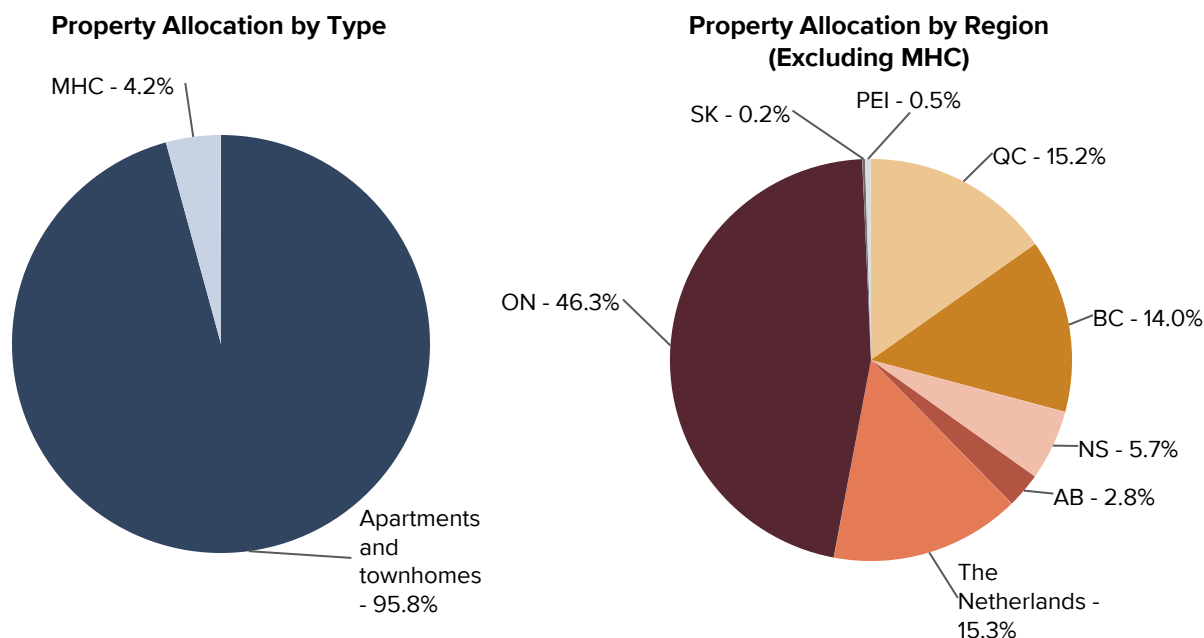
OVERVIEW

CAPREIT is Canada's largest publicly-traded provider of quality rental housing. CAPREIT owns approximately 64,200 residential apartment suites, townhomes and manufactured home community ("MHC") sites well-located across Canada and the Netherlands as of March 31, 2024.

CAPREIT's concentration on the residential real estate market is aimed at solid year-over-year income growth in a portfolio with stable occupancy. In addition, CAPREIT mitigates risk through demographic diversification by operating properties across the affordable, mid-tier and luxury sectors, as well as through geographic diversification.

CAPREIT was established under the laws of the Province of Ontario by a Declaration of Trust (the "DOT"), dated February 3, 1997, as most recently amended and restated on June 1, 2022.

The following charts show the portfolio allocation by type and by region based on the fair value of CAPREIT's investment properties as at March 31, 2024. For a detailed discussion of CAPREIT's investment properties, refer to Section IV under Investment Properties.



PROPERTY PORTFOLIO

Types of Property Interests

CAPREIT's investments in its property portfolio reflect different forms of property interests, including: Fee Simple Interests – Apartments and Townhomes, Operating Leasehold Interests, Land Leasehold Interests and Fee Simple Interests – MHC Sites.

Portfolio Diversification

CAPREIT's property portfolio continues to be diversified by geography and balanced among asset types. Management's long-term goal is to further enhance the geographic diversification, high quality and defensive nature of its portfolio through acquisitions and dispositions.

Portfolio by Geography

As at	March 31, 2024		December 31, 2023		March 31, 2023	
	Number of Suites and Sites	% ⁽¹⁾	Number of Suites and Sites	% ⁽¹⁾	Number of Suites and Sites	% ⁽¹⁾
Residential Suites						
Ontario						
Greater Toronto Area	17,139	26.7	17,139	26.7	17,139	26.2
London / Kitchener / Waterloo	4,099	6.4	3,808	5.8	3,808	5.8
Ottawa	1,485	2.3	1,485	2.3	1,485	2.3
	22,723	35.4	22,432	34.8	22,432	34.3
Québec						
Greater Montréal Region	7,695	12.0	7,695	12.0	8,681	13.2
Québec City	2,459	3.8	2,699	4.1	2,777	4.2
	10,154	15.8	10,394	16.1	11,458	17.4
British Columbia						
Greater Vancouver Area	3,934	6.1	4,042	6.3	3,743	5.7
Victoria and Other British Columbia	2,133	3.3	2,165	3.4	2,117	3.3
	6,067	9.4	6,207	9.7	5,860	9.0
Nova Scotia						
Halifax	3,340	5.2	3,340	5.2	3,287	5.0
Alberta						
Calgary	1,512	2.4	1,512	2.4	1,775	2.7
Edmonton	697	1.1	697	1.1	608	0.9
	2,209	3.5	2,209	3.5	2,383	3.6
Prince Edward Island						
Charlottetown	424	0.7	424	0.7	637	1.0
Saskatchewan						
Regina	234	0.4	234	0.4	234	0.4
Total Canadian residential suites	45,151	70.4	45,240	70.4	46,291	70.7
MHC Sites						
Total MHC sites	12,138	18.9	12,134	18.9	12,336	18.8
Total Canadian portfolio	57,289	89.3	57,374	89.3	58,627	89.5
Europe						
The Netherlands portfolio	6,862	10.7	6,886	10.7	6,900	10.5
Total portfolio	64,151	100.0	64,260	100.0	65,527	100.0

⁽¹⁾ Represents percentage of the portfolio by number of suites and sites.

While maintaining a strong and strategic presence in Ontario's vibrant residential market, CAPREIT continues to focus on diversifying its portfolio by increasing its allocation in high-growth Canadian markets with strong fundamentals. CAPREIT considers investment opportunities that meet its investment criteria, which includes geographical diversification and the mitigation of risks arising from potential downturns in any specific markets.

OBJECTIVES AND BUSINESS STRATEGY

CAPREIT's objectives are to:

- maintain a focus on maximizing occupancy and responsibly growing occupied average monthly rent ("Occupied AMR") in accordance with local conditions in each of its markets;
- upgrade the quality and diversification of the property portfolio through repositioning and capital recycling initiatives to grow earnings and cash flow potential;
- invest capital and adopt leading edge technologies and solutions to enhance environmental and operational efficiencies, risk management and to help ensure life safety and satisfaction of residents; and
- maintain strong financial management and a conservative and well-balanced capital structure to increase FFO per unit, NAV per unit and provide long-term, stable and growing cash distributions for holders of Trust Units ("Unitholders").

To meet its objectives, CAPREIT has established the following strategies:

Customer Service

CAPREIT recognizes that it is in a "people business" and strives to be recognized as the landlord of choice in all of its chosen markets by providing its residents with a safe, secure and comfortable living environment. It takes a hands-on approach to managing its properties, emphasizing open and frequent communications to ensure residents' needs are met efficiently and effectively, thereby maintaining a high occupancy level. Numerous initiatives, such as newsletters, special events, resident committees and others, are aimed at building a true sense of community at its properties. CAPREIT's strong sales and marketing team continues to execute innovative and highly effective strategies to help attract and retain residents and adapt to changing conditions in specific markets. In addition, CAPREIT's lease administration system improves control of rent-setting by suite, increasing resident service and enhancing the overall profile of its resident base. These initiatives are further enhanced by CAPREIT's strong information technology platform.

Cost Management

While ensuring the needs of its residents are met, CAPREIT also carefully monitors operating costs to ensure it is delivering services to residents both efficiently and cost-effectively. CAPREIT strives to capture potential economies of scale and cost synergies generated by the size and geographic allocation of its property portfolio. CAPREIT's enterprise-wide procurement system streamlines and centralizes purchasing controls, policies and procedures and is realizing reduced costs through competitive sourcing contracts, improved pricing and enhanced operating efficiencies.

Upgrading the Portfolio

CAPREIT aims to continuously improve the quality of its portfolio and earnings through accretive acquisitions of newly constructed Canadian apartment properties, and dispositions of certain older and non-core properties, in accordance with its strategic criteria. This includes enhancing the portfolio's geographic exposure by increasing its concentration in targeted, attractive, high-growth Canadian regions with strong long-term market fundamentals. CAPREIT's repositioning program aims to increase net operating income ("NOI"), reduce risk and diversify its resident base. Where possible, CAPREIT also seeks to uncover development value through entitling and selling its excess density. The funds from its non-core divestitures will primarily be used to acquire additional, new build properties that are in line with CAPREIT's current strategy, to pay down existing debt or to crystallize value through its normal course issuer bid ("NCIB") program, depending on market conditions and the most accretive avenue for capital deployment. Management believes the continued reinvestment of capital is a fundamental component of its value-creation strategy, and demonstrates its ability to maximize and manage the earnings and cash flow potential of its property portfolio.

Capital Investments

CAPREIT is committed to improving its operating performance by investing capital in projects that will sustain or enhance the portfolio's rental income-generating potential. CAPREIT continues to invest in innovative technology solutions that enhance productivity as well as environment-friendly, energy-saving and water efficiency initiatives that improve NOI while reducing the portfolio's environmental footprint. CAPREIT completes a review of its portfolio and revises its long-term capital investment plan on an annual basis, which allows management to ensure capital investments extend the useful economic life of CAPREIT's properties, enhance life safety, maximize earnings and improve the long-term cash flow potential of its portfolio.

Environmental, Social and Governance ("ESG")

CAPREIT continues to review and refine its multi-year ESG strategy, which is aligned with CAPREIT's corporate vision of being "the Best Place to Live, Work, and Invest". CAPREIT's overarching commitments include ensuring that its buildings and services meet the highest standards possible, fostering a culture where diversity, equity and inclusion are foundational; and ultimately integrating ESG into all aspects of CAPREIT's business and throughout all levels of its organization, supported by strong corporate governance, and standardized and comprehensive ESG disclosures. These commitments allow CAPREIT to better demonstrate its environmental responsibility, attract and retain the best people in the business in which it operates, build strong relationships with its residents and the communities in which they live, adopt best practice programs in corporate governance, monitor its progress on ESG priorities, and maintain open and transparent communication with its investors and other stakeholders. In line with CAPREIT's ongoing goals relating to ESG performance, management continues to support submission to the Global Real Estate Sustainability Benchmark ("GRESB"), the results of which will inform future cycles of improvement and the evolution of CAPREIT's ESG strategy going forward. CAPREIT has also aligned with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), which will be incorporated in its 2023 ESG Report that will be issued in June 2024.

Financial Management

CAPREIT takes a conservative approach and strives to manage its exposure to interest rate volatility by proactively managing its mortgage debt portfolio to fix and, where possible, reduce average interest rates, effectively manage the average term to maturity and stagger maturity dates. In addition, CAPREIT strives to maintain a conservative overall liquidity position and achieve a balance in its overall capital resource requirements between debt and equity.

SECTION II: PORTFOLIO OVERVIEW

SUMMARY OF Q1 2024 RESULTS OF OPERATIONS

Strategic Initiatives Update

- CAPREIT continues to invest in strategic opportunities that are accretive. For the three months ended March 31, 2024, CAPREIT acquired a property comprised of 291 suites located in London, Ontario for a total purchase price of \$130 million (excluding transaction costs and other adjustments).
- For the three months ended March 31, 2024, CAPREIT disposed of 380 suites which were comprised of four non-core properties located in British Columbia and Québec and 24 single residential suites located in the Netherlands for \$94.7 million (excluding transaction costs and other adjustments).
- In March 2024, CAPREIT received the TSX's acceptance of its notice to proceed with an NCIB, following expiry of the previous NCIB on March 23, 2024. During the three months ended March 31, 2024, CAPREIT purchased and cancelled approximately 0.6 million Trust Units, under the NCIB program, at a weighted average purchase price of \$48.19 per Trust Unit, for a total cost of \$27.1 million.
- On February 22, 2024, CAPREIT filed a prospectus supplement to establish an at-the-market program ("ATM Program") that allows CAPREIT, at its sole discretion, to issue Trust Units up to an aggregate sale price of \$400 million from treasury to the public from time to time, directly on the TSX or on other marketplaces on which the Trust Units are listed or quoted in Canada or where the Trust Units are traded in Canada, at prevailing market prices. During the three months ended March 31, 2024, no Trust Units were issued under the ATM Program.
- During the three months ended March 31, 2024, CAPREIT transacted on the sale of Irish Residential Properties REIT plc ("IRES") shares totalling \$57.9 million, of which \$43.7 million settled during the three months ended March 31, 2024 with the balance settling after March 31, 2024. Subsequent to March 31, 2024, CAPREIT settled on the disposition of additional IRES shares totalling \$12.7 million, bringing CAPREIT's ownership interest from 18.7% as at December 31, 2023 to 9.7% as at May 8, 2024.
- CAPREIT's strategy to upgrade the quality and diversification of the property portfolio through repositioning and capital recycling initiatives to grow earnings and cash flow potential continues for 2024. CAPREIT is currently targeting the disposition of over \$400 million of non-core Canadian properties during 2024.

Operating Results

- On turnovers and renewals, monthly residential rents for the three months ended March 31, 2024 increased by 4.1% for the Canadian residential portfolio, compared to 3.7% for the three months ended March 31, 2023.
- Same property Occupied AMR for the Canadian residential portfolio as at March 31, 2024 increased by 6.5% compared to March 31, 2023, while same property occupancy for the Canadian residential portfolio remained relatively stable at 98.5% (March 31, 2023 - 98.6%).
- NOI for the same property portfolio increased by 7.6% for the three months ended March 31, 2024 compared to the same period last year. Additionally, NOI margin for the same property portfolio increased to 64.1%, up 0.7% compared to the same period last year.
- Diluted FFO per unit was up 7.4%, including an approximately 0.9% decrease in the weighted average number of units outstanding, for the three months ended March 31, 2024 compared to the same period last year, primarily due to contributions from acquisitions, higher same property NOI and accretive NCIB

purchases, partially offset by lower other income and higher interest expense on credit facilities payable and mortgages payable.

Balance Sheet Highlights

- CAPREIT's financial position remains strong, with approximately \$369.3 million of available Canadian liquidity, comprising \$44.6 million of Canadian cash and cash equivalents, \$254.7 million of available capacity on its Canadian Acquisition and Operating Facility and \$70.0 million of an unsecured non-revolving construction and term credit facility to reduce greenhouse gas ("GHG") emissions ("GHG Reduction Facility").
- To date, CAPREIT completed or committed mortgage financings totalling \$143.2 million, with a weighted average term to maturity of 8.7 years and a weighted average interest rate of 4.64%.
- For the three months ended March 31, 2024 the overall carrying value of investment properties (excluding assets held for sale) increased by \$163.5 million primarily due to net acquisitions of \$83.2 million, fair value gains of \$71.7 million, property capital investments of \$42.4 million, which were partially offset by transfers to assets held for sale of \$33.0 million.
- Diluted NAV per unit as at March 31, 2024 increased to \$54.79 from \$54.23 as at December 31, 2023, reflecting an increase in investment property values in CAPREIT's Canadian portfolio, supplemented by the effects of accretive purchases of Trust Units for cancellation through the NCIB program.

KEY PERFORMANCE INDICATORS

To assist management and investors in monitoring and evaluating CAPREIT's achievement of its objectives, CAPREIT has defined a number of key operating and performance indicators ("KPIs") to measure the success of its operating and financial strategies.

Occupancy – Through a focused, hands-on approach, CAPREIT strives to achieve occupancies at or greater than market conditions in each of the geographic regions where it operates.

Occupied AMR – Through its active property management strategies, lease administration system and proactive capital investment programs, CAPREIT strives to achieve increasing Occupied AMR in accordance with local market conditions and rent control legislation, as applicable. Management believes same property Occupied AMR will continue to gradually increase, providing the basis for sustainable year-over-year increases in revenue.

NOI and Same Property NOI – NOI and same property NOI are widely used operating performance indicators in the real estate industry. NOI is presented in CAPREIT's consolidated interim statements of net income (loss) and comprehensive income (loss). Same property NOI is based on the operating performance of properties fully owned by CAPREIT in the current and prior year comparative periods, excluding properties that are classified as assets held for sale as at period-end. NOI and same property NOI may not, however, be comparable to similar measures presented by other real estate investment trusts or companies.

FFO per unit – CAPREIT is focused on achieving steady increases in this metric. Management believes this measure is indicative of CAPREIT's overall operating performance.

FFO Payout Ratio – This ratio is meant to monitor the FFO that is retained at CAPREIT to potentially fund investment opportunities, capital initiatives or repay indebtedness, after factoring in distributions, and is not meant to be a measure of the sustainability of CAPREIT's distributions. Although CAPREIT intends to continue to sustain and grow distributions, the actual amount of distributions in respect of the CAPREIT units will depend upon numerous factors including, but not limited to, the amount of debt refinancings, capital expenditures and other factors that may be beyond the control of CAPREIT.

Leverage Ratios and Terms – CAPREIT takes a proactive approach with its mortgage portfolio, striving to manage interest expense volatility risk by fixing the lowest possible average interest rates for long-term mortgages, while mitigating refinancing risk by prudently managing the portfolio's average term to maturity and staggering the maturity dates. For this purpose, CAPREIT strives to ensure its overall leverage ratios and interest and debt service coverage ratios are maintained at a sustainable level. CAPREIT focuses on maintaining capital adequacy by complying with investment and debt restrictions in its DOT and the financial covenants in its credit facility and mortgage agreements. CAPREIT's credit agreements consist of a revolving acquisition and operating facility, which can be borrowed in US dollars ("USD"), euros or Canadian dollars, ("Acquisition and Operating Facility"), the GHG Reduction Facility, and the ERES revolving credit facility ("ERES Credit Facility") (collectively, the "Credit Facilities"), as described under Liquidity and Financial Condition in Section V.

NAV per unit – Management believes that this measure reflects the residual value of CAPREIT to its Unitholders as at the reporting date and is therefore used by management to evaluate the net asset value attributable to Unitholders, and changes thereon based on the execution of CAPREIT's strategy.

PERFORMANCE MEASURES

The following tables present an overview of certain IFRS and Non-IFRS Measures of CAPREIT as at March 31, 2024, December 31, 2023 and March 31, 2023 and for the three months ended March 31, 2024 and March 31, 2023. Management believes these measures are useful in assessing CAPREIT's operating and financial performance in relation to its objectives and business strategy.

As at	March 31, 2024	December 31, 2023	March 31, 2023
Total Portfolio Performance and Other Measures			
Number of suites and sites ⁽¹⁾	64,151	64,260	65,527
Investment properties fair value ⁽²⁾ (000s)	\$ 16,695,616	\$ 16,532,096	\$ 17,121,228
Occupied AMR⁽¹⁾			
Canadian Residential Portfolio ⁽³⁾	\$ 1,552	\$ 1,516	\$ 1,428
The Netherlands Portfolio	€ 1,068	€ 1,063	€ 1,002
Occupancy⁽¹⁾			
Canadian Residential Portfolio ⁽³⁾	98.4 %	98.8 %	98.6 %
The Netherlands Portfolio	98.5 %	98.5 %	98.7 %
Total Portfolio ⁽⁴⁾	98.0 %	98.2 %	98.1 %

⁽¹⁾ Excludes commercial suites.

⁽²⁾ Investment properties exclude assets held for sale, as applicable.

⁽³⁾ Excludes MHC sites.

⁽⁴⁾ Includes MHC sites.

For the Three Months Ended March 31,	2024	2023
Financial Performance		
Operating revenues (000s)	\$ 275,816	\$ 260,947
NOI (000s)	\$ 177,049	\$ 163,858
NOI margin	64.2 %	62.8 %
Same property NOI (000s)	\$ 172,719	\$ 160,504
Same property NOI margin	64.1 %	63.4 %
Net income (loss) (000s)	\$ 182,113	\$ (103,227)
FFO per unit – diluted ⁽¹⁾	\$ 0.609	\$ 0.567
Distributions per unit	\$ 0.362	\$ 0.362
FFO payout ratio ⁽¹⁾	59.5 %	63.6 %

⁽¹⁾ These measures are not defined by IFRS, do not have standard meanings and may not be comparable with other industries or companies (see Section I – Non-IFRS Measures). For a reconciliation to IFRS, see Section VI – Non-IFRS Measures.

As at	March 31, 2024	December 31, 2023	March 31, 2023
Financing Metrics and Liquidity			
Total debt to gross book value ⁽¹⁾	41.8%	41.6%	40.1%
Weighted average mortgage effective interest rate ⁽²⁾	2.84%	2.80%	2.61%
Weighted average mortgage term (years) ⁽²⁾	4.7	4.9	5.2
Debt service coverage ratio (times) ⁽¹⁾⁽³⁾	1.8x	1.8x	1.9x
Interest coverage ratio (times) ⁽¹⁾⁽³⁾	3.3x	3.3x	3.6x
Cash and cash equivalents (000s) ⁽⁴⁾	\$ 58,495	\$ 29,528	\$ 24,594
Available liquidity – Canadian Credit Facilities (000s) ⁽⁵⁾	\$ 324,657	\$ 340,059	\$ 240,995
Capital			
Unitholders' equity (000s)	\$ 9,374,475	\$ 9,278,595	\$ 9,774,480
Net asset value (000s) ⁽¹⁾	\$ 9,287,633	\$ 9,212,594	\$ 9,760,956
Total number of units – diluted (000s)	169,501	169,868	169,831
Net asset value per unit – diluted ⁽¹⁾	\$ 54.79	\$ 54.23	\$ 57.47

⁽¹⁾ This measure is not defined by IFRS, does not have standard meaning and may not be comparable with other industries or companies (see Section I – Non-IFRS Measures). For a reconciliation to IFRS, see Section VI – Non-IFRS Measures.

⁽²⁾ Excludes liabilities related to assets held for sale, as applicable.

⁽³⁾ Based on the trailing four quarters.

⁽⁴⁾ Consists of \$44,564 and \$13,931 in Canada and ERES, respectively (December 31, 2023 – \$19,446 and \$10,082, respectively, March 31, 2023 – \$14,069 and \$10,525, respectively).

⁽⁵⁾ Includes \$254,657 available on the Acquisition and Operating Facility (December 31, 2023 – \$340,059, March 31, 2023 – \$240,995) and \$70,000 available on the GHG Reduction Facility (December 31, 2023 and March 31, 2023 – N/A).

SECTION III: OPERATIONAL AND FINANCIAL RESULTS

OCCUPIED AVERAGE MONTHLY RENTS AND OCCUPANCY

Occupied AMR is defined as actual residential rents divided by the total number of occupied suites or sites in the property, and does not include revenues from parking, laundry or other sources. Same Property Occupied AMR and occupancy include all properties held as at March 31, 2023, but exclude properties disposed of or held for sale as at March 31, 2024.

Occupied AMR and Occupancy by Geography

As at March 31,	Total Portfolio				Same Property			
	2024		2023		2024		2023	
	Occupied AMR	Occ. %	Occupied AMR	Occ. %	Occupied AMR	Occ. %	Occupied AMR	Occ. %
Residential Suites								
Ontario								
Greater Toronto Area	\$ 1,725	99.0	\$ 1,631	99.4	\$ 1,725	99.0	\$ 1,631	99.4
London / Kitchener / Waterloo	1,343	98.5	1,183	98.7	1,270	98.5	1,183	98.7
Ottawa	1,818	99.9	1,730	99.3	1,818	99.9	1,730	99.3
	\$ 1,663	99.0	\$ 1,562	99.2	\$ 1,654	99.0	\$ 1,562	99.2
Québec								
Greater Montréal Region	\$ 1,240	97.4	\$ 1,143	97.1	\$ 1,240	97.4	\$ 1,166	96.8
Québec City	1,297	97.7	1,201	97.7	1,297	97.7	1,243	97.6
	\$ 1,254	97.4	\$ 1,157	97.2	\$ 1,254	97.4	\$ 1,185	97.0
British Columbia								
Greater Vancouver Area	\$ 1,771	98.9	\$ 1,583	99.1	\$ 1,712	99.1	\$ 1,588	99.0
Victoria and Other British Columbia	1,637	98.0	1,518	98.3	1,622	98.0	1,515	98.3
	\$ 1,724	98.6	\$ 1,560	98.8	\$ 1,679	98.7	\$ 1,561	98.8
Nova Scotia								
Halifax	\$ 1,533	98.2	\$ 1,422	98.5	\$ 1,525	98.1	\$ 1,422	98.5
Alberta								
Calgary	\$ 1,394	98.3	\$ 1,203	99.7	\$ 1,394	98.3	\$ 1,201	99.7
Edmonton	1,417	95.3	1,305	96.7	1,406	95.2	1,305	96.7
	\$ 1,401	97.3	\$ 1,229	98.9	\$ 1,397	97.4	\$ 1,230	98.8
Prince Edward Island								
Charlottetown	\$ 1,298	99.8	\$ 1,132	99.5	\$ 1,298	99.8	\$ 1,263	99.5
Saskatchewan								
Regina	\$ 1,258	96.6	\$ 1,108	98.3	\$ 1,258	96.6	\$ 1,108	98.3
Total Canadian residential suites	\$ 1,552	98.4	\$ 1,428	98.6	\$ 1,539	98.5	\$ 1,445	98.6
MHC Sites								
Total MHC sites	\$ 447	95.9	\$ 433	95.8	\$ 447	95.9	\$ 433	95.7
Total Canadian portfolio	\$ 1,323	97.9	\$ 1,223	98.0	\$ 1,309	97.9	\$ 1,233	98.0
Europe								
The Netherlands portfolio	€ 1,068	98.5	€ 1,002	98.7	€ 1,068	98.5	€ 1,001	98.7
Total portfolio		98.0		98.1		98.0		98.1

The rate of growth in total portfolio Occupied AMR has been primarily driven by (i) new acquisitions completed over the past 12 months and (ii) same property operational growth. The rate of growth in same property Occupied AMR has been primarily due to (i) rental increases on turnover in the rental markets of most provinces across the Canadian portfolio and (ii) rental increases on renewals.

The weighted average gross rent per square foot for total Canadian residential suites was approximately \$1.85 as at March 31, 2024, increased from \$1.75 as at March 31, 2023.

Annual Rental Guidelines as per Rental Board

The table below presents the annual rental guideline increases in CAPREIT's largest Canadian provinces of operations under rent control legislation impacting lease renewals, if applicable.

	2024 ⁽¹⁾	2023 ⁽²⁾
Ontario	2.5%	2.5%
British Columbia	3.5%	2.0%

⁽¹⁾ Ontario and British Columbia have capped the rental guideline increases at 2.5% and 3.5%, respectively, below current rates of inflation. Without the cap, the rental guideline increases would have been calculated to be 5.9% and 5.6%, respectively, based on the average Ontario and British Columbia Consumer Price Indices at the time of announcement of the 2024 annual rental guidelines.

⁽²⁾ Ontario and British Columbia have capped the rental guideline increases at 2.5% and 2.0%, respectively, below current rates of inflation. Without the cap, the rental guideline increases would have been calculated to be 5.3% and 5.4%, respectively, based on the Ontario and British Columbia Consumer Price Indices at the time of announcement of the 2023 annual rental guidelines.

CAPREIT's strategy is focused on upgrading portfolio quality through accretive acquisitions of newly built properties, alongside selected non-core or opportunistic dispositions. As a result, AGIs and additional rental increases are an insignificant component of CAPREIT's operations, with applications only active for selected suites and sites meeting certain criteria.

Suite Turnovers and Lease Renewals – Total Portfolio

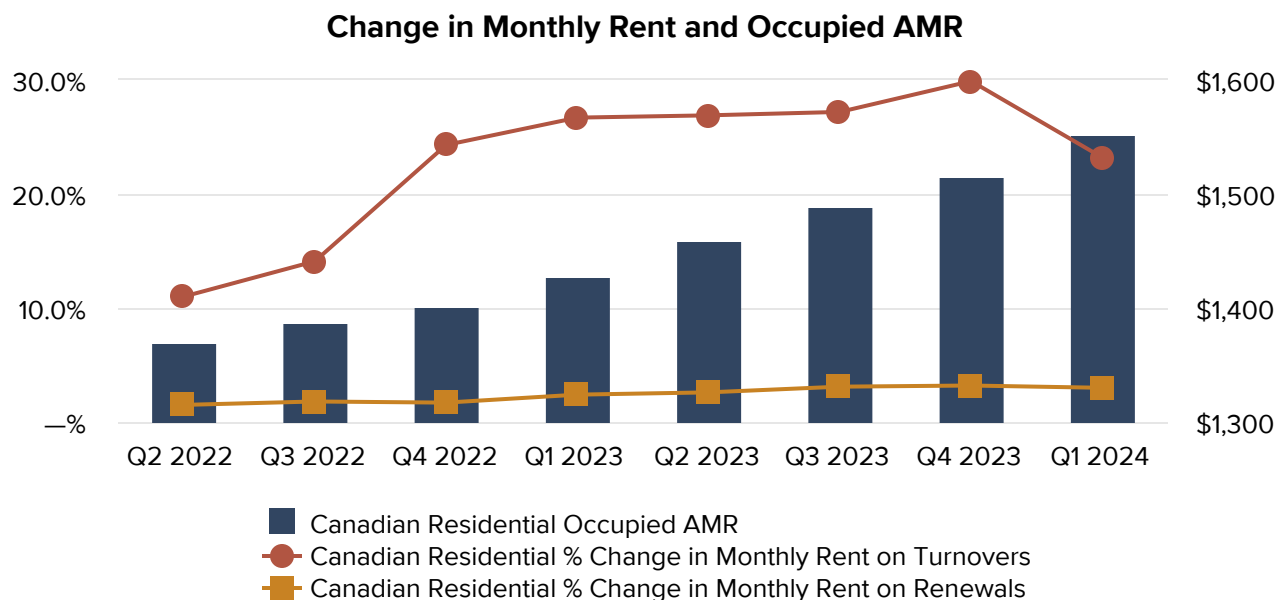
The tables below summarize the changes in the monthly rent due to suite turnovers and lease renewals compared to the prior year.

Canadian Portfolio

For the Three Months Ended March 31,	2024		2023	
	Change in Monthly Rent	Turnovers and Renewals ⁽¹⁾	Change in Monthly Rent	Turnovers and Renewals ⁽¹⁾
	%	%	%	%
Suite turnovers	23.2	2.4	26.7	2.6
Lease renewals	3.0	45.0	2.4	45.4
Weighted average of turnovers and renewals	4.1		3.7	

⁽¹⁾ Percentage of suites turned over or renewed during the period is based on the total weighted average number of residential suites (excluding co-ownerships and MHC sites) held during the period.

Change in monthly rent on suite turnovers continues to remain strong while lease renewals remain stable due to rent controls in certain provinces. The following graph illustrates the change in monthly rent on turnovers and renewals, as well as Occupied AMR (excluding co-ownerships and MHC sites), for the trailing eight quarters.



The Netherlands Portfolio

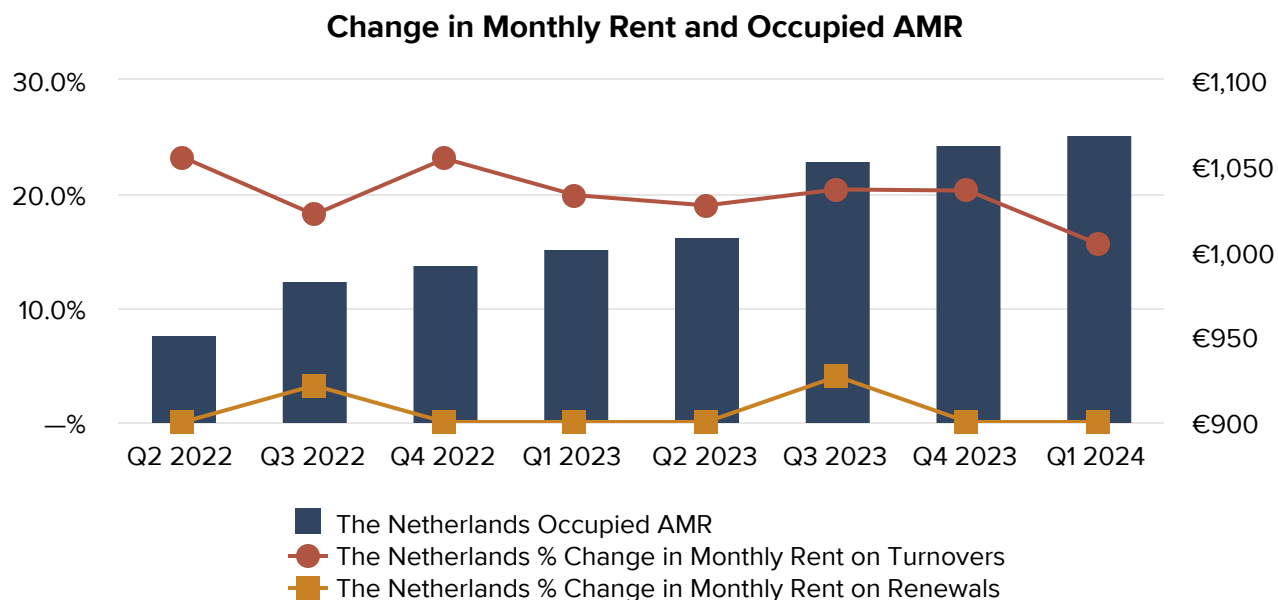
For the Three Months Ended March 31,

	2024		2023	
	Change in Monthly Rent	Turnovers and Renewals ⁽¹⁾	Change in Monthly Rent	Turnovers and Renewals ⁽¹⁾
	%	%	%	%
Suite turnovers	15.6	3.1	19.9	3.9
Lease renewals	—	—	—	—
Weighted average of turnovers and renewals	15.6		19.9	

⁽¹⁾ Percentage of suites turned over or renewed during the period is based on the total weighted average number of Dutch residential suites held during the period.

As the Netherlands lease renewals occur once a year in July, there were no changes in lease renewals for the three months ended March 31, 2024 and March 31, 2023. For rent renewal increases due to indexation beginning on July 1, 2024, ERES served tenant notices to 6,572 suites, representing 96% of the residential portfolio, across which the average rental increase due to indexation and household income adjustment is 5.3%. In the prior year period, ERES served tenant notices to 6,659 suites, representing 97% of the residential portfolio, across which the average rental increase due to indexation and household income adjustment is 4.0%.

Change in monthly rent on suite turnovers continues to remain strong while lease renewals show moderate increases during the annual renewal month. The following graph illustrates the change in monthly rent on turnovers and renewals, as well as Occupied AMR, for the trailing eight quarters.



Tenant Inducements and Expected Credit Losses

(\$ Thousands)

For the Three Months Ended March 31,

	2024	% ⁽¹⁾	2023	% ⁽¹⁾
New tenant inducements granted – residential	\$ 381		\$ 212	
New tenant inducements granted – commercial	6		—	
Total new tenant inducements granted	\$ 387		\$ 212	
Tenant inducements amortized	\$ 373	0.1	\$ 519	0.2
Expected credit losses	\$ 1,413	0.5	\$ 1,504	0.6

⁽¹⁾ As a percentage of total operating revenues.

RESULTS OF OPERATIONS

The table below summarizes revenue from investment properties by region for the three months ended March 31, 2024 and March 31, 2023. Revenue is composed of residential, commercial and ancillary revenue.

Total Operating Revenues by Geography

For the Three Months Ended March 31, (\$ Thousands)	2024		2023	
	Revenue	%	Revenue	%
Residential Suites				
Ontario				
Greater Toronto Area	\$ 94,417	34.3	\$ 89,084	34.0
London / Kitchener / Waterloo	15,036	5.5	13,762	5.3
Ottawa	8,288	3.0	7,962	3.1
	\$ 117,741	42.8	\$ 110,808	42.4
Québec				
Greater Montréal Region	\$ 31,949	11.6	\$ 32,750	12.6
Québec City	10,812	3.9	10,717	4.1
	\$ 42,761	15.5	\$ 43,467	16.7
British Columbia				
Greater Vancouver Area	\$ 22,233	8.1	\$ 18,464	7.1
Victoria and Other British Columbia	11,113	4.0	10,273	3.9
	\$ 33,346	12.1	\$ 28,737	11.0
Nova Scotia				
Halifax	\$ 16,220	5.9	\$ 14,758	5.7
Alberta				
Calgary	\$ 7,560	2.7	\$ 7,638	2.9
Edmonton	3,170	1.1	2,528	1.0
	\$ 10,730	3.8	\$ 10,166	3.9
Prince Edward Island				
Charlottetown	\$ 1,652	0.6	\$ 2,165	0.8
Saskatchewan				
Regina	\$ 857	0.3	\$ 774	0.3
Total Canadian residential suites	\$ 223,307	81.0	\$ 210,875	80.8
MHC Sites				
Total MHC sites	\$ 16,740	6.1	\$ 16,162	6.2
Total Canadian portfolio ⁽¹⁾	\$ 240,047	87.1	\$ 227,037	87.0
Europe				
The Netherlands ⁽²⁾	\$ 33,215	12.0	\$ 31,107	11.9
Other Europe ⁽³⁾	2,554	0.9	2,803	1.1
	\$ 35,769	12.9	\$ 33,910	13.0
Total Portfolio	\$ 275,816	100.0	\$ 260,947	100.0

⁽¹⁾ Includes revenue from Canadian commercial properties of \$6,189 and \$5,882 for the three months ended March 31, 2024 and March 31, 2023, respectively.

⁽²⁾ In € thousands, €22,694 and €21,449 for the three months ended March 31, 2024 and March 31, 2023, respectively.

⁽³⁾ Comprised of ERES's revenue from commercial properties located in Germany and Belgium. In € thousands, €1,745 and €1,931 for the three months ended March 31, 2024 and March 31, 2023, respectively.

Net Operating Income

Management believes NOI is a key indicator of operating performance for CAPREIT and in the real estate industry in general. CAPREIT's NOI includes all rental revenues and other related ancillary income generated at the property level, less: (i) related direct costs such as realty taxes, utilities, repairs and maintenance ("R&M") costs, on-site wages and salaries, insurance costs and expected credit losses; and (ii) an appropriate allocation of corporate overhead costs. It may not, however, be comparable to similar measures presented by other real estate investment trusts or companies.

Management believes same property NOI is a key indicator of operating performance of properties fully owned by CAPREIT in the current and prior year comparative periods. Same properties for the three months ended March 31, 2024 are defined as all properties owned by CAPREIT continuously since December 31, 2022, and therefore do not take into account the impact on performance of acquisitions or dispositions completed during 2024 and 2023, or properties that are classified as held for sale as at March 31, 2024. Same property NOI is calculated in accordance with the accounting policies used to prepare total NOI as presented in the consolidated interim statements of net income (loss) and comprehensive income (loss).

CAPREIT's investment properties primarily consist of apartment suites but include a number of townhomes in Canada and the Netherlands which generally have higher NOI margins than apartment suites.

(\$ Thousands)	Total NOI			Same Property NOI		
For the Three Months Ended March 31,	2024	2023 ⁽¹⁾	% ⁽²⁾	2024	2023	% ⁽²⁾
Operating Revenues						
Rental revenues	\$ 262,457	\$ 249,000	5.4	\$ 256,590	\$ 241,523	6.2
Other ⁽³⁾	13,359	11,947	11.8	13,049	11,605	12.4
Total operating revenues	\$ 275,816	\$ 260,947	5.7	\$ 269,639	\$ 253,128	6.5
Operating Expenses						
Realty taxes	\$ (24,819)	\$ (24,037)	3.3	\$ (24,301)	\$ (23,281)	4.4
Utilities	(23,161)	(24,159)	(4.1)	(22,845)	(23,158)	(1.4)
Other ⁽⁴⁾	(50,787)	(48,893)	3.9	(49,774)	(46,185)	7.8
Total operating expenses ⁽⁵⁾	\$ (98,767)	\$ (97,089)	1.7	\$ (96,920)	\$ (92,624)	4.6
NOI	\$ 177,049	\$ 163,858	8.1	\$ 172,719	\$ 160,504	7.6
NOI margin	64.2 %	62.8 %		64.1 %	63.4 %	

⁽¹⁾ Certain 2023 comparative figures have been reclassified to conform with current period presentation.

⁽²⁾ Represents the year-over-year percentage change.

⁽³⁾ Comprises ancillary income such as parking, laundry and antenna revenue.

⁽⁴⁾ Comprises R&M, wages, insurance, advertising, legal costs and expected credit losses.

⁽⁵⁾ Total operating expenses, on a constant currency basis, increased by approximately 1.6% and 4.6%, respectively, for the total and same property portfolio compared to the same period last year.

The following table reconciles same property NOI and NOI from acquisitions, dispositions and assets held for sale to total NOI, as disclosed in the accompanying condensed consolidated interim financial statements, for the three months ended March 31, 2024 and March 31, 2023:

(\$ Thousands)

For the Three Months Ended March 31,	2024	2023
Same property NOI	\$ 172,719	\$ 160,504
NOI from acquisitions	3,414	212
NOI from dispositions and assets held for sale	916	3,142
Total NOI	\$ 177,049	\$ 163,858

Operating Revenues

For the three months ended March 31, 2024, same property operating revenues increased by \$16.5 million, primarily driven by increases in monthly rents on turnovers and renewals. Total operating revenues increased by \$14.9 million during the same period, due to \$16.6 million of operational growth, primarily on the same property operating portfolio and to a lesser extent on assets held for sale as at March 31, 2024 and a \$4.4 million increase from acquisitions, partially offset by \$6.1 million lower revenues due to dispositions.

Operating Expenses

Realty Taxes

For the three months ended March 31, 2024, realty taxes for the total and same property portfolio increased compared to the same period last year, primarily due to increases in realty tax rates in Ontario.

Utilities

CAPREIT's utility costs can be highly variable from year to year depending on energy consumption and rates. The table below provides CAPREIT's utility costs by type for the three months ended March 31, 2024 and March 31, 2023.

(\$ Thousands)	Total Utilities			Same Property Utilities ⁽¹⁾		
For the Three Months Ended March 31,	2024	2023	% ⁽²⁾	2024	2023	% ⁽²⁾
Electricity	\$ 7,789	\$ 7,929	(1.8)	\$ 7,721	\$ 7,490	3.1
Natural gas	7,871	8,797	(10.5)	7,721	8,342	(7.4)
Water	7,501	7,433	0.9	7,403	7,326	1.1
Total	\$ 23,161	\$ 24,159	(4.1)	\$ 22,845	\$ 23,158	(1.4)

⁽¹⁾ Same property results exclude performance of acquisitions or dispositions completed during 2024 and 2023, or properties that are classified as held for sale as at March 31, 2024. For the three months ended March 31, 2024, total utility costs from acquisitions or dispositions completed during 2024 and 2023, or properties that are classified as held for sale as at March 31, 2024, were \$316 (for the three months ended March 31, 2023 – \$1,001).

⁽²⁾ Represents the year-over-year percentage change.

As at March 31, 2024, Canadian tenants who pay their electricity charges directly, through sub-metering or direct metering, represented 68% of the total 57,289 suites and sites in Canada. Additional suites and sites have sub-metering or direct metering in place, for which the cost of electricity is currently borne by CAPREIT and will be assumed by new tenants upon turnover. CAPREIT will continue to evaluate implementing sub-metering in the remaining suites and sites. Sub-metering lowers utility consumption, resulting in a smaller environmental impact, lower operating expenses and lower inflation exposure.

In an effort to protect against the risk of rising natural gas rates, CAPREIT has fixed the price of natural gas and transport for a portion of its estimated requirements until 2025. The cost of natural gas rates is comprised of commodity, transport, delivery and carbon taxes. For the remainder of 2024, the commodity prices have been fixed on 69.2% of CAPREIT's estimated requirements, and transport costs have also been fixed on 64.8% of CAPREIT's estimated requirements. Some volatility on the overall natural gas costs is still expected on the remaining costs with unfixed prices. For more information on CAPREIT's energy management, and water and waste management efforts, see the Building Operations section of the 2022 ESG Report.

As at March 31, 2024, Dutch tenants who pay their utility charges directly represented 100% of the total 6,862 suites in the Netherlands.

Other Operating Expenses

For the three months ended March 31, 2024, other operating expenses for the total and same property portfolios increased compared to the same period last year, primarily due to higher R&M costs and higher insurance costs. Higher R&M costs are due to general inflationary pressures, as well as higher maintenance costs that correspond with a reduction in suite and common area capital improvements, reflecting CAPREIT's strategic reallocation of capital in response to the tight rental market in Canada.

NOI BY REGION

For the Three Months Ended March 31,	2024			2023			Increase (Decrease)
(\$ Thousands)	NOI	NOI % ⁽¹⁾	NOI Margin (%)	NOI	NOI % ⁽¹⁾	NOI Margin (%)	NOI Change (%)
Residential Suites							
Ontario							
Greater Toronto Area	\$ 59,665	33.6	63.2	\$ 55,799	34.0	62.6	6.9
London / Kitchener / Waterloo	8,777	5.0	58.4	8,374	5.1	60.8	4.8
Ottawa	5,818	3.3	70.2	5,473	3.3	68.7	6.3
	\$ 74,260	41.9	63.1	\$ 69,646	42.4	62.9	6.6
Québec							
Greater Montréal Region	\$ 18,024	10.2	56.4	\$ 18,612	11.4	56.8	(3.2)
Québec City	6,287	3.6	58.1	6,291	3.8	58.7	(0.1)
	\$ 24,311	13.8	56.9	\$ 24,903	15.2	57.3	(2.4)
British Columbia							
Greater Vancouver Area	\$ 16,060	9.1	72.2	\$ 12,604	7.7	68.3	27.4
Victoria and Other British Columbia	7,917	4.5	71.2	7,353	4.5	71.6	7.7
	\$ 23,977	13.6	71.9	\$ 19,957	12.2	69.4	20.1
Nova Scotia							
Halifax	\$ 9,261	5.2	57.1	\$ 8,139	5.0	55.1	13.8
Alberta							
Calgary	\$ 4,011	2.3	53.1	\$ 3,860	2.4	50.5	3.9
Edmonton	1,707	1.0	53.8	1,312	0.8	51.9	30.1
	\$ 5,718	3.3	53.3	\$ 5,172	3.2	50.9	10.6
Prince Edward Island							
Charlottetown	\$ 768	0.4	46.5	\$ 983	0.6	45.4	(21.9)
Saskatchewan							
Regina	\$ 415	0.2	48.4	\$ 379	0.2	49.0	9.5
Total Canadian residential suites	\$ 138,710	78.4	62.1	\$ 129,179	78.8	61.3	7.4
MHC Sites							
MHC sites ⁽²⁾	\$ 10,365	5.8	61.9	\$ 8,779	5.4	54.3	18.1
Total Canadian portfolio ⁽³⁾	\$ 149,075	84.2	62.1	\$ 137,958	84.2	60.8	8.1
Europe							
The Netherlands ⁽⁴⁾	\$ 25,966	14.7	78.2	\$ 23,568	14.4	75.8	10.2
Other Europe ⁽⁵⁾	2,008	1.1	78.6	2,332	1.4	83.2	(13.9)
Total Europe portfolio	\$ 27,974	15.8	78.2	\$ 25,900	15.8	76.4	8.0
Total portfolio	\$ 177,049	100.0	64.2	\$ 163,858	100.0	62.8	8.1

⁽¹⁾ Represents percentage of the portfolio by NOI.

⁽²⁾ The three months ended March 31, 2023 includes \$1,082 of required maintenance costs for the operation and remediation of CAPREIT's septic tanks at primarily two MHC sites, one of which was disposed of on March 1, 2023 while the other was disposed of on June 30, 2023. Excluding these interim maintenance costs, NOI margins at MHC sites for the three months ended March 31, 2023 would have been 61.0%.

⁽³⁾ Includes Canadian residential and commercial NOI.

⁽⁴⁾ In € thousands, NOI of €17,742 and NOI margin of 78.2% for the three months ended March 31, 2024 compared to NOI of €16,242 and NOI margin of 75.7% for the three months ended March 31, 2023.

⁽⁵⁾ Comprised of NOI from the commercial properties located in Germany and Belgium. In € thousands, NOI of €1,371 and NOI margin of 78.6% for the three months ended March 31, 2024 compared to NOI of €1,608 and NOI margin of 83.3% for the three months ended March 31, 2023.

SAME PROPERTY NOI BY REGION

Same property NOI by region includes all properties held continuously since December 31, 2022, and therefore does not take into account the impact on performance of acquisitions or dispositions completed during 2024 and 2023, or properties that are disposed of or classified as held for sale as at March 31, 2024. Same property NOI is calculated in accordance with the accounting policies used to prepare total NOI as presented in the consolidated interim statements of net income (loss) and comprehensive income (loss). The following table summarize the same property NOI and NOI margins by region for the three months ended March 31, 2024 and March 31, 2023:

For the Three Months Ended March 31,	2024		2023		Increase (Decrease)
(\$ Thousands)	Same Property NOI	NOI Margin (%)	Same Property NOI	NOI Margin (%)	NOI Change (%)
Residential Suites					
Ontario					
Greater Toronto Area	\$ 59,675	63.2	\$ 55,796	62.6	7.0
London / Kitchener / Waterloo	8,553	58.1	8,374	60.8	2.1
Ottawa	5,152	70.6	4,989	70.7	3.3
	\$ 73,380	63.0	\$ 69,159	62.9	6.1
Québec					
Greater Montréal Region	\$ 18,039	56.5	\$ 17,071	57.4	5.7
Québec City	5,969	58.0	5,824	59.1	2.5
	\$ 24,008	56.8	\$ 22,895	57.8	4.9
British Columbia					
Greater Vancouver Area	\$ 13,656	71.5	\$ 12,065	68.5	13.2
Victoria	7,626	71.0	7,228	71.5	5.5
	\$ 21,282	71.4	\$ 19,293	69.6	10.3
Nova Scotia					
Halifax	\$ 9,081	57.1	\$ 8,139	55.1	11.6
Alberta					
Calgary	\$ 4,022	53.3	\$ 3,262	49.0	23.3
Edmonton	1,424	52.7	1,312	51.9	8.5
	\$ 5,446	53.1	\$ 4,574	49.8	19.1
Prince Edward Island					
Charlottetown	\$ 771	46.7	\$ 783	49.1	(1.5)
Saskatchewan					
Regina	\$ 415	48.4	\$ 379	49.0	9.5
Total Canadian residential suites same property	\$ 134,383	61.9	\$ 125,222	61.5	7.3
MHC Sites					
MHC sites	\$ 10,365	61.9	\$ 9,531	60.2	8.8
Total Canadian same property ⁽¹⁾	\$ 144,748	61.9	\$ 134,753	61.4	7.4
Europe					
The Netherlands ⁽²⁾	\$ 25,963	78.2	\$ 23,419	75.7	10.9
Other Europe ⁽³⁾	2,008	78.6	2,332	83.2	(13.9)
Total Europe same property	\$ 27,971	78.3	\$ 25,751	76.3	8.6
Total same property	\$ 172,719	64.1	\$ 160,504	63.4	7.6
Same property suites and sites	63,150		63,150		

⁽¹⁾ Includes Canadian residential and commercial NOI.

⁽²⁾ In € thousands, NOI of €17,741 and NOI margin of 78.2% for the three months ended March 31, 2024 compared to NOI of €16,147 and NOI margin of 75.7% for the three months ended March 31, 2023.

⁽³⁾ In € thousands, NOI of €1,371 and NOI margin of 78.6% for the three months ended March 31, 2024 compared to NOI of €1,608 and NOI margin of 83.3% for the three months ended March 31, 2023.

Same property NOI for the three months ended March 31, 2024 increased by 7.6% compared to the prior year comparative period, with the Canadian residential suites, MHC and the European portfolio same property NOI increasing by 7.3%, 8.8% and 8.6%, respectively, compared to the same quarter last year.

The increases in those regions were mainly driven by increases in monthly rents on turnovers and renewals, partially offset by higher operating expenses.

NET INCOME (LOSS) AND OTHER COMPREHENSIVE INCOME (LOSS)

(\$ Thousands)

For the Three Months Ended March 31,	2024	2023
Operating revenues		
Revenue from investment properties	\$ 275,816	\$ 260,947
Operating expenses		
Realty taxes	(24,819)	(24,037)
Property operating costs	(73,948)	(73,052)
Total operating expenses	(98,767)	(97,089)
Net operating income	177,049	163,858
Other income	3,635	6,823
Trust expenses	(13,734)	(16,895)
Unit-based compensation amortization recovery (expense):		
Unit-based compensation amortization expense	(1,914)	(1,876)
Unit-based compensation amortization recovery relating to ERES UOP forfeitures	2,284	—
Total unit-based compensation amortization recovery (expense), net	370	(1,876)
Financing-related costs:		
Interest expense on debt and other financing costs	(54,408)	(50,394)
Interest expense on Exchangeable LP Units	(603)	(597)
Net gain on derecognition of debt	2,279	3,315
Total financing-related costs, net	(52,732)	(47,676)
Fair value adjustments of investment properties and assets held for sale	71,319	(185,386)
Fair value adjustments of financial instruments	(573)	(48,195)
Gain (loss) on non-controlling interest	9,640	(21,110)
Gain (loss) on foreign currency translation	(5,970)	3,840
Net loss on transactions and other activities	(4,681)	(1,791)
Net income (loss) before income taxes	184,323	(148,408)
Current income tax expense	(2,874)	(1,771)
Deferred income tax recovery	664	46,952
Total current income tax expense and deferred income tax recovery, net	(2,210)	45,181
Net income (loss)	\$ 182,113	\$ (103,227)
Other comprehensive income (loss), including items that may be reclassified subsequently to net income (loss)		
Gain (loss) on foreign currency translation, net of taxes	\$ (412)	\$ 21,218
Gain (loss) on investments held at fair value through other comprehensive income (loss)	(158)	21
Amortization of losses from accumulated other comprehensive loss to interest and other financing costs	—	49
Other comprehensive income (loss)	\$ (570)	\$ 21,288
Comprehensive income (loss)	\$ 181,543	\$ (81,939)

Other Income

Other income comprises investment income, interest income from vendor takeback ("VTB") mortgage receivable, profit from sale of MHC home inventory and other miscellaneous income. Other income earned is not necessarily of a recurring nature and may vary year-over-year depending on factors such as dividends declared on investment and sales volume of MHC home inventory.

The table below summarizes other income for the three months ended March 31, 2024 and March 31, 2023:

(\$ Thousands)

For the Three Months Ended March 31,	2024	2023
Investment income ⁽¹⁾	\$ 2,761	\$ 4,638
Interest income from VTB mortgage receivable	464	271
Profit from sale of MHC home inventory ⁽²⁾	164	298
Interest and other income ⁽³⁾	246	1,616
Total	\$ 3,635	\$ 6,823

⁽¹⁾ For the three months ended March 31, 2024, investment income includes \$2,533 of semi-annual dividends from IRES (for the three months ended March 31, 2023 - \$4,091).

⁽²⁾ For the three months ended March 31, 2024, profit from sale of MHC inventory consists of income from sale of MHC home inventory of \$547 (for the three months ended March 31, 2023 - \$909), offset by cost of sales of \$(383) (for the three months ended March 31, 2023 - \$(611)).

⁽³⁾ The three months ended March 31, 2023 include \$1,500 of non-refundable deposits that were recorded in net income (loss) on a property disposition that did not close.

Trust Expenses

Trust expenses include costs directly attributable to head office, such as salaries and benefits, trustee fees, professional fees for audit, tax, legal and advisory services, trustees' and officers' insurance premiums, providing property and asset management services, and other general and administrative expenses, net of amounts allocated to property operating expenses for properties owned by CAPREIT. Trust expenses include costs related to the generation of asset management and services fees to ERES (a related party to CAPREIT).

(\$ Thousands)

For the Three Months Ended March 31,	2024	2023
Trust Expenses ⁽¹⁾	\$ (13,734)	\$ (16,895)
Operating Revenues	\$ 275,816	\$ 260,947
Trust Expenses as % of Operating Revenue ⁽²⁾	5.0 %	6.5 %

⁽¹⁾ Includes \$nil for the three months ended March 31, 2024, relating to reorganization costs (three months ended March 31, 2023 - \$(1,938)).

⁽²⁾ Trust expenses as a percentage of operating revenues is calculated using trust expenses divided by operating revenues.

Trust expenses decreased to \$13.7 million for the three months ended March 31, 2024, compared to \$16.9 million for the three months ended March 31, 2023. For the three months ended March 31, 2024, the decrease was primarily as result of lower salaries and benefits, other general and administrative expenses, and non-routine items related to reorganization costs incurred in the prior year comparative period. For the three months ended March 31, 2024, non-routine items related to reorganization costs were \$nil (three months ended March 31, 2023 - \$1.9 million). Excluding non-routine items, trust expenses as percentage of operating revenue were 5.0% for the three months ended March 31, 2024 (three months ended March 31, 2023 - 5.7%).

Unit-based Compensation Amortization Expense

Units are issuable pursuant to CAPREIT's unit-based compensation plans, namely the Employee Unit Purchase Plan ("EUPP"), the Deferred Unit Plan ("DUP") and the Restricted Unit Rights Plan ("RUR Plan"). Units of ERES ("ERES units") are issuable pursuant to ERES's unit options plan ("ERES UOP") and ERES's Restricted Unit Rights Plan ("ERES RUR Plan").

The table below summarizes the unit-based amortization expense for each plan for the three months ended March 31, 2024 and March 31, 2023:

(\$ Thousands)

For the Three Months Ended March 31,	2024	2023
DUP	\$ (301)	\$ (297)
RUR Plan	(1,443)	(1,272)
ERES RUR Plan	(17)	—
EUPP	(137)	(143)
ERES UOP ⁽¹⁾	(16)	(164)
Unit-based compensation amortization expense	(1,914)	(1,876)
Unit-based compensation amortization recovery relating to ERES UOP forfeitures ⁽²⁾	2,284	—
Total unit-based compensation amortization recovery (expense), net	\$ 370	\$ (1,876)

⁽¹⁾ Includes \$nil for the three months ended March 31, 2024, relating to accelerated vesting of previously granted ERES unit options (three months ended March 31, 2023 - \$(86)).

⁽²⁾ During the three months ended March 31, 2024, three million ERES unit options were forfeited totalling \$2,284 (three months ended March 31, 2023 - \$nil).

Financing-related Costs

Interest expense on debt and other financing costs for the three months ended March 31, 2024 increased by \$4.0 million compared to the three months ended March 31, 2023 primarily due to higher average debt balances and higher interest rates on variable rate credit facilities and on mortgage financing and refinancing activities.

Interest expense on debt and other financing costs include amortization of CMHC premiums. Amortization of CMHC premiums may be subject to a certain degree of fluctuation from period to period as a result of CMHC premium write-offs which occur upon the refinancing of a mortgage, as well as accelerated CMHC amortization expense for mortgages that management intends to fully refinance or discharge within the year, excluding property dispositions. These write-offs and accelerated CMHC amortization expense may fluctuate depending on the timing and amount of mortgages coming due. For further details, please refer to Liquidity and Financial Condition in Section V.

For the three months ended March 31, 2024, net gain on derecognition of debt totalled \$2.3 million and comprises \$3.1 million of fair value gain on a mortgage assumed by the purchaser upon disposition of a property in Québec City, Québec, partially offset by \$0.8 million of mortgage settlement costs related to dispositions.

Fair Value Adjustments of Investment Properties and Assets Held for Sale

For the three months ended March 31, 2024, CAPREIT recorded a fair value gain on investment properties and assets held for sale of \$71.3 million, primarily driven by the Canadian portfolio, with a \$74.7 million fair value gain recorded during the quarter due to higher forecasted NOI, partially offset by cap rate expansion. The Netherlands portfolio had a fair value loss of \$3.4 million for the three months ended March 31, 2024, primarily driven by weighted average cap rate expansion.

Fair Value Adjustments of Financial Instruments

Fair value adjustments of financial instruments comprise fair value adjustments of Exchangeable LP Units, investments, derivative financial instruments and unit-based compensation.

Fair value adjustments of Exchangeable LP Units and unit-based compensation may vary significantly year-over-year depending on the unit price of CAPREIT. Fair value adjustments of investments may vary significantly year-over-year depending on the unit price of the respective investments. Fair value adjustments of derivative financial instruments may vary significantly year-over-year depending on foreign exchange rates and the yield curve.

The table below summarizes the fair value adjustments of financial instruments for the three months ended March 31, 2024 and March 31, 2023:

(\$ Thousands)		
For the Three Months Ended March 31,	2024	2023
Fair value adjustments of Exchangeable LP units	\$ 3,805	\$ (8,003)
Fair value adjustments of investments	(11,953)	(24,657)
Fair value adjustments of derivative financial instruments	8,164	(13,902)
Unit-based compensation remeasurement loss	(589)	(1,633)
Fair value adjustments of financial instruments	\$ (573)	\$ (48,195)

Gain (Loss) on Non-Controlling Interest

For the three months ended March 31, 2024, CAPREIT recorded a gain of \$9.6 million on ERES units held by non-controlling unitholders. This includes interest expense to ERES non-controlling unitholders of \$3.6 million for the three months ended March 31, 2024. The remaining change relates to the mark-to-market gain of \$13.2 million due to fluctuations in ERES's unit redemption price as defined in the ERES DOT for the three months ended March 31, 2024.

Gain (Loss) on Foreign Currency Translation

CAPREIT's functional currency is the Canadian dollar and the functional currency of certain foreign subsidiaries is the euro. CAPREIT is exposed to gains or losses on foreign currency translations due to the execution of its foreign currency and interest rate risk management strategies. CAPREIT has foreign currency cash, borrowings and cross-currency interest rate ("CCIR") swap arrangements denominated in either US dollars or euros. Similarly, ERES has foreign currency cash, borrowings and interest rate ("IR") swap arrangements, as well as certain other transactions, denominated in either US dollars or Canadian dollars. The gains or losses on foreign currency translations may vary significantly year-over-year depending on the value of the Canadian dollar relative to the US dollar and euro.

For the three months ended March 31, 2024, CAPREIT recorded a loss on foreign currency translation of \$6.0 million primarily due to CAPREIT's US dollar borrowings and movements in the US dollar relative to the Canadian dollar during the periods (for more information, see Section VI – Other Information).

Net Loss on Transactions and Other Activities

The table below summarizes the net loss on transactions and other activities for the three months ended March 31, 2024 and March 31, 2023:

(\$ Thousands)		
For the Three Months Ended March 31,	2024	2023
Transaction costs and other adjustments on dispositions	\$ (3,073)	\$ (195)
Amortization of property, plant and equipment ("PP&E") and right-of-use asset	(1,528)	(1,596)
Fair value loss on transfer of other assets to investment properties	(80)	—
Total	\$ (4,681)	\$ (1,791)

Current Income Tax Expense and Deferred Income Tax Recovery

Current income tax expense is primarily attributed to CAPREIT's European portfolio where CAPREIT operates through foreign legal entities that may be taxable in local jurisdictions. Current income tax expense for the three months ended March 31, 2024 increased by \$1.1 million, primarily driven by the sale of individual suites in the Netherlands, growth in NOI from CAPREIT's European portfolio, as well as exhaustion of tax losses and tax depreciation.

Deferred income tax recovery is primarily attributed to CAPREIT's European portfolio and will vary significantly year-over-year depending on the fair value of the European investment properties relative to the respective tax cost base. For the three months ended March 31, 2024 and March 31, 2023, deferred income tax recovery was \$0.7 million and \$47.0 million, respectively, mainly attributable to the net fair value losses recorded on CAPREIT's European investment properties.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) comprises unrealized gain (loss) on foreign currency translation on CAPREIT's foreign subsidiaries, amortization of losses to interest expense and other financing costs, and gain (loss) on certain investments. The gains or losses on foreign currency translations may vary significantly year-over-year depending on the value of the Canadian dollar relative to the euro and the US dollar.

SECTION IV: INVESTMENT PROPERTIES

INVESTMENT PROPERTIES

Investment property is defined as property held to earn rental income or for capital appreciation, or both. Investment property is recognized initially at cost. Subsequent to initial recognition, all investment property is measured using the fair value model, whereby changes in fair value are recognized for each reporting period in net income (loss).

CAPREIT appraises some of its Canadian investment properties using valuations prepared by its internal valuation team using generally the same process and methodology as its external appraiser. CAPREIT's objective is to have a portion of its Canadian investment properties appraised externally every year, on a rotational basis. The partial internalization of valuations for the Canadian portfolio builds synergies within the various CAPREIT sub-functions including Investments and Development functions.

External valuations for the Canadian portfolio, where obtained, are performed at year-end with quarterly updates provided on capitalization rates. Capitalization rates used by the appraisers are based on recently closed transactions for similar properties and other current market indicators for similar properties. CAPREIT obtains external valuations for a cross-section of investment properties that represent different geographical locations across the Canadian portfolio. For internal valuations, the appraisal methodologies used are consistent with the practices employed by the external appraiser. The fair values of all of CAPREIT's European residential portfolio are determined by qualified external appraisers on a quarterly basis. The qualified external appraisers hold recognized relevant professional qualifications and have recent experience in the location and category of the respective properties.

A summary of the fair values of CAPREIT's investment properties and changes, along with key market assumptions, is presented in the following table. For the three months ended March 31, 2024, there was a \$164 million increase in overall carrying value primarily due to net acquisitions, fair value gains, and property capital investments, partially offset by transfers to assets held for sale.

Investment Properties by Geography

	Dec. 31, 2023	Carrying Value Change Due To					Mar. 31, 2024	Mar. 31, 2024	Dec. 31, 2023
	Fair Value	Net Acquisitions ⁽¹⁾	Property Capital Investments ⁽²⁾	Fair Value Adjustments	Foreign Exchange Translation and Other	Net Transfers ⁽³⁾	Fair Value	Cap Rates ⁽⁴⁾	Cap Rates ⁽⁴⁾
(\$ Millions)									
Greater Toronto Area	\$ 5,887	\$ —	\$ 14	\$ (8)	\$ —	\$ —	\$ 5,893	4.14 %	4.09 %
Other Ontario	1,378	129	4	4	—	—	1,515	4.48 %	4.43 %
Québec	2,408	—	9	16	—	—	2,433	4.43 %	4.40 %
British Columbia	2,259	(35)	4	36	—	(33)	2,231	4.07 %	4.08 %
Nova Scotia	883	—	3	19	—	—	905	4.67 %	4.68 %
Alberta	449	—	2	3	—	—	454	5.03 %	5.03 %
Prince Edward Island	75	—	—	1	—	—	76	5.37 %	5.42 %
Saskatchewan	33	—	—	1	—	—	34	5.78 %	5.78 %
Subtotal	\$ 13,372	\$ 94	\$ 36	\$ 72	\$ —	\$ (33)	\$ 13,541	4.29 %	4.26 %
MHC	701	—	3	3	—	1	708	6.05 %	6.05 %
Europe	2,459	(11)	4	(3)	(2)	—	2,447	4.73 %	4.62 %
Total	\$ 16,532	\$ 83	\$ 43	\$ 72	\$ (2)	\$ (32)	\$ 16,696	4.39 %	4.37 %

- ⁽¹⁾ Includes \$129.3 million of acquisition, offset by \$46.1 million of dispositions during the three months ended March 31, 2024. Excludes the disposition of investment properties that were previously classified as assets held for sale. Refer to the Acquisitions and Dispositions section for further information.
- ⁽²⁾ Represents property capital investments and capitalized direct leasing costs during the three months ended March 31, 2024.
- ⁽³⁾ Includes \$33.0 million transferred to assets held for sale and \$0.9 million transferred from other assets during the three months ended March 31, 2024.
- ⁽⁴⁾ Weighted average capitalization rates excluding implied capitalization rates on operating and land leasehold interests. See note 3 to the accompanying condensed consolidated interim financial statements for further valuation assumption details, including discount rates as at March 31, 2024 for operating and land leasehold interests. Capitalization rates for Europe represent the implied capitalization rates for these properties.

Current regulatory and macroeconomic developments, including the interest rate and inflationary environment, have impacted overall market activity, resulting in limited reliable market metrics, such as capitalization rates. As such, the fair values of CAPREIT's investment properties are subject to significant change, and such changes may be material. Management is applying, to the greatest extent practicable, prudence and sound judgment in its basis for fair valuing its investment properties in the current unpredictable environment.

ACQUISITIONS OF INVESTMENT PROPERTIES

The table below summarizes the investment property acquisition since January 1, 2024, which has contributed to the operating results as from its acquisition date.

Acquisitions of Investment Properties Completed During the Three Months Ended March 31, 2024

(\$ Thousands)

Acquisition Date	Suite Count	Region	Fair Value of Investment Property	Fair Value Adjustment on Mortgages Payable Assumed	Purchase Price ⁽¹⁾	Fair Value of Mortgages Payable Assumed ⁽²⁾
March 18, 2024	291	London, ON	\$ 126,195	\$ 3,805	\$ 130,000	\$ 77,069
Total	291		\$ 126,195	\$ 3,805	\$ 130,000	\$ 77,069
Transaction costs			\$ 3,106			
Total acquisition costs⁽³⁾			\$ 129,301			

⁽¹⁾ Purchase price excludes transaction costs.

⁽²⁾ Relates to mortgages payable with principal amount of \$80,874 assumed by CAPREIT upon acquisition. The amount shown is net of \$3,805 fair value adjustment on the mortgages payable. The weighted average stated interest rate on the mortgages payable is 2.30% with a term to maturity of 2.04 years.

⁽³⁾ The acquisition was funded from cash and cash equivalents or from the Acquisition and Operating Facility, and the assumption of existing mortgages payable.

There were no acquisitions completed in the Netherlands during the three months ended March 31, 2024.

DISPOSITIONS OF INVESTMENT PROPERTIES

The table below summarizes the dispositions of investment properties (including investment properties previously classified as assets held for sale) completed since January 1, 2024.

Dispositions of Investment Properties Completed During the Three Months Ended March 31, 2024

(\$ Thousands)

Disposition Date	Suite Count	Region	Fair Value of Investment Properties	Fair Value Adjustments on Mortgages Assumed by Purchasers	Sale Price ⁽¹⁾	Fair Value of Mortgages Assumed by Purchasers ⁽²⁾
January 15, 2024 ⁽³⁾	32	Victoria, BC	\$ 12,289	\$ —	\$ 12,289	\$ —
March 6, 2024 ⁽³⁾	240	Québec City, QC	33,206	3,069	36,275	18,349
March 27, 2024	54	Langley, BC	18,535	—	18,535	—
March 27, 2024	54	Langley, BC	16,465	—	16,465	—
Q1 2024 ⁽⁴⁾	24	The Netherlands	11,109	—	11,109	—
Total	404		\$ 91,604	\$ 3,069	\$ 94,673	\$ 18,349

⁽¹⁾ The sale price is the amount stated in the purchase and sale agreement and comprises the fair value of investment properties being disposed of and as applicable, the fair value adjustment of mortgages payable assumed by the purchaser. The sale price excludes working capital adjustments and transaction costs.

⁽²⁾ Relates to a mortgage payable with principal amount of \$21,418 assumed by the purchaser upon disposition. The amount shown is net of \$3,069 fair value adjustment on the mortgage assumed by the purchaser. The stated interest rate on the mortgage assumed by the purchaser was 1.68%.

⁽³⁾ Previously included in assets held for sale.

⁽⁴⁾ Represents dispositions of multiple single residential suites in several properties.

PROPERTY CAPITAL INVESTMENTS

Discretionary and Non-Discretionary Property Capital Investments

Management does not differentiate between maintenance and value-enhancing property capital investments. Maintenance property capital investments are generally not clearly identifiable, nor do they have a common definition, and would require significant judgment to classify property capital investments as maintenance or value-enhancing capital investments. In addition, there is no generally accepted definition of maintenance capital investments in the Canadian real estate industry. Management has decided to classify property capital investments into two categories: discretionary and non-discretionary. Management is of the view that this classification, while still requiring a degree of professional judgment, provides a better measure of economic cash flows.

Non-Discretionary Property Capital Investments are those investments management believes are essential for the safety of residents and to ensure the structural integrity of the properties. These investments may enhance the property's operating effectiveness, including its profitability, through increases in revenues or reductions in costs over the long term. Included in non-discretionary capital expenditures are items such as building improvements, including items such as roof, structural, balcony, sidewalks, windows, brick, electrical, MHC infrastructure investments, and life and safety. Management uses its professional judgment to include other capital expenditure categories that could impact the safety of residents. These Non-Discretionary Property Capital Investments are in addition to regular R&M costs, which have been in the range of \$900 to \$1,400 per suite and site annually over the past five years and are expensed to NOI. The recent increase in regular R&M costs per residential suite is due to general inflationary pressures, as well as higher maintenance costs that correspond with a reduction in suite and common area capital improvements, reflecting CAPREIT's strategic reallocation of capital in response to the tight rental market in Canada.

Discretionary Property Capital Investments are capital expenditures made to the property that are not essential to the operation of the business in the short term. These investments may enhance the property's operating effectiveness, including its profitability, through increases in revenues or reductions in costs over the long term. Included in discretionary capital expenditures are items such as suite and common area improvements, energy-saving and water efficiency initiatives, equipment, boilers, elevators and risers.

Property Capital Investments by Category

CAPREIT capitalizes all capital investments related to the improvement of its properties. These investments have the objective of growing future NOI, increasing property value over the long term, ensuring life safety and safeguarding of assets.

An important component of CAPREIT's property capital investment strategy is to actively manage all properties and improve their operating performance by investing annually while maintaining a focus on capital preservation. This ensures sustainable growth to continually improve the portfolio's future rental income-generating potential.

Energy-saving and water efficiency initiatives and suite and common area improvement costs generally tend to increase NOI more quickly compared to other capital investment categories. A breakdown of property capital investments (excluding development costs) is summarized by category on the next page for the three months ended March 31, 2024 and year ended December 31, 2023.

Three Months Ended March 31, 2024		Canadian Portfolio		The Netherlands Portfolio		Total Portfolio	
(\$ Thousands)		Actual		Actual		Total Actual	% of Actual
Non-discretionary property capital investments:							
Building improvements	\$	5,418	\$	538	\$	5,956	14.5
MHC infrastructural		828		—		828	2.0
Life and safety		410		6		416	1.0
	\$	6,656	\$	544	\$	7,200	17.5
Discretionary property capital investments:							
Suite improvements	\$	15,781	\$	2,235	\$	18,016	43.9
Common area		8,084		99		8,183	19.9
Energy-saving and water efficiency initiatives		2,258		268		2,526	6.1
Equipment		2,530		64		2,594	6.3
Elevators and risers		2,166		34		2,200	5.4
MHC improvements		146		—		146	0.4
Other		213		11		224	0.5
	\$	31,178	\$	2,711	\$	33,889	82.5
Total	\$	37,834	\$	3,255	\$	41,089	100.0

Year Ended December 31, 2023		Canadian Portfolio		The Netherlands Portfolio		Total Portfolio	
(\$ Thousands)		Actual		Actual		Total Actual	% of Actual
Non-discretionary property capital investments:							
Building improvements	\$	53,921	\$	2,527	\$	56,448	20.4
MHC infrastructural		6,453		—		6,453	2.3
Life and safety		2,369		574		2,943	1.1
	\$	62,743	\$	3,101	\$	65,844	23.8
Discretionary property capital investments:							
Suite improvements	\$	80,580	\$	18,835	\$	99,415	36.0
Common area		47,607		2,077		49,684	18.0
Energy-saving and water efficiency initiatives		30,685		3,440		34,125	12.3
Equipment		12,687		94		12,781	4.6
Elevators and risers		8,824		1,077		9,901	3.6
MHC improvements		3,526		—		3,526	1.3
Other		1,116		85		1,201	0.4
	\$	185,025	\$	25,608	\$	210,633	76.2
Total	\$	247,768	\$	28,709	\$	276,477	100.0

Actual costs incurred may vary from period to period depending on the nature and timing of capital expenditures. Discretionary property capital investments are not essential to the operation of the business in the short term. In addition, projects are impacted by variable costs, supply chain issues and inflationary pressures, which affect financial viability and total return.

DEVELOPMENT

Development Program

The development program remains a component of CAPREIT's strategy by unlocking value embedded within the portfolio's existing assets, while contributing to increasing the supply of new homes in Canada. CAPREIT's strategy to unlock embedded value encompasses a combination of different approaches, including: (i) entitlement and/or rezoning of greenfield land or underutilized land, to be subsequently severed and sold to a developer; (ii) disposition of properties with significant development value to developers at premium pricing; and (iii) development/redevelopment of a property, under a structure that is compatible with CAPREIT's strategic objectives.

Over the long term, CAPREIT's portfolio has intensification and redevelopment potential, subject to market conditions, cost of construction and other factors. CAPREIT regularly re-evaluates its assets for highest and best use where the value may be realized through rental or condominium development or sale of a property.

Entitlement/Rezoning Programs

Entitlement applications are submitted based on gross floor area ("GFA"). As at March 31, 2024, CAPREIT has submitted approximately 2.7 million square feet of incremental GFA, and 0.2 million square feet of rental replacement GFA under the current strategy. Of the submitted GFA, 0.6 million square feet of GFA was approved by City Council during the three months ended March 31, 2024. Of particular note, CAPREIT has partnered with development managers in undertaking the entitlement and severance or subdivision process to develop its underutilized land in certain high-growth and major transit station areas located in the Greater Toronto Area. Planning applications have been submitted for the proposed new residential buildings, which, subject to municipal approval, will help to address the increased demand for high-rise residential intensification in these neighbourhoods.

The table below summarizes the current entitlement applications submitted as at March 31, 2024.

(Thousands of square feet)		Submitted Entitlement Applications			Current Application Status
Applications	Location	Incremental	Rental Replacement	Total	
33 Davisville	Toronto, ON	328	—	328	Approved by Council ⁽¹⁾
141 Davisville	Toronto, ON	262	—	262	Approved by Council ⁽¹⁾
5 & 15 Tangreen ⁽²⁾	Toronto, ON	2,072	202	2,274	Under Municipal Review
Total Submitted Applications		2,662	202	2,864	
Total Dispositions ⁽³⁾		(280)	—	(280)	

⁽¹⁾ Council decision will be considered final and binding following an appeal period (anticipated during the second quarter of 2024).

⁽²⁾ Application includes 202 square feet of estimated rental replacement GFA relating to the existing 5 Tangreen building, to be demolished and replaced as contemplated in the submitted application.

⁽³⁾ Represents 2023 disposition of an underutilized parking lot located in Montréal, Québec. Municipal approvals were secured for a residential building at that location.

33 Davisville

This is a proposed development of a 41-storey infill residential building and public park amenity space, located within 200 metres of Davisville Subway Station in Toronto, Ontario. The submitted Official Plan Amendment ("OPA") and Zoning By-law Amendment ("ZBA") were unanimously approved at Community Council and City Council during the three months ended March 31, 2024.

141 Davisville

This is a proposed development of a 33-storey infill residential building, located within 500 metres of Davisville Subway Station in Toronto, Ontario. The submitted ZBA was unanimously approved at Community Council and City Council during the three months ended March 31, 2024.

5 & 15 Tangreen

This is a proposed multi-phase development of mixed-use buildings, with heights ranging from 25 to 55 storeys. The development site is located in close proximity to the future extension of the Yonge Street North subway line in Toronto, Ontario. The proposed plan represents a complete community of more than 3,000 residential units, along with a new park, retail space and public roads. The land entitlement process is ongoing, with approval anticipated in 2025-2026.

Disposition of Underutilized Land

CAPREIT has entered into an agreement to dispose of a 0.3 acre parcel of unused land in Halifax, Nova Scotia to a neighbouring developer for \$2.0 million. CAPREIT has secured a Right of First Offer on the neighbouring site, once the apartment is constructed. The buyer of the land has waived conditions. Final subdivision application is under review by the Halifax Regional Municipality. Closing is anticipated in the second quarter of 2024.

SECTION V: CAPITAL STRUCTURE AND FINANCIAL CONDITION

CAPITAL STRUCTURE

In the short term, CAPREIT utilizes the Credit Facilities, where necessary, to finance its property capital investments, which may include acquisitions. In the long term, equity issuances, mortgage financings and refinancings, including top-ups, are put in place to finance the cumulative investments in the property portfolio and ensure the sources of financing better reflect the long-term useful lives of the underlying investments.

As at March 31, 2024, CAPREIT is in compliance with all the investment and debt restrictions and financial covenants contained in the DOT, Credit Facilities and mortgage financing agreements. The total capital managed by CAPREIT and the results of compliance with some of the key covenants and liquidity metrics are summarized in the following table:

(\$ Thousands)

As at	March 31, 2024	December 31, 2023	March 31, 2023
Unitholders' equity	\$ 9,374,475	\$ 9,278,595	\$ 9,774,480
Exchangeable LP Units	76,578	80,383	78,093
Mortgages payable – non-current	5,832,546	6,002,617	5,936,555
Mortgages payable – current	845,178	651,371	636,999
Liabilities related to assets held for sale	7,842	23,706	—
Credit facilities payable	483,238	405,133	484,063
Total capital	\$ 16,619,857	\$ 16,441,805	\$ 16,910,190

As at	Threshold	March 31, 2024	December 31, 2023	March 31, 2023
Total debt to gross book value ⁽¹⁾⁽²⁾	Maximum 62.50%	41.8%	41.6 %	40.1 %
Mortgage debt to gross book value ⁽¹⁾⁽²⁾		39.0%	39.2 %	37.4 %

⁽¹⁾ These measures are not defined by IFRS, do not have standard meanings and may not be comparable with other industries or companies (see Section I – Non-IFRS Measures). For a reconciliation to IFRS, see Section VI – Non-IFRS Measures.

⁽²⁾ Includes liabilities related to assets held for sale, as applicable.

For the 12 Months Ended		March 31, 2024	December 31, 2023	March 31, 2023
Debt service coverage ratio (times) ⁽¹⁾⁽²⁾	Minimum 1.40	1.8x	1.8x	1.9x
Interest coverage ratio (times) ⁽¹⁾⁽²⁾	Minimum 1.65	3.3x	3.3x	3.6x
FFO payout ratio ⁽¹⁾	Maximum 100%	59.5%	60.5 %	61.7 %

⁽¹⁾ These measures are not defined by IFRS, do not have standard meanings and may not be comparable with other industries or companies (see Section I – Non-IFRS Measures). For a reconciliation to IFRS, see Section VI – Non-IFRS Measures.

⁽²⁾ For the trailing 12 months ended.

LIQUIDITY AND FINANCIAL CONDITION

Liquidity and Capital Resources

Management believes there is adequate overall liquidity to fund property capital investment commitments to provide for future business needs. CAPREIT finances these commitments through: (i) cash and cash equivalents on hand; (ii) the Acquisition and Operating Facility; (iii) the GHG Reduction Facility; (iv) mortgage debt secured by its investment properties; and (v) equity. Management's assessment of CAPREIT's liquidity position continues to be stable for the foreseeable future based on its evaluation of capital resources, as summarized below:

- i) CAPREIT's business continues to be stable and is expected to generate sufficient ACFO on an annual basis to fund the current level of distributions; and
- ii) CAPREIT's Canadian borrowing capacity as at March 31, 2024 remains strong with \$254.7 million available on its Acquisition and Operating Facility, in addition to an accordion option to increase the credit facility limit of up to \$200 million, and \$70.0 million available on its GHG Reduction Facility.
- iii) CAPREIT's cash and cash equivalents as at March 31, 2024 totalled \$58.5 million, consisting of \$44.6 million in Canada and \$13.9 million in ERES.

As at March 31, 2024, CAPREIT has approximately \$1.6 billion of investment properties (excluding assets held for sale, as applicable) that are unencumbered by mortgages. Of these investment properties, approximately \$1.3 billion are Canadian investment properties which secure the Acquisition and Operating Facility. Included in these Canadian investment properties that secure the Acquisition and Operating Facility are \$270.5 million that also carry a negative pledge against the ERES Credit Facility.

The working capital deficiency, as presented on CAPREIT's consolidated balance sheets as at March 31, 2024, and defined as current assets less current liabilities, is funded through the Credit Facilities and refinancing of mortgages as they mature. Management conducts a liquidity forecast on a regular basis, which includes refinancing of mortgages, property capital investments, potential acquisitions and potential dispositions, to monitor the available capacity.

On March 26, 2024, CAPREIT entered into a credit agreement pursuant to which the lender will make available a \$70 million GHG Reduction Facility for purposes of financing a portion of the costs related to the design, construction, implementation and commissioning of proposed sustainable energy efficiency projects to reduce GHG emissions on certain of CAPREIT's properties. The GHG Reduction Facility has a maturity date of the earlier of 20 years after the completion of the financed projects and 25 years after the date of the agreement. The availability period is the period during which CAPREIT is allowed to make quarterly borrowings from the facility, which is until March 26, 2029, and during which CAPREIT is not required to make principal payments. The interest rate during the availability period will be 3.00% and it will be between 2.47% and 4.47% for 20 years after the availability period depending on the percentage reduction of GHG emissions achieved. Any unpaid amounts need to be repaid by the maturity date of the facility.

CAPREIT's credit facilities consist of the \$600 million Acquisition and Operating Facility, which can be borrowed in USD, euros or Canadian dollars, the \$70 million GHG Reduction Facility as well as the €125 million ERES Credit Facility.

The tables below summarize the amounts available and drawn under the respective credit facilities as at March 31, 2024 and December 31, 2023:

(\$ Thousands)				
As at March 31, 2024	Acquisition and Operating Facility	GHG Reduction Facility	ERES Credit Facility	Total
Maximum borrowing capacity	\$ 600,000	\$ 70,000	\$ 182,703	\$ 852,703
Canadian borrowings	\$ — ⁽¹⁾	\$ —	\$ —	\$ —
USD borrowings	(340,936) ⁽²⁾	N/A	—	(340,936)
Euro borrowings	—	N/A	(143,223) ⁽³⁾	(143,223)
Less: Total borrowings	\$ (340,936)	\$ —	\$ (143,223)	\$ (484,159)
Less: Letters of credit	(4,407)	N/A	—	(4,407)
Available borrowing capacity	\$ 254,657	\$ 70,000	\$ 39,480	\$ 364,137
Weighted average interest rate including interest rate swaps	6.47 % ⁽¹⁾	3.00 %	5.20 %	6.10 %

⁽¹⁾ As at March 31, 2024, excluding the impact of CCIR swaps, the weighted average interest rate on the Acquisition and Operating Facility is 6.66%. For details on the swaps, refer to note 8 to the accompanying condensed consolidated interim financial statements.

⁽²⁾ As at March 31, 2024, CAPREIT has USD borrowings totalling US\$251,756 that bear interest at the Term Secured Overnight Financing Rate ("SOFR") plus a margin of 1.45%, excluding the impact of CCIR swaps.

⁽³⁾ As at March 31, 2024, ERES has euro borrowings totalling EUR €98,000 that bear interest at the Euro Interbank Offered Rate ("EURIBOR") plus a margin of 1.35%.

(\$ Thousands)			
As at December 31, 2023	Acquisition and Operating Facility	ERES Credit Facility	Total
Maximum borrowing capacity	\$ 600,000	\$ 182,828	\$ 782,828
USD borrowings	\$ (255,509) ⁽¹⁾	\$ —	\$ (255,509)
Euro borrowings	—	(150,651) ⁽³⁾	(150,651)
Less: Total borrowings	\$ (255,509)	\$ (150,651)	\$ (406,160)
Less: Letters of credit	(4,432)	—	(4,432)
Available borrowing capacity	\$ 340,059	\$ 32,177	\$ 372,236
Weighted average interest rate including interest rate swaps	6.48 % ⁽²⁾	5.23 %	6.01 %

⁽¹⁾ As at December 31, 2023, CAPREIT has USD borrowings totalling US\$192,812 that bear interest at the Term SOFR plus a margin of 1.45%, excluding the impact of CCIR swaps.

⁽²⁾ As at December 31, 2023, excluding the impact of CCIR swaps, the weighted average interest rate on the Acquisition and Operating Facility is 6.75%. For details on the swaps, refer to note 8.

⁽³⁾ As at December 31, 2023, ERES has euro borrowings totalling €103,000 that bear interest at the EURIBOR plus a margin of 1.35%.

Mortgages Payable

The table below summarizes the type of mortgages payable (excluding liabilities related to assets held for sale, as applicable) included in CAPREIT's capital structure and the overall interest rates and terms to maturity as at March 31, 2024, December 31, 2023 and March 31, 2023:

As at	March 31, 2024	December 31, 2023	March 31, 2023
Percentage of CMHC-insured mortgages ⁽¹⁾	97.1%	98.5%	98.3%
Percentage of fixed-rate mortgages ⁽²⁾	99.2%	99.2%	99.2%
Weighted average mortgage effective interest rate ⁽³⁾	2.84%	2.80%	2.61%
Weighted average mortgage term to maturity (years) ⁽⁴⁾	4.7	4.9	5.2

⁽¹⁾ Excludes mortgages on MHC sites and European financings.

⁽²⁾ Taking into consideration interest rate swaps where hedge accounting is not being applied, 100% of mortgages are subject to fixed rates.

⁽³⁾ Weighted average mortgage effective interest rate includes deferred financing costs, fair value adjustments and prepaid CMHC premiums on an effective interest rate basis.

⁽⁴⁾ The mortgages on the Canadian and European properties have a weighted average term to maturity of 5.2 years and 2.7 years, respectively as at March 31, 2024 (December 31, 2023 – 5.4 years and 2.9 years, respectively, March 31, 2023 – 5.7 years and 3.1 years, respectively).

CAPREIT is in compliance with all financial covenants on mortgages payable for the three months ended March 31, 2024 and March 31, 2023, and for the year ended December 31, 2023.

The following table presents financings, weighted average interest rates obtained and mortgage top-ups closed or committed up to May 8, 2024, as well as those expected for the remainder of 2024. This table excludes mortgages assumed by CAPREIT upon acquisition of investment properties and mortgages assumed by the purchaser upon disposition of investment properties.

(\$ Thousands)	Original Mortgage Amount	Weighted Average Original Stated Interest Rate ⁽¹⁾	New Mortgage Amount	Weighted Average New Interest Rate ⁽²⁾	Weighted Average Term on New Mortgages (Years)	Net Top-Up Financing (Repayment) Amount ⁽³⁾
The Canadian Portfolio						
First Quarter	\$ 38,110	3.12 %	\$ 26,262	4.43 %	10.0	\$ (11,848)
Total and Weighted Average	\$ 38,110	3.12 %	\$ 26,262	4.43 %	10.0	\$ (11,848)
Subsequent to the quarter:						
Committed or Completed	\$ 54,095	3.50 %	\$ 89,444	4.69 %	10.0	\$ 35,349
Expected for the remainder of 2024	316,443	2.38 %	616,467	— %	—	300,024
Subtotal and Weighted Average	\$ 408,648	2.59 %	\$ 732,173	4.63 %	10.0	\$ 323,525
The ERES Portfolio						
Refinancings	\$ 27,505	1.45 %	\$ 27,505	4.70 %	3.0	\$ —
Total and Weighted Average	\$ 27,505	1.45 %	\$ 27,505	4.70 %	3.0	\$ —
Grand Total and Weighted Average	\$ 436,153	2.52 %	\$ 759,678	4.63 %	9.7	\$ 323,525

⁽¹⁾ Excludes one-to-six-month short-term extensions.

⁽²⁾ Excludes prepaid CMHC premiums, deferred financing costs and impact of hedging.

⁽³⁾ Includes \$29,822 of mortgage discharges but not refinanced. This includes \$2,930 repaid on the disposition of a property which was previously classified as a liability related to assets held for sale.

Mortgage refinancing and top-up amounts expected for the remainder of 2024 are based on management's best estimates and on the property portfolio as at March 31, 2024, assuming no future acquisitions and dispositions. Actual amounts may differ depending on factors such as future market interest rates and CMHC approval.

As a strategy, CAPREIT leverages CMHC insurance to get access to stable financing at lower interest rates than would be available with conventional mortgage financing or other forms of debt. The premiums associated with the initial mortgage financing along with any additional premiums on future expected mortgage renewals or refinancing are analyzed to ensure the all-in cost of CMHC financing continues to be CAPREIT's most cost-effective form of debt.

CMHC premiums are amortized over the amortization period of the underlying mortgage loans when incurred. If CAPREIT fully refinances or discharges an existing mortgage, any unamortized prepaid CMHC premiums and fees associated with the existing mortgages on that property will be written off in the period in which full refinancing or discharge occurs. CAPREIT accelerates the amortization for prepaid CMHC premiums for mortgages that management intends to fully refinance within the year, from the date the decision is made to refinance to the date the mortgage is due to be refinanced. Therefore, accelerated CMHC amortization expense is typically higher during the first half of the year compared to the second half of the year. During the three months ended March 31, 2024, CMHC amortization expense including net write-offs of CMHC premiums on refinancing or discharge of mortgages amounted to \$3.4 million, excluding CMHC write-offs relating to dispositions.

The table below summarizes the CMHC amortization expense, including write-offs except those relating to dispositions, for the trailing eight quarters.

(\$ Thousands)	Q1 24	Q4 23	Q3 23	Q2 23	Q1 23	Q4 22	Q3 22	Q2 22
Amortization of CMHC premiums and fees	\$ (3,399)	\$ (1,919)	\$ (2,657)	\$ (3,643)	\$ (4,056)	\$ (2,841)	\$ (2,388)	\$ (3,441)

CMHC amortization expense, including write-offs except those relating to dispositions, for 2024 is expected to be in the range of \$10.0 million to \$11.0 million, depending on refinancing activity. The CMHC amortization expense, including write-offs except those relating to dispositions, for the year ended December 31, 2023 was \$12.3 million.

The breakdown of CAPREIT's Canadian dollar-denominated future principal repayments, including mortgage maturities, and effective weighted average interest rates as at March 31, 2024 is as follows:

As at March 31, 2024						
(\$ Thousands)						
Period	Principal Amortization	Mortgage Maturities	Mortgage Balance	% of Total Mortgage Balance	Interest Rate (%) ⁽¹⁾	
Remainder of 2024	\$ 110,244	\$ 363,913	\$ 474,157	8.6	2.86	
2025	140,386	475,215	615,601	11.1	2.77	
2026	119,650	545,424	665,074	12.1	2.73	
2027	96,776	540,441	637,217	11.5	3.25	
2028	84,480	627,881	712,361	12.9	3.44	
2029 -2036	209,752	2,209,011	2,418,763	43.8	2.94	
	\$ 761,288	\$ 4,761,885	\$ 5,523,173	100.0 %	2.99 %	
Less: prepaid CMHC premiums			\$ (110,486)			
Less: deferred financing costs			(18,064)			
Less: fair value adjustments			(7,598)			
Less: liabilities related to assets held for sale			(7,842)			
Total			\$ 5,379,183			
Weighted average term to maturity (years)			5.2			

⁽¹⁾ Effective weighted average interest rates for maturing mortgages only. It includes the amortization of deferred financing costs, prepaid CMHC premiums and fair value adjustments.

The breakdown for ERES's euro-denominated future principal repayments, including mortgage maturities, and effective weighted average interest rates as at March 31, 2024 is as follows:

As at March 31, 2024							
(\$ Thousands)							
Period	Principal Amortization	Mortgage Maturities	Mortgage Balance (\$)	Mortgage Balance (€)	⁽¹⁾	% of Total Mortgage Balance	Interest Rate (%) ⁽²⁾
Remainder of 2024	\$ 1,946	\$ 88,272	\$ 90,218	€ 61,725		6.9	2.51
2025	417	331,806	332,223	227,301		25.5	1.87
2026	—	274,508	274,508	187,811		21.1	1.47
2027	—	320,899	320,899	219,550		24.6	1.69
2028	—	172,471	172,471	118,000		13.2	3.29
2029	—	111,814	111,814	76,500		8.7	4.75
	\$ 2,363	\$ 1,299,770	\$ 1,302,133	€ 890,887		100.0 %	2.22 %
Less: deferred financing costs			\$ (3,592)				
Total			\$ 1,298,541				
Weighted average term to maturity			2.7				

⁽¹⁾ Included in mortgages payable are non-amortizing mortgages.

⁽²⁾ Effective weighted average interest rates for maturing mortgages only. It includes the amortization of deferred financing costs.

Derivative Financial Instruments in Canada

(\$ Thousands)

As at	March 31, 2024	December 31, 2023	March 31, 2023
CCIR swaps ⁽¹⁾	\$ 1,008,687	\$ 927,149	\$ 984,164
Weighted average interest rate on swaps – paying leg	3.32%	2.76%	2.67%
Weighted average interest rate on swaps – receiving leg	4.10%	3.56%	3.46%
Weighted average remaining term to maturity on swaps (years)	0.8	0.8	1.2

⁽¹⁾ As at March 31, 2024, euro equivalent of €442,358 (December 31, 2023 – €442,358, March 31, 2023 – €442,358), USD equivalent of US\$251,756 (December 31, 2023 – US\$192,812, March 31, 2023 – US\$238,365) and excludes ERES CCIR swaps.

Unitholders' Equity, Exchangeable LP Units and Units Awarded under Unit-based Compensation Plans

Unitholders' Equity represents the issued and outstanding Trust Units, and excludes the Exchangeable LP Units and any units issued in connection with unit-based incentive plans. For the purposes of the table below, Exchangeable LP Units and units issued in connection with unit-based incentive plans are treated as equity as they have claims similar or identical to those of the Trust Units.

Units outstanding (excluding ERES) as at March 31, 2024, December 31, 2023 and March 31, 2023 are as follows:

(Thousands of units)

As at	March 31, 2024	December 31, 2023	March 31, 2023
Trust Units	167,109	167,614	167,545
Deferred units	140	134	115
RUR Plan units	605	473	524
Exchangeable LP Units	1,647	1,647	1,647
Total number of units outstanding – diluted	169,501	169,868	169,831
Ownership by trustees, officers and other senior management	0.5 %	0.5 %	0.4 %

Normal Course Issuer Bid

In March 2024, CAPREIT received the TSX's acceptance of its notice of intention to proceed with an NCIB, following expiry of the previous NCIB on March 23, 2024. Pursuant to the notice, CAPREIT may purchase up to 16,724,759 of its Trust Units, representing approximately 10% of the public float of its Trust Units at the time of TSX approval, during the 12-month period commencing March 25, 2024 and ending March 24, 2025. Under the NCIB, other than purchases made under the block purchase exemption, CAPREIT may purchase up to 89,460 Trust Units on the TSX during any trading day, which represents approximately 25% of 357,842 Trust Units, being the average daily trading volume on the TSX for the most recently completed six calendar months prior to the TSX's acceptance of the notice of intention to proceed with an NCIB. Any Trust Units purchased under the NCIB will be cancelled.

The tables below summarize the NCIB activity for the three months ended March 31, 2024 and year ended December 31, 2023, based on the settlement date of purchases.

For the Three Months Ended March 31, 2024	Weighted Average Purchase Price per Trust Unit	Total Cost of Trust Units Purchased and Cancelled (\$ Thousands)	Number of Trust Units Purchased and Cancelled	2024-2025 NCIB Remaining Limit
Beginning Limit				16,724,759
First Quarter 2023 ⁽¹⁾⁽²⁾	\$ 48.19	\$ 27,081	562,017	16,724,759
Total	\$ 48.19	\$ 27,081	562,017	16,724,759

⁽¹⁾ 562,017 Trust Units were purchased and cancelled under the 2023-2024 NCIB.

⁽²⁾ The total cost presented and the weighted average purchase price per Trust Unit includes commissions, but excludes the 2% tax on Trust Units repurchases which became effective on January 1, 2024 as well as other NCIB transaction costs totalling \$601.

For the Year Ended December 31, 2023	Weighted Average Purchase Price per Trust Unit	Total Cost of Trust Units Purchased and Cancelled (\$ Thousands)	Number of Trust Units Purchased and Cancelled	2023-2024 NCIB Remaining Limit ⁽¹⁾
Beginning Limit				16,901,348
First Quarter 2023 ⁽¹⁾	\$ 46.43	\$ 91,502	1,970,904	16,527,597
Second Quarter 2023	47.59	9,405	197,617	16,329,980
Third Quarter 2023	—	—	—	16,329,980
Fourth Quarter 2023	—	—	—	16,329,980
Total	\$ 46.53	\$ 100,907	2,168,521	16,329,980

⁽¹⁾ 1,597,153 Trust Units were purchased and cancelled under the 2022-2023 NCIB and 373,751 Trust Units were purchased and cancelled under the 2023-2024 NCIB.

SECTION VI: UNIT CALCULATIONS, DISTRIBUTIONS, NON-IFRS MEASURES AND OTHER INFORMATION**UNIT CALCULATIONS AND DISTRIBUTIONS**

As a result of CAPREIT being an open-ended mutual fund trust, Unitholders are entitled to redeem their Trust Units in accordance with the conditions specified in the DOT. The impact of this redemption feature causes CAPREIT's Trust Units to be treated as financial liabilities under IFRS. Consequently, all per unit calculations are considered Non-IFRS Measures.

The following tables summarize the number of units used in calculating Non-IFRS Measures on a per unit basis:

Outstanding Number of Units

(Thousands)

As at	March 31, 2024	% ⁽¹⁾	December 31, 2023	% ⁽¹⁾	March 31, 2023	% ⁽¹⁾
Trust Units	167,109	98.5	167,614	98.6	167,545	98.6
Exchangeable LP Units ⁽²⁾	1,647	1.0	1,647	1.0	1,647	1.0
Units under the DUP ⁽³⁾	140	0.1	134	0.1	115	0.1
Basic number of units	168,896	99.6	169,395	99.7	169,307	99.7
Plus:						
Unit rights under the RUR Plan ⁽³⁾	605	0.4	473	0.3	524	0.3
Diluted number of units	169,501	100.0	169,868	100.0	169,831	100.0

⁽¹⁾ Represents percentage of total diluted units.

⁽²⁾ See note 15 to the accompanying condensed consolidated interim financial statements for details on Exchangeable LP Units.

⁽³⁾ See notes 13 and 17 to the audited consolidated annual financial statements for the year ended December 31, 2023 for details of CAPREIT's unit-based compensation plans.

Weighted Average Number of Units

(Thousands)

For the Three Months Ended March 31,	2024	2023
Trust Units	167,499	169,052
Exchangeable LP Units ⁽¹⁾	1,647	1,656
Units under the DUP ⁽²⁾	135	117
Basic number of units	169,281	170,825
Plus:		
Unit rights under the RUR Plan ⁽²⁾	515	441
Diluted number of units	169,796	171,266

⁽¹⁾ See note 15 to the accompanying condensed consolidated interim financial statements for details on Exchangeable LP Units.

⁽²⁾ See notes 13 and 17 to the audited consolidated annual financial statements for the year ended December 31, 2023 for details of CAPREIT's unit-based compensation plans.

DRIP and Net Distributions Paid

(\$ Thousands)

For the Three Months Ended March 31,	2024	2023
Distributions declared on Trust Units	\$ 60,699	\$ 61,045
Distributions declared on Exchangeable LP Units	603	597
Distributions declared on awards outstanding under unit-based compensation plans ⁽¹⁾	221	186
Total distributions declared	\$ 61,523	\$ 61,828
Less:		
Distributions declared on Trust Units reinvested	\$ (1,033)	\$ (1,721)
Distributions declared on unit awards reinvested ⁽¹⁾	(221)	(186)
Net distributions paid in cash ⁽²⁾	\$ 60,269	\$ 59,921
Percentage of distributions reinvested	2.0%	3.1%

⁽¹⁾ Comprises non-cash distributions related to the DUP and the RUR Plan (see notes 13 and 17 to CAPREIT's audited consolidated annual financial statements for the year ended December 31, 2023 for a discussion of these plans).

⁽²⁾ Based on distributions declared during the respective periods.

Under CAPREIT's DRIP, a participant may purchase additional units with the cash distributions paid on the eligible units, registered in the participant's name or held in a participant's account maintained pursuant to the DRIP. Exchangeable LP Units are not eligible for the DRIP.

Adjusted Cash Generated from Operating Activities and Net Income (Loss) Compared to Total Distributions Declared

As required by National Policy 41-201, "Income Trusts and Other Indirect Offerings", the following table quantifies cash generated from operating activities net of interest expense included in cash used in financing activities for the three months ended March 31, 2024 and March 31, 2023:

(\$ Thousands)

For the Three Months Ended March 31,	2024	2023
Cash generated from operating activities	\$ 144,988	\$ 140,308
Adjustments:		
Interest paid on mortgages and credit facilities	(48,642)	(43,589)
Adjusted Cash Generated from Operating Activities	\$ 96,346	\$ 96,719

Adjusted Cash Generated from Operating Activities is not defined by IFRS, does not have standard meanings and may not be comparable with other industries or companies.

As required by National Policy 41-201, "Income Trusts and Other Indirect Offerings", the following table outlines the differences between Adjusted Cash Generated from Operating Activities and total distributions declared, in accordance with the guidelines, for the three months ended March 31, 2024 and March 31, 2023:

(\$ Thousands)

For the Three Months Ended March 31,	2024	2023
Adjusted Cash Generated from Operating Activities	\$ 96,346	\$ 96,719
Total distributions declared	61,523	61,828
Excess of Adjusted Cash Generated from Operating Activities over total distributions declared	\$ 34,823	\$ 34,891

For the three months ended March 31, 2024, CAPREIT's Adjusted Cash Generated from Operating Activities exceeded distributions declared by \$34.8 million. As per OSC Staff Notice 51-724, if distributions are in excess of Adjusted Cash Generated from Operating Activities, then it represents a return of capital, rather than a return on capital, since they represent cash payments in excess of cash generated from CAPREIT's continuing operations during the period. Management believes, should it occur, there is adequate overall liquidity to fund excess distributions over Adjusted Cash Generated from Operating Activities on an annual basis through cash and cash equivalents on hand and, if necessary, the Acquisition and Operating Facility.

As required by National Policy 41-201, "Income Trusts and Other Indirect Offerings", the following table outlines the differences between net income (loss) and total distributions declared, in accordance with the guidelines, for the three months ended March 31, 2024 and March 31, 2023:

(\$ Thousands)

For the Three Months Ended March 31,	2024	2023
Net income (loss)	\$ 182,113	\$ (103,227)
Total distributions declared	61,523	61,828
Excess (shortfall) of net income (loss) over total distributions declared	\$ 120,590	\$ (165,055)

CAPREIT does not use net income (loss) as a basis for distributions as it includes non-cash items such as fair value change in investment properties, fair value change in investments, remeasurement of unit-based compensation liabilities and fair value change in derivative financial instruments, which are not reflective of CAPREIT's ability to make distributions. Amounts retained in excess of the declared distributions are used for mortgage principal repayments and capital expenditure requirements.

NON-IFRS MEASURES**Funds From Operations**

FFO is a measure of operating performance based on the funds generated by the business before reinvestment or provision for other capital needs. Management considers FFO to be an important measure of CAPREIT's operating performance. Fair value adjustments, gains or losses on dispositions, and other non-cash items do not necessarily provide an accurate picture of CAPREIT's past or recurring operating performance. FFO as presented is in accordance with the recommendations of the Real Property Association of Canada ("REALPAC"), with the exception of (i) the adjustment for gains or losses on fair value through profit or loss ("FVTPL") marketable securities, (ii) the adjustment for amortization of PP&E and right-of-use asset, and (iii) the exclusion of the effects of certain items that are not indicative of CAPREIT's long-term operating performance. These items include reorganization, senior management termination and retirement costs, costs relating to transactions that were not completed, net gain on derecognition of debt, mortgage prepayment costs, unit-based compensation amortization recovery relating to ERES UOP forfeitures and amortization of losses on certain hedging instruments previously settled and paid. It may not, however, be comparable to similar measures presented by other real estate investment trusts or companies in similar or different industries.

As it is an operating performance metric, no adjustment is made to FFO for capital expenditures. For further information on CAPREIT's total property capital investments, please refer to Property Capital Investments in Section IV. See discussions under Foreign Currency Information in Section VI for additional information on hedging instruments currently in place. FFO is not a measure of the sustainability of distributions.

A reconciliation of net income (loss) to FFO is as follows for the three months ended March 31, 2024 and March 31, 2023:

(\$ Thousands, except per unit amounts)

For the Three Months Ended March 31,	2024	2023
Net income (loss)	\$ 182,113	\$ (103,227)
Adjustments:		
Fair value adjustments of investment properties and assets held for sale	(71,319)	185,386
Fair value adjustments of financial instruments	573	48,195
Interest expense on Exchangeable LP Units	603	597
Loss (gain) on non-controlling interest	(9,640)	21,110
FFO impact attributable to ERES units held by non-controlling unitholders ⁽¹⁾	(4,716)	(4,592)
Deferred income tax recovery	(664)	(46,952)
Loss (gain) on foreign currency translation	5,970	(3,626)
Net loss on transactions and other activities ⁽²⁾	5,324	1,791
Net gain on derecognition of debt ⁽³⁾	(2,279)	(3,315)
Lease principal repayments	(311)	(287)
Reorganization, senior management termination and retirement costs ⁽⁴⁾	—	2,024
Unit-based compensation amortization recovery relating to ERES UOP forfeitures ⁽⁵⁾	(2,284)	—
Amortization of losses from accumulated other comprehensive loss to interest and other financing costs	—	49
FFO	\$ 103,370	\$ 97,153
Weighted average number of units (000s) – diluted	169,796	171,266
Total distributions declared	\$ 61,523	\$ 61,828
FFO per unit – diluted ⁽⁶⁾	\$ 0.609	\$ 0.567
FFO payout ratio ⁽⁷⁾	59.5 %	63.6 %

⁽¹⁾ The adjustment is based on applying the 35% weighted average ownership held by ERES non-controlling unitholders (March 31, 2023 – 35%).

⁽²⁾ Primarily includes transaction costs and other adjustments on dispositions and amortization of PP&E and right-of-use asset. For the three months ended March 31, 2024, includes \$643 of current income taxes on the dispositions of ERES single residential suites.

⁽³⁾ Refer to note 5 of the accompanying condensed consolidated interim financial statements for further information.

⁽⁴⁾ For the three months ended March 31, 2023, includes \$86 of accelerated vesting of previously granted unit-based compensation.

⁽⁵⁾ Relates to the forfeiture of previously granted ERES unit options that expired during the three months ended March 31, 2024 (March 31, 2023 - nil).

⁽⁶⁾ FFO per unit – diluted is calculated using FFO during the period divided by weighted average number of units – diluted.

⁽⁷⁾ FFO payout ratio is calculated using total distributions declared during the period divided by FFO.

FFO may be subject to a certain degree of fluctuation from period to period as a result of CMHC premium write-offs which occur upon the refinancing of a mortgage, as well as accelerated CMHC amortization expense for mortgages that management intends to fully refinance or discharge within the year, excluding property dispositions. These write-offs and accelerated CMHC amortization expense are not added back to FFO and as a result, may cause fluctuation depending on the timing and amount of mortgages coming due. For further details, please refer to Liquidity and Financial Condition in Section V.

Contributing to FFO are fees earned from ERES on the portion of ERES units held by non-controlling unitholders totalling \$1.2 million and \$1.4 million for the three months ended March 31, 2024 and March 31, 2023,

respectively. These fees comprise asset management fees, property management fees, acquisition fees, service fees and interest income earned on promissory note from ERES. Refer to the Related Party Transactions in Section VI – Other Information for further details.

FFO for the three months ended March 31, 2024 increased by 6.4% compared to the same period last year, primarily due to contribution from acquisitions and higher same property NOI, partially offset by lower other income and higher interest expense on credit facilities payable and mortgages payable.

For the three months ended March 31, 2024, diluted FFO per unit increased by 7.4%, including an approximately 0.9% decrease in the weighted average number of units outstanding, compared to the same period last year, primarily due to the same reasons described above as well as accretive NCIB purchases.

Comparing total distributions declared to FFO, the FFO payout ratio for the three months ended March 31, 2024 improved to 59.5% compared to 63.6% for the same period last year primarily due to higher year-over-year FFO coupled with the decrease in total distributions declared on fewer outstanding Trust units after purchase of Trust Units from NCIB activity.

Adjusted Cash Flows From Operations and Distributions Declared

ACFO is a measure of economic cash flow based on the operating cash flows generated by the business, adjusted to deduct items such as interest expense, actual non-discretionary property capital investments as described below, capitalized leasing costs and amortization of other financing costs, partially offset by investment and interest income. ACFO as calculated by CAPREIT is in accordance with the most recent corresponding definition recommended by REALPAC, with the exception of the adjustment for investment and interest income. Management considers ACFO to be an important economic and sustainable cash flow measure of CAPREIT's operating performance. It may not, however, be comparable to similar measures presented by other real estate investment trusts or companies in similar or different industries.

Non-discretionary property capital expenditure reserve is determined based on historical spending and management's best estimate of expected annual non-discretionary property capital expenditure requirements per suite and site, divided by four for the quarter, and multiplied by the weighted average number of residential suites and sites during the period. In light of CAPREIT's strategy to upgrade the quality and diversification of the property portfolio through repositioning and capital recycling initiatives to grow earnings and cash flow potential, CAPREIT is no longer disclosing or using non-discretionary capital expenditure reserve to determine ACFO. Actual non-discretionary property capital investments is used in the determination of ACFO, for the purpose of comparing to distributions declared. 2023 comparative figures have been restated accordingly. For further information on CAPREIT's total property capital investments, please refer to Property Capital Investments in Section IV.

There may be periods when actual distributions declared exceed ACFO due to seasonal fluctuations in certain periods, regional market volatility, or from year to year based on the timing of property capital investments and the impact of acquisitions. Excess distributions (shortfalls) are funded by cash and cash equivalents and, if necessary, the Acquisition and Operating Facility.

The following table reconciles cash generated from operating activities to ACFO for the three months ended March 31, 2024 and March 31, 2023:

(\$ Thousands)

For the Three Months Ended March 31,	2024	2023⁽¹⁾
Cash generated from operating activities	\$ 144,988	\$ 140,308
Adjustments:		
Interest paid on mortgages payable and credit facilities payable	(48,642)	(43,589)
Actual non-discretionary property capital investments	(7,200)	(13,075)
Capitalized leasing costs ⁽²⁾	(604)	(649)
Amortization of other financing costs ⁽³⁾	(5,666)	(6,119)
Investment and interest income received	457	662
Net ACFO impact attributed to ERES units held by non-controlling unitholders ⁽⁴⁾	(4,524)	(3,235)
Lease payments	(1,572)	(1,559)
ACFO	\$ 77,237	\$ 72,744
Total distributions declared	\$ 61,523	\$ 61,828
Excess ACFO over distributions declared	\$ 15,714	\$ 10,916
ACFO payout ratio ⁽⁵⁾	79.7%	85.0%

⁽¹⁾ Certain 2023 comparative figures have been adjusted to conform with current period presentation.

⁽²⁾ Comprises tenant inducements and direct leasing costs.

⁽³⁾ Includes amortization and write-offs of deferred financing costs, CMHC premiums, deferred loan costs and fair value adjustments.

⁽⁴⁾ For the three months ended March 31, 2024, the adjustment is based on applying the 35% weighted average ownership held by ERES non-controlling unitholders (March 31, 2023 – 35%).

⁽⁵⁾ ACFO payout ratio is calculated using total distributions declared during the period divided by ACFO.

Total Debt and Total Debt Ratios

Management uses Total Debt, Total Debt to Gross Book Value ratio and Mortgage debt to Gross Book Value as indicators in assessing if the debt level maintained is sufficient to meet cash flow requirements and for evaluating the need to raise funds for further expansion. These Non-IFRS Measures may not, however, be comparable to similar measures presented by other real estate investment trusts or companies in similar or different industries.

A reconciliation for Total Debt and Gross Book Value is as follows as at March 31, 2024, December 31, 2023 and March 31, 2023:

(\$ Thousands)

As at	March 31, 2024	December 31, 2023	March 31, 2023
Mortgages payable – non-current	\$ 5,832,546	\$ 6,002,617	\$ 5,936,555
Mortgages payable – current	845,178	651,371	636,999
Liabilities related to assets held for sale	7,842	23,706	—
Total mortgages payable	\$ 6,685,566	\$ 6,677,694	\$ 6,573,554
Credit facilities payable – non-current	483,238	405,133	484,063
Total Debt	\$ 7,168,804	\$ 7,082,827	\$ 7,057,617
Total Assets	\$ 17,111,296	\$ 16,968,640	\$ 17,542,136
Add: Accumulated amortization of PP&E	46,569	45,217	41,073
Gross Book Value ⁽¹⁾	\$ 17,157,865	\$ 17,013,857	\$ 17,583,209
Total Debt to Gross Book Value	41.8 %	41.6 %	40.1 %
Total Mortgages Payable to Gross Book Value	39.0 %	39.2 %	37.4 %

⁽¹⁾ Gross Book Value ("GBV") is defined by CAPREIT's DOT.

Adjusted Earnings Before Interest, Taxes, Depreciation, Amortization and Fair Value Adjustments

Adjusted EBITDAFV is calculated as prescribed in CAPREIT's Acquisition and Operating Facility agreement for the purpose of determining the Debt Service Coverage Ratio and Interest Coverage Ratio, and is defined as net income (loss) attributable to Unitholders, reversing, where applicable, interest expense; income taxes; depreciation and amortization; gain or loss attributable to dispositions; non-cash gain or loss resulting from the remeasurement of assets or liabilities; other non-cash amounts included in net income (loss); gain or loss on the repurchase or redemption of securities; foreign exchange gain or loss; and any other extraordinary, non-recurring or unusual items as permitted under CAPREIT's Acquisition and Operating Facility agreement. Management believes Adjusted EBITDAFV is useful in assessing CAPREIT's operating performance, excluding any non-cash items and other extraordinary factors, and its ability to service debt, finance capital expenditures and provide for distributions to its Unitholders. This Non-IFRS Measure may not, however, be comparable to similar measures presented by other real estate investment trusts or companies in similar or different industries.

A reconciliation of net loss to Adjusted EBITDAFV is as follows for the trailing 12 months ended March 31, 2024, December 31, 2023 and March 31, 2023:

(\$ Thousands)

For The Trailing 12 Months Ended	March 31, 2024	December 31, 2023	March 31, 2023
Net loss	\$ (126,234)	\$ (411,574)	\$ (134,899)
Adjustments:			
Interest and other financing costs	215,678	211,664	187,582
Interest on Exchangeable LP Units	2,388	2,382	2,423
Total current income tax expense and deferred income tax recovery, net	(29,088)	(76,479)	(72,619)
Amortization of PP&E and right-of-use asset	6,138	6,206	7,145
Total unit-based compensation amortization expense, net	5,570	7,816	6,944
EUPP unit-based compensation expense	(548)	(551)	(520)
Fair value adjustments of investment properties and assets held for sale	657,880	914,585	673,268
Fair value adjustments of financial instruments	(13,249)	34,373	55,400
Net gain on derecognition of debt	(2,215)	(3,251)	(5,081)
Gain on non-controlling interest	(75,959)	(45,209)	(125,656)
Loss (gain) on foreign currency translation	5,649	(4,161)	5,077
Transaction costs and other adjustments on dispositions and other	10,663	7,705	3,421
Goodwill impairment loss	—	—	14,278
Adjusted EBITDAFV	\$ 656,673	\$ 643,506	\$ 616,763

Debt Service Coverage Ratio

The Debt Service Coverage Ratio is defined as Adjusted EBITDAFV divided by the sum of interest expense (including interest on mortgages payable and credit facilities payable and excluding interest with respect to leases, holders of Exchangeable LP Units, and amortization of CMHC premiums and fees on mortgages payable) and all regularly scheduled mortgage principal repayments. The Debt Service Coverage Ratio is calculated as prescribed in the Acquisition and Operating Facility agreement, and is based on the trailing 12 months ended. Management believes the Debt Service Coverage Ratio is useful in determining CAPREIT's ability to service the interest and mortgage principal requirements of its outstanding debt. This Non-IFRS Measure may not, however, be comparable to similar measures presented by other real estate investment trusts or companies in similar or different industries.

(\$ Thousands)

For The Trailing 12 Months Ended	March 31, 2024	December 31, 2023	March 31, 2023
Contractual interest on mortgages payable ⁽¹⁾⁽²⁾	\$ 163,950	\$ 161,178	\$ 153,436
Amortization of deferred financing costs, fair value adjustments and OCI hedge interest on mortgages payable ⁽¹⁾	6,129	6,157	4,205
Contractual interest on credit facilities payable ⁽²⁾	28,008	26,074	11,302
Amortization of deferred financing costs on credit facilities payable	906	902	685
Mortgage principal repayments	157,046	158,803	162,458
Debt service payments	\$ 356,039	\$ 353,114	\$ 332,086
Adjusted EBITDAFV	\$ 656,673	\$ 643,506	\$ 616,763
Debt service coverage ratio (times)	1.8x	1.8x	1.9x

⁽¹⁾ Includes liabilities related to assets held for sale, as applicable.

⁽²⁾ Includes net CCIR and IR swap interest, offsetting contractual interest.

Interest Coverage Ratio

The Interest Coverage Ratio is defined as Adjusted EBITDAFV divided by interest expense (including interest on mortgages payable and credit facilities payable and excluding interest with respect to leases, holders of Exchangeable LP Units, and amortization of CMHC premiums and fees on mortgages payable). The Interest Coverage Ratio is calculated as prescribed in the Acquisition and Operating Facility agreement, and is based on the trailing 12 months ended. Management believes the Interest Coverage Ratio is useful in determining CAPREIT's ability to service the interest requirements of its outstanding debt. This Non-IFRS Measure may not, however, be comparable to similar measures presented by other real estate investment trusts or companies in similar or different industries.

(\$ Thousands)

For The Trailing 12 Months Ended	March 31, 2024	December 31, 2023	March 31, 2023
Contractual interest on mortgages payable ⁽¹⁾⁽²⁾	\$ 163,950	\$ 161,178	\$ 153,436
Amortization of deferred financing costs, fair value adjustments and OCI hedge interest on mortgages payable ⁽¹⁾	6,129	6,157	4,205
Contractual interest on credit facilities payable ⁽²⁾	28,008	26,074	11,302
Amortization of deferred financing costs on credit facilities payable	906	902	685
Interest Expense	\$ 198,993	\$ 194,311	\$ 169,628
Adjusted EBITDAFV	\$ 656,673	\$ 643,506	\$ 616,763
Interest coverage ratio (times)	3.3x	3.3x	3.6x

⁽¹⁾ Includes liabilities related to assets held for sale, as applicable.

⁽²⁾ Includes net CCIR and IR swap interest, offsetting contractual interest.

Net Asset Value

NAV represents total Unitholders' equity per CAPREIT's consolidated balance sheets, adjusted to include or exclude certain amounts in order to provide what management considers to be a key measure of the residual value of CAPREIT to its Unitholders as at the reporting date. NAV is therefore used by management on both an aggregate and per unit basis to evaluate the net asset value attributable to Unitholders, and changes thereon based on the execution of CAPREIT's strategy. While NAV is calculated based on items included in the consolidated financial statements or supporting notes, NAV itself is not a standardized financial measure under IFRS and may not be comparable to similarly termed financial measures disclosed by other real estate investment trusts or companies in similar or different industries.

A reconciliation of Unitholders' equity to NAV is as follows as at March 31, 2024, December 31, 2023 and March 31, 2023:

(\$ Thousands, except per unit amounts)

As at	March 31, 2024	December 31, 2023	March 31, 2023
Unitholders' equity	\$ 9,374,475	\$ 9,278,595	\$ 9,774,480
Adjustments:			
Exchangeable LP Units	76,578	80,383	78,093
Unit-based compensation financial liabilities excluding ERES's RUR and ERES UOP	22,926	23,150	19,634
Deferred income tax liability	50,114	49,481	80,391
Deferred income tax asset	(20,837)	(19,523)	(11,469)
Derivative assets – non-current	(36,441)	(35,619)	(53,132)
Derivative assets – current	(8,167)	(10,851)	(3,523)
Derivative liabilities – current	1,227	7,001	15,484
Adjustment to ERES non-controlling interest ⁽¹⁾	(172,242)	(160,023)	(139,002)
NAV	\$ 9,287,633	\$ 9,212,594	\$ 9,760,956
Diluted number of units	169,501	169,868	169,831
NAV per unit – diluted ⁽²⁾	\$ 54.79	\$ 54.23	\$ 57.47

⁽¹⁾ CAPREIT accounts for the non-controlling interest in ERES as a liability, measured at the redemption amount, as defined by the ERES DOT, of ERES's units not owned by CAPREIT. The adjustment is made so that the non-controlling interest in ERES is measured at ERES's disclosed NAV, rather than the redemption amount. The table below summarizes the calculation of adjustment to ERES non-controlling interest as at March 31, 2024, December 31, 2023 and March 31, 2023:

(\$ Thousands)

As at	March 31, 2024	December 31, 2023	March 31, 2023
ERES's NAV	€ 676,778	€ 676,956	€ 776,515
Ownership by ERES non-controlling interest	35%	35%	35%
Closing foreign exchange rate	1.46162	1.46262	1.47186
Impact to NAV due to ERES's non-controlling unitholders	\$ 346,217	\$ 346,545	\$ 400,022
Less: ERES units held by non-controlling unitholders	(173,975)	(186,522)	(261,020)
Adjustment to ERES non-controlling interest	\$ 172,242	\$ 160,023	\$ 139,002

⁽²⁾ NAV per unit – diluted is calculated using NAV as at period end divided by diluted number of units.

OTHER INFORMATION

Selected Consolidated Quarterly Information

	Q1 24	Q4 23	Q3 23	Q2 23	Q1 23	Q4 22	Q3 22	Q2 22
Canadian residential Occupied AMR ⁽¹⁾⁽²⁾	\$ 1,552	\$ 1,516	\$ 1,490	\$ 1,460	\$ 1,428	\$ 1,401	\$ 1,387	\$ 1,371
The Netherlands Occupied AMR ⁽²⁾	€ 1,068	€ 1,063	€ 1,053	€ 1,009	€ 1,002	€ 992	€ 983	€ 952
Operating revenues (000s)	\$ 275,816	\$ 272,195	\$ 268,377	\$ 263,798	\$ 260,947	\$ 256,915	\$ 252,032	\$ 251,693
NOI (000s)	\$ 177,049	\$ 176,711	\$ 178,432	\$ 173,785	\$ 163,858	\$ 164,500	\$ 166,644	\$ 166,093
NOI Margin	64.2%	64.9%	66.5%	65.9%	62.8%	64.0%	66.1%	66.0%
Net income (loss) (000s)	\$ 182,113	\$ 9,212	\$ (357,542)	\$ 39,983	\$ (103,227)	\$ 155,523	\$ 63,159	\$ (250,354)
FFO (000s) ⁽³⁾	\$ 103,370	\$ 102,153	\$ 108,280	\$ 100,076	\$ 97,153	\$ 99,922	\$ 106,562	\$ 102,871
FFO per unit – diluted ⁽³⁾	\$ 0.609	\$ 0.602	\$ 0.638	\$ 0.590	\$ 0.567	\$ 0.580	\$ 0.610	\$ 0.583
FFO payout ratio ⁽³⁾	59.5%	60.4%	56.8%	61.5%	63.6%	62.4%	59.1%	61.9%
Total debt to gross book value ⁽²⁾⁽³⁾	41.8%	41.6%	41.4%	40.4%	40.1%	39.4%	39.4%	38.8%
NAV per unit – diluted ⁽²⁾⁽³⁾	\$ 54.79	\$ 54.23	\$ 54.36	\$ 57.08	\$ 57.47	\$ 58.01	\$ 56.44	\$ 56.66
Weighted average number of units (000s) – diluted	169,796	169,828	169,727	169,664	171,266	172,401	174,588	176,322

⁽¹⁾ Excludes MHC sites.

⁽²⁾ As at period end.

⁽³⁾ Non-IFRS Measures are reconciled with IFRS reported amounts in the respective quarterly SEDAR+ filings. These measures are not defined by IFRS, do not have standard meanings and may not be comparable with other industries or companies (see Section I – Non-IFRS Measures).

CAPREIT's operations are affected by seasonal cycles, and operating performance in one quarter may not be indicative of operating performance in any other quarter of the year. The first and fourth quarters of each year are typically more subject to increased energy consumption in the winter months. There may be periods where actual distributions declared may exceed cash generated from (utilized in) operating activities after factoring interest paid, primarily due to seasonal fluctuations. These seasonal or short-term fluctuations are funded, if necessary, with the Acquisition and Operating Facility. CAPREIT determines its annual distributions and the annual distribution rate by, among other considerations, its assessment of ACFO (a Non-IFRS Measure). As such, CAPREIT believes the cash distributions are not an economic return of capital, but a distribution of adjusted cash flow from operating activities.

Foreign Currency Information

CAPREIT's functional currency is the Canadian dollar and the functional currency of certain foreign subsidiaries is the euro. CAPREIT is exposed to gain or loss on foreign currency translation due to its holdings of European assets and liabilities through its investment in IRES, its ERES subsidiary and euro-denominated cash and borrowings held by CAPREIT. Further, as part of CAPREIT's foreign currency and interest rate management strategies, CAPREIT has cash, borrowings and CCIR arrangements denominated in US dollars.

Based on CAPREIT's accounting policies, CAPREIT converted its euro and US dollar-denominated balances and transactions as at and for the respective periods using the rates shown in the table below:

As at	March 31, 2024	December 31, 2023	March 31, 2023
Canadian dollar per euro (closing rate at period end)	\$ 1.46162	\$ 1.46262	\$ 1.47186
Canadian dollar per US dollar (closing rate at period end)	1.35424	1.32517	1.35307

For the Three Months Ended	March 31, 2024	March 31, 2023
Canadian dollar per euro (average rate during the period)	\$ 1.46371	\$ 1.45069
Canadian dollar per US dollar (average rate during the period)	1.34814	1.35230

European Foreign Exchange Exposure

The majority of CAPREIT's foreign currency transactions are denominated in euros. Between December 31, 2023 and March 31, 2024, the euro weakened against the Canadian dollar from a closing price of \$1.46262 per euro to \$1.46162 per euro. Between March 31, 2023 and March 31, 2024, the euro weakened against the Canadian dollar from a closing price of \$1.47186 per euro to \$1.46162 per euro.

The following table summarizes CAPREIT's net foreign investments exposure and its associated derivative financial instruments related to the euro as at March 31, 2024, December 31, 2023 and March 31, 2023. CAPREIT uses derivative financial instruments to minimize its exposure to fluctuations in foreign exchange rates.

(€ Thousands)

As at	March 31, 2024	December 31, 2023	March 31, 2023
ERES assets	€ 1,722,474	€ 1,722,684	€ 1,819,501
Investment in IRES	78,001	110,777	95,624
CAPREIT's euro cash	751	493	376
Total Foreign Assets	€ 1,801,226	€ 1,833,954	€ 1,915,501
ERES liabilities (excluding intercompany transactions)	€ 1,039,031	€ 1,040,968	€ 1,034,466
Total Foreign Liabilities	€ 1,039,031	€ 1,040,968	€ 1,034,466
Net Foreign Equity ⁽¹⁾	€ 762,195	€ 792,986	€ 881,035
Less: Cross-Currency Swaps ⁽²⁾	(442,358)	(442,358)	(442,358)
Net European Foreign Exchange Exposure	€ 319,837	€ 350,628	€ 438,677
Net European Foreign Exchange Exposure (Excluding Non-controlling Interest)	€ 80,631	€ 112,028	€ 163,915

⁽¹⁾ As at March 31, 2024, net foreign equity includes €683,443 (December 31, 2023 - €681,716, March 31, 2023 - €785,035) relating to ERES in which CAPREIT has a 65% (December 31, 2023 - 65%, March 31, 2023 - 65%) interest.

⁽²⁾ Excludes cross-currency swaps denominated in US dollars.

Related Party Transactions

A summary of related party transactions can be found in note 23 to CAPREIT's condensed consolidated interim financial statements for the three months ended March 31, 2024. Transactions with ERES are described below.

Promissory Notes

On October 28, 2021, as an alternative to the Pipeline Agreement, the CAPREIT Board of Trustees approved the provision of up to \$241.2 million (€165.0 million) in funding to ERES via promissory note arrangements, carrying an interest rate as agreed upon by CAPREIT and ERES on drawn amounts, for terms of up to six months, with the ability to fully repay prior to maturity, without penalty, and extend beyond, if required.

There were no new promissory notes issued and outstanding to CAPREIT during the three months ended March 31, 2024. During the three months ended March 31, 2023, a promissory note was outstanding as summarized in the table below.

Issuance Date	Principal (€)	Interest Rate	Maturity Date	Repayment Date
October 27, 2022	€ 25,650	3.70 %	April 27, 2023	April 27, 2023

Promissory notes from ERES to CAPREIT are eliminated upon consolidation in the condensed consolidated interim financial statements.

Other Transactions with ERES

The table below summarizes fees charged to and interest income earned from ERES for the three months ended March 31, 2024 and March 31, 2023, including non-recoverable taxes which must be remitted to the government:

(\$ Thousands)

For the Three Months Ended March 31,	2024	2023
Asset management fees	\$ 2,054	\$ 2,131
Property management fees	1,294	1,206
Service fees	217	235
Interest income earned from promissory note	—	339
Total	\$ 3,565	\$ 3,911

During the three months ended March 31, 2024, ERES declared a total of \$6.7 million distributions on ERES units and interest on Class B Limited Partnership units ("ERES Class B LP Units") to CAPREIT (three months ended March 31, 2023 - \$6.6 million).

All intercompany transactions between CAPREIT and ERES, excluding non-recoverable taxes which must be remitted to the government, are eliminated upon consolidation in the condensed consolidated interim financial statements.

SECTION VII: COMPLIANCE AND GOVERNANCE DISCLOSURES, RISKS AND UNCERTAINTIES

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

Summary of Material Accounting Policies

A summary of material accounting policies can be found in note 2 to CAPREIT's condensed consolidated interim financial statements for the three months ended March 31, 2024 and to CAPREIT's consolidated annual financial statements for the year ended December 31, 2023.

Critical Accounting Estimates, Assumptions, and Judgments

A summary of critical accounting estimates, assumptions and judgments can be found in CAPREIT's consolidated annual financial statements for the year ended December 31, 2023.

CONTROLS AND PROCEDURES

CAPREIT maintains appropriate information systems, procedures and controls to provide reasonable assurance that information disclosed externally is complete, reliable and timely. Pursuant to the Canadian Securities Administrators requirements under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, CAPREIT's Chief Executive Officer and Chief Financial Officer have satisfied themselves that as at March 31, 2024, the design of disclosure controls and procedures and the design of internal controls over financial reporting continue to be appropriate.

CAPREIT did not make any significant changes to the design of internal controls over financial reporting during the three months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, the internal controls over financial reporting.

RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the Trust Units and in the activities of CAPREIT. Risks and uncertainties are disclosed in CAPREIT's Annual MD&A for the year ended December 31, 2023 in the Risks and Uncertainties section and in CAPREIT's latest AIF.

COMMITMENTS AND CONTINGENCIES

A summary of commitments and contingencies can be found in note 25 to CAPREIT's condensed consolidated interim financial statements for the three months ended March 31, 2024.



CANADIAN APARTMENT
PROPERTIES • REIT

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE MONTHS ENDED
MARCH 31, 2024
(UNAUDITED)**

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CONSOLIDATED INTERIM BALANCE SHEETS

(In thousands of Canadian dollars)

Unaudited

As at	Note	March 31, 2024	December 31, 2023 ⁽¹⁾
Non-current assets			
Investment properties	3	\$ 16,695,616	\$ 16,532,096
Investments held at fair value through profit or loss	7	3,873	162,472
Derivative assets	8	36,441	35,619
Deferred income tax asset		20,837	19,523
Other assets	9	29,770	29,542
Total non-current assets		16,786,537	16,779,252
Current assets			
Cash and cash equivalents		58,495	29,528
Amounts receivable		20,614	16,526
Derivative assets	8	8,167	10,851
Other assets	9	100,117	86,633
Assets held for sale	6	33,000	45,850
Investments held at fair value through profit or loss	7	104,366	—
Total current assets		324,759	189,388
Total assets		\$ 17,111,296	\$ 16,968,640
Non-current liabilities			
Debt	10	\$ 6,315,784	\$ 6,407,750
Deferred income tax liability		50,114	49,481
Unit-based compensation financial liabilities	11	11,565	11,070
Other liabilities	12	46,504	46,837
Total non-current liabilities		6,423,967	6,515,138
Current liabilities			
Debt	10	845,178	651,371
ERES units held by non-controlling unitholders	13	173,975	186,522
Accounts payable and accrued liabilities	14	85,527	105,717
Exchangeable LP Units	15	76,578	80,383
Unit-based compensation financial liabilities	11	11,438	12,353
Derivative liabilities	8	1,227	7,001
Other liabilities	12	111,089	107,854
Liabilities related to assets held for sale	6	7,842	23,706
Total current liabilities		1,312,854	1,174,907
Total liabilities		\$ 7,736,821	\$ 7,690,045
Unitholders' equity			
Unit capital		\$ 4,214,634	\$ 4,227,156
Retained earnings		5,172,953	5,063,981
Accumulated other comprehensive loss		(13,112)	(12,542)
Total unitholders' equity		\$ 9,374,475	\$ 9,278,595
Total liabilities and unitholders' equity		\$ 17,111,296	\$ 16,968,640

⁽¹⁾ Restated; see note 2.

See accompanying notes to the condensed consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(In thousands of Canadian dollars)

Unaudited

For the Three Months Ended March 31,	Note	2024	2023
Operating revenues			
Revenue from investment properties	17	\$ 275,816	\$ 260,947
Operating expenses			
Realty taxes		(24,819)	(24,037)
Property operating costs		(73,948)	(73,052)
Total operating expenses		(98,767)	(97,089)
Net operating income		177,049	163,858
Other income	18	3,635	6,823
Trust expenses		(13,734)	(16,895)
Unit-based compensation amortization recovery (expense):			
Unit-based compensation amortization expense	11	(1,914)	(1,876)
Unit-based compensation amortization recovery relating to ERES UOP forfeitures	11	2,284	—
Total unit-based compensation amortization recovery (expense), net		370	(1,876)
Financing-related costs:			
Interest expense on debt and other financing costs	19	(54,408)	(50,394)
Interest expense on Exchangeable LP Units		(603)	(597)
Net gain on derecognition of debt		2,279	3,315
Total financing-related costs, net		(52,732)	(47,676)
Fair value adjustments of investment properties and assets held for sale	3, 6	71,319	(185,386)
Fair value adjustments of financial instruments	20	(573)	(48,195)
Gain (loss) on non-controlling interest	13	9,640	(21,110)
Gain (loss) on foreign currency translation		(5,970)	3,840
Net loss on transactions and other activities	21	(4,681)	(1,791)
Net income (loss) before income taxes		184,323	(148,408)
Current income tax expense		(2,874)	(1,771)
Deferred income tax recovery		664	46,952
Total current income tax expense and deferred income tax recovery, net		(2,210)	45,181
Net income (loss)		\$ 182,113	\$ (103,227)
Other comprehensive income (loss), including items that may be reclassified subsequently to net income (loss)			
Gain (loss) on foreign currency translation, net of taxes		\$ (412)	\$ 21,218
Gain (loss) on investments held at fair value through other comprehensive income (loss)		(158)	21
Amortization of losses from accumulated other comprehensive loss to interest and other financing costs		—	49
Other comprehensive income (loss)		\$ (570)	\$ 21,288
Comprehensive income (loss)		\$ 181,543	\$ (81,939)

See accompanying notes to the condensed consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENTS OF UNITHOLDERS' EQUITY

(In thousands of Canadian dollars, except number of Trust Units)

Unaudited

	Note	Number of Trust Units	Unit Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Unitholders' equity, January 1, 2024		167,614,292	\$ 4,227,156	\$ 5,063,981	\$ (12,542)	\$ 9,278,595
Unit capital						
Distribution Reinvestment Plan		21,931	1,058	—	—	1,058
Restricted Unit Rights Plan	12	16,983	822	—	—	822
Employee Unit Purchase Plan		17,424	838	—	—	838
Cancellation of Trust Units under NCIB and other	16	(562,017)	(15,240)	(12,442)	—	(27,682)
Net income and other comprehensive loss						
Net income		—	—	182,113	—	182,113
Other comprehensive loss		—	—	—	(570)	(570)
Distributions on Trust Units						
Distributions declared and paid		—	—	(40,507)	—	(40,507)
Distributions payable		—	—	(20,192)	—	(20,192)
Unitholders' equity, March 31, 2024		167,108,613	\$ 4,214,634	\$ 5,172,953	\$ (13,112)	\$ 9,374,475

	Note	Number of Trust Units	Unit Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Unitholders' equity, January 1, 2023		169,404,469	\$ 4,183,171	\$ 5,846,397	\$ (25,873)	\$ 10,003,695
Unit capital						
Distribution Reinvestment Plan		36,270	1,721	—	—	1,721
Deferred Unit Plan		12,654	622	—	—	622
Restricted Unit Rights Plan		12,863	605	—	—	605
Employee Unit Purchase Plan		17,929	855	—	—	855
Exchangeable LP Units exchanged	15	32,004	1,578	—	—	1,578
Cancellation of Trust Units under NCIB	16	(1,970,904)	(50,419)	(41,083)	—	(91,502)
Net loss and other comprehensive income						
Net loss		—	—	(103,227)	—	(103,227)
Other comprehensive income		—	—	—	21,288	21,288
Distributions on Trust Units						
Distributions declared and paid		—	—	(40,909)	—	(40,909)
Distributions payable		—	—	(20,246)	—	(20,246)
Unitholders' equity, March 31, 2023		167,545,285	\$ 4,138,133	\$ 5,640,932	\$ (4,585)	\$ 9,774,480

See accompanying notes to the condensed consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(In thousands of Canadian dollars)

Unaudited

For the Three Months Ended March 31,	Note	2024	2023
Cash provided by (used in):			
Operating activities			
Net income (loss)		\$ 182,113	\$ (103,227)
Items related to operating activities not affecting cash:			
Fair value adjustments of investment properties and assets held for sale	3, 6	(71,319)	185,386
Fair value adjustments of financial instruments	20	573	48,195
Mark-to-market (gain) loss on ERES units held by non-controlling unitholders	13	(13,212)	17,608
Total unit-based compensation amortization expense (recovery), net		(370)	1,876
Other adjustments	22	9,586	(49,032)
Changes in non-cash operating assets and liabilities	22	(15,697)	(6,923)
Items related to financing activities	22	56,304	51,178
Dividend and interest income related to investing activities		(2,990)	(4,753)
Cash provided by operating activities		144,988	140,308
Investing activities			
Capital investments	22	(53,222)	(89,029)
Acquisitions, deposits and transaction costs of investment properties	4	(53,555)	(21,276)
Acquisition of investments		(1,369)	(3,249)
Disposition of investment properties and assets held for sale (net of assumed mortgages and transaction costs)	5	65,091	115,018
Disposition of investments	7	47,454	2,811
Investment and interest income received		457	662
Change in restricted funds		(183)	(193)
Cash provided by investing activities		4,673	4,744
Financing activities			
Borrowings	10	126,495	109,141
Principal repayments	6, 10	(38,769)	(40,526)
Lump-sum repayments	6, 10	(65,615)	(34,326)
Financing costs and CMHC premiums paid	10	(1,851)	(622)
Deposits related to financing activities		(1,140)	(2,939)
Interest paid on mortgages and credit facilities		(48,642)	(43,589)
Purchase and cancellation of Trust Units	16	(27,125)	(91,502)
Distributions paid to Unitholders	22	(59,702)	(59,657)
Proceeds on issuance of Trust Units, net of issuance costs	22	701	1,011
Interest paid to ERES non-controlling unitholders		(2,907)	(2,696)
Interest paid to Exchangeable LP unitholders		(603)	(601)
Lease payments		(1,572)	(1,559)
Cash used in financing activities		(120,730)	(167,865)
Changes in cash and cash equivalents during the period		28,931	(22,813)
Gain on foreign currency translation		36	104
Cash and cash equivalents, beginning of the period		29,528	47,303
Cash and cash equivalents, end of the period		\$ 58,495	\$ 24,594

See accompanying notes to the condensed consolidated interim financial statements.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2024 (Unaudited)

(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

1. Organization of the Trust

Canadian Apartment Properties Real Estate Investment Trust ("CAPREIT") owns and manages interests in multi-unit residential rental properties, including apartments, townhomes and manufactured home community ("MHC") sites, principally located in and near major urban centres across Canada. CAPREIT's net assets and operating results are substantially derived from income-producing real estate located in Canada, where it is also domiciled, and in Europe.

As at March 31, 2024, CAPREIT directly and indirectly holds a 65% (December 31, 2023 – 65%) ownership of publicly traded European Residential Real Estate Investment Trust ("ERES"), which operates primarily in the Netherlands, with the remaining 35% (December 31, 2023 – 35%) held by non-controlling unitholders. CAPREIT owns units of ERES ("ERES units") and Class B Limited Partnership units ("ERES Class B LP Units") of ERES Limited Partnership ("ERES LP").

2. Summary of Material Accounting Policies

Basis of Presentation

These condensed consolidated interim financial statements, which have been approved by CAPREIT's Board of Trustees on May 8, 2024, have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and note disclosures normally included in the consolidated annual financial statements for the year ended December 31, 2023, prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed.

These condensed consolidated interim financial statements have been prepared on a going concern basis and are presented in Canadian dollars, which is also CAPREIT's functional currency. CAPREIT's results for the three months ended March 31, 2024 are not necessarily indicative of the results that may be expected for the full year due to seasonal variations in utility costs and other factors. CAPREIT has historically experienced higher utility expenses in the first and last quarters as a result of the winter months, which create variations in the quarterly results.

The accounting policies followed in these condensed consolidated interim financial statements are consistent with those of CAPREIT's consolidated annual financial statements for the year ended December 31, 2023, other than as described below. These condensed consolidated interim financial statements should be read in conjunction with the consolidated annual financial statements for the year ended December 31, 2023.

Certain prior year comparative figures have been reclassified to conform with current period presentation.

Impact of Accounting Standards Effective January 1, 2024 on CAPREIT's Condensed Consolidated Interim Financial Statements

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The IASB issued "Classification of Liabilities as Current or Non-current (Amendments to IAS 1)" in January 2020, affecting the presentation of liabilities in the consolidated balance sheet. The narrow-scope amendments to IAS 1 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendments also clarify what IAS 1 means when it refers to the "settlement" of a liability. The amendments must be applied retrospectively in accordance with the normal requirements of IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8"). In October 2022, the IASB issued amendments to the requirements for classification of debt with covenants. The amendments modify the new requirements to apply only to covenants with which an entity is required to comply and that may impact the classification of a liability as current or non-current. In addition, the amendments require disclosure of information about such covenants and related liabilities in the notes to enable users of financial statements to understand the risk of non-

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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current liabilities with covenants becoming repayable within 12 months. CAPREIT adopted the IAS 1 amendments on January 1, 2024 and retrospectively reclassified ERES units held by non-controlling unitholders from non-current liabilities to current liabilities in the consolidated interim balance sheets.

Future Accounting Policy Changes

IFRS 18, Presentation and Disclosure in Financial Statements ("IFRS 18")

In April 2024, the IASB issued IFRS 18 which replaces IAS 1, Presentation of Financial Statements ("IAS 1"). IFRS 18 is a result of the IASB's "Primary Financial Statements" project, which aims at improving comparability and transparency of communication in financial statements. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and sub-totals. Disclosure of performance measures defined by management will be required, including the aggregation and disaggregation of financial information based on the identified roles of the primary financial statements and related notes. IFRS 18 is expected to impact all reporting entities, including CAPREIT. Narrow scope amendments have been made to IAS 7, Statement of Cash Flows ("IAS 7"), IAS 34 and other minor amendments to other statements. Some requirements previously included within IAS 1 have been moved to IAS 8, which was renamed as IAS 8, Basis of Preparation of Financial Statements.

IFRS 18 and the amendments to the other standards will be effective for reporting periods beginning on or after January 1, 2027, with earlier adoption permitted, and will be applied retrospectively. IFRS 18 and the related amendments have not been early adopted by CAPREIT. CAPREIT is currently assessing potential impacts of IFRS 18 and the amendments to the other standards.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2024 (Unaudited)

(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

3. Investment Properties

Continuity of Investment Properties by Type

For the Three Months Ended March 31, 2024	Note	Fee Simple and MHC Sites	Operating Leasehold Interests ⁽¹⁾	Land Leasehold Interests ⁽²⁾	Total
Balance of investment properties, beginning of the period		\$ 16,176,643	\$ 97,190	\$ 258,263	\$ 16,532,096
Additions (deductions):					
Acquisitions	4	129,301	—	—	129,301
Property capital investments		41,130	334	717	42,181
Capitalized direct leasing costs		209	—	8	217
Transfers from other assets	9	932	—	—	932
Dispositions ⁽³⁾	5	(46,109)	—	—	(46,109)
Transfers to assets held for sale	6	(33,000)	—	—	(33,000)
Fair value adjustments		75,748	(1,214)	(2,840)	71,694
Loss on foreign currency translation and other		(1,696)	—	—	(1,696)
Balance of investment properties, end of the period		\$ 16,343,158	\$ 96,310	\$ 256,148	\$ 16,695,616

⁽¹⁾ The fair values of operating leasehold interests include the fair values of the options to purchase the related freehold interests of \$42,008 as at March 31, 2024.

⁽²⁾ Includes right-of-use assets related to investment properties totalling \$44,679.

⁽³⁾ Excludes the disposition of investment properties that were previously classified as assets held for sale. Refer to notes 5 and 6 for further information.

For the Year Ended December 31, 2023	Note	Fee Simple and MHC Sites	Operating Leasehold Interests ⁽¹⁾	Land Leasehold Interests ⁽²⁾	Total
Balance of investment properties, beginning of the year		\$ 16,793,110	\$ 101,558	\$ 259,041	\$ 17,153,709
Additions (deductions):					
Acquisitions	4	299,448	—	—	299,448
Property capital investments		270,035	2,978	10,128	283,141
Capitalized direct leasing costs		1,241	15	85	1,341
Transfers from other assets		16,462	—	—	16,462
Dispositions ⁽³⁾	5	(205,566)	—	—	(205,566)
Transfers to assets held for sale	6	(127,155)	—	—	(127,155)
Fair value adjustments		(894,157)	(7,361)	(10,991)	(912,509)
Gain on foreign currency translation and other		23,225	—	—	23,225
Balance of investment properties, end of the year		\$ 16,176,643	\$ 97,190	\$ 258,263	\$ 16,532,096

⁽¹⁾ The fair values of operating leasehold interests include the fair values of the options to purchase the related freehold interests of \$41,077 as at December 31, 2023.

⁽²⁾ Includes right-of-use assets related to investment properties totalling \$44,843.

⁽³⁾ Excludes the disposition of investment properties that were previously classified as assets held for sale. Refer to notes 5 and 6 for further information.

Valuation Basis

External valuations for the Canadian portfolio are performed at year-end with quarterly updates provided on capitalization rates. As at March 31, 2024, CAPREIT received capitalization rates from its external appraiser on approximately 35% by value or 34% by number of properties of its Canadian investment properties (December 31, 2023 – 34% and 34%, respectively). For the remainder of the portfolio, capitalization rates are determined by the

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2024 (Unaudited)

(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

internal valuation team based on recent market transactions. For quarterly interim reporting purposes, CAPREIT updates its rental revenue and operating costs forecast based on market assumptions. The fair values of all of CAPREIT's European residential portfolio are determined by qualified external appraisers quarterly.

Current regulatory and macroeconomic developments, including the interest rate and inflationary environment, have impacted overall market activity, resulting in limited reliable market metrics, such as capitalization rates. As such, the fair values of CAPREIT's investment properties are subject to significant change, and such changes may be material.

A summary of the market assumptions and ranges for each type of property interest (excluding assets held for sale), along with their fair values, is presented below as at March 31, 2024 and December 31, 2023:

As at March 31, 2024						
Type of Interest	Fair Value	Rate Type	Min.	Max.	Weighted Average	
Fee simple interests – Canada	\$ 13,189,026	Capitalization rate	3.16 %	7.63 %	4.29 %	
Fee simple interests – Europe ⁽¹⁾	2,446,522	Discount rate	5.70 %	8.75 %	7.24 %	
		Terminal capitalization rate	4.35 %	8.79 %	5.53 %	
MHC sites	707,610	Capitalization rate	5.16 %	9.26 %	6.05 %	
Operating leasehold interests ⁽²⁾⁽³⁾	96,310	Discount rate ⁽⁵⁾	7.00 %	7.25 %	7.08 %	
Land leasehold interests ⁽⁴⁾	211,469	Discount rate ⁽⁵⁾	6.94 %	8.81 %	7.71 %	
Right-of-use assets, net of fair value change	44,679					
Total investment properties	\$ 16,695,616					

⁽¹⁾ Rates exclude one commercial property owned in Belgium, valued by a third-party appraiser using the direct income capitalization ("DC") method.

⁽²⁾ The fair values of operating leasehold interests include the fair values of the options to purchase the related freehold interests of \$42,008 as at March 31, 2024.

⁽³⁾ For the two operating leasehold interests remaining as at March 31, 2024, the contractual weighted average remaining lease term on operating leasehold interests is 12.2 years based on the assumption that the early purchase option is not exercised. As at March 31, 2024, if the purchase option is exercised at the earliest allowable date, the weighted average remaining lease term on the two operating leasehold interests is 2.2 years.

⁽⁴⁾ The fair values of the land leasehold interests reflect the estimated air rights or land lease payments over the term of the leases.

⁽⁵⁾ Represents the discount rate used to determine the fair value of operating leasehold and land leasehold interests using the discounted cash flow ("DCF") method. Normalized net operating income ("NOI") growth for operating leasehold interests of 3.0% has been assumed as at March 31, 2024.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2024 (Unaudited)

(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

As at December 31, 2023

Type of Interest	Fair Value	Rate Type	Min.	Max.	Weighted Average
Fee simple interests – Canada	\$ 13,016,359	Capitalization rate	3.16 %	7.63 %	4.26 %
Fee simple interests – Europe ⁽¹⁾	2,459,444	Discount rate	5.60 %	8.50 %	7.08 %
		Terminal capitalization rate	4.10 %	9.34 %	5.32 %
MHC sites	700,840	Capitalization rate	5.16 %	9.26 %	6.05 %
Operating leasehold interests ⁽²⁾⁽³⁾	97,190	Discount rate ⁽⁵⁾	7.00 %	7.25 %	7.07 %
Land leasehold interests ⁽⁴⁾	213,420	Discount rate ⁽⁵⁾	6.96 %	8.80 %	7.77 %
Right-of-use assets, net of fair value change	44,843				
Total investment properties	\$ 16,532,096				

⁽¹⁾ Rates exclude one commercial property owned in Belgium, valued by a third-party appraiser using the DC method.

⁽²⁾ The fair values of operating leasehold interests include the fair values of the options to purchase the related freehold interests of \$41,077 as at December 31, 2023.

⁽³⁾ For the two operating leasehold interests remaining as at December 31, 2023, the contractual weighted average remaining lease term on operating leasehold interests is 12.4 years based on the assumption that the early purchase option is not exercised. As at December 31, 2023, if the purchase option is exercised at the earliest allowable date, the weighted average remaining lease term on the two operating leasehold interests is 2.4 years.

⁽⁴⁾ The fair values of the land leasehold interests reflect the estimated air rights or land lease payments over the term of the leases.

⁽⁵⁾ Represents the discount rate used to determine the fair value of operating leasehold and land leasehold interests using the DCF method. Normalized NOI growth for operating leasehold interests of 3.0% has been assumed as at December 31, 2023.

The table below summarizes the impact of changes in the capitalization rate on the fair value of CAPREIT's investment properties as at March 31, 2024:

As at March 31, 2024	Change in Fair Value of Investment Properties
Change in Capitalization Rate ⁽¹⁾	
(0.50)%	\$ 2,158,511
(0.25)%	1,011,400
+0.25%	(904,530)
+0.50%	(1,713,111)

⁽¹⁾ For operating leasehold interests, land leasehold interests and European properties, CAPREIT applies discount rates to determine the fair value of these properties. However, for the purposes of the above sensitivity analysis, CAPREIT has utilized the implied capitalization rates for operating leasehold interests, land leasehold interests and European properties to determine the impact on fair value of the total portfolio.

A 1% increase in normalized NOI would result in an increase in fair value of investment properties of \$166,501. A 1% decrease in normalized NOI would result in a decrease in fair value of investment properties of \$166,518.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2024 (Unaudited)

(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

4. Acquisitions of Investment Properties

The table below summarizes the investment property acquisition since January 1, 2024, which has contributed to the operating results as from its acquisition date.

Acquisitions of Investment Properties Completed During the Three Months Ended March 31, 2024

Acquisition Date	Suite Count	Region	Fair Value of Investment Property	Fair Value Adjustment on Mortgages Payable Assumed	Purchase Price ⁽¹⁾	Fair Value of Mortgages Payable Assumed ⁽²⁾
March 18, 2024	291	London, ON	\$ 126,195	\$ 3,805	\$ 130,000	\$ 77,069
Total	291		\$ 126,195	\$ 3,805	\$ 130,000	\$ 77,069
Transaction costs			\$ 3,106			
Total acquisition costs ⁽³⁾			\$ 129,301			

⁽¹⁾ Purchase price excludes transaction costs.

⁽²⁾ Relates to mortgages payable with principal amount of \$80,874 assumed by CAPREIT upon acquisition. The amount shown is net of \$3,805 fair value adjustment on the mortgages payable. The weighted average stated interest rate on the mortgages payable is 2.30% with a term to maturity of 2.04 years.

⁽³⁾ The acquisition was funded from cash and cash equivalents or from the Acquisition and Operating Facility, and the assumption of existing mortgages payable.

Acquisitions of Investment Properties Completed During the Three Months Ended March 31, 2023

For the three months ended March 31, 2023, CAPREIT acquired 143 suites in the Canadian portfolio for a total acquisition cost of \$56,627.

Net Disbursements on Acquisitions of Investment Properties

The net disbursements made for the acquisitions of investment properties take into consideration the fair value of the investment properties being acquired, fair value of mortgages payable and other net assets assumed, and working capital and other adjustments relating to transaction costs.

For the Three Months Ended March 31,	2024	2023
Acquired properties	\$ (129,301)	\$ (56,627)
Fair value of mortgages payable assumed	77,069	39,064
Deposit on acquisitions and other adjustments	(1,539)	319
Change in investment properties included in accounts payable and other liabilities	216	(4,032)
Net disbursements	\$ (53,555)	\$ (21,276)

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5. Dispositions of Investment Properties

The table below summarizes the dispositions of investment properties (including investment properties previously classified as assets held for sale) completed during the three months ended March 31, 2024.

Dispositions of Investment Properties Completed During the Three Months Ended March 31, 2024

Disposition Date	Suite Count	Region	Fair Value of Investment Properties	Fair Value Adjustments on Mortgages Assumed by Purchasers	Sale Price ⁽¹⁾	Fair Value of Mortgages Assumed by Purchasers ⁽²⁾
January 15, 2024 ⁽³⁾	32	Victoria, BC	\$ 12,289	\$ —	\$ 12,289	\$ —
March 6, 2024 ⁽³⁾	240	Québec City, QC	33,206	3,069	36,275	18,349
March 27, 2024	54	Langley, BC	18,535	—	18,535	—
March 27, 2024	54	Langley, BC	16,465	—	16,465	—
Q1 2024 ⁽⁴⁾	24	The Netherlands	11,109	—	11,109	—
Total	404		\$ 91,604	\$ 3,069	\$ 94,673	\$ 18,349

⁽¹⁾ The sale price is the amount stated in the purchase and sale agreement and comprises the fair value of investment properties being disposed of and as applicable, the fair value adjustment of mortgages payable assumed by the purchaser. The sale price excludes working capital adjustments and transaction costs.

⁽²⁾ Relates to a mortgage payable with principal amount of \$21,418 assumed by the purchaser upon disposition. The amount shown is net of \$3,069 fair value adjustment on the mortgage assumed by the purchaser. The stated interest rate on the mortgage assumed by the purchaser was 1.68%.

⁽³⁾ Previously included in assets held for sale.

⁽⁴⁾ Represents dispositions of multiple single residential suites in several properties.

Dispositions of Investment Properties Completed During the Three Months Ended March 31, 2023

For the three months ended March 31, 2023, CAPREIT disposed of 1,196 suites and sites in the Canadian portfolio for a total fair value of \$149,842.

Net Proceeds on Dispositions of Investment Properties

The net proceeds received from the purchaser take into consideration the fair value of the investment properties being sold, fair value of the mortgages payable assumed by purchasers, closing costs and working capital adjustments.

For the Three Months Ended March 31,	2024	2023
Fair value of disposed investment properties ⁽¹⁾	\$ 91,604	\$ 149,842
Fair value of mortgages payable assumed by purchasers on dispositions ⁽¹⁾	(18,349)	(34,798)
Closing costs and other adjustments	(3,073)	(195)
Working capital adjustments	(5,091)	169
Net proceeds	\$ 65,091	\$ 115,018

⁽¹⁾ Includes investment properties previously classified as assets held for sale and mortgages payable previously classified as liabilities related to assets held for sale. Refer to note 6 for further information.

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6. Assets Held for Sale and Liabilities Related to Assets Held for Sale

As at March 31, 2024, CAPREIT classified one property as asset held for sale totalling \$33,000 along with the associated mortgage payable as liability related to asset held for sale totalling \$7,842. Management had committed to a plan to sell this property, and the sale was considered to be highly probable as at March 31, 2024.

As at December 31, 2023, CAPREIT classified two properties as assets held for sale totalling \$45,850 along with the associated mortgages payable as liabilities related to assets held for sale totalling \$23,706. Management had committed to a plan to sell these properties, and the sales were considered to be highly probable as at December 31, 2023. These properties were disposed of during the first quarter of 2024.

The tables below summarize the activities included in assets held for sale and liabilities related to assets held for sale for the three months ended March 31, 2024 and year ended December 31, 2023.

Assets Held for Sale

For the period ended	Note	March 31, 2024	December 31, 2023
Balance, beginning of the period		\$ 45,850	\$ 132,342
Additions (deductions):			
Transfers from investment properties	3	33,000	127,155
Property capital investments		20	2,076
Dispositions		(45,495)	(213,647)
Fair value adjustments		(375)	(2,076)
Balance, end of the period		\$ 33,000	\$ 45,850

Liabilities Related to Assets Held for Sale

For the period ended	Note	March 31, 2024	December 31, 2023
Balance, beginning of the period		\$ 23,706	\$ 38,116
Additions (deductions):			
Transfers from debt	10	7,842	26,930
Principal repayments		(140)	(29)
Lump-sum repayments		(2,930)	(3,257)
Carrying amount of mortgages assumed by purchaser upon disposition of investment properties		(21,418)	(38,706)
Amortization and write-offs of deferred financing costs and prepaid CMHC premiums, and net change in fair value and other adjustments		782	652
Balance, end of the period		\$ 7,842	\$ 23,706

7. Investments Held at Fair Value Through Profit or Loss

During the three months ended March 31, 2024, CAPREIT transacted on the sale of Irish Residential Properties REIT plc ("IRES") shares totalling \$57,870, of which \$43,744 settled during the three months ended March 31, 2024 with the balance settling after March 31, 2024. Subsequent to March 31, 2024, CAPREIT settled on the disposition of additional IRES shares totalling \$12,697, bringing CAPREIT's ownership interest from 18.7% as at December 31, 2023 to 9.7% as at May 8, 2024.

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8. Derivative Financial Instruments

Contracts for Which Hedge Accounting is Not Being Applied

CAPREIT has certain derivative financial instruments in place, namely interest rate ("IR") swaps and cross-currency interest rate ("CCIR") swaps. These derivative contracts, for which hedge accounting is not being applied, are summarized in the following tables as at March 31, 2024 and December 31, 2023:

As at March 31, 2024							
Type of Instrument		Notional Amount	Year of Maturity	Weighted Average Receiving Leg Rate	Weighted Average Paying Leg Rate	Derivative Asset	Derivative Liability
Non-current							
CCIR swaps ⁽¹⁾	\$	247,728	2025	1.33 %	0.22 %	\$ 13,024	\$ —
ERES IR swaps	€	156,550	2027	EURIBOR	(0.06)%	23,417	—
Total						\$ 36,441	\$ —
Current							
ERES IR swap	€	25,500	2025	EURIBOR	0.49 %	\$ 751	\$ —
CCIR swaps ⁽²⁾	\$	420,021	2024 - 2025	3.57 %	2.46 %	7,416	(276)
CCIR swaps ⁽³⁾	US\$	251,756	2024	Term SOFR + 1.45%	6.47 %	—	(951)
Total						\$ 8,167	\$ (1,227)

⁽¹⁾ Euro equivalent of €160,000.

⁽²⁾ Euro equivalent of €282,358.

⁽³⁾ One-month CCIR swaps with Canadian dollar equivalent of \$342,000.

As at December 31, 2023

Type of Instrument		Notional Amount	Year of Maturity	Weighted Average Receiving Leg Rate	Weighted Average Paying Leg Rate	Derivative Asset	Derivative Liability
Non-current							
CCIR swaps ⁽¹⁾	\$	247,728	2025	1.33 %	0.22 %	\$ 12,361	\$ —
ERES IR swap	€	25,500	2025	EURIBOR	0.49 %	889	—
ERES IR swaps	€	156,550	2027	EURIBOR	(0.06)%	22,369	—
Total						\$ 35,619	\$ —
Current							
CCIR swaps ⁽²⁾	\$	316,241	2024	2.53 %	1.53 %	\$ 10,851	\$ —
CCIR swap ⁽³⁾	\$	107,670	2024	4.00 %	2.71 %	—	(499)
CCIR swap ⁽⁴⁾	US\$	192,812	2024	Term SOFR + 1.45%	6.48 %	—	(6,502)
Total						\$ 10,851	\$ (7,001)

⁽¹⁾ Euro equivalent of €160,000.

⁽²⁾ Euro equivalent of €208,358.

⁽³⁾ Euro equivalent of €74,000.

⁽⁴⁾ One-month CCIR swap with Canadian dollar equivalent of \$262,000.

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9. Other Assets

As at	March 31, 2024	December 31, 2023
Other non-current assets		
Property, plant and equipment ("PP&E") ⁽¹⁾	\$ 57,392	\$ 56,517
Accumulated amortization of PP&E	(46,569)	(45,217)
PP&E, net of accumulated amortization	10,823	11,300
Right-of-use assets, net of accumulated amortization and other ⁽²⁾	4,074	4,228
Investments	14,873	14,014
Total	\$ 29,770	\$ 29,542
Other current assets		
Prepaid expenses and other	\$ 36,460	\$ 17,014
MHC home inventory ⁽³⁾	5,178	6,376
Restricted funds	10,939	10,756
Investments	740	5,687
Vendor takeback ("VTB") mortgage receivable ⁽⁴⁾	46,800	46,800
Total	\$ 100,117	\$ 86,633

⁽¹⁾ Consists of head office and regional offices' leasehold improvements, corporate assets and information technology systems.

⁽²⁾ Right-of-use assets, net of accumulated amortization of \$3,033 (December 31, 2023 – \$2,879).

⁽³⁾ During the three months ended March 31, 2024, MHC home inventory with a fair value of \$932 (year ended December 31, 2023 – \$16,462) was transferred to investment properties.

⁽⁴⁾ On September 29, 2021, CAPREIT issued a \$46,800 VTB mortgage receivable in connection with the disposal of an investment property. The VTB mortgage receivable bore an annual interest rate of 2.33% and had an original maturity date of September 29, 2023. On July 18, 2023, the borrower exercised its option to extend the VTB mortgage receivable by one year until September 29, 2024 at an annual interest rate of 4.00%.

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10. Debt

Continuity of Total Debt

	For the Three Months Ended March 31, 2024		
	Mortgages Payable	Credit Facilities Payable	Total Debt
Balance, beginning of the period	\$ 6,653,988	\$ 405,133	\$ 7,059,121
Add:			
Borrowings	53,767	72,728	126,495
Less:			
Principal repayments	(38,629)	—	(38,629)
Lump-sum repayments ⁽¹⁾	(62,685)	—	(62,685)
Financing costs and CMHC premiums paid	(1,714)	(137)	(1,851)
Non-cash adjustments:			
Fair value of mortgages assumed upon property acquisitions	77,069	—	77,069
Transfers to liabilities related to assets held for sale	(7,842)	—	(7,842)
Amortization and write-off of deferred financing costs and prepaid CMHC premiums, and net change in fair value and other adjustments	4,659	226	4,885
Loss (gain) on foreign currency translation	(889)	5,288	4,399
Balance, end of the period	\$ 6,677,724	\$ 483,238	\$ 7,160,962
Less: current portion	845,178	—	845,178
Total non-current portion	\$ 5,832,546	\$ 483,238	\$ 6,315,784

⁽¹⁾ This excludes a mortgage repaid on the disposition of a property that was previously classified as a liability related to assets held for sale. Refer to note 6 for further information.

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	For the Year Ended December 31, 2023		
	Mortgages Payable	Credit Facilities Payable	Total Debt
Balance, beginning of the year	\$ 6,577,097	\$ 388,975	\$ 6,966,072
Add:			
Borrowings	662,278	107,802	770,080
Less:			
Principal repayments	(158,774)	—	(158,774)
Lump-sum repayments ⁽¹⁾	(463,169)	(83,738)	(546,907)
Financing costs and CMHC premiums paid	(18,226)	(389)	(18,615)
Non-cash adjustments:			
Fair value of mortgages assumed upon property acquisitions	57,827	—	57,827
Carrying amount of mortgages assumed by purchasers upon property disposition ⁽²⁾	(6,442)	—	(6,442)
Transfers to liabilities related to assets held for sale	(26,930)	—	(26,930)
Amortization and write-off of deferred financing costs and prepaid CMHC premiums, and net change in fair value and other adjustments	18,714	(638)	18,076
Loss (gain) on foreign currency translation	11,613	(6,879)	4,734
Balance, end of the year	\$ 6,653,988	\$ 405,133	\$ 7,059,121
Less: current portion	651,371	—	651,371
Total non-current portion	\$ 6,002,617	\$ 405,133	\$ 6,407,750

⁽¹⁾ Includes mortgages repaid on dispositions of investment properties totalling \$51,002. This excludes repaid on the disposition of a property that was previously classified as a liability related to assets held for sale. Refer to note 6 for further information.

⁽²⁾ Excludes mortgages assumed by purchasers classified as liabilities related to assets held for sale as at December 31, 2022 that were assumed by purchasers on January 25, 2023. Refer to note 6 for further information.

Mortgages Payable

As at ⁽¹⁾	March 31, 2024	December 31, 2023
Weighted average effective interest rate	2.84 %	2.80 %
Maturity date	2024 – 2036	2024 – 2036
Investment properties pledged as security on mortgages	\$ 15,087,079	\$ 15,021,533
Investment properties not pledged as security on mortgages	\$ 1,608,537	\$ 1,510,563

⁽¹⁾ Excludes liabilities related to assets held for sale, as applicable.

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Future principal repayments as at March 31, 2024 for the years indicated are as follows:

As at March 31, 2024	Principal Amount	% of Total Principal
Remainder of 2024	\$ 564,375	8.3
2025	947,824	13.9
2026	939,582	13.8
2027	958,116	14.0
2028	884,832	13.0
2029 – 2036	2,530,577	37.0
Total principal	6,825,306	100.0
Less: prepaid CMHC premiums	(110,486)	
Less: deferred financing costs	(21,656)	
Less: fair value adjustments	(7,598)	
Less: liabilities related to assets held for sale	(7,842)	
Total mortgages payable	\$ 6,677,724	

Credit Facilities Payable

On March 26, 2024, CAPREIT entered into a credit agreement pursuant to which the lender will make available a \$70,000 unsecured non-revolving construction and term credit facility for purposes of financing a portion of the costs related to the design, construction, implementation and commissioning of proposed sustainable energy efficiency projects to reduce greenhouse gas ("GHG") emissions on certain of CAPREIT's properties (the "GHG Reduction Facility"). The GHG Reduction Facility has a maturity date of the earlier of 20 years after the completion of the financed projects and 25 years after the date of the agreement. The availability period is the period during which CAPREIT is allowed to make quarterly borrowings from the facility, which is until March 26, 2029, and during which CAPREIT is not required to make principal payments. The interest rate during the availability period will be 3.00% and it will be between 2.47% and 4.47% for 20 years after the availability period depending on the percentage reduction of GHG emissions achieved. Any unpaid amounts need to be repaid by the maturity date of the facility.

CAPREIT's credit facilities consist of the \$600,000 acquisition and operating facility ("Acquisition and Operating Facility"), which can be borrowed in US dollars ("USD"), euros or Canadian dollars, the \$70,000 GHG Reduction Facility as well as the €125,000 ERES revolving credit facility ("ERES Credit Facility") (collectively, the "Credit Facilities").

Canadian investment properties (excluding assets held for sale, as applicable) of \$1,268,885 (December 31, 2023 – \$1,176,479) secure only the Acquisition and Operating Facility, of which \$270,500 also carries a negative pledge against the ERES Credit Facility (December 31, 2023 – \$268,040).

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The tables below summarize the amounts available and drawn under the respective credit facilities as at March 31, 2024 and December 31, 2023:

As at March 31, 2024	Acquisition and Operating Facility	GHG Reduction Facility	ERES Credit Facility	Total
Maximum borrowing capacity	\$ 600,000	\$ 70,000	\$ 182,703	\$ 852,703
Canadian borrowings	— ⁽¹⁾	—	—	—
USD borrowings	(340,936) ⁽²⁾	N/A	—	(340,936)
Euro borrowings	—	N/A	(143,223) ⁽³⁾	(143,223)
Less: Total borrowings	(340,936)	—	(143,223)	(484,159)
Less: Letters of credit	(4,407)	N/A	—	(4,407)
Available borrowing capacity	\$ 254,657	\$ 70,000	\$ 39,480	\$ 364,137
Weighted average interest rate including interest rate swaps	6.47 % ⁽¹⁾	3.00 %	5.20 %	6.10 %

⁽¹⁾ As at March 31, 2024, excluding the impact of CCIR swaps, the weighted average interest rate on the Acquisition and Operating Facility is 6.66%. For details on the swaps, refer to note 8.

⁽²⁾ As at March 31, 2024, CAPREIT has USD borrowings totalling US\$251,756 that bear interest at the Term Secured Overnight Financing Rate ("SOFR") plus a margin of 1.45%, excluding the impact of CCIR swaps.

⁽³⁾ As at March 31, 2024, ERES has euro borrowings totalling €98,000 that bear interest at the Euro Interbank Offered Rate ("EURIBOR") plus a margin of 1.35%.

As at December 31, 2023	Acquisition and Operating Facility	ERES Credit Facility	Total
Maximum borrowing capacity	\$ 600,000	\$ 182,828	\$ 782,828
USD borrowings	(255,509) ⁽¹⁾	—	(255,509)
Euro borrowings	—	(150,651) ⁽³⁾	(150,651)
Less: Total borrowings	(255,509)	(150,651)	(406,160)
Less: Letters of credit	(4,432)	—	(4,432)
Available borrowing capacity	\$ 340,059	\$ 32,177	\$ 372,236
Weighted average interest rate including interest rate swaps	6.48 % ⁽²⁾	5.23 %	6.01 %

⁽¹⁾ As at December 31, 2023, CAPREIT has USD borrowings totalling US\$192,812 that bear interest at the Term SOFR plus a margin of 1.45%, excluding the impact of CCIR swaps.

⁽²⁾ As at December 31, 2023, excluding the impact of CCIR swaps, the weighted average interest rate on the Acquisition and Operating Facility is 6.75%. For details on the swaps, refer to note 8.

⁽³⁾ As at December 31, 2023, ERES has euro borrowings totalling €103,000 that bear interest at the EURIBOR plus a margin of 1.35%.

11. Unit-based Compensation Financial Liabilities

Units of CAPREIT ("Trust Units") are issuable pursuant to CAPREIT's unit-based compensation plans, namely the Employee Unit Purchase Plan ("EUPP"), the Deferred Unit Plan ("DUP") and the Restricted Unit Rights Plan ("RUR Plan"). As at March 31, 2024, the maximum number of Trust Units issuable under CAPREIT's unit-based compensation plans (excluding ERES) is 11,500,000 Trust Units (December 31, 2023 – 11,500,000 Trust Units). The maximum number of Trust Units available for future issuance under these unit-based compensation plan agreements as at March 31, 2024 is 1,736,078 (December 31, 2023 – 1,908,947).

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ERES units are issuable pursuant to ERES's unit options plan ("ERES UOP") and ERES's Restricted Unit Rights Plan ("ERES RUR Plan"). The maximum number of ERES unit options and ERES restricted unit rights that may be reserved under the ERES's unit-based compensation plans is 10% of the outstanding ERES units (including ERES Class B LP Units). As at March 31, 2024, the maximum number of ERES unit options and ERES restricted unit rights allowable for future issuance under the ERES's unit-based compensation plans is 21,066,215 (December 31, 2023 – 18,342,182).

The tables below summarize the activity of CAPREIT's unit-based compensation plans (excluding EUPP) and ERES's unit-based compensation plans for the three months ended March 31, 2024 and the year ended December 31, 2023:

CAPREIT's unit-based compensation plans (excluding EUPP)

Three Months Ended March 31, 2024			Total CAPREIT ⁽¹⁾
(Number of units)	DUP	RUR Plan	
Unit rights outstanding as at January 1, 2024	133,840	473,131	606,971
Activity during the period			
Granted	5,636	145,242	150,878
Exercised or settled in Trust Units	—	(16,983)	(16,983)
Cancelled or forfeited	—	(3)	(3)
Distributions reinvested	1,007	3,563	4,570
Unit rights outstanding as at March 31, 2024	140,483	604,950	745,433

⁽¹⁾ Excludes EUPP, ERES UOP and ERES RUR Plan.

ERES's unit-based compensation plans

Three Months Ended March 31, 2024			Total ERES
(Number of units)	UOP	RUR Plan	
Unit rights and unit options outstanding as at January 1, 2024	4,977,094	—	4,977,094
Activity during the period			
Granted	—	305,000	305,000
Cancelled or forfeited	(3,000,000)	—	(3,000,000)
Unit rights and unit options outstanding as at March 31, 2024	1,977,094	305,000	2,282,094

Year Ended December 31, 2023				
(Number of units)	Total ERES UOP	DUP	RUR Plan	Total CAPREIT ⁽¹⁾
Unit rights and unit options outstanding as at January 1, 2023	5,157,094	121,280	394,763	516,043
Activity during the year				
Granted	—	21,602	140,231	161,833
Exercised or settled in Trust Units or ERES units	—	(12,654)	(68,496)	(81,150)
Cancelled or forfeited	(180,000)	—	(7,702)	(7,702)
Distributions reinvested	—	3,612	14,335	17,947
Unit rights and unit options outstanding as at December 31, 2023	4,977,094	133,840	473,131	606,971

⁽¹⁾ Excludes EUPP, ERES UOP and ERES RUR Plan. During the year ended December 31, 2023, no ERES RURs were granted, forfeited, exercised or surrendered. As at December 31, 2023, the number of outstanding ERES RURs was nil.

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The table below summarizes the change in the total unit-based compensation financial liabilities for the three months ended March 31, 2024 and the year ended December 31, 2023, including the settlement of such liabilities through Trust Units.

For the Period Ended	March 31, 2024	December 31, 2023
Total unit-based compensation financial liabilities, beginning of the period	\$ 23,423	\$ 18,257
Unit-based compensation amortization expense, excluding ERES UOP forfeitures	1,914	7,816
Unit-based compensation amortization recovery relating to ERES UOP forfeitures ⁽¹⁾	(2,284)	—
Unit-based compensation remeasurement loss	589	443
Settlement of unit-based compensation awards for Trust Units	(959)	(4,486)
Loss on foreign currency translation and other	320	1,393
Total unit-based compensation financial liabilities, end of the period	\$ 23,003	\$ 23,423

⁽¹⁾ Relates to the forfeiture of previously granted ERES unit options that expired during the three months ended March 31, 2024 (December 31, 2023 – nil).

The table below summarizes the non-current and current unit-based compensation financial liabilities for each plan as at March 31, 2024 and December 31, 2023:

As at	March 31, 2024	December 31, 2023
Non-current		
RUR Plan	\$ 11,548	\$ 11,062
ERES RUR	17	—
ERES UOP	—	8
	\$ 11,565	\$ 11,070
Current		
DUP	\$ 6,531	\$ 6,532
RUR Plan	4,847	5,556
ERES UOP	60	265
	\$ 11,438	\$ 12,353
Total unit-based compensation financial liabilities	\$ 23,003	\$ 23,423

Units or Unit-based Compensation Financial Liabilities Held by Trustees, Officers and Other Senior Management

As at March 31, 2024, 0.5% (December 31, 2023 – 0.5%) of all Trust Units outstanding and CAPREIT's unit-based compensation financial liabilities (excluding ERES) were held by trustees, officers and other senior management of CAPREIT.

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12. Other Liabilities

As at	March 31, 2024	December 31, 2023
Other non-current liabilities		
Non-current lease liabilities	\$ 45,845	\$ 46,178
Other	659	659
Total	\$ 46,504	\$ 46,837
Other current liabilities		
Security deposits	\$ 51,518	\$ 50,388
Deferred revenue and other	15,391	14,963
Mortgage interest payable	16,397	16,769
Distributions payable to Unitholders	20,192	20,253
Interest payable to ERES non-controlling unitholders	1,016	1,018
Current tax liability	6,575	4,463
Total	\$ 111,089	\$ 107,854

13. ERES Units Held by Non-Controlling Unitholders

The ERES units held by non-controlling unitholders are classified as equity on ERES's consolidated balance sheets but are classified as a liability on CAPREIT's consolidated balance sheets. ERES units are redeemable at any time, in whole or in part, by the unitholders. As at March 31, 2024, non-controlling unitholders hold 35% (December 31, 2023 – 35%) of total ERES units. The table below summarizes the activity of ERES units held by non-controlling unitholders for the three months ended March 31, 2024 and for the year ended December 31, 2023:

For the Period Ended	March 31, 2024	December 31, 2023
Balance of ERES units held by non-controlling unitholders, beginning of the period	\$ 186,522	\$ 242,599
Mark-to-market gain on ERES units	(13,212)	(59,342)
Interest expense to ERES non-controlling unitholders	3,572	14,133
Gain on non-controlling interest	\$ (9,640)	\$ (45,209)
Less: Interest paid to ERES non-controlling unitholders	(2,907)	(10,868)
Balance of ERES units held by non-controlling unitholders, end of the period	\$ 173,975	\$ 186,522

14. Accounts Payable and Accrued Liabilities

As at	March 31, 2024	December 31, 2023
Accounts payable	\$ 32,131	\$ 41,705
Accrued liabilities	53,396	64,012
Total	\$ 85,527	\$ 105,717

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15. Exchangeable LP Units

The carrying value of the Class B limited partnership units of CAPREIT Limited Partnership ("Exchangeable LP Units") is measured at their fair value, which is based on the closing price of the Trust Units on the TSX. The tables below summarize the activity of the Exchangeable LP Units for the three months ended March 31, 2024 and for the year ended December 31, 2023 as follows:

For the Period Ended	March 31, 2024	December 31, 2023
Exchangeable LP Units issued and outstanding, beginning of the period	1,647,186	1,679,190
Exchangeable LP Units exchanged for Trust Units	—	(32,004)
Exchangeable LP Units issued and outstanding, end of the period	1,647,186	1,647,186

For the Period Ended	March 31, 2024	December 31, 2023
Balance of Exchangeable LP Units, beginning of the period	\$ 80,383	\$ 71,668
Fair value adjustments of Exchangeable LP units	(3,805)	10,293
Exchangeable LP Units exchanged for Trust Units	—	(1,578)
Balance of Exchangeable LP Units, end of the period	\$ 76,578	\$ 80,383

16. Unitholders' Equity

a) Normal Course Issuer Bid ("NCIB")

In March 2024, CAPREIT received the TSX's acceptance of its notice of intention to proceed with an NCIB, following expiry of the previous NCIB on March 23, 2024. Pursuant to the notice, CAPREIT may purchase up to 16,724,759 of its Trust Units, representing approximately 10% of the public float of its Trust Units at the time of TSX approval, during the 12-month period commencing March 25, 2024 and ending March 24, 2025. Under the NCIB, other than purchases made under the block purchase exemption, CAPREIT may purchase up to 89,460 Trust Units on the TSX during any trading day, which represents approximately 25% of 357,842 Trust Units, being the average daily trading volume on the TSX for the most recently completed six calendar months prior to the TSX's acceptance of the notice of intention to proceed with an NCIB. Any Trust Units purchased under the NCIB will be cancelled.

The table below summarizes the NCIB activity for the three months ended March 31, 2024 and March 31, 2023. The excess of the purchase price over the weighted average historical Trust Unit issuance price was recorded as a reduction to retained earnings.

For the Three Months Ended March 31,	2024	2023
Total cost of Trust Units purchased and cancelled under the NCIB ⁽¹⁾	\$ 27,081	\$ 91,502
Number of Trust Units purchased and cancelled under the NCIB	562,017	1,970,904
Weighted average purchase price per Trust Unit ⁽¹⁾	\$ 48.19	\$ 46.43

⁽¹⁾ The total cost presented and the weighted average purchase price per Trust Unit includes commissions, but excludes the 2% tax on Trust Units repurchases which became effective on January 1, 2024 as well as other NCIB transaction costs totalling \$601.

b) At-The-Market Program ("ATM Program")

On February 22, 2024, CAPREIT filed a prospectus supplement to establish an ATM Program that allows CAPREIT, at its sole discretion, to issue Trust Units up to an aggregate sale price of \$400,000 from treasury to the public from time to time, directly on the TSX or on other marketplaces on which the Trust Units are listed or quoted in Canada or where the Trust Units are traded in Canada, at prevailing market prices.

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(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

In connection with the establishment of the ATM Program, CAPREIT has entered into an equity distribution agreement dated February 22, 2024 (the "Equity Distribution Agreement") with a major financial institution (the "Agent"). Any Trust Units sold in the ATM Program will be distributed through the TSX or any other permitted marketplace at the market prices prevailing at the time of sale. The volume and timing of distributions under the ATM Program, if any, will be determined at CAPREIT's sole discretion. There is no certainty that any Trust Units will be offered or sold under the ATM Program. The ATM Program will be effective until June 9, 2025, unless terminated prior to such date by CAPREIT or otherwise in accordance with the terms of the Equity Distribution Agreement.

During the three months ended March 31, 2024, no Trust Units were issued under the ATM Program.

17. Revenue from Contracts with Customers

In accordance with IFRS 15, management has evaluated the lease and non-lease components of its revenue from investment properties. Revenues under IFRS 15 consist of a non-lease component earned from tenants and miscellaneous revenues. Miscellaneous revenues consist of cable income, certain common area maintenance recoveries, service charges and premium service components.

For the three months ended March 31, 2024, revenues under IFRS 15 were \$59,462 (for the three months ended March 31, 2023 – \$59,433) and were included in revenue from investment properties. For the three months ended March 31, 2024, the non-lease component earned from tenants and miscellaneous revenues were \$53,279 and \$6,183, respectively (for the three months ended March 31, 2023 – \$52,907 and \$6,526, respectively).

18. Other Income

For the Three Months Ended March 31,	2024	2023
Investment income ⁽¹⁾	\$ 2,761	\$ 4,638
Interest income from VTB mortgage receivable	464	271
Profit from sale of MHC inventory ⁽²⁾	164	298
Interest income and other	246	1,616
Total	\$ 3,635	\$ 6,823

⁽¹⁾ For the three months ended March 31, 2024, investment income includes \$2,533 of semi-annual dividends from IRES (for the three months ended March 31, 2023 – \$4,091).

⁽²⁾ For the three months ended March 31, 2024, profit from sale of MHC inventory consists of income from the sale of MHC home inventory of \$547 (for the three months ended March 31, 2023 – \$909), offset by cost of sales of \$(383) (for the three months ended March 31, 2023 – \$(611)).

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(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

19. Interest Expense on Debt and Other Financing Costs

For the Three Months Ended March 31,	2024	2023
Contractual interest on mortgages payable ⁽¹⁾⁽²⁾	\$ (41,138)	\$ (38,366)
Amortization of deferred financing costs, fair value adjustments and OCI hedge interest on mortgages payable ⁽¹⁾	(1,271)	(1,299)
Amortization of CMHC premiums and fees on mortgages payable ⁽¹⁾	(3,399)	(4,056)
Contractual interest on credit facilities payable ⁽²⁾	(7,113)	(5,179)
Amortization of deferred financing costs on credit facilities payable	(226)	(222)
Interest on land and air rights lease liability	(1,261)	(1,272)
Total	\$ (54,408)	\$ (50,394)

⁽¹⁾ Includes liabilities related to assets held for sale, as applicable.

⁽²⁾ Includes net CCIR and IR swap interest, offsetting contractual interest.

20. Fair Value Adjustments of Financial Instruments

For the Three Months Ended March 31,	2024	2023
Fair value adjustments of Exchangeable LP Units	\$ 3,805	\$ (8,003)
Fair value adjustments of investments	(11,953)	(24,657)
Fair value adjustments of derivative financial instruments	8,164	(13,902)
Unit-based compensation remeasurement loss	(589)	(1,633)
Fair value adjustments of financial instruments	\$ (573)	\$ (48,195)

21. Net Loss on Transactions and Other Activities

For the Three Months Ended March 31,	2024	2023
Transaction costs and other adjustments on dispositions	\$ (3,073)	\$ (195)
Amortization of PP&E and right-of-use asset	(1,528)	(1,596)
Fair value loss on transfer of other assets to investment properties	(80)	—
Total	\$ (4,681)	\$ (1,791)

22. Supplemental Cash Flow Information

a) Other Adjustments

For the Three Months Ended March 31,	2024	2023
Transaction costs and other adjustments on dispositions	\$ 3,073	\$ 195
Amortization	1,528	1,596
Straight-line rent adjustment	—	(31)
Deferred income tax recovery	(664)	(46,952)
Unrealized foreign currency loss (gain)	5,569	(3,840)
Fair value loss on transfer of other assets to investment properties	80	—
Other adjustments	\$ 9,586	\$ (49,032)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2024 (Unaudited)

(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

b) Changes in Non-cash Operating Assets and Liabilities

For the Three Months Ended March 31,	2024	2023
Prepaid expenses	\$ (10,123)	\$ (7,438)
Tenant inducements, direct leasing costs and other adjustments	(160)	(338)
Amounts receivable	(2,850)	(317)
Deposits	(357)	5,751
MHC home inventory	371	(2,043)
Accounts payable and other	(10,113)	1,136
Derivative financial instruments	4,250	(5,404)
Security deposits	1,126	543
Current tax liability	2,159	1,187
Changes in non-cash operating assets and liabilities	\$ (15,697)	\$ (6,923)

c) Items Related to Financing Activities

For the Three Months Ended March 31,	2024	2023
Interest expense on debt and other financing costs	\$ 54,408	50,394
Interest expense on Exchangeable LP Units	603	597
Interest expense to ERES non-controlling unitholders	3,572	3,502
Net gain on derecognition of debt	(2,279)	(3,315)
Items related to financing activities	\$ 56,304	\$ 51,178

d) Capital Investments

For the Three Months Ended March 31,	2024	2023
Property capital investments (investment properties and assets held for sale)	\$ (42,201)	\$ (71,453)
PP&E investments	(893)	(1,735)
Change in capital investments included in accounts payable and other liabilities	(10,128)	(15,841)
Net disbursements	\$ (53,222)	\$ (89,029)

e) Distributions Paid to Unitholders

For the Three Months Ended March 31,	2024	2023
Distributions declared to Unitholders	\$ (60,699)	\$ (61,155)
Add: Distributions payable to Unitholders at beginning of the period	(20,253)	(20,469)
Less: Distributions payable to Unitholders at end of the period	20,192	20,246
Less: Distributions to participants in the CAPREIT DRIP	1,058	1,721
Cash disbursements to Unitholders	\$ (59,702)	\$ (59,657)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2024 (Unaudited)

(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

f) Issuance of Trust Units

For the Three Months Ended March 31,	2024	2023
Issuance of Trust Units	\$ 1,660	\$ 3,660
Settlement of unit-based compensation awards for Trust Units	(959)	(1,228)
Conversion of Exchangeable LP Units to Trust Units and other	—	(1,421)
Net proceeds	\$ 701	\$ 1,011

23. Related Party Transactions

Transactions with Key Management Personnel

Key management personnel and trustee compensation expense included in the consolidated interim statements of net income (loss) and comprehensive income (loss) comprises:

For the Three Months Ended March 31,	2024	2023
Cash compensation and short-term benefits	\$ (1,272)	\$ (1,016)
Unit-based compensation – amortization	(1,044)	(891)
	(2,316)	(1,907)
Unit-based compensation – fair value remeasurement	748	(1,093)
Total compensation expense	\$ (1,568)	\$ (3,000)

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(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

24. Segmented Information

CAPREIT owns and operates investment properties located in Canada, the Netherlands, Germany and Belgium. In measuring performance, CAPREIT distinguishes its operations on a geographic basis and, accordingly, has identified two reportable segments for disclosure purposes with the following aggregation: (i) Canada and (ii) Europe. CAPREIT's chief operating decision-maker, determined to be the President and Chief Executive Officer of CAPREIT, reviews operating results of the Canadian and European properties to make decisions about resources to be allocated to the segments and to assess their performance.

For the Three Months Ended March 31, 2024					
Selected consolidated interim statements of net income (loss) items		Canada	Europe	Unallocated Items	Consolidated Financial Statements
Revenue from investment properties	\$	240,047	\$ 35,769	\$ —	\$ 275,816
Operating expenses		(90,972)	(7,795)	—	(98,767)
Net operating income	\$	149,075	\$ 27,974	\$ —	\$ 177,049
Fair value adjustments of investment properties and assets held for sale	\$	74,737	\$ (3,418)	\$ —	\$ 71,319
Effective interest on mortgages payable ⁽¹⁾⁽²⁾		(38,816)	(6,992)	—	(45,808)
Other		—	—	(20,447)	(20,447)
Net income	\$	184,996	\$ 17,564	\$ (20,447)	\$ 182,113

⁽¹⁾ Includes liabilities related to assets held for sale, as applicable.

⁽²⁾ Includes net CCIR and IR swap interest, offsetting contractual interest.

For the Three Months Ended March 31, 2023					
Selected consolidated interim statements of net income (loss) items		Canada	Europe	Unallocated Items	Consolidated Financial Statements
Revenue from investment properties	\$	227,037	\$ 33,910	\$ —	\$ 260,947
Operating expenses		(89,079)	(8,010)	—	(97,089)
Net operating income	\$	137,958	\$ 25,900	\$ —	\$ 163,858
Fair value adjustments of investment properties and assets held for sale	\$	(2,647)	\$ (182,739)	\$ —	\$ (185,386)
Effective interest on mortgages payable ⁽¹⁾⁽²⁾		(37,908)	(5,813)	—	(43,721)
Other		—	—	(37,978)	(37,978)
Net income (loss)	\$	97,403	\$ (162,652)	\$ (37,978)	\$ (103,227)

⁽¹⁾ Includes liabilities related to assets held for sale, as applicable.

⁽²⁾ Includes net CCIR and IR swap interest, offsetting contractual interest.

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March 31, 2024 (Unaudited)

(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

As at March 31, 2024					
Selected consolidated interim balance sheets items	Canada		Europe		Consolidated Financial Statements
Investment properties ⁽¹⁾	\$	14,249,094	\$	2,446,522	\$ 16,695,616
Other		—		—	415,680
Total assets	\$	14,249,094	\$	2,446,522	\$ 17,111,296
Mortgages payable ⁽¹⁾	\$	5,379,183	\$	1,298,541	\$ 6,677,724
Other		—		—	1,059,097
Total liabilities	\$	5,379,183	\$	1,298,541	\$ 7,736,821

⁽¹⁾ Excludes assets held for sale and liabilities related to assets held for sale, as applicable.

As at December 31, 2023					
Selected consolidated interim balance sheets items	Canada		Europe		Consolidated Financial Statements
Investment properties ⁽¹⁾	\$	14,072,652	\$	2,459,444	\$ 16,532,096
Other		—		—	436,544
Total assets	\$	14,072,652	\$	2,459,444	\$ 16,968,640
Mortgages payable ⁽¹⁾	\$	5,354,033	\$	1,299,955	\$ 6,653,988
Other		—		—	1,036,057
Total liabilities	\$	5,354,033	\$	1,299,955	\$ 7,690,045

⁽¹⁾ Excludes assets held for sale and liabilities related to assets held for sale, as applicable.

25. Commitments and Contingencies

Natural Gas Commitments

Through the combination of fixed and variable price contracts, CAPREIT is committed as at March 31, 2024 in the aggregate amount of \$4,726 for its natural gas and transport requirements. These commitments, which range from 1 to 19 months, fix the price of natural gas and transport for a portion of CAPREIT's requirements, as summarized in the table below.

	Remainder of 2024		2025
Gas Commodity			
Fixed weighted average cost per GJ ⁽¹⁾	\$	2.34	\$ 2.26
Total of CAPREIT's estimated requirements		69.2 %	34.2 %
Transport			
Fixed weighted average cost per GJ ⁽¹⁾	\$	0.82	\$ 0.79
Total of CAPREIT's estimated requirements		64.8 %	34.2 %
Total commitment	\$	2,871	\$ 1,855

⁽¹⁾ Fixed weighted average cost per gigajoule ("GJ") excludes other administrative costs.

Property-related Commitments

Commitments primarily related to improvements and other expenditures in investment properties of \$82,413 are outstanding as at March 31, 2024 (December 31, 2023 – \$74,817).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2024 (Unaudited)

(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

Contingencies

CAPREIT and its subsidiaries are contingently liable under guarantees provided to certain lenders in the event of default, and with respect to litigation and claims that arise from time to time in the ordinary course of business. Matters relating to litigation and claims are generally covered by insurance, or have been provided for where appropriate.

26. Fair Value of Financial Instruments and Investment Properties

As at March 31, 2024, the fair value of CAPREIT's mortgages payable, excluding liabilities related to assets held for sale, is estimated to be \$6,313,340 (December 31, 2023 – \$6,355,273). The difference between the carrying amount and the fair value of mortgages payable is due to changes in interest rates and foreign exchange rates since the dates the individual mortgages payable were financed, and the impact of the passage of time on the primarily fixed rate nature of CAPREIT's mortgages payable. The fair value of the mortgages payable is based on discounted future cash flows using rates that reflect current rates for similar financial instruments with similar durations, terms and conditions. As at March 31, 2024, the principal outstanding on CAPREIT's mortgages payable is \$6,825,306 (December 31, 2023 – \$6,817,325) as shown in note 10. As at March 31, 2024, the fair value of CAPREIT's credit facilities payable is estimated to be \$484,159 (December 31, 2023 – \$406,160).

CAPREIT's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The following tables present CAPREIT's estimates of assets and liabilities measured at fair value on a recurring basis based on information available to management as at March 31, 2024 and December 31, 2023, and aggregated by the level in the fair value hierarchy within which those measurements fall. These estimates are not necessarily indicative of the amounts CAPREIT could ultimately realize.

As at March 31, 2024	Level 1 Quoted Prices in Active Markets for Identical Assets and Liabilities	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs
Recurring measurements			
Assets			
Investment properties	\$ —	\$ —	\$ 16,695,616
Assets held for sale	—	—	33,000
Investments held at fair value through profit or loss	108,239	—	—
Investments held at fair value through other comprehensive income	—	13,536	—
Derivative financial assets	—	44,608	—
Liabilities			
Derivative financial liabilities	—	(1,227)	—
ERES units held by non-controlling unitholders	—	(173,975)	—
Unit-based compensation financial liabilities	—	(23,003)	—
Exchangeable LP Units	—	(76,578)	—

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(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

As at December 31, 2023	Level 1	Level 2	Level 3
	Quoted Prices in Active Markets for Identical Assets and Liabilities	Significant Other Observable Inputs	Significant Unobservable Inputs
Recurring measurements			
Assets			
Investment properties	\$ —	\$ —	\$ 16,532,096
Assets held for sale	—	—	45,850
Investments held at fair value through profit or loss	162,472	—	—
Investments held at fair value through other comprehensive income	—	17,594	—
Derivative financial assets	—	46,470	—
Liabilities			
Derivative financial liabilities	—	(7,001)	—
ERES units held by non-controlling unitholders	—	(186,522)	—
Unit-based compensation financial liabilities	—	(23,423)	—
Exchangeable LP Units	—	(80,383)	—

Although CAPREIT has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by CAPREIT. As at March 31, 2024 and December 31, 2023, CAPREIT has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustment is not significant to the overall valuation of the derivative. As a result, CAPREIT has determined that the derivative valuations in their entirety should be classified as Level 2 of the fair value hierarchy. For assets and liabilities measured at fair value as at March 31, 2024 and December 31, 2023, there were no transfers between Level 1, Level 2 and Level 3 during the periods.

Unitholder Information

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Analysts, Unitholders and others seeking financial data should visit CAPREIT's website at www.capreit.ca or contact:

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STOCK EXCHANGE LISTING

Trust Units of CAPREIT are listed on the Toronto Stock Exchange under the trading symbol "CAR.UN."