CAPREIT Reports Record Results in 2017

TORONTO, ONTARIO, (Marketwired) – February 27, 2018 -- Canadian Apartment Properties Real Estate Investment Trust ("CAPREIT") (TSX: CAR.UN) announced today, continuing strong operating and financial results for the three months and year ended December 31, 2017.

	Three Months Ended December 31,		Year Ended December 31,	
	2017	**2016**	**2017**	**2016**
Operating Revenues (000s)	**$ 164,432**	$ 152,725	**$ 638,842**	$ 596,831
Net Rental Income ("NOI") (000s)[1]	**$ 100,300**	$ 95,210	**$ 393,258**	$ 366,947
NOI Margin[1]	**61.0%**	62.3%	**61.6%**	61.5%
Normalized Funds From Operations ("NFFO") (000s)[1]	**$ 61,893**	$ 58,860	**$ 250,474**	$ 231,808
NFFO Per Unit – Basic[1]	**$ 0.452**	$ 0.437	**$ 1.842**	$ 1.772
Weighted Average Number of Units - Basic (000s)	**136,824**	134,585	**135,962**	130,794
NFFO Payout Ratio[1]	**71.9%**	72.5%	**70.3%**	70.9%

(1) NOI, NFFO and NFFO per Unit are measures used by Management in evaluating operating performance. Please refer to the cautionary statements under the heading "Non-IFRS Financial Measures" and the reconciliations provided in this press release.

2017 HIGHLIGHTS:

- Accretive acquisition of 1,924 suites further strengthens and diversifies property portfolio
- Stabilized portfolio occupancy strengthens to 98.8% with solid 3.7% increase in average monthly rents
- Portfolio growth and strong operating performance generates 7.0% increase in revenues
- NOI up 7.2% on revenue increase and proven property management programs
- Continuing strong organic growth as stabilized property NOI up 2.9%
- Net income increased to $836.8 million, due primarily to increase in NOI and unrealized gain on the remeasurement of investment properties
- NFFO up 8.1% to $250.5 million
- NFFO payout ratio remains strong at 70.3%
- Continued accretive growth as NFFO per Unit up 4.0% despite lower leverage and 4.0% increase in weighted average number of Units outstanding
- Strong financial position with conservative leverage, lower interest costs, increased growth capacity and $304.7 million in unencumbered assets
- Closed mortgage refinancings and new financings for $464.5 million, including $266.6 million for renewals of existing mortgages and $197.9 million for additional top up financing and new acquisition financing with a weighted average term to maturity of 7.3 years, and a weighted average interest rate of 2.21%
- David Ehrlich appointed President and Chief Executive Officer effective November 1, 2017.

"2017 was another record year for CAPREIT as we further strengthened and diversified our asset base, generated strong operating results, and maintained a solid and flexible balance sheet and financial position," commented David Ehrlich, President and CEO. "During the year we celebrated twenty years of growth and performance, a testament to our team and their commitment to generating Unitholder value. We look forward to continuing this track record of success in the years ahead."

	Three Months Ended December 31,		Year Ended December 31,	
	2017	**2016**	**2017**	**2016**
Overall Portfolio Occupancy[1]			**98.7%**	98.6%
Overall Portfolio Average Monthly Rents[1],[2]			**$ 1,044**	$ 1,003
Operating Revenues (000s)[5]	**$ 164,432**	$ 152,725	**$ 638,842**	$ 596,831
Annualized Net Rental Revenue Run-Rate (000s)[1],[3],[4]			**$ 637,842**	$ 590,618
Operating Expenses (000s)	**$ 64,132**	$ 57,515	**$ 245,584**	$ 229,884
NOI (000s)[4]	**$ 100,300**	$ 95,210	**$ 393,258**	$ 366,947
NOI Margin[4]	**61.0%**	62.3%	**61.6%**	61.5%
Number of Suites and Sites Acquired	**612**	571	**1,924**	2,552
Number of Suites Disposed	**50**	0	**81**	579

(1) As at December 31.
(2) Average monthly rents are defined as actual rents, net of vacancies, divided by the total number of suites and sites in the portfolio and do not include revenues from parking, laundry or other sources.
(3) For a description of net rental revenue run-rate, see the Results of Operations section in the MD&A for the year ended December 31, 2017.
(4) Net rental revenue run-rate and NOI are measures used by Management in evaluating operating performance. Please refer to the cautionary statements under the heading "Non-IFRS Financial Measures" and the reconciliations provided in this press release.
(5) Contains ancillary income such as parking, laundry and antenna revenue.

Operating Revenues

For the three months and year ended December 31, 2017, total operating revenues increased by 7.7% and 7.0%, respectively, compared to the same prior year periods primarily due to the contribution from acquisitions, higher same property average monthly rents, and continuing strong occupancies. For the three months and year ended December 31, 2017, ancillary revenues, including parking, laundry and antenna income, increased by 1.7% and 5.1%, respectively, compared to the same periods last year. For the stabilized properties, operating revenues for the three months and year ended December 31, 2017 increased by 3.5% and 3.3% respectively.

CAPREIT's annualized net rental revenue run-rate as at December 31, 2017 rose to $637.8 million, up 8.0% from $590.6 million in the prior year, primarily due to acquisitions completed in 2017 and strong increases in average monthly rents on properties owned prior to December 31, 2016. Net rental revenue run-rate net of dispositions for the twelve months ended December 31, 2017 was $605.0 million (December 31, 2016 – $561.9 million).

Portfolio Average Monthly Rents ("AMR")

	Total Portfolio				Properties Owned Prior to December 31, 2016			
As at December 31,	**2017[2]**		**2016**		**2017**		**2016[1]**	
	AMR	**Occ. %**	**AMR**	**Occ. %**	**AMR**	**Occ. %**	**AMR**	**Occ. %**
Average Residential Suites	**$ 1,142**	**98.8**	$ 1,101	98.7	**$ 1,143**	**98.9**	$ 1,101	98.7
Average MHC Land Lease Sites	**$ 388**	**98.3**	$ 378	98.3	**$ 388**	**98.3**	$ 378	98.3
Overall Portfolio Average	**$ 1,044**	**98.7**	$ 1,003	98.6	**$ 1,040**	**98.8**	$ 1,003	98.6

(1) Prior year comparable AMR and occupancy have been restated for properties disposed of since December 31, 2016.
(2) Under the purchase agreements for a property acquired on May 3, 2017, CAPREIT received monthly escrow payments for the positive differences, if any, between: (a) 100.0% of the gross rent roll for such month less (b) the actual rent earned for such month, with all applicable sales taxes. CAPREIT continues to receive escrow payments when the actual gross revenues were less than the threshold up to a maximum of $2.5 million for the property, after which rental revenue will be based on actual occupancy. The occupancy rates in the tables are reflected at 100.0% for this property.

Overall average monthly rents for the stabilized residential suite portfolio (properties owned prior to December 31, 2016) increased 3.8% to $1,143 as at December 31, 2017 from $1,101 at December 31, 2016. The increases were due primarily to a combination of ongoing successful sales and marketing strategies, above guideline rent increases, and continued strength in the residential rental sector in the majority of CAPREIT's markets. Occupancy for the stabilized residential suite portfolio remained strong at 98.9% as at December 31, 2017 compared to 98.7% at the same time last year.

For the MHC land lease portfolio, average monthly rents increased to $388 as at December 31, 2017, compared to $378 as at December 31, 2016 while occupancy remained stable at 98.3%. Management believes MHC land lease sites provide secure and stable cash flows due to long-term tenancies, high occupancies, steady increases in average monthly rents, and significantly lower capital and maintenance costs. CAPREIT's MHC properties represent approximately 13% of the total portfolio at December 31, 2017.

Suite Turnovers and Lease Renewals

For the Three Months Ended December 31,	**2017**			**2016**		
	Change in AMR		**% Turnovers**	**Change in AMR**		**% Turnovers**
	$	**%**	**& Renewals[1]**	**$**	**%**	**& Renewals[1]**
Suite Turnovers	**103.0**	**9.1**	**5.4**	34.8	3.1	6.0
Lease Renewals	**22.8**	**2.0**	**17.7**	23.1	2.1	16.5
Weighted Average of Turnovers and Renewals	**41.5**	**3.7**		26.2	2.4	

For the Year Ended December 31,	**2017**			**2016**		
	Change in AMR		**% Turnovers**	**Change in AMR**		**% Turnovers**
	$	**%**	**& Renewals[1]**	**$**	**%**	**& Renewals[1]**
Suite Turnovers	**79.4**	**7.2**	**24.0**	13.0	1.2	27.7
Lease Renewals	**21.7**	**1.9**	**82.9**	21.8	2.0	78.7
Weighted Average of Turnovers and Renewals	**34.6**	**3.1**		19.5	1.8	

(1) Percentage of suites turned over or renewed during the year based on the total number of residential suites (excluding co-ownerships and the Netherland properties) held at the end of the year.

Suite turnovers in the residential suite portfolio (excluding co-ownerships and the Netherlands properties) for the three months ended December 31, 2017 resulted in average monthly rents increasing by approximately $103 or 9.1% per suite compared to an increase of approximately $35 or 3.1% in the prior year's quarter. For the year ended December 31, 2017, suite turnovers resulted in average monthly rent increasing by approximately $79 or 7.2% compared to an increase of approximately $13 or 1.2% in the prior year, primarily due to continuing strong rental markets in British Columbia and Ontario, partially offset by strategically reduced rents in Alberta aimed at increasing occupancy and reducing turnover in this market.

Pursuant to Management's focus on increasing overall portfolio rents, average monthly rents on lease renewals for the three months ended December 31, 2017 increased by approximately $23 or 2.0% per suite compared to an increase of approximately $23 or 2.1% in the quarter of the prior year. For the year ended December 31, 2017, average monthly rents on lease renewals increased by approximately $22 or 1.9%, compared to an increase of approximately $22 or 2.0% in the prior year. The rate of growth in average monthly rents on lease renewals has been impacted by the strategically reduced rents in Alberta, changes to the mandated rental guideline increases in Ontario and British Columbia for 2017 (Ontario – 1.5%, British Columbia – 3.7%) compared to 2016 (Ontario – 2.0%, British Columbia - 2.9%), and by increases due to above guideline increases ("AGI") achieved in Ontario. Management continues to pursue applications in Ontario for AGIs where it believes increases above the annual guideline are supported by market conditions to raise average monthly rents on lease renewals. For 2018, the permitted guideline increases in Ontario and British Columbia have been set at 1.8% and 4.0% respectively, both increased from the 2017 guideline increases.

Operating Expenses

($ Thousands)	Three Months Ended December 31, 2017	%(1)	2016	%(1)	Year Ended December 31, 2017	%(1)	2016	%(1)
Operating Expenses								
Realty Taxes	**$ 17,131**	**10.4**	$ 16,297	10.7	**$ 67,078**	**10.5**	$ 65,462	11.0
Utilities	**15,097**	**9.2**	16,012	10.5	**56,744**	**8.9**	60,759	10.2
Other(2)	**31,904**	**19.4**	25,206	16.5	**121,762**	**19.0**	103,663	17.3
Total Operating Expenses	**$ 64,132**	**39.0**	$ 57,515	37.7	**$245,584**	**38.4**	$229,884	38.5

(1) As a percentage of total operating revenues.

(2) Comprises R&M, wages, general and administrative, insurance, advertising, and legal costs.

Operating Expenses

Overall operating expenses as a percentage of operating revenues increased to 39.0% for the three month ended December 31, 2017 compared to 37.7% in the same prior year period. For the year ended December 31, 2017 operating expenses as a percentage of operating revenues improved to 38.4% compared to 38.5% in the same prior year period, primarily due to the lower realty taxes and utilities costs offsetting the increase in repair and maintenance costs.

NOI

For the three months ended December 31, 2017, NOI increased by $5.1 million or 5.3% and the NOI margin decreased to 61.0% compared to 62.3% for the quarter of the December 31, 2017. For the year ended December 31, 2017, NOI increased by $26.3 million or 7.2%, and the NOI margin increased to 61.6% compared to 61.5% last year, showing the positive effects of CAPREIT's geographic diversification and its proven property management programs.

Net Income

Net income for the three months and year ended December 31, 2017 increased to $377.0 million and $836.8 million, respectively, compared to $124.3 million and $439.5 million in the same periods last year. The increase in 2017 is due primarily to the increase in NOI in the current year, as well as an increase in Unrealized Gain on Remeasurement of Properties, which rose to $339.2 million and $627.0 million for the three months and year ended December 31, 2017 compared to $65.4 million and $227.3 million in the same respective periods in 2016 arising from higher net operating income and lower capitalization rates in 2017. Included within net income, for the fourth quarter and year ended, trust expenses included over $2.0 million and $2.8 million, respectively, related to one-time items including non-executive reorganization severances incurred, set-up costs related to our Netherlands operations, and consulting costs.

NON-IFRS FINANCIAL MEASURES

	Three Months Ended December 31, 2017	2016	Year Ended December 31, 2017	2016
NFFO (000s)	**$ 61,893**	$ 58,860	**$ 250,474**	$ 231,808
NFFO Per Unit – Basic	**$ 0.452**	$ 0.437	**$ 1.842**	$ 1.772
Cash Distributions Per Unit	**$ 0.320**	$ 0.313	**$ 1.275**	$ 1.238
NFFO Payout Ratio	**71.9%**	72.5%	**70.3%**	70.9%
NFFO Effective Payout Ratio	**50.7%**	48.7%	**48.7%**	47.4%

For the year ended December 31, 2017, basic NFFO per Unit increased by 4.0% compared to the prior year despite the approximate 4.0% increase in the weighted average number of Units outstanding, offset by strong organic NOI growth and contributions from acquisitions. For the three months ended December 31, 2017, basic NFFO per Unit increased by 3.4% compared to the quarter of the December 31, 2017 despite the approximate 1.7% increase in the weighted average number of Units outstanding.

LIQUIDITY AND LEVERAGE

As at December 31,	2017	2016
Total Debt to Gross Book Value	**43.57%**	44.31%
Total Debt to Gross Historical Cost[1]	**56.24%**	54.36%
Total Debt to Total Capitalization	**41.81%**	45.09%
Debt Service Coverage Ratio (times)[2]	**1.63**	1.63
Interest Coverage Ratio (times)[2]	**3.19**	3.09
Weighted Average Mortgage Interest Rate[3]	**3.08%**	3.20%
Weighted Average Mortgage Term to Maturity (years)	**5.7**	6.1

(1) Based on the historical cost of investment properties.
(2) Based on the trailing four quarters ended December 31, 2017
(3) Weighted average mortgage interest rate includes deferred financing costs and fair value adjustments on an effective interest basis. Including the amortization of the realized component of the loss on settlement of $32.5 million included in AOCL, the effective portfolio weighted average interest rate at December 31, 2017 would be 3.17% (December 31, 2016 - 3.37%).

Financial Strength

Management believes CAPREIT's strong balance sheet and liquidity position will enable it to continue to take advantage of acquisition and property capital investment opportunities over the long term.

CAPREIT is achieving its financing goals as demonstrated by the following key indicators:

- Total debt to gross book value ratio improved to 43.6% as at December 31, 2017 compared to 44.3% for the last year;
- Debt service remained stable at 1.63 times and the interest coverage ratio increased to 3.19 times compared to 3.09 times in the prior year;
- As at December 31, 2017, 97.0% (December 31, 2016 - 96.6%), of CAPREIT's mortgage portfolio was insured by the Canada Mortgage and Housing Corporation ("CMHC"), excluding the mortgages on CAPREIT's MHC land lease sites, resulting in improved spreads on mortgages and lower overall interest costs than conventional mortgages.
- The effective portfolio weighted average interest rate on mortgages has steadily declined to 3.08% as at December 31, 2017 from 3.20% as at December 31, 2016, resulting in significant potential interest rate savings in future years;
- Management expects to raise between $175 million and $225 million in total mortgage renewals and refinancings in 2018 excluding financings on acquisitions; Closed mortgage refinancings and new financings for $464.5 million, including $266.6 million for renewals of existing mortgages and $197.9 million for additional top up financing and new acquisition financing with a weighted average term to maturity of 7.3 years, and a weighted average interest rate of 2.21%;
- The weighted average term to maturity for the mortgage portfolio decreased to 5.7 years as at December 31, 2017 compared to 6.1 years as at December 31, 2016;
- As at December 31, 2017, CAPREIT has investment properties with a fair value of $304.7 million not encumbered by mortgages and securing only the Acquisition and Operating Facility. CAPREIT intends to maintain unencumbered investment properties with an aggregate fair value in the range of $150 and $180 million over the long term.

Property Capital Investments

For the year ended December 31, 2017, CAPREIT made property capital investments (excluding head office assets) of $156.8 million compared to $195.7 million in the last year. For the full 2018 year, CAPREIT expects to complete property capital investments (excluding development and intensification) of approximately $175 million to $185 million, including approximately $50 million targeted at acquisitions completed since January 1, 2014, and approximately $25 million in high-efficiency boilers and other energy-saving initiatives.

Property capital investments include suite improvements, common areas and equipment, which generally tend to increase NOI more quickly. CAPREIT also continues to invest in energy-saving initiatives, including boilers, energy-efficient lighting systems, and water-saving programs, which permit CAPREIT to mitigate potentially higher increases in utility and R&M costs and significantly improve overall portfolio NOI.

Subsequent Events

On February 22, 2018, CAPREIT announced that it has agreed to sell, subject to regulatory approval, 4,270,000 units at a price of $35.15 per unit for aggregate gross proceeds of $150.1 million to a syndicate of underwriters led by RBC Capital Markets on a bought-deal basis. CAPREIT has granted the underwriters an over-allotment option, exercisable in whole or in part up to 30 days after closing of the Offering, to purchase up to an additional 640,500 units to cover over-allotments, if any. CAPREIT intends to use the net proceeds to partially repay the Acquisition and Operating Facility and the remainder, if any, for future acquisitions, capital expenditures and for general trust purposes.

Additional Information

More detailed information and analysis is included in CAPREIT's audited consolidated annual financial statements and MD&A for the year ended December 31, 2017, which have been filed on SEDAR and can be viewed at www.sedar.com under CAPREIT's profile or on CAPREIT's website on the investor relations page at www.caprent.com or www.capreit.net.

Conference Call

A conference call hosted by David Ehrlich, President and CEO and the CAPREIT Management Team, will be held Wednesday, February 28, 2018 at 10:00 am EST. The telephone numbers for the conference call are: Local/International: (416) 340-2216, North American Toll Free: (866) 225-0198.

A slide presentation to accompany Management's comments during the conference call will be available one hour and a half prior to the conference call. To view the slides, access the CAPREIT website at www.caprent.com or www.capreit.net, click on "Investor Relations" and follow the link at the top of the page. Please log on at least 15 minutes before the call commences.

The telephone numbers to listen to the call after it is completed (Instant Replay) are local/international (905) 694-9451 or North American toll free (800) 408-3053. The Passcode for the Instant Replay is 7000973#. The Instant Replay will be available until midnight, March 30, 2018. The call and accompanying slides will also be archived on the CAPREIT website at www.caprent.com or www.capreit.net. For more information about CAPREIT, its business and its investment highlights, please refer to our website at www.caprent.com or www.capreit.net.

About CAPREIT

CAPREIT owns interests in multi-unit residential rental properties, including apartments, townhomes and manufactured home communities primarily located in and near major urban centres across Canada. As at December 31, 2017, CAPREIT had owning interests in 50,624 residential units, comprised of 44,168 residential suites and 31 manufactured home communities ("MHC") comprising 6,456 land lease sites. For more information about CAPREIT, its business and its investment highlights, please refer to our website at www.caprent.com or www.capreit.net and our public disclosure which can be found under our profile at www.sedar.com.

Non-IFRS Financial Measures

CAPREIT prepares and releases unaudited consolidated interim financial statements and audited consolidated annual financial statements prepared in accordance with IFRS. In this and other earnings releases and investor conference calls, as a complement to results provided in accordance with IFRS, CAPREIT also discloses and discusses certain financial measures not recognized under IFRS and that do not have standard meanings prescribed by IFRS. These include stabilized net rental income ("Stabilized NOI"), Net Rental Revenue Run-Rate, Funds From Operations ("FFO"), Normalized Funds From Operations ("NFFO"), and Adjusted Cash Flow from Operations ("ACFO"), and applicable per Unit amounts and payout ratios (collectively, the "Non-IFRS Measures"). These Non-IFRS Measures are further defined and discussed in the MD&A released on February 27, 2018, which should be read in conjunction with this press release. Since Stabilized NOI, Net Rental Revenue Run-Rate, FFO, NFFO, and ACFO are not measures recognized under IFRS, they may not be comparable to similarly titled measures reported by other issuers. CAPREIT has presented the Non-IFRS measures because Management believes these Non-IFRS measures are relevant measures of the ability of CAPREIT to earn revenue and to evaluate CAPREIT's performance and cash flows. A reconciliation of Net Income and these Non-IFRS measures is included in this press release below. 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 sustainability of our distributions.

Cautionary Statements Regarding Forward-Looking Statements

Certain statements contained, or contained in documents incorporated by reference, in this press release constitute forward-looking information within the meaning of 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, projected costs, capital investments, 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 and capital investment strategy 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", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "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, Irish and Dutch economies will generally experience growth, however, may be adversely impacted by the global economy; that inflation will remain low; that interest rates will remain low in the medium term; 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 will grow at levels similar to the rate of inflation on renewal; that rental rates on turnovers will remain stable; 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 press release are based on assumptions, Management believes they are reasonable as of the date hereof; however there can be no assurance actual results 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 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: reporting investment properties at fair value, real property ownership, leasehold interests, co-ownerships, investment restrictions, operating risk, energy costs and hedging, environmental matters, insurance, capital investments, indebtedness, interest rate hedging, foreign operation and currency risks, taxation, harmonization of federal goods and services tax and provincial sales tax, land transfer tax, government regulations, controls over financial accounting, legal and regulatory concerns, the nature of units of CAPREIT ("Trust Units"), Preferred Units, and units of CAPREIT's subsidiary, CAPREIT Limited Partnership ("Exchangeable Units") (collectively, the "Units"), unitholder liability, liquidity and price fluctuation of Units, dilution, distributions, participation in CAPREIT's distribution reinvestment plan, potential conflicts of interest, dependence on key personnel, general economic conditions, competition for residents, competition for real property investments, continued growth and risks related to acquisitions. There can be no assurance

the expectations of CAPREIT's Management will prove to be correct. These risks and uncertainties are more fully described in regulatory filings, including CAPREIT's Annual Information Form, which can be obtained on SEDAR at www.sedar.com, under CAPREIT's profile, as well as under Risks and Uncertainties section of the MD&A released on February 27, 2018. The information in this press release is based on information available to Management as of February 27, 2018. Subject to applicable law, CAPREIT does not undertake any obligation to publicly update or revise any forward-looking information.

SOURCE: Canadian Apartment Properties Real Estate Investment Trust

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SELECTED FINANCIAL INFORMATION

Condensed Balance Sheets

As at ($ Thousands)	December 31, 2017	December 31, 2016
Investment properties	**$ 8,886,556**	$ 7,642,017
Total Assets	**9,187,170**	7,892,994
Mortgages payable	**3,581,501**	3,492,923
Bank indebtedness	**446,895**	26,408
Total Liabilities	**4,263,764**	3,734,845
Unitholders' Equity	**4,923,406**	4,158,149

Condensed Income Statements

	Three Months Ended December 31,		Year Ended December 31,	
($ Thousands)	**2017**	2016	**2017**	2016
NOI	**100,300**	95,210	**393,258**	366,947
Trust expenses	**(10,582)**	(8,876)	**(32,569)**	(32,122)
Unrealized Gain on Remeasurement of Investment properties	**339,151**	65,368	**626,953**	227,335
Realized loss on disposition of investment properties	**(408)**	(328)	**(488)**	(1,813)
Remeasurement of Exchangeable Units	**(469)**	(121)	**(852)**	(731)
Unit-based compensation expenses	**(10,964)**	(4,824)	**(26,074)**	(19,897)
Interest on mortgages payable and other financing costs	**(29,770)**	(28,725)	**(117,145)**	(112,426)
Interest on bank indebtedness and other financing costs	**(6,139)**	(705)	**(8,813)**	(4,637)
Interest on Exchangeable Units	**(42)**	(51)	**(186)**	(200)
Other income	**8,909**	5,363	**22,921**	17,236
Amortization	**(1,275)**	(1,604)	**(4,434)**	(4,249)
Loss on derivative financial instruments	**(2,986)**	918	**(11,866)**	(397)
Foreign currency translation	**(1,494)**	2,720	**3,515**	4,441
Net Income Before Income Taxes	**384,231**	124,345	**844,220**	439,487
Current and Deferred Income Tax Expense	**(7,271)**	(7)	**(7,409)**	(7)
Net Income	**376,960**	124,338	**836,811**	439,480
Other Comprehensive Income	**$ 6,820**	$ (1,838)	**$ 19,101**	$ 1,944
Comprehensive Income	**$ 383,780**	$ 122,500	**$ 855,912**	$ 441,424

Condensed Statements of Cash Flows

($ Thousands)	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Cash Provided By Operating Activities:				
Net Income	**$ 376,840**	$ 124,338	**$ 836,811**	$ 439,480
Items in Net Income Not Affecting Cash:				
Changes in Non-cash Operating Assets and Liabilities	**17,558**	23,483	**922**	20,673
Realized and Unrealized Gain on Remeasurements	**(335,288)**	(65,837)	**(613,747)**	(224,394)
Gain on Sale of Investments	**-**	-	**-**	-
Unit-based Compensation Expenses	**10,964**	4,824	**26,074**	19,897
Items Related to Financing and Investing Activities	**32,949**	27,081	**107,562**	104,578
Deferred income tax expense	**7,263**		**7,263**	
Other	**(1,767)**	(2,675)	**(5,944)**	(2,874)
Cash Provided By Operating Activities	**108,519**	111,214	**358,941**	357,360
Cash Used In Investing Activities				
Acquisitions	**(139,572)**	(94,629)	**(471,330)**	(382,783)
Capital Investments	**(44,261)**	(64,165)	**(163,728)**	(197,493)
Dispositions	**16,159**	(327)	**16,734**	31,321
Other	**302**	488	**8,357**	3,673
Cash Used In Investing Activities	**(167,372)**	(158,633)	**(609,967)**	(545,282)
Cash Provided (Used) By Financing Activities				
Mortgages, Net of Financing Costs	**(195,584)**	138,282	**70,653**	386,306
Bank Indebtedness	**311,968**	(35,187)	**427,925**	(141,803)
Interest Paid	**(28,431)**	(27,408)	**(111,138)**	(109,097)
Proceeds on Issuance of Units	**400**	373	**8,121**	161,914
Distributions, Net of DRIP and Other	**(31,476)**	(28,641)	**(120,749)**	(109,398)
Cash Provided (Used) By Financing Activities	**56,877**	47,419	**274,812**	187,922
Changes in Cash and Cash Equivalents During the Period	**(1,976)**	–	**23,786**	-
Cash and Cash Equivalents, Beginning of Period	**25,762**	–	**-**	-
Cash and Cash Equivalents, End of Period	**$ 23,786**	$ –	**$ 23,786**	$ -

SELECTED NON-IFRS FINANCIAL MEASURES

A reconciliation of net income to NFFO is as follows:

	Three Months Ended December 31,		Year Ended December 31,	
($ Thousands, except per Unit amounts)	**2017**	**2016**	**2017**	**2016**
Net Income	**$ 376,960**	$ 124,338	**$ 836,811**	$ 439,480
Adjustments				
Unrealized Gain on Remeasurement of Investment Properties	**(339,151)**	(65,368)	**(626,953)**	(227,335)
Realized Loss on Disposition of Investment Properties	**408**	328	**488**	1,813
Remeasurement of Exchangeable Units	**469**	121	**852**	731
Remeasurement of Unit-based Compensation Liabilities	**9,738**	3,137	**18,934**	14,217
Interest on Exchangeable Units	**42**	50	**186**	200
Corporate Income Taxes	**7,271**	7	**7,409**	7
(Gain) Loss on Foreign Currency Translation	**1,494**	(2,720)	**(3,515)**	(4,441)
FFO Adjustment for Income from Equity Accounted Investments	**(5,146)**	(2,426)	**(9,707)**	(6,021)
Unrealized and Realized Loss on Derivative Financial Instruments	**2,986**	(918)	**11,866**	397
Net FFO Impact Attributable from Non-Controlling Interest	**4,654**	(68)	**4,718**	(68)
Amortization of Property, Plant and Equipment	**1,275**	1,604	**4,434**	4,249
FFO	**$ 61,000**	$ 58,085	**$ 245,523**	$ 223,229
Adjustments:				
Amortization of Loss from AOCL to Interest and Other Financing Costs	**733**	775	**3,023**	3,105
Acquisition Research Costs[4]	**-**	-	**-**	5,474
Net Mortgage Prepayment Cost	**160**	-	**324**	-
Other Employee Costs[5]	**-**	-	**1,604**	-
NFFO	**61,893**	58,860	**250,474**	231,808
NFFO per Unit – Basic	**0.452**	0.437	**1.842**	1.772
NFFO per Unit – Diluted	**0.446**	0.432	**1.817**	1.750
Total Distributions Declared[1]	**44,497**	42,676	**176,024**	164,413
NFFO Payout Ratio[2]	**71.9%**	72.5%	**70.3%**	70.9%
Net Distributions Paid[1]	**$ 31,366**	$ 28,676	**$ 121,953**	$ 109,903
Excess NFFO over Net Distributions Paid	**$ 30,527**	$ 30,184	**$ 128,521**	$ 121,905
Effective NFFO Payout Ratio[3]	**50.7%**	48.7%	**48.7%**	47.4%

(1) For the description of distributions declared and net distributions paid, see the Non-IFRS Financial Measures section in the MD&A for the year ended December 31, 2017.

(2) The payout ratio compares distributions declared to NFFO.

(3) The effective payout ratio compares net distributions paid to NFFO.

(4) Expenses incurred relates to transactions that were not completed included in trust expenses.

(5) Expenses included in Unit-based compensation expenses relates to accelerated vesting of previously-granted RUR Units.

Reconciliation of cash generated from operating activities to Adjusted Cash Flows from Operations:

	Three Months Ended December 31		Year Ended December 31	
($ Thousands, except per Unit amounts)	**2017**	**2016**	**2017**	**2016**
Cash Generated From Operating Activities	**$ 108,519**	$ 111,214	**$ 358,941**	$ 357,360
Adjustments[1]				
Interest expense included in cash flow from financing activities	**(28,431)**	(27,408)	**(111,138)**	(109,097)
Non-Discretionary Property Capital Investments[2]	**(9,836)**	(14,727)	**(38,724)**	(58,501)
Capitalized Leasing Costs[3]	**(1,206)**	(807)	**(3,124)**	(3,679)
Tenant improvements	**(25)**	(171)	**(110)**	(559)
Amortization of Other Financing Costs[4]	**(1,522)**	(1,239)	**(5,689)**	(4,674)
Non-controlling Interest	**(129)**	(1)	**(184)**	(1)
Investment income	**384**	327	**8,478**	4,519
ACFO	**$ 67,754**	$ 67,188	**$ 208,450**	$ 185,368
Total Distributions Declared	**$ 44,497**	$ 42,676	**$ 176,024**	$ 164,413
Excess (Deficit) ACFO Over Distributions Declared	**$ 23,257**	$ 24,512	**$ 32,426**	$ 20,955
ACFO Payout Ratio	**65.7%**	63.5%	**84.4%**	88.7%

(1) Changes in working capital has not been adjusted in the ACFO calculation on the basis that the changes in prepaids, receivables, deposits, accounts payables and other liabilities, security deposits, and other non-cash operating assets and liabilities are considered normal course of operating the company. In the first two quarters of 2017, changes in non-cash operating assets and liabilities were adjusted in the calculation of ACFO. Accordingly, the comparative periods have been adjusted to conform to this method of calculation.

(2) Based on the actual 2017 and 2016 Non-Discretionary Property Capital Investments per suite and site multiplied by the weighted average number of residential suites and sites during the period. The Non-Discretionary Property Capital Investment per suite and site for 2017 and 2016 on an annual basis is $802 and $1,251, respectively applied equally throughout the year. The weighted average number of residential suites and sites for year ended December 31, 2017 and 2016 is 48,307, and 46,780, respectively.

(3) Comprises tenant inducements and direct leasing costs.

(4) Includes amortization of deferred financing costs, CMHC premiums, deferred loan costs and fair value adjustments.

(5) Amounts presented for the year ended December 31, 2016 and year ended December 31, 2017, have been presented in accordance with the calculation of ACFO described above and are not comparable to other measures such as adjusted FFO presented in prior periods.