CAPREIT Reports Continued Growth and Strong Operating Performance in Second Quarter of 2018

TORONTO, ONTARIO, (Marketwired) – August 10, 2018 -- Canadian Apartment Properties Real Estate Investment Trust ("CAPREIT") (TSX: CAR.UN) announced today, continuing strong operating and financial results for the three and six months ended June 30, 2018.

HIGHLIGHTS:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
Portfolio Performance				
Overall Portfolio Occupancy[1]			**98.9%**	98.6%
Overall Portfolio Average Monthly Rents[1][2]			**$ 1,065**	$ 1,015
Operating Revenues (000s)	**$ 170,601**	$ 157,087	**$ 338,620**	$ 312,697
Net Rental Income ("NOI") (000s)	**$ 110,868**	$ 98,705	**$ 213,270**	$ 190,303
NOI Margin	**65.0%**	62.8%	**63.0%**	60.9%
Financial Performance				
Normalized Funds From Operations ("NFFO") (000s)[3]	**$ 76,829**	$ 63,608	**$ 140,924**	$ 121,545
NFFO Per Unit – Basic[3]	**$ 0.535**	$ 0.469	**$ 0.999**	$ 0.898
Weighted Average Number of Units - Basic (000s)	**143,623**	135,629	**141,102**	135,354
Cash Distributions Per Unit	**$ 0.324**	$ 0.320	**$ 0.644**	$ 0.635
NFFO Payout Ratio[3]	**62.2%**	69.3%	**65.9%**	71.8%
Liquidity and Leverage				
Total Debt to Gross Book Value[1]			**40.53%**	44.00%
Total Debt to Gross Historical Cost[1]			**53.34%**	54.60%
Weighted Average Mortgage Interest Rate[1]			**3.08%**	3.14%
Weighted Average Mortgage Term (years)[1]			**5.18**	5.94
Debt Service Coverage (times)[4]			**1.69**	1.63
Interest Coverage (times)			**3.31**	3.16
Other				
Number of Suites and Sites Acquired	**136**	300	**136**	332
Number of Suites Disposed	**–**	–	**–**	31

(1) As at June 30.

(2) Average monthly rent ("AMR") is defined as actual residential rents, net of vacancies, divided by the total number of suites in the property and does not include revenues from parking, laundry or other sources.

(3) These measures are not defined by IFRS, do not have standard meanings and may not be comparable with other industries or companies. Please refer to the cautionary statements under the heading "Non-IFRS Financial Measures" and the reconciliations provided in this press release.

(4) Based on the trailing four quarters.

SUMMARY OF Q2-2018 RESULTS OF OPERATIONS

Strong Operating Results Supported by Strong Market Fundamentals

- Growth in revenue and NOI from stabilized properties driven by higher monthly rents and stronger occupancies compared to last year
- Monthly residential rents for the three months ended June 30, 2018 increased by 10.5% on suite turnovers of 5.5% of the portfolio, and for the six months ended June 30, 2018 increased by 10.1% on suite turnovers of 9.7% of the portfolio
- Monthly residential rents for the three months ended June 30, 2018 increased by 2.2% on suite renewals of 21.0% and for the six months ended increased by 2.2% on suite renewals of 37.7% of the portfolio
- AMR for the stabilized residential suite portfolio as at June 30, 2018 increased by 4.6% compared to June 30, 2017, while occupancy increased to 99.1%
- AMR increased due to the strong rents on turnovers, higher rental guideline increases in Ontario and British Columbia, and above guideline increases offset by strategically reduced rents in Alberta and Nova Scotia to improve occupancy.
- NOI increased by 12.3% and 12.1% for the three and six months ended June 30, 2018 respectively, compared to the same periods last year
- NOI margin increased to 65.0% and 63.0% for the three months and six months ended June 30, 2018 respectively due to higher monthly rents and lower vacancies, utilities and wages

Continued Fair Value Increases in our Investment Properties

- For the three months and six months ended June 30, 2018, the fair value of investment properties increased by $168.4 million and $229.6 million respectively, driven by NOI growth and cap rate compression.

Strong and Flexible Balance Sheet

- CAPREIT's financial position continues to strengthen with reduced leverage ratios and low interest costs
- Debt to Gross Book Value ("GBV") reduced to 40.53% as at June 30, 2018 from 43.57% at December 31, 2017, due to increases in fair value of investment properties
- Debt Service Coverage ("DSC") ratio improved to 1.69 compared to 1.63 as at December 31, 2017 mainly due to significant organic NOI growth
- Liquidity available on our Credit Facilities is $161.9 million as at June 30, 2018, and committed and expected new financings for the remainder of 2018 is $108.1 million
- Closed mortgage refinancing for $23.3 million year to date, with a weighted average term to maturity of 1.2 years, and a weighted average interest rate of 2.76%
- The weighted average mortgage interest rate on the portfolio for the six months ended June 30, 2018 is 3.08% compared to 3.14% for the same period last year, and the weighted average term to maturity is 5.2 years

Delivering Unitholder Value

- NFFO up 20.8% and 15.9% respectively for the three and six months ended June 30, 2018
- NFFO payout ratio for the six months ended June 30, 2018 improved to 65.9% from 71.8% for the same period last year

Other Key Highlights

- Increased investment in Irish Residential Properties REIT plc ("IRES") from 15.7% as at March 31, 2018 to 18.0% as at June 30, 2018, funded through CAPREIT's Acquisition and Operating Facility

"Our strong performance continued in the second quarter, driven by continuing strong fundamentals in our target markets and the successful execution of our proven sales, marketing and operating programs," commented David Ehrlich, President and CEO. "We have also recently begun a process to realize development opportunities on over eighty properties in which we believe we could add over 10,000 net new apartments to the portfolio that we believe will be highly accretive to Unitholders."

OPERATIONAL AND FINANCIAL RESULTS

Portfolio Average Monthly Rents

	Total Portfolio				Properties Owned Prior to June 30, 2017			
As at June 30,	2018		2017		2018		2017[1]	
	AMR	Occ. %	AMR	Occ. %	AMR	Occ. %	AMR	Occ. %
Average Residential Suites	**$ 1,169**	**99.0**	$ 1,114	98.6	**$ 1,165**	**99.1**	$ 1,114	98.6
Average MHC Land Lease Sites	**$ 391**	**97.9**	$ 383	98.4	**$ 392**	**97.9**	$ 383	98.4
Overall Portfolio Average	**$ 1,065**	**98.9**	$ 1,015	98.6	**$ 1,061**	**98.9**	$ 1,015	98.6

(1) Prior period comparable AMR and occupancy have been restated for properties disposed of since June 30, 2017.

Overall AMR for the stabilized residential suite portfolio as at June 30, 2018 increased approximately 4.6% (including The Netherlands) and 4.5% (excluding The Netherlands) compared to the same period last year, while occupancy increased to 99.1%. The rate of growth in AMR has been impacted by (i) the strong rental markets of British Columbia and Ontario offset by strategically reduced rents in Alberta and Nova Scotia to increase occupancy, (ii) a higher rental guideline increase in Ontario and British Columbia for 2018 of 1.8% and 4.0% respectively, compared to the permitted guideline increases of 1.5% and 3.7% respectively in 2017, and (iii) increases due to above guideline increases ("AGI") achieved in Ontario.

Suite Turnovers and Lease Renewals - Total Portfolio

For the Three Months Ended June 30,	2018			2017		
	Change in AMR		% Turnovers	Change in AMR		% Turnovers
	$	%	& Renewals[1]	$	%	& Renewals[1]
Suite Turnovers	**122.5**	**10.5**	**5.5**	65.8	5.9	6.1
Lease Renewals	**25.7**	**2.2**	**21.0**	21.6	1.9	20.6
Weighted Average of Turnovers and Renewals	**45.8**	**3.9**		31.7	2.8	

For the Six Months Ended June 30,	2018			2017		
	Change in AMR		% Turnovers	Change in AMR		% Turnovers
	$	%	& Renewals[1]	$	%	& Renewals[1]
Suite Turnovers	**116.7**	**10.1**	**9.7**	57.0	5.1	10.4
Lease Renewals	**25.7**	**2.2**	**37.7**	21.2	1.9	37.2
Weighted Average of Turnovers and Renewals	**44.3**	**3.8**		29.0	2.6	

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

Suite turnovers in the residential suite portfolio (excluding co-ownerships and the Netherlands properties) for the three months and six months ended June 30, 2018 resulted in AMR increasing by approximately $123 or 10.5% and $117 or 10.1%, respectively, compared to an increase of approximately $66 or 5.9% and $57 or 5.1% for the same periods last year, primarily due to the strong rental markets of British Columbia and Ontario, offset by strategically reduced rents in the Alberta and Nova Scotia rental market to increase occupancy.

Estimated Net Rental Revenue Run-Rate

CAPREIT's annualized net rental revenue run-rate as at June 30, 2018 grew to $653.3 million, up 9.0% from $599.1 million as at June 30, 2017, primarily due to acquisitions completed within the last twelve months and strong increases in AMR on properties owned prior to June 30, 2017. Net rental revenue run-rate net of dispositions for the twelve months ended June 30, 2018 was $623.9 million (June 30, 2017 – $583.6 million). For a detailed description of net rental revenue run-rate, see Results of Operations in Section III of the MD&A.

NOI for the Total Portfolio

	Three Months Ended June 30,				Six Months Ended June 30,			
($ Thousands)	**2018**	**%(1)**	**2017**	**%(1)**	**2018**	**%(1)**	**2017**	**%(1)**
Total Operating Revenues	**$ 170,601**	**100.0**	$ 157,087	100.0	**338,620**	**100.0**	$ 312,697	100.0
Operating Expenses								
Realty Taxes	**$ 17,144**	**10.0**	$ 15,571	9.9	**$ 34,476**	**10.2**	$ 32,747	10.5
Utilities	**12,249**	**7.2**	12,633	8.1	**30,899**	**9.1**	31,363	10.0
Other(2)	**30,340**	**17.8**	30,178	19.2	**59,975**	**17.7**	58,284	18.6
Total Operating Expenses	**$ 59,733**	**35.0**	$ 58,382	37.2	**$ 125,350**	**37.0**	$ 122,394	39.1
NOI	**$ 110,868**	**65.0**	$ 98,705	62.8	**$ 213,270**	**63.0**	$ 190,303	60.9

(1) As a percentage of total operating revenues.

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

Operating Revenues

For the three and six months ended June 30, 2018, total operating revenues increased by 8.6% and 8.3%, respectively, compared to the same periods last year, due to the contribution from acquisitions, increased same property monthly rents, and continuing higher occupancies.

Operating Expenses

Overall operating expenses as a percentage of operating revenues reduced to 35.0% and 37.0% for the three and six months ended June 30, 2018 compared to 37.2% and 39.1% in the prior year, respectively, mainly as a result of lower utilities due to reduced electricity rates, reduced consumption, positive impacts of energy saving initiatives and sub-metering, and lower operating expenses due to lower wages and R&M as a percentage of operating revenues.

NOI Margin

For the three and six months ended June 30, 2018, the NOI margin on the total portfolio were 65.0% and 63.0%, respectively, compared to 62.8% and 60.9% for the same periods last year. The increase in the NOI margin is due to (i) higher monthly rents on stabilized basis, (ii) lower vacancies, (iii) lower utilities cost, and (iv) lower wages.

NON-IFRS FINANCIAL PERFORMANCE

For the six months ended June 30, 2018, basic NFFO per Unit increased by 11.2% compared to the prior year period despite the approximate 4.2% increase in the weighted average number of Units outstanding, due primarily to strong organic NOI growth and contributions from acquisitions. For the three months ended June 30, 2018, basic NFFO per Unit increased by 14.1% compared to the same period last year despite a 5.9% increase in the weighted average number of Units outstanding due to the equity offering completed in March 2018.

PROPERTY CAPITAL INVESTMENTS

During the six months ended June 30, 2018, CAPREIT made property capital investments (excluding head office assets) of $67.7 million compared to $73.7 million in the same period last year. Management expects CAPREIT to complete property capital investments (excluding development and intensification) of approximately $197 million to $207 million in 2018.

Property capital investments include suite improvements, common areas and equipment, which generally tend to increase NOI more quickly. CAPREIT also continues to invest in environment-friendly energy-saving initiatives, including high-efficiency boilers, energy-efficient lighting systems and water-saving programs, which have permitted CAPREIT to mitigate potential increases in utility and R&M costs and has improved overall portfolio NOI.

SUBSEQUENT EVENTS

On August 7, 2018, CAPREIT completed the acquisition of a brand new luxury property consisting of 90 suites located in Langley, BC. The purchase price (excluding transaction costs) of approximately $33.0 million was financed with the assumption of an existing $21.1 million mortgage with a remaining term of approximately 8.8 years bearing an interest rate of 2.56% and the remaining with CAPREIT's Acquisition and Operating credit facility.

ADDITIONAL INFORMATION

More detailed information and analysis is included in CAPREIT's unaudited condensed consolidated interim financial statements and MD&A for the three and six months ended June 30, 2018, 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 Monday, August 13, 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 7682967#. The Instant Replay will be available until midnight, September 12, 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 ("MHC") primarily located in and near major urban centres across Canada. As at June 30, 2018, CAPREIT had owning interests in 50,772 residential units, comprised of 44,180 residential suites and 32 MHC comprising 6,592 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 August 10, 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, catastrophic events, 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, foreign 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, risks related to acquisitions, and cybersecurity. There can be no assurance that 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 August 10, 2018. The information in this press release is based on information available to Management as of August 10, 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

CAPREIT
Mr. Michael Stein
Chairman
(416) 861-5788

CAPREIT
Mr. David Ehrlich
President & CEO
(416) 861-9404

CAPREIT
Mr. Scott Cryer
Chief Financial Officer
(416) 861-5771

SELECTED FINANCIAL INFORMATION

Condensed Balance Sheets

As at ($ Thousands)	June 30, 2018	December 31, 2017
Investment properties	**$ 9,203,655**	$ 8,886,556
Total Assets	**9,565,966**	9,187,170
Mortgages payable	**3,530,894**	3,581,501
Bank indebtedness	**371,776**	446,895
Total Liabilities	**4,120,819**	4,263,764
Unitholders' Equity	**5,445,147**	4,923,406

Condensed Income Statements

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	**2018**	2017
Operating Revenues				
Revenue from investment properties	**$ 170,601**	$ 157,087	**$ 338,620**	$ 312,697
Operating Expenses				
Realty taxes	**(17,144)**	(15,571)	**(34,476)**	(32,747)
Property operating costs	**(42,589)**	(42,811)	**(90,874)**	(89,647)
	(59,733)	(58,382)	**(125,350)**	(122,394)
Net Rental Income	**110,868**	98,705	**213,270**	190,303
Trust expenses	**(7,884)**	(7,709)	**(18,024)**	(14,147)
Unit-based compensation expenses	**(13,431)**	(3,489)	**(16,217)**	(10,609)
Fair value adjustments of investment properties	**168,373**	42,693	**229,608**	134,204
Realized loss on disposition of investment properties	**-**	-	**-**	(80)
Amortization of property, plant and equipment	**(1,123)**	(1,025)	**(2,396)**	(1,989)
Fair value adjustments of exchangeable units	**(646)**	(51)	**(624)**	(362)
Fair value adjustments of Investments	**2,391**	-	**1,652**	-
Gain (loss) on derivative financial instruments	**13,957**	(272)	**7,920**	(86)
Interest and other financing costs	**(30,071)**	(29,821)	**(62,901)**	(59,775)
Foreign currency translation	**(2,478)**	(3,792)	**(12,406)**	(4,151)
Other income	**20,506**	7,646	**23,945**	10,687
Net Income Before Income Taxes	**260,462**	102,885	**363,827**	243,995
Current and deferred income tax (expense) recovery	**1,150**	-	**(2,017)**	23
Net Income	**261,612**	102,885	**$ 361,810**	$ 244,018
Other Comprehensive (Loss) Income	**$ (13,758)**	$ 6,331	**$ 8,221**	$ 9,375
Comprehensive Income	**$ 247,854**	$ 109,216	**$ 370,031**	$ 253,393

Condensed Statements of Cash Flows

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017[1]**	**2018**	**2017[1]**
Cash Provided By (Used In):				
Operating Activities				
Net income	**$ 261,612**	$ 102,885	**$ 361,810**	$ 244,018
Items related to operating activities not affecting cash:				
Fair value adjustments - investment properties	**(168,373)**	(42,693)	**(229,608)**	(134,204)
Fair value adjustments - exchangeable units	**646**	51	**624**	362
Fair value adjustments - investments	**(2,391)**	-	**(1,652)**	-
Loss on disposition of investment properties	**-**	-	**-**	80
Loss on derivative financial instruments	**(13,957)**	272	**(7,920)**	86
Amortization	**3,254**	3,168	**6,879**	6,260
Unit-based compensation expenses	**13,431**	3,489	**16,217**	10,609
Straight-line rent adjustment	**(28)**	(48)	**(29)**	(200)
Deferred income tax expense	**(1,090)**	-	**2,077**	-
Net profit from equity-accounted investments	**(17,364)**	(5,808)	**(18,863)**	(7,140)
Foreign currency translation	**2,478**	3,792	**12,406**	4,151
	78,218	65,108	**141,941**	124,022
Net income items related to financing and investing activities	**27,718**	26,589	**57,810**	49,951
Changes in non-cash operating assets and liabilities	**(12,967)**	(6,844)	**(25,179)**	(29,406)
Cash Provided by Operating Activities	**92,969**	84,853	**174,572**	144,567
Investing Activities				
Acquisition of investment properties	**(7,534)**	(59,391)	**(11,371)**	(67,090)
Capital investments	**(38,388)**	(37,745)	**(69,871)**	(74,026)
Acquisition of investments	**(25,443)**	-	**(25,443)**	-
Disposition of investment properties	**-**	-	**-**	575
Change in restricted cash	**(433)**	28	**(554)**	(47)
Investment income received	**3,201**	1,257	**3,562**	5,301
Cash Used in Investing Activities	**(68,597)**	(95,851)	**(103,677)**	(135,287)
Financing Activities				
Mortgage financings	**20,138**	150,150	**23,733**	195,430
Mortgage principal repayments	**(28,975)**	(27,830)	**(57,952)**	(62,504)
Mortgages repaid on maturity	**(20,138)**	(79,484)	**(23,345)**	(103,505)
Financing costs	**(399)**	(780)	**(436)**	(1,117)
CMHC premiums on mortgages payable	**(1)**	(2,887)	**(87)**	(3,938)
Interest paid	**(28,549)**	(27,829)	**(57,315)**	(55,199)
Bank indebtedness	**45,960**	24,451	**(87,525)**	74,514
Proceeds on issuance of Units	**22,638**	4,970	**198,839**	5,549
Net cash distributions to Unitholders	**(33,828)**	(29,763)	**(65,403)**	(58,510)
Cash (Used) Provided by Financing Activities	**(23,154)**	10,998	**(69,491)**	(9,280)
Changes in Cash and Cash Equivalents During the Period	**2,320**	-	**1,005**	-
Effect of exchange rate changes on cash	**(1,102)**	-	**399**	-
Cash and Cash Equivalents, Beginning of the Period	**23,972**	-	**23,786**	-
Cash and Cash Equivalents, End of the Period	**$ 25,190**	$ -	**$ 25,190**	$ -

(1) Q2 2017 comparative balances have been restated to conform with current period presentation.

SELECTED NON-IFRS FINANCIAL MEASURES

A reconciliation of net income to NFFO is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
($ Thousands, except per Unit amounts)	**2018**	**2017**	**2018**	**2017**
Net Income	**$ 261,612**	$ 102,885	**$ 361,810**	$ 244,018
Adjustments				
Unrealized Gain on Remeasurement of Investment Properties	**(168,373)**	(42,693)	**(229,608)**	(134,204)
Realized Loss on Disposition of Investment Properties	**-**	-	**-**	80
Remeasurement of Exchangeable Units	**646**	51	**624**	362
Remeasurement of Investments[1]	**(2,391)**	-	**(1,652)**	-
Remeasurement of Unit-based Compensation Liabilities	**12,116**	2,000	**13,718**	7,800
Interest on Exchangeable Units	**39**	51	**81**	102
Corporate and Deferred Income Taxes	**(1,150)**	-	**2,017**	(23)
Loss on Foreign Currency Translation	**2,478**	3,792	**12,406**	4,151
FFO Adjustment for Income from Equity Accounted Investments[2]	**(15,504)**	(4,561)	**(15,504)**	(4,561)
Unrealized and Realized Loss on Derivative Financial Instruments	**(13,957)**	272	**(7,920)**	86
Net FFO Impact Attributable to Non-Controlling Interest	**(474)**	14	**1,183**	38
Amortization of Property, Plant and Equipment	**1,123**	1,025	**2,396**	1,989
FFO	**$ 76,165**	$ 62,836	**$ 139,551**	$ 119,838
Adjustments:				
Amortization of Loss from AOCL to interest and other Financing Costs	**664**	772	**1,373**	1,543
Net Mortgage Prepayment Cost	**-**	-	**-**	164
NFFO	**76,829**	63,608	**140,924**	121,545
NFFO per Unit – Basic	**0.535**	0.469	**0.999**	0.898
NFFO per Unit – Diluted	**0.530**	0.462	**0.989**	0.886
Total Distributions Declared[3]	**47,769**	44,079	**92,870**	87,261
NFFO Payout Ratio[4]	**62.2%**	69.3%	**65.9%**	71.8%
Net Distributions Paid[3]	**$ 34,333**	$ 30,176	**$ 66,556**	$ 59,205
Excess NFFO over Net Distributions Paid	**$ 42,496**	$ 33,432	**$ 74,368**	$ 62,340
Effective NFFO Payout Ratio[5]	**44.7%**	47.4%	**47.2%**	48.7%

(1) Effective January 1, 2018, CAPREIT adopted IFRS 9 Financial Instruments. Under this standard, this investment has been designated as FVTPL whereas previously it was designated as available-for-sale. Under the guidance in this new standard, any mark-to-market gains or losses are recorded in the statement of income and comprehensive income whereas previously they were recorded through OCI. The cumulative mark to market gains/losses have also been reclassified from accumulated OCI to retained earnings on adoption of this standard.

(2) Relates to unrealized gain on remeasurement of investment properties.

(3) For the description of distributions declared and net distributions paid, see the Non-IFRS Financial Measures section in the MD&A for the six months ended June 30, 2018.

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

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

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

	Three Months Ended June 30		Six Months Ended June 30		
($ Thousands, except per Unit amounts)	**2018**	**2017**	**2018**	**2017**	**Annual 2017**
Cash Generated From Operating Activities	**$ 92,969**	$ 84,853	**$ 174,572**	$ 144,567	$ 358,941
Adjustments:[1][2]					
Interest expense included in cash flow from financing activities	**(28,549)**	(27,829)	**(57,315)**	(55,199)	(111,138)
Non-Discretionary Property Capital Investments[3]	**(16,315)**	(11,973)	**(32,630)**	(23,899)	(38,724)
Capitalized Leasing Costs[4]	**(270)**	(451)	**(1,885)**	(923)	(3,234)
Amortization of Other Financing Costs[5]	**(1,467)**	(1,370)	**(3,110)**	(2,728)	(5,689)
Non-controlling Interest	**(38)**	(3)	**(69)**	(15)	(184)
Investment Income	**3,201**	1,257	**3,562**	5,301	8,478
ACFO	**$ 49,531**	$ 44,484	**$ 83,125**	$ 67,104	$ 208,450
Total Distributions Declared	**$ 47,769**	$ 44,079	**$ 92,870**	$ 87,261	$ 176,024
Excess (Deficit) ACFO Over Distributions Declared	**$ 1,762**	$ 405	**$ (9,745)**	$ (20,157)	$ 32,426
ACFO Payout Ratio	**96.4%**	99.1%	**111.7%**	130.0%	84.4%

(1) On a quarterly basis, a review of working capital is performed to determine whether changes in prepaids, receivable, deposits accounts payable and other liabilities, security deposits and other non-cash operating assets and liabilities were attributed to items which were not indicative of sustainable cash flows available for distribution in line with the ACFO guidance provided by REALPAC. Based on review, it was concluded no adjustments needed.

(2) Q2 2017 comparative balances have been restated to conform with current period presentation.

(3) Non-Discretionary Property Capital Investments for the three months ended June 30, 2018 and 2017 has been calculated as follows: Non-Discretionary Property Capital Investments per suite and site is based on the annual 2018 and 2017 forecasts respectively, divided by four for the quarter, and multiplied by the weighted average number of residential suites and sites during the period. The forecasted Non-Discretionary Property Capital Investments per suite and site for 2018 and 2017 on an annual basis is $1,317 and $1,002 respectively. The weighted average number of residential suites and sites for the six months ended June 30, 2018 and 2017 is 49,520 and 47,705, respectively.

(4) Comprises tenant inducements and direct leasing costs.

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