CAPREIT Reports Continued Growth and Strong Operating Performance in Second Quarter of 2019

TORONTO, ONTARIO, (Globe Newswire) – August 13, 2019 -- 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, 2019.

HIGHLIGHTS:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Portfolio Performance				
Overall portfolio occupancy[1]			**98.3%**	98.9%
Overall portfolio net Average Monthly Rents[1],[2]			**$ 1,050**	$ 1,065
Operating revenues (000s)	**$ 190,735**	$ 170,601	**$ 372,246**	$ 338,620
Net Rental Income ("NOI") (000s)[3]	**$ 125,767**	$ 111,245	**$ 239,602**	$ 214,024
NOI margin[3]	**65.9%**	65.2%	**64.4%**	63.2%
Financial Performance				
Normalized Funds from Operations ("NFFO") (000s)[4]	**$ 85,062**	$ 76,829	**$ 160,267**	$ 140,924
NFFO per Unit – basic[4]	**$ 0.538**	$ 0.535	**$ 1.032**	$ 0.999
Cash distributions per Unit	**$ 0.345**	$ 0.324	**$ 0.682**	$ 0.644
FFO payout ratio[4]	**65.9%**	62.7%	**67.7%**	66.5%
NFFO payout ratio[4]	**65.1%**	62.2%	**66.7%**	65.9%
Liquidity and Leverage				
Total debt to gross book value[1]			**36.34%**	40.53%
Total debt to gross historical cost[1]			**49.54%**	53.34%
Weighted average mortgage interest rate[1]			**2.97%**	3.08%
Weighted average mortgage term (years)[1]			**5.03**	5.18
Debt service coverage (times)[5]			**1.74**	1.69
Interest coverage (times)[5]			**3.45**	3.31
Available liquidity – acquisition and operating facility (000s)[1][6]			**$ 334,153**	$ 161,899

(1) As at June 30.
(2) Net Average Monthly Rent ("Net AMR"), previously defined as "AMR", is defined as actual residential rents, excluding vacant units, divided by the total number of suites and sites in the property and does not include revenues from parking, laundry or other sources.
(3) 2018 comparative balances have been adjusted to conform with the current period due to the adoption of IFRS 16, which is effective January 1, 2019.
(4) 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.
(5) Based on the trailing four quarters.
(6) In addition to the $640 million Acquisition and Operating Facility there is a $100 million Bridge Facility in place for three months, effective June 28, 2019. The Bridge Facility is not drawn as of June 30, 2019. It cannot be drawn, once repaid.

	Three Months Ended June 30,		Six Months Ended June 30,	
OTHER MEASURES	**2019**	**2018**	**2019**	**2018**
Weighted average number of units - basic (000s)	**158,237**	143,623	**155,241**	141,102
Number of residential suites and sites acquired	**4,440**	136	**6,055**	136
Closing price of Trust Units[1]			**$ 48.36**	$ 42.63
Market capitalization (millions)[1]			**$ 7,740**	$ 6,219

(1) As at June 30.

SUMMARY OF Q2-2019 RESULTS OF OPERATIONS

Key Transactions

- On May 31, 2019 and June 28, 2019, ERES acquired two portfolios of multi-residential properties from CAPREIT. For details, see Section I – European Residential Real Estate Investment Trust of the MD&A
- On April 23, 2019, CAPREIT closed on its issuance and sale of 7,043,750 units for $49.00 per unit for aggregate gross proceeds of $345.1 million to a syndicate of underwriters led by RBC on a brought-deal basis
- Total acquisitions for the three and six months ended June 30, 2019 of 4,440 suites and sites and 6,055 suites and sites for a total of $351.9 million and $572.2 million respectively, of which 511 suites were subsequently sold to ERES

Strong Operating Results Supported by Strong Market Fundamentals

- Growth in revenue and net operating income ("NOI") from stabilized properties driven by higher monthly rents compared to last year
- On turnovers, monthly residential rents for the three and six months ended June 30, 2019 increased by 14.2% on 4.4% and 14.1% on 7.9% of the Canadian portfolio, compared to an increase of 10.5% on 5.5% and 10.1% on 9.7% of the Canadian portfolio for the three and six months ended June 30, 2018
- On renewals, monthly residential rents for the three and six months ended June 30, 2019 increased by 2.1% on 21.3% and 2.1% on 38.5% of the Canadian portfolio, compared to an increase of 2.2% on 21.0% and 2.2% on 37.7% of the Canadian portfolio for the three and six months ended June 30, 2018
- Net Average Monthly Rent ("Net AMR") for the stabilized portfolio as at June 30, 2019 increased by 4.4% compared to June 30, 2018, while occupancies remained strong at 98.9%
- Net AMR increased due to the strong rents on turnovers in British Columbia and Ontario and above guideline increases in Ontario
- NOI increased by 4.2% and 5.2% for the stabilized portfolio for the three and six months ended June 30, 2019, compared to a NOI increase of 7.7% and 7.4% for the stabilized portfolio for the same period last year
- NOI for the total portfolio increased by 13.1% and 12.0% for the three and six months ended June 30, 2019 compared to last year primarily due to contributions from acquisitions, and increased same property monthly rents
- NOI margin for the total portfolio increased to 65.9% and 64.4% for the three and six months ended June 30, 2019

Continued Fair Value Increases in Investment Properties

- For the three and six months ended June 30, 2019, the fair value of investment properties increased by $86.6 million and $209.9 million, primarily as a result of increases in NOI attributable to the growth in rents driven by the rental increases on turnovers, as current rents are significantly below market rents, especially in major regions such as the GTA, other Ontario and British Columbia

Strong and Flexible Balance Sheet

- CAPREIT's financial position continues to strengthen, with reduced leverage ratios
- Debt to Gross Book Value ("GBV") reduced to 36.34% as at June 30, 2019 from 39.37% at December 31, 2018, due to increases in fair value of investment properties and equity raise
- Debt Service Coverage ("DSC") ratio remains stable at 1.74 compared to 1.75 as at December 31, 2018.
- Liquidity available on our Credit Facilities is $334.2 million as at June 30, 2019. In addition, there is a $100.0 million Bridge Facility in place for 3 months, effective June 28, 2019
- Closed mortgage refinancing for $173.0 million and$184.1 million for the three and six months ended June 30, 2019, with top-ups of $170.0 million, a weighted average term to maturity of 7.3 years and a weighted average interest rate of 2.86%
- CAPREIT's mortgage weighted average term to maturity and the weighted average interest rate for the six months ended June 30, 2019 are approximately 5.0 years and 2.97%. CAPREIT continues to fix long-term mortgages to defend against the risk of rising interest rate environment

Delivering Unitholder Value

- NFFO up 10.7% and 13.7% for the three and six months ended June 30, 2019
- NFFO per Unit was up by 0.6% and 3.3% for the three and six months ended June 30, 2019

"Our growth and strong operating performance continued in the second quarter of 2019," commented Mark Kenney, President and CEO. "Through the first six months of the year we purchased 6,055 apartment suites and manufactured housing community sites for total costs of $572.2 million, strengthening our Netherlands property portfolio and significantly increasing our presence in the profitable MHC business in key markets across Canada."

OPERATIONAL AND FINANCIAL RESULTS

Portfolio Net Average Monthly Rents

	Total Portfolio				Properties Owned Prior to June 30, 2018			
As at June 30,	2019		2018		2019		2018[1]	
	AMR	Occ. %	AMR	Occ. %	AMR	Occ. %	AMR	Occ. %
Average residential suites	**$ 1,226**	**98.8**	$ 1,169	99.0	**$ 1,224**	**99.1**	$ 1,173	99.1
Average MHC sites	**$ 379**	**96.3**	$ 391	97.9	**$ 407**	**97.5**	$ 391	97.9
Overall portfolio average	**$ 1,050**	**98.3**	$ 1,065	98.9	**$ 1,115**	**98.9**	$ 1,068	98.9

(1) Prior period comparable Net AMR and occupancy have been restated for properties disposed of since June 30, 2018.

Overall Net AMR for the stabilized residential suite portfolio as at June 30, 2019 increased by approximately 4.3% (including the Netherlands), and 4.5% (excluding the Netherlands) compared to last year, while occupancies remained at 99.1%. The rate of growth in Net AMR is primarily due to (i) significant rental increases on turnover in the strong rental markets in British Columbia and Ontario and (ii) increases due to above guideline increases ("AGI") achieved in Ontario.

Canadian Portfolio For the Three Months Ended June 30,	2019			2018		
	Change in monthly rent		Turnovers and Renewals[1]	Change in monthly rent		Turnovers and Renewals[1]
	$	%	%	$	%	%
Suite turnovers	**177.1**	**14.2**	**4.4**	122.5	10.5	5.5
Lease renewals	**25.2**	**2.1**	**21.3**	25.7	2.2	21.0
Weighted average of turnovers and renewals	**51.4**	**4.1**		45.8	3.9	

For the Six Months Ended June 30,	2019			2018		
	Change in monthly rent		Turnovers and Renewals[1]	Change in monthly rent		Turnovers and Renewals[1]
	$	%	%	$	%	%
Suite turnovers	**174.9**	**14.1**	**7.9**	116.7	10.1	9.7
Lease renewals	**25.6**	**2.1**	**38.5**	25.7	2.2	37.7
Weighted average of turnovers and renewals	**51.0**	**4.1**		44.3	3.8	

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

The Netherlands Portfolio[1] For the Three Months Ended June 30,	2019			2018		
	Change in monthly rent		Turnovers and Renewals[2]	Change in monthly rent		Turnovers and Renewals[2]
	€	%	%	€	%	%
Suite turnovers	**45.9**	**5.7**	**3.6**	**123.9**	**16.3**	**2.1**
Lease renewals	**-**	**-**	**-**	**-**	**-**	**-**
Weighted average of turnovers and renewals	**45.9**	**5.7**		123.9	16.3	

For the Six Months Ended June 30,	2019			2018		
	Change in monthly rent		Turnovers and Renewals[2]	Change in monthly rent		Turnovers and Renewals[2]
	€	%	%	€	%	%
Suite turnovers	**54.8**	**6.8**	**5.8**	**125.5**	**16.5**	**2.7**
Lease renewals	**-**	**-**	**-**	**-**	**-**	**-**
Weighted average of turnovers and renewals	**54.8**	**6.8**		125.5	16.5	

(1) Includes all residential properties previously owned by CAPREIT in the Netherlands, which was subsequently sold to ERES.
(2) Percentage of suites turned over or renewed during the period based on the total weighted number of Netherlands' residential suites held during the period.

Suite turnovers in the Canadian residential suite portfolio (excluding co-ownerships) for the three and six months ended June 30, 2019 resulted in monthly rents increasing by approximately $177 or 14.2% and $175 or 14.1%, respectively, compared to an increase of approximately $123 or 10.5% and $117 or 10.1% for the same periods last year, primarily due to the strong rental markets in British Columbia and Ontario.

Monthly rents on lease renewals in the Canadian residential suite portfolio (excluding co-ownerships) for the three and six months ended June 30, 2019 resulted in monthly rents increasing by approximately $25 or 2.1% and $26 or 2.1% respectively, compared to an increase of approximately $26 or 2.2% for both same periods last year.

For the Netherlands portfolio, suite turnovers in the residential suite portfolio for the three and six months ended June 30, 2019 resulted in monthly rents increasing by approximately €46 or 5.7% and €55 or 6.8% compared to an increase of approximately €124 or 16.3% and €126 or 16.5% respectively for the same periods last year. As the Netherlands lease renewals occur once a during in July, there were no renewal increases for the three and six months ended June 30, 2019 and 2018.

Estimated Net Rental Revenue Run-Rate

CAPREIT's annualized net rental revenue run-rate as at June 30, 2019 grew to $738.8 million, up 13.1% from $653.3 million, primarily as a result of the extensive MHC portfolio growth and significant growth in the commercial rent roll primarily as a result of the ERES commercial income. Net rental revenue net of dispositions for the 12 months ended June 30, 2019 was $679.4 million (June 30, 2018 – $623.9 million).

NOI

Stabilized properties for the three and six months ended June 30, 2019 are defined as all properties owned by CAPREIT continuously since December 31, 2017 and therefore do not take into account the impact on performance of acquisitions or dispositions completed during 2019 and 2018.

	Total NOI			Stabilized NOI		
For the Three Months Ended June 30, ($ Thousands)	**2019**	**2018**	%[1]	**2019**	**2018**	%[1]
Total operating revenues	**$ 190,735**	$ 170,601	11.8	**$ 176,322**	$ 167,856	5.0
Operating Expenses						
Realty taxes	**$ (18,311)**	$ (17,144)	6.8	**$ (17,538)**	$ (16,898)	3.8
Utilities	**(12,899)**	(12,249)	5.3	**(12,421)**	(12,035)	3.2
Other[2],[3]	**(33,758)**	(29,963)	12.7	**(32,172)**	(29,301)	9.8
Total operating expenses	**$ (64,968)**	$ (59,356)	9.5	**$ (62,131)**	$ (58,234)	6.7
NOI	**$ 125,767**	$ 111,245	13.1	**$ 114,191**	$ 109,622	4.2
NOI margin	**65.9%**	65.2%		**64.8%**	65.3%	

	Total NOI			Stabilized NOI		
For the Six Months Ended June 30, ($ Thousands)	**2019**	**2018**	%[1]	**2019**	**2018**	%[1]
Total operating revenues	**$ 372,246**	$ 338,620	9.9	**$ 349,511**	$ 333,285	4.9
Operating Expenses						
Realty taxes	**$ (36,212)**	$ (34,476)	5.0	**$ (35,165)**	$ (33,978)	3.5
Utilities	**(30,923)**	(30,899)	0.1	**(30,176)**	(30,359)	(0.6)
Other[2],[3]	**(65,509)**	(59,221)	10.6	**(62,308)**	(57,996)	7.4
Total operating expenses	**$ (132,644)**	$ (124,596)	6.5	**$ (127,649)**	$ (122,333)	4.3
NOI	**$ 239,602**	$ 214,024	12.0	**$ 221,862**	$ 210,952	5.2
NOI margin	**64.4%**	63.2%		**63.5%**	63.3%	

(1) Represents the year over year percentage change.

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

(3) 2018 comparative balances have been adjusted to conform with the current period presentation for land and air right leases. Prior to IFRS 16 which is effective January 1, 2019, land and air right lease expenses were deducted as an "operating expense" to calculate NOI. Post IFRS 16 being effective, leases are capitalized as an asset with a corresponding lease liability and the fixed land and air right lease payments are not deducted as an operating expense through NOI. In 2019 the fixed land and air right lease payments are deducted as interest expense and principal repayment. Therefore, 2018 NOI comparatives have been restated to conform with the current period presentation for land leases, and will not agree to the 2018 Net Rental Income presented in the financial statements. For the three months ended June 30, 2018 Total and Stabilized NOI has increased by $377 thousand by adding back the fixed land and air right lease expense, increasing the Total NOI margin from 65.0% to 65.2% and increasing the Stabilized NOI margin from 65.1% to 65.3%. For the six months ended June 30, 2018 Total and Stabilized NOI has increased by $754 thousand by adding back the fixed land and air right lease expense, increasing the Total NOI margin from 63.0% to 63.2% and increasing the Stabilized NOI margin from 63.1% to 63.3%.

Operating Revenues

For the three and six months ended June 30, 2019, total operating revenues for the total and stabilized portfolios increased compared to the same periods last year, due to increases in monthly rents and continuing high occupancies. Contributions from acquisitions further contributed to increased operating revenues for the total portfolio.

Operating Expenses

The stabilized operating expenses for the three and six months ended June 30, 2019 increased compared to the same period last year, primarily due to increases in realty taxes and other operating expenses. The realty taxes for the stabilized portfolio increased mainly as a result of the increase in the assessment of the property values in Alberta, British Columbia, Ontario and Québec. Stabilized other operating expenses for the three and six months ended June 30, 2019 increased primarily due to higher on-site costs and rising insurance costs driven by higher replacement cost valuations, and overall increases in insurance rates.

NOI Margin

For the three and six months ended June 30, 2019, the NOI margin on the total portfolio increased to 65.9% and 64.4%.

NON-IFRS FINANCIAL PERFORMANCE

For the six months ended June 30, 2019, basic NFFO per Unit increased by 3.3% compared to the compared to the same period last year despite an approximate 6.0% increase in the weighted average number of Units outstanding. For the three months ended June 30, 2019, basic NFFO per Unit increased by 0.6% compared to the same period last year. Management expects per Unit FFO and NFFO and related payout ratios to strengthen further in the medium term as a result of NOI contributions from recent acquisitions.

PROPERTY CAPITAL INVESTMENTS

During the six months ended June 30, 2019, CAPREIT made property capital investments (excluding head office assets) of $87.9 million compared to $65.4 million for the same period last year. Management expects CAPREIT to complete property capital investments (excluding development and intensification) of approximately $211 million to $221 million in 2019.

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 and energy-saving initiatives, including energy-efficient boilers and lighting systems.

SUBSEQUENT EVENTS

On July 8, 2019, ERES entered into a new €50 million revolving credit facility (the "New Revolving Credit Facility") with two Canadian chartered banks. The maturity date of the New Revolving Credit Facility is July 8, 2021, which may be extended by ERES LP for an additional one-year period upon satisfaction of certain conditions. Draws under the New Credit Facility are permitted in Canadian dollars, Euros or British pounds at a floating interest rate based on CDOR, EURIBOR and LIBOR, respectively, and the Credit Facility is fully secured against the assets of ERES and ERES LP (other than certain European intercompany loans).

On July 10, 2019, ERES drew €22.5 million on the New Revolving Credit Facility to pay CAPREIT and certain of its subsidiaries the remaining outstanding consideration in connection with its most recent indirect acquisition of a portfolio of properties located in the Netherlands.

On July 29, 2019, ERES filed a preliminary base shelf prospectus for up to $750 million aggregate initial offering for sale and issue of securities (or the equivalent amount if any securities are denominated in a currency other than Canadian dollar).

On July 31, 2019, CAPREIT acquired a 19.8% stake in 506 units of a brand-new property located in Toronto, Ontario for $36 million financed by CAPREIT's Acquisition and Operating Facility.

On August 1, 2019, CAPREIT announced that it has acquired a portfolio of 18 modern, high-quality residential rental properties totaling 942 residential suites well located in seven urban growth markets in the Netherlands. CAPREIT paid €164 million ($239 million) for the portfolio financed by CAPREIT's Euro Acquisition and Operating 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, 2019, 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 Mark Kenney, President and Chief Executive Officer and Scott Cryer, Chief Financial Officer will be held Wednesday, August 14, 2019 at 10:00 am EST. The telephone numbers for the conference call are: Local/International: (416) 340-2216, North American Toll Free: (800) 273-9672.

A slide presentation to accompany Management's comments during the conference call will be available an 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 4854943#. The Instant Replay will be available until midnight, September 13, 2019. 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 and the Netherlands. As at June 30, 2019, CAPREIT managed 58,719 suites and sites across Canada, the Netherlands and Ireland and owned 57,475 suites and sites across Canada and the Netherlands. 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 discloses financial measures not recognized under IFRS which do not have standard meanings prescribed by IFRS. These include stabilized net rental income ("Stabilized NOI"), Funds From Operations ("FFO"), Normalized Funds From Operations ("NFFO"), Adjusted Cash Flow from Operations ("ACFO"), FFO and NFFO per Unit amounts and FFO, NFFO and ACFO payout ratios, and Adjusted Cash Generated from Operating Activities (collectively, the "Non-IFRS Measures"). These Non-IFRS Measures are further defined and discussed in the MD&A released on August 13, 2019, which should be read in conjunction with this press release. Since these measures are not recognized under IFRS, they may not be comparable to similar measures reported by other issuers. CAPREIT presents 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 its performance and cash flows. A reconciliation of 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 the 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, occupancy rates, productivity, 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 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", "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, Dutch, German and Belgian economies will generally experience growth, which, 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 on renewals will grow at levels similar to the rate of inflation; that rental rates on turnovers will grow; 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'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: reporting investment properties at fair value, real property ownership, investment restrictions, operating risk, energy costs, environmental matters, catastrophic events, insurance, capital investments, indebtedness, taxation-related risks, government regulations, controls over financial reporting, other legal and regulatory risks, the nature of units of CAPREIT ("Trust 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, risks related to acquisitions, cyber security risk and foreign operation and currency risks. 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 13, 2019. The information in this press release is based on information available to Management as of August 13, 2019. 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)	June 30, 2019	December 31, 2018
Investment properties	**$ 11,465,190**	$ 10,473,544
Total assets	**11,901,059**	10,842,263
Mortgages payable	**4,053,130**	3,728,333
Bank indebtedness	**298,969**	567,365
Total liabilities	**4,704,241**	4,525,563
Unitholders' equity	**7,196,818**	6,316,700

Condensed Income Statements

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	**2019**	2018
Operating Revenues				
Revenue from investment properties	**$ 190,735**	$ 170,601	**$ 372,246**	$ 338,620
Operating Expenses				
Realty taxes	**(18,311)**	(17,144)	**(36,212)**	(34,476)
Property operating costs	**(46,657)**	(42,589)	**(96,432)**	(90,874)
	(64,968)	(59,733)	**(132,644)**	(125,350)
Net Rental Income	**125,767**	110,868	**239,602**	213,270
Trust expenses	**(10,970)**	(7,884)	**(21,316)**	(18,024)
Transaction costs	**-**	-	**(8,527)**	-
Unit-based compensation expenses	**12**	(13,431)	**(7,540)**	(16,217)
Fair value adjustments of investment properties	**86,620**	168,373	**209,936**	229,608
Amortization of property, plant and equipment	**(1,542)**	(1,123)	**(2,957)**	(2,396)
Fair value adjustments of Exchangeable Units	**-**	(646)	**-**	(624)
Fair value loss on ERES Units	**(6,699)**	-	**(6,699)**	-
Fair value adjustments of Investments	**(1,326)**	2,391	**6,196**	1,652
(Loss) gain on derivative financial instruments	**(10,227)**	13,957	**(3,789)**	7,920
Interest and other financing costs	**(33,249)**	(30,071)	**(64,880)**	(62,901)
Gain (loss) on foreign currency translation	**11,326**	(2,478)	**23,592**	(12,406)
Other income	**10,640**	20,506	**15,046**	23,945
Net Income Before Income Taxes	**170,352**	260,462	**378,664**	363,827
Current and deferred income tax (expense) recovery	**(3,023)**	1,150	**(5,825)**	(2,017)
Net Income	**167,329**	261,612	**$ 372,839**	$ 361,810
Other Comprehensive (Loss) Income	**$ (5,952)**	$ (13,758)	**$ (34,226)**	$ 8,221
Comprehensive Income	**$ 161,377**	$ 247,854	**$ 338,613**	$ 370,031

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)	**2019**	**2018**	**2019**	**2018**
Net income	**$ 167,329**	$ 261,612	**$ 372,839**	$ 361,810
Adjustments				
Unrealized gain on remeasurement of investment properties	**(86,620)**	(168,373)	**(209,936)**	(229,608)
Remeasurement of Exchangeable Units	**-**	646	**-**	624
Remeasurement of investments[1]	**1,326**	(2,391)	**(6,196)**	(1,652)
Remeasurement of Unit-based compensation liabilities	**(1,544)**	12,116	**3,959**	13,718
Interest on Exchangeable Units	**-**	39	**-**	81
Deferred income taxes[2]	**4,052**	(1,150)	**6,853**	2,017
(Gain) loss on foreign currency translation	**(11,326)**	2,478	**(23,592)**	12,406
FFO Adjustment for Income from Equity Accounted Investments[3]	**(6,027)**	(15,504)	**(6,027)**	(15,504)
(Gain) loss on derivative financial instruments	**10,227**	(13,957)	**3,789**	(7,920)
Net FFO impact attributable to non-controlling interest	**-**	(474)	**-**	1,183
Fair value mark to-market loss on ERES Units	**5,944**	-	**5,944**	-
Distribution to ERES External Unitholders	**755**	-	**755**	-
Net FFO impact attributable to ERES external Unitholders[4]	**(1,005)**	-	**(1,206)**	-
Amortization of property, plant and equipment	**1,542**	1,123	**2,957**	2,396
Lease principal repayment[5]	**(562)**	-	**(761)**	-
Transaction costs[6]	**-**	-	**8,527**	-
FFO	**$ 84,091**	$ 76,165	**$ 157,905**	$ 139,551
Adjustments:				
Amortization of losses from AOCL to interest and other financing costs	**626**	664	**1,266**	1,373
Net Mortgage Prepayment Cost	**345**	-	**345**	-
Other employee costs[7]	**-**	-	**751**	-
NFFO	**85,062**	76,829	**160,267**	140,924
NFFO per Unit – basic	**0.538**	0.535	**1.032**	0.999
NFFO per Unit – diluted	**0.536**	0.530	**1.029**	0.989
Total distributions declared[8]	**55,410**	47,769	**106,952**	92,870
NFFO payout ratio[9]	**65.1%**	62.2%	**66.7%**	65.9%
Net distributions paid[8]	**$ 38,023**	$ 34,333	**$ 73,277**	$ 66,556
Excess NFFO over net distributions paid	**$ 47,039**	$ 42,496	**$ 86,990**	$ 74,368
Effective NFFO payout ratio[10]	**44.7%**	44.7%	**45.7%**	47.2%

(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) Represents $18.1 million of current income taxes on the deemed disposition of investment properties associated with the reorganization of the legal structure of the Netherlands subsidiaries, offset by deferred income tax recovery.

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

(4) This calculation is based on the weighted-average non-controlling interest held by ERES external unitholders.

(5) Upon adoption of IFRS 16, there is no impact on FFO. Currently, lease principal repayments deducted from FFO, which were previously expensed prior to adoption and deducted from FFO.

(6) Costs include legal, audit, tax, consulting, and financial advisory fees related to the business combination.

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

(8) 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, 2019.

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

(10) 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		Actual Annual
($ Thousands, except per Unit amounts)	**2019**	**2018** [7]	**2019**	**2018** [7]	**2018**[7]
Cash generated from operating activities	**$ 96,985**	$ 94,071	**$ 182,501**	$ 174,173	428,977
Adjustments:					
Working Capital Adjustment[1]	**8,485**	-	**8,485**	-	-
Interest expense included in cash flow from financing activities	**(29,465)**	(28,549)	**(58,061)**	(57,315)	(114,271)
Non-discretionary property capital investments[2]	**(16,587)**	(16,315)	**(33,173)**	(32,630)	(51,252)
Capitalized leasing costs[3]	**8**	(270)	**147**	(1,885)	(1,046)
Amortization of other financing costs[4]	**(1,911)**	(1,467)	**(3,764)**	(3,110)	(6,464)
Non-controlling interest	**-**	(38)	**-**	(69)	(216)
Transaction costs[5]	**-**	-	**8,527**	-	-
Investment income	**655**	3,201	**4,655**	3,562	7,442
Net ACFO impact attributed to ERES external unitholders	**(887)**	-	**(887)**	-	-
Lease principal & interest repayments[6]	**(943)**	-	**(1,594)**	-	-
ACFO	**$ 56,340**	$ 50,633	**$ 106,836**	$ 82,726	263,170
Total distributions declared	**$ 55,410**	$ 47,769	**$ 106,952**	$ 92,870	190,124
Excess (deficit) ACFO over distributions declared	**$ 930**	$ 2,864	**$ (116)**	$ (10,144)	73,046
ACFO payout ratio	**98.3%**	94.3%	**100.1%**	112.3%	72.2%

(1) On a quarterly basis, a review of working capital is performed to determine whether changes in prepaids, receivables, 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. As a result, the one-time special distribution to the pre-existing unitholders of ECREIT was added back.

(2) Non-discretionary property capital investments for the three months ended June 30, 2019 and 2018 has been calculated as follows: Non-Discretionary Property Capital Investments per suite and site is based on the annual 2019 and 2018 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 2019 and 2018 on an annual basis is $1,270 and $1,317 respectively. The weighted average number of residential suites and sites for the six months ended June 30, 2019 and 2018 is 52,221 and 49,520, respectively. For a reconciliation of actual non-discretionary property capital investments incurred during the period to forecast, see the Adjusted Cash Flows From Operations and Distributions Declared Section of the MD&A.

(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) Expensed transaction costs associated with The Acquisition are added back as per The REALpac whitepaper for ACFO dated February, 2019.

(6) Upon adoption of IFRS 16, effective January 1, 2019, CAPREIT's leases were required to be capitalized with a corresponding lease liability. This has led to the recording of lease interest on these lease liabilities, and lease repayments. This deduction is allowed under the amended REALpac whitepaper for ACFO dated February, 2019.

(7) Certain 2018 comparative balances have been restated to conform to current year presentation.