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

TORONTO, ONTARIO, (Globe Newswire) – November 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 nine months ended September 30, 2019.

HIGHLIGHTS:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Portfolio Performance				
Overall portfolio occupancy[1]			**98.2%**	98.8%
Overall portfolio net Average Monthly Rents[1],[2]			**$ 1,069**	$ 1,079
Operating revenues (000s)	**$ 198,760**	$ 172,298	**$ 571,006**	$ 510,918
Net Rental Income ("NOI") (000s)[3]	**$ 132,844**	$ 114,228	**$ 372,446**	$ 328,252
NOI margin[3]	**66.8%**	66.3%	**65.2%**	64.3%
Financial Performance				
Normalized Funds from Operations ("NFFO") (000s)[4]	**$ 89,513**	$ 77,933	**$ 249,780**	$ 218,857
NFFO per Unit – basic[4]	**$ 0.558**	$ 0.540	**$ 1.591**	$ 1.539
Cash distributions per Unit	**$ 0.345**	$ 0.333	**$ 1.027**	$ 0.977
FFO payout ratio[4]	**62.5%**	62.9%	**65.8%**	65.2%
NFFO payout ratio[4]	**62.0%**	62.3%	**65.1%**	64.6%
Liquidity and Leverage				
Total debt to gross book value[1]			**36.74%**	40.48%
Total debt to gross historical cost[1]			**50.33%**	53.15%
Weighted average mortgage interest rate[1]			**2.93%**	3.08%
Weighted average mortgage term (years)[1]			**5.18**	5.22
Debt service coverage (times)[5]			**1.79**	1.73
Interest coverage (times)[5]			**3.52**	3.40
Available liquidity – acquisition and operating facility (000s)[1][6]			**$ 44,741**	$ 123,218

(1) As at September 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, there is $50.7 million of borrowing capacity under the Bridge Facility and $72.2 million available under the ERES unsecured credit facility.

	Three Months Ended September 30,		Nine Months Ended September 30,	
OTHER MEASURES	**2019**	**2018**	**2019**	**2018**
Weighted average number of units - basic (000s)	**160,328**	144,431	**156,956**	142,224
Number of residential suites and sites acquired	**2,358**	362	**8,413**	498
Number of suites disposed	**–**	264	**–**	264
Closing price of Trust Units[1]			**$ 54.47**	$ 47.69
Market capitalization (millions)[1]			**$ 8,774**	$ 6,973

(1) As at September 30.

SUMMARY OF Q3 - 2019 RESULTS OF OPERATIONS

Key Transactions

- On September 30, 2019, ERES acquired a portfolio of multi-residential properties from CAPREIT. For details, see Section I – European Residential Real Estate Investment Trust. As at September 30, 2019, all of the Netherlands properties are held through ERES
- On September 24, 2019, ERES completed an offering of ERES units for a price of $4.15 per unit for aggregate proceeds of $166.8 million. The net proceeds after underwriters' commission and other closing costs totalling $9.2 million was $157.6 million. CAPREIT purchased 4,820,000 of ERES units amounting to $20.0 million
- Total acquisitions for the three and nine months ended September 30, 2019 of 2,358 suites and sites and 8,413 suites and sites for a total of $475.1 million and $1.0 billion respectively, of which 2,710 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 nine months ended September 30, 2019 increased by 13.0% on 6.9% and 13.6% on 14.8% of the Canadian portfolio, compared to an increase of 11.5% on 7.2% and 10.7% on 16.8% of the Canadian portfolio for the three and nine months ended September 30, 2018
- On renewals, monthly residential rents for the three and nine months ended September 30, 2019 increased by 2.0% on 29.0% and 2.1% on 67.5% of the Canadian portfolio, compared to an increase of 2.2% on 28.5% and 2.2% on 66.1% of the Canadian portfolio for the three and nine months ended September 30, 2018
- Net AMR for the stabilized portfolio as at September 30, 2019 increased by 4.8% compared to September 30, 2018, while occupancies increased to 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 3.7% and 4.7% for the stabilized portfolio for the three and nine months ended September 30, 2019 compared to last year
- NOI for the total portfolio increased by 16.3% and 13.5% for the three and nine months ended September 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 66.8% and 65.2% for the three and nine months ended September 30, 2019

Continued Fair Value Increases in Investment Properties

- For the three and nine months ended September 30, 2019, the fair value of investment properties increased by $263.6 million and $473.6 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 36.74% as at September 30, 2019 from 39.37% at December 31, 2018, due to increases in fair value of investment properties and proceeds of the equity raise that was used to repay debt
- Debt Service Coverage ("DSC") ratio increased to 1.79 compared to 1.75 as at December 31, 2018
- Liquidity available on our Credit Facilities is $44.7 million as at September 30, 2019. In addition, there is $50.7 million of borrowing capacity under the Bridge Facility and $72.2 million available under the ERES unsecured credit facility
- Closed mortgage refinancing for $61.1 million and $245.2 million for the three and nine months ended September 30, 2019, with top-ups of $42.4 million, a weighted average term to maturity of 7.9 years and a weighted average interest rate of 2.79%
- CAPREIT's mortgage weighted average term to maturity and the weighted average interest rate as at September 30, 2019 are approximately 5.2 years and 2.93%. CAPREIT continues to fix long-term mortgages to defend against the risk of rising interest rate

Delivering Unitholder Value

- NFFO up 14.9% and 14.1% for the three and nine months ended September 30, 2019
- NFFO per Unit was up by 3.3% and 3.4% for the three and nine months ended September 30, 2019

"The third quarter was another busy period as we expanded our presence in our target markets, generated strong growth in all of our key performance metrics, and strengthened the significant benefits our diversification strategies bring to our Unitholders," commented Mark Kenney, President and CEO. "Looking ahead, we are confident 2019 will be another record year for CAPREIT."

OPERATIONAL AND FINANCIAL RESULTS

Portfolio Net Average Monthly Rents

	Total Portfolio				Properties Owned Prior to September 30, 2018			
As at September 30,	**2019**		**2018**		**2019**		**2018[1]**	
	AMR	**Occ. %**	**AMR**	**Occ. %**	**AMR**	**Occ. %**	**AMR**	**Occ. %**
Average residential suites	**$ 1,241**	**98.8**	$ 1,184	98.9	**$ 1,248**	**99.2**	$ 1,191	98.9
Average MHC sites	**$ 381**	**96.1**	$ 394	97.7	**$ 410**	**97.3**	$ 394	97.7
Overall portfolio average	**$ 1,069**	**98.2**	$ 1,079	98.8	**$ 1,137**	**98.9**	$ 1,085	98.8

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

Overall Net AMR for the stabilized residential suite portfolio as at September 30, 2019 increased by approximately 4.8% (including the Netherlands), and 5.0% (excluding the Netherlands) compared to the same period last year, while occupancies increased to 99.2%. 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, Ontario and strong contributions from certain regions and (ii) increases due to above guideline increases ("AGI") achieved in Ontario.

Canadian Portfolio

For the Three Months Ended September 30,	2019			2018		
	Change in monthly rent		Turnovers and Renewals[1]	Change in monthly rent		Turnovers and Renewals[1]
	$	%	%	$	%	%
Suite turnovers	**157.3**	**13.0**	**6.9**	128.6	11.5	7.2
Lease renewals	**23.9**	**2.0**	**29.0**	25.5	2.2	28.5
Weighted average of turnovers and renewals	**49.5**	**4.1**		46.2	4.1	

For the Nine Months Ended September 30,	2019			2018		
	Change in monthly rent		Turnovers and Renewals[1]	Change in monthly rent		Turnovers and Renewals[1]
	$	%	%	$	%	%
Suite turnovers	**166.7**	**13.6**	**14.8**	121.8	10.7	16.8
Lease renewals	**24.9**	**2.1**	**67.5**	25.6	2.2	66.1
Weighted average of turnovers and renewals	**50.3**	**4.1**		45.1	3.9	

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

The Netherlands Portfolio[1]

For the Three Months Ended September 30,	2019			2018		
	Change in monthly rent		Turnovers and Renewals[2]	Change in monthly rent		Turnovers and Renewals[2]
	€	%	%	€	%	%
Suite turnovers	**58.3**	**7.2**	**3.4**	54.7	7.0	3.5
Lease renewals	**27.4**	**3.5**	**91.7**	24.7	3.3	87.1
Weighted average of turnovers and renewals	**28.5**	**3.6**		25.9	3.4	

For the Nine Months Ended September 30,	2019			2018		
	Change in monthly rent		Turnovers and Renewals[2]	Change in monthly rent		Turnovers and Renewals[2]
	€	%	%	€	%	%
Suite turnovers	**56.1**	**6.9**	**9.1**	93.7	12.2	7.9
Lease renewals	**27.4**	**3.5**	**91.7**	24.7	3.3	87.1
Weighted average of turnovers and renewals	**30.0**	**3.8**		30.5	4.0	

(1) Includes all residential properties owned by 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.

Overall, suite turnovers in the Canadian residential suite portfolio (excluding co-ownerships) for the three and nine months ended September 30, 2019 resulted in monthly rents increasing by approximately $157 or 13.0% and $167 or 13.6%, respectively, compared to an increase of approximately $129 or 11.5% and $122 or 10.7% 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 nine months ended September 30, 2019 resulted in monthly rents increasing by approximately $24 or 2.0% and $25 or 2.1% respectively, compared to an increase of approximately $26 or 2.2% for both of the same periods last year.

For the Netherlands portfolio, suite turnovers in the residential suite portfolio for the three and nine months ended September 30, 2019 resulted in monthly rents increasing by approximately €58 or 7.2% and €56 or 6.9% respectively, compared to an increase of approximately €55 or 7.0% and €94 or 12.2% respectively for the same periods last year.

Netherlands' lease renewals occur only once a year in July. For the three and nine months ended September 30, 2019, monthly rents on lease renewals in the Netherlands resulted in monthly rents increasing by approximately €27 or 3.5%, compared to an increase of approximately €25 or 3.3% for the same periods last year.

Estimated Net Rental Revenue Run-Rate

CAPREIT's annualized net rental revenue run-rate as at September 30, 2019 grew to $782.2 million, up 18.1% from $662.2 million, primarily as a result of the extensive MHC portfolio growth, substantial acquisitions in the Netherlands 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 September 30, 2019 was $715.6 million (September 30, 2018 – $636.6 million).

NOI

Stabilized properties for the three and nine months ended September 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 September 30, ($ Thousands)	**2019**	**2018**	**%[1]**	**2019**	**2018**	**%[1]**
Total operating revenues	**$ 198,760**	$ 172,298	15.4	**$ 177,211**	$ 169,614	4.5
Operating Expenses						
Realty taxes	**$ (18,853)**	$ (17,539)	7.5	**$ (17,836)**	$ (17,294)	3.1
Utilities	**(11,579)**	(10,774)	7.5	**(10,829)**	(10,642)	1.8
Other[2],[3]	**(35,484)**	(29,757)	19.2	**(31,760)**	(29,085)	9.2
Total operating expenses	**$ (65,916)**	$ (58,070)	13.5	**$ (60,425)**	$ (57,021)	6.0
NOI	**$ 132,844**	$ 114,228	16.3	**$ 116,786**	$ 112,593	3.7
NOI margin	**66.8%**	66.3%		**65.9%**	66.4%	

	Total NOI			Stabilized NOI		
For the Nine Months Ended September 30, ($ Thousands)	**2019**	**2018**	**%[1]**	**2019**	**2018**	**%[1]**
Total operating revenues	**$ 571,006**	$ 510,918	11.8	**$ 526,722**	$ 502,899	4.7
Operating Expenses						
Realty taxes	**$ (55,065)**	$ (52,015)	5.9	**$ (53,001)**	$ (51,272)	3.4
Utilities	**(42,502)**	(41,673)	2.0	**(41,005)**	(41,001)	0.0
Other[2],[3]	**(100,993)**	(88,978)	13.5	**(94,068)**	(87,081)	8.0
Total operating expenses	**$ (198,560)**	$ (182,666)	8.7	**$ (188,074)**	$ (179,354)	4.9
NOI	**$ 372,446**	$ 328,252	13.5	**$ 338,648**	$ 323,545	4.7
NOI margin	**65.2%**	64.2%		**64.3%**	64.3%	

(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 rights leases. Prior to IFRS 16 which is effective January 1, 2019, land and air rights 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 rights lease payments are not deducted as an operating expense through NOI. In 2019 the fixed land and air rights 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 September 30, 2018 Total and Stabilized NOI has increased by $378 thousand by adding back the fixed land and air rights lease expense, increasing the Total NOI margin from 66.1% to 66.3% and increasing the Stabilized NOI margin from 66.2% to 66.4%. For the nine months ended September 30, 2018 Total and Stabilized NOI has increased by $1,132 thousand by adding back the fixed land and air rights lease expense, increasing the Total NOI margin from 64.0% to 64.3% and increasing the Stabilized NOI margin from 64.1% to 64.3%.

Operating Revenues

For the three and nine months ended September 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 nine months ended September 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 nine months ended September 30, 2019 increased primarily due to higher R&M costs and rising insurance costs driven by higher replacement cost valuations, and overall increases in insurance rates.

NOI Margin

For the three and nine months ended September 30, 2019, the NOI margin on the total portfolio increased to 66.8% and 65.2%.

NON-IFRS FINANCIAL PERFORMANCE

For the nine months ended September 30, 2019, basic NFFO per Unit increased by 3.4% compared to the same period last year despite an approximate 7.1% increase in the weighted average number of Units outstanding resulting from the January and April 2019 equity offerings. For the three months ended September 30, 2019, basic NFFO per Unit increased by 3.3% 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 nine months ended September 30, 2019, CAPREIT made property capital investments (excluding head office assets) of $154.7 million compared to $118.3 million for the same period last year. Management expects CAPREIT to complete property capital investments (excluding development and conversion) of approximately $212 million to $222 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 October 15, 2019, CAPREIT completed the acquisition of a four-storey waterfront apartment, containing 64 rental suites located in Summerside, Prince Edward Island, for an acquisition price of $11.6 million. The acquisition was funded by CAPREIT's Acquisition and Operating credit facility.

On October 31, 2019, ERES acquired a portfolio from a third-party vendor comprised of 9 rental properties, totaling 294 residential suites located in five urban centres in the Netherlands. ERES paid $98.4 million (€67.3 million) for the portfolio, financed by a new $57.8 million (€39.5 million) seven-year mortgage bearing an interest rate of 1.55% and a draw on ERES's revolving credit facility of $38.0 million (€26.0 million), with the balance in cash.

On October 31, 2019, CAPREIT acquired the remaining 3.0% stake in 506 units of a brand-new property located in Toronto, Ontario bringing the total ownership to 33.3%. The acquisition price of $5.5 million was financed by CAPREIT's 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 nine months ended September 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 Thursday, November 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 6816738#. The Instant Replay will be available until midnight, November 28, 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 September 30, 2019, CAPREIT managed 63,478 suites and sites across Canada, the Netherlands and Ireland. It owned interests directly in Canada and indirectly in the Netherlands through its investment in ERES a total of 59,844 suites and 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 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 November 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 November 13, 2019. The information in this press release is based on information available to Management as of November 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)	September 30, 2019	December 31, 2018
Investment properties	**$ 12,239,588**	$ 10,473,544
Total assets	**12,707,107**	10,842,263
Mortgages payable	**4,107,922**	3,728,333
Bank indebtedness	**588,381**	567,365
Total liabilities	**5,241,601**	4,525,563
Unitholders' equity	**7,465,506**	6,316,700

Condensed Income Statements

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ Thousands)	**2019**	2018	**2019**	2018
Operating Revenues				
Revenue from investment properties	**$ 198,760**	$ 172,298	**$ 571,006**	$ 510,918
Operating Expenses				
Realty taxes	**(18,853)**	(17,539)	**(55,065)**	(52,015)
Property operating costs	**(47,063)**	(40,909)	**(143,495)**	(131,783)
	(65,916)	(58,448)	**(198,560)**	(183,798)
Net Rental Income	**132,844**	113,850	**372,446**	327,120
Trust expenses	**(10,752)**	(8,658)	**(32,068)**	(26,682)
Transaction costs	**-**	-	**(8,527)**	-
Unit-based compensation expenses	**(5,876)**	(10,853)	**(13,416)**	(27,070)
Fair value adjustments of investment properties	**263,640**	50,468	**473,576**	280,076
Realized loss on disposition of investment properties	**-**	(577)	**-**	(577)
Amortization of property, plant and equipment	**(1,593)**	(1,278)	**(4,550)**	(3,674)
Fair value adjustments of Exchangeable Units	**-**	(272)	**-**	(896)
Loss on non-controlling interest	**(33,248)**	-	**(39,947)**	-
Fair value adjustments of investments	**2,696**	2,500	**8,892**	4,152
Gain on derivative financial instruments	**11,096**	2,597	**7,307**	10,517
Interest and other financing costs	**(35,218)**	(33,711)	**(100,098)**	(96,612)
Gain (loss) on foreign currency translation	**11,668**	5,928	**35,260**	(6,478)
Other income	**4,971**	4,141	**20,017**	28,086
Net Income Before Income Taxes	**340,228**	124,135	**718,892**	487,962
Current and deferred income tax expense	**(9,887)**	(4,541)	**(15,712)**	(6,558)
Net Income	**330,341**	119,594	**$ 703,180**	$ 481,404
Other Comprehensive Loss	**$ (28,361)**	$ (9,446)	**$ (62,587)**	$ (1,225)
Comprehensive Income	**$ 301,980**	$ 110,148	**$ 640,593**	$ 480,179

SELECTED NON-IFRS FINANCIAL MEASURES

A reconciliation of net income to NFFO is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ Thousands, except per Unit amounts)	**2019**	**2018**	**2019**	**2018**
Net income	**$ 330,341**	$ 119,594	**$ 703,180**	$ 481,404
Adjustments				
Unrealized gain on remeasurement of investment properties	**(263,640)**	(50,468)	**(473,576)**	(280,076)
Realized loss on disposition of investment properties	**-**	*577*	**-**	*577*
Remeasurement of Exchangeable Units	**-**	272	**-**	896
Remeasurement of investments[1]	**(2,696)**	(2,500)	**(8,892)**	(4,152)
Remeasurement of Unit-based compensation liabilities	**4,437**	9,459	**8,396**	23,177
Interest on Exchangeable Units	**-**	20	**-**	101
Deferred income taxes[2]	**9,458**	4,541	**16,311**	6,558
(Gain) loss on foreign currency translation	**(11,668)**	(5,928)	**(35,260)**	6,478
FFO Adjustment for Income from Equity Accounted Investments[3]	**-**	-	**(6,027)**	(15,504)
Gain on derivative financial instruments	**(11,096)**	(2,597)	**(7,307)**	(10,517)
Net FFO impact attributable to non-controlling interest	**-**	3,042	**-**	4,225
Fair value mark to-market loss on ERES units held by external unitholders	**32,399**	-	**38,343**	-
Distribution to ERES external unitholders	**849**	-	**1,604**	-
Net FFO impact attributable to ERES external unitholders[4]	**(865)**	-	**(2,071)**	-
Amortization of property, plant and equipment	**1,593**	1,278	**4,550**	3,674
Lease principal repayment[5]	**(252)**	-	**(1,013)**	-
Transaction costs[6]	**-**	-	**8,527**	-
FFO	**$ 88,860**	$ 77,290	**$ 246,765**	$ 216,841
Adjustments:				
Amortization of losses from AOCL to interest and other financing costs	**653**	643	**1,919**	2,016
Net mortgage prepayment cost	**-**	-	**345**	-
Other employee costs[7]	**-**	-	**751**	-
NFFO	**89,513**	77,933	**249,780**	218,857
NFFO per Unit – basic	**0.558**	0.540	**1.591**	1.539
NFFO per Unit – diluted	**0.556**	0.534	**1.586**	1.524
Total distributions declared[8]	**55,535**	48,583	**162,487**	141,453
NFFO payout ratio[9]	**62.0%**	62.3%	**65.1%**	64.6%
Net distributions paid[8]	**$ 37,438**	$ 34,401	**$ 110,715**	$ 100,957
Excess NFFO over net distributions paid	**$ 52,075**	$ 43,532	**$ 139,065**	$ 117,900
Effective NFFO payout ratio[10]	**41.8%**	44.1%	**44.3%**	46.1%

(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 nine months ended September 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 September 30		Nine Months Ended September 30		Actual Annual
($ Thousands, except per Unit amounts)	**2019**	**2018** [7]	**2019**	**2018** [7]	**2018**[7]
Cash generated from operating activities	**$ 120,895**	$ 114,943	**$ 303,396**	$ 289,116	428,977
Adjustments:					
Working Capital Adjustment[1]	**-**	-	**8,485**	-	-
Interest expense included in cash flow from financing activities	**(33,508)**	(28,280)	**(91,569)**	(85,595)	(114,271)
Non-discretionary property capital investments[2]	**(17,503)**	(14,004)	**(49,399)**	(41,983)	(51,252)
Capitalized leasing costs[3]	**(1,429)**	(570)	**(1,282)**	(2,455)	(1,046)
Amortization of other financing costs[4]	**(2,415)**	(1,610)	**(6,179)**	(4,720)	(6,464)
Non-controlling interest	**-**	(75)	**-**	(144)	(216)
Transaction costs[5]	**-**	-	**8,527**	-	-
Investment income	**4,289**	400	**8,944**	3,962	7,442
Net ACFO impact attributed to ERES external unitholders	**(786)**	-	**(1,673)**	-	-
Lease principal & interest repayments[6]	**(662)**	-	**(2,256)**	-	-
ACFO	**$ 68,881**	$ 70,804	**$ 176,994**	$ 158,181	263,170
Total distributions declared	**$ 55,535**	$ 48,583	**$ 162,487**	$ 141,453	190,124
Excess ACFO over distributions declared	**$ 13,346**	$ 22,221	**$ 14,507**	$ 16,728	73,046
ACFO payout ratio	**80.6%**	68.6%	**91.8%**	89.4%	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) Prior periods have been restated as non-discretionary property capital investments are calculated based on the 2019 annual forecast. Non-discretionary property capital investments for the three months ended September 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 $1,221 and $1,130 respectively. The weighted average number of residential suites and sites for the nine months ended September 30, 2019 and 2018 is 53,948 and 49,538, 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.