CAPREIT Reports Continued Growth and Strong Operating Performance in First Quarter of 2020

TORONTO, ONTARIO, (Globe Newswire) – May 15, 2020 -- Canadian Apartment Properties Real Estate Investment Trust ("CAPREIT") (TSX: CAR.UN) announced today continuing strong operating and financial results for the three months ended March 31, 2020.

HIGHLIGHTS:

For the Three Months Ended March 31,	2020	2019[5]
Portfolio Performance		
Overall portfolio occupancy [1]	**98.2%**	98.7%
Overall portfolio net Average Monthly Rents [1] [2]	**$ 1,105**	$ 1,093
Operating revenues (000s)	**$ 216,060**	$ 181,896
Net rental income ("NOI") (000s)	**$ 138,058**	$ 113,835
NOI Margin	**63.9%**	62.6%
Financial Performance		
Normalized Funds from Operations ("NFFO") (000s) [3]	**$ 93,147**	$ 75,205
NFFO per Unit – basic [3]	**$ 0.547**	$ 0.494
Cash distributions per Unit	**$ 0.345**	$ 0.337
FFO payout ratio [3]	**63.7%**	69.8%
NFFO payout ratio [3]	**63.3%**	68.5%
Liquidity and Leverage		
Total debt to gross book value [1]	**36.14%**	37.67%
Total debt to gross historical cost [1]	**49.22%**	51.63%
Weighted average mortgage interest rate [1]	**2.74%**	3.02%
Weighted average mortgage term (years) [1]	**4.92**	4.97
Debt service coverage (times) [4]	**1.97**	1.75
Interest coverage (times) [4]	**3.86**	3.46
Available liquidity – Acquisition and Operating Facility (000s) [1]	**$ 99,192**	$ 141,619
Available cash and cash equivalents (000s) [1]	**$ 182,256**	$ 44,397

[1] As at March 31.

[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] 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.

[5] 2019 comparative balances have been adjusted to conform with current period presentation.

For the Three Months Ended March 31,	2020	2019
Other Measures		
Weighted average number of Units - basic (000s)	**170,206**	152,212
Number of residential suites and sites acquired	**1,724**	1,615
Number of suites disposed	**6**	—
Closing price of Trust Units [1]	**$ 42.59**	$ 51.37
Market capitalization (millions) [1]	**$ 7,258**	$ 7,874

[1] As at March 31.

SUMMARY OF Q1 - 2020 RESULTS OF OPERATIONS

Key Transactions

- During the three months ended March 31, 2020, CAPREIT acquired a total of 1,724 suites for a total acquisition costs of $467.5 million. This includes a portfolio of 1,503 suites located in Halifax, Nova Scotia expanding CAPREIT's Halifax portfolio to over 3,100 suites.
- In January 2020, CAPREIT completed the buyout of an operating leases for a purchase price of $19.0 million. The operating lease buyout marks the conversion of the third of CAPREIT's operating leases to traditional fee simple ownership interests.
- Total dispositions for the three months ended March 31, 2020 included a German commercial property held by ERES and 6 suites for a total of $26.3 million

Strong Operating Results

- 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 months ended March 31, 2020 increased by 13.5% on 3.3% of the Canadian portfolio, compared to an increase of 14.1% on 3.5% of the Canadian portfolio for the three months ended March 31, 2019
- On renewals, monthly residential rents for the three months ended March 31, 2020 increased by 2.2% on 17.6% of the Canadian portfolio, compared to an increase of 2.4% on 17.3% of the Canadian portfolio for the three months ended March 31, 2019
- Net AMR for the stabilized portfolio as at March 31, 2020 increased by 4.9% compared to March 31, 2019, while occupancies remained stable at 98.6%
- Net AMR increased due to the strong rents on turnovers in Ontario, Nova Scotia, British Columbia and the Netherlands and above guideline increases in Ontario
- Year-over-year NOI increased by 5.7% for the stabilized portfolio for the three months ended March 31, 2020, compared to a year-over-year NOI increase of 6.3% for the stabilized portfolio for the three months ended March 31, 2019
- NOI for the total portfolio increased by 21.3% for the three months ended March 31, 2020 compared to last year, primarily due to contributions from acquisitions and increased same property monthly rents
- NOI margin for the total portfolio increased to 63.9% for the three months ended March 31, 2020 from 62.6% for the three months ended March 31, 2019 due to acquisitions of high margin properties and decreases in R&M and utilities expenses.

Delivering Unitholder Value

- NFFO was up 23.9% for the three months ended March 31, 2020 compared to March 31, 2019
- NFFO per Unit was up 10.7% for the three months ended March 31, 2020 despite an increase of 11.8% weighted average number of Units outstanding

Strong and Flexible Balance Sheet

- CAPREIT's financial position remains strong, with $182.3 million of cash and cash equivalents and $99.2 million of available liquidity on CAPREIT's Credit Facilities
- Management expects to raise between $580 million and $630 million in total mortgage renewals and refinancings for 2020 including operating leases purchased to date and excluding financings on acquisitions
- Debt to gross book value ("GBV") increased to 36.14% as at March 31, 2020 from 34.99% as at December 31, 2019, due to acquisitions and debt refinancings
- Debt Service Coverage ("DSC") ratio improved to 1.97 as at March 31, 2020 compared to 1.87 as at December 31, 2019
- For the three months ended March 31, 2020, the fair value of investment properties increased by $612.5 million, primarily as a result of (i) new acquisitions and (ii) foreign exchange gains on the Dutch properties

- Closed mortgage refinancing of $57.9 million for the three months ended March 31, 2020, with top-up of $34.2 million, a weighted average term to maturity of 10.0 years and a weighted average interest rate of 2.23%
- CAPREIT's mortgage weighted average term to maturity and the weighted average interest rateas at March 31, 2020 are 4.9 years and 2.74%. CAPREIT continues to fix long-term mortgages to defend against the risk of rising interest rates

"Following another record year in 2019, we were pleased with our results in the first quarter of 2020, which included approximately one month operating under the COVID-19 pandemic." commented Mark Kenney, President and CEO. "Looking ahead, we have implemented a number of initiatives to ensure the health and safety of our team, our residents and our properties, to conserve capital, to mitigate risk, and to generate the best possible operating results during these challenging times."

"I particularly want to thank our residents for their support and our people for their hard work and dedication. It is the experience and knowledge of our team that will get us through this difficult time and enable us to emerge stronger than ever before," Mark Kenney added.

OPERATIONAL AND FINANCIAL RESULTS

Portfolio Net Average Monthly Rents

As at March 31,	Total Portfolio				Properties Owned Prior to March 31, 2019			
	2020		2019		2020		2019	
	AMR	Occ. %	AMR	Occ. %	AMR	Occ. %	AMR	Occ. %
Average residential suites	$ 1,275	98.7	$ 1,214	99.1	$ 1,273	99.1	$ 1,214	99.1
Average MHC sites	$ 386	95.8	$ 397	96.5	$ 412	95.9	$ 397	96.5
Overall portfolio average	$ 1,105	98.2	$ 1,093	98.7	$ 1,147	98.6	$ 1,093	98.7

Overall Net AMR for the stabilized residential suite portfolio as at March 31, 2020 increased by approximately 4.9% (including the Netherlands), and 4.4% (excluding the Netherlands) compared to the same period last year, while occupancies increased to 99.1%. The rate of growth in stabilized Net AMR has been primarily due to (i) significant rental increases on turnover in the strong rental markets of Ontario, Nova Scotia, British Columbia and the Netherlands and strong contributions from certain regions and (ii) increases due to AGI achieved in Ontario.

Canadian Portfolio

For the Three Months Ended March 31,	2020			2019		
	Change in monthly rent		Turnovers and Renewals [1]	Change in monthly rent		Turnovers and Renewals [1]
	$	%	%	$	%	%
Suite turnovers	**177.3**	**13.5**	**3.3**	171.9	14.1	3.5
Lease renewals	**28.0**	**2.2**	**17.6**	26.1	2.4	17.3
Weighted average of turnovers and renewals	**51.6**	**4.0**		50.4	4.4	

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

The Netherlands Portfolio [1]

For the Three Months Ended March 31,	2020			2019		
	Change in monthly rent		Turnovers and Renewals [2]	Change in monthly rent		Turnovers and Renewals [2]
	€	%	%	€	%	%
Suite turnovers	**65.4**	**7.5**	**4.1**	67.6	8.3	2.6
Lease renewals	**—**	**—**	**—**	—	—	—
Weighted average of turnovers and renewals	**65.4**	**7.5**		67.6	8.3	

[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 Dutch residential suites held during the period.

Overall, suite turnovers in the Canadian residential suite portfolio (excluding co-ownerships) during the three months ended March 31, 2020 resulted in monthly rent increasing by approximately $177 or 13.5% compared to an increase of approximately $172 or 14.1% for the same period last year, primarily due to the strong rental markets of Ontario, Nova Scotia and British Columbia.

Monthly rents on lease renewals on the Canadian residential portfolio (excluding co-ownerships) for the three months ended March 31, 2020 resulted in monthly rent increasing by approximately $28 or 2.2% compared to an increase of approximately $26 or 2.4% for the same period last year.

For the Netherlands portfolio, suite turnovers in the residential suite portfolio during the three months ended March 31, 2020 resulted in monthly rent increasing by approximately €65 or 7.5% compared to an increase of approximately €68 or 8.3% for the same period last year. As the Netherlands lease renewals occur once a year in July, there were no renewal increases for the three months ended March 31, 2020 and 2019. The tenant notices for rent renewal increases beginning on July 1, 2020 have been served to 95% of the Dutch residential suites with a weighted average rental increase of 2.4%.

Estimated Net Rental Revenue Run-Rate

CAPREIT's annualized net rental revenue run-rate as at March 31, 2020 grew to $849.8 million, up 19.1% from $713.2 million, primarily as a result of the extensive MHC portfolio growth and acquisitions in the Netherlands and Halifax. Net rental revenue net of dispositions for the 12 months ended March 31, 2020 was $779.2 million (March 31, 2019 – $660.4 million). For further discussion regarding forecasts and guidance as a result of the COVID-19 pandemic, please see Section II of the 2020 Q1 MD&A under the COVID-19 pandemic for further details.

NOI

Stabilized properties for the three months ended March 31, 2020 are defined as all properties owned by CAPREIT continuously since December 31, 2018, and therefore do not take into account the impact on performance of acquisitions or dispositions completed during 2020 and 2019.

($ Thousands)	Total NOI			Stabilized NOI		
For the Three Months Ended March 31,	**2020**	**2019[3]**	**% [1]**	**2020**	**2019[3]**	**% [1]**
Total operating revenues	**$ 216,060**	$ 181,896	18.8	**$ 188,643**	$ 180,904	4.3
Operating Expenses						
Realty taxes	**(19,868)**	(17,901)	11.0	**(18,105)**	(17,859)	1.4
Utilities	**(18,743)**	(18,024)	4.0	**(16,965)**	(17,997)	(5.7)
Other [2]	**(39,391)**	(32,136)	22.6	**(34,103)**	(32,071)	6.3
Total operating expenses	**$ (78,002)**	$ (68,061)	14.6	**$ (69,173)**	$ (67,927)	1.8
NOI	**$ 138,058**	$ 113,835	21.3	**$ 119,470**	$ 112,977	5.7
NOI margin	**63.9%**	62.6%		**63.3%**	62.5%	

[1] Represents the year-over-year percentage change.
[2] Comprises R&M, wages, general and administrative, insurance, advertising and legal costs.
[3] 2019 comparative balances have been adjusted to conform with current period presentation.

Operating Revenues

For the three months ended March 31, 2020, total operating revenues for the total and stabilized portfolios increased by 18.8% and 4.3%, respectively, 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 months ended March 31, 2020 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 and Ontario. Stabilized other operating expenses for the three months ended March 31, 2020 increased primarily due to higher wages, rising insurance costs driven by higher replacement cost valuations, and overall increases in insurance rates.

NOI Margin

For the three months March 31, 2020, the NOI margin on the total portfolio was 63.9% compared to 62.6% for the same period last year.

NON-IFRS FINANCIAL PERFORMANCE

For the three months ended March 31, 2020, basic NFFO per Unit increased by 10.7% compared to the same period last year, despite an approximate 11.8% increase in the weighted average number of Units outstanding, primarily due to the contribution from acquisitions and higher NOI for properties owned prior to December 31, 2018. 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 three months ended March 31, 2020, CAPREIT made property capital investments (excluding head office assets) of $42.7 million compared to $38.4 million for the same period last year.

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

The long-term impact of the COVID-19 pandemic is still uncertain at this time and may have a significant impact on economic forecasts of the Canadian and global economic performance for the remainder of 2020. CAPREIT will continue to monitor the development of the pandemic and assess how it will respond to the changing economic environment. Management believes that CAPREIT has a strong balance sheet and has sufficient availability on its Credit Facilities.

ADDITIONAL INFORMATION

More detailed information and analysis is included in CAPREIT's unaudited condensed consolidated interim financial statements and MD&A for the three months and three months ended March 31, 2020, 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 Tuesday, May 19, 2020 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 6465663#. The Instant Replay will be available until midnight May 28, 2020. 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 is one of Canada's largest real estate investment trusts. CAPREIT owns approximately 56,800 suites, including townhomes and manufactured housing sites, in Canada and, indirectly through its investment in ERES, approximately 5,600 suites in the Netherlands. CAPREIT manages approximately 60,900 of its owned suites in Canada and Netherlands, and additionally 3,700 suites in Ireland as at March 31, 2020. 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 May 15, 2020, 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, rental rates, productivity, projected costs, capital investments, development and development opportunities, financial results, taxes, plans and objectives of or involving CAPREIT. Particularly, statements regarding CAPREIT's future results, performance, achievements, prospects, costs, opportunities and financial outlook, including those relating to acquisition 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 and the ongoing health crisis related to the novel coronavirus (COVID-19) pandemic and its direct or indirect impacts on the business of CAPREIT, including the ability to enforce leases, perform capital expenditure work, increase rents and apply for the above guideline increases, and obtain mortgage financings; 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 the difference between in-place and market-based rents will be reduced upon such turnovers and renewals; that CAPREIT will effectively manage price pressures relating to its energy usage; and, with respect to CAPREIT's financial outlook regarding capital investments, assumptions respecting projected costs of construction and materials, availability of trades, the cost and availability of financing, CAPREIT's investment priorities, the properties in which investments will be made, the composition of the property portfolio and the projected return on investment in respect of specific capital investments. Although the forward-looking statements contained in this 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: public health crises, disease outbreaks, 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 Trust 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. Given the ongoing uncertainty, CAPREIT has suspended the previously disclosed estimates on annual capital expenditures for the year ending December 31, 2020. 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 May 15, 2020. The information in this press release is based on information available to management as of May 15, 2020. 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)	March 31, 2020	December 31, 2019
Investment properties	**$ 13,702,525**	$ 13,096,426
Total assets	**14,334,350**	14,017,949
Mortgages payable	**4,536,999**	4,308,572
Bank indebtedness	**673,464**	623,893
Total liabilities	**5,802,893**	5,614,054
Unitholders' equity	**8,531,457**	8,403,895

Condensed Income Statements

($ Thousands, except per Unit amounts) **For the Three Months Ended March 31,**	2020	2019
Operating revenues		
Revenue from investment properties	**$ 216,060**	$ 181,896
Operating expenses		
Realty taxes	**(19,868)**	(17,901)
Property operating costs	**(58,134)**	(50,160)
	(78,002)	(68,061)
Net rental income	**138,058**	113,835
Trust expenses	**(11,364)**	(10,346)
Transaction costs	**—**	(8,527)
Unit-based compensation recovery (expense)	**5,252**	(7,552)
Fair value adjustments of investment properties	**(31,919)**	123,316
Realized loss on disposition of investment properties	**(753)**	—
Amortization of property, plant and equipment	**(1,771)**	(1,415)
Gain on non-controlling interest	**69,679**	—
Fair value adjustments of investments	**(6,870)**	7,522
Gain on derivative financial instruments	**6,489**	6,438
Interest and other financing costs	**(34,796)**	(31,631)
(Loss) gain on foreign currency translation	**(53,808)**	12,266
Other income	**6,943**	4,406
Net income before income taxes	**85,140**	208,312
Current and deferred income tax expense	**(5,507)**	(2,802)
Net income	**$ 79,633**	$ 205,510
Other comprehensive income (loss)	**$ 86,036**	$ (28,274)
Comprehensive income	**$ 165,669**	$ 177,236

SELECTED NON-IFRS FINANCIAL MEASURES

A reconciliation of net income to NFFO is as follows:

($ Thousands, except per Unit amounts)

For the Three Months Ended March 31,	**2020**	**2019**
Net income	**$ 79,633**	$ 205,510
Adjustments:		
Unrealized loss (gain) on remeasurement of investment properties	**31,919**	(123,316)
Realized loss on disposition of investment properties	**753**	—
Remeasurement of investments	**6,870**	(7,522)
Remeasurement of unit-based compensation liabilities	**(6,939)**	5,503
Deferred income taxes [1]	**5,081**	2,801
Loss (gain) on foreign currency translation	**53,808**	(12,266)
Gain on derivative financial instruments	**(6,489)**	(6,438)
Fair value mark-to-market gain on ERES units held by non-controlling unitholders	**(72,693)**	—
Distributions on ERES units held by non-controlling unitholders	**3,014**	—
Net FFO impact attributable to ERES units held by non-controlling unitholders [2]	**(4,099)**	(201)
Amortization of property, plant and equipment	**1,771**	1,415
Lease principal repayment	**(116)**	(199)
Transaction costs [3]	**—**	8,527
FFO	**$ 92,513**	$ 73,814
Adjustments:		
Amortization of losses from AOCL to interest and other financing costs	**634**	640
Other employee costs [4]	**—**	751
NFFO	**$ 93,147**	$ 75,205
NFFO per Unit – basic	**$ 0.547**	$ 0.494
NFFO per Unit – diluted	**$ 0.545**	$ 0.492
Total distributions declared [5]	**$ 58,942**	$ 51,542
NFFO payout ratio [6]	**63.3%**	68.5%
Net distributions paid [5]	**$ 39,899**	$ 35,254
Excess NFFO over net distributions paid	**$ 53,248**	$ 39,951
Effective NFFO payout ratio [7]	**42.8%**	46.9%

(1) Represents $3.9 million of deferred income tax expenses as well as $1.2 million of current income taxes on the disposition of a German investment property, for the three months ended March 31, 2020. 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 $15.3 million of deferred income tax recovery for the three months ended March 31, 2019.

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

(3) Costs include legal, audit, tax, consulting, and financial advisory fees related to the Acquisition.

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

(5) For a description of distributions declared and net distributions paid, see the Non-IFRS Financial Measures section in the MD&A for the three months ended March 31, 2020.

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

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

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

For the Three Months Ended March 31,			Annual
($ Thousands, except per Unit amounts)	**2020**	**2019**	**2019**
Cash generated from operating activities	**$ 103,471**	$ 83,689	454,629
Adjustments:			
Working capital adjustment [1]	**—**	—	8,485
Interest expense included in cash flow (used by) from financing activities	**(33,213)**	(28,596)	(119,609)
Forecasted non-discretionary property capital investments [2]	**(18,143)**	(17,659)	(65,532)
Capitalized leasing costs [3]	**(209)**	139	(1,518)
Amortization of other financing costs [4]	**(2,218)**	(1,853)	(8,601)
Transactions costs [5]	**—**	8,527	8,527
Investment income	**6,220**	4,000	10,039
Net ACFO impact attributed to ERES units held by non-controlling unitholders	**(3,888)**	—	(4,179)
Lease principal and interest repayments	**(806)**	(651)	(3,402)
Tax on disposition [7]	**1,155**	—	—
ACFO	**$ 52,369**	$ 47,596	$ 278,839
Total distributions declared	**$ 58,942**	$ 51,542	$ 219,206
(Deficit) Excess ACFO over distributions declared	**$ (6,573)**	$ (3,946)	$ 59,633
ACFO payout ratio	**112.6%**	108.3%	78.6%

[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 for annual 2019.

[2] Non-discretionary property capital investments for the three months ended March 31, 2020 and 2019 has been calculated as follows: Non-Discretionary Property Capital Investments per suite and site are based on the annual 2020 and 2019 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 2020 and 2019 on an annual basis is $1,220 and $1,391 respectively. The weighted average number of residential suites and sites for the three months ended March 31, 2020 and 2019 is 60,110 and 50,769, 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] Relates to expensed transaction costs associated with The Acquisition.

[6] This calculation is based on the weighted-average ownership held by ERES non-controlling interest unitholders.

[7] Represents $1.2 million of income tax expenses on the disposition of a German investment property for the three months ended March 31, 2020.