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

TORONTO, ONTARIO, (Globe Newswire) – November 9, 2020 -- 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, 2020.

HIGHLIGHTS:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	**2019[5]**	**2020**	**2019[5]**
Portfolio Performance				
Overall portfolio occupancy [1]			**97.7 %**	98.2 %
Overall portfolio net Average Monthly Rents [1] [2]			**$ 1,113**	$ 1,069
Operating revenues (000s)	**$ 221,420**	$ 199,417	**$ 657,405**	$ 572,598
Net rental income ("NOI") (000s)	**$ 148,234**	$ 132,844	**$ 429,525**	$ 372,446
NOI Margin	**66.9 %**	66.6 %	**65.3 %**	65.0 %
Financial Performance				
Normalized Funds from Operations ("NFFO") (000s) [3]	**$ 101,114**	$ 89,513	**$ 288,973**	$ 249,780
NFFO per Unit – basic [3]	**$ 0.589**	$ 0.558	**$ 1.692**	$ 1.591
Cash distributions per Unit	**$ 0.345**	$ 0.345	**$ 1.035**	$ 1.027
FFO payout ratio [3]	**59.3 %**	62.5 %	**61.9 %**	65.8 %
NFFO payout ratio [3]	**58.8 %**	62.0 %	**61.4 %**	65.1 %
Liquidity and Leverage				
Total debt to gross book value [1]			**35.99 %**	36.74 %
Total debt to gross historical cost [1]			**49.56 %**	50.33 %
Weighted average mortgage interest rate [1]			**2.65 %**	2.93 %
Weighted average mortgage term (years) [1]			**4.92**	5.18
Debt service coverage (times) [4]			**2.03**	1.79
Interest coverage (times) [4]			**4.04**	3.52
Available liquidity – Acquisition and Operating Facility (000s) [1]			**$ 137,756**	$ 44,741
Available cash and cash equivalents (000s) [1]			**$ 234,444**	$ 34,111

[1] As at September 30.

[2] Net Average Monthly Rent ("Net 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] Certain 2019 comparative figures have been adjusted to conform with current period presentation.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Other Measures				
Weighted average number of Units - basic (000s)	**171,628**	**160,328**	**170,810**	156,956
Number of residential suites and sites acquired	**509**	**2,358**	**2,233**	8,413
Number of suites disposed	**188**	**—**	**194**	—
Closing price of Trust Units [1]			**$ 46.45**	$ 54.47
Market capitalization (millions) [1]			**$ 8,008**	$ 8,774

[1] As at September 30.

SUMMARY OF Q3 - 2020 RESULTS OF OPERATIONS

Key Transactions and Events

- CAPREIT continues to invest in accretive opportunities with total acquisitions for the three months ended September 30, 2020 amounting to $74 million comprised of 389 suites located in Nova Scotia and Ontario, and $32 million comprised of 120 suites located in the Netherlands.
- Total dispositions for the three months ended September 30, 2020 of $30 million, which included 188 suites located in Alberta.

Strong Operating Results

- CAPREIT has maintained a very high level of rent collection, with over 99% of rents collected year to date.
- On turnovers, monthly residential rents for the three and nine months ended September 30, 2020 increased by 7.0% on 6.1% of the Canadian portfolio and 8.8% on 13.2% of the Canadian portfolio, compared to an increase of 13.0% on 6.9% of the Canadian portfolio and 13.6% on 14.8% of the Canadian portfolio for the three and nine months ended September 30, 2019.
- Net AMR for the stabilized portfolio as at September 30, 2020 increased by 3.3% compared to September 30, 2019.
- Net operating income ("NOI") increased by 4.0% and 4.1% for the stabilized portfolio for the three and nine months ended September 30, 2020, compared to an NOI increase of 3.7% and 4.7% for the stabilized portfolio for the three and nine months ended September 30, 2019.
- NOI margin for the total portfolio increased to 66.9% and 65.3% for the three and nine months ended September 30, 2020 compared to 66.6% and 65.0% for the same periods last year.
- NFFO per unit was up 5.6% and 6.3% for the three and nine months ended September 30, 2020 compared to the same periods last year.

Strong and Flexible Balance Sheet

- CAPREIT's financial position remains strong, with $234.4 million of cash and cash equivalents and $137.8 million of available liquidity on CAPREIT's Credit Facilities.
- Management expects to raise between $1,100 million and $1,200 million in total mortgage renewals and refinancings for 2020, excluding financings on acquisitions, but including mortgages on the operating lease buyout properties. Management expects to raise between $900 million and $950 million in total mortgage renewals and refinancings for 2021, excluding financings on acquisitions.
- CAPREIT closed mortgage refinancing of $43.9 million and $267.2 million for the three and nine months ended September 30, 2020, with top-ups of $115.9 million, a weighted average term to maturity of 9.3 years and a weighted average interest rate of 1.93%.
- For the three and nine months ended September 30, 2020 the fair value of investment properties increased by $425.6 million and $1,159.0 million respectively, primarily as a result of (i) capitalization rate compression, (ii) new acquisitions, (iii) the buyout of operating leases, (iv) progress on the development pipeline, and (v) foreign exchange gains on the European properties. Excluding the impact of net acquisitions and operating lease buyouts, the fair value of the Canadian portfolio increased by $269.6 million for the nine months ended September 30, 2020.

"We continue to perform well during the challenges presented by the COVID-19 pandemic with strong rent collections, high stable occupancies, and steady increases in average monthly rents," commented Mark Kenney, President and CEO. "Our liquidity position is the strongest in our twenty-two year history. Including cash on hand, availability on our credit facilities, top-up financing capacity and our pool of unencumbered assets, we have the resources and flexibility to maintain our track record of growth and stable performance going forward."

OPERATIONAL AND FINANCIAL RESULTS

Portfolio Net Average Monthly Rents

As at September 30,	Total Portfolio				Properties Owned Prior to September 30, 2019			
	2020		2019		2020		2019	
	AMR	Occ. %	AMR	Occ. %	AMR	Occ. %	AMR	Occ. %
Average residential suites	$ 1,284	98.2	$ 1,241	98.8	$ 1,283	98.2	$ 1,241	98.8
Average MHC sites	$ 387	95.7	$ 381	96.1	$ 387	95.7	$ 381	96.1
Overall portfolio average	$ 1,113	97.7	$ 1,069	98.2	$ 1,103	97.7	$ 1,068	98.2

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 the Netherlands, Ontario and British Columbia along with strong contributions from certain other regions, slightly offset by a currently weakening Alberta and Saskatchewan market due to economic impacts related to the COVID-19 pandemic and (ii) increases on renewals due to AGI achieved in Ontario prior to the pandemic. Weighted average gross rent per square foot was approximately $1.60 as at September 30, 2020.

Canadian Portfolio

For the Three Months Ended September 30,	2020			2019		
	Change in monthly rent		Turnovers and Renewals [1]	Change in monthly rent		Turnovers and Renewals [1]
	$	%	%	$	%	%
Suite turnovers	**92.0**	**7.0**	**6.1**	157.3	13.0	6.9
Lease renewals	**12.5**	**1.1**	**20.6**	23.9	2.0	29.0
Weighted average of turnovers and renewals	**30.7**	**2.4**		49.7	4.1	

For the Nine Months Ended September 30,	2020			2019		
	Change in monthly rent		Turnovers and Renewals [1]	Change in monthly rent		Turnovers and Renewals [1]
	$	%	%	$	%	%
Suite turnovers	**116.5**	**8.8**	**13.2**	166.7	13.6	14.8
Lease renewals	**13.2**	**1.1**	**59.5**	24.9	2.1	67.5
Weighted average of turnovers and renewals	**32.0**	**2.5**		50.3	4.1	

[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 September 30,	2020			2019		
	Change in monthly rent		Turnovers and Renewals [2]	Change in monthly rent		Turnovers and Renewals [2]
	€	%	%	€	%	%
Suite turnovers	**68.1**	**7.3**	**3.3**	58.3	7.2	3.4
Lease renewals	**18.9**	**2.4**	**93.5**	27.4	3.5	91.7
Weighted average of turnovers and renewals	**20.6**	**2.6**		28.5	3.6	

For the Nine Months Ended September 30,	2020			2019		
	Change in monthly rent		Turnovers and Renewals [2]	Change in monthly rent		Turnovers and Renewals [2]
	€	%	%	€	%	%
Suite turnovers	**74.8**	**8.4**	**10.8**	56.1	6.9	9.1
Lease renewals	**18.9**	**2.4**	**93.5**	27.4	3.5	91.7
Weighted average of turnovers and renewals	**24.7**	**3.0**		30.0	3.8	

[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 and nine months ended September 30, 2020 resulted in monthly rents increase of approximately $92 or 7.0% and $117 or 8.8%, respectively, compared to an increase of approximately $157 or 13.0% and $167 or 13.6%, for the same periods last year, primarily due to the strong rental markets in Ontario and Québec. The reduced turnover increases are mainly due to the impact of the COVID-19 pandemic as discussed in Section II of the 2020 Q3 MD&A under The COVID-19 Pandemic.

Monthly rents on lease renewals on the Canadian residential suite portfolio (excluding co-ownerships) resulted in monthly rent increasing by approximately $13 or 1.1% for the three months ended September 30, 2020, and $13 or 1.1%, for the nine months ended September 30, 2020, compared to an increase of approximately $24 or 2.0% and $25 or 2.1%, for both of the same periods last year. The reduced renewal increases are mainly due to the impact of the COVID-19 pandemic rent freezes as discussed in Section II of the 2020 Q3 MD&A under The COVID-19 Pandemic.

For the Netherlands portfolio, suite turnovers in the residential suite portfolio during the three and nine months ended September 30, 2020 resulted in monthly rent increasing by approximately €68 or 7.3% and €75 or 8.4% respectively, compared to an increase of approximately €58 or 7.2% and €56 or 6.9% respectively for the same periods last year.

As the Netherlands' lease renewals occur only once a year in July, renewals resulted in an increase of €18.9 or 2.3% for the three and nine months ended September 30, 2020 compared to an increase of €27.4 or 3.5% for the three and nine months ended September 30, 2019.

Management estimates the weighted average market rents are approximately 20% higher than average occupied Canadian residential AMR of $1,296. This is an indicator of CAPREIT's mark-to-market potential on turnover, as well as its ability to sustain current revenue levels. However, the actual change in monthly rent on turnover will vary depending on the age of tenancy.

Estimated Net Rental Revenue Run-Rate

CAPREIT's annualized net rental revenue run-rate as at September 30, 2020 grew to $862.5 million, up 10.3% from $782.2 million. Net rental revenue net of dispositions for the 12 months ended September 30, 2020 was $827.0 million (September 30, 2019 – $715.6 million). For further discussion regarding forecasts and guidance as a result of the COVID-19 pandemic, please see Section II of the 2020 Q3 MD&A under The COVID-19 Pandemic for further details.

NOI

Stabilized properties for the three and nine months ended September 30, 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 September 30,	**2020**	**2019[3]**	**% [1]**	**2020**	**2019[3]**	**% [1]**
Total operating revenues	**$ 221,420**	$ 199,417	11.0	**$ 189,144**	$ 184,003	2.8
Operating expenses						
Realty taxes	**(20,591)**	(18,853)	9.2	**(18,469)**	(17,999)	2.6
Utilities	**(13,422)**	(11,579)	15.9	**(11,573)**	(10,981)	5.4
Other [2]	**(39,173)**	(36,141)	8.4	**(32,640)**	(33,368)	(2.2)
Total operating expenses	**$ (73,186)**	$ (66,573)	9.9	**$ (62,682)**	$ (62,348)	0.5
NOI	**$ 148,234**	$ 132,844	11.6	**$ 126,462**	$ 121,655	4.0
NOI margin	**66.9 %**	66.6 %		**66.9 %**	66.1 %	

($ Thousands)	Total NOI			Stabilized NOI		
For the Nine Months Ended September 30,	**2020**	**2019[3]**	**% [1]**	**2020**	**2019[3]**	**% [1]**
Total operating revenues	**$ 657,405**	$ 572,598	14.8	**$ 565,809**	$ 546,807	3.5
Operating expenses						
Realty taxes	**(61,183)**	(55,065)	11.1	**(54,933)**	(53,526)	2.6
Utilities	**(47,547)**	(42,502)	11.9	**(42,095)**	(41,493)	1.5
Other [2]	**(119,150)**	(102,585)	16.1	**(100,829)**	(98,391)	2.5
Total operating expenses	**$ (227,880)**	$ (200,152)	13.9	**$ (197,857)**	$ (193,410)	2.3
NOI	**$ 429,525**	$ 372,446	15.3	**$ 367,952**	$ 353,397	4.1
NOI margin	**65.3 %**	65.0 %		**65.0 %**	64.6 %	

[1] Represents the year-over-year percentage change.

[2] Comprises R&M, wages, general and administrative, insurance, advertising, legal costs and bad debt.

[3] Bad debt, previously offset against revenues, has now been reclassified under other expenses in net operating income to conform with current presentation.

Operating Revenues

For the three and nine months ended September 30, 2020, 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 months ended September 30, 2020 increased compared to the same period last year, primarily due to increases in utility costs partially offset by lower other operating expenses. The stabilized other operating expenses for the three months ended September 30, 2020 decreased primarily due to lower R&M costs driven by the reduced ability to complete work given restrictions and limitations imposed in connection with the COVID-19 pandemic.

The stabilized operating expenses for the nine months ended September 30, 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 Ontario, British Columbia, Alberta and Québec. The stabilized other operating expenses for the nine months ended September 30, 2020 increased primarily due to higher bad debt, advertising costs and wages, partially offset by reductions in R&M expenses. The increased bad debt was driven by the economic instability caused by the COVID-19 pandemic leading to some commercial tenants and residential tenants forgoing rent payments. The increased advertising costs were also due to the COVID-19 pandemic in an effort to increase occupancies in some weakened markets.

NOI Margin

For the three months ended September 30, 2020, NOI margin for the total portfolio increased to 66.9%. For the nine months ended September 30, 2020, NOI margin for the total portfolio increased to 65.3%.

NON-IFRS FINANCIAL PERFORMANCE

For the three months ended September 30, 2020, basic NFFO per Unit increased by 5.6% compared to the same period last year. For the nine months ended September 30, 2020, basic NFFO per Unit increased by 6.3% compared to the same period last year despite an approximate 8.8% increase in the weighted average number of Units outstanding resulting from the January, April and December 2019 equity offerings (see Liquidity and Financial Condition in Section V of the 2020 Q3 MD&A). 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, 2020, CAPREIT made property capital investments (excluding head office assets) of $141.7 million compared to $154.7 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

On October 1, 2020, CAPREIT completed the acquisition of a portfolio of three MHCs in Wingham, Midland and Espanola, Ontario aggregating 169 MHC sites. CAPREIT paid $9.0 million for the three properties, funded by cash and the assumption of approximately $4.0 million in existing mortgages.

On October 1, 2020, ERES closed on its acquisition of a multi-residential portfolio of five properties located in the Netherlands, comprised of 113 residential suites. The purchase price of $41.0 (€26.3) million, was financed with cash on hand and a draw on the ERES Credit Facility, with ultimate funding to come from long-term mortgage financing.

On October 8, 2020, CAPREIT completed buyout of an existing operating lease for a property located near Yonge Street and Lawrence Avenue in midtown Toronto, converting the ownership to a traditional fee simple property interest. The net buyout price was approximately $7.8 million, funded by cash.

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 nine months ended September 30, 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, November 10, 2020 at 9:00 am EST. The telephone numbers for the conference call are: Local/ International: (778) 560-2627, North American Toll Free: (833) 714-0874. The conference access code is 7396279#.

A slide presentation to accompany Management's comments during the conference call will be available 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 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 57,000 suites, including townhomes and manufactured housing sites, in Canada and, indirectly through its investment in ERES, approximately 5,800 suites in the Netherlands. CAPREIT manages approximately 61,200 of its owned suites in Canada and Netherlands, and additionally approximately 3,800 suites in Ireland as at September 30, 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 November 9, 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. These impacts may include 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. 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 9, 2020. The information in this press release is based on information available to management as of November 9, 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

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

CAPREIT
Mr. Mark Kenney
President & CEO
(416) 861-9404

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

SELECTED FINANCIAL INFORMATION

Condensed Balance Sheets

As at ($ Thousands)	September 30, 2020	December 31, 2019
Investment properties	**$ 14,255,459**	$ 13,096,426
Total assets	**14,944,275**	14,017,949
Mortgages payable	**4,784,071**	4,308,572
Bank indebtedness	**595,021**	623,893
Total liabilities	**6,129,207**	5,614,054
Unitholders' equity	**8,815,068**	8,403,895

Condensed Income Statements

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ Thousands, except per Unit amounts)	**2020**	2019	**2020**	2019
Operating revenues				
Revenue from investment properties	**$ 221,420**	$ 199,417	**$ 657,405**	$ 572,598
Operating expenses				
Realty taxes	**(20,591)**	(18,853)	**(61,183)**	(55,065)
Property operating costs	**(52,595)**	(47,720)	**(166,697)**	(145,087)
	(73,186)	(66,573)	**(227,880)**	(200,152)
Net rental income	**148,234**	132,844	**429,525**	372,446
Trust expenses	**(9,984)**	(10,752)	**(31,639)**	(32,068)
Transaction costs	**—**	—	**—**	(8,527)
Unit-based compensation expense	**(694)**	(5,876)	**(1,487)**	(13,416)
Fair value adjustments of investment properties	**233,437**	263,640	**197,465**	473,576
Realized loss on disposition of investment properties	**(634)**	—	**(1,387)**	—
Amortization of property, plant and equipment	**(1,939)**	(1,593)	**(5,663)**	(4,550)
Gain (loss) on non-controlling interest	**(15,913)**	(33,248)	**19,116**	(39,947)
Fair value adjustments of investments	**(348)**	2,696	**(3,435)**	8,892
(Loss) gain on derivative financial instruments	**(25,800)**	11,096	**(26,758)**	7,307
Interest and other financing costs	**(36,314)**	(35,218)	**(108,021)**	(100,098)
(Loss) gain on foreign currency translation	**11,730**	11,668	**(19,962)**	35,260
Other income	**5,515**	4,971	**9,254**	20,017
Net income before income taxes	**308,644**	340,228	**458,362**	718,892
Current and deferred income tax expense	**(8,569)**	(9,887)	**(17,392)**	(15,712)
Net income	**$ 300,075**	$ 330,341	**$ 440,970**	$ 703,180
Other comprehensive income (loss)	**$ 29,233**	$ (28,361)	**$ 91,286**	$ (62,587)
Comprehensive income	**$ 329,308**	$ 301,980	**$ 532,256**	$ 640,593

SELECTED NON-IFRS FINANCIAL MEASURES

A reconciliation of net income to NFFO is as follows:

($ Thousands, except per Unit amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	**2020**	2019
Net income	**$ 300,075**	$ 330,341	**$ 440,970**	$ 703,180
Adjustments:				
Fair value adjustments of investment properties	**(233,437)**	(263,640)	**(197,465)**	(473,576)
Realized loss on disposition of investment properties	**634**	—	**1,387**	—
Remeasurement of Exchangeable Units	**(1,354)**	—	**(1,354)**	—
Remeasurement of investments	**348**	(2,696)	**3,435**	(8,892)
Remeasurement of unit-based compensation liabilities	**(1,236)**	4,437	**(3,998)**	8,396
Interest on Exchangeable Units	**218**	—	**218**	—
Deferred income taxes [1]	**7,698**	9,458	**15,735**	16,311
Loss (gain) on foreign currency translation	**(11,730)**	(11,668)	**19,962**	(35,260)
FFO adjustment for income from equity-accounted investments	**(56)**	—	**7,634**	(6,027)
(Loss) gain on derivative financial instruments	**25,800**	(11,096)	**26,758**	(7,307)
Fair value mark-to-market adjustment on ERES units held by non-controlling unitholders	**12,722**	32,399	**(28,459)**	38,343
Distributions on ERES units held by non-controlling unitholders	**3,191**	849	**9,343**	1,604
Net FFO impact attributable to ERES units held by non-controlling unitholders [2]	**(4,178)**	(865)	**(12,051)**	(2,071)
Amortization of property, plant and equipment	**1,939**	1,593	**5,663**	4,550
Lease principal repayment	**(292)**	(252)	**(867)**	(1,013)
Transaction costs [3]	**—**	—	**—**	8,527
FFO	**$ 100,342**	$ 88,860	**$ 286,911**	$ 246,765
Adjustments:				
Amortization of losses from (AOCL) AOCI to interest and other financing costs	**629**	653	**1,896**	1,919
Net mortgage prepayment cost	**143**	—	**166**	345
Other employee costs [4]	**—**	—	**—**	751
NFFO	**$ 101,114**	$ 89,513	**$ 288,973**	$ 249,780
NFFO per unit – basic	**$ 0.589**	$ 0.558	**$ 1.692**	$ 1.591
NFFO per unit – diluted	**$ 0.588**	$ 0.556	**$ 1.686**	$ 1.586
Total distributions declared [5]	**$ 59,484**	$ 55,535	**$ 177,503**	$ 162,487
NFFO payout ratio [6]	**58.8 %**	62.0 %	**61.4 %**	65.1 %
Net distributions paid [5]	**$ 42,013**	$ 37,438	**$ 127,188**	$ 110,715
Excess NFFO over net distributions paid	**$ 59,101**	$ 52,075	**$ 161,785**	$ 139,065
Effective NFFO payout ratio [7]	**41.6 %**	41.8 %	**44.0 %**	44.3 %

[1] The 2020 figures consist of $7.7 million and $14.6 million of deferred income tax expenses as well as $nil and $1.2 million of current income taxes on the disposition of a German investment property, for the three and nine months ended September 30, 2020 respectively. The figure for the nine months ended September 30, 2019 consists of $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 $1.7 million of deferred income tax recovery for the nine months ended September 30, 2019.

[2] This calculation is based on the weighted-average ownership held by ERES non-controlling 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 and nine months ended September 30, 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:

($ Thousands, except per Unit amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,		Actual Annual
	2020	**2019 [9]**	**2020**	**2019 [9]**	**2019**
Cash generated from operating activities	**$ 126,567**	$ 121,748	**$ 380,214**	$ 304,308	458,564
Adjustments:					
Working capital adjustment [1]	**18,116**	—	**18,116**	8,485	8,485
Interest expense included in cash flow from financing activities [2]	**(32,544)**	(33,508)	**(96,787)**	(91,569)	(119,609)
Forecasted non-discretionary property capital investments [3]	**(16,995)**	(17,503)	**(50,693)**	(49,399)	(65,532)
Capitalized leasing costs [4]	**(1,034)**	(1,429)	**(1,674)**	(1,282)	(1,518)
Amortization of other financing costs [5]	**(2,063)**	(2,415)	**(6,703)**	(6,179)	(8,601)
Transactions costs [6]	**—**	—	**—**	8,527	8,527
Investment income	**4,498**	4,289	**10,902**	8,944	10,039
Net ACFO impact attributed to ERES units held by non-controlling unitholders [7]	**(5,597)**	(786)	**(10,950)**	(1,673)	(4,179)
Lease principal and interest repayments	**(1,418)**	(662)	**(4,247)**	(2,256)	(3,402)
Tax on disposition [8]	**—**	—	**1,155**	—	—
ACFO	**$ 89,530**	$ 69,734	**$ 239,333**	$ 177,906	$ 282,774
Total distributions declared	**$ 59,484**	$ 55,535	**$ 177,503**	$ 162,487	$ 219,206
Excess ACFO over distributions declared	**$ 30,046**	$ 14,199	**$ 61,830**	$ 15,419	$ 63,568
ACFO payout ratio	**66.4%**	79.6%	**74.2%**	91.3%	77.5%

[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 current income tax payment of $18.1 million relating to current income tax expense triggered on the Acquisition was added back for the three and nine months ended September 30, 2020. The one-time special distribution to the pre-existing unitholders of ECREIT was added back for the nine months ended September 30, 2019 and annual 2019.

[2] Excludes interest with respect to leases, distributions to ERES non-controlling unitholders, and holders of Exchangeable LP Units.

[3] Non-discretionary property capital investments for the three and nine months ended September 30, 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 $1,113 and $1,221 respectively. The weighted average number of residential suites and sites for the nine months ended September 30, 2020 and 2019 is 60,705 and 53,948, respectively. For a reconciliation of actual non-discretionary property capital investments incurred during the period to forecast, see the table on the next page.

[4] Comprises tenant inducements and direct leasing costs.

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

[6] Relates to expensed transaction costs associated with the Acquisition.

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

[8] Represents $1.2 million of income tax expenses on the disposition of a German investment property for the nine months ended September 30, 2020.

[9] Certain 2019 comparative figures have been adjusted to conform with current period presentation.