CAPREIT Reports Continued Growth and Strong Operating Performance in First Quarter of 2021

TORONTO, ONTARIO, (Globe Newswire) – May 13, 2021 -- 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, 2021.

HIGHLIGHTS:

For the Three Months Ended March 31,	2021	2020 [5]
Portfolio Performance		
Overall portfolio occupancy [1]	**97.3 %**	98.2 %
Overall portfolio net Average Monthly Rents [1] [2]	**$ 1,115**	$ 1,105
Operating revenues (000s)	**$ 227,506**	$ 216,060
Net rental income ("NOI") (000s)	**$ 146,652**	$ 138,058
NOI Margin	**64.5 %**	63.9 %
Financial Performance		
Normalized Funds from Operations ("NFFO") (000s) [3]	**$ 95,942**	$ 93,147
NFFO per Unit – basic [3]	**$ 0.556**	$ 0.547
Cash distributions per Unit	**$ 0.345**	$ 0.345
FFO payout ratio [3]	**63.1 %**	63.7 %
NFFO payout ratio [3]	**62.3 %**	63.3 %
Liquidity and Leverage		
Total debt to gross book value [1]	**35.21 %**	35.86 %
Total debt to gross historical cost [1]	**49.78 %**	48.98 %
Weighted average mortgage interest rate [1]	**2.58 %**	2.82 %
Weighted average mortgage term (years) [1]	**5.62**	4.92
Debt service coverage (times) [4]	**1.99**	1.97
Interest coverage (times) [4]	**3.95**	3.86
Available liquidity – Acquisition and Operating Facility (000s) [1]	**$ 578,349**	$ 99,192
Cash and cash equivalents (000s) [1]	**$ 51,534**	$ 182,256

[1] As at March 31.

[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 2020 comparative figures have been adjusted to conform with current period presentation.

For the Three Months Ended March 31,	2021	2020
Other Measures		
Weighted average number of Units - basic (000s)	**172,469**	170,206
Number of residential suites and sites acquired	**—**	1,724
Number of suites disposed	**—**	6
Closing price of Trust Units [1]	**$ 53.86**	$ 42.59
Market capitalization (millions) [1]	**$ 9,336**	$ 7,258

[1] As at March 31.

SUMMARY OF Q1- 2021 RESULTS OF OPERATIONS

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 months ended March 31, 2021 increased by 3.4% on 4.4% of the Canadian portfolio, compared to an increase of 13.5% on 3.3% of the Canadian portfolio for the three months ended March 31, 2020. The reduced increases are primarily due to the impact of the COVID-19 pandemic on the overall rental market.
- On renewals, monthly residential rents for the three months ended March 31, 2021 increased by 0.9% on 9.3% of the Canadian portfolio, compared to 2.2% on 17.6% of the Canadian portfolio for the three months ended March 31, 2020. The reduced increases are primarily due to rent freezes enacted as a result of the COVID-19 pandemic
- Net AMR for the stabilized portfolio as at March 31, 2021 increased by 0.9% compared to March 31, 2020, while occupancies slightly decreased to 97.2%
- NOI increased by 2.4% for the stabilized portfolio for the three months ended March 31, 2021, compared to a NOI increase of 5.7% for the stabilized portfolio for the three months ended March 31, 2020
- NOI margin for the total portfolio increased to 64.5% for the three months ended March 31, 2021 from 63.9% for the three months ended March 31, 2020
- NFFO per unit was up 1.6% for the three months ended March 31, 2021 compared to last year

Strong and Flexible Balance Sheet

- CAPREIT's financial position remains strong, with $578.3 million of available liquidity on CAPREIT's Acquisition and Operating Facility
- 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 $38.4 million for the three months ended March 31, 2021, with top-ups of $29.0 million with a weighted average term to maturity of 7.6 years and a weighted average interest rate of 2.23% and discharges of $79.7 million
- For the three months ended March 31, 2021, excluding the impact of foreign exchange loss of $125.3 million, the fair value of investment properties increased by $53.3 million, or 0.4%

"Following another year of record performance in 2020, our growth and strong operating performance continued in the first quarter of the new year," commented Mark Kenney, President and CEO. "Looking ahead, we are confident we will see another strong year in 2021 as we capitalize on our proven asset allocation strategy and operating platform, the stability of our balance sheet and record levels of liquidity, and the continuing strength and resiliency of the residential rental sector of the Canadian real estate business."

OPERATIONAL AND FINANCIAL RESULTS

Portfolio Net Average Monthly Rents

As at March 31,	Total Portfolio				Properties Owned Prior to March 31, 2020			
	2021		2020		2021		2020	
	AMR	Occ. %	AMR	Occ. %	AMR	Occ. %	AMR	Occ. %
Average residential suites	$ 1,284	97.6	$ 1,275	98.7	$ 1,287	97.6	$ 1,276	98.7
Average MHC sites	$ 394	95.9	$ 386	95.8	$ 394	95.9	$ 386	95.8
Overall portfolio average	$ 1,115	97.3	$ 1,105	98.2	$ 1,115	97.2	$ 1,105	98.2

The rate of growth in stabilized Net AMR has been primarily due to (i) rental increases on turnover in the strong rental markets of Ontario and British Columbia, slightly offset by an increase in vacancy seen in Nova Scotia, and a currently weakening Alberta market, both due to economic impacts related to the COVID-19 pandemic and (ii) increases on renewals. Weighted average gross rent per square foot for Canadian residential suites was approximately $1.65 as at March 31, 2021.

Canadian Portfolio

For the Three Months Ended March 31,	2021			2020		
	Change in monthly rent		Turnovers and Renewals [1]	Change in monthly rent		Turnovers and Renewals [1]
	$	%	%	$	%	%
Suite turnovers	**48.1**	**3.4**	**4.4**	177.3	13.5	3.3
Lease renewals	**10.6**	**0.9**	**9.3**	28.0	2.2	17.6
Weighted average of turnovers and renewals	**22.6**	**1.7**		51.6	4.0	

[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

For the Three Months Ended March 31,	2021			2020		
	Change in monthly rent		Turnovers and Renewals [1]	Change in monthly rent		Turnovers and Renewals [1]
	€	%	%	€	%	%
Suite turnovers	**118.3**	**13.7**	**3.8**	65.4	7.7	4.1
Lease renewals	**—**	**—**	**—**	—	—	—
Weighted average of turnovers and renewals	**118.3**	**13.7**		65.4	7.7	

[1] 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 portfolio (excluding co-ownerships) during the three months ended March 31, 2021 resulted in monthly rent increasing by approximately $48 or 3.4% compared to an increase of approximately $177 or 13.5% for for the same period last year, primarily due to the strong rental markets in Ontario, Nova Scotia, and British Columbia. The reduced turnover increases are mainly due to the impact of the COVID-19 pandemic as discussed in Section II of the 2021 Q1 MD&A under The COVID-19 Pandemic.

Monthly rents on lease renewals on the Canadian residential portfolio (excluding co-ownerships) for the three months ended March 31, 2021 resulted in monthly rent increasing by approximately $11 or 0.9% compared to an increase of approximately $28 or 2.2% for for the same period last year. Management believes the reduced renewal increases are mainly due to the impact of the COVID-19 pandemic rent freezes as discussed in Section II of the 2021 Q1 MD&A under The COVID-19 Pandemic.

For the Netherlands portfolio, suite turnovers in the residential suite portfolio during the three months ended March 31, 2021 resulted in monthly rent increasing by approximately €118 or 13.7% compared to an increase of approximately €65 or

7.7% for the same period last year. As the Netherlands lease renewals occur once a year in July, there were no renewals increases for the three months ended March 31, 2021 and 2020. The tenant notices for rent renewal increases beginning on July 1, 2021, with a weighted average rental increase of 2.3%, have been served to 94% of the Dutch liberalized residential suites, which comprise 58.5% of the total Netherlands portfolio.

Given the current market environment with the COVID-19 pandemic, there is a high level of uncertainty establishing current market rents. As such it is difficult to estimate the differential between market rents and current rents. Management expects market rents to stabilize in the medium term.

Estimated Net Rental Revenue Run-Rate

CAPREIT's annualized net rental revenue run-rate as at March 31, 2021 grew to $863.5 million, up 2.7% from $840.6 million. Net rental revenue net of dispositions for the 12 months ended March 31, 2021 was $841.9 million (March 31, 2020 – $770.0 million). For further discussion regarding forecasts and guidance as a result of the COVID-19 pandemic, please see Section II of the 2021 Q1 MD&A under The COVID-19 Pandemic for further details.

NOI

Stabilized properties for the three months ended March 31, 2021 are defined as all properties owned by CAPREIT continuously since December 31, 2019, and therefore do not take into account the impact on performance of acquisitions or dispositions completed during 2021 and 2020.

($ Thousands)	Total NOI			Stabilized NOI		
For the Three Months Ended March 31,	**2021**	**2020**	**% [1]**	**2021**	**2020**	**% [1]**
Total operating revenues	**$ 227,506**	$ 216,060	5.3	**$ 215,253**	$ 211,537	1.8
Operating expenses						
Realty taxes	**(21,810)**	(19,868)	9.8	**(20,585)**	(19,326)	6.5
Utilities	**(20,174)**	(18,743)	7.6	**(19,132)**	(18,246)	4.9
Other [2]	**(38,870)**	(39,391)	(1.3)	**(36,791)**	(38,534)	(4.5)
Total operating expenses	**$ (80,854)**	$ (78,002)	3.7	**$ (76,508)**	$ (76,106)	0.5
NOI	**$ 146,652**	$ 138,058	6.2	**$ 138,745**	$ 135,431	2.4
NOI margin	**64.5 %**	63.9 %		**64.5 %**	64.0 %	

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

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

Operating Revenues

For the three months ended March 31, 2021, total operating revenues for the total and stabilized portfolios increased compared to the same period last year, due to increases in monthly rents on renewals and turnovers, slightly offset by higher vacancy rates and increases in tenant inducements mainly in the Greater Toronto Area. Contributions from acquisitions further contributed to higher operating revenues for the total portfolio.

Operating Expenses

The stabilized operating expenses for the three months ended March 31, 2021 increased slightly compared to the same period last year primarily due to higher realty taxes, utility costs, bad debt, and insurance costs, partially offset by lower R&M costs. The increased realty taxes were due to higher property assessment values in Québec. 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 insurance costs were driven by higher insurance rates. The reduced R&M costs were primarily due to the decreased ability to complete work given restrictions and limitations imposed in connection with the COVID-19 pandemic.

NOI Margin

For the three months March 31, 2021, the NOI margin on the total portfolio was 64.5% compared to 63.9% for the same period last year.

NON-IFRS FINANCIAL PERFORMANCE

For the three months ended March 31, 2021, basic NFFO per Unit increased by 1.6% compared to the same period last year, despite an approximate 1.3% increase in the weighted average number of Units outstanding. 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, 2021, CAPREIT made property capital investments (excluding head office assets) of $52.7 million compared to $42.7 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 April 15, 2021, CAPREIT completed the buyout of an existing operating lease for a property located in midtown Toronto, Ontario, converting the ownership to a traditional fee simple property interest. The net buyout price was approximately $4.2 million, funded by cash.

On May 5, 2021, CAPREIT completed the acquisition of a portfolio of four apartment properties totalling 484 suites in Oshawa, Ontario. The purchase price of $103.7 million was funded from CAPREIT's Acquisition and Operating Facility.

On May 13, 2021, CAPREIT filed a base shelf prospectus in connection with the qualification to offer for sale and issue up to $2.0 billion of securities.

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 ended March 31, 2021, 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 Friday, May 14, 2021 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 6047809#.

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 Canada's largest publicly-traded provider of quality rental housing. CAPREIT currently owns or has interests in, and manages, approximately 67,600 residential apartment suites, townhomes and manufactured housing community sites well-located across Canada, in the Netherlands and Ireland. For more information about CAPREIT, its business and its investment highlights, please visit 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 13, 2021, 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 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 May 13, 2021. The information in this press release is based on information available to management as of May 13, 2021. 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, 2021	December 31, 2020
Investment properties	**$ 14,928,667**	$ 15,000,591
Total assets	**15,371,428**	15,499,131
Mortgages payable	**5,254,638**	5,401,202
Bank indebtedness	**169,534**	118,553
Total liabilities	**6,104,826**	6,225,429
Unitholders' equity	**9,266,602**	9,273,702

Condensed Income Statements

($ Thousands, except per Unit amounts) **For the Three Months Ended March 31,**	2021	2020
Operating revenues		
Revenue from investment properties	**$ 227,506**	$ 216,060
Operating expenses		
Realty taxes	**(21,810)**	(19,868)
Property operating costs	**(59,044)**	(58,134)
Total operating expenses	**(80,854)**	(78,002)
Net rental income	**146,652**	138,058
Trust expenses	**(13,576)**	(11,364)
Unit-based compensation (expense) recovery	**(4,486)**	5,252
Fair value adjustments of investment properties	**(7,079)**	(31,919)
Realized loss on disposition of investment properties	**—**	(753)
Amortization of property, plant and equipment	**(2,012)**	(1,771)
Fair value adjustments of Exchangeable LP Units	**(1,287)**	—
(Loss) gain on non-controlling interest	**(15,788)**	69,679
Fair value adjustments of investments	**3,044**	(6,870)
Gain on derivative financial instruments	**30,522**	6,489
Interest and other financing costs	**(36,630)**	(34,796)
Loss on foreign currency translation	**(934)**	(53,808)
Other income	**5,203**	6,943
Net income before income taxes	**103,629**	85,140
Current and deferred income tax recovery (expense)	**433**	(5,507)
Net income	**$ 104,062**	$ 79,633
Other comprehensive (loss) income	**$ (76,474)**	$ 86,036
Comprehensive income	**$ 27,588**	$ 165,669

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,		2021		2020
Net income	**$**	**104,062**	$	79,633
Adjustments:				
Fair value adjustments of investment properties		**7,079**		31,919
Realized loss on disposition of investment properties		**—**		753
Remeasurement of Exchangeable LP Units		**1,287**		—
Remeasurement of investments		**(3,044)**		6,870
Remeasurement of unit-based compensation liabilities		**2,681**		(6,939)
Interest on Exchangeable LP Units		**115**		—
Deferred income tax (recovery) expense [1]		**(1,137)**		5,081
Loss (gain) on foreign currency translation		**934**		53,808
Gain on derivative financial instruments		**(30,522)**		(6,489)
Fair value mark-to-market adjustment on ERES units held by non-controlling unitholders		**12,579**		(72,693)
Distributions on ERES units held by non-controlling unitholders		**3,209**		3,014
Net FFO impact attributable to ERES units held by non-controlling unitholders [2]		**(4,283)**		(4,099)
Amortization of property, plant and equipment		**2,012**		1,771
Lease principal repayment		**(288)**		(116)
FFO	**$**	**94,684**	$	92,513
Adjustments:				
Amortization of losses from (AOCL) AOCI to interest and other financing costs		**620**		634
Acquisition research costs [3]		**638**		—
NFFO	**$**	**95,942**	$	93,147
NFFO per unit – basic	**$**	**0.556**	$	0.547
NFFO per unit – diluted	**$**	**0.554**	$	0.545
Total distributions declared [4]	**$**	**59,738**	$	58,942
NFFO payout ratio [5]		**62.3 %**		63.3 %
Net distributions paid [4]	**$**	**40,924**	$	39,899
Excess NFFO over net distributions paid	**$**	**55,018**	$	53,248
Effective NFFO payout ratio [6]		**42.7 %**		42.8 %

[1] The adjustment for the three months ended March 31, 2020 consists of $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.

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

[3] Expenses included in trust expenses and related to transactions that were not completed.

[4] 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, 2021.

[5] The payout ratio compares distributions declared to NFFO.

[6] 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)				Annual
For the Three Months Ended March 31,	**2021**	**2020 [9]**		**2020**
Cash generated from operating activities	**$ 123,312**	103,503	$	481,356
Adjustments:				
Working capital adjustment [1]	**—**	—		18,116
Interest expense included in cash flow from financing activities [2]	**(32,323)**	(33,213)		(130,398)
Forecasted non-discretionary property capital investments [3]	**(19,652)**	(18,143)		(70,545)
Capitalized leasing costs [4]	**(2,472)**	(209)		(3,909)
Amortization of other financing costs [5]	**(2,265)**	(2,218)		(23,725)
Investment income [6]	**394**	6,220		11,670
Net ACFO impact attributed to ERES units held by non-controlling unitholders [7]	**(4,308)**	(3,888)		(13,346)
Lease principal and interest repayments	**(1,404)**	(806)		(5,664)
Tax on disposition [8]	**—**	1,155		1,155
ACFO	**$ 61,282**	$ 52,401	$	264,710
Total distributions declared	**$ 59,738**	$ 58,942	$	237,103
Excess (deficit) ACFO over distributions declared	**$ 1,544**	$ (6,541)	$	27,607
ACFO payout ratio	**97.5%**	112.5%		89.6%

[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 current income tax payment of $18.1 million relating to current income tax expense triggered on the acquisition of ECREIT on March 29, 2019 was added back for the year ended December 31, 2020.

[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 months ended March 31, 2021 and 2020 has been calculated as follows: Non-Discretionary Property Capital Investments per suite and site are based on the annual 2021 and 2020 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 2021 and 2020 on an annual basis is $1,262 and $1,220 respectively. The weighted average number of residential suites and sites for the three months ended March 31, 2021 and 2020 is 62,296 and 60,110, 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.

[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] The investment income for the three months ended March 31, 2020 includes $4.4 million dividend paid by IRES.

[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 three months ended March 31, 2021.

[9] Certain 2020 comparative figures have been adjusted to conform with current period presentation.