CAPREIT Reports Third Quarter 2022 Results

TORONTO, ONTARIO, (Globe Newswire) – November 8, 2022 - Canadian Apartment Properties Real Estate Investment Trust ("CAPREIT") (TSX: CAR.UN) announced today continued growth and strong operating and financial results for the three and nine months ended September 30, 2022. Management will host a conference call to discuss the financial results on Wednesday, November 9, 2022 at 9:00 a.m. EST.

HIGHLIGHTS:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Portfolio Performance				
Overall portfolio occupancy [1]			**98.1 %**	97.9 %
Overall portfolio net Average Monthly Rents [1], [2]			**$ 1,182**	$ 1,143
Operating revenues (000s)	**$ 252,032**	$ 236,097	**$ 750,353**	$ 692,459
Net Operating Income ("NOI") (000s)	**$ 166,644**	$ 158,126	**$ 485,909**	$ 456,564
NOI margin	**66.1 %**	67.0 %	**64.8 %**	65.9 %
Financial Performance				
Normalized Funds from Operations ("NFFO") (000s) [3]	**$ 106,562**	$ 105,819	**$ 307,055**	$ 301,841
NFFO per Unit – basic [3]	**$ 0.612**	$ 0.610	**$ 1.753**	$ 1.745
Cash distributions per Unit	**$ 0.363**	$ 0.357	**$ 1.087**	$ 1.047
NFFO payout ratio [3]	**59.1 %**	58.8 %	**62.0 %**	60.2 %
Liquidity and Leverage				
Total debt to gross book value [1], [3]			**39.4 %**	37.2 %
Total debt to gross historical cost [1], [3]			**54.0 %**	52.5 %
Weighted average mortgage interest rate [1]			**2.59 %**	2.55 %
Weighted average mortgage term (years) [1]			**5.6**	5.7
Debt service coverage (times) [3], [4]			**1.9x**	2.0x
Interest coverage (times) [3], [4]			**3.8x**	4.0x
Available liquidity – Acquisition and Operating Facility (000s) [1]			**$ 312,578**	$ 243,282
Cash and cash equivalents (000s) [1]			**$ 101,295**	$ 138,438

[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 International Financial Reporting Standards ("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 Measures" and the reconciliations provided in this press release.

[4] Based on the trailing four quarters.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Other Measures				
Weighted average number of Units - basic (000s)	**174,196**	173,495	**175,166**	172,975
Number of residential suites and sites acquired	**300**	1,463	**1,537**	3,122
Number of suites disposed [1]	**254**	87	**1,129**	87
Net Asset Value per unit - diluted [2], [3]			**$ 56.44**	$ 56.71
Closing price of Trust Units on the TSX [3]			**$ 42.10**	$ 59.11
Market capitalization (millions) [3], [4]			**$ 7,258**	$ 10,366

[1] Includes CAPREIT's 50% interest in 370 apartment suites.

[2] This measure is not defined by IFRS, does 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 Measures" and the reconciliations provided in this press release.

[3] As at September 30.

[4] Market capitalization is determined by taking all units outstanding (including all unit-based compensation plans) and multiplying by the closing price of the Trust Units at period end.

SUMMARY OF Q3 - 2022 RESULTS OF OPERATIONS

Key Transactions and Events

- CAPREIT continues to invest in accretive opportunities with total acquisitions for the three months ended September 30, 2022, amounting to $127.9 million comprised of 300 suites located in Canada.
- Total dispositions for the three months ended September 30, 2022 of $91.2 million, which included 253 suites located in the Greater Toronto Area and a single residential suite in the Netherlands. CAPREIT will continue to consider opportunities where it can strategically access attractive equity capital for redeployment into more accretive growth opportunities, including acquiring new build assets, repurchasing Trust Units for cancellation under our current normal course issuer bid ("NCIB") program, and repaying debt.
- During the three and nine months ended September 30, 2022, CAPREIT purchased and cancelled approximately 3.0 million and 4.4 million Trust Units, respectively, under the NCIB program, at a weighted average purchase price of $45.18 and $46.03 per Trust Unit, respectively, for a total cost of $134.7 million and $201.8 million, respectively.

Strong Operating Results

- On turnovers, monthly residential rents for the three and nine months ended September 30, 2022 increased by 14.1% on 5.1% of the Canadian portfolio and 12.0% on 13.0% of the Canadian portfolio, respectively, compared to an increase of 6.0% on 7.5% of the Canadian portfolio and 5.0% on 16.6% of the Canadian portfolio, respectively, for the three and nine months ended September 30, 2021.
- Net Average Monthly Rent ("Net AMR") for the same property portfolio as at September 30, 2022 increased by 2.8% compared to September 30, 2021.
- Net operating income ("NOI") increased by 1.6% and 0.7%, respectively, for the same property portfolio for the three and nine months ended September 30, 2022, compared to an NOI increase of 1.1% and 2.1%, respectively, for the same property portfolio for the three and nine months ended September 30, 2021.

Strong and Flexible Balance Sheet

- CAPREIT's financial position remains strong, with over $413.9 million of available liquidity, comprising $101.3 million of cash and cash equivalents and $312.6 million of available capacity on CAPREIT's Acquisition and Operating Facility.
- Management expects to raise between $800 million and $850 million in total mortgage renewals and refinancings for the Canadian portfolio for 2022, excluding financings on acquisitions. To date, we have raised over $600 million for the Canadian portfolio.
- CAPREIT closed consolidated mortgage refinancings of $718.6 million for the nine months ended September 30, 2022, with top-ups net of discharges totalling $291.5 million. The mortgages refinanced have a weighted average term to maturity of 8.7 years and a weighted average interest rate of 3.16%.

- For the three and nine months ended September 30, 2022 the fair value of investment properties increased by $20.0 million and decreased by $207.4 million, respectively. The fair value of investment properties driven by remeasurement decreased by $95.7 million and $542.8 million, respectively, for the three and nine months ended September 30, 2022, primarily driven by capitalization rate expansion in the Canadian portfolio, partially offset by higher stabilized NOI.
- Diluted NAV per unit as at September 30, 2022 slightly decreased to $56.44 from $56.66 as at June 30, 2022, reflecting an increase in borrowings on the Acquisition and Operating Facility and a decrease in investment property values across the Canadian portfolio, partially offset by the effects of accretive purchases of Trust Units for cancellation through the NCIB program.

"Continued robust rental uplifts on turnover, strengthening average monthly rents, combined with our accretive acquisition and portfolio repositioning programs, generated further increases in our revenues, net operating income and NFFO in the third quarter and first nine months of the year," commented Mark Kenney, President and CEO. "Looking ahead, 2023 is shaping up to be another record year for CAPREIT as we continue to capitalize on the strong fundamentals in our targeted residential rental markets."

"In September we were very proud to celebrate 25 years of growth and performance," Mr. Kenney continued. "Since its founding in 1997, CAPREIT has grown from only 2,900 suites in Ontario to where we now have interests in approximately 67,000 apartment suites, townhomes and land lease community sites, well-located in major markets across Canada and internationally with a total asset value exceeding $17 billion. By building a modern, high-quality portfolio, investing in our properties, and leveraging the significant experience and commitment of our team, we are confident the next 25 years will generate further exceptional growth and value for our Unitholders."

OPERATIONAL AND FINANCIAL RESULTS

Portfolio Net Average Monthly Rents

As at September 30,	Total Portfolio				Same Property Portfolio [1]			
	2022		2021		2022		2021	
	Net AMR	Occ. %	Net AMR	Occ. %	Net AMR	Occ. %	Net AMR	Occ. %
Average residential suites	$ 1,361	98.7	$ 1,315	98.3	$ 1,351	98.8	$ 1,314	98.4
Average MHC sites	$ 406	95.6	$ 397	95.9	$ 404	95.6	$ 397	95.9
Overall portfolio average	$ 1,182	98.1	$ 1,143	97.9	$ 1,170	98.2	$ 1,138	97.9

[1] Same property AMR includes all properties held as at September 30, 2021, but excludes properties disposed as at September 30, 2022.

The rate of growth in same property Net AMR has been primarily due to (i) rental increases on turnover in the rental markets of Ontario, British Columbia and Nova Scotia, (ii) rental increases on renewals, and (iii) strengthening occupancy rates in all regions with larger improvements found in Québec. Weighted average gross rent per square foot for Canadian residential suites was approximately $1.70 as at September 30, 2022, increased from $1.60 as at September 30, 2021.

Canadian Portfolio

For the Three Months Ended September 30,	2022			2021		
	Change in monthly rent		Turnovers and Renewals [1]	Change in monthly rent		Turnovers and Renewals [1]
	$	%	%	$	%	%
Suite turnovers	**190.3**	**14.1**	**5.1**	81.2	6.0	7.5
Lease renewals	**21.8**	**1.8**	**17.4**	16.6	1.5	14.5
Weighted average of turnovers and renewals	**60.0**	**4.6**		38.6	3.0	

For the Nine Months Ended September 30,	2022			2021		
	Change in monthly rent		Turnovers and Renewals [1]	Change in monthly rent		Turnovers and Renewals [1]
	$	%	%	$	%	%
Suite turnovers	**165.4**	**12.0**	**13.0**	68.8	5.0	16.6
Lease renewals	**19.1**	**1.4**	**78.9**	15.4	1.4	31.7
Weighted average of turnovers and renewals	**39.8**	**2.9**		33.8	2.6	

[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 the period.

The Netherlands Portfolio

For the Three Months Ended September 30,	2022			2021		
	Change in monthly rent		Turnovers and Renewals [1]	Change in monthly rent		Turnovers and Renewals [1]
	€	%	%	€	%	%
Suite turnovers	**176.0**	**18.2**	**3.3**	138.0	15.7	3.5
Lease renewals	**28.6**	**3.2**	**91.5**	22.8	2.3	54.7
Weighted average of turnovers and renewals	**33.7**	**3.7**		29.7	3.1	

For the Nine Months Ended September 30,	2022			2021		
	Change in monthly rent		Turnovers and Renewals [1]	Change in monthly rent		Turnovers and Renewals [1]
	€	%	%	€	%	%
Suite turnovers	**190.0**	**20.6**	**8.5**	133.0	15.4	10.9
Lease renewals	**28.6**	**3.2**	**91.5**	22.8	2.3	54.7
Weighted average of turnovers and renewals	**42.3**	**4.7**		41.1	4.5	

[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 suite portfolio (excluding co-ownerships) during the three and nine months ended September 30, 2022 resulted in monthly rents increase of approximately $190 or 14.1% and $165 or 12.0%, respectively, compared to an increase of approximately $81 or 6.0% and $69 or 5.0%, for the same periods last year, primarily due to the strong rental markets in Ontario, British Columbia, and Nova Scotia.

Monthly rents on lease renewals on the Canadian residential suite portfolio (excluding co-ownerships) resulted in monthly rent increasing by approximately $22 or 1.8% for the three months ended September 30, 2022, and $19 or 1.4%, for the nine months ended September 30, 2022, compared to an increase of approximately $17 or 1.5% and $15 or 1.4%, for both of the same periods last year. As a result of the expiry of the regulatory rent freeze, CAPREIT has served tenant notices to 87.7% and 86.1%, respectively, of its tenants in Ontario and British Columbia, with rent increase of 1.2% and 1.5%, respectively, during the nine months ended September 30, 2022.

For the Netherlands portfolio, suite turnovers in the residential suite portfolio during the three and nine months ended September 30, 2022 resulted in monthly rent increasing by approximately €176 or 18.2% and €190 or 20.6% respectively, compared to an increase of approximately €138 or 15.7% and €133 or 15.4% respectively for the same periods last year. Our Netherlands team is proactively repositioning the vacant suites to make available for leasing and to bring monthly rents to market.

As the Netherlands' lease renewals occur only once a year in July, renewals resulted in an increase of €29 or 3.2% for the three and nine months ended September 30, 2022 compared to an increase of €23 or 2.3% for the same periods last year.

For rent renewal increases due to indexation beginning on July 1, 2022, ERES served tenant notices to 6,499 suites, representing 96% of the residential portfolio, across which the average rental increase due to indexation is 2.95%.

Estimated Net Rental Revenue Run-Rate

CAPREIT's annualized net rental revenue run-rate as at September 30, 2022 grew to $962.4 million, up 4.8% from $917.9 million as at September 30, 2021. Actual net rental revenue excluding net rental revenue from disposed properties for the 12 months ended September 30, 2022 was $928.3 million (for the 12 months ended September 30, 2021 – $861.0 million).

NOI

Same properties for the three and nine months ended September 30, 2022 are defined as all properties owned by CAPREIT continuously since December 31, 2020, and therefore do not take into account the impact on performance of acquisitions or dispositions completed during 2022 and 2021.

($ Thousands)	Total NOI			Same Property NOI		
For the Three Months Ended September 30,	**2022**	**2021**	**% [1]**	**2022**	**2021**	**% [1]**
Total operating revenues	**$ 252,032**	$ 236,097	6.7	**$ 230,391**	$ 223,816	2.9
Operating expenses						
Realty taxes	**(23,262)**	(21,768)	6.9	**(21,064)**	(20,557)	2.5
Utilities	**(15,226)**	(14,261)	6.8	**(14,165)**	(13,197)	7.3
Other [2]	**(46,900)**	(41,942)	11.8	**(42,180)**	(39,467)	6.9
Total operating expenses	**$ (85,388)**	$ (77,971)	9.5	**$ (77,409)**	$ (73,221)	5.7
NOI	**$ 166,644**	$ 158,126	5.4	**$ 152,982**	$ 150,595	1.6
NOI margin	**66.1 %**	67.0 %		**66.4 %**	67.3 %	

($ Thousands)	Total NOI			Same Property NOI		
For the Nine Months Ended September 30,	**2022**	**2021**	**% [1]**	**2022**	**2021**	**% [1]**
Total operating revenues	**$ 750,353**	$ 692,459	8.4	**$ 687,186**	$ 668,270	2.8
Operating expenses						
Realty taxes	**(70,515)**	(65,418)	7.8	**(64,346)**	(62,772)	2.5
Utilities	**(57,210)**	(49,573)	15.4	**(52,593)**	(47,034)	11.8
Other [2]	**(136,719)**	(120,904)	13.1	**(124,481)**	(115,760)	7.5
Total operating expenses	**$ (264,444)**	$ (235,895)	12.1	**$ (241,420)**	$ (225,566)	7.0
NOI	**$ 485,909**	$ 456,564	6.4	**$ 445,766**	$ 442,704	0.7
NOI margin	**64.8 %**	65.9 %		**64.9 %**	66.2 %	

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

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

Operating Revenues

For the three and nine months ended September 30, 2022, total operating revenues for the total and same property portfolios increased compared to the same periods last year, primarily due to increases in monthly rents on turnovers and renewals and decreases in rental vacancies. Contributions from acquisitions, partially offset by dispositions, further contributed to higher operating revenues for the total portfolio.

Operating Expenses

The same property operating expenses for the three and nine months ended September 30, 2022 increased compared to the same periods last year, primarily due to increases in utilities and other operating expenses. The increased utility costs were primarily driven by increased rates for natural gas due to the volatile natural gas market and carbon tax. Same property other operating expenses increased primarily due to R&M costs, partially offset by the lower insurance costs related to claim recoveries. The higher R&M costs were primarily due to (i) the reduced ability to complete work in common area and in-suite maintenance across the portfolio during COVID-19 pandemic lockdowns in the last year compared to this year; (ii) there were certain required interim maintenance costs for the operation of CAPREIT's septic tanks at some MHC sites for which CAPREIT is proactively working on solutions that would allow for the full septic bed replacements at the affected sites that would eliminate these interim maintenance costs; and (iii) higher weather related maintenance costs which were primarily due to the colder weather during winter months, increasing the amount of boilers and other weather-related maintenance needed.

NON-IFRS PERFORMANCE

For the three months ended September 30, 2022, basic NFFO per Unit increased by 0.3% compared to the same period last year, despite an approximate 0.4% increase in the weighted average number of units outstanding. For the nine months ended September 30, 2022, basic NFFO per Unit increased by 0.5% compared to last year, despite an approximate 1.3% increase in the weighted average number of units outstanding. The increase in basic NFFO per Unit was primarily driven by contribution from acquisitions and higher NOI from properties owned prior to December 31, 2020.

PROPERTY CAPITAL INVESTMENTS

During the nine months ended September 30, 2022, CAPREIT made property capital investments (excluding head office assets and development) of $202.4 million compared to $204.4 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.

NORMAL COURSE ISSUER BID

During the three and nine months September 30, 2022, CAPREIT purchased and cancelled approximately 3.0 million and 4.4 million Trust Units, respectively, under the NCIB program, at a weighted average purchase price of $45.18 and $46.03 per Trust Unit, respectively, for a total cost of $134.7 million and $201.8 million, respectively. For the year ended December 31, 2021, the Trust did not have a NCIB program in place and as a result did not purchase and cancel any Trust Units.

ADDITIONAL INFORMATION

More detailed information and analysis is included in CAPREIT's unaudited condensed consolidated interim financial statements and MD&A for the three and nine months ended September 30, 2022, 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.capreit.ca.

Conference Call

A conference call hosted by Mark Kenney, President and Chief Executive Officer, Stephen Co, Chief Financial Officer, and Julian Schonfeldt, Chief Investment Officer, will be held on Wednesday, November 9, 2022 at 9:00 am EST. The telephone numbers for the conference call are: International: (929) 526-1599, North American Toll Free: (844) 200-6205. The conference call access code is 532310#.

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.capreit.ca, click on "For Investors" and follow the link at the top of the page. Please log on at least 15 minutes before the conference call commences.

The call and accompanying slides will also be archived on the CAPREIT website at www.capreit.ca.

About CAPREIT

CAPREIT is Canada's largest publicly-traded provider of quality rental housing. CAPREIT currently owns or has interests in approximately 67,000 residential apartment suites, townhomes and manufactured housing community sites well-located across Canada and the Netherlands with approximately $17 billion of assets under management in Canada and Europe. For more information about CAPREIT, its business and its investment highlights, please visit our website at www.capreit.ca and our public disclosure which can be found under our profile at www.sedar.com.

Non-IFRS Measures

CAPREIT prepares and releases unaudited condensed consolidated interim financial statements and audited consolidated annual financial statements 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 Funds From Operations ("FFO"), Normalized Funds From Operations ("NFFO"), Net Asset Value ("NAV"), Total Debt, Gross Book Value, Gross Historical Cost, and Adjusted Earnings Before Interest, Tax, Depreciation, Amortization and Fair Value ("Adjusted EBITDAFV") (the "Non-IFRS Financial Measures"), as well as FFO per unit and NFFO per unit, Ratio of Total Debt to Gross Book Value, Ratio of Total Debt to Gross Historical Cost, Debt Service Coverage Ratio, and Interest Coverage Ratio (the "Non-IFRS Ratios" and together with the Non-IFRS Financial Measures, the "Non-IFRS Measures"). These Non-IFRS Measures are further defined and discussed in the MD&A released on November 8, 2022, which should be read in conjunction with this press release. Since these measures and related per unit amounts 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, financial condition, and cash flows. These Non-IFRS measures have been assessed for compliance with the new National Instrument 52-112 and 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 acquisitions, dispositions 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", "would", "should", "could", "likely", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "project", "budget", "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 and Dutch economies will generally experience growth, which, however, may be adversely impacted by the global economy and its direct or indirect impacts on the business of CAPREIT. These impacts may include the ability to increase rents and apply for above guideline increases, obtain financings at favourable interest rates; 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 in the long term; 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 8, 2022. The information in this press release is based on information available to management as of November 8, 2022. 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	CAPREIT	CAPREIT
Mr. Mark Kenney	Mr. Stephen Co	Mr. Julian Schonfeldt
President & Chief Executive Officer	Chief Financial Officer	Chief Investment Officer
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SELECTED NON-IFRS MEASURES

A reconciliation of net (loss) income to NFFO is as follows:

($ Thousands, except per Unit amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Net (loss) income	**$ 63,159**	$ 190,213	**$ (141,886)**	$ 747,836
Adjustments:				
Remeasurement of unit-based compensation liabilities	**(1,468)**	1,862	**(10,654)**	7,033
Fair value adjustments of investment properties	**95,680**	(122,974)	**542,788**	(480,462)
Fair value adjustments of Exchangeable LP Units	**(4,568)**	(3,467)	**(29,991)**	(761)
Fair value adjustments of investments	**19,799**	(2,130)	**98,000**	(9,001)
Loss on disposition	**1,238**	20	**3,311**	20
Amortization of property, plant and equipment	**1,939**	2,063	**5,713**	6,144
Fair value mark-to-market adjustment on ERES units held by non-controlling unitholders	**(49,396)**	4,721	**(123,361)**	18,143
Net FFO impact attributable to ERES units held by non-controlling unitholders [1]	**(4,637)**	(4,504)	**(13,567)**	(13,183)
Interest expense on ERES units held by non-controlling unitholders	**3,164**	3,219	**9,557**	9,623
Gain on derivative financial instruments	**(25,248)**	(129)	**(93,670)**	(34,854)
Interest expense on Exchangeable LP Units	**609**	282	**1,826**	511
Lease principal repayment	**(275)**	(307)	**(721)**	(900)
Loss (gain) on foreign currency translation	**3,800**	5,132	**20,952**	5,901
FFO adjustment for income from investment in associate	**—**	—	**—**	(2,211)
Impairment of goodwill	**—**	—	**14,278**	—
Deferred income tax expense	**1,612**	28,961	**17,187**	41,310
FFO	**$ 105,408**	$ 102,962	**$ 299,762**	$ 295,149
Adjustments:				
Reorganization, senior management termination, and retirement costs [2]	**—**	1,215	**6,250**	2,747
Costs relating to transactions that were not completed	**24**	—	**161**	899
Mortgage fair value adjustments, net of mortgage settlement costs on dispositions [3]	**997**	—	**(1,766)**	—
Mortgage prepayment cost	**12**	1,024	**1,354**	1,189
Amortization of losses from (AOCL) AOCI to interest and other financing costs	**121**	618	**1,294**	1,857
NFFO	**$ 106,562**	$ 105,819	**$ 307,055**	$ 301,841
NFFO per unit – basic	**$ 0.612**	$ 0.610	**$ 1.753**	$ 1.745
NFFO per unit – diluted	**$ 0.610**	$ 0.608	**$ 1.748**	$ 1.739
Total distributions declared [4]	**$ 63,005**	$ 62,193	**$ 190,446**	$ 181,811
NFFO payout ratio [5]	**59.1 %**	58.8 %	**62.0 %**	60.2 %
Net distributions paid in cash [4]	**$ 61,575**	$ 42,860	**$ 148,753**	$ 125,902
Excess NFFO over net distributions paid in cash	**$ 44,987**	$ 62,959	**$ 158,302**	$ 175,939
Effective NFFO payout ratio [6]	**57.8 %**	40.5 %	**48.4 %**	41.7 %

[1] For the three and nine months ended September 30, 2022, the adjustment is based on applying the 34% weighted average ownership held by ERES non-controlling unitholders (September 30, 2021 - 34%) to ERES's FFO of $13.6 million (€10.3 million) and $41.1 million (€29.9 million), respectively, (for the three and nine months ended September 30, 2021 - $13.2 million or €8.9 million and $39.5 million or €25.9 million, respectively) and adjusting for $nil million and $1.2 million of acquisition fees for the three and nine months ended September 30, 2022 (for the three and nine months ended September 30, 2021 - $nil million and $0.7 million, respectively) charged by CAPREIT to ERES, which are eliminated upon consolidation.

[2] For the three and nine months ended September 30, 2022, includes $nil million and $1.0 million, respectively, of accelerated vesting of previously granted RUR units.

[3] Represents the fair value adjustment on the mortgages assumed by the purchasers upon disposition of two properties in June 2022.

[4] For a description of distributions declared and net distributions paid, see the Non-IFRS Measures section in the MD&A for the three and nine months ended September 30, 2022.

[5] The payout ratio compares distributions declared to NFFO.
[6] The effective payout ratio compares net distributions paid to NFFO.

Reconciliation of Unitholders' Equity to NAV:

($ Thousands, except per unit amounts)

As at	September 30, 2022	December 31, 2021
Unitholders' equity	**$ 9,832,599**	$ 10,399,886
Adjustments:		
Exchangeable LP Units	**70,694**	100,684
Unit-based compensation financial liabilities excluding ERES's unit options plan	**16,488**	33,994
Net deferred income tax liability [1]	**137,367**	128,964
Net derivative financial asset [2]	**(110,641)**	(26,953)
Goodwill	**—**	(15,133)
Adjustment to ERES non-controlling interest [3]	**(215,972)**	(114,716)
NAV	**$ 9,730,535**	$ 10,506,726
Diluted number of units	**172,393**	175,761
NAV per Unit - diluted	**$ 56.44**	$ 59.78

[1] Represents deferred income tax liability of $141.2 million net of deferred income tax asset of $3.8 million (December 31, 2021 - deferred income tax liability of $134.0 million net of deferred income tax asset of $5.0 million).
[2] Represents non-current and current derivative financial assets of $84.1 million and $26.6 million, respectively, net of non-current and current derivative financial liabilities of $nil and $nil, respectively (December 31, 2021 - non-current and current derivative financial assets of $22.4 million and $8.5 million, respectively, net of non-current and current derivative financial liabilities of $1.2 million and $2.8 million, respectively).
[3] CAPREIT accounts for the non-controlling interest in ERES as a liability, measured at the trading value of ERES's units not owned by CAPREIT. The adjustment is made so that the non-controlling interest in ERES is measured at ERES's disclosed NAV, rather than ERES's trading value. Table below summarizes calculation of adjustment to ERES non-controlling interest as at September 30, 2022 and December 31, 2021:

($ Thousands)

As at	September 30, 2022	December 31, 2021
ERES's NAV	**€ 987,803**	€ 963,452
Ownership by ERES non-controlling interest	**34 %**	34 %
Foreign exchange rate	**1.3463**	1.4391
Impact to NAV due to ERES's non-controlling unitholders	**$ 452,159**	$ 471,411
ERES units held by non-controlling unitholders	**$ 236,187**	$ 356,695
Adjustment to ERES non-controlling interest	**$ 215,972**	$ 114,716

Reconciliation for Total Debt and Total Debt Ratios:

($ Thousands)

As at	September 30, 2022	December 31, 2021
Mortgages Payable	**$ 6,498,282**	$ 6,100,065
Bank Indebtedness	**402,112**	310,866
Total Debt	**$ 6,900,394**	$ 6,410,931
Total Assets	**$ 17,456,012**	$ 17,712,973
Add: Total accumulated amortization and depreciation	**40,468**	35,280
Gross Book Value [1]	**$ 17,496,480**	$ 17,748,253
Ratio of Total Debt to Gross Book Value	**39.4 %**	36.1 %
Ratio of Mortgages Payable to Gross Book Value	**37.1 %**	34.4 %
Gross Book Value [1]	**$ 17,496,480**	$ 17,748,253
Less: Cumulative investment properties fair value adjustments	**(4,719,800)**	(5,480,670)
Gross historic cost [2]	**$ 12,776,680**	$ 12,267,583
Ratio of Total Debt to Gross Historical Cost	**54.0 %**	52.3 %

[1] Gross Book Value ("GBV") is defined by CAPREIT's Declaration of Trust.

[2] Based on the historical cost of investment properties, calculated as CAPREIT's assets, as disclosed under IFRS, plus accumulated amortization on property, plant and equipment, prepaid CMHC premiums and deferred loan costs, minus fair value adjustment on investment properties.

Reconciliation of Net Income to Adjusted EBITDAFV:

($ Thousands)

For the trailing 12 months ended	September 30, 2022	December 31, 2021
Net Income	**$ 503,073**	$ 1,392,795
Adjustments:		
Amortization of Property, Plant and Equipment	**7,819**	8,250
Fair value adjustments of Exchangeable LP Units	**(28,565)**	665
Unit-Based Compensation (recovery) expense	**(2,472)**	15,111
EUPP Unit-based compensation expense	**(511)**	(497)
Gain on derivative financial instruments	**(109,777)**	(50,282)
Current and deferred income tax expense	**57,629**	81,181
Fair value adjustments of investments	**92,913**	(14,088)
Fair value adjustments of investment properties	**(25,492)**	(1,048,742)
Loss on dispositions	**3,624**	241
Loss on foreign currency translation	**21,917**	6,095
Impairment of goodwill	**14,278**	—
FFO adjustment for income from investment in associate [1]	**(7,060)**	(9,271)
Mortgage fair value adjustments, net of mortgage settlement costs on dispositions	**(1,766)**	—
Interest and other financing costs	**180,034**	160,462
(Gain) loss on non-controlling interest	**(102,919)**	38,651
Adjusted EBITDAFV	**$ 602,725**	$ 580,571

[1] Relates to CAPREIT's share of IRES's investment property fair value gain.

Debt Service Coverage Ratio

($ Thousands)

For the trailing 12 months ended	September 30, 2022	December 31, 2021
Interest on mortgages payable [1]	**$ 151,588**	$ 138,293
Interest on bank indebtedness and other deferred costs [1]	**8,278**	6,110
Mortgage principal repayments [1]	**160,438**	149,996
Debt service payments [1]	**$ 320,304**	$ 294,399
Adjusted EBITDAFV [1]	**$ 602,725**	$ 580,571
Debt Service Coverage Ratio (times)	**1.9x**	2.0x

[1] For the trailing 12 months ended.

Interest Coverage Ratio

($ Thousands)

For the trailing 12 months ended	September 30, 2022	December 31, 2021
Interest on mortgages payable [1]	**$ 151,588**	$ 138,293
Interest on bank indebtedness and other deferred costs [1]	**8,278**	6,110
Interest Expense [1]	**$ 159,866**	$ 144,403
Adjusted EBITDAFV [1]	**$ 602,725**	$ 580,571
Interest coverage ratio (times)	**3.8x**	4.0x

[1] For the trailing 12 months ended.