CAPREIT Reports Fourth Quarter and Year-End 2022 Results

TORONTO, ONTARIO, (Globe Newswire) – February 22, 2023 - Canadian Apartment Properties Real Estate Investment Trust ("CAPREIT") (TSX: CAR.UN) announced today continued growth and strong operating and financial results for the three months and year ended December 31, 2022. Management will host a conference call to discuss the financial results on Thursday, February 23, 2023 at 9:00 a.m. EST.

HIGHLIGHTS:

	Three Months Ended December 31,		Year Ended December 31,	
	2022	**2021**	**2022**	**2021**
Portfolio Performance				
Overall portfolio occupancy[1]			**98.3 %**	98.1 %
Overall portfolio Net Average Monthly Rents ("Net AMR")[1][2]			**$ 1,205**	$ 1,149
Operating revenues (000s)	**$ 256,915**	$ 240,678	**$ 1,007,268**	$ 933,137
Net Operating Income ("NOI") (000s)	**$ 164,500**	$ 153,429	**$ 650,409**	$ 609,993
NOI margin	**64.0 %**	63.7 %	**64.6 %**	65.4 %
Financial Performance				
Normalized Funds from Operations ("NFFO")[3] (000s)	**$ 99,922**	$ 100,353	**$ 406,977**	$ 402,194
NFFO per Unit – diluted[3]	**$ 0.580**	$ 0.572	**$ 2.328**	$ 2.311
Cash distributions per Unit	**$ 0.363**	$ 0.363	**$ 1.450**	$ 1.409
NFFO payout ratio[3]	**62.4 %**	63.4 %	**62.1 %**	61.0 %
Liquidity and Leverage				
Total debt to gross book value[1][3]			**39.4 %**	36.1 %
Total debt to gross historical cost[1][3]			**53.9 %**	52.3 %
Weighted average mortgage interest rate[1]			**2.61 %**	2.47 %
Weighted average mortgage term (years)[1]			**5.4**	5.7
Debt service coverage (times)[3][4]			**1.9x**	2.0x
Interest coverage (times)[3][4]			**3.7x**	4.0x
Available liquidity – Acquisition and Operating Facility (000s)[1]			**$ 333,416**	$ 384,510
Cash and cash equivalents (000s)[1]			**$ 47,303**	$ 73,411

[1] As at December 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 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 December 31,		Year Ended December 31,	
	2022	**2021**	**2022**	**2021**
Other Measures				
Weighted average number of Units - diluted (000s)	**172,401**	175,567	**174,816**	174,041
Number of residential suites and sites acquired	**—**	622	**1,537**	3,744
Number of suites disposed[1]	**—**	506	**1,129**	593
Net Asset Value per unit - diluted[2][3]			**$ 58.01**	$ 59.78
Closing price of Trust Units on the TSX[3]			**$ 42.68**	$ 59.96
Market capitalization (millions)[3][4]			**$ 7,324**	$ 10,539

[1] Includes CAPREIT's 50% interest in 370 apartment suites for the year ended December 31, 2022.

[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 December 31.

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

SUMMARY OF Q4 AND YEAR-END 2022 RESULTS OF OPERATIONS

Key Transactions and Events

- CAPREIT continues to invest in accretive opportunities, with total acquisitions for the year ended December 31, 2022 amounting to $517.4 million comprised of 1,181 suites and sites located in Canada, and $128.2 million comprised of 356 suites located in the Netherlands. There were no property acquisitions or dispositions for the three months ended December 31, 2022.
- Total dispositions for the year ended December 31, 2022 amounted to $347.4 million, which included 1,128 suites located in Ontario 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 its current normal course issuer bid ("NCIB") program and repaying debt. Subsequent to year-end, on January 25, 2023, CAPREIT disposed of its remaining 50% interest in 1,150 apartment suites located in Ontario for a sale price of $136.3 million.
- During the year ended December 31, 2022, CAPREIT purchased and cancelled approximately 5.2 million Trust Units under the NCIB program, at a weighted average purchase price of $45.44 per Trust Unit, for a total cost of $237.8 million, with approximately an additional 0.2 million Trust Units settled for cancellation subsequent to year-end, for a total cost of $7.8 million.

Strong Operating Results

- On turnovers, monthly residential rents for the three months and year ended December 31, 2022 increased by 24.3% on 3.4% of the Canadian portfolio and increased by 14.5% on 16.4% of the Canadian portfolio, respectively, compared to an increase of 8.6% on 5.2% of the Canadian portfolio and 5.9% on 21.8% of the Canadian portfolio, respectively, for the three months and year ended December 31, 2021.
- Net Average Monthly Rent ("Net AMR") for the same property portfolio as at December 31, 2022 increased by 4.3% compared to December 31, 2021.
- NOI increased by 5.0% and 1.9%, respectively, for the same property portfolio for the three months and year ended December 31, 2022.
- Diluted NFFO per unit was up 1.4% and 0.7%, respectively, for the three months and year ended December 31, 2022 compared to the same periods last year.

Strong and Flexible Balance Sheet

- CAPREIT's financial position remains strong, with over $380.7 million of available liquidity, comprising $47.3 million of cash and cash equivalents and $333.4 million of available capacity on CAPREIT's Acquisition and Operating Facility.
- Based on the current property portfolio, management expects to raise between $750 million and $800 million in total mortgage renewals and refinancings for the Canadian portfolio for 2023. In 2022, CAPREIT raised approximately $932 million for the Canadian portfolio.
- CAPREIT closed consolidated mortgage refinancings of $879.3 million for the year ended December 31, 2022, with top-ups net of discharges totalling $361.7 million. The mortgages refinanced have a weighted average term to maturity of 8.0 years and a weighted average interest rate of 3.36%.
- For the year ended December 31, 2022, the overall carrying value of investment properties increased by $51.8 million primarily due to acquisitions, property capital investments and foreign currency translation, partially offset by fair value losses, transfer to assets held for sale and dispositions.
- Diluted NAV per unit as at December 31, 2022 decreased to $58.01 from $59.78 as at December 31, 2021, primarily due to fair value losses recognized in investment properties, partially offset by the effects of accretive purchases of Trust Units for cancellation through the NCIB program.

“CAPREIT's rent uplift on turnover exceeded 24% for the final quarter of 2022, a positive trend that is a testament to the increasingly favourable fundamentals of the Canadian residential rental market,” commented Mark Kenney, President and Chief Executive Officer. “In addition, this year we acquired over $500 million of on-strategy, new build properties in Canada, and disposed of almost $350 million in older, non-strategic properties. This upgraded the quality of our portfolio while re-diversifying into specifically targeted high-growth markets. We converted that into immediate value for Unitholders by investing in our own improved portfolio, through actively purchasing and cancelling over $245 million worth of Trust Units at significantly discounted pricing. We are pleased to be presenting this meaningful progress on our strategic endeavours, culminating in the accretive results we achieved in 2022, in spite of the economic and regulatory challenges clouding the sector.”

“We surpassed $1 billion in annual operating revenues for the first time in our history, attributable to our many years of strong organic and acquisitive growth,” added Stephen Co, Chief Financial Officer. “Augmenting that, we have been extremely focused on cost control, which has been crucial during this past year of high inflation and unexpected expenses. All in all, compared to the prior year period, we were able to increase our same property NOI margin to 64.3% this past quarter, a positive trajectory that we expect to continue. We also fortified our financial position in an unprecedented environment of equity and debt volatility, having successfully secured over $1 billion in favourable new and refinanced mortgage principal, supplementing funding from disposition proceeds."

“We reached an amazing milestone in 2022 with the marking of our 25 year anniversary, and we proudly look back and celebrate the many accomplishments which got us here. That said, we are now entering a new era of value creation for our Unitholders, equipped with a rejuvenated executive management team who are enthusiastically committed to delivering on this key mission,” Mr. Kenney continued. “On that note, we are excited to kick-start the new year with the disposition of $136 million in non-core assets, evidencing our continued execution on value-enhancing initiatives in 2023, and the pipeline of promising strategic opportunities that we intend to capitalize on.”

OPERATIONAL AND FINANCIAL RESULTS

Portfolio Net Average Monthly Rents

As at December 31,	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	$ 1,390	98.9	$ 1,321	98.6	$ 1,382	98.9	$ 1,323	98.6
Average MHC sites	$ 407	95.6	$ 396	95.8	$ 404	95.6	$ 396	95.8
Overall portfolio average	$ 1,205	98.3	$ 1,149	98.1	$ 1,195	98.3	$ 1,146	98.1

[1] Same property net AMR includes all properties held as at December 31, 2021, but excludes properties disposed of or held for sale as at December 31, 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 most provinces across the Canadian portfolio, (ii) rental increases on renewals, and (iii) strengthening occupancy rates in most regions with larger improvements found in Québec, Alberta, Prince Edward Island and Saskatchewan. Weighted average gross rent per square foot for Canadian residential suites was approximately $1.70 as at December 31, 2022, increased from $1.65 as at December 31, 2021.

Canadian Portfolio

For the Three Months Ended December 31,	2022			2021		
	Change in monthly rent		Turnovers and Renewals[1]	Change in monthly rent		Turnovers and Renewals[1]
	$	%	%	$	%	%
Suite turnovers	**342**	**24.3**	**3.4**	120	8.6	5.2
Lease renewals	**22**	**1.7**	**10.8**	16	1.4	8.1
Weighted average of turnovers and renewals	**99**	**7.1**		57	4.2	

For the Year Ended December 31,	2022			2021		
	Change in monthly rent		Turnovers and Renewals[1]	Change in monthly rent		Turnovers and Renewals[1]
	$	%	%	$	%	%
Suite turnovers	**202**	**14.5**	**16.4**	81	5.9	21.8
Lease renewals	**20**	**1.4**	**89.7**	16	1.4	39.8
Weighted average of turnovers and renewals	**48**	**3.4**		39	3.0	

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

The Netherlands Portfolio

For the Three Months Ended December 31,	2022			2021		
	Change in monthly rent		Turnovers and Renewals[1]	Change in monthly rent		Turnovers and Renewals[1]
	€	%	%	€	%	%
Suite turnovers	**212**	**23.1**	**3.9**	165	18.5	3.0
Lease renewals	**—**	**—**	**—**	—	—	—
Weighted average of turnovers and renewals	**212**	**23.1**		165	18.5	

For the Year Ended December 31,	2022			2021		
	Change in monthly rent		Turnovers and Renewals[1]	Change in monthly rent		Turnovers and Renewals[1]
	€	%	%	€	%	%
Suite turnovers	**197**	**21.4**	**12.4**	140	16.1	13.9
Lease renewals	**29**	**3.2**	**91.1**	23	2.3	54.3
Weighted average of turnovers and renewals	**49**	**5.4**		47	5.1	

[1] Percentage of suites turned over or renewed during the year based on the total weighted average number of Dutch residential suites held during the year.

Overall, suite turnovers in the Canadian residential suite portfolio (excluding co-ownerships) during the three months and year ended December 31, 2022 resulted in monthly rent increase of $342 or 24.3% and $202 or 14.5%, respectively, compared to an increase of $120 or 8.6% and $81 or 5.9%, respectively, for the same periods last year, primarily due to the strong rental markets in most provinces across the Canadian residential suite portfolio.

Monthly rents on lease renewals on the Canadian residential suite portfolio (excluding co-ownerships) resulted in monthly rent increasing by $22 or 1.7% for the three months ended December 31, 2022, and $20 or 1.4%, for the year ended December 31, 2022, compared to an increase of $16 or 1.4% and $16 or 1.4%, respectively, 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 96.0% and 91.7%, respectively, of its tenants in Ontario and British Columbia, with rent increases of 1.2% and 1.5%, respectively, during the year ended December 31, 2022.

For the Netherlands portfolio, suite turnovers in the residential suite portfolio during the three months and year ended December 31, 2022 resulted in monthly rent increasing by €212 or 23.1% and €197 or 21.4% respectively, compared to an increase of €165 or 18.5% and €140 or 16.1%, 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.

Lease renewals in the Netherlands's residential suite portfolio resulted in an increase of €29 or 3.2% for the year ended December 31, 2022 compared to an increase of €23 or 2.3% for the same period last year.

For rent renewal increases due to indexation beginning on July 1, 2022, European Residential Real Estate Investment Trust ("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 December 31, 2022 grew to $975.3 million, up 5.2% from $927.2 million as at December 31, 2021. Actual net rental revenue for the 12 months ended December 31, 2022, excluding net rental revenue from disposed or properties held for sale as at December 31, 2022, was $939.0 million (12 months ended December 31, 2021 - $873.4 million).

NOI

Same properties for the three months and year ended December 31, 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, or properties that are held for sale as at December 31, 2022.

($ Thousands)	Total NOI			Same Property NOI		
For the Three Months Ended December 31,	**2022**	**2021**	**%[1]**	**2022**	**2021**	**%[1]**
Total operating revenues	**$ 256,915**	$ 240,678	6.7	**$ 232,946**	$ 223,000	4.5
Operating expenses						
Realty taxes	**(23,397)**	(22,280)	5.0	**(21,233)**	(20,635)	2.9
Utilities	**(20,355)**	(19,328)	5.3	**(18,713)**	(17,702)	5.7
Other[2]	**(48,663)**	(45,641)	6.6	**(43,156)**	(41,991)	2.8
Total operating expenses	**$ (92,415)**	$ (87,249)	5.9	**$ (83,102)**	$ (80,328)	3.5
NOI	**$ 164,500**	$ 153,429	7.2	**$ 149,844**	$ 142,672	5.0
NOI margin	**64.0 %**	63.7 %		**64.3 %**	64.0 %	

($ Thousands)	Total NOI			Same Property NOI		
For the Year Ended December 31,	**2022**	**2021**	**%[1]**	**2022**	**2021**	**%[1]**
Total operating revenues	**$ 1,007,268**	$ 933,137	7.9	**$ 913,631**	$ 884,366	3.3
Operating expenses						
Realty taxes	**(93,912)**	(87,698)	7.1	**(84,746)**	(82,997)	2.1
Utilities	**(77,565)**	(68,901)	12.6	**(70,549)**	(64,056)	10.1
Other[2]	**(185,382)**	(166,545)	11.3	**(166,501)**	(156,589)	6.3
Total operating expenses	**$ (356,859)**	$ (323,144)	10.4	**$ (321,796)**	$ (303,642)	6.0
NOI	**$ 650,409**	$ 609,993	6.6	**$ 591,835**	$ 580,724	1.9
NOI margin	**64.6 %**	65.4 %		**64.8 %**	65.7 %	

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

[2] Comprises repairs and maintenance ("R&M"), wages, insurance, advertising, legal costs and expected credit losses.

Operating Revenues

For the three months and year ended December 31, 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

For the three months ended December 31, 2022, other operating expenses for the total and same property portfolios increased compared to the same period last year, primarily due to higher R&M costs, partially offset by lower insurance costs related to claim recoveries. The higher R&M costs were primarily due to (i) certain required interim maintenance costs for the operation of CAPREIT's septic tanks at some MHC sites; and (ii) other in-suite maintenance related costs across the portfolio.

For the year ended December 31, 2022, other operating expenses for the total and same property portfolios increased compared to the same period last year, primarily due to the same reasons noted above, and to a lesser extent, higher R&M related costs incurred at the beginning of 2022 due to certain maintenance projects that were deferred during the novel coronavirus ("COVID-19") pandemic lockdowns in 2021 and also higher weather-related maintenance costs.

CAPREIT remains critically focused on cost control and reduction and is proactively working on solutions that would allow for the full septic replacements at the affected MHC sites that would eliminate the interim maintenance costs described above. Management also continues to proactively monitor natural gas rates in order to optimize hedging as much as possible, and has prioritized the refinement of its robust procurement practices to contribute to cost-saving initiatives. With CAPREIT's strategic re-positioning of its portfolio from older, value-add assets into new build properties, its cost profile is additionally improved, given the enhanced energy efficiency of the newer buildings along with pass-through costs to tenants. Turnover is also incurring lower costs to re-lease in the current market, as compared to the pandemic, further reducing normalized property operating expenses as compared to the previous few years.

NON-IFRS PERFORMANCE

For the three months ended December 31, 2022, diluted NFFO per Unit increased by 1.4% compared to the same period last year, including an approximate 1.8% decrease in the weighted average number of units outstanding. For the year ended December 31, 2022, diluted NFFO per Unit increased by 0.7% compared to last year, despite an approximate 0.4% increase in the weighted average number of units outstanding. The increase in diluted NFFO per Unit for the year was primarily driven by NOI contribution from acquisitions and higher same properties NOI.

PROPERTY CAPITAL INVESTMENTS

During the year ended December 31, 2022, CAPREIT made property capital investments (excluding head office assets and development) of $307.9 million compared to $297.7 million for 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 ("NCIB")

For the three months and year ended December 31, 2022, CAPREIT purchased and cancelled approximately 0.8 million and 5.2 million Trust Units, respectively, under the NCIB program, at a weighted average purchase price of $42.38 and $45.44 per Trust Unit, respectively, for a total cost of $36.0 million and $237.8 million, respectively, with approximately an additional 0.2 million Trust Units settled for cancellation subsequent to year-end, for a total cost of $7.8 million. For the year ended December 31, 2021, the Trust did not have an NCIB program in place and as a result did not purchase and cancel any Trust Units.

SUBSEQUENT EVENTS

The table below summarizes the disposition of investment properties completed subsequent to December 31, 2022:

Disposition Date	Suite Count	Region		Sale Price[1]
January 25, 2023	1,150[2]	Ottawa, ON	$	136 million

[1] Sale price excludes disposition costs and other adjustments.
[2] CAPREIT disposed of its 50% interest in 1,150 apartment suites.

On January 24, 2023, ERES amended the existing ERES Credit Facility to extend the maturity date to January 26, 2026 and to provide for, among other things, (i) an increase in the limit from €100 million to €125 million, (ii) an accordion feature to increase the limit by a further €25 million upon satisfaction of conditions set out in the agreement and the consent of applicable lenders, (iii) the replacement of USD LIBOR with Adjusted Term SOFR as a benchmark interest rate, and (iv) the addition of another Canadian chartered bank to the lender base.

During the month of January 2023, CAPREIT purchased and cancelled an additional 0.2 million Trust Units under the NCIB, at a weighted average purchase price of $42.73 per Trust Unit, for a total cost of $7.8 million.

ADDITIONAL INFORMATION

More detailed information and analysis is included in CAPREIT's audited consolidated annual financial statements and MD&A for the year ended December 31, 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 Thursday, February 23, 2023 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 810142#.

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. As at December 31, 2022, CAPREIT owns or has interests in approximately 67,000 residential apartment suites, townhomes and manufactured home community sites well-located across Canada and the Netherlands, with approximately $17 billion of investment properties 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 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 diluted FFO per unit and diluted 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 February 22, 2023, 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 the Non-IFRS measures because management believes 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, inflation and increasing interest rates, potential health crises and their direct or indirect impacts on the business of CAPREIT, including CAPREIT's ability to enforce leases, perform capital expenditure work, 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; 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: rent control and residential tenancy regulations, general economic conditions, privacy, cyber security and data governance risks, talent management and human resources shortages, taxation-related risks, energy costs, public health crises, environmental matters, vendor management and third-party service providers, operating risk, valuation risk, climate change, other regulatory compliance risks, availability of debt, risks related to acquisitions, dispositions and property development, catastrophic events, litigation risk, liquidity and price volatility of Trust Units, CAPREIT's investment in ERES, potential conflicts of interest, investment restrictions, lack of diversification of investment assets, geographic concentration, illiquidity of real property, capital investments, leasing risk, competition for real property investments, dependence on key personnel, adequacy of insurance and captive insurance, competition for residents, controls over financial reporting, the nature of CAPREIT Trust Units, Unitholder liability, dilution, distributions, participation in CAPREIT's distribution reinvestment plan ("DRIP") 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 February 22, 2023. The information in this press release is based on information available to management as of February 22, 2023. 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
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SELECTED NON-IFRS MEASURES

A reconciliation of net income to NFFO is as follows:

($ Thousands, except per Unit amounts)	Three Months Ended December 31,		Year Ended December 31,	
	2022	**2021**	**2022**	**2021**
Net income	**$ 155,523**	$ 644,959	**$ 13,637**	$ 1,392,795
Adjustments:				
Remeasurement of unit-based compensation liabilities	**(16)**	881	**(10,670)**	7,914
Fair value adjustments of investment properties	**(74,461)**	(568,280)	**468,327**	(1,048,742)
Fair value adjustments of Exchangeable LP Units	**975**	1,426	**(29,016)**	665
Fair value adjustments of investments	**3,261**	(5,087)	**101,261**	(14,088)
Loss on disposition	**7**	221	**3,318**	241
Amortization of property, plant and equipment	**1,749**	2,106	**7,462**	8,250
Fair value mark-to-market adjustment on ERES units held by non-controlling unitholders	**5,621**	7,752	**(117,740)**	25,895
Net FFO impact attributable to ERES units held by non-controlling unitholders[1]	**(4,459)**	(3,955)	**(18,026)**	(17,138)
Interest expense on ERES units held by non-controlling unitholders	**3,361**	3,133	**12,918**	12,756
(Gain) loss on derivative financial instruments	**38,182**	(15,428)	**(55,488)**	(50,282)
Interest expense on Exchangeable LP Units	**609**	608	**2,435**	1,119
Lease principal repayment	**(286)**	(307)	**(1,007)**	(1,207)
Loss on foreign currency translation	**1,176**	194	**22,128**	6,095
FFO adjustment for income from investment in associate	**—**	(7,060)	**—**	(9,271)
Impairment of goodwill	**—**	—	**14,278**	—
Deferred income tax (recovery) expense	**(32,064)**	36,107	**(14,877)**	77,417
FFO	**$ 99,178**	$ 97,270	**$ 398,940**	$ 392,419
Adjustments:				
Reorganization, senior management termination, and retirement costs[2]	**418**	—	**6,668**	2,747
Costs relating to transactions that were not completed	**259**	—	**420**	899
Mortgage fair value adjustments, net of mortgage settlement costs on dispositions	**—**	—	**(1,766)**	—
Mortgage prepayment cost	**—**	1,328	**1,354**	2,517
Amortization of losses from (AOCL) AOCI to interest and other financing costs	**67**	583	**1,361**	2,440
IRES internalization expense impact to CAPREIT's equity pickup	**—**	1,172	**—**	1,172
NFFO	**$ 99,922**	$ 100,353	**$ 406,977**	$ 402,194
NFFO per unit – diluted	**$ 0.580**	$ 0.572	**$ 2.328**	$ 2.311
Total distributions declared[3]	**$ 62,376**	$ 63,668	**$ 252,822**	$ 245,479
NFFO payout ratio[4]	**62.4 %**	63.4 %	**62.1 %**	61.0 %
Net distributions paid in cash[3]	**$ 61,044**	$ 42,826	**$ 209,797**	$ 168,728
Excess NFFO over net distributions paid in cash	**$ 38,878**	$ 57,527	**$ 197,180**	$ 233,466
Effective NFFO payout ratio[5]	**61.1 %**	42.7 %	**51.6 %**	42.0 %

[1] For the three months and year ended December 31, 2022, the adjustment is based on applying the 34% weighted average ownership held by ERES non-controlling unitholders (December 31, 2021 - 34%) to ERES's FFO of $13.0 million (€9.3 million) and $53.8 million (€39.3 million), respectively, (for the three months and year ended December 31, 2021 - $13.1 million or €9.5 million and $52.5 million or €35.4 million, respectively) and adjusting for $nil million and $1.2 million of acquisition fees for the three months and year ended December 31, 2022 (for the three months and year ended December 31, 2021 - $1.4 million and $2.1 million, respectively) charged by CAPREIT to ERES, which are eliminated upon consolidation.

[2] For the three months and year ended December 31, 2022, includes $nil and $1.0 million, respectively, of accelerated vesting of previously granted RUR units.

[3] For a description of distributions declared and net distributions paid, see the Non-IFRS Measures section in the MD&A for the year ended December 31, 2022.

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

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

Reconciliation of Unitholders' Equity to NAV:

($ Thousands, except per unit amounts)

As at	December 31, 2022	December 31, 2021
Unitholders' equity	**$ 10,003,695**	$ 10,399,886
Adjustments:		
Exchangeable LP Units	**71,668**	100,684
Unit-based compensation financial liabilities excluding ERES's unit options plan	**17,455**	33,994
Net deferred income tax liability[(1)]	**114,351**	128,964
Net derivative financial asset[(2)]	**(51,974)**	(26,953)
Goodwill	**—**	(15,133)
Adjustment to ERES non-controlling interest[(3)]	**(200,629)**	(114,716)
NAV	**$ 9,954,566**	$ 10,506,726
Diluted number of units	**171,599**	175,761
NAV per Unit - diluted	**$ 58.01**	$ 59.78

(1) Represents deferred income tax liability of $120.5 million net of deferred income tax asset of $6.2 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 $62.6 million and $nil, respectively, net of non-current and current derivative financial liabilities of $nil and $10.6 million, 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. The table below summarizes the calculation of adjustment to ERES non-controlling interest as at December 31, 2022 and December 31, 2021:

($ Thousands)

As at	December 31, 2022	December 31, 2021
ERES's NAV	**€ 899,166**	€ 963,452
Ownership by ERES non-controlling interest	**34 %**	34 %
Closing foreign exchange rate	**1.4498**	1.4391
Impact to NAV due to ERES's non-controlling unitholders	**$ 443,228**	$ 471,411
Less: ERES units held by non-controlling unitholders	**$ 242,599**	$ 356,695
Adjustment to ERES non-controlling interest	**$ 200,629**	$ 114,716

Reconciliation for Total Debt and Total Debt Ratios:

($ Thousands)

As at	December 31, 2022	December 31, 2021
Mortgages payable - non-current	**$ 5,963,820**	$ 5,456,605
Mortgages payable - current	**613,277**	643,460
Liabilities related to assets held for sale	**38,116**	—
Bank Indebtedness	**388,975**	310,866
Total Debt	**$ 7,004,188**	$ 6,410,931
Total Assets	**$ 17,741,888**	$ 17,712,973
Add: Total accumulated amortization and depreciation	**42,100**	35,280
Gross Book Value[1]	**$ 17,783,988**	$ 17,748,253
Ratio of Total Debt to Gross Book Value	**39.4 %**	36.1 %
Ratio of Mortgage debt to Gross Book Value[2]	**37.2 %**	34.4 %
Gross Book Value[1]	**$ 17,783,988**	$ 17,748,253
Less: Cumulative investment properties fair value adjustments	**(4,793,210)**	(5,480,670)
Gross historic cost[3]	**$ 12,990,778**	$ 12,267,583
Ratio of Total Debt to Gross Historical Cost	**53.9 %**	52.3 %

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

[2] Includes liabilities related to assets held for sale.

[3] 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, and deferred loan costs, minus fair value adjustment on investment properties.

Reconciliation of Net Income to Adjusted EBITDAFV:

($ Thousands)

For the Year Ended	December 31, 2022	December 31, 2021
Net income	**$ 13,637**	$ 1,392,795
Adjustments:		
Interest and other financing costs	**182,869**	160,463
Current and deferred income tax (recovery) expense	**(10,034)**	81,181
Amortization of property, plant and equipment	**7,462**	8,250
Fair value adjustments of investment properties	**468,327**	(1,048,742)
Fair value adjustments of Exchangeable LP Units	**(29,016)**	665
Fair value adjustments of investments	**101,261**	(14,088)
FFO adjustment for income from investment in associate[1]	**—**	(9,271)
Unit-based compensation (recovery) expense	**(3,414)**	15,111
EUPP unit-based compensation expense	**(514)**	(496)
Loss on dispositions	**3,318**	241
(Gain) loss on non-controlling interest	**(104,822)**	38,651
Gain on derivative financial instruments	**(54,135)**	(50,282)
Mortgage fair value adjustments, net of mortgage settlement costs on dispositions	**(1,766)**	—
Loss on foreign currency translation	**21,000**	6,095
Goodwill impairment loss	**14,278**	—
Adjusted EBITDAFV	**$ 608,451**	$ 580,573

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

Debt Service Coverage Ratio

($ Thousands)

For the Year Ended	December 31, 2022	December 31, 2021
Interest on mortgages payable and liabilities related to assets held for sale	**$ 154,467**	$ 138,293
Interest on bank indebtedness and other deferred costs	**8,292**	6,110
Mortgage principal repayments	**162,048**	149,996
Debt service payments	**$ 324,807**	$ 294,399
Adjusted EBITDAFV	**$ 608,451**	$ 580,573
Debt Service Coverage Ratio (times)	**1.9x**	2.0x

Interest Coverage Ratio

($ Thousands)

For the Year Ended	December 31, 2022	December 31, 2021
Interest on mortgages payable and liabilities related to assets held for sale	**$ 154,467**	$ 138,293
Interest on bank indebtedness and other deferred costs	**8,292**	6,110
Interest Expense	**$ 162,759**	$ 144,403
Adjusted EBITDAFV	**$ 608,451**	$ 580,573
Interest coverage ratio (times)	**3.7x**	4.0x