CAPREIT Reports First Quarter 2023 Results

TORONTO, ONTARIO, (Globe Newswire) – May 12, 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 ended March 31, 2023. Management will host a conference call to discuss the financial results on Monday, May 15, 2023 at 9:00 a.m. EST.

HIGHLIGHTS:

As at	March 31, 2023	December 31, 2022	March 31, 2022
Total Portfolio Performance and Other Measures			
Number of suites and sites	**65,527**	66,586	67,182
Investment properties fair value (000s)	**$ 17,121,228**	$ 17,153,709	$ 17,523,587
Occupied AMR[1]			
Canadian Residential Portfolio[2]	**$ 1,428**	$ 1,401	$ 1,356
The Netherlands Portfolio	**€ 1,002**	€ 992	€ 949
Change in monthly rent on suite turnovers[3]			
Canadian Residential Portfolio[2]	**26.7 %**	24.3 %	10.2 %
The Netherlands Portfolio	**19.9 %**	23.1 %	21.1 %
Occupancy			
Canadian Residential Portfolio[2]	**98.6 %**	98.9 %	98.6 %
The Netherlands Portfolio	**98.7 %**	98.4 %	98.6 %
Total Portfolio[4]	**98.1 %**	98.3 %	98.0 %

[1] Occupied average monthly rent ("Occupied AMR") is defined as actual residential rents, excluding vacant units, divided by the total number of occupied suites or sites in the property, and does not include revenues from parking, laundry or other sources.
[2] Excludes MHC sites.
[3] For the three months ended.
[4] Includes MHC sites.

For the Three Months Ended March 31,	2023	2022
Financial Performance		
Operating revenues (000s)	**$ 260,947**	$ 246,628
Net operating income ("NOI") (000s)	**$ 163,858**	$ 153,172
NOI margin	**62.8 %**	62.1 %
Same property NOI (000s)	**$ 158,935**	$ 148,892
Same property NOI margin	**62.9 %**	62.3 %
Net (loss) income (000s)	**$ (103,227)**	$ 45,309
FFO per unit – diluted (formerly known as "NFFO per unit - diluted")[1]	**$ 0.567**	$ 0.555
Distributions per unit	**$ 0.362**	$ 0.362
FFO payout ratio (formerly known as "NFFO payout ratio")[1]	**63.6 %**	65.3 %

[1] 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.

As at	March 31, 2023	December 31, 2022	March 31, 2022
Financing Metrics and Liquidity			
Total debt to gross book value[1]	**40.1%**	39.4%	37.6%
Weighted average mortgage effective interest rate	**2.61%**	2.61%	2.53%
Weighted average mortgage term (years)	**5.2**	5.4	5.7
Debt service coverage (times)[1][2]	**1.9x**	1.9x	2.0x
Interest coverage (times)[1][2]	**3.6x**	3.7x	4.0x
Cash and cash equivalents (000s)	**$ 24,594**	$ 47,303	$ 63,798
Available liquidity – Acquisition and Operating Facility (000s)	**$ 240,995**	$ 333,416	$ 228,881
Capital			
Unitholders' equity (000s)	**$ 9,774,480**	$ 10,003,695	$ 10,361,617
Net asset value[1] (000s)	**$ 9,760,956**	$ 9,954,566	$ 10,475,137
Total number of units - diluted (000s)	**169,831**	171,599	176,267
Net asset value per unit - diluted[1]	**$ 57.47**	$ 58.01	$ 59.43

[1] 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 Measures" and the reconciliations provided in this press release.

[2] Based on the trailing four quarters.

“We have made solid advancements on the execution of our strategy so far in 2023, and it's still early in the year," commented Mark Kenney, President and Chief Executive Officer. "To date, we have purchased $84 million in high-quality new build assets located in attractive Canadian markets, while divesting $160 million worth of our non-core portfolio. Our focus on new construction also extends to our re-envisioned development program. This past quarter, we finalized our first end-to-end entitlement and sale of under-utilized land, which monetized the development value upfront without taking on the development risk and, importantly, contributes to the supply of new residential homes needed in a growing community."

“Net proceeds from our asset repositioning program enabled us to invest heavily in our NCIB program as well,” added Stephen Co, Chief Financial Officer. “This has delivered ongoing accretion since its inception approximately one year ago, with just over $338 million spent to date to re-purchase approximately 7.4 million Trust Units at steeply discounted pricing. This supplemented our robust operational performance in the first quarter of 2023, driven by strong rent growth observed across the majority of our portfolio."

"Our uplifts on turnover have been entirely market-driven, and simply demonstrate that the housing crisis continues to worsen in this country, which by no means lacks buildable land and yet does severely lack affordable homes," continued Mr. Kenney. “Going forward, as one of Canada's largest providers of residential housing, CAPREIT will continue to prioritize its active contribution to addressing this crisis, while we also continue to set the precedent for responsible and accountable property management."

SUMMARY OF Q1- 2023 RESULTS OF OPERATIONS

Key Transactions and Events

- CAPREIT continues to invest in strategic opportunities that are accretive. For the three months ended March 31, 2023, CAPREIT acquired a building comprised of 143 suites located in Ontario for $56.6 million. Subsequent to March 31, 2023, CAPREIT acquired one property in Alberta for a purchase price of $27.2 million (excluding transaction costs).
- Dispositions of non-core properties for the three months ended March 31, 2023 amounted to $132.6 million across 1,196 suites and sites located in Ontario. CAPREIT also entitled and sold an under-utilized parking lot site to an experienced developer for $17.3 million, thus monetizing the majority of the potential development profit upfront and contributing to the supply of housing in Canada. Subsequent to March 31, 2023, CAPREIT disposed of an additional property for a sale price of $27.8 million (excluding transaction costs).
- During the three months ended March 31, 2023, CAPREIT purchased and cancelled approximately 2.0 million Trust Units, under the normal course issuer bid ("NCIB") program, at a weighted average purchase price of $46.43 per Trust Unit, for a total cost of $91.5 million, with approximately an additional 0.2 million Trust units settled for cancellation subsequent to March 31, 2023, for total cost of $9.4 million.
- In March 2023, CAPREIT received the TSX's acceptance of its notice to proceed with an NCIB, following expiry of the previous NCIB on March 23, 2023.
- On May 9, 2023, CAPREIT renewed its base shelf prospectus that was set to expire in June 2023.

Operating Results

- On turnovers, monthly residential rents for the three months ended March 31, 2023 increased by 26.7% on 2.6% of the Canadian residential portfolio, compared to an increase of 10.2% on 3.7% of the Canadian residential portfolio for the three months ended March 31, 2022.
- Same property Occupied AMR for the Canadian residential portfolio as at March 31, 2023 increased by 4.6% compared to March 31, 2022, while same property occupancy for the Canadian residential portfolio remained stable at 98.6%.
- NOI for the same property portfolio increased by 6.7% for the three months ended March 31, 2023 compared to the same period last year. Additionally, NOI margin for the same property portfolio increased to 62.9%, up 0.6% compared to the same period last year.
- Net loss for the three months ended March 31, 2023 was $103.2 million. Included in net loss was a fair value loss of $185.4 million recorded against investment properties during the quarter, primarily relating to the European portfolio.
- Diluted FFO per unit (formerly known as "diluted NFFO per unit") was up 2.2% for the three months ended March 31, 2023 compared to the same period last year, primarily due to accretive NCIB purchases, supplemented by same property organic growth and $1.5 million of non-refundable deposits received on a property disposition that did not close. This was partially offset by $1.1 million of required maintenance costs on CAPREIT's septic systems, primarily at two MHC sites, of which one was disposed of on March 1, 2023. In addition, there were higher trust expenses primarily due to inflationary pressures, higher interest rates on larger debt balances and elevated CMHC amortization expense of future refinancings that are strategically beneficial to CAPREIT.

Balance Sheet Highlights

- CAPREIT's financial position remains strong, with over $265.6 million of available liquidity, comprising $24.6 million of cash and cash equivalents and $241.0 million of available capacity on CAPREIT's Acquisition and Operating Facility.
- Based on the current property portfolio, management expects to raise between $600 million and $650 million in total mortgage renewals and refinancings in Canada for 2023, excluding financings on acquisitions.
- To date, CAPREIT completed or committed consolidated mortgage refinancings of $263.2 million, with a weighted average term to maturity of 5.6 years and a weighted average interest rate of 3.79%.

- For the three months ended March 31, 2023, the overall carrying value of investment properties decreased by $32.5 million primarily due to a fair value loss of $185.4 million recorded during the quarter, which was partially offset by net acquisitions of $39.1 million, property capital investments and direct leasing cost additions of $71.9 million and gain on foreign currency translation of $41.9 million. $182.8 million of the fair value loss related to the European portfolio while the remaining $2.6 million fair value loss was attributed to the Canadian portfolio.
- Unitholders' equity as at March 31, 2023 decreased to $9.8 billion from $10.0 billion as at December 31, 2022 primarily due to a net loss, the purchase and cancellation of Trust Units under the NCIB and distributions on Trust Units.
- Diluted NAV per unit as at March 31, 2023 decreased to $57.47 from $58.01 as at December 31, 2022, reflecting a decrease in investment property values predominantly in CAPREIT's European portfolio, partially offset by the effects of accretive purchases of Trust Units for cancellation through the NCIB program.

OPERATIONAL AND FINANCIAL RESULTS

Portfolio Occupied Average Monthly Rents

As at March 31,	Total Portfolio				Same Property Portfolio[1]			
	2023		2022		2023		2022	
	Occupied AMR	Occ. %	Occupied AMR	Occ. %	Occupied AMR	Occ. %	Occupied AMR	Occ. %
Average Canadian residential suites	$ 1,428	98.6	$ 1,356	98.6	$ 1,422	98.6	$ 1,359	98.6
Average MHC sites	$ 433	95.8	$ 422	95.8	$ 433	95.8	$ 422	95.7
Average Netherlands portfolio	€ 1,002	98.7	€ 949	98.6	€ 1,005	98.7	€ 949	98.6

[1] Same property Occupied AMR and occupancy include all properties held as at March 31, 2022, but exclude properties disposed of as at March 31, 2023.

The rate of growth in same property Occupied AMR has been primarily due to (i) rental increases on turnover in the rental markets of most provinces across the Canadian portfolio and (ii) rental increases on renewals. Weighted average gross rent per square foot for Canadian residential suites was approximately $1.75 as at March 31, 2023, increased from $1.65 as at March 31, 2022.

Canadian Portfolio

For the Three Months Ended March 31,	2023		2022	
	Change in monthly rent	Turnovers and Renewals[1]	Change in monthly rent	Turnovers and Renewals[1]
	%	%	%	%
Suite turnovers	**26.7**	**2.6**	10.2	3.7
Lease renewals	**2.4**	**45.4**	1.3	49.6
Weighted average of turnovers and renewals	**3.7**		1.9	

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

The Netherlands Portfolio

For the Three Months Ended March 31,	2023		2022	
	Change in monthly rent	Turnovers and Renewals[1]	Change in monthly rent	Turnovers and Renewals[1]
	%	%	%	%
Suite turnovers	**19.9**	**3.9**	21.1	2.6
Lease renewals	**—**	**—**	—	—
Weighted average of turnovers and renewals	**19.9**		21.1	

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

As the Netherlands lease renewals occur once a year in July, there were no changes in lease renewals for the three months ended March 31, 2023 and March 31, 2022. For rent renewal increases due to indexation beginning on July 1, 2023, ERES served tenant notices to 6,659 suites, representing 97% of the residential portfolio, across which the average rental increase due to indexation is 4.0%.

Net Operating Income

Same properties for the three months ended March 31, 2023 are defined as all properties owned by CAPREIT continuously since December 31, 2021, and therefore do not take into account the impact on performance of acquisitions or dispositions completed during 2023 and 2022.

($ Thousands)	Total NOI			Same Property NOI		
For the Three Months Ended March 31,	**2023**	**2022**	**%[1]**	**2023**	**2022**	**%[1]**
Total operating revenues	**$ 260,947**	$ 246,628	5.8	**$ 252,864**	$ 239,051	5.8
Operating expenses						
Realty taxes	**(24,037)**	(23,447)	2.5	**(23,040)**	(22,629)	1.8
Utilities	**(24,159)**	(24,159)	0.0	**(23,689)**	(23,146)	2.3
Other[2]	**(48,893)**	(45,850)	6.6	**(47,200)**	(44,384)	6.3
Total operating expenses	**$ (97,089)**	$ (93,456)	3.9	**$ (93,929)**	$ (90,159)	4.2
NOI	**$ 163,858**	$ 153,172	7.0	**$ 158,935**	$ 148,892	6.7
NOI margin	**62.8 %**	62.1 %		**62.9 %**	62.3 %	

[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 ended March 31, 2023, total operating revenues for the total and same property portfolios both increased by 5.8% compared to the same periods last year, primarily due to increases in monthly rents on turnovers and renewals and decreases in rental vacancies. Furthermore, the impact of acquisitions, partially offset by dispositions, further contributed to higher operating revenues for the total portfolio.

Operating Expenses

Operating expenses for the same property portfolio for the three months ended March 31, 2023 increased compared to the same period last year, primarily due to increases in other operating expenses. Increase in other operating expenses is 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 maintenance costs for the operation of CAPREIT's septic systems at primarily two MHC sites, one of which was disposed of on March 1, 2023, 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 costs; and (ii) general inflationary cost pressures on expenditures.

PROPERTY CAPITAL INVESTMENTS

During the three months ended March 31, 2023, CAPREIT made property capital investments (excluding development costs) of $63.6 million compared to $58.3 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.

DEVELOPMENT PROGRESS

On March 6, 2023, CAPREIT disposed of a parking lot site located in Montréal, Québec for $17.3 million (excluding disposition costs) to a developer. The underutilized land is located adjacent to an existing multi-residential building owned by CAPREIT. The site plan was approved by local planning authorities, the land was severed and building permits were issued following CAPREIT's undertaking of the end-to-end entitlement process, which provided for approximately 0.3 million square feet of buildable gross floor area.

CAPREIT has partnered with development managers in undertaking the entitlement and severance or subdivision process to develop its underutilized land in certain high-growth and major transit station areas located in the Greater Toronto Area. Several planning applications have been submitted for the proposed new residential buildings, which, subject to municipal approval, will help to address the increased demand for high-rise residential intensifications in these neighbourhoods.

SUBSEQUENT EVENTS

The table below summarizes the acquisition of an investment property completed subsequent to March 31, 2023:

Acquisition Date	Suite Count	Region		Purchase Price[1]
April 12, 2023	89	Edmonton, AB	$	27.2 million

[1] Purchase price excludes acquisition costs and other adjustments.

The table below summarizes the disposition of an investment property completed subsequent to March 31, 2023:

Disposition Date	Suite Count	Region		Sale Price[1]
May 11, 2023	180	Longueuil, QC	$	27.8 million

[1] Sale price excludes disposition costs and other adjustments.

During the month of April 2023, CAPREIT purchased and cancelled an additional 0.2 million Trust Units under the NCIB program, at a weighted average purchase price of $47.57 per Trust Unit, for a total cost of $9.4 million.

On May 9, 2023, CAPREIT renewed its base shelf prospectus that was set to expire in June 2023.

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, 2023, 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 Monday, May 15, 2023 at 9:00 am EST. The telephone numbers for the conference call are: International: +1 (929) 526-1599, Canadian Toll Free: (833) 950-0062. The conference call access code is 497373.

The call will also be webcast live and accessible through the CAPREIT website at www.capreit.ca - click on "For Investors" and follow the link at the top of the page. A replay of the webcast will be available for one year after the webcast at the same link.

The slide presentation to accompany management's comments during the conference call will be available on the CAPREIT website an hour and a half prior to the conference call.

About CAPREIT

CAPREIT is Canada's largest publicly traded provider of quality rental housing. As at March 31, 2023, CAPREIT owns approximately 66,000 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"), Net Asset Value ("NAV"), Total Debt, Gross Book Value, 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, Ratio of Total Debt to Gross Book Value, 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 May 12, 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 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 (loss) income or cash flows from operating activities determined in accordance with IFRS as indicators of CAPREIT's performance or the sustainability of our distributions.

CAPREIT undertook a comprehensive review of MD&A disclosures and, starting with the first quarter of 2023, streamlined disclosures to focus on measures and metrics that management believes are the most relevant. Accordingly, CAPREIT is no longer disclosing Ratio of Total Debt to Gross Historical Cost and Ratio of Total Debt to Total Capitalization, amongst others. In this press release, CAPREIT relabeled Normalized Funds from Operations ("NFFO") to FFO (formerly known as "NFFO") and as such, introduced a modified definition of FFO which is identical to the prior definition of NFFO. As a result CAPREIT will no longer refer to NFFO throughout the press release.

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 May 12, 2023. The information in this press release is based on information available to management as of May 12, 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 (loss) income to FFO (formerly known as "NFFO") is as follows:

($ Thousands, except per unit amounts) For the Three Months Ended March 31,		2023		2022
Net (loss) income	**$**	**(103,227)**	$	45,309
Adjustments:				
Fair value adjustments of investment properties		**185,386**		(19,555)
Fair value adjustments of investments		**24,657**		44,398
Fair value adjustments of derivative financial instruments		**11,603**		(31,577)
Unit-based compensation remeasurement loss (gain)		**1,633**		(1,990)
Fair value adjustments of Exchangeable LP Units		**8,003**		(10,596)
Interest expense on Exchangeable LP Units		**597**		609
Loss on non-controlling interest		**21,110**		41,944
Net FFO impact attributable to ERES units held by non-controlling unitholders[(1)]		**(4,592)**		(4,434)
Deferred income tax (recovery) expense		**(46,952)**		16,464
(Gain) loss on foreign currency translation		**(1,327)**		12,083
Net loss on transactions and other activities[(2)]		**1,791**		1,913
Lease principal repayment		**(287)**		(277)
Former FFO	**$**	**98,395**	$	94,291
Reorganization, senior management termination, and retirement costs[(3)]		**2,024**		2,243
Amortization of losses from AOCL to interest and other financing costs		**49**		543
Net gain on derecognition of debt		**(3,315)**		—
Mortgage prepayment cost		**—**		446
Costs relating to transactions that were not completed		**—**		99
FFO (formerly known as "NFFO")	**$**	**97,153**	$	97,622
Weighted average number of units (000s) - diluted		**171,266**		175,994
FFO per unit – diluted (formerly known as "NFFO per unit - diluted")	**$**	**0.567**	$	0.555
Total distributions declared	**$**	**61,828**	$	63,746
FFO payout ratio (formerly known as "NFFO payout ratio")[(4)]		**63.6 %**		65.3 %

(1) For the three months ended March 31, 2023, the adjustment is based on applying the 35% weighted average ownership held by ERES non-controlling unitholders (March 31, 2022 - 34%) to ERES's FFO of $13.3 million (€9.2 million) (for the three months ended March 31, 2022 - $13.7 million or €9.8 million) and adjusting for $nil of acquisition fees for the three months ended March 31, 2023 (for the three months ended March 31, 2022 - $0.9 million) charged by CAPREIT to ERES, which are eliminated upon consolidation.

(2) Includes amortization of property, plant, and equipment and right-of-use asset.

(3) For the three months ended March 31, 2023, includes $0.1 million of accelerated vesting of previously granted unit-based compensation (three months ended March 31, 2022 - $0.4 million).

(4) The payout ratio compares distributions declared to FFO (formerly known as "NFFO").

Reconciliation of Unitholders' Equity to NAV:

($ Thousands, except per unit amounts)

As at	March 31, 2023	December 31, 2022	March 31, 2022
Unitholders' equity	**$ 9,774,480**	$ 10,003,695	$ 10,361,617
Adjustments:			
Exchangeable LP Units	**78,093**	71,668	90,087
Unit-based compensation financial liabilities excluding ERES's unit options plan	**19,634**	17,455	29,626
Deferred income tax liability	**80,391**	120,524	144,719
Deferred income tax asset	**(11,469)**	(6,173)	(4,095)
Derivative assets	**(56,655)**	(62,599)	(56,405)
Derivative liabilities	**15,484**	10,625	226
Goodwill	**—**	—	(14,573)
Adjustment to ERES non-controlling interest[(1)]	**(139,002)**	(200,629)	(76,065)
NAV	**$ 9,760,956**	$ 9,954,566	$ 10,475,137
Diluted number of units	**169,831**	171,600	176,267
NAV per unit - diluted	**$ 57.47**	$ 58.01	$ 59.43

[(1)] 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 March 31, 2023, December 31, 2022 and March 31, 2022:

($ Thousands)

As at	March 31, 2023	December 31, 2022	March 31, 2022
ERES's NAV	**€ 776,515**	€ 899,166	€ 999,729
Ownership by ERES non-controlling interest	**35 %**	34 %	34 %
Closing foreign exchange rate	**1.4719**	1.4498	1.3900
Impact to NAV due to ERES's non-controlling unitholders	**$ 400,022**	$ 443,228	$ 472,472
Less: ERES units held by non-controlling unitholders	**$ 261,020**	$ 242,599	$ 396,407
Adjustment to ERES non-controlling interest	**$ 139,002**	$ 200,629	$ 76,065

Reconciliation for Total Debt and Total Debt Ratios:

($ Thousands)

As at	March 31, 2023	December 31, 2022	March 31, 2022
Mortgages payable - non-current	$ 5,936,555	$ 5,963,820	$ 5,864,017
Mortgages payable - current	636,999	613,277	494,647
Liabilities related to assets held for sale	—	38,116	—
Mortgage debt	6,573,554	6,615,213	6,358,664
Bank Indebtedness - non-current	484,063	388,975	474,441
Total Debt	$ 7,057,617	$ 7,004,188	$ 6,833,105
Total Assets	$ 17,542,136	$ 17,741,888	$ 18,121,622
Add: Total accumulated amortization and depreciation	41,073	42,100	36,637
Gross Book Value[1]	$ 17,583,209	$ 17,783,988	$ 18,158,259
Ratio of Total Debt to Gross Book Value	40.1 %	39.4 %	37.6 %
Ratio of Mortgage debt to Gross Book Value	37.4 %	37.2 %	35.0 %

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

Reconciliation of Net (Loss) Income to Adjusted EBITDAFV:

($ Thousands)

For the trailing 12 months ended	March 31, 2023	December 31, 2022	March 31, 2022
Net (loss) income	$ (134,899)	$ 13,637	$ 1,334,042
Adjustments:			
Interest on Exchangeable LP Units	2,423	2,435	1,613
Interest and other financing costs	187,582	180,434	166,074
Current and deferred income tax (recovery) expense	(72,619)	(10,034)	99,018
Amortization of property, plant and equipment	7,145	7,462	8,151
Unit-based compensation amortization expense	6,944	7,256	7,580
EUPP unit-based compensation expense	(520)	(514)	(504)
Fair value adjustments of investment properties	673,268	468,327	(1,075,376)
Fair value adjustments of financial instruments	55,400	7,440	(25,958)
Net gain on derecognition of debt	(5,081)	(1,766)	—
(Gain) loss on non-controlling interest	(125,656)	(104,822)	64,807
Loss on dispositions	3,421	3,318	333
Loss on foreign currency translation	5,077	21,000	17,244
FFO adjustment for income from investment in associate[1]	—	—	(9,271)
Goodwill impairment loss	14,278	14,278	—
Adjusted EBITDAFV	$ 616,763	$ 608,451	$ 587,753

[1] Relates to CAPREIT's share of Irish Residential Properties REIT plc investment property fair value gain.

Debt Service Coverage Ratio

($ Thousands)

For the trailing 12 months ended	March 31, 2023	December 31, 2022	March 31, 2022
Interest on mortgages payable and liabilities related to assets held for sale	$ 157,641	$ 154,467	$ 141,636
Interest on bank indebtedness	11,987	8,292	6,536
Mortgage principal repayments	162,458	162,048	153,269
Debt service payments	$ 332,086	$ 324,807	$ 301,441
Adjusted EBITDAFV	$ 616,763	$ 608,451	$ 587,753
Debt Service Coverage Ratio (times)	1.9x	1.9x	2.0x

Interest Coverage Ratio

($ Thousands)

For the trailing 12 months ended	March 31, 2023	December 31, 2022	March 31, 2022
Interest on mortgages payable and liabilities related to assets held for sale	**$ 157,641**	$ 154,467	$ 141,636
Interest on bank indebtedness	**11,987**	8,292	6,536
Interest Expense	**$ 169,628**	$ 162,759	$ 148,172
Adjusted EBITDAFV	**$ 616,763**	$ 608,451	$ 587,753
Interest coverage ratio (times)	**3.6x**	3.7x	4.0x