



CANADIAN APARTMENT  
PROPERTIES • REIT

# FINANCIAL REPORT

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THREE MONTHS ENDED  
MARCH 31, 2023

Q1

Eagle Pointe - Kanata, ON



CANADIAN APARTMENT  
PROPERTIES • REIT

May 12, 2023

## Report to Unitholders

I am pleased to be providing to Unitholders this update on our strong strategic and operational performance in the first quarter of 2023. Importantly, we recognize that this is against a backdrop of accelerating unaffordability and supply shortfalls in Canada's housing market.

Continuously growing demand for affordable rental accommodation has fuelled market-driven growth in rents alongside near-full occupancies across our Canadian residential suites. Occupied average monthly rent (AMR) grew to \$1,428 as of March 31, 2023, driven by uplifts on turnover and lease renewal. Our weighted average change in monthly rent was 3.7% for the first quarter of 2023, with the majority of that attributable to increases on renewals that are set in accordance with regulatory rent caps and guidelines. CAPREIT's average monthly rents remain well-below the average in each of our markets, as we continue to prioritize the affordable living we provide in Canada's increasingly unaffordable cities.

We have made solid progress on our strategic refresh so far this year, executing on \$160 million worth of non-core property dispositions to date, and recycling a portion of those proceeds into two high-quality new build assets acquired for an aggregate \$84 million. Our on-strategy properties come with attractive yields, high growth profiles and modest capital expenditure needs, and geographically diversify the portfolio by increasing our presence in Canada's most vibrant markets.

Our asset-light development program finalized its first disposition of under-utilized land, following our successful undertaking of the end-to-end entitlement process. The sale generated a strong price per buildable square foot and will soon give rise to new residential homes needed in that growing area, benefiting both our Unitholders and our community. In partnership with development managers, CAPREIT has also submitted further planning applications for potential new residential buildings in certain high-growth and major transit station areas in the Greater Toronto Area (GTA). Subject to municipal approval, this will help to address the increased demand for high-rise residential intensifications in these neighbourhoods, underscoring our active commitment to contributing to the housing affordability and supply crises in Canada in all the ways that we can.

Divestiture proceeds were not only allocated toward targeted new construction rental assets, but also toward our Normal Course Issuer Bid (NCIB) and debt management programs. In the first quarter of 2023, we invested \$91.5 million in our NCIB, repurchasing 2 million Trust Units at steeply discounted pricing, which crystallized meaningful value for our Unitholders. Our strategic capital deployment also dynamically considers our debt and financing endeavours, as we proactively manage our leverage, liquidity, and mortgage refinancings to ensure that we are optimally recycling our capital in every capacity.

The rent growth observed throughout much of our portfolio drove an increase in our Net Operating Income (NOI) margin to 62.8% for this first quarter of 2023, which is up from 62.1% achieved in the prior period. However, our Funds From Operations (FFO) (formerly known as Normalized Funds From Operations) decreased slightly this quarter to \$97.2 million, impacted by elevated interest, accelerated CMHC amortization, higher septic system maintenance costs and higher General & Administrative (G&A) expenses, primarily from wage inflation. This was partly offset by the expansion in our margin, along with non-refundable deposits received on a property disposition that did not close. Diluted FFO per Unit increased by 2.2%, given the extent to which we have reduced our float through accretive purchases under our NCIB. Our FFO Payout Ratio remained conservative at 63.6%, underpinning the strength and stability of our monthly cash distributions.

Our financial profile is healthy and flexible at quarter end, with coverage and leverage ratios that are well within guidelines. Interest is fixed for over 99% of our mortgage portfolio, which carries a low weighted average effective interest rate of 2.6% at period end. We had accessible liquidity of \$266 million in cash and available credit on our Canadian facility at March 31, 2023, in addition to \$1.5 billion in properties unencumbered by mortgages, serving to support our capital reallocation activity.

We look forward to the significant progress we plan to continue making this year on all our strategic initiatives, with an energized focus on maximizing value for our Unitholders, in tandem with our residents and our communities.

A handwritten signature in blue ink, appearing to read "Mark Kenney".

Mark Kenney  
President and Chief Executive Officer



CANADIAN APARTMENT  
PROPERTIES • REIT

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**FOR THE THREE MONTHS ENDED  
MARCH 31, 2023**

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## SECTION I: OVERVIEW AND DISCLAIMER

### BASIS OF PRESENTATION

The following Management's Discussion and Analysis ("MD&A") of Canadian Apartment Properties Real Estate Investment Trust's ("CAPREIT") results of operations and financial condition for the three months ended March 31, 2023 and March 31, 2022 dated May 12, 2023, should be read in conjunction with CAPREIT's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023 and consolidated financial statements for the year ended December 31, 2022 contained in CAPREIT's 2022 Annual Report. CAPREIT and its subsidiaries are collectively referred to as "CAPREIT" in the MD&A. The results reported in CAPREIT's MD&A are on a consolidated basis including the full results of any subsidiaries. Additional information about CAPREIT, including the most recently filed Annual Information Form ("AIF"), is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### FORWARD-LOOKING DISCLAIMER

Certain statements contained, or contained in documents incorporated by reference, in this MD&A 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 MD&A 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 units of CAPREIT ("Trust Units"), CAPREIT's investment in European Residential Real Estate Investment Trust ("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. For a detailed discussion of risk factors, refer to the Risks and Uncertainties section in Section VI of the MD&A contained in the 2022 Annual Report. Subject to applicable law, CAPREIT does not undertake any obligation to publicly update or revise any forward-looking information.

## NON-IFRS MEASURES

CAPREIT prepares and releases unaudited condensed consolidated interim financial statements and audited consolidated annual financial statements in accordance with International Financial Reporting Standards ("IFRS"). In this MD&A, earnings releases, investor presentations and investor conference calls, CAPREIT discloses measures not recognized under IFRS which do not have standard meanings prescribed by IFRS. These include Funds From Operations ("FFO"), Adjusted Cash Flow from Operations ("ACFO"), Adjusted Cash Generated from Operating Activities, 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"). 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 Non-IFRS Measures because management believes Non-IFRS Measures are relevant measures utilized by our investors to evaluate 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 National Instrument 52-112 and a reconciliation of these Non-IFRS Measures to the comparable IFRS measures, along with further definitions and discussion, is provided in Section VI under Non-IFRS Measures. 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 Net Trust Expenses, Ratio of Total Debt to Gross Historical Cost and Ratio of Total Debt to Total Capitalization. In this MD&A, 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 MD&A. Refer to the discussion in Section VI under "Non-IFRS Measures – Fund From Operations" for further information.

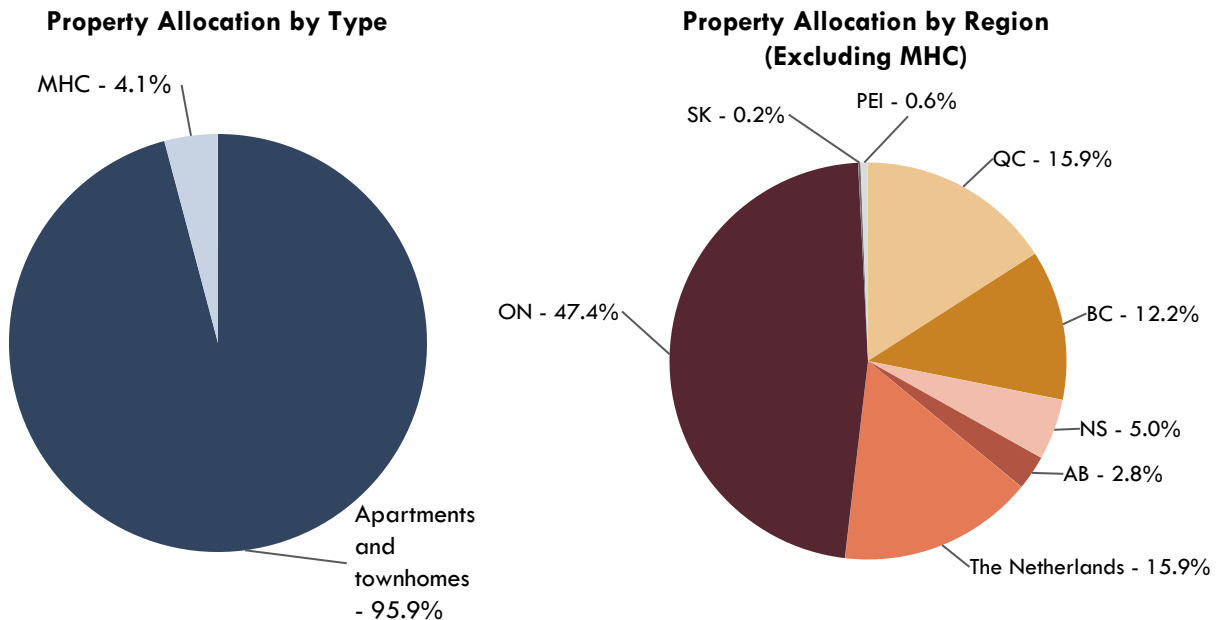
## OVERVIEW

CAPREIT is Canada's largest publicly-traded provider of quality rental housing. CAPREIT owns approximately 66,000 residential apartment suites, townhomes and manufactured home community ("MHC") sites well-located across Canada and the Netherlands as of March 31, 2023.

CAPREIT's concentration on the residential real estate market is aimed at solid year-over-year income growth in a portfolio with stable occupancy. In addition, CAPREIT mitigates risk through demographic diversification by operating properties across the affordable, mid-tier and luxury sectors, as well as through geographic diversification.

CAPREIT was established under the laws of the Province of Ontario by a Declaration of Trust (the "DOT"), dated February 3, 1997, as most recently amended and restated on June 1, 2022.

The following charts show the portfolio allocation by type and by region based on the fair value of CAPREIT's investment properties as at March 31, 2023. For a detailed discussion of CAPREIT's investment properties, refer to Section IV under Investment Properties.





## PROPERTY PORTFOLIO

### Types of Property Interests

CAPREIT's investments in its property portfolio reflect different forms of property interests, including: Fee Simple Interests – Apartments and Townhomes, Operating Leasehold Interests, Land Leasehold Interests and Fee Simple Interests – MHC Land Leases Sites.

### Portfolio Diversification

CAPREIT's property portfolio continues to be diversified by geography and balanced among asset types. Management's long-term goal is to further enhance the geographic diversification, high quality and defensive nature of its portfolio through acquisitions and dispositions.

### Portfolio by Geography

As at	March 31, 2023	%	December 31, 2022	%	March 31, 2022	%
<b>Residential Suites</b>						
<b>Ontario</b>						
Greater Toronto Area	17,139	26.2	17,139	25.7	17,897	26.6
London / Kitchener / Waterloo	3,808	5.8	3,808	5.7	3,808	5.7
Ottawa	1,485	2.3	2,492	3.7	2,750	4.1
	22,432	34.3	23,439	35.1	24,455	36.4
<b>Québec</b>						
Greater Montréal Region	8,681	13.2	8,682	13.0	8,447	12.6
Québec City	2,777	4.2	2,777	4.2	2,777	4.1
	11,458	17.4	11,459	17.2	11,224	16.7
<b>British Columbia</b>						
Greater Vancouver Area	3,743	5.7	3,743	5.6	3,743	5.6
Victoria and Other British Columbia	2,117	3.3	2,117	3.2	2,117	3.2
	5,860	9.0	5,860	8.8	5,860	8.8
<b>Nova Scotia</b>						
Halifax	3,287	5.0	3,288	4.9	3,288	4.9
<b>Alberta</b>						
Calgary	1,775	2.7	1,775	2.7	1,775	2.6
Edmonton	608	0.9	608	0.9	543	0.8
	2,383	3.6	2,383	3.6	2,318	3.4
<b>Prince Edward Island</b>						
Charlottetown	637	1.0	637	1.0	637	1.0
<b>Saskatchewan</b>						
Regina	234	0.4	234	0.4	234	0.3
<b>Total Canadian residential suites</b>	<b>46,291</b>	<b>70.7</b>	<b>47,300</b>	<b>71.0</b>	<b>48,016</b>	<b>71.5</b>
<b>MHC Sites</b>						
Total MHC sites	12,336	18.8	12,386	18.6	12,375	18.4
<b>Total Canadian portfolio</b>	<b>58,627</b>	<b>89.5</b>	<b>59,686</b>	<b>89.6</b>	<b>60,391</b>	<b>89.9</b>
<b>Europe</b>						
The Netherlands portfolio	6,900	10.5	6,900	10.4	6,791	10.1
<b>Total portfolio</b>	<b>65,527</b>	<b>100.0</b>	<b>66,586</b>	<b>100.0</b>	<b>67,182</b>	<b>100.0</b>

While maintaining a strong and strategic presence in Ontario's vibrant residential market, CAPREIT continues to focus on diversifying its portfolio by increasing its allocation in high-growth Canadian markets with strong fundamentals. CAPREIT considers investment opportunities that meet its investment criteria, which includes geographical diversification and the mitigation of risks arising from potential downturns in any specific markets.



## OBJECTIVES AND BUSINESS STRATEGY

CAPREIT's objectives are to:

- maintain a focus on maximizing occupancy and responsibly growing occupied average monthly rent ("Occupied AMR") in accordance with local conditions in each of its markets;
- grow FFO per unit (formerly known as "NFFO per unit"), sustainable distributions and NAV per unit by actively managing its properties, including upgrading and diversifying its property portfolio through accretive, on-strategy acquisitions and selected non-core or opportunistic dispositions, as well as the disposition of vacant development land that contributes to increasing the supply of new homes in Canada;
- invest capital within the property portfolio and adopt leading edge technologies and solutions in order to grow earnings and cash flow potential, to enhance CAPREIT's risk management, market research, environmental and operational efficiencies, and to help ensure life safety and satisfaction of residents; and
- maintain strong financial management with a flexible balance sheet and well-balanced capital structure to provide Unitholders with long-term, stable and predictable monthly cash distributions.

To meet its objectives, CAPREIT has established business strategies focused on: customer service, cost management, capital investments, upgrading the portfolio, financial management, and environmental, social and governance ("ESG") strategy integration.

For a comprehensive description of CAPREIT's business strategies, refer to CAPREIT's MD&A for the year ended December 31, 2022 contained in CAPREIT's 2022 Annual Report.

## SECTION II: PORTFOLIO OVERVIEW

### 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.

## KEY PERFORMANCE INDICATORS

To assist management and investors in monitoring and evaluating CAPREIT's achievement of its objectives, CAPREIT has defined a number of key operating and performance indicators ("KPIs") to measure the success of its operating and financial strategies.

*Occupancy* – Through a focused, hands-on approach, CAPREIT strives to achieve occupancies at or greater than market conditions in each of the geographic regions where it operates.

*Occupied AMR* – Through its active property management strategies, lease administration system and proactive capital investment programs, CAPREIT strives to achieve increasing Occupied AMR in accordance with local market conditions. Management believes same property Occupied AMR will continue to gradually increase, providing the basis for sustainable year-over-year increases in revenue.

*Net Operating Income ("NOI")* – NOI is a widely used operating performance indicator in the real estate industry, and is presented in CAPREIT's consolidated statements of (loss) income and comprehensive (loss) income as net operating income. It may not, however, be comparable to similar measures presented by other real estate investment trusts or companies.

*FFO per unit (formerly known as "NFFO per unit")* – CAPREIT is focused on achieving steady increases in this metric. Management believes this measure is indicative of CAPREIT's overall operating performance. For greater clarity, CAPREIT has relabelled NFFO per unit to simply FFO per unit throughout this MD&A. Refer to the discussion in Section VI under "Non-IFRS Measures - Funds From Operations" for further information.

*FFO Payout Ratio (formerly known as "NFFO Payout Ratio")* – This ratio is meant to monitor the FFO that is retained at CAPREIT to potentially fund investment opportunities, capital initiatives or repay indebtedness, after factoring in distributions and not meant to be a measure of the sustainability of CAPREIT's distributions. Although CAPREIT intends to continue to sustain and grow distributions, the actual amount of distributions in respect of the CAPREIT units will depend upon numerous factors including, but not limited to, the amount of debt refinancings, capital expenditures and other factors that may be beyond the control of CAPREIT.

*Leverage Ratios and Terms* – CAPREIT takes a proactive approach with its mortgage portfolio, striving to manage interest expense volatility risk by fixing the lowest possible average interest rates for long-term mortgages, while mitigating refinancing risk by prudently managing the portfolio's average term to maturity and staggering the maturity dates. For this purpose, CAPREIT strives to ensure its overall leverage ratios and interest and debt service coverage ratios are maintained at a sustainable level. CAPREIT focuses on maintaining capital adequacy by complying with investment and debt restrictions in its DOT and the financial covenants in its credit and mortgage agreements. CAPREIT's credit agreements consist of a revolving acquisition and operating facility, which includes EURIBOR, adjusted term SOFR and Canadian dollar borrowings ("Acquisition and Operating Facility"), and the ERES Credit Facility (collectively, the "Credit Facilities"), as described under "Liquidity and Financial Condition" in Section V.

*NAV per unit* – Management believes that this measure reflects the residual value of CAPREIT to its Unitholders on an ongoing basis and is therefore used by management on both an aggregate and per unit basis to evaluate the net asset value attributable to Unitholders, and changes thereon based on the execution of CAPREIT's strategy.

## PERFORMANCE MEASURES

The following tables present an overview of certain IFRS and Non-IFRS Measures of CAPREIT as at March 31, 2023, December 31, 2022 and March 31, 2022 and for the three months ended March 31, 2023 and March 31, 2022. Management believes these measures are useful in assessing CAPREIT's operating and financial performance in relation to its objectives and business strategy.

As at	March 31, 2023	December 31, 2022	March 31, 2022
<b>Total Portfolio Performance and Other Measures</b>			
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			
Canadian Residential Portfolio <sup>(1)</sup>	\$ 1,428	\$ 1,401	\$ 1,356
The Netherlands Portfolio	€ 1,002	€ 992	€ 949
Change in monthly rent on suite turnovers <sup>(2)</sup>			
Canadian Residential Portfolio <sup>(1)</sup>	26.7 %	24.3 %	10.2 %
The Netherlands Portfolio	19.9 %	23.1 %	21.1 %
Occupancy			
Canadian Residential Portfolio <sup>(1)</sup>	98.6 %	98.9 %	98.6 %
The Netherlands Portfolio	98.7 %	98.4 %	98.6 %
Total Portfolio <sup>(3)</sup>	98.1 %	98.3 %	98.0 %

<sup>(1)</sup> Excludes MHC sites.

<sup>(2)</sup> For the three months ended.

<sup>(3)</sup> Includes MHC sites.

For the Three Months Ended March 31,	2023	2022
<b>Financial Performance</b>		
Operating revenues (000s)	\$ 260,947	\$ 246,628
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") <sup>(1)</sup>	\$ 0.567	\$ 0.555
Distributions per unit	\$ 0.362	\$ 0.362
FFO payout ratio (formerly known as "NFFO payout ratio") <sup>(1)</sup>	63.6 %	65.3 %

<sup>(1)</sup> These measures are not defined by IFRS, do not have standard meanings and may not be comparable with other industries or companies (see Section I - Non-IFRS Measures). For a reconciliation to IFRS, see Section VI - Non-IFRS Measures.

As at	March 31, 2023	December 31, 2022	March 31, 2022
<b>Financing Metrics and Liquidity</b>			
Total debt to gross book value <sup>(1)</sup>	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) <sup>(1)(2)</sup>	1.9x	1.9x	2.0x
Interest coverage (times) <sup>(1)(2)</sup>	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
<b>Capital</b>			
Unitholders' equity (000s)	\$ 9,774,480	\$ 10,003,695	\$ 10,361,617
Net asset value <sup>(1)</sup> (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 <sup>(1)</sup>	\$ 57.47	\$ 58.01	\$ 59.43

<sup>(1)</sup> This measure is not defined by IFRS, does not have standard meaning and may not be comparable with other industries or companies (see Section I - Non-IFRS Measures). For a reconciliation to IFRS, see Section VI - Non-IFRS Measures.

<sup>(2)</sup> Based on the trailing four quarters.

## SECTION III: OPERATIONAL AND FINANCIAL RESULTS

## OCCUPIED AVERAGE MONTHLY RENTS AND OCCUPANCY

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. 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.

Net AMR is defined as actual residential rents, excluding vacant units, divided by the total number of suites or sites in the property, and does not include revenues from parking, laundry or other sources. Therefore, fluctuations in Net AMR are due to changes in residential rents, changes in occupancy levels or a combination of both. Management considers Occupied AMR to be a better measure of actual residential rents earned from tenants and is no longer disclosing Net AMR.

## Occupied AMR and Occupancy by Geography

As at March 31,	Total Portfolio				Same Property			
	2023		2022		2023		2022	
	Occupied AMR	Occ. %	Occupied AMR	Occ. %	Occupied AMR	Occ. %	Occupied AMR	Occ. %
<b>Residential Suites</b>								
<b>Ontario</b>								
Greater Toronto Area	\$ 1,631	99.4	\$ 1,551	99.1	\$ 1,631	99.4	\$ 1,557	99.1
London / Kitchener / Waterloo	1,183	98.7	1,116	99.3	1,183	98.7	1,116	99.3
Ottawa	1,730	99.3	1,422	99.7	1,681	100.0	1,606	99.7
	\$ 1,562	99.2	\$ 1,470	99.2	\$ 1,558	99.3	\$ 1,484	99.2
<b>Québec</b>								
Greater Montréal Region	\$ 1,143	97.1	\$ 1,087	97.1	\$ 1,124	97.1	\$ 1,087	97.2
Québec City	1,201	97.7	1,170	97.7	1,201	97.7	1,170	97.7
	\$ 1,157	97.2	\$ 1,107	97.3	\$ 1,144	97.3	\$ 1,107	97.3
<b>British Columbia</b>								
Greater Vancouver Area	\$ 1,583	99.1	\$ 1,513	98.9	\$ 1,583	99.1	\$ 1,513	98.9
Victoria and Other British Columbia	1,518	98.3	1,446	99.2	1,518	98.3	1,446	99.2
	\$ 1,560	98.8	\$ 1,489	99.0	\$ 1,560	98.8	\$ 1,489	99.0
<b>Nova Scotia</b>								
Halifax	\$ 1,422	98.5	\$ 1,346	98.4	\$ 1,422	98.5	\$ 1,346	98.4
<b>Alberta</b>								
Calgary	\$ 1,203	99.7	\$ 1,124	99.2	\$ 1,203	99.7	\$ 1,124	99.2
Edmonton	1,305	96.7	1,205	93.6	1,248	96.3	1,205	93.6
	\$ 1,229	98.9	\$ 1,142	97.8	\$ 1,213	98.9	\$ 1,142	97.8
<b>Prince Edward Island</b>								
Charlottetown	\$ 1,132	99.5	\$ 1,125	99.4	\$ 1,132	99.5	\$ 1,125	99.4
<b>Saskatchewan</b>								
Regina	\$ 1,108	98.3	\$ 1,066	96.6	\$ 1,108	98.3	\$ 1,066	96.6
<b>Total Canadian residential suites</b>	\$ 1,428	98.6	\$ 1,356	98.6	\$ 1,422	98.6	\$ 1,359	98.6
<b>MHC Sites</b>								
Total MHC sites	\$ 433	95.8	\$ 422	95.8	\$ 433	95.8	\$ 422	95.7
<b>Total Canadian portfolio</b>	\$ 1,223	98.0	\$ 1,166	98.0	\$ 1,217	98.0	\$ 1,165	98.0
<b>Europe</b>								
The Netherlands portfolio	€ 1,002	98.7	€ 949	98.6	€ 1,005	98.7	€ 949	98.6
<b>Total portfolio</b>		98.1		98.0		98.1		98.0

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.

### Annual Rental Guidelines as per Rental Board

The table below presents the annual rental guideline increases in CAPREIT's largest provinces of operations under rent control legislation impacting lease renewals, if applicable.

	2023 <sup>(1)</sup>	2022
Ontario	2.5%	1.2%
British Columbia	2.0%	1.5%

<sup>(1)</sup> Ontario and British Columbia have capped the rental guideline increase at 2.5% and 2.0%, respectively, below current rates of inflation. Without the cap, the rental guideline increase would have been calculated to be 5.3% and 5.4%, respectively, based on the Ontario and British Columbia Consumer Price Indices.

### Above Guideline Increases and Above Rental Increases

Management strives to ensure its residential suites are maintained to applicable standards through capital improvement initiatives, with a goal to continually improve the tenant experience at CAPREIT's buildings. Some improvements may include improving the security of buildings, restoring physical integrity to original condition or improving access for those with disabilities. These capital improvement initiatives generally come with significant costs that are initially borne by CAPREIT. In Ontario and British Columbia, landlords are legally permitted to partially recover these additional costs through above guideline increases ("AGIs") or additional rental increases ("ARIs") to share the responsibility of improving our buildings, our tenants' homes. Eligible costs include extraordinary increase in realty taxes, operating costs related to security services, and eligible capital expenditures, which are all presented to and approved by the Landlord and Tenant Board in Ontario or the Residential Tenancy Branch in British Columbia. In Ontario and British Columbia, the maximum AGIs and ARIs are up to 3% above the annual rental guidelines, with the exception of applications based on an increase in the cost of municipal taxes and charges in Ontario only. Furthermore, the AGIs and ARIs are capped at 3% each year to a maximum of 9% over the three-year period. Landlords may apply all eligible capital expenditures made over the previous 18 months.



## Suite Turnovers and Lease Renewals - Total Portfolio

The tables below summarize the changes in the monthly rent due to suite turnovers and lease renewals compared to the prior year.

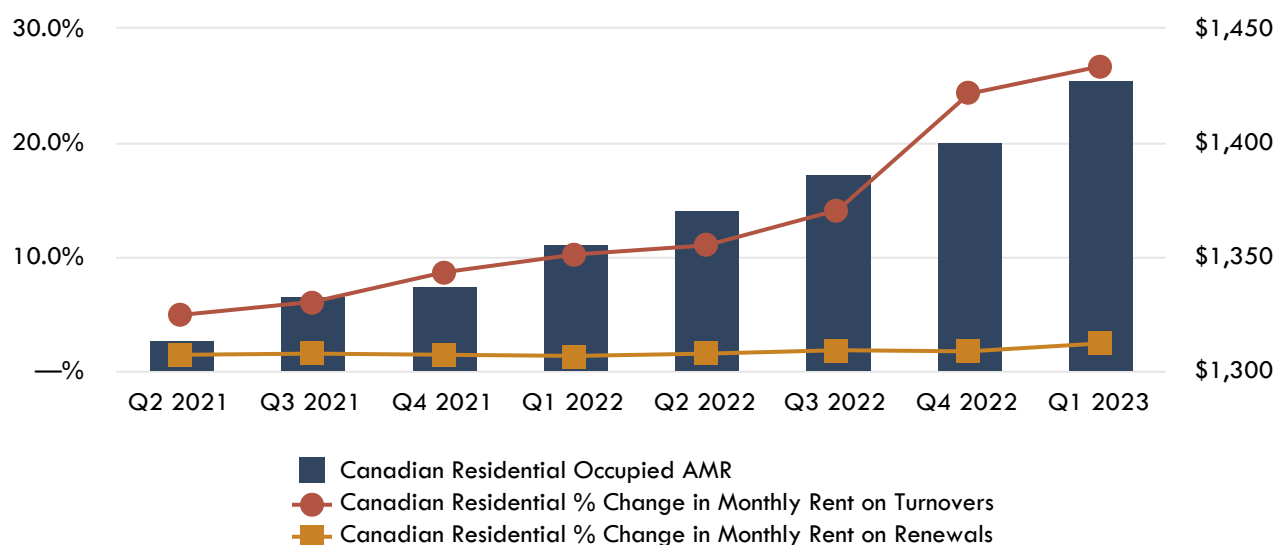
### Canadian Portfolio

For the Three Months Ended March 31,	2023		2022	
	Change in monthly rent %	Turnovers and Renewals <sup>(1)</sup> %	Change in monthly rent %	Turnovers and Renewals <sup>(1)</sup> %
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	

<sup>(1)</sup> 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.

Change in monthly rent on suite turnovers continues to remain strong while lease renewals remain stable due to rent controls in certain provinces. The following graph illustrates the change in monthly rent on turnovers, renewals, as well as Occupied AMR (excluding co-ownerships and MHC sites) for the trailing eight quarters.

### Change in Monthly Rent and Occupied AMR



## The Netherlands Portfolio

For the Three Months Ended March 31,

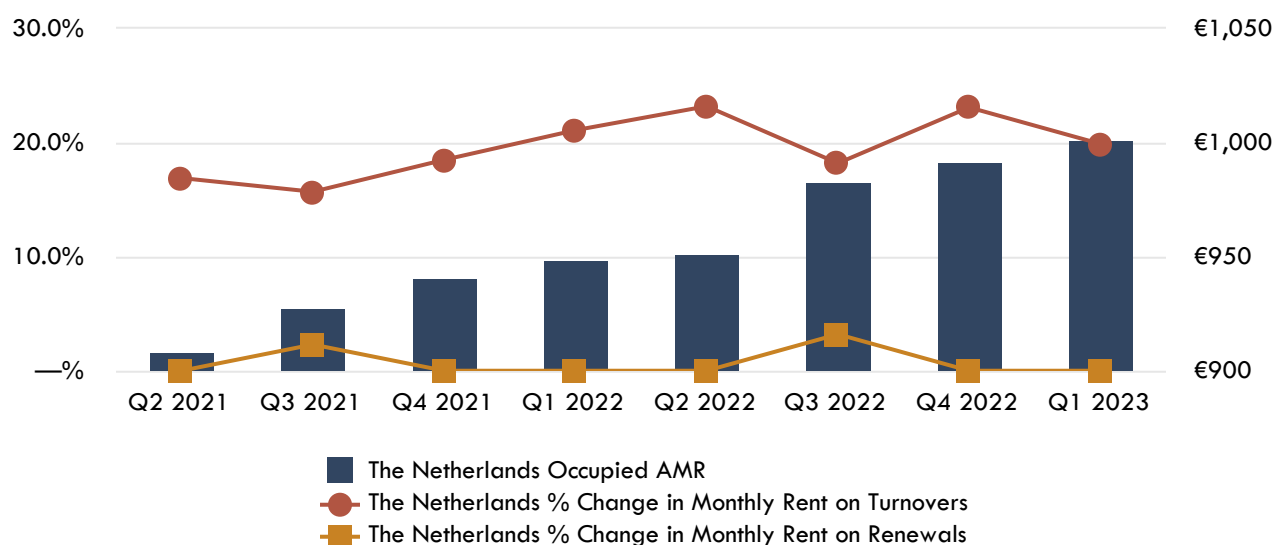
	2023		2022	
	Change in monthly rent %	Turnovers and Renewals <sup>(1)</sup> %	Change in monthly rent %	Turnovers and Renewals <sup>(1)</sup> %
Suite turnovers	19.9	3.9	21.1	2.6
Lease renewals	—	—	—	—
Weighted average of turnovers and renewals	19.9		21.1	

<sup>(1)</sup> 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%.

Change in monthly rent on suite turnovers continues to remain strong while lease renewals show moderate increases during the annual renewal month. The following graph illustrates the change in monthly rent on turnovers, renewals, as well as Occupied AMR for the trailing eight quarters.

**Change in Monthly Rent and Occupied AMR**



## Tenant Inducements and Expected Credit Losses

(\$ Thousands)

For the Three Months Ended March 31,	2023	% <sup>(1)</sup>	2022	% <sup>(1)</sup>
New tenant inducements incurred - residential	\$ 212		\$ 476	
New tenant inducements incurred - commercial	—		72	
Total new tenant inducements incurred	\$ 212		\$ 548	
Tenant inducements amortized	\$ 519	0.2	\$ 1,638	0.7
Expected credit losses	\$ 1,504	0.6	\$ 1,730	0.7

<sup>(1)</sup> As a percentage of total operating revenues.

## RESULTS OF OPERATIONS

The tables below summarize revenue from investment properties by region for the three months ended March 31, 2023 and March 31, 2022. Revenue is comprised of residential, commercial and ancillary revenue.

### Total Operating Revenues by Geography

For the Three Months Ended March 31,	2023		2022	
(\$ Thousands)	Revenue	(%)	Revenue	(%)
<b>Residential Suites</b>				
<b>Ontario</b>				
Greater Toronto Area	\$ 89,084	34.0	\$ 87,334	35.4
London / Kitchener / Waterloo	13,762	5.3	13,062	5.3
Ottawa	7,962	3.1	8,749	3.5
	\$ 110,808	42.4	\$ 109,145	44.2
<b>Québec</b>				
Greater Montréal Region	\$ 32,750	12.6	\$ 28,349	11.5
Québec City	10,717	4.1	10,350	4.2
	\$ 43,467	16.7	\$ 38,699	15.7
<b>British Columbia</b>				
Greater Vancouver Area	\$ 18,464	7.1	\$ 17,654	7.2
Victoria and Other British Columbia	10,273	3.9	9,723	3.9
	\$ 28,737	11.0	\$ 27,377	11.1
<b>Nova Scotia</b>				
Halifax	\$ 14,758	5.7	\$ 13,934	5.6
<b>Alberta</b>				
Calgary	\$ 7,638	2.9	\$ 7,017	2.8
Edmonton	2,528	1.0	2,066	0.8
	\$ 10,166	3.9	\$ 9,083	3.6
<b>Prince Edward Island</b>				
Charlottetown	\$ 2,165	0.8	\$ 2,143	0.9
<b>Saskatchewan</b>				
Regina	\$ 774	0.3	723	0.3
<b>Total Canadian residential suites</b>	\$ 210,875	80.8	\$ 201,104	81.4
<b>MHC Sites</b>				
Total MHC sites	\$ 16,162	6.2	\$ 15,374	6.3
<b>Total Canadian portfolio</b>	\$ 227,037	87.0	\$ 216,478	87.7
<b>Europe</b>				
The Netherlands <sup>(1)</sup>	\$ 31,107	11.9	\$ 27,518	11.2
Other Europe <sup>(2)</sup>	2,803	1.1	2,632	1.1
	\$ 33,910	13.0	\$ 30,150	12.3
<b>Total portfolio</b>	\$ 260,947	100.0	\$ 246,628	100.0

<sup>(1)</sup> In € thousands, €21,449 and €19,398 for three months ended March 31, 2023 and March 31, 2022, respectively.

<sup>(2)</sup> Comprised of revenues for the commercial properties located in Germany and Belgium. In € thousands, €1,931 and €1,856 for the three months ended March 31, 2023 and March 31, 2022, respectively.

### Estimated Net Rental Revenue Run-Rate

Estimated net rental revenue run-rate (net of historical vacancy loss and tenant inducement amortization) is based on Net AMRs in place for CAPREIT's residential suites and sites and commercial leases. In light of CAPREIT's strategy of upgrading and diversifying its property portfolio through accretive, on-strategy acquisitions and selected non-core or opportunistic dispositions as well as uncertainty about the timing of such transactions, CAPREIT is no longer disclosing estimated net rental revenue run-rate.

## Net Operating Income

Management believes NOI is a key indicator of operating performance for CAPREIT and in the real estate industry in general. CAPREIT's NOI includes all rental revenues and other related ancillary income generated at the property level, less: (i) related direct costs such as realty taxes, utilities, repairs and maintenance ("R&M") costs, on-site wages and salaries, insurance costs and expected credit losses; and (ii) an appropriate allocation of corporate overhead costs. It may not, however, be comparable to similar measures presented by other real estate investment trusts or companies.

Management believes same property NOI is a key indicator of operating performance of properties fully owned by CAPREIT in the current and prior year comparative periods. 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. As at March 31, 2023, same property suites and sites represented 97.4% (March 31, 2022 - 93.5%) of total suites and sites.

CAPREIT's investment properties primarily consist of apartment suites but include a number of townhomes in Canada and the Netherlands which generally have higher NOI margins than apartment suites.

(\$ Thousands) For the Three Months Ended March 31,	Total NOI			Same Property NOI		
	2023	2022	% <sup>(1)</sup>	2023	2022	% <sup>(1)</sup>
<b>Operating Revenues</b>						
Net rental revenues	\$ 247,113	\$ 233,551	5.8	\$ 239,547	\$ 226,406	5.8
Other <sup>(2)</sup>	13,834	13,077	5.8	13,317	12,645	5.3
Total operating revenues	\$ 260,947	\$ 246,628	5.8	\$ 252,864	\$ 239,051	5.8
<b>Operating Expenses</b>						
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 <sup>(3)</sup>	(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 %	

<sup>(1)</sup> Represents the year-over-year percentage change.

<sup>(2)</sup> Comprises ancillary income such as parking, laundry and antenna revenue.

<sup>(3)</sup> Comprises 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 portfolio increased compared to the same period 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

### Realty Taxes

For the three months ended March 31, 2023, realty taxes for the same property portfolio increased compared to the same period last year, primarily due to increases in realty tax rates in Ontario, with the total portfolio's realty taxes further increasing as a result of the impact of acquisitions, partially offset by dispositions.

### Utilities

CAPREIT's utility costs can be highly variable from year to year depending on energy consumption and rates. The tables below provide CAPREIT's utility costs by type for the three months ended March 31, 2023 and March 31, 2022.

(\$ Thousands) For the Three Months Ended March 31,	Total Utilities			Same Property Utilities		
	2023	2022	% <sup>(1)</sup>	2023	2022	% <sup>(1)</sup>
Electricity	\$ 7,929	\$ 8,117	(2.3)	\$ 7,717	\$ 7,834	(1.5)
Natural gas	8,797	8,812	(0.2)	8,634	8,444	2.3
Water	7,433	7,230	2.8	7,338	6,868	6.8
Total	\$ 24,159	\$ 24,159	0.0	\$ 23,689	\$ 23,146	2.3

<sup>(1)</sup> Represents the year-over-year percentage change.

The table below breaks down the factors causing the above changes in the same property portfolio. Refer to the Operational Efficiency and Resilience section of the 2021 ESG Report for details on CAPREIT's conservation efforts.

For the Three Months Ended March 31, 2023	Decrease due to consumption	Increase due to rate	Explanation
Electricity	(5.6)%	4.1%	Milder winter weather led to lower consumption, partially offset by higher rates in AB Increased rates due to volatility in natural gas market prices in NS and BC and higher hedged rates in ON and QC
Natural gas	(14.5)%	16.8%	Milder winter weather compared to last year led to decreased consumption
Water	(5.9)%	12.7%	Municipal rate increases in ON and AB, partially offset by lower consumption due to less tenants working from home
<b>Total</b>	<b>(8.9)%</b>	<b>11.2%</b>	

As at March 31, 2023, Canadian tenants who pay their electricity charges directly, through sub-metering or direct-metering, represented 67% of the total 58,627 suites and sites in Canada. Additional suites and sites have sub-metering or direct metering in place, for which the cost of electricity is currently borne by CAPREIT and will be assumed by new tenants upon turnover. CAPREIT will continue to evaluate implementing sub-metering in the remaining suites and sites. Sub-metering lowers consumption, resulting in a smaller environmental impact, lower operating expenses and lower inflation exposure.

In an effort to protect against rising natural gas rates, CAPREIT has fixed the price of natural gas and transport for a portion of its estimated requirements until 2025. The cost of natural gas rates is comprised of commodity, transport, delivery, and carbon taxes. For the remainder of 2023, the commodity prices have been fixed on 88.5% of CAPREIT's estimated requirements, and transport costs have also been fixed on 89.1% of CAPREIT's estimated requirements. Some volatility on the overall natural gas costs is still expected on the remaining costs with unfixed prices.

As at March 31, 2023, Dutch tenants who pay their utility charges directly represented 100% of the total 6,900 suites in the Netherlands.

Other Operating Expenses

For the three months ended March 31, 2023, 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 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.

## NOI BY REGION

For the Three Months Ended March 31,	2023			2022			Increase (Decrease)
(\$ Thousands)	NOI	NOI % <sup>(1)</sup>	NOI Margin (%)	NOI	NOI % <sup>(1)</sup>	NOI Margin (%)	NOI Change (%)
<b>Residential Suites</b>							
<b>Ontario</b>							
Greater Toronto Area	\$ 55,799	34.0	62.6	\$ 54,002	35.4	61.8	3.3
London / Kitchener / Waterloo	8,374	5.1	60.8	7,969	5.2	61.0	5.1
Ottawa	5,473	3.3	68.7	5,640	3.7	64.5	(3.0)
	\$ 69,646	42.4	62.9	\$ 67,611	44.3	61.9	3.0
<b>Québec</b>							
Greater Montréal Region	\$ 18,612	11.4	56.8	\$ 14,867	9.7	52.4	25.2
Québec City	6,291	3.8	58.7	5,905	3.9	57.1	6.5
	\$ 24,903	15.2	57.3	\$ 20,772	13.6	53.7	19.9
<b>British Columbia</b>							
Greater Vancouver Area	\$ 12,604	7.7	68.3	\$ 11,996	7.8	68.0	5.1
Victoria and Other British Columbia	7,353	4.5	71.6	6,815	4.4	70.1	7.9
	\$ 19,957	12.2	69.4	\$ 18,811	12.2	68.7	6.1
<b>Nova Scotia</b>							
Halifax	\$ 8,139	5.0	55.1	\$ 7,496	4.9	53.8	8.6
<b>Alberta</b>							
Calgary	\$ 3,860	2.4	50.5	\$ 3,594	2.3	51.2	7.4
Edmonton	1,312	0.8	51.9	1,067	0.7	51.6	23.0
	\$ 5,172	3.2	50.9	\$ 4,661	3.0	51.3	11.0
<b>Prince Edward Island</b>							
Charlottetown	\$ 983	0.6	45.4	\$ 971	0.6	45.3	1.2
<b>Saskatchewan</b>							
Regina	\$ 379	0.2	49.0	\$ 346	0.2	47.9	9.5
Total Canadian residential suites	\$ 129,179	78.8	61.3	\$ 120,668	78.8	60.0	7.1
<b>MHC Sites</b>							
MHC sites <sup>(2)</sup>	\$ 8,779	5.4	54.3	\$ 9,327	6.1	60.7	(5.9)
<b>Total Canadian portfolio</b>	\$ 137,958	84.2	60.8	\$ 129,995	84.9	60.0	6.1
<b>Europe</b>							
The Netherlands <sup>(3)</sup>	\$ 23,568	14.4	75.8	\$ 20,980	13.7	76.2	12.3
Other Europe <sup>(4)</sup>	2,332	1.4	83.2	2,197	1.4	83.5	6.1
<b>Total Europe portfolio</b>	\$ 25,900	15.8	76.4	\$ 23,177	15.1	76.9	11.7
<b>Total portfolio</b>	\$ 163,858	100.0	62.8	\$ 153,172	100.0	62.1	7.0

<sup>(1)</sup> Represents percentage of the portfolio by NOI.

<sup>(2)</sup> Includes \$1,082 of required maintenance costs for the operation and remediation of CAPREIT's septic tanks at primarily two MHC sites, one of which was disposed of on March 1, 2023, for the three months ended March 31, 2023 (March 31, 2022 - \$130). Excluding these interim maintenance costs, NOI margins at MHC sites for the three months ended March 31, 2023 would have been 61.0% (March 31, 2022 - 61.5%).

<sup>(3)</sup> In € thousands, NOI €16,242 and NOI margin 75.7% for the three months ended March 31, 2023 compared to NOI €14,773 and NOI margin 76.2% for the three months ended March 31, 2022.

<sup>(4)</sup> Comprised of NOI for the commercial properties located in Germany and Belgium. In € thousands, NOI €1,608 and NOI margin 83.3% for the three months ended March 31, 2023 compared to NOI €1,549 and NOI margin 83.5% for the three months ended March 31, 2022.



## SAME PROPERTY NOI BY REGION

Same property NOI by region includes all properties held 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. The following tables summarize the same property NOI and NOI margins by region for the three months ended March 31, 2023 and March 31, 2022:

For the Three Months Ended March 31,	2023		2022		Increase (Decrease)
(\$ Thousands)	Same Property NOI	NOI Margin (%)	Same Property NOI	NOI Margin (%)	NOI Change (%)
<b>Residential Suites</b>					
<b>Ontario</b>					
Greater Toronto Area	\$ 55,796	62.6	\$ 52,070	62.1	7.2
London / Kitchener / Waterloo	8,374	60.8	7,969	61.0	5.1
Ottawa	4,529	70.4	4,225	70.5	7.2
	\$ 68,699	62.9	\$ 64,264	62.4	6.9
<b>Québec</b>					
Greater Montréal Region	\$ 16,457	56.7	\$ 14,293	52.0	15.1
Québec City	6,291	58.7	5,907	57.1	6.5
	\$ 22,748	57.3	\$ 20,200	53.4	12.6
<b>British Columbia</b>					
Greater Vancouver Area	\$ 12,604	68.3	\$ 11,998	68.0	5.1
Victoria	6,982	71.5	6,592	70.0	5.9
	\$ 19,586	69.4	\$ 18,590	68.7	5.4
<b>Nova Scotia</b>					
Halifax	\$ 8,139	55.1	\$ 7,496	53.8	8.6
<b>Alberta</b>					
Calgary	\$ 3,866	50.6	\$ 3,588	51.1	7.7
Edmonton	1,134	52.3	1,067	51.6	6.3
	\$ 5,000	51.0	\$ 4,655	51.2	7.4
<b>Prince Edward Island</b>					
Charlottetown	\$ 983	45.4	\$ 971	45.3	1.2
<b>Saskatchewan</b>					
Regina	\$ 379	49.0	\$ 346	47.9	9.5
Total Canadian residential suites	\$ 125,534	61.3	\$ 116,522	60.1	7.7
<b>MHC Sites</b>					
MHC sites	\$ 8,658	54.7	\$ 9,355	61.0	(7.5)
<b>Total Canadian portfolio</b>	\$ 134,192	60.8	\$ 125,877	60.2	6.6
<b>Europe</b>					
The Netherlands	\$ 22,411	76.0	\$ 20,818	76.2	7.7 <sup>(1)</sup>
Other Europe	2,332	83.2	2,197	83.5	6.1 <sup>(2)</sup>
Total Europe portfolio	\$ 24,743	76.6	\$ 23,015	76.8	7.5
<b>Total portfolio</b>	\$ 158,935	62.9	\$ 148,892	62.3	6.7
<b>Same property suites and sites</b>	<b>63,847</b>		<b>63,847</b>		

<sup>(1)</sup> In € thousands, NOI of €15,447 and NOI Margin 75.9% for the three months ended March 31, 2023 compared to NOI €14,663 and NOI Margin 76.1% for the three months ended March 31, 2022.

<sup>(2)</sup> In € thousands, NOI of €1,608 and NOI Margin 83.3% for the three months ended March 31, 2023 compared to NOI €1,549 and NOI Margin 83.5% for the three months ended March 31, 2022.

Same property NOI for the three months ended March 31, 2022 increased by 6.7% when compared to the prior year comparative period, with the Canadian residential suites and the European portfolio same property NOI increasing year-over-year by 7.7% and 7.5%, respectively. The increases in those regions were mainly driven by increases in monthly rents on turnovers and renewals, partially offset by higher operating expenses. The overall increase in total portfolio same property NOI year-over-year was partially offset by a decrease in MHC sites same property NOI by 7.5%, mainly driven

by higher R&M due to required interim maintenance costs for the operation of CAPREIT's septic tanks at some MHC sites, partially offset by increases in monthly rents on turnovers and renewals.

## NET (LOSS) INCOME AND OTHER COMPREHENSIVE (LOSS) INCOME

For the Three Months Ended March 31, (\$ Thousands)	2023	2022
<b>Operating revenues</b>		
Revenue from investment properties	\$ 260,947	\$ 246,628
<b>Operating expenses</b>		
Realty taxes	(24,037)	(23,447)
Property operating costs	(73,052)	(70,009)
Total operating expenses	(97,089)	(93,456)
<b>Net operating income</b>	<b>163,858</b>	<b>153,172</b>
Other income	6,823	8,290
Trust expenses	(16,895)	(15,994)
Unit-based compensation amortization expense	(1,876)	(2,188)
Financing-related costs:		
Interest expense on debt and other financing costs	(50,394)	(43,246)
Interest expense on Exchangeable LP Units	(597)	(609)
Net gain on derecognition of debt	3,315	—
Total financing-related costs	(47,676)	(43,855)
Fair value adjustments of investment properties	(185,386)	19,555
Fair value adjustments of financial instruments	(48,195)	(235)
Loss on non-controlling interest	(21,110)	(41,944)
Gain (loss) on foreign currency translation	3,840	(12,083)
Loss on transactions and other activities	(1,791)	(2,005)
<b>Net (loss) income before income taxes</b>	<b>(148,408)</b>	<b>62,713</b>
Current income tax expense	(1,771)	(940)
Deferred income tax recovery (expense)	46,952	(16,464)
Total current and deferred income tax recovery (expense)	45,181	(17,404)
<b>Net (loss) income</b>	<b>\$ (103,227)</b>	<b>\$ 45,309</b>
<b>Other comprehensive income (loss), including items that may be reclassified subsequently to net (loss) income</b>		
Gain (loss) on foreign currency translation, net of taxes	21,218	(52,517)
Amortization of losses from AOCL to interest and other financing costs	\$ 49	\$ 543
Gain on investments held at fair value through other comprehensive income	21	—
Reversal of cumulative loss on foreign currency translation due to loss of significant influence over IRES	—	7,627
<b>Other comprehensive income (loss)</b>	<b>\$ 21,288</b>	<b>\$ (44,347)</b>
<b>Comprehensive (loss) income</b>	<b>\$ (81,939)</b>	<b>\$ 962</b>

## Other Income

Other income comprises investment income, interest income from mortgage receivable, profit from sale of MHC inventory, net profit from investment in associate and other miscellaneous income. Further, other income also includes asset and property management, and transition service fees earned from foreign investments. Other income earned is not necessarily of a recurring nature and may vary year-over-year depending on factors such as dividends declared on investment, sales volume of MHC inventory and level of services provided to foreign investment.

The table below summarizes other income for the three months ended March 31, 2023 and March 31, 2022:

(\$ Thousands)

<b>For the Three Months Ended March 31,</b>	<b>2023</b>	<b>2022</b>
Investment income <sup>(1)</sup>	\$ 4,638	\$ 4,615
Interest income from mortgages receivable	271	776
Profit from sale of MHC inventory <sup>(2)</sup>	298	362
Other <sup>(3)</sup>	1,616	42
Asset and property management fees, and transition service fees <sup>(4)</sup>	—	1,848
Net profit from investment in associate <sup>(5)</sup>	—	647
<b>Total</b>	<b>\$ 6,823</b>	<b>\$ 8,290</b>

<sup>(1)</sup> For the three months ended March 31, 2023, investment income includes \$4.1 million of semi-annual dividends from IRES (for the three months ended March 31, 2022 - \$4.2 million). Prior to January 31, 2022, dividends from IRES were deducted from the carrying value of the investment in associate instead of being included in investment income.

<sup>(2)</sup> For the three months ended March 31, 2023, profit from sale of MHC inventory consists of income from sale of MHC home inventory of \$0.9 million (for the three months ended March 31, 2022 - \$1.0 million), offset by cost of sales of \$0.6 million (for the three months ended March 31, 2022 - \$0.6 million).

<sup>(3)</sup> The three months ended March 31, 2023 include \$1.5 million of non-refundable deposits that were recorded in net (loss) income on a property disposition that did not close.

<sup>(4)</sup> For the three months ended March 31, 2022, the amount included transition service fees totalling \$1.0 million, based on the Investment Management Agreement ("IMA") with IRES, which terminated on January 31, 2022. The table below summarizes the asset and property management fees, acquisition fees and service fees earned from CAPREIT's foreign subsidiaries and through its investment in IRES:

(\$ Thousands)

<b>For the Three Months Ended March 31,</b>	<b>2023</b>	<b>2022</b>
Total fee income generated	\$ 3,572	\$ 6,071
Asset and property management fees, acquisition fees, and service fees from ERES eliminated on consolidation	3,572	4,223
Asset and property management fees and transition service fees from IRES recognized in other income	\$ —	\$ 1,848

<sup>(5)</sup> Net profit from investment in associate represented CAPREIT's share of IRES' earnings, investment property fair value change and foreign exchange effects thereon during the period when CAPREIT exercised significant influence over IRES. Subsequent to January 31, 2022, CAPREIT no longer exercises significant influence over IRES and, as a result, its investment in IRES no longer qualifies as an investment in associate.

## Trust Expenses

Trust expenses include costs directly attributable to head office, such as salaries and benefits, trustee fees, professional fees for audit, tax, legal and advisory services, trustees' and officers' insurance premiums, providing third-party property and asset management services, and other general and administrative expenses, net of amounts allocated to property operating expenses for properties owned by CAPREIT. Trust expenses include costs related to the generation of asset management and services fees to ERES (a related party to CAPREIT). In 2022, trust expenses also included costs related to the generation of asset and property management and transition service fees to Irish Residential Properties REIT plc ("IRES") (a related party to CAPREIT up to January 31, 2022 with transition services period ended April 28, 2022).

(\$ Thousands)

<b>For the Three Months Ended March 31,</b>	<b>2023</b>	<b>2022</b>
Trust expenses attributable to CAPREIT (excluding ERES)	\$ 15,004	\$ 14,001
Trust expenses attributable to ERES	1,891	1,993
<b>Trust Expenses</b>	<b>\$ 16,895</b>	<b>\$ 15,994</b>
<b>Trust Expenses as % of Operating Revenue</b>	<b>6.5 %</b>	<b>6.5 %</b>

Trust expenses increased to \$16.9 million for the three months ended March 31, 2023, compared to \$16.0 million for the three months ended March 31, 2022. For the three months ended March 31, 2023, the increase was primarily as result of higher salaries and benefits, and to a lesser extent IT and consulting expenses, which were partially offset by lower legal expenses. For the three months ended March 31, 2023, non-routine items related to reorganization costs were approximately \$1.9 million (three months ended March 31, 2022 - \$1.9 million). Excluding non-routine items, trust expenses as percentage of operating revenue were 5.7% for the three months ended March 31, 2023 (three months ended March 31, 2022 - 5.7%).

### Unit-based Compensation Amortization Expense

Units are issuable pursuant to CAPREIT's unit-based compensation plans, namely the Employee Unit Purchase Plan ("EUPP"), the Deferred Unit Plan ("DUP") and the Restricted Unit Rights Plan ("RUR Plan"). ERES units are issuable pursuant to ERES's unit options plan ("ERES UOP").

The table below summarizes the unit-based amortization expense for each plan for the three months ended March 31, 2023 and March 31, 2022:

(\$ Thousands)

For the Three Months Ended March 31,	2023	2022
DUP	\$ (297)	\$ (294)
RUR Plan <sup>(1)</sup>	(1,272)	(1,689)
EUPP	(143)	(137)
ERES UOP <sup>(1)</sup>	(164)	(68)
Unit-based compensation amortization expense	<b>\$ (1,876)</b>	<b>\$ (2,188)</b>

<sup>(1)</sup> Includes \$0.1 million and \$nil, respectively, for the three months ended March 31, 2023, relating to accelerated vesting of previously granted ERES UOP and RUR units (three months ended March 31, 2022- \$nil and \$0.4 million, respectively).

### Financing-related Costs

Interest expense on debt and other financing costs for the three months ended March 31, 2023 increased by \$7.1 million compared to the three months ended March 31, 2022 primarily due to higher average debt balances and higher interest rates on variable debt and on financing and refinancing activities. Interest on debt and other financing costs include amortization of CMHC premiums. Amortization of CMHC premiums may be subject to a certain degree of fluctuation from period to period as a result of CMHC premium write-offs which occur upon the refinancing of a mortgage as well as accelerated CMHC amortization expense for mortgages that management intends to fully refinance within the year. These write-offs and accelerated CMHC amortization expense may fluctuate depending on the timing and amount of mortgages coming due. For further details, please refer to the Liquidity and Financial Condition section found in Section V of the MD&A.

Interest expense on Exchangeable LP Units represents distributions paid and payable on Exchangeable LP Units outstanding. For the three months ended March 31, 2023, interest expense on Exchangeable LP Units decreased marginally compared to the same period last year due to the conversion of 32,004 Exchangeable LP Units converted into Trust Units during the current quarter.

For the three months ended March 31, 2023, net gain on derecognition of debt totalled \$3.3 million and comprises \$3.9 million of fair value gain on mortgages assumed by purchaser upon disposition of CAPREIT's share of the three remaining properties under joint arrangement in Ottawa, Ontario, partially offset by \$0.6 million of mortgage settlement costs during the current quarter.

### Fair Value Adjustments of Investment Properties

For the three months ended March 31, 2023, CAPREIT recorded a fair value loss to investment properties of \$185.4 million, primarily driven by the Netherlands portfolio, with a \$182.7 million fair value loss recorded during the quarter due to capitalization rate ("cap rate") expansion of 34 basis points ("bps"). The Canadian portfolio had a modest fair value loss of \$2.7 million for the three months ended March 31, 2023, primarily driven by cap rate expansion of 7 bps, partially offset by higher future expected NOI.

## Fair Value Adjustments of Financial Instruments

Fair value adjustments of financial instruments comprise fair value adjustments of Exchangeable LP Units, investments, derivative financial instruments and unit-based compensation.

Fair value adjustments of Exchangeable LP Units and unit-based compensation may vary significantly year-over-year depending on the unit price of CAPREIT. Fair value adjustments of investments may vary significantly year-over-year depending on the unit price of the respective investments. Fair value adjustments of derivative financial instruments may vary significantly year-over-year depending on the foreign exchange rates and yield curve.

The table below summarizes the fair value adjustments of financial instruments for the three months ended March 31, 2023 and March 31, 2022:

(\$ Thousands)

For the Three Months Ended March 31,	2023	2022
Fair value adjustments of Exchangeable LP units	\$ (8,003)	\$ 10,596
Fair value adjustments of investments	(24,657)	(44,398)
Fair value adjustments of derivative financial instruments	(13,902)	31,577
Unit-based compensation remeasurement (loss) gain	(1,633)	1,990
Fair value adjustments of financial instruments	\$ (48,195)	\$ (235)

## Loss on Non-Controlling Interest

For the three months ended March 31, 2023, CAPREIT recorded a loss of \$21.1 million on ERES units held by non-controlling unitholders. This includes interest expense on ERES non-controlling unitholders of \$3.5 million for the three months ended March 31, 2023. The remaining change relates to the mark-to-market loss of \$17.6 million due to fluctuations in ERES's unit market price for the three months ended March 31, 2023.

## Gain (Loss) on Foreign Currency Translation

CAPREIT's functional currency is the Canadian dollar and the functional currency of certain foreign subsidiaries is the euro. CAPREIT is exposed to gains or losses on foreign currency translations due to the execution of its foreign currency and interest rate risk management strategies. CAPREIT has foreign cash, borrowings and cross currency interest rate swap arrangements denominated in either US dollars or euros. Similarly, ERES has foreign cash, borrowings and cross currency interest rate swap arrangements, as well as certain other transactions, denominated in either US dollars or Canadian dollars. The gains or losses on foreign currency translations may vary significantly year-over-year depending on the value of the Canadian dollar relative to the US dollar and euro.

For the three months ended March 31, 2023, CAPREIT recorded a gain on foreign currency translation of \$3.8 million primarily due to the strengthening of the euro against the Canadian dollar (for more information, see Section VI - Other Information). For the three months ended March 31, 2022, CAPREIT recorded a loss on foreign currency translation of \$12.1 million primarily due to \$7.6 million of foreign currency loss reclassified from accumulated other comprehensive loss due to the loss of significant influence over IRES on January 31, 2022.

## Loss on Transactions and Other Activities

The table below summarizes the net loss on transactions and other activities for the three months ended March 31, 2023 and March 31, 2022:

(\$ Thousands)

For the Three Months Ended March 31,	2023	2022
Loss on dispositions	\$ (195)	\$ (92)
Amortization of PP&E and right-of-use asset	(1,596)	(1,913)
Total	\$ (1,791)	\$ (2,005)

**Current and Deferred Income Tax Recovery (Expense)**

Current income tax expense is primarily attributed to CAPREIT's European portfolio where CAPREIT operates through foreign legal entities that may be taxable in local jurisdictions. Current income tax expense for the three months ended March 31, 2023, increased by \$0.9 million, primarily driven by growth in NOI from CAPREIT's European portfolio, increase in tax rates in the Netherlands as well as exhaustion of tax losses and tax depreciation.

Deferred income tax recovery (expense) is primary attributed to CAPREIT's European portfolio and will vary significantly year-over year depending on the fair value of the European investment properties relative to the respective tax cost base. For the three months ended March 31, 2023, deferred income tax recovery was \$47.0 million mainly due to the net fair value losses recorded on CAPREIT's European investment properties this quarter. For the three months ended March 31, 2022, deferred income tax expense was \$16.5 million mainly due to the net fair value gains recorded on CAPREIT's European investment properties during that period.

**Other Comprehensive Income (Loss)**

Other comprehensive income (loss) comprises unrealized gain (loss) on foreign currency translation on CAPREIT's foreign subsidiaries, amortization of losses to interest expense and other financing costs, and gain (loss) on certain investments. The gains or losses on foreign currency translations may vary significantly year-over-year depending on the value of the Canadian dollar relative to the euro and the US dollar.

For the three months ended March 31, 2022, \$7.6 million of the cumulative loss on foreign currency translation was reversed into the consolidated statements of income and comprehensive income, due to the loss of significant influence over IRES on January 31, 2022.

## SECTION IV: INVESTMENT PROPERTIES

## INVESTMENT PROPERTIES

A summary of the fair values of CAPREIT's investment properties and changes, along with key market assumptions is presented in the following table. For the three months ended March 31, 2023, there was a \$32.5 million decrease in overall carrying value primarily due to fair value losses, partially offset by net acquisitions, property capital investments and foreign currency translation.

*Investment Properties by Geography*

	Dec. 31, 2022	Carrying Value Change Due To				Mar. 31, 2023	Mar. 31, 2023	Dec. 31, 2022
	Fair Value	Net Acquisitions (1)	Property Capital Investments(2)	Fair Value Adjustments	Foreign Exchange Translation	Fair Value	Cap Rates(3)	Cap Rates(3)
(\$ Millions)								
Greater Toronto Area	\$ 6,417	\$ —	\$ 26	\$ (47)	\$ —	\$ 6,396	3.60 %	3.49 %
Other Ontario	1,325	56	7	(3)	—	1,385	4.23 %	4.11 %
Québec	2,610	(17)	10	12	—	2,615	4.16 %	4.12 %
British Columbia	1,948	—	7	39	—	1,994	3.95 %	3.96 %
Nova Scotia	801	—	5	10	—	816	4.52 %	4.50 %
Alberta	461	—	2	2	—	465	4.72 %	4.63 %
Prince Edward Island	98	—	1	(2)	—	97	5.40 %	5.39 %
Saskatchewan	31	—	—	1	—	32	5.27 %	5.23 %
Subtotal	\$ 13,691	\$ 39	\$ 58	\$ 12	\$ —	\$ 13,800	3.93 %	3.86 %
MHC	713	—	7	(14)	—	706	6.01 %	5.94 %
Europe	2,750	—	6	(183)	42	2,615	4.22 %	3.88 %
<b>Total</b>	<b>\$ 17,154</b>	<b>\$ 39</b>	<b>\$ 71</b>	<b>\$ (185)</b>	<b>\$ 42</b>	<b>\$ 17,121</b>	<b>4.05 %</b>	<b>3.93 %</b>

(1) Excludes the disposition of CAPREIT's three remaining properties under joint arrangement which were classified as assets held for sale as at December 31, 2022 and which were disposed of on January 25, 2023. Refer to the Acquisitions and Dispositions section below for further information.

(2) Represents property capital investments and capitalized direct leasing costs during the three months ended March 31, 2023.

(3) Weighted average capitalization rates excluding implied capitalization rates on operating and land leasehold interests. See note 6 to the accompanying condensed consolidated interim financial statements for further valuation assumption details, including discount rates as at March 31, 2023 for operating and land leasehold interests. Capitalization rates for Europe represent the implied capitalization rates for these properties.

The recent regulatory and macroeconomic developments, including the current interest rate and inflationary environment, have impacted overall market activity resulting in limited reliable market metrics, such as capitalization rates. As such, the fair values of CAPREIT's investment properties are subject to significant change, and such changes may be material. Management is applying, to the greatest extent practicable, prudence and sound judgment in its basis for fair valuing its investment properties in the current unpredictable environment.



## ACQUISITIONS

The table below summarizes the investment property acquisition since January 1, 2023, which has contributed to the operating results as from its acquisition date.

### Acquisitions Completed During the Three Months Ended March 31, 2023

(\$ Thousands)

Acquisition Date	Suite or Site Count	Region	Total Acquisition Costs	Assumed Mortgage Funding	Subsequent Acquisition Financing	Stated Interest Rate (%)	Term to Maturity (Years)
February 27, 2023	143	Ottawa, ON	\$ 56,627 <sup>(1)</sup>	\$ 39,064	\$ —	3.25	9.50
Total	143		\$ 56,627	\$ 39,064	\$ —		

<sup>(1)</sup> The acquisition was funded from cash and cash equivalents, the assumption of an existing mortgage and a vendor takeback ("VTB") mortgage payable. Repayment of the five-year VTB mortgage payable may be waived, subject to certain conditions. The VTB mortgage payable carries an interest rate of 4.125% per annum.

There were no acquisitions completed in the Netherlands during the three months ended March 31, 2023.

## DISPOSITIONS

The table below summarizes the dispositions of investment properties completed since January 1, 2023.

### Dispositions Completed During the Three Months Ended March 31, 2023

(\$ Thousands)

Disposition Date	Suite or Site Count	Region	Sale Price	Fair Value of Investment Properties	Mortgages Assumed by Purchaser <sup>(1)</sup>	Fair Value Adjustments on Mortgages Assumed by Purchaser	Net Cash Proceeds <sup>(2)</sup>
January 25, 2023 <sup>(3)</sup>	1,150	Ottawa, ON	\$ 136,250	\$ 132,342	\$ 34,798	\$ 3,908	\$ 97,544
March 1, 2023	46	Wingham, ON	250	250	—	—	250
March 6, 2023 <sup>(4)</sup>	—	Montréal, QC	17,250	17,250	—	—	17,250
Total	1,196		\$ 153,750	\$ 149,842	\$ 34,798	\$ 3,908	\$ 115,044

<sup>(1)</sup> Relates to mortgages payable with a total principal amount of \$38.7 million assumed by the purchaser upon disposition. The amount shown is net of \$3.9 million fair value adjustment on mortgages assumed by the purchaser. The weighted average stated interest rate on mortgages assumed by the purchaser was 2.35%.

<sup>(2)</sup> Prior to working capital adjustments and transaction costs.

<sup>(3)</sup> CAPREIT disposed of its 50% interest in 1,150 apartment suites. These properties under joint arrangement were classified as assets held for sale as at December 31, 2022.

<sup>(4)</sup> Represents disposition of parking lot site adjacent to an existing multi-residential building owned by CAPREIT.

## PROPERTY CAPITAL INVESTMENTS

### Discretionary and Non-Discretionary Property Capital Investments

Management does not differentiate between maintenance and value-enhancing property capital investments. Maintenance property capital investments are generally not clearly identifiable, nor do they have a common definition, and would require significant judgment to classify property capital investments as maintenance or value-enhancing capital investments. In addition, there is no generally accepted definition of maintenance capital investments in the Canadian real estate industry. Management has decided to classify property capital investments into two categories: discretionary and non-discretionary. Management is of the view that this classification, while still requiring a degree of professional judgment, provides a better measure of economic cash flows.

*Non-Discretionary Property Capital Investments* are those investments management believes are essential for the safety of residents and to ensure the structural integrity of the properties. These investments may enhance the property's operating effectiveness, including its profitability, through increases in revenues or reductions in costs over the long term. Included in non-discretionary capital expenditures are items such as building improvements, including items such as roof, structural, balcony, sidewalks, windows, brick, electrical, MHC infrastructure investments, and life and safety. Management uses its professional judgment to include other capital expenditure categories that could impact the safety of residents. These Non-Discretionary Property Capital Investments are in addition to regular R&M costs, which have been in the range of \$800 to \$1,200 per residential suite annually over the past five years and are expensed to NOI.

*Discretionary Property Capital Investments* are capital expenditures made to the property that are not essential to the operation of the business in the short term. These investments may enhance the property's operating effectiveness, including its profitability, through increases in revenues or reductions in costs over the long term. Included in discretionary capital expenditures are items such as suite and common area improvements, energy-saving initiatives, equipment, boilers, elevators and risers.

## Property Capital Investments by Category

CAPREIT capitalizes all capital investments related to the improvement of its properties. These investments have the objective of growing future NOI, increasing property value over the long term, ensuring life safety and safeguarding of assets.

An important component of CAPREIT's property capital investment strategy is to make accretive acquisitions of value-add properties and improve their operating performance by investing annually while maintaining a focus on capital preservation. This ensures sustainable growth to continually improve the portfolio's future rental income-generating potential.

Energy-saving initiatives and suite and common area improvement costs generally tend to increase NOI more quickly compared to other capital investment categories. A breakdown of property capital investments (excluding development costs) is summarized by category below for the three months ended March 31, 2023 and year ended December 31, 2022.

<b>Three Months Ended March 31, 2023</b>		
(\$ Thousands)	Actual Total Portfolio	% of Actual
<b>Non-discretionary property capital investments:</b>		
Building improvements	\$ 12,168	19.1
MHC infrastructural	438	0.7
Life and safety	469	0.7
	\$ 13,075	20.5
<b>Discretionary property capital investments:</b>		
Suite improvements	\$ 26,194	41.3
Common area	12,560	19.7
Energy-saving initiatives	5,486	8.6
Equipment	3,459	5.4
Elevators and risers	2,200	3.5
MHC common area	391	0.6
Other	236	0.4
	\$ 50,526	79.5
<b>Total</b>	<b>\$ 63,601</b>	<b>100.0</b>

<b>Year Ended December 31, 2022</b>		
(\$ Thousands)	Actual Total Portfolio	% of Actual
<b>Non-discretionary property capital investments:</b>		
Building improvements	\$ 65,100	21.1
MHC infrastructural	6,291	2.0
Life and safety	3,387	1.1
	\$ 74,778	24.2
<b>Discretionary property capital investments:</b>		
Suite improvements	\$ 118,510	38.6
Common area	63,516	20.6
Energy-saving initiatives	23,955	7.8
Equipment	16,027	5.2
Elevators and risers	8,195	2.7
MHC common area	1,633	0.5
Other	1,328	0.4
	\$ 233,164	75.8
<b>Total</b>	<b>\$ 307,942</b>	<b>100.0</b>

Actual costs incurred may vary from period to period depending on the nature and timing of capital expenditures. Discretionary property capital investments are not essential to the operation of the business in the short term. In addition, projects are impacted by variable costs, supply chain issues and inflationary pressures, which affect financial viability and total return. Accordingly, CAPREIT is not providing forecasted property capital investments and future investments in building improvements due to the variable nature of costs depending on internal and external factors.

## DEVELOPMENT

### Development Progress

The development program remains a component of CAPREIT's growth strategy by allowing for the potential to unlock value embedded within the portfolio's existing assets. CAPREIT's strategy to unlock embedded value encompasses a combination of different approaches, including: (i) disposition of properties with significant development value to developers at premium pricing; (ii) rezoning of greenfield land or underutilized land, to be subsequently severed and sold to a developer; and (iii) development/redevelopment of a property, under a structure that is compatible with CAPREIT's strategic objectives.

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.

Over the long term, CAPREIT's portfolio has intensification and redevelopment potential, subject to market conditions, cost of construction and other factors. CAPREIT regularly re-evaluates its assets for highest and best use where the value may be realized through rental or condominium development or sale of a property.

### Development Summary

Development costs include costs related to planning, rezoning, architectural surveys, application fees and building permits. These development costs are spent on three main types of development: (i) conversion of underutilized spaces into new revenue-generating spaces; (ii) infill on excess land; and (iii) redevelopment of existing properties.

The table below summarizes the development costs incurred for the three months ended March 31, 2023 and year ended December 31, 2022:

For the Period Ended	March 31, 2023	December 31, 2022
(\$ Thousands)	Actual Total Portfolio	Actual Total Portfolio
Conversion	\$ 5,010	\$ 10,595
Infill <sup>(1)</sup>	414	6,906
Redevelopment <sup>(1)</sup>	3,399	1,287
Total for development	\$ 8,823	\$ 18,788

<sup>(1)</sup> Infill and Redevelopment costs relate primarily to pre-approval costs such as application, consultant fees and levies.

**SECTION V: CAPITAL STRUCTURE AND FINANCIAL CONDITION****CAPITAL STRUCTURE**

In the short term, CAPREIT utilizes the Credit Facilities, where necessary, to finance its property capital investments, which may include acquisitions. In the long term, equity issuances, mortgage financings and refinancings, including top-ups, are put in place to finance the cumulative investments in the property portfolio and ensure the sources of financing better reflect the long-term useful lives of the underlying investments.

As at March 31, 2023, CAPREIT is in compliance with all the investment and debt restrictions and financial covenants contained in the DOT and the Credit Facilities. The total capital managed by CAPREIT and the results of compliance with some of the key covenants and liquidity metrics are summarized in the following table:

(\$ 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	—
Bank indebtedness	484,063	388,975	474,441
Unitholders' equity	9,774,480	10,003,695	10,361,617
Exchangeable LP Units	78,093	71,668	90,087
Total capital	\$ 16,910,190	\$ 17,079,551	\$ 17,284,809

As at	Threshold	March 31, 2023	December 31, 2022	March 31, 2022
Total debt to gross book value <sup>(1)</sup>	Maximum 62.50%	40.1%	39.4 %	37.6 %
Mortgage debt to gross book value <sup>(1)(2)</sup>		37.4%	37.2 %	35.0 %

For the 12 months ended		March 31, 2023	December 31, 2022	March 31, 2022
Debt service coverage ratio (times) <sup>(1)(3)</sup>	Minimum 1.40	1.9x	1.9x	2.0x
Interest coverage ratio (times) <sup>(1)(3)</sup>	Minimum 1.65	3.6x	3.7x	4.0x
FFO payout ratio (formerly known as "NFFO payout ratio") <sup>(3)</sup>	Maximum 100%	61.7%	62.1 %	61.8 %

<sup>(1)</sup> These measures are not defined by IFRS, do not have standard meanings and may not be comparable with other industries or companies (see Section I - Non-IFRS Measures). For a reconciliation to IFRS, see Section VI - Non-IFRS Measures.

<sup>(2)</sup> Includes liabilities related to assets held for sale, as applicable.

<sup>(3)</sup> For the trailing 12 months ended.

**LIQUIDITY AND FINANCIAL CONDITION****Liquidity and Capital Resources**

Management believes there is adequate overall liquidity to fund property capital investment commitments to provide for future growth in the business. CAPREIT finances these commitments through: (i) cash and cash equivalents on hand; (ii) the Acquisition and Operating Facility; (iii) mortgage debt secured by its investment properties; and (iv) equity. Management's assessment of CAPREIT's liquidity position continues to be stable for the foreseeable future based on its evaluation of capital resources, as summarized below:

- i) CAPREIT's business continues to be stable and is expected to generate sufficient ACFO on an annual basis to fund the current level of distributions; and
- ii) CAPREIT's liquidity position as at March 31, 2023 remains strong with over \$265.6 million comprising \$24.6 million of cash and cash equivalents and \$241.0 million available on its Acquisition and Operating Facility, excluding borrowing capacity under the ERES Credit Facility.

As at March 31, 2023, CAPREIT has approximately \$1.45 billion of investment properties that are unencumbered by mortgages. Of these investment properties, approximately \$1.14 billion are Canadian investment properties which secure the Acquisition and Operating Facility. Included in these Canadian investment properties that secure the Acquisition and Operating Facility are \$271.8 million that also carry a negative pledge against the ERES Credit Facility.

The working capital deficiency, as presented on CAPREIT's consolidated balance sheets as at March 31, 2023, and defined as current assets less current liabilities, is funded through the Credit Facilities and refinancing of mortgages as they mature. Management does a liquidity forecast on a regular basis, which includes refinancing of mortgages, property capital investments, potential acquisitions and potential dispositions, to monitor the available capacity.

The tables below summarize the amounts available and drawn under the respective credit facilities as at March 31, 2023 and December 31, 2022:

(\$ Thousands)			
As at March 31, 2023	Acquisition and Operating Facility	ERES Credit Facility	Total
Maximum borrowing capacity	\$ 600,000	\$ 183,983	\$ 783,983
Less: USD borrowings	(322,374) <sup>(1)</sup>	—	(322,374)
Euro borrowings	—	(131,048) <sup>(4)</sup>	(131,048)
Canadian borrowings	(32,199) <sup>(2)</sup>	—	(32,199)
Letters of credit	(4,432)	—	(4,432)
Available borrowing capacity	\$ 240,995	\$ 52,935	\$ 293,930
Weighted average interest rate including interest rate swaps	6.10 % <sup>(3)</sup>	4.25 %	5.60 %

<sup>(1)</sup> As at March 31, 2023, CAPREIT has USD borrowings totaling \$238,254, that bear interest at the USD Adjusted Term SOFR rate plus a margin of 1.35%

<sup>(2)</sup> As at March 31, 2023, Canadian borrowings bear interest at the Canadian prime rate plus a margin of 0.35% per annum.

<sup>(3)</sup> As at March 31, 2023, excluding the impact of cross-currency interest rate swaps, the weighted average interest rate on the Acquisition and Operating Facility is 6.25%. For details on the swaps, refer to note 16 to the accompanying condensed consolidated interim financial statements.

<sup>(4)</sup> As at March 31, 2023, ERES has euro borrowings totaling EUR €89,050, that bear interest at the EURIBOR rate plus a margin of 1.35% per annum.

(\$ thousands)			
As at December 31, 2022	Acquisition and Operating Facility	ERES Credit Facility	Total
Facility	\$ 600,000	\$ 144,982	\$ 744,982
Less: USD borrowings	(259,211) <sup>(1)</sup>	(129,764) <sup>(3)</sup>	(388,975)
Letters of credit	(7,373)	—	(7,373)
Available borrowing capacity	\$ 333,416	\$ 15,218	\$ 348,634
Weighted average interest rate including interest rate swaps	5.56 % <sup>(2)</sup>	3.06 % <sup>(4)</sup>	4.73 %

<sup>(1)</sup> As at December 31, 2022, CAPREIT has USD borrowings totaling \$191,365, that bear interest at the USD LIBOR rate plus a margin of 1.35% per annum.

<sup>(2)</sup> As at December 31, 2022, excluding the impact of cross-currency interest rate swaps, the weighted average interest rate on the Acquisition and Operating Facility is 6.00%. For details on the swaps, refer to note 16 to the accompanying condensed consolidated interim financial statements.

<sup>(3)</sup> As at December 31, 2022, ERES has USD borrowings totaling \$95,800, that bear interest at the USD LIBOR rate plus a margin of 1.35% per annum.

<sup>(4)</sup> As at December 31, 2022, excluding the impact of cross-currency interest rate swaps, the weighted average interest rate on the ERES Credit Facility is 5.74%. For details on the swaps, refer to note 16.

## Mortgages Payable

The table below summarizes the type of mortgages payable (excluding liabilities related to assets held for sale, as applicable) included in CAPREIT's capital structure and the overall interest rates and terms to maturity as at March 31, 2023, December 31, 2022 and March 31, 2022:

As at	March 31, 2023	December 31, 2022	March 31, 2022
Percentage of CMHC-insured mortgages <sup>(1)</sup>	98.3%	98.3%	98.3%
Percentage of fixed-rate mortgages <sup>(2)</sup>	99.2%	98.8%	99.2%
Weighted average mortgage effective interest rate <sup>(3)</sup>	2.61%	2.61%	2.53%
Weighted average mortgage term to maturity (years) <sup>(4)</sup>	5.2	5.4	5.7

<sup>(1)</sup> Excludes mortgages on MHC sites and European financings.

<sup>(2)</sup> Taking into consideration interest rate swaps where hedge accounting is not being applied, 100% of mortgages are subject to fixed rates.

<sup>(3)</sup> Weighted average mortgage interest rate includes deferred financing costs, fair value adjustments and prepaid CMHC premiums on an effective interest rate basis.

<sup>(4)</sup> The mortgages on the Canadian and European properties have a weighted average term to maturity of 5.7 years and 3.1 years, respectively (December 31, 2022 - 5.8 years and 3.4 years, respectively).

CAPREIT is in compliance with all of its CMHC and lender requirements for the three months ended March 31, 2023 and March 31, 2022, and for the year ended December 31, 2022.

The following table presents financings, weighted average interest rates obtained and mortgage top-ups closed or committed up to May 12, 2023, as well as those expected for the remainder of 2023:

(\$ Thousands)	Original Mortgage Amount	Original Stated Interest Rate	New Mortgage Amount	Weighted Average New Stated Interest Rate <sup>(1)</sup>	Weighted Average Term on New Mortgages (Years)	Net Top-Up Financing Amount
<b>The Canadian Portfolio</b>						
First Quarter <sup>(2)</sup>	\$ 73,031	3.44 %	\$ 8,045	4.28 %	5.0	\$ (64,986) <sup>(3)</sup>
Total and Weighted Average	\$ 73,031	3.44 %	\$ 8,045	4.28 %	5.0	\$ (64,986)
Subsequent to the quarter:						
Committed or Completed	\$ 102,065	3.29 %	\$ 255,139	3.77 %	5.6	\$ 153,074
Expected for the remainder of 2023	220,100	3.24 %	365,845	—	—	145,745
<b>Grand Total and Weighted Average</b>	<b>\$ 395,197</b>	<b>3.29 %</b>	<b>\$ 629,029</b>	<b>3.79 %</b>	<b>5.6</b>	<b>\$ 233,832</b>

<sup>(1)</sup> Excludes prepaid CMHC premiums, deferred financing costs and impact of hedging.

<sup>(2)</sup> Includes mortgages classified as liabilities related to assets held for sale as at December 31, 2022 and which related to property dispositions that occurred during the three months ended March 31, 2023.

<sup>(3)</sup> Includes \$26.3 million of mortgage discharges not refinanced and \$38.7 million of mortgage assumed by purchaser on property dispositions.

Mortgage refinancing and top-up amounts expected for the remainder of 2023 are based on management's best estimates and on the current property portfolio. Actual amounts may differ depending on factors such as future market interest rates and CMHC approval.



Based on the current property portfolio, management expects to raise between \$600 million and \$650 million in total mortgage renewals and refinancings for the Canadian portfolio for 2023. As a strategy, CAPREIT leverages CMHC insurance to get access to stable financing at lower interest rates than would be available with conventional mortgage financing or other forms of debt. The premiums associated with the initial mortgage financing along with any additional premiums on future expected mortgage renewals or refinancing are analyzed to ensure the all-in cost of CMHC financing continues to be CAPREIT's most cost effective form of debt.

CMHC premiums are amortized over the amortization period of the underlying mortgage loans when incurred. If CAPREIT fully refinances or discharges an existing mortgage, any unamortized prepaid CMHC premiums and fees associated with the existing mortgages on that property will be written off in the period in which full refinancing or discharge occurs. CAPREIT accelerates the amortization for prepaid CMHC premiums for mortgages that management intends to fully refinance within the year, from the date the decision is made to refinance to the date the mortgage is due to be refinanced. Therefore, accelerated CMHC amortization expense is typically higher during the first half of the year compared to the second half of the year. During the three months ended March 31, 2023, CMHC amortization expense including net write-offs of CMHC premiums on refinancing or discharge of mortgages amounted to \$4.1 million, excluding CMHC write-offs relating to dispositions. The table below summarizes the CMHC amortization expense, including write-offs except those relating to dispositions, for the trailing eight quarters.

(\$ Thousands)	Q1 23	Q4 22	Q3 22	Q2 22	Q1 22	Q4 21	Q3 21	Q2 21
Amortization of CMHC premiums and fees	\$ (4,056)	\$ (2,841)	\$ (2,388)	\$ (3,441)	\$ (3,784)	\$ (2,917)	\$ (2,523)	\$ (3,631)

CMHC amortization expense, including write-offs except those relating to dispositions, for 2023 is expected to be in the range of \$12.0 million to \$13.0 million, depending on refinancing activity. The CMHC amortization expense, including write-offs except those relating to dispositions, for the year ended December 31, 2022 was \$12.5 million.

Estimated top-up mortgage financing potential is based on annualized NOI of the underlying properties. In light of CAPREIT's strategy of upgrading and diversifying its property portfolio through accretive, on-strategy acquisitions and selected non-core or opportunistic dispositions as well as uncertainty about the timing of such transactions, CAPREIT is no longer disclosing the annualized NOI for properties with mortgages maturing over the next five years and beyond.

The breakdown of CAPREIT's Canadian dollar-denominated future principal repayments, including mortgage maturities, and effective weighted average interest rates as at March 31, 2023 is as follows:

As at March 31, 2023						
(\$ Thousands)						
Period	Principal Amortization	Mortgage Maturities	Mortgage Balance	% of Total Mortgage Balance	Interest Rate (%) <sup>(1)</sup>	
Remainder of 2023	\$ 113,906	\$ 321,827	\$ 435,733	8.0	3.47	
2024	140,702	391,216	531,918	9.8	2.93	
2025	131,595	460,934	592,529	10.9	2.58	
2026	110,482	493,518	604,000	11.1	2.60	
2027	88,228	557,251	645,479	11.9	3.20	
2028-2036	264,585	2,342,843	2,607,428	48.3	2.72	
	\$ 849,498	\$ 4,567,589	\$ 5,417,087	100.0 %	2.83 %	
Deferred financing costs, fair value adjustments and prepaid CMHC premiums, net			\$ (128,925)			
Total			\$ 5,288,162			
Weighted average term to maturity (years)			5.7			

<sup>(1)</sup> Effective weighted average interest rates for maturing mortgages only. It includes the amortization of deferred financing costs, prepaid CMHC premiums and fair value adjustments.

The breakdown for ERES of future principal repayments, including mortgage maturities, and effective weighted average interest rates as at March 31, 2023 is as follows:

<b>As at March 31, 2023</b>							
(\$ Thousands)							
<b>Period</b>	<b>Principal Amortization</b>	<b>Mortgage Maturities</b>	<b>Mortgage Balance (\$)</b>	<b>Mortgage Balance (€) <sup>(2)</sup></b>	<b>% of Total Mortgage Balance</b>	<b>Interest Rate (%) <sup>(1)</sup></b>	
Remainder of 2023	\$ 2,427	\$ 88,312	\$ 90,739	€ 61,649	7.0	1.08	
2024	2,614	116,414	119,028	80,869	9.2	1.39	
2025	419	334,107	334,526	227,301	25.9	1.87	
2026	—	276,432	276,432	187,811	21.4	1.47	
2027	—	295,623	295,623	200,850	22.8	1.38	
2028	—	173,679	173,679	118,000	13.7	3.29	
	<b>\$ 5,460</b>	<b>\$ 1,284,567</b>	<b>\$ 1,290,027</b>	<b>€ 876,480</b>	<b>100.0 %</b>	<b>1.77 %</b>	
Deferred financing costs			\$ (4,635)				
<b>Total</b>			<b>\$ 1,285,392</b>				
<b>Weighted average term to maturity</b>			<b>3.2</b>				

<sup>(1)</sup> Effective weighted average interest rates for maturing mortgages only. It includes the amortization of deferred financing costs.

<sup>(2)</sup> Included in mortgages payable are non-amortizing mortgages from ERES.

### Derivative Financial Instruments in Canada

(\$ Thousands)

<b>As at</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Cross-currency interest rate swaps <sup>(1)</sup>	\$ 984,164	\$ 919,935	\$ 677,180
Weighted average interest rate on swaps - paying leg	2.67%	2.14%	0.27%
Weighted average interest rate on swaps - receiving leg	3.46%	3.35%	1.23%
Weighted average remaining term to maturity on swaps (years)	1.2	1.3	2.3

<sup>(1)</sup> As at March 31, 2023, euro equivalent of €442,358 (December 31, 2022 - €442,358, March 31, 2022 - €442,358), USD equivalent of US\$238,365 (December 31, 2022 - US\$191,563, March 31, 2022 - US\$nil) and excludes ERES cross-currency interest rate swaps.

The swaps have been staggered between one to three years to take advantage of the past prevailing low rates, with a current weighted average swap term of 1.2 years as at March 31, 2023.

### Unitholders' Equity and Units Awarded under Unit-based Compensation Plans

Unitholders' Equity represents the issued and outstanding Trust Units, and excludes the Exchangeable LP Units and any units issued in connection with unit-based incentive plans.

Units outstanding as at March 31, 2023 are as follows:

(Thousands of units)

<b>As at March 31, 2023</b>	
Trust Units	167,545
Deferred units	115
RUR Plan units	524
Exchangeable LP Units	1,647
Total number of units outstanding - diluted	169,831
Ownership by trustees, officers and other senior management	0.4 %

### Normal Course Issuer Bid

In March 2023, CAPREIT received the TSX's acceptance of its notice of intention to proceed with an NCIB, following expiry of the previous NCIB on March 23, 2023. Pursuant to the notice, CAPREIT may purchase up to 16,901,348 of its Trust Units, representing approximately 10% of the public float of its Trust Units at the time of TSX approval, during the 12-month period commencing March 24, 2023 and ending March 23, 2024. Under the NCIB, other than purchases made under the block purchase exemption, CAPREIT may purchase up to 100,017 Trust Units on the TSX during any trading day, which represents approximately 25% of 400,069 Trust Units, being the average daily trading volume on the TSX for the most recently completed six calendar months prior to the TSX's acceptance of the notice of intention to proceed with an NCIB. Any Trust Units purchased under the NCIB will be cancelled.

CAPREIT entered into an automatic purchase plan effective during the term of the NCIB. Based on predefined instructions, the automatic purchase plan allows for purchases by CAPREIT of Trust Units during certain predetermined blackout periods.

The table below summarizes the NCIB activity for the three months ended March 31, 2023 and year ended December 31, 2022, based on the settlement date of purchases.

For the Three Months Ended March 31, 2023	Weighted Average Purchase Price Per Trust Unit	Total Cost of Trust Units Purchased and Cancelled (\$ Thousands)	Number of Trust Units Purchased and Cancelled	Renewed NCIB remaining limit <sup>(1)</sup>
Beginning Limit				16,901,348
First Quarter 2023 <sup>(1)</sup>	\$ 46.43	\$ 91,502	1,970,904	16,527,997
<b>Total</b>	<b>\$ 46.43</b>	<b>\$ 91,502</b>	<b>1,970,904</b>	<b>16,527,997</b>

<sup>(1)</sup> 1,597,153 Trust Units were purchased and cancelled under the former NCIB and 373,351 Trust Units were purchased and cancelled under the renewed NCIB.

For the Year Ended December 31, 2022	Weighted Average Purchase Price Per Trust Unit	Total Cost of Trust Units Purchased and Cancelled (\$ Thousands)	Number of Trust Units Purchased and Cancelled	Remaining Limit
Beginning Limit				17,067,144
First Quarter 2022	\$ —	\$ —	—	17,067,144
Second Quarter 2022	47.83	67,050	1,401,764	15,665,380
Third Quarter 2022	45.18	134,742	2,982,460	12,682,920
Fourth Quarter 2022	42.38	35,980	848,938	11,833,982
<b>Total</b>	<b>\$ 45.44</b>	<b>\$ 237,772</b>	<b>5,233,162</b>	<b>11,833,982</b>

During the month of April 2023, CAPREIT purchased and cancelled an additional 197,617 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.

## SECTION VI: UNIT CALCULATIONS, DISTRIBUTIONS, NON-IFRS MEASURES AND OTHER INFORMATION

## UNIT CALCULATIONS AND DISTRIBUTIONS

As a result of CAPREIT being an open-ended mutual fund trust, Unitholders are entitled to redeem their Trust Units in accordance with the conditions specified in the DOT. The impact of this redemption feature causes CAPREIT's Trust Units to be treated as financial liabilities under IFRS. Consequently, all per unit calculations are considered Non-IFRS Measures.

The following tables summarize the number of units used in calculating Non-IFRS Measures on a per unit basis:

As at	Outstanding Number of Units					
	March 31, 2023	% <sup>(1)</sup>	December 31, 2022	% <sup>(1)</sup>	March 31, 2022	% <sup>(1)</sup>
Trust Units	167,545	98.7	169,404	98.7	173,853	98.6
Exchangeable LP Units <sup>(2)</sup>	1,647	1.0	1,679	1.0	1,679	1.0
Units under the DUP <sup>(3)</sup>	115	0.1	121	0.1	202	0.1
Basic number of units	169,307	99.7	171,204	99.8	175,734	99.7
Plus:						
Unit rights under the RUR Plan <sup>(3)</sup>	524	0.3	395	0.2	533	0.3
Diluted number of units	169,831	100.0	171,599	100.0	176,267	100.0

<sup>(1)</sup> Represents percentage of total diluted units.

<sup>(2)</sup> See note 13 to the accompanying condensed consolidated interim financial statements for details on Exchangeable LP Units.

<sup>(3)</sup> See notes 14 and 15 to the audited consolidated annual financial statements for the year ended December 31, 2022 contained in CAPREIT's 2022 Annual Report for details of CAPREIT's unit-based compensation plans.

For the Three Months Ended March 31,	Weighted Average Number of Units	
	2023	2022
Trust Units	169,052	173,603
Exchangeable LP Units <sup>(1)</sup>	1,656	1,679
Units under the DUP <sup>(2)</sup>	117	197
Basic number of units	170,825	175,479
Plus:		
Unit rights under the RUR Plan <sup>(2)</sup>	441	515
Diluted number of units	171,266	175,994

<sup>(1)</sup> See note 13 to the accompanying condensed consolidated interim financial statements for details on Exchangeable LP Units.

<sup>(2)</sup> See notes 14 and 15 to the audited consolidated annual financial statements for the year ended December 31, 2022 contained in CAPREIT's 2022 Annual Report for details of CAPREIT's unit-based compensation plans.

**DRIP and Net Distributions Paid**

For the Three Months Ended March 31,	2023		2022	
Distributions declared on Trust Units	\$	61,045	\$	62,879
Distributions declared on Exchangeable LP Units		597		609
Distributions declared on awards outstanding under unit-based compensation plans <sup>(1)</sup>		186		258
Total distributions declared	\$	61,828	\$	63,746
Less:				
Distributions on Trust Units reinvested		(1,721)		(19,984)
Distributions on unit awards reinvested <sup>(1)</sup>		(186)		(258)
Net distributions paid in cash	\$	59,921	\$	43,504
Percentage of distributions reinvested		3.1%		31.8%

<sup>(1)</sup> Comprises non-cash distributions related to the DUP and the RUR Plan (see notes 14 and 15 to CAPREIT's audited consolidated annual financial statements for the year ended December 31, 2022 contained in CAPREIT's 2022 Annual Report for a discussion of these plans).

Under CAPREIT's DRIP, a participant may purchase additional units with the cash distributions paid on the eligible units, registered in the participant's name or held in a participant's account maintained pursuant to the DRIP. Exchangeable LP Units are not eligible for DRIP.

On May 19, 2022, CAPREIT approved changes to its DRIP to permit the suspension of the issuance of bonus Trust Units to participants. Consequently, commencing with the June 2022 distribution, participants in the DRIP as of the record date of June 30, 2022 will receive units at a price equal to the weighted average trading price of Trust Units on the TSX for the five trading days immediately preceding each distribution date, without any bonus Trust Units being issued. The total consideration for units issued represents the amount of cash distributions reinvested in additional units. Subsequently, the percentage of distributions reinvested significantly decreased.

### Adjusted Cash Generated from Operating Activities and Net (Loss) Income Compared to Total Distributions Declared

As required by National Policy 41-201, "Income Trusts and Other Indirect Offerings", the following table quantifies cash generated from operating activities net of interest expense included in cash flow from financing activities for the three months ended March 31, 2023 and March 31, 2022:

(\$ Thousands)

<b>For the Three Months Ended March 31,</b>	<b>2023</b>	<b>2022</b>
Cash generated from operating activities	\$ 140,308	\$ 145,258
Adjustments:		
Interest paid on mortgages and bank indebtedness	(43,589)	(35,581)
Adjusted Cash Generated from Operating Activities	\$ 96,719	\$ 109,677

Adjusted Cash Generated from Operating Activities is not defined by IFRS, does not have standard meanings and may not be comparable with other industries or companies.

As required by National Policy 41-201, "Income Trusts and Other Indirect Offerings", the following table outlines the differences between Adjusted Cash Generated from Operating Activities and total distributions declared, in accordance with the guidelines for the three months ended March 31, 2023 and March 31, 2022:

(\$ Thousands)

<b>For the Three Months Ended March 31,</b>	<b>2023</b>	<b>2022</b>
Adjusted Cash Generated from Operating Activities	\$ 96,719	\$ 109,677
Total distributions declared	61,828	63,746
Excess of Adjusted Cash Generated from Operating Activities over total distributions declared	\$ 34,891	\$ 45,931

For the three months ended March 31, 2023, CAPREIT's Adjusted Cash Generated from Operating Activities exceeded distributions declared by \$34.9 million. As per OSC Staff Notice 51-724, if distributions are in excess of Adjusted Cash Generated from Operating Activities, then it represents a return of capital, rather than a return on capital, since they represent cash payments in excess of cash generated from CAPREIT's continuing operations during the period. Management believes, should it occur, there is adequate overall liquidity to fund excess distributions over Adjusted Cash Generated from Operating Activities on an annual basis through cash and cash equivalents on hand and, if necessary, the Acquisition and Operating Facility.

As required by National Policy 41-201, "Income Trusts and Other Indirect Offerings", the following table outlines the differences between net (loss) income and total distributions declared, in accordance with the guidelines for the three months ended March 31, 2023 and March 31, 2022:

(\$ Thousands)

<b>For the Three Months Ended March 31,</b>	<b>2023</b>	<b>2022</b>
Net (loss) income	\$ (103,227)	\$ 45,309
Total distributions declared	61,828	63,746
Shortfall of net (loss) income over total distributions declared	\$ (165,055)	\$ (18,437)

CAPREIT does not use net income as a basis for distributions as it includes non-cash items such as fair value change in investment properties, fair value change in investments, remeasurement of unit-based compensation liabilities and fair value change in derivative financial instruments, which are not reflective of CAPREIT's ability to make distributions. Amounts retained in excess of the declared distributions are used for mortgage principal repayments, tenant inducements and capital expenditure requirements.

## NON-IFRS MEASURES

### Funds From Operations (formerly known as "Normalized Funds From Operations")

In this MD&A, CAPREIT relabeled NFFO to FFO (formerly known as "NFFO") and as such, introduced a modified definition of FFO, as described below. The comparative periods have been restated to reflect the introduction of this modified definition of FFO. In addition to the adjustments made to the previous definition of FFO (the "Former FFO"), the modified definition of FFO (formerly known as "NFFO") also excludes the effects of certain items that are not indicative of CAPREIT's medium- and/or long-term operating performance, as described below, and as a result is identical to the prior definition of "NFFO."

FFO (formerly known as "NFFO") is a measure of operating performance based on the funds generated by the business before reinvestment or provision for other capital needs. Management considers FFO (formerly known as "NFFO") to be an important measure of CAPREIT's operating performance. Fair value adjustments, gains or losses on dispositions, and other non-cash items do not necessarily provide an accurate picture of CAPREIT's past or recurring operating performance. FFO (formerly known as "NFFO") as presented is in accordance with the recommendations of the Real Property Association of Canada ("REALPAC"), with the exception of (i) the adjustment for gains or losses on fair value through profit or loss ("FVTPL") marketable securities, (ii) the adjustment for amortization of property, plant, and equipment and right-of-use asset, and (iii) the exclusion of the effects of certain items that are not indicative of CAPREIT's medium- and/or long-term operating performance. These items include reorganization, senior management termination, and retirement costs, costs relating to transactions that were not completed, net gain on derecognition of debt, mortgage prepayment costs, and amortization of losses on certain hedging instruments previously settled and paid. It may not, however, be comparable to similar measures presented by other real estate investment trusts or companies in similar or different industries.

As it is an operating performance metric, no adjustment is made to FFO (formerly known as "NFFO") for capital expenditures. For further information on CAPREIT's total property capital investments, please refer to the Property Capital Investments in Section IV. See discussions under Foreign Currency Information in Section VI for additional information on hedging instruments currently in place. FFO (formerly known as "NFFO") is not a measure of the sustainability of distributions.

A reconciliation of net (loss) income to FFO (formerly known as "NFFO") is as follows for the three months ended March 31, 2023 and March 31, 2022:

(\$ 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 <sup>(1)</sup>	(4,592)	(4,434)
Deferred income tax (recovery) expense	(46,952)	16,464
(Gain) loss on foreign currency translation	(1,327)	12,083
Loss on transactions and other activities <sup>(2)</sup>	1,791	1,913
Lease principal repayment	(287)	(277)
Former FFO	\$ 98,395	\$ 94,291
Reorganization, senior management termination and retirement costs <sup>(3)</sup>	2,024	2,243
Amortization of losses from AOCL to interest and other financing costs	49	543
Net gain on derecognition of debt <sup>(4)</sup>	(3,315)	—
Mortgage prepayment cost	—	446
Costs relating to transactions that were not completed	—	99
FFO (formerly known as "NFFO") <sup>(5)</sup>	\$ 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") <sup>(5)</sup>	\$ 0.567	\$ 0.555
Total distributions declared	\$ 61,828	\$ 63,746
FFO payout ratio (formerly known as "NFFO payout ratio") <sup>(5)</sup>	63.6 %	65.3 %

<sup>(1)</sup> 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.

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

<sup>(3)</sup> 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).

<sup>(4)</sup> Refer to note 5 of the accompanying condensed consolidated interim financial statements for further information.

<sup>(5)</sup> Formerly known as "NFFO", "NFFO per unit - diluted", and "NFFO payout ratio".

FFO (formerly known as "NFFO") may be subject to a certain degree of fluctuation from period to period as a result of CMHC premium write-offs which occur upon the refinancing of a mortgage as well as accelerated CMHC amortization expense for mortgages that management intends to fully refinance within the year. These write-offs and accelerated CMHC amortization expense are not added back to FFO (formerly known as "NFFO") and as a result, may cause fluctuation depending on the timing and amount of mortgages coming due. For further details, please refer to the Liquidity and Financial Condition section found in Section V of the MD&A.

FFO (formerly known as "NFFO") for the three months ended March 31, 2023 decreased by 0.5% compared to the same period last year, primarily due to higher interest expense on bank indebtedness and mortgages payable, partially offset by contribution from acquisitions and higher same property NOI.

Contributing to FFO (formerly known as "NFFO") are fees earned from ERES on the portion of ERES units held by non-controlling unitholders totalling \$1.4 million and \$1.5 million for the three months ended March 31, 2023 and March 31, 2022, respectively. These fees comprise asset management fees, property management fees, acquisition fees, service fees



and interest income earned on promissory note from ERES. Refer to "Related Party Transactions" section of MD&A for further details.

For the three months ended March 31, 2023, diluted FFO per unit (formerly known as "diluted NFFO per unit") increased by 2.2% 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.

Comparing total distributions declared to FFO (formerly known as "NFFO"), the FFO payout ratio (formerly known as "NFFO payout ratio") for the three months ended March 31, 2023 improved to 63.6% compared to 65.3% for the same period last year due to the decrease in total distributions declared on fewer outstanding Trust units after purchase of Trust Units under the NCIB.

### Adjusted Cash Flows From Operations and Distributions Declared

Adjusted Cash Flows From Operations ("ACFO") is a measure of economic cash flow based on the operating cash flows generated by the business, adjusted to deduct items such as interest expense, non-discretionary capital expenditure reserve as described below, capitalized leasing costs, tenant improvements and amortization of other financing costs, partially offset by investment income. ACFO as calculated by CAPREIT is in accordance with the most recent corresponding definition recommended by REALPAC, with the exception of the adjustment for investment income. Management considers ACFO to be an important economic and sustainable cash flow measure of CAPREIT's operating performance. It may not, however, be comparable to similar measures presented by other real estate investment trusts or companies in similar or different industries.

There may be periods when actual distributions declared exceed ACFO due to seasonal fluctuations in certain periods, regional market volatility, or from year to year based on the timing of property capital investments and the impact of acquisitions. Excess distributions (shortfalls) are funded by cash and cash equivalents and, if necessary, the Acquisition and Operating Facility.

The following table reconciles cash generated from operating activities to ACFO for the three months ended March 31, 2023 and March 31, 2022:

(\$ Thousands)

<b>For the Three Months Ended March 31,</b>	<b>2023</b>	<b>2022</b>
Cash generated from operating activities	\$ 140,308	\$ 145,258
Adjustments:		
Interest paid on mortgages and bank indebtedness	(43,589)	(35,581)
Non-discretionary property capital expenditure reserve <sup>(1)</sup>	(15,076)	(21,073)
Capitalized leasing costs <sup>(2)</sup>	(649)	(703)
Amortization of other financing costs <sup>(3)</sup>	(6,119)	(4,634)
Investment income received <sup>(4)</sup>	662	4,657
Net ACFO impact attributed to ERES units held by non-controlling unitholders <sup>(5)</sup>	(2,917)	(5,825)
Lease principal and interest repayments	(1,559)	(1,542)
ACFO	\$ 71,061	\$ 80,557
Total distributions declared	61,828	63,746
Excess ACFO over distributions declared	\$ 9,233	\$ 16,811
ACFO payout ratio	87.0%	79.1%

<sup>(1)</sup> Non-discretionary property capital expenditure reserve for the three months ended March 31, 2023 and 2022 is determined based on historical spending and management's best estimate of expected annual non-discretionary property capital expenditure requirements per suite and site, divided by four for the quarter, and multiplied by the weighted average number of residential suites and sites during the period. The estimated annual non-discretionary property capital expenditure reserve per suite and site for 2023 and 2022 is \$919 and \$1,285 respectively. The estimated full year weighted average number of residential suites and sites as at March 31, 2023 and March 31, 2022 is 65,557 and 66,222, respectively. For a reconciliation of actual non-discretionary property capital investments incurred during the period to reserve, see the table below.

<sup>(2)</sup> Comprises tenant inducements and direct leasing costs.

<sup>(3)</sup> Includes amortization and write-offs of deferred financing costs, CMHC premiums, deferred loan costs and fair value adjustments.

<sup>(4)</sup> The investment income for the three months ended March 31, 2022 includes \$4.2 million of semi-annual dividends from IRES. IRES dividends declared in March 2022 were paid in the same month whereas IRES dividends declared in March 2023 were paid in April 2023.

<sup>(5)</sup> The adjustment is based on applying the 35% weighted average ownership held by ERES non-controlling unitholders (March 31, 2022 – 34%).

The table below reconciles actual non-discretionary capital investments incurred to the reserve for the three months ended March 31, 2023 and March 31, 2022:

#### **Reconciliation of Actual to Non-Discretionary Property Capital Reserve**

(\$ Thousands)

<b>For the Three Months Ended March 31,</b>	<b>2023</b>	<b>2022</b>
Actual non-discretionary capital investments	\$ 13,075	\$ 8,571
Non-discretionary capital expenditure reserve <sup>(1)</sup>	15,076	21,073
Over (under)	\$ (2,001)	\$ (12,502)

<sup>(1)</sup> Non-discretionary capital expenditure reserve is used in the determination of ACFO, for the purpose of comparing to distributions declared.

For the three months ended March 31, 2023 and March 31, 2022, CAPREIT's actual non-discretionary property capital investments of \$13.1 million and \$8.6 million, respectively, were lower than the non-discretionary capital investments reserve by approximately \$2.0 million and \$12.5 million, respectively, mainly due to changes in the timing of structural work.

CAPREIT's capital investments programs are affected by scheduling of projects, and professional judgment is used by management to determine the timing of property capital investments. Therefore, actual and capital investments reserve may differ during the applicable periods. Management continues to monitor the rollout of the capital expenditure plan in an effort to continuously improve the accuracy of its capital expenditure budgets.

Significant non-discretionary property capital investments programs are usually completed within three to five years. Actual completion of such projects may differ from the estimated timelines as they are longer term in nature and professional judgment is applied to estimate completion dates.

The following table presents the revised annual 2023 reserve, and actual 2022 Non-Discretionary Property Capital Investments per suite and site:

<b>(\$ Thousands)</b>	<b>2023 Reserve</b>	<b>2022 Actual</b>
Non-discretionary property capital investments	\$ 60,236	\$ 74,778
Weighted average number of suites and sites	65,557	66,029
Non-discretionary property capital investments per suite and site	\$ 919	\$ 1,133

The drop in non-discretionary property capital investments per suite and site is in line with CAPREIT's strategy of upgrading and diversifying its property portfolio through accretive, on-strategy acquisitions and selected non-core or opportunistic dispositions. Newer, on-strategy acquisitions require fewer capital investments than older, non-core properties.

## Net Asset Value

NAV represents total Unitholders' equity per CAPREIT's consolidated balance sheets, adjusted to include or exclude certain amounts in order to provide what management considers to be a key measure of the intrinsic value of CAPREIT on an ongoing basis. Management believes that this measure reflects the residual value of CAPREIT to its Unitholders on an ongoing basis and is therefore used by management on both an aggregate and per unit basis to evaluate the net asset value attributable to Unitholders, and changes thereon based on the execution of CAPREIT's strategy. While NAV is calculated based on items included in the consolidated financial statements or supporting notes, NAV itself is not a standardized financial measure under IFRS and may not be comparable to similarly termed financial measures disclosed by other real estate investment trusts or companies in similar or different industries.

A reconciliation of Unitholders' equity to NAV is as follows as at March 31, 2023, December 31, 2022 and March 31, 2022:

(\$ 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 <sup>(1)</sup>	(139,002)	(200,629)	(76,065)
NAV	\$ 9,760,956	\$ 9,954,566	\$ 10,475,137
Diluted number of units	169,831	171,599	176,267
NAV per unit - diluted	\$ 57.47	\$ 58.01	\$ 59.43

<sup>(1)</sup> 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

**Total Debt and Total Debt Ratios**

Management uses Total Debt, Total Debt to Gross Book Value ratio and Mortgage debt to Gross Book Value as indicators in assessing if the debt level maintained is sufficient to meet cash flow requirements and for evaluating the need to raise funds for further expansion. These Non-IFRS Measures may not, however, be comparable to similar measures presented by other real estate investment trusts or companies in similar or different industries.

A reconciliation for Total Debt and Gross Book Value is as follows as at March 31, 2023, December 31, 2022 and March 31, 2022:

(\$ Thousands)

<b>As at</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
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	—
Total mortgages payable	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 <sup>(1)</sup>	\$ 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 Total Mortgages Payable to Gross Book Value	37.4 %	37.2 %	35.0 %

<sup>(1)</sup> Gross Book Value ("GBV") is defined by CAPREIT's DOT.

**Adjusted Earnings Before Interest, Taxes, Depreciation, Amortization and Fair Value Adjustments**

Adjusted EBITDAFV is calculated as prescribed in CAPREIT's Acquisition and Operating Facility agreement for the purpose of determining the Debt Service Coverage Ratio and Interest Coverage Ratio, and is defined as net income attributable to Unitholders, reversing, where applicable, interest expense, income taxes, depreciation and amortization; gain or loss attributable to dispositions; non-cash gain or loss resulting from the remeasurement of assets or liabilities; other non-cash amounts included in net income; gain or loss on the repurchase or redemption of securities; foreign exchange gain or loss; and any other extraordinary, non-recurring or unusual items as permitted under CAPREIT's Acquisition and Operating Facility agreement. Management believes Adjusted EBITDAFV is useful in assessing CAPREIT's operating performance, excluding any non-cash items and other extraordinary factors, and its ability to service debt, finance capital expenditures and provide for distributions to its Unitholders. This Non-IFRS Measure may not, however, be comparable to similar measures presented by other real estate investment trusts or companies in similar or different industries.

A reconciliation of net (loss) income to Adjusted EBITDAFV is as follows for the trailing 12 months ended March 31, 2023, December 31, 2022 and March 31, 2022:

(\$ Thousands)

<b>For the trailing 12 months ended</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Net (loss) income	\$ (134,899)	\$ 13,637	\$ 1,334,042
Adjustments:			
Interest and other financing costs	187,582	180,434	166,074
Interest on Exchangeable LP Units	2,423	2,435	1,613
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 foreign currency translation	5,077	21,000	17,244
Loss on dispositions	3,421	3,318	333
Adjusted EBITDAFV adjustment for income from investment in associate <sup>(1)</sup>	—	—	(9,271)
Goodwill impairment loss	14,278	14,278	—
<b>Adjusted EBITDAFV</b>	<b>\$ 616,763</b>	<b>\$ 608,451</b>	<b>\$ 587,753</b>

<sup>(1)</sup> Relates to CAPREIT's share of IRES's investment property fair value gain.

**Debt Service Coverage Ratio**

The Debt Service Coverage Ratio is defined as Adjusted EBITDAFV divided by the sum of interest expense (including interest on mortgages payable and bank indebtedness and excluding interest with respect to leases and holders of Exchangeable LP Units) and all regularly scheduled mortgage principal repayments. The Debt Service Coverage Ratio is calculated as prescribed in the Acquisition and Operating Facility agreement, and is based on the trailing 12 months ended. Management believes the Debt Service Coverage Ratio is useful in determining CAPREIT's ability to service the interest and mortgage principal requirements of its outstanding debt. This Non-IFRS Measure may not, however, be comparable to similar measures presented by other real estate investment trusts or companies in similar or different industries.

(\$ Thousands)

<b>For the trailing 12 months ended</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
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**

The Interest Coverage Ratio is defined as Adjusted EBITDAFV divided by interest expense (including interest on mortgages payable and bank indebtedness and excluding interest with respect to leases and holders of Exchangeable LP Units). The Interest Coverage Ratio is calculated as prescribed in the Acquisition and Operating Facility agreement, and is based on the trailing 12 months ended. Management believes the Interest Coverage Ratio is useful in determining CAPREIT's ability to service the interest requirements of its outstanding debt. This Non-IFRS Measure may not, however, be comparable to similar measures presented by other real estate investment trusts or companies in similar or different industries.

(\$ Thousands)

<b>For the trailing 12 months ended</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
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

## OTHER INFORMATION

## SELECTED CONSOLIDATED QUARTERLY INFORMATION

	Q1 23	Q4 22	Q3 22	Q2 22	Q1 22	Q4 21	Q3 21	Q2 21
Canadian residential Occupied AMR <sup>(1)(2)</sup>	\$ 1,428	\$ 1,401	\$ 1,387	\$ 1,371	\$ 1,356	\$ 1,338	\$ 1,333	\$ 1,314
The Netherlands Occupied AMR <sup>(2)</sup>	€ 1,002	€ 992	€ 983	€ 952	€ 949	€ 941	€ 928	€ 909
Operating revenues (000s) <sup>(3)</sup>	\$ 260,947	\$ 256,915	\$ 252,032	\$ 251,693	\$ 246,628	\$ 240,678	\$ 236,097	\$ 228,856
NOI (000s) <sup>(3)</sup>	\$ 163,858	\$ 164,500	\$ 166,644	\$ 166,093	\$ 153,172	\$ 153,429	\$ 158,126	\$ 151,786
NOI Margin <sup>(3)</sup>	62.8%	64.0%	66.1%	66.0%	62.1%	63.7%	67.0%	66.3%
Net (loss) income (000s)	\$ (103,227)	\$ 155,523	\$ 63,159	\$ (250,354)	\$ 45,309	\$ 644,959	\$ 190,213	\$ 453,561
FFO (000s) <sup>(3)(4)(5)</sup>	\$ 97,153	\$ 99,922	\$ 106,562	\$ 102,871	\$ 97,622	\$ 100,353	\$ 105,819	\$ 100,080
FFO per unit <sup>(3)(6)</sup> - diluted	\$ 0.567	\$ 0.580	\$ 0.610	\$ 0.583	\$ 0.555	\$ 0.572	\$ 0.608	\$ 0.577
FFO payout ratio <sup>(3)(7)</sup>	63.6%	62.4%	59.1%	61.9%	65.3%	63.4%	58.8%	59.8%
Total debt to gross book value <sup>(2)</sup>	40.1%	39.4%	39.4%	38.8%	37.6%	36.1%	37.2%	36.4%
NAV per unit <sup>(2)(3)</sup> - diluted	\$ 57.47	\$ 58.01	\$ 56.44	\$ 56.66	\$ 59.43	\$ 59.78	\$ 56.71	\$ 55.91
Weighted average number of units (000s) - diluted	171,266	172,401	174,588	176,322	175,994	175,567	173,985	173,512

<sup>(1)</sup> Excludes MHC sites.

<sup>(2)</sup> As at period end.

<sup>(3)</sup> Includes the results of investment properties owned as at period end.

<sup>(4)</sup> Non-IFRS Measures are reconciled with IFRS reported amounts in the respective quarterly SEDAR filings.

<sup>(5)</sup> Formerly known as "NFFO".

<sup>(6)</sup> Formerly known as "NFFO per unit - diluted".

<sup>(7)</sup> Formerly known as "NFFO payout ratio".

CAPREIT's operations are affected by seasonal cycles, and operating performance in one quarter may not be indicative of operating performance in any other quarter of the year. The first and fourth quarters of each year are typically more subject to increased energy consumption in the winter months. There may be periods where actual distributions declared may exceed cash generated from (utilized in) operating activities after factoring interest paid, primarily due to seasonal fluctuations. These seasonal or short-term fluctuations are funded, if necessary, with the Acquisition and Operating Facility. CAPREIT determines its annual distributions and the annual distribution rate by, among other considerations, its assessment of ACFO (a Non-IFRS Measure). As such, CAPREIT believes the cash distributions are not an economic return of capital, but a distribution of adjusted cash flow from operating activities.

**FOREIGN CURRENCY INFORMATION**

CAPREIT's functional currency is the Canadian dollar and the functional currency of certain foreign subsidiaries is the euro. CAPREIT is exposed to gain or loss on foreign currency translation due to its holdings of European assets and liabilities through its investment in IRES, its ERES subsidiary and euro-denominated cash and borrowings held by CAPREIT. Further, as part of CAPREIT's foreign currency and interest rate management strategies, CAPREIT has cash, borrowings and cross currency interest rate swap arrangements denominated in US dollars.

Based on CAPREIT's accounting policies, CAPREIT converted its euro and US dollar-denominated balances and transactions as at and for the respective periods using the rates shown in the table below:

<b>As at</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Canadian dollar per euro (closing rate at period end)	\$ 1.4719	\$ 1.4498	\$ 1.3900
Canadian dollar per US dollar (closing rate at period end)	1.3531	1.3545	1.2506

<b>For the Three Months Ended</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Canadian dollar per euro (average rate during the period)	\$ 1.4507	\$ 1.4213
Canadian dollar per US dollar (average rate during the period)	1.3523	1.2667



### Gain (Loss) on Foreign Currency Translation

The majority of CAPREIT's foreign currency transactions are denominated in euros. Between December 31, 2022 and March 31, 2023, the euro strengthened against the Canadian dollar from a closing price of \$1.4498 per euro to \$1.4719 per euro.

The following table summarizes the gain or loss recorded in other comprehensive income (loss) and net (loss) income on CAPREIT's net foreign investments exposure and its associated derivative financial instruments related to the euro as at March 31, 2023 and March 31, 2022.

As at March 31, 2023					
(\$ Thousands)					
Balance Sheet		Other Comprehensive Income (Loss)	Net (loss) income	Total Foreign Exchange Gain (Loss)	
As at		Three Months Ended	Three Months Ended	Three Months Ended	
Total Foreign Assets <sup>(1)</sup>	€ 1,915,501	\$ 46,131	\$ 4	\$ 46,135	
Total Foreign Liabilities <sup>(2)</sup>	1,034,466	(24,913)	1,326	(23,587)	
Net Foreign Equity <sup>(3)</sup>	€ 881,035	\$ 21,218	\$ 1,330	\$ 22,548	
Cross-Currency Swaps <sup>(4)</sup>	442,358	—	(7,168)	(7,168)	
Net Foreign Exchange Exposure and Gain (Loss)	€ 438,677	\$ 21,218	\$ (5,838)	\$ 15,380	
Net Foreign Exchange Exposure - Excluding Non-controlling Interest <sup>(3)</sup>	€ 163,915				

<sup>(1)</sup> As at March 31, 2023, foreign assets are comprised of CAPREIT's euro cash (€376) and investment in IRES (€95,624), and ERES assets (€1,819,501). Foreign exchange gains or losses related to CAPREIT's euro cash are recorded in foreign currency translation under net (loss) income. Foreign exchange gains or losses related to CAPREIT's investment in IRES and ERES assets are recorded in foreign currency translation under other comprehensive income (loss).

<sup>(2)</sup> As at March 31, 2023, foreign liabilities are comprised of ERES liabilities excluding intercompany transactions (€1,034,466) and CAPREIT's euro borrowings (€nil): (a) foreign exchange gains or losses related to loans secured by ERES are recorded in foreign currency translation under other comprehensive income (loss); (b) gains or losses on CAPREIT's euro borrowings are recorded in foreign currency translation under net (loss) income.

<sup>(3)</sup> As at March 31, 2023, net foreign equity includes €785,035 relating to ERES in which CAPREIT has a 65% interest. Taking into consideration the non-controlling interest of ERES, net foreign exchange exposure is €163,915.

<sup>(4)</sup> Excludes cross-currency swaps denominated in US dollars.

**As at March 31, 2022**

(\$ Thousands)

	<b>Balance Sheet</b>		<b>Other Comprehensive Income (Loss)</b>	<b>Net Income Gain (Loss)</b>	<b>Total Foreign Exchange Gain (Loss)</b>
	<b>As at</b>		<b>Three Months Ended</b>	<b>Three Months Ended</b>	<b>Three Months Ended</b>
Total Foreign Assets <sup>(1)</sup>	€ 2,186,459	\$	(104,539)	\$ (8,444) <sup>(4)</sup>	\$ (112,983)
Total Foreign Liabilities <sup>(2)</sup>	1,088,056		52,022	(3,639)	48,383
Net Foreign Equity <sup>(3)</sup>	€ 1,098,403	\$	(52,517)	\$ (12,083) <sup>(4)</sup>	\$ (64,600)
Cross-Currency Swap <sup>(5)</sup>	442,358		—	16,428	16,428
<b>Net Foreign Exchange Exposure and Gain (Loss)</b>	<b>€ 656,045</b>	<b>\$</b>	<b>(52,517)</b>	<b>\$ 4,345</b>	<b>\$ (48,172)</b>
<b>Net Foreign Exchange Exposure - Excluding Non-controlling Interest<sup>(3)</sup></b>	<b>€ 319,025</b>				

<sup>(1)</sup> As at March 31, 2022, foreign assets are comprised of CAPREIT's euro cash (€20,602) and investment in IRES (€154,015), and ERES assets (€2,011,843). Foreign exchange gains or losses related to CAPREIT's euro cash are recorded in foreign currency translation under net (loss) income. Foreign exchange gains or losses related to ERES assets and CAPREIT's investment in IRES are recorded in foreign currency translation under other comprehensive income (loss).

<sup>(2)</sup> As at March 31, 2022, foreign liabilities are comprised of ERES liabilities (€1,020,606) and CAPREIT's euro borrowings (€67,450): (a) foreign exchange gains or losses related to loans secured by ERES are recorded in foreign currency translation under other comprehensive income (loss); (b) gains or losses on CAPREIT's euro borrowings are recorded in foreign currency translation under net (loss) income.

<sup>(3)</sup> As at March 31, 2022, net foreign equity includes €923,787 relating to ERES in which CAPREIT has a 66% interest. Taking into consideration the non-controlling interest of ERES, net foreign exchange exposure is €319,025.

<sup>(4)</sup> Includes \$7,627 of foreign currency loss reclassified from accumulated other comprehensive loss to loss on foreign currency translation.

<sup>(5)</sup> Excludes cross-currency swaps denominated in US dollars.

**SECTION VII: COMPLIANCE AND GOVERNANCE DISCLOSURES, RISKS AND UNCERTAINTIES****ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS****Summary of Significant Accounting Policies**

A summary of significant accounting policies can be found in note 2 to CAPREIT's condensed consolidated interim financial statements for the three months ended March 31, 2023 and to CAPREIT's consolidated financial statements for the year ended December 31, 2022.

**Critical Accounting Estimates, Assumptions, and Judgments**

A summary of critical accounting estimates, assumptions and judgments can be found in note 3 to CAPREIT's condensed consolidated interim financial statements for the three months ended March 31, 2023 and to CAPREIT's consolidated financial statements for the year ended December 31, 2022.

**CONTROLS AND PROCEDURES**

CAPREIT maintains appropriate information systems, procedures and controls to provide reasonable assurance that information disclosed externally is complete, reliable and timely. Pursuant to the Canadian Securities Administrators requirements under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, CAPREIT's Chief Executive Officer and Chief Financial Officer have satisfied themselves that as at March 31, 2023, the design of disclosure controls and procedures and the design of internal controls over financial reporting continue to be appropriate.

CAPREIT did not make any significant changes to the design of internal controls over financial reporting in the three months ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, the internal controls over financial reporting.

**RISKS AND UNCERTAINTIES**

There are certain risks inherent in an investment in the Trust Units and in the activities of CAPREIT. Risks and uncertainties are disclosed in CAPREIT's MD&A for the year ended December 31, 2022 in the Risks and Uncertainties section contained in CAPREIT's 2022 Annual Report and in CAPREIT's latest AIF.

**RELATED PARTY TRANSACTIONS**

A summary of related party transactions can be found in note 24 to CAPREIT's condensed consolidated interim financial statements for the three months ended March 31, 2023. Transactions with ERES are described below:

Pipeline Agreement

On March 24, 2023, CAPREIT and ERES extended the Pipeline Agreement under the same terms for an additional two years, until March 29, 2025. There were no acquisitions made pursuant to the Pipeline Agreement during the three months ended March 31, 2023.

Promissory Note

On October 28, 2021, as an alternative to the Pipeline Agreement, the CAPREIT Board of Trustees approved the provision of up to \$242.9 million (€165.0 million) in funding to ERES via promissory note arrangements, carrying an interest rate as agreed upon by CAPREIT and ERES on drawn amounts, for a term of up to six months, with the ability to fully repay prior to maturity, without penalty, and extend beyond, if required.

There were no new promissory notes issued or repaid to CAPREIT during the three months ended March 31, 2023. The table below summarizes the outstanding promissory note as at March 31, 2023:

Issuance Date	Principal (€)	Interest Rate per Annum	Maturity Date	As at March 31, 2023	
				Amount outstanding (€)	Amount outstanding (\$)
October 27, 2022	25,650	3.70 %	April 27, 2023 <sup>(1)</sup> €	25,650 \$	37,753

<sup>(1)</sup> Fully repaid by ERES on April 27, 2023.

Promissory notes from ERES to CAPREIT are eliminated upon consolidation in the condensed consolidated interim financial statements.

Summary of Fees and Income Earned from ERES

The table below summarizes fees charged to and interest income earned from ERES for the three months ended March 31, 2023 and March 31, 2022:

For the Three Months Ended March 31,	2023	2022
Asset management fees	\$ 2,131	\$ 1,994
Acquisition fees	—	903
Property management fees	1,206	1,067
Service fees	235	259
Interest income earned from promissory note	339	69
Total	\$ 3,911	\$ 4,292

Any fees or interest charged by CAPREIT to ERES are eliminated upon consolidation in the condensed consolidated interim financial statements.

**COMMITMENTS AND CONTINGENCIES**

A summary of commitments and contingencies can be found in notes 25 and 26 to CAPREIT's condensed consolidated interim financial statements for the three months ended March 31, 2023.

**SUBSEQUENT EVENTS**

A summary of subsequent events can be found in note 28 to CAPREIT's condensed consolidated interim financial statements for the three months ended March 31, 2023.



CANADIAN APARTMENT  
PROPERTIES • REIT

# **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**FOR THE THREE MONTHS ENDED  
MARCH 31, 2023  
(UNAUDITED)**

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## CONSOLIDATED BALANCE SHEETS

(In thousands of Canadian dollars)

Unaudited

As at	Note	March 31, 2023	December 31, 2022
<b>Non-current assets</b>			
Investment properties	6	\$ 17,121,228	\$ 17,153,709
Investments held at fair value through profit or loss		172,113	196,364
Derivative assets	16	53,132	62,599
Other non-current assets	7	88,424	79,628
Total non-current assets		17,434,897	17,492,300
<b>Current assets</b>			
Cash and cash equivalents		24,594	47,303
Amounts receivable		20,341	15,907
Derivative assets	16	3,523	—
Other current assets	7	58,781	54,036
Assets held for sale	5, 6	—	132,342
Total current assets		107,239	249,588
Total assets		\$ 17,542,136	\$ 17,741,888
<b>Non-current liabilities</b>			
Debt	11	\$ 6,420,618	\$ 6,352,795
ERES units held by non-controlling unitholders	10	261,020	242,599
Deferred income tax liability		80,391	120,524
Unit-based compensation financial liabilities	12	8,980	7,806
Other non-current liabilities	8	47,804	47,460
Total non-current liabilities		6,818,813	6,771,184
<b>Current liabilities</b>			
Debt	11	636,999	613,277
Accounts payable and accrued liabilities	9	101,409	121,551
Exchangeable LP Units	13	78,093	71,668
Unit-based compensation financial liabilities	12	11,728	10,451
Derivative liabilities	16	15,484	10,625
Other current liabilities	8	105,130	101,321
Liabilities related to assets held for sale	5, 11	—	38,116
Total current liabilities		948,843	967,009
Total liabilities		\$ 7,767,656	\$ 7,738,193
<b>Unitholders' equity</b>			
Unit capital	14	\$ 4,138,133	\$ 4,183,171
Retained earnings	14	5,640,932	5,846,397
Accumulated other comprehensive loss	17	(4,585)	(25,873)
Total unitholders' equity		\$ 9,774,480	\$ 10,003,695
Total liabilities and unitholders' equity		\$ 17,542,136	\$ 17,741,888

See accompanying notes to the condensed consolidated interim financial statements.

# CONSOLIDATED STATEMENTS OF (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME

(In thousands of Canadian dollars)

Unaudited

For the Three Months Ended March 31,	Note	2023	2022
<b>Operating revenues</b>			
Revenue from investment properties	18	\$ 260,947	\$ 246,628
<b>Operating expenses</b>			
Realty taxes		(24,037)	(23,447)
Property operating costs		(73,052)	(70,009)
Total operating expenses		(97,089)	(93,456)
<b>Net operating income</b>		<b>163,858</b>	<b>153,172</b>
Other income	19	6,823	8,290
Trust expenses		(16,895)	(15,994)
Unit-based compensation amortization expense		(1,876)	(2,188)
Financing-related costs:			
Interest expense on debt and other financing costs	20	(50,394)	(43,246)
Interest expense on Exchangeable LP Units		(597)	(609)
Net gain on derecognition of debt		3,315	—
Total financing-related costs		(47,676)	(43,855)
Fair value adjustments of investment properties	6	(185,386)	19,555
Fair value adjustments of financial instruments	21	(48,195)	(235)
Loss on non-controlling interest	10	(21,110)	(41,944)
Gain (loss) on foreign currency translation		3,840	(12,083)
Loss on transactions and other activities	22	(1,791)	(2,005)
<b>Net (loss) income before income taxes</b>		<b>(148,408)</b>	<b>62,713</b>
Current income tax expense		(1,771)	(940)
Deferred income tax recovery (expense)		46,952	(16,464)
Total current and deferred income tax recovery (expense)		45,181	(17,404)
<b>Net (loss) income</b>		<b>\$ (103,227)</b>	<b>\$ 45,309</b>
<b>Other comprehensive income (loss), including items that may be reclassified subsequently to net (loss) income</b>			
Gain (loss) on foreign currency translation, net of taxes	17	\$ 21,218	\$ (52,517)
Amortization of losses from AOCL to interest and other financing costs	17	49	543
Gain on investments held at fair value through other comprehensive income		21	—
Reversal of cumulative loss on foreign currency translation due to loss of significant influence over IRES		—	7,627
<b>Other comprehensive income (loss)</b>		<b>\$ 21,288</b>	<b>\$ (44,347)</b>
<b>Comprehensive (loss) income</b>		<b>\$ (81,939)</b>	<b>\$ 962</b>

See accompanying notes to the condensed consolidated interim financial statements.



# CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

(In thousands of Canadian dollars)

Unaudited

	Note	Number of Trust Units	Unit capital	Retained earnings	Accumulated other comprehensive loss	Total
<b>Unitholders' equity, January 1, 2023</b>		<b>169,404,469</b>	<b>\$ 4,183,171</b>	<b>\$ 5,846,397</b>	<b>\$ (25,873)</b>	<b>\$ 10,003,695</b>
<b>Unit capital</b>						
Distribution Reinvestment Plan		36,270	1,721	—	—	1,721
Deferred Unit Plan	12	12,654	622	—	—	622
Restricted Unit Rights Plan	12	12,863	605	—	—	605
Employee Unit Purchase Plan		17,929	855	—	—	855
Exchangeable LP Units exchanged	13	32,004	1,578	—	—	1,578
Cancellation of Trust Units under NCIB	14	(1,970,904)	(50,419)	(41,083)	—	(91,502)
<b>Total unit capital</b>		<b>(1,859,184)</b>	<b>(45,038)</b>	<b>(41,083)</b>	<b>—</b>	<b>(86,121)</b>
<b>Net loss and other comprehensive income</b>						
Net loss		—	—	(103,227)	—	(103,227)
Other comprehensive income	17	—	—	—	21,288	21,288
<b>Total comprehensive loss</b>		<b>—</b>	<b>—</b>	<b>(103,227)</b>	<b>21,288</b>	<b>(81,939)</b>
<b>Distributions on Trust Units</b>						
Distributions declared and paid		—	—	(40,909)	—	(40,909)
Distributions payable		—	—	(20,246)	—	(20,246)
<b>Total distributions on Trust Units</b>		<b>—</b>	<b>—</b>	<b>(61,155)</b>	<b>—</b>	<b>(61,155)</b>
<b>Unitholders' equity, March 31, 2023</b>		<b>167,545,285</b>	<b>\$ 4,138,133</b>	<b>\$ 5,640,932</b>	<b>\$ (4,585)</b>	<b>\$ 9,774,480</b>

	Note	Number of Trust Units	Unit capital	Retained earnings	Accumulated other comprehensive loss	Total
<b>Unitholders' equity, January 1, 2022</b>		<b>173,406,406</b>	<b>\$ 4,194,093</b>	<b>\$ 6,249,190</b>	<b>\$ (43,397)</b>	<b>\$ 10,399,886</b>
<b>Unit capital</b>						
Distribution Reinvestment Plan		378,858	19,984	—	—	19,984
Restricted Unit Rights Plan		52,936	2,843	—	—	2,843
Employee Unit Purchase Plan		14,695	821	—	—	821
<b>Total unit capital</b>		<b>446,489</b>	<b>23,648</b>	<b>—</b>	<b>—</b>	<b>23,648</b>
<b>Net income and other comprehensive loss</b>						
Net income		—	—	45,309	—	45,309
Other comprehensive loss	17	—	—	—	(44,347)	(44,347)
<b>Total comprehensive income</b>		<b>—</b>	<b>—</b>	<b>45,309</b>	<b>(44,347)</b>	<b>962</b>
<b>Distributions on Trust Units</b>						
Distributions declared and paid		—	—	(41,872)	—	(41,872)
Distributions payable		—	—	(21,007)	—	(21,007)
<b>Total distributions on Trust Units</b>		<b>—</b>	<b>—</b>	<b>(62,879)</b>	<b>—</b>	<b>(62,879)</b>
<b>Unitholders' equity, March 31, 2022</b>		<b>173,852,895</b>	<b>\$ 4,217,741</b>	<b>\$ 6,231,620</b>	<b>\$ (87,744)</b>	<b>\$ 10,361,617</b>

See accompanying notes to the condensed consolidated interim financial statements.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of Canadian dollars)

Unaudited

For the Three Months Ended March 31,	Note	2023	2022
<b>Cash provided by (used in):</b>			
<b>Operating activities</b>			
Net (loss) income		\$ (103,227)	\$ 45,309
Items related to operating activities not affecting cash:			
Fair value adjustments of investment properties		185,386	(19,555)
Fair value adjustments of financial instruments	21	48,195	235
Mark-to-market loss on ERES units held by non-controlling unitholders	10	17,608	38,774
Unit-based compensation amortization expense		1,876	2,188
Other adjustments	23	(49,032)	29,045
Dividend and interest income related to investing activities		(4,753)	(4,657)
Items related to financing activities	23	51,178	47,025
Changes in non-cash operating assets and liabilities	23	(6,923)	6,894
<b>Cash provided by operating activities</b>		<b>140,308</b>	<b>145,258</b>
<b>Investing activities</b>			
Acquisition of investment properties	4	(21,276)	(370,975)
Capital investments	23	(89,029)	(83,216)
Acquisition of investments		(3,249)	(8,331)
Disposition of investment properties	5	115,018	—
Disposition of investments		2,811	—
Investment income received		662	4,657
Change in restricted funds		(193)	1,499
<b>Cash provided by (used in) investing activities</b>		<b>4,744</b>	<b>(456,366)</b>
<b>Financing activities</b>			
Borrowings	11	109,141	597,537
Principal repayments	11	(40,526)	(40,116)
Lump sum repayments	11	(34,326)	(161,763)
Financing costs and CMHC premiums paid	11	(622)	(10,142)
Deposits related to financing activities		(2,939)	—
Interest paid on mortgages and bank indebtedness		(43,589)	(35,581)
Lease payments		(1,559)	(1,542)
Proceeds on issuance of Trust Units, net of issuance costs	23	1,011	943
Purchase and cancellation of Trust Units	14	(91,502)	—
Distributions paid to Unitholders	23	(59,657)	(42,841)
Interest paid to ERES non-controlling unitholders		(2,696)	(2,000)
Interest paid to Exchangeable LP unitholders		(601)	(812)
<b>Cash (used in) provided by financing activities</b>		<b>(167,865)</b>	<b>303,683</b>
<b>Changes in cash and cash equivalents during the period</b>		<b>(22,813)</b>	<b>(7,425)</b>
Gain (loss) on foreign currency translation		104	(2,188)
Cash and cash equivalents, beginning of the period		47,303	73,411
<b>Cash and cash equivalents, end of the period</b>		<b>\$ 24,594</b>	<b>\$ 63,798</b>

See accompanying notes to the condensed consolidated interim financial statements.

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2023 (Unaudited)

(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

## 1. Organization of the Trust

Canadian Apartment Properties Real Estate Investment Trust ("CAPREIT") owns and manages interests in multi-unit residential rental properties, including apartments, townhomes and manufactured home communities ("MHC"), principally located in and near major urban centres across Canada. CAPREIT's net assets and operating results are substantially derived from income-producing real estate located in Canada, where it is also domiciled, and in Europe.

As at March 31, 2023, CAPREIT directly and indirectly holds a 65% (December 31, 2022 - 66%) ownership of publicly traded European Residential Real Estate Investment Trust ("ERES"), which operates primarily in the Netherlands, with the remaining 35% (December 31, 2022 - 34%) held by non-controlling unitholders. CAPREIT owns units of ERES ("ERES units") and Class B Limited Partnership units ("ERES Class B LP Units") of ERES Limited Partnership ("ERES LP").

## 2. Summary of Significant Accounting Policies

### *Basis of Presentation*

These condensed consolidated interim financial statements, which have been approved by CAPREIT's Board of Trustees on May 12, 2023, have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and note disclosures normally included in the consolidated financial statements for the year ended December 31, 2022, prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed.

The condensed consolidated interim financial statements are prepared on a going concern basis and are presented in Canadian dollars, which is also CAPREIT's functional currency.

The accounting policies followed in these condensed consolidated interim financial statements are consistent with those of CAPREIT's consolidated financial statements for the year ended December 31, 2022. These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

Certain prior year comparative figures in 2022 have been re-arranged or combined to conform with current year presentation, with no changes to total assets, total liabilities, operating revenue or expense amounts. The objective of this change was to simplify the financial statement presentation. The composition of major financial statement line items is presented within the notes to the condensed consolidated interim financial statements.

### *Impact of Accounting Standards Effective January 1, 2023 on CAPREIT's Current Year Consolidated Financial Statements*

#### IFRS 17, Insurance Contracts ("IFRS 17")

The IASB issued IFRS 17 in May 2017, which replaces IFRS 4, Insurance Contracts ("IFRS 4") and is applied retrospectively. IFRS 17 establishes more uniform principles for the recognition, measurement, presentation and disclosure of insurance contracts. In June 2020, the IASB issued an amendment to IFRS 17, which includes an amendment to defer the effective date of the standard to annual periods beginning on or after January 1, 2023. CAPREIT adopted IFRS 17 on January 1, 2023 and assessed that there is no impact on transition in the current or future reporting periods based on current transactions in place.

#### *Future Accounting Changes*

There are no changes to CAPREIT's assessment of new or amended IFRS issued by the IASB for annual reporting periods beginning after December 31, 2023. Refer to the audited consolidated annual financial statements for the year ended December 31, 2022 for further information.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2023 (Unaudited)

(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

### 3. Critical Accounting Estimates, Assumptions and Judgments

The preparation of condensed consolidated interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying CAPREIT's accounting policies. The critical accounting estimates and judgments have been set out in detail in note 3 of CAPREIT's consolidated financial statements for the year ended December 31, 2022.

### 4. Investment Property Acquisitions

The table below summarizes the investment property acquisition since January 1, 2023, which has contributed to the operating results as from its acquisition date.

#### Acquisition of Investment Properties Completed During the Three Months Ended March 31, 2023

Acquisition Date	Suite or Site Count	Region	Total Acquisition Costs	Assumed Mortgage Funding	Subsequent Acquisition Financing	Stated Interest Rate (%)	Term to Maturity (Years)
February 27, 2023	143	Ottawa, ON	\$ 56,627 <sup>(1)</sup>	\$ 39,064	\$ —	3.25	9.50
Total	143		\$ 56,627	\$ 39,064	\$ —		

<sup>(1)</sup> The acquisition was funded from cash and cash equivalents, the assumption of an existing mortgage and a vendor takeback ("VTB") mortgage payable. Repayment of the five-year VTB mortgage payable may be waived, subject to certain conditions. The VTB mortgage payable carries an interest rate of 4.125% per annum.

#### Acquisition of Investment Properties Completed During the Three Months Ended March 31, 2022

For the three months ended March 31, 2022, CAPREIT acquired 1,015 suites or sites in the Canadian and European portfolio for a total acquisition cost of \$439,044.

The total purchase consideration paid to the seller takes into consideration the fair value of the investment properties being acquired, mortgages payable and other net assets assumed, and working capital adjustments.

For the Three Months Ended March 31,	2023	2022
Acquired properties	\$ (56,627)	\$ (439,044)
Fair value of assumed debt	39,064	73,612
Deposit on acquisitions and other adjustments	319	(5,543)
Change in investment properties included in accounts payable and other liabilities	(4,032)	—
Net disbursements	\$ (21,276)	\$ (370,975)

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2023 (Unaudited)

(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

## 5. Investment Property Dispositions

The table below summarizes the dispositions of investment properties completed since January 1, 2023.

### Disposition of Investment Properties Completed During the Three Months Ended March 31, 2023

Disposition Date	Suite or Site Count	Region	Sale Price	Fair Value of Investment Properties	Mortgages Assumed by Purchaser <sup>(1)</sup>	Fair Value Adjustments on Mortgages Assumed by Purchaser	Net Cash Proceeds <sup>(2)</sup>
January 25, 2023 <sup>(3)</sup>	1,150	Ottawa, ON	\$ 136,250	\$ 132,342	\$ 34,798	\$ 3,908	\$ 97,544
March 1, 2023	46	Wingham, ON	250	250	—	—	250
March 6, 2023 <sup>(4)</sup>	—	Montréal, QC	17,250	17,250	—	—	17,250
Total	1,196		\$ 153,750	\$ 149,842	\$ 34,798	\$ 3,908	\$ 115,044

<sup>(1)</sup> Relates to mortgages payable with a total principal amount of \$38,706 assumed by the purchaser upon disposition. The amount shown is net of \$3,908 fair value adjustment on mortgages assumed by the purchaser. The weighted average stated interest rate on mortgages assumed by the purchaser was 2.35%.

<sup>(2)</sup> Prior to working capital adjustments and transaction costs.

<sup>(3)</sup> CAPREIT disposed of its 50% interest in 1,150 apartment suites. These properties under joint arrangement were classified as assets held for sale as at December 31, 2022.

<sup>(4)</sup> Represents disposition of parking lot site adjacent to an existing multi-residential building owned by CAPREIT.

### Disposition of Investment Properties Completed During the Three Months Ended March 31, 2022

For the three months ended March 31, 2022, there were no dispositions of investment properties.

### Disposition of Investment Properties

For the Three Months Ended March 31,	2023	2022
Proceeds <sup>(1)</sup>	\$ 149,842	\$ —
Fair value of mortgages assumed by purchaser on dispositions <sup>(2)</sup>	(34,798)	—
Closing costs and other adjustments	(195)	—
Change in investment properties included in accounts payable and other liabilities	169	—
Net proceeds	\$ 115,018	\$ —

<sup>(1)</sup> Includes CAPREIT's three remaining properties under joint arrangement which were classified as assets held for sale as at December 31, 2022 and which were disposed of on January 25, 2023.

<sup>(2)</sup> Relates to mortgages assumed by purchaser upon the disposition of CAPREIT's three remaining properties under joint arrangement. These mortgages were classified as liabilities related to assets held for sale as at December 31, 2022.

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### 6. Investment Properties

#### Continuity of Investment Properties by Type

For the Three Months Ended March 31, 2023	Fee Simple and MHC Land Lease Sites	Operating Leasehold Interests	Land Leasehold Interests	Total
Balance of investment properties, beginning of the period	\$ 16,793,110	\$ 101,558	\$ 259,041	\$ 17,153,709
Additions (deductions):				
Acquisitions	56,627	—	—	56,627
Property capital investments	66,099	424	4,930	71,453
Capitalized direct leasing costs	406	15	16	437
Dispositions <sup>(1)</sup>	(17,500)	—	—	(17,500)
Fair value adjustments	(185,747)	1,023	(662)	(185,386)
Gain on foreign currency translation	41,888	—	—	41,888
Balance of investment properties, end of the period	\$ 16,754,883	\$ 103,020	\$ 263,325	\$ 17,121,228

<sup>(1)</sup> Excludes the disposition of CAPREIT's three remaining properties under joint arrangement which were classified as assets held for sale as at December 31, 2022 and which were disposed of on January 25, 2023. Refer to note 5 for further information.

For the Year Ended December 31, 2022	Fee Simple and MHC Land Lease Sites	Operating Leasehold Interests	Land Leasehold Interests	Total
Balance of investment properties, beginning of the year	\$ 16,719,821	\$ 114,150	\$ 267,948	\$ 17,101,919
Additions (deductions):				
Acquisitions	645,605	—	—	645,605
Property capital investments	312,712	1,941	7,699	322,352
Capitalized direct leasing costs	308	—	167	475
Dispositions	(343,497)	—	—	(343,497)
Transfer to assets held for sale	(132,342)	—	—	(132,342)
Fair value adjustments	(437,021)	(14,533)	(16,773)	(468,327)
Gain on foreign currency translation	27,524	—	—	27,524
Balance of investment properties, end of the year	\$ 16,793,110	\$ 101,558	\$ 259,041	\$ 17,153,709

#### Valuation Basis

Investment property is defined as a property held to earn rental income or held for capital appreciation or both. Investment property is recognized initially at cost. Subsequent to initial recognition, an investment property is measured using the fair value model, whereby changes in fair value are recognized for each reporting period in net (loss) income.

External valuations for the Canadian portfolio are performed at year-end with quarterly updates provided on capitalization rates. As at March 31, 2023, CAPREIT received capitalization rates from its external appraiser on approximately 51% by value or 49% by number of properties of its Canadian investment properties (December 31, 2022 - 51% and 49%, respectively, were appraised by a qualified external appraiser). For the remainder of the portfolio, capitalization rates are determined by the internal valuation team based on recent market transactions. For quarterly interim reporting purposes, CAPREIT updates its rental revenue and operating costs forecast based on market assumptions. The fair values of all of CAPREIT's European residential portfolio are determined by qualified external appraisers quarterly.

Investment properties have been valued using the same valuation methods and key assumptions as those described in note 6 of CAPREIT's consolidated financial statements for the year ended December 31, 2022 contained in CAPREIT's 2022 Annual Report. When considering highest and best use, CAPREIT takes into account the use of the asset that is physically possible, legally permissible, and financially feasible.

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The recent regulatory and macroeconomic developments, including the current interest rate and inflationary environment, have impacted overall market activity resulting in limited reliable market metrics, such as capitalization rates. As such, the fair values of CAPREIT's investment properties are subject to significant change, and such changes may be material. Management is applying, to the greatest extent practicable, prudence and sound judgment in its basis for fair valuing its investment properties in the current unpredictable environment.

A summary of the market assumptions and ranges for each type of property interest (excluding assets held for sale), along with their fair values, is presented below as at March 31, 2023 and December 31, 2022:

As at March 31, 2023						
Type of Interest	Fair Value	Rate Type	Max.	Min.	Weighted Average	
Fee simple interests - Canada	\$ 13,433,970	Capitalization rate	7.68 %	2.90 %	3.93 %	
Fee simple interests - Europe <sup>(1)</sup>	2,614,843	Discount rate	7.00 %	4.75 %	5.96 %	
		Terminal capitalization rate	10.19 %	3.70 %	4.76 %	
MHC sites	706,070	Capitalization rate	8.63 %	5.10 %	5.97 %	
Operating leasehold interests <sup>(2)(3)</sup>	103,020	Discount rate <sup>(5)</sup>	6.00 %	5.75 %	5.83 %	
Land leasehold interests <sup>(4)</sup>	218,023	Discount rate <sup>(5)</sup>	8.17 %	6.59 %	7.19 %	
Total Investment Properties excluding right-of-use assets	\$ 17,075,926					
Add: Right-of-use assets, net of fair value change	45,302					
Total Investment Properties	\$ 17,121,228					

<sup>(1)</sup> Rates exclude one commercial property owned in Belgium, valued by a third-party appraiser using the direct capitalization ("DC") method.

<sup>(2)</sup> The fair values of operating leasehold interests include the fair values of the options to purchase the related freehold interests of \$46,530 as at March 31, 2023.

<sup>(3)</sup> For the two operating leasehold interests remaining as at March 31, 2023, the contractual weighted average remaining lease term on operating leasehold interests is 13.1 years based on the assumption that the early purchase option is not exercised. As at March 31, 2023, if the purchase option is exercised at the earliest allowable date, the weighted average remaining lease term on the two operating leasehold interests is 3.1 years.

<sup>(4)</sup> The fair values of the land leasehold interests reflect the estimated air rights or land lease payments over the term of the leases.

<sup>(5)</sup> Represents the discount rate used to determine the fair value of operating leasehold and land leasehold interests using the discounted cash flow ("DCF") method. A weighted average stabilized net operating income ("NOI") growth for operating leasehold interests of 3.0% has been assumed as at March 31, 2023.

### As at December 31, 2022

Type of Interest	Fair Value	Rate Type	Max	Min	Weighted Average	
Fee simple interests - Canada	\$ 13,330,032	Capitalization rate	7.68 %	2.90 %	3.86 %	
Fee simple interests - Europe <sup>(1)</sup>	2,750,358	Discount rate	6.75 %	4.60 %	5.60 %	
		Terminal capitalization rate	8.79 %	3.40 %	4.43 %	
MHC sites	712,720	Capitalization rate	8.58 %	5.10 %	5.93 %	
Operating leasehold interests <sup>(2)(3)</sup>	101,558	Discount rate <sup>(5)</sup>	6.00 %	5.75 %	5.83 %	
Land leasehold interests <sup>(4)</sup>	213,574	Discount rate <sup>(5)</sup>	8.17 %	6.59 %	7.19 %	
Total Investment Properties excluding right-of-use assets	\$ 17,108,242					
Add: Right-of-use assets, net of fair value change	45,467					
Total Investment Properties	\$ 17,153,709					

<sup>(1)</sup> Rates exclude one commercial property owned in Belgium, valued by a third-party appraiser using the DC method.

<sup>(2)</sup> The fair values of operating leasehold interests include the fair values of the options to purchase the related freehold interests of \$46,068 as at December 31, 2022.

<sup>(3)</sup> For the two operating leasehold interests remaining as at December 31, 2022, the contractual weighted average remaining lease term on operating leasehold interests is 13.4 years based on the assumption that the early purchase option is not exercised. As at December 31, 2022, if the purchase option is exercised at the earliest allowable date, the weighted average remaining lease term on the two operating leasehold interests is 3.4 years.

<sup>(4)</sup> The fair values of the land leasehold interests reflect the estimated air rights or land lease payments over the term of the leases.

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- <sup>(5)</sup> Represents the discount rate used to determine the fair value of operating leasehold and land leasehold interests using the DCF method. A weighted average stabilized NOI growth for operating leasehold interests of 3.0% has been assumed as at December 31, 2022.

The table below summarizes the impact of changes in both the capitalization rate and stabilized NOI on the fair value of CAPREIT's investment properties as at March 31, 2023:

As at March 31, 2023	Change in NOI					
		(2.00)%	(1.00)%	—%	+1.00%	+2.00%
Change in Capitalization Rate <sup>(1)</sup>	(0.50)%	\$ 2,069,142	\$ 2,264,025	\$ 2,458,907	\$ 2,653,790	\$ 2,848,673
	(0.25)%	781,171	962,911	1,144,651	1,326,391	1,508,132
	— %	(340,646)	(170,353)	—	170,233	340,527
	+0.25 %	(1,326,969)	(1,166,741)	(1,006,512)	(846,284)	(686,055)
	+0.50 %	(2,201,270)	(2,049,963)	(1,898,656)	(1,747,349)	(1,596,042)

- <sup>(1)</sup> For operating leasehold interests, land leasehold interests and European properties, CAPREIT applies discount rates to determine the fair value of these properties. However, for the purposes of the above sensitivity analysis, CAPREIT has utilized the implied capitalization rates for operating leasehold interests, land leasehold interests and European properties to determine the impact on fair value of the total portfolio.

### 7. Other Assets

As at	March 31, 2023	December 31, 2022
<b>Other non-current assets</b>		
Property, plant and equipment ("PP&E") <sup>(1)</sup>	\$ 54,067	\$ 52,495
Accumulated amortization of PP&E	(41,073)	(39,831)
PP&E, net of amortization	12,994	12,664
Right-of-use asset, net of amortization <sup>(2)</sup>	2,841	2,994
Deferred tax asset	11,469	6,173
Straight-line rent receivable	1,960	1,929
Investments held at fair value through other comprehensive income	10,204	7,533
Investments held at amortized cost and other	2,156	1,535
Mortgage receivable <sup>(3)</sup>	46,800	46,800
<b>Total</b>	<b>\$ 88,424</b>	<b>\$ 79,628</b>
<b>Other current assets</b>		
Prepaid expenses	\$ 19,308	\$ 11,805
MHC home inventory	18,250	16,207
Restricted funds	9,847	9,654
Deposits	7,738	10,221
Tenant inducements	1,675	1,771
Investments held at fair value through other comprehensive income	1,963	4,378
<b>Total</b>	<b>\$ 58,781</b>	<b>\$ 54,036</b>

- <sup>(1)</sup> Consists of head office and regional offices' leasehold improvements, corporate assets and information technology systems.

- <sup>(2)</sup> Right-of-use asset net of accumulated amortization of \$2,413 (December 31, 2022 - \$2,260).

- <sup>(3)</sup> On September 29, 2021, CAPREIT issued a \$46,800 VTB mortgage receivable in connection with the disposal of an investment property. The VTB mortgage receivable bears an annual interest rate of 2.33% and matures on September 29, 2023. The borrower has the option to extend the VTB mortgage receivable for an additional year at an annual interest rate of 4.00%.



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### 8. Other Liabilities

As at	March 31, 2023	December 31, 2022
<b>Other non-current liabilities</b>		
Non-current lease liabilities	\$ 47,145	\$ 47,460
Other	659	—
<b>Total</b>	<b>\$ 47,804</b>	<b>\$ 47,460</b>
<b>Other current liabilities</b>		
Security deposits	\$ 47,458	\$ 46,775
Deferred revenue	17,533	15,364
Mortgage interest payable	13,738	13,776
Distributions payable to Unitholders	20,246	20,469
Distributions payable to ERES non-controlling unitholders	1,013	993
Current tax liability	3,928	2,754
Current lease liabilities	1,214	1,190
<b>Total</b>	<b>\$ 105,130</b>	<b>\$ 101,321</b>

### 9. Accounts Payable and Accrued Liabilities

As at	March 31, 2023	December 31, 2022
Accounts payable	\$ 47,891	\$ 55,313
Accrued liabilities	53,518	66,238
<b>Total</b>	<b>\$ 101,409</b>	<b>\$ 121,551</b>

### 10. ERES Units Held by Non-Controlling Unitholders

The ERES units held by non-controlling unitholders are classified as equity on ERES's balance sheets but are classified as a liability on CAPREIT's consolidated balance sheets. ERES units are redeemable at any time, in whole or in part, by the unitholder. As at March 31, 2023, non-controlling unitholders held 35% (December 31, 2022 - 34%) of total ERES units.

As at March 31, 2023, CAPREIT valued the ERES units held by non-controlling unitholders based on the closing price on the TSX and classified the units as a liability on the consolidated balance sheets. The mark-to-market adjustments arise from the changes in ERES's unit market price, where an increase in ERES's unit market price would result in a mark-to-market loss and a decrease in ERES's unit market price would result in a mark-to-market gain. The table below summarizes the activity of ERES units held by non-controlling unitholders for the three months ended March 31, 2023 and for the year ended December 31, 2022:

For the Period Ended	March 31, 2023	December 31, 2022
Balance of ERES units held by non-controlling unitholders, beginning of the period	\$ 242,599	\$ 356,695
Mark-to-market loss (gain) on ERES units	17,608	(117,740)
Interest expense on ERES non-controlling unitholders	3,502	12,918
Loss (gain) on non-controlling interest	\$ 21,110	\$ (104,822)
Less: Distributions paid to ERES non-controlling unitholders	(2,689)	(9,274)
<b>Balance of ERES units held by non-controlling unitholders, end of period</b>	<b>\$ 261,020</b>	<b>\$ 242,599</b>

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## 11. Debt

### Continuity of Total Debt

	For the Three Months Ended March 31, 2023		
	Mortgages Payable	Bank Indebtedness	Total Debt
Balance, beginning of the period	\$ 6,577,097	\$ 388,975	\$ 6,966,072
<b>Add:</b>			
Borrowings <sup>(1)</sup>	8,045	101,096	109,141
<b>Less:</b>			
Principal repayments	(40,526)	—	(40,526)
Lump sum repayments	(34,326)	—	(34,326)
Financing costs and CMHC premiums paid	(366)	(256)	(622)
<b>Non-cash adjustments:</b>			
Mortgage assumed upon property acquisition	39,064	—	39,064
Amortization of deferred financing costs and prepaid CMHC premiums, and net change in fair value and other adjustments	5,306	(1,302)	4,004
Loss (gain) on foreign currency translation	19,260	(4,450)	14,810
Balance, end of the period	\$ 6,573,554	\$ 484,063	\$ 7,057,617
Less: current portion	636,999	—	636,999
Total non-current portion	\$ 5,936,555	\$ 484,063	\$ 6,420,618

<sup>(1)</sup> Includes net borrowings of bank indebtedness. Borrowings and repayments of bank indebtedness are for large amounts and have short-term maturities.

	For the Year Ended December 31, 2022		
	Mortgages Payable	Bank Indebtedness	Total Debt
Balance, beginning of the period	\$ 6,100,065	\$ 310,866	\$ 6,410,931
<b>Add:</b>			
Borrowings <sup>(1)</sup>	1,090,638	63,832	1,154,470
<b>Less:</b>			
Principal repayments	(162,048)	—	(162,048)
Lump sum repayments	(451,235)	—	(451,235)
Mortgages repaid on dispositions of investment properties	(28,114)	—	(28,114)
Financing costs and CMHC premiums paid	(27,248)	—	(27,248)
<b>Non-cash adjustments:</b>			
Mortgages assumed upon property acquisitions	99,194	—	99,194
Mortgages assumed by purchasers upon property dispositions	(38,285)	—	(38,285)
Liabilities related to assets held for sale	(38,116)	—	(38,116)
Amortization of deferred financing costs and prepaid CMHC premiums, and net change in fair value and other adjustments	17,162	—	17,162
Loss on foreign currency translation	15,084	14,277	29,361
Balance, end of the period	\$ 6,577,097	\$ 388,975	\$ 6,966,072
Less: current portion	613,277	—	613,277
Total non-current portion	\$ 5,963,820	\$ 388,975	\$ 6,352,795

<sup>(1)</sup> Includes net borrowings of bank indebtedness. Borrowings and repayments of bank indebtedness are for large amounts and have short-term maturities.

### Mortgages Payable

As at	March 31, 2023	December 31, 2022
Total mortgage principal	\$ 6,707,114	\$ 6,750,957
Less: prepaid CMHC premiums	(111,795)	(115,851)
Less: deferred financing costs	(19,663)	(21,186)
Less: fair value adjustments	(2,102)	1,293
Less: liabilities related to assets held for sale	—	(38,116)
<b>Total mortgages payable</b>	<b>\$ 6,573,554</b>	<b>\$ 6,577,097</b>

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As at	March 31, 2023	December 31, 2022
Weighted average effective interest rate	2.61 %	2.61 %
Maturity date	2023-2036	2023-2036
Investment properties pledged as security on mortgages	\$ 15,670,046	\$ 15,807,722
Investment properties not pledged as security on mortgages	\$ 1,451,182	\$ 1,345,987

Future principal repayments as at March 31, 2023 for the years indicated are as follows:

As at March 31, 2023	Principal Amount <sup>(1)</sup>	% of Total Principal
Remainder of 2023	\$ 526,472	7.8
2024	650,946	9.7
2025	927,055	13.8
2026	880,432	13.1
2027	941,102	14.0
2028 - 2036	2,781,107	41.6
Total principal	6,707,114	100.0
Deferred financing costs, fair value adjustments and prepaid CMHC premiums	(133,560)	
Total mortgages payable	\$ 6,573,554	

### Bank Indebtedness

CAPREIT's credit facilities consist of the \$600,000 acquisition and operating facility ("Acquisition and Operating Facility"), which can be borrowed in US dollars ("USD"), euros or Canadian dollars, as well as the €125,000 ERES revolving credit facility ("ERES Credit Facility") (collectively, the "Credit Facilities"). On January 24, 2023, ERES amended and renewed its existing revolving credit facility with two Canadian chartered banks and the addition of another Canadian chartered bank, providing up to €125,000 for a three-year period ending on January 26, 2026, as well as an accordion feature to increase the limit a further €25,000 upon satisfaction of conditions set out in the agreement and the consent of applicable lenders. This amendment also replaced USD LIBOR with Adjusted Term SOFR as a benchmark interest rate. The Acquisition and Operating Facility matures on December 19, 2025.

Canadian investment properties of \$1,138,743 (December 31, 2022 - \$1,029,260) secure only the Acquisition and Operating Facility, of which \$271,840 also carry a negative pledge against the ERES Credit Facility (December 31, 2022 - \$271,980).

The tables below summarize the amounts available and drawn under the respective credit facilities as at March 31, 2023 and December 31, 2022:

As at March 31, 2023	Acquisition and Operating Facility	ERES Credit Facility	Total
Maximum borrowing capacity	\$ 600,000	\$ 183,983	\$ 783,983
Less: USD borrowings	(322,374) <sup>(1)</sup>	—	(322,374)
Euro borrowings	—	(131,048) <sup>(4)</sup>	(131,048)
Canadian borrowings	(32,199) <sup>(2)</sup>	—	(32,199)
Letters of credit	(4,432)	—	(4,432)
Available borrowing capacity	\$ 240,995	\$ 52,935	\$ 293,930
Weighted average interest rate including interest rate swaps	6.10 % <sup>(3)</sup>	4.25 %	5.60 %

<sup>(1)</sup> As at March 31, 2023, CAPREIT has USD borrowings totaling \$238,254, that bear interest at the USD Adjusted Term SOFR rate plus a margin of 1.35%

<sup>(2)</sup> As at March 31, 2023, Canadian borrowings bear interest at the Canadian prime rate plus a margin of 0.35% per annum.

<sup>(3)</sup> As at March 31, 2023, excluding the impact of cross-currency interest rate swaps, the weighted average interest rate on the Acquisition and Operating Facility is 6.25%. For details on the swaps, refer to note 16.

<sup>(4)</sup> As at March 31, 2023, ERES has euro borrowings totaling EUR €89,050, that bear interest at the EURIBOR rate plus a margin of 1.35% per annum.

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As at December 31, 2022	Acquisition and Operating Facility	ERES Credit Facility	Total
Facility	\$ 600,000	\$ 144,982	\$ 744,982
Less: USD borrowings	(259,211) <sup>(1)</sup>	(129,764) <sup>(3)</sup>	(388,975)
Letters of credit	(7,373)	—	(7,373)
Available borrowing capacity	\$ 333,416	\$ 15,218	\$ 348,634
Weighted average interest rate including interest rate swaps	5.56 % <sup>(2)</sup>	3.06 % <sup>(4)</sup>	4.73 %

<sup>(1)</sup> As at December 31, 2022, CAPREIT has USD borrowings totaling \$191,365, that bear interest at the USD LIBOR rate plus a margin of 1.35% per annum.

<sup>(2)</sup> As at December 31, 2022, excluding the impact of cross-currency interest rate swaps, the weighted average interest rate on the Acquisition and Operating Facility is 6.00%. For details on the swaps, refer to note 16.

<sup>(3)</sup> As at December 31, 2022, ERES has USD borrowings totaling \$95,800, that bear interest at the USD LIBOR rate plus a margin of 1.35% per annum.

<sup>(4)</sup> As at December 31, 2022, excluding the impact of cross-currency interest rate swaps, the weighted average interest rate on the ERES Credit Facility is 5.74%. For details on the swaps, refer to note 16.

### 12. Unit-based Compensation Financial Liabilities

Units are issuable pursuant to CAPREIT's unit-based compensation plans, namely the Employee Unit Purchase Plan ("EUPP"), the Deferred Unit Plan ("DUP") and the Restricted Unit Rights Plan ("RUR Plan"). As at March 31, 2023, the maximum number of units issuable under CAPREIT's unit-based compensation plans (excluding ERES) is 11,500,000 units (December 31, 2022 - 11,500,000 units). The maximum number of units available for future issuance under these unit-based compensation plan agreements as at March 31, 2023 is 1,983,136 units (December 31, 2022 - 2,149,084 units).

ERES units are issuable pursuant to ERES's unit options plan ("ERES UOP"). The maximum number of unit options that may be reserved under the ERES UOP is 10% of the outstanding ERES units (including ERES Class B LP Units). As at March 31, 2023, the maximum number of unit options allowable for future issuance under the ERES UOP is 18,066,251 unit options (December 31, 2022 - 18,041,454 unit options).

The tables below summarize the activity of CAPREIT's unit-based compensation plans (excluding EUPP) and the ERES UOP for the three months ended March 31, 2023 and for the year ended December 31, 2022:

Three Months Ended March 31, 2023 (Number of units)	ERES UOP	DUP	RUR Plan	Total CAPREIT <sup>(1)</sup>
Unit rights and unit options outstanding as at January 1, 2023	5,157,094	121,280	394,763	516,043
Granted or cancelled during the period				
Granted	—	5,523	138,579	144,102
Exercised or settled in Trust Units or ERES units	—	(12,654)	(12,863)	(25,517)
Cancelled or forfeited	—	—	(1)	(1)
Distributions reinvested	—	897	3,023	3,920
Unit rights and unit options outstanding as at March 31, 2023	5,157,094	115,046	523,501	638,547

<sup>(1)</sup> Excludes EUPP and ERES UOP.

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<b>Year Ended December 31, 2022</b>				<b>Total</b>
(Number of units)	<b>ERES UOP</b>	<b>DUP</b>	<b>RUR Plan</b>	<b>CAPREIT<sup>(1)</sup></b>
Unit rights and unit options outstanding as at January 1, 2022	4,699,694	196,423	479,700	676,123
Granted or cancelled during the year				
Granted	760,000	20,749	110,047	130,796
Exercised or settled in Trust Units or ERES units	(28,800)	(100,493)	(200,363)	(300,856)
Cancelled or forfeited	(202,334)	—	(8,181)	(8,181)
Surrendered	(71,466)	—	—	—
Distributions reinvested	—	4,601	13,560	18,161
Unit rights and unit options outstanding as at December 31, 2022	<b>5,157,094</b>	<b>121,280</b>	<b>394,763</b>	<b>516,043</b>

<sup>(1)</sup> Excludes EUPP and ERES UOP.

The table below summarizes the change in the total unit-based compensation financial liabilities for the three months ended March 31, 2023 and year ended December 31, 2022, including the settlement of such liabilities through the units of CAPREIT ("Trust Units") and ERES units.

<b>For the Period Ended</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Total unit-based compensation financial liabilities, beginning of the period	\$ 18,257	\$ 36,895
Unit-based compensation remeasurement loss (gain)	1,791	(10,670)
Unit-based compensation amortization expense	1,876	7,256
Settlement of unit-based compensation awards for Trust Units and ERES units	(1,228)	(15,036)
Loss (gain) on foreign currency translation	12	(188)
Total unit-based compensation financial liabilities, end of the period	<b>\$ 20,708</b>	<b>\$ 18,257</b>

The table below summarizes the non-current and current unit-based compensation financial liabilities for each plan as at March 31, 2023 and December 31, 2022:

<b>As at</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
<b>Non-current</b>		
RUR Plan	\$ 8,964	\$ 7,743
ERES UOP	16	63
	<b>\$ 8,980</b>	<b>\$ 7,806</b>
<b>Current</b>		
DUP	\$ 5,454	\$ 5,176
RUR Plan	5,216	4,536
ERES UOP	1,058	739
	<b>\$ 11,728</b>	<b>\$ 10,451</b>
Total unit-based compensation financial liabilities	<b>\$ 20,708</b>	<b>\$ 18,257</b>

### **Units or Unit-based Compensation Financial Liabilities Held by Trustees, Officers and Other Senior Management**

As at March 31, 2023, 0.4% (December 31, 2022 - 0.3%) of all Trust Units outstanding and unit-based compensation financial liabilities were held by trustees, officers and other senior management of CAPREIT.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2023 (Unaudited)

(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

### 13. Exchangeable LP Units

The carrying value of the Class B limited partnership units of CAPREIT Limited Partnership ("Exchangeable LP Units") is measured at their fair value, which is based on the closing price of the Trust Units on the TSX. The tables below summarize the activity of the Exchangeable LP Units for the three months ended March 31, 2023 and for the year ended December 31, 2022 as follows:

For the Period Ended	March 31, 2023	December 31, 2022
Exchangeable LP Units issued and outstanding, beginning of the period	1,679,190	1,679,190
Exchangeable LP Units exchanged for Trust Units	(32,004)	—
Exchangeable LP Units issued and outstanding, end of the period	1,647,186	1,679,190

For the Period Ended	March 31, 2023	December 31, 2022
Balance of Exchangeable LP Units, beginning of the period	\$ 71,668	\$ 100,684
Fair value adjustments of Exchangeable LP units	8,003	(29,016)
Exchangeable LP Units exchanged for Trust Units	(1,578)	—
Balance of Exchangeable LP Units, end of the period	\$ 78,093	\$ 71,668

### 14. Unitholders' Equity

#### Normal Course Issuer Bid ("NCIB")

In March 2023, CAPREIT received the TSX's acceptance of its notice of intention to proceed with an NCIB, following expiry of the previous NCIB on March 23, 2023. Pursuant to the notice, CAPREIT may purchase up to 16,901,348 of its Trust Units, representing approximately 10% of the public float of its Trust Units at the time of TSX approval, during the 12-month period commencing March 24, 2023 and ending March 23, 2024. Under the NCIB, other than purchases made under the block purchase exemption, CAPREIT may purchase up to 100,017 Trust Units on the TSX during any trading day, which represents approximately 25% of 400,069 Trust Units, being the average daily trading volume on the TSX for the most recently completed six calendar months prior to the TSX's acceptance of the notice of intention to proceed with an NCIB. Any Trust Units purchased under the NCIB will be cancelled.

CAPREIT entered into an automatic purchase plan effective during the term of the NCIB. Based on predefined instructions, the automatic purchase plan allows for purchases by CAPREIT of Trust Units during certain predetermined blackout periods.

The table below summarizes the NCIB activity for the three months ended March 31, 2023 and March 31, 2022. The excess of the purchase price over the weighted average historical Trust Unit issuance price was recorded as a reduction to retained earnings.

For the Three Months Ended March 31,	2023	2022
Total cost (including commissions) of Trust Units purchased and cancelled under the NCIB	\$ 91,502	\$ —
Number of Trust Units purchased and cancelled under the NCIB	1,970,904	—
Weighted average purchase price per Trust Unit	\$ 46.43	\$ —

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## 15. Fair Value of Financial Instruments and Investment Properties

At March 31, 2023, the fair value of CAPREIT's mortgages payable is estimated to be \$6,137,412 (December 31, 2022 - \$6,096,000). The difference between the carrying amount and the fair value of mortgages payable is due to changes in interest rates and foreign exchange rates since the dates the individual mortgages were financed and the impact of the passage of time on the primarily fixed rate nature of CAPREIT's mortgages. The fair value of the mortgages payable is based on discounted future cash flows using rates that reflect current rates for similar financial instruments with similar duration, terms and conditions. At March 31, 2023, the principal outstanding on CAPREIT's mortgages payable is \$6,707,114 (December 31, 2022 - \$6,750,957) as shown in note 11. At March 31, 2023, the fair value of CAPREIT's bank indebtedness is estimated to be \$485,621 (December 31, 2022 - \$388,975).

CAPREIT's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The following tables present CAPREIT's estimates of assets and liabilities measured at fair value on a recurring basis based on information available to management as at March 31, 2023 and December 31, 2022, and aggregated by the level in the fair value hierarchy within which those measurements fall. These estimates are not necessarily indicative of the amounts CAPREIT could ultimately realize.

As at March 31, 2023	Level 1 Quoted prices in active markets for identical assets and liabilities	Level 2 Significant other observable inputs	Level 3 Significant unobservable inputs
<b>Recurring Measurements</b>			
<b>Assets</b>			
Investment properties	\$ —	\$ —	\$ 17,121,228
Investments held at fair value through profit or loss	172,113	—	—
Investments held at fair value through other comprehensive income	—	12,167	—
Derivative financial assets	—	56,655	—
<b>Liabilities</b>			
Derivative financial liabilities	—	(15,484)	—
ERES units held by non-controlling unitholders	(261,020)	—	—
Unit-based compensation financial liabilities	—	(20,708)	—
Exchangeable LP Units	—	(78,093)	—
As at December 31, 2022	Level 1 Quoted prices in active markets for identical assets and liabilities	Level 2 Significant other observable inputs	Level 3 Significant unobservable inputs
<b>Recurring Measurements</b>			
<b>Assets</b>			
Investment properties	\$ —	\$ —	\$ 17,153,709
Assets held for sale	132,342	—	—
Investments held at fair value through profit or loss	196,364	—	—
Investments held at fair value through other comprehensive income	—	11,911	—
Derivative financial assets	—	62,599	—
<b>Liabilities</b>			
Derivative financial liabilities	—	(10,625)	—
ERES units held by non-controlling unitholders	(242,599)	—	—
Unit-based compensation financial liabilities	—	(18,257)	—
Exchangeable LP Units	—	(71,668)	—

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2023 (Unaudited)

(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

Although CAPREIT has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by CAPREIT. As at March 31, 2023 and December 31, 2022, CAPREIT has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustment is not significant to the overall valuation of the derivative. As a result, CAPREIT has determined that the derivative valuations in their entirety should be classified as Level 2 of the fair value hierarchy. For assets and liabilities measured at fair value as at March 31, 2023 and December 31, 2022, there were no transfers between Level 1, Level 2 and Level 3 during the period.

### 16. Derivative Financial Instruments

#### Contracts for Which Hedge Accounting is Not Being Applied

CAPREIT has certain derivative financial instruments in place, namely interest rate swaps and cross-currency interest rate ("CCIR") swaps. These derivative contracts, for which hedge accounting is not being applied, are summarized in the tables below as at March 31, 2023 and December 31, 2022:

As at March 31, 2023						
Type of instrument	Notional amount	Maturity year	Weighted average receiving leg rate	Weighted average paying leg rate	Derivative asset (liability)	
CCIR Swap <sup>(1)</sup>	\$ 107,670	2024	4.00 %	2.71 %	\$	(1,108)
CCIR Swaps <sup>(2)</sup>	\$ 553,969	2023 - 2025	1.74 %	0.63 %		14,212
CCIR Swap <sup>(3)</sup>	US\$ 238,365	2023	Term SOFR + 1.45%	CDOR + 1.12%		(4,486)
ERES Interest Rate Swap <sup>(4)</sup>	€ 25,500	2025	EURIBOR + 1.38%	0.49 %		1,562
ERES Interest Rate Swaps	€ 156,550	2027	EURIBOR	(0.06)%		30,991
Total derivative net assets					\$	41,171

<sup>(1)</sup> Euro equivalent of €74,000.

<sup>(2)</sup> Euro equivalent of €368,358. These CCIR swaps consist of a current derivative liability of \$9,890, a current asset of \$3,523, and a non-current derivative asset of \$20,579.

<sup>(3)</sup> One-month CCIR swaps with Canadian dollar equivalent of \$327,000.

<sup>(4)</sup> As at March 31, 2023, the interest rate swap consists of a non-current derivative asset of \$1,561.

#### As at December 31, 2022

Type of instrument	Notional amount	Maturity year	Weighted average receiving leg rate	Weighted average paying leg rate	Derivative asset (liability)	
CCIR Swap <sup>(1)</sup>	\$ 106,486	2023	CDOR + 1.35%	1.21 %	\$	(331)
CCIR Swaps <sup>(2)</sup>	\$ 553,969	2023 - 2025	1.74 %	0.63 %		19,825
CCIR Swap <sup>(3)</sup>	US\$ 191,563	2023	USD LIBOR + 1.35%	CDOR + 0.83%		(745)
ERES Interest Rate Swap <sup>(4)</sup>	€ 25,500	2025	EURIBOR + 1.38%	0.49 %		1,718
ERES Interest Rate Swaps	€ 156,550	2027	EURIBOR	(0.06)%		32,745
ERES CCIR Swaps <sup>(5)</sup>	US\$ 95,800	2023	USD LIBOR + 1.35%	EURIBOR + 1.15%		(1,238)
Total derivative net assets					\$	51,974

<sup>(1)</sup> Euro equivalent of €74,000. This CCIR swap was settled in February 2023.

<sup>(2)</sup> Euro equivalent of €368,358. These CCIR swaps consist of a current derivative liability of \$8,311 and a non-current derivative asset of \$28,136.

<sup>(3)</sup> One-month CCIR swaps with Canadian Dollar equivalent of \$260,000.

<sup>(4)</sup> As at December 31, 2022, the interest rate swap consists of a non-current derivative asset of \$1,718.

<sup>(5)</sup> One-month CCIR swap with a euro equivalent of €90,300 that was settled in January 2023.



## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2023 (Unaudited)

(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

### 17. Accumulated Other Comprehensive (Loss) Income

For the Three Months Ended March 31,	2023	2022
AOCL balance, beginning of the period	\$ (25,873)	\$ (43,397)
Other comprehensive income (loss):		
Gain (loss) on foreign currency translation, net of taxes	21,218	(52,517)
Amortization of losses from AOCL to interest and other financing costs <sup>(1)</sup>	49	543
Gain on investments held at fair value through other comprehensive income	21	—
Reversal of cumulative loss on foreign currency translation due to loss of significant influence over IRES	—	7,627
Other comprehensive income (loss)	21,288	(44,347)
AOCL balance, end of the period	\$ (4,585)	\$ (87,744)

<sup>(1)</sup> Refer to note 20 for further information.

As at	March 31, 2023	December 31, 2022
AOCL comprises:		
Cumulative loss on foreign currency translation	\$ (4,314)	\$ (25,532)
Net cumulative loss on forward interest rate hedge	(286)	(335)
Net cumulative loss on derivative financial instruments	(6)	(6)
Gain on investments held at fair value through other comprehensive income	21	—
AOCL balance, end of the period	\$ (4,585)	\$ (25,873)

### 18. Revenue from Contracts with Customers

In accordance with IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), management has evaluated the lease and non-lease components of its revenue and other income. Revenues under IFRS 15 consist of asset and property management fees, transition service fees and profit from the sale of MHC home inventory, included in other income, and miscellaneous revenues. Miscellaneous revenues consist of cable income, certain common area maintenance recoveries, service charges and premium service components.

For the Three Months Ended March 31,	2023	2022
<b>Included in Revenue from Investment Properties</b>		
Miscellaneous revenues	\$ 6,526	\$ 5,985
<b>Included in Other Income</b>		
Profit from sale of MHC inventory	\$ 298	\$ 362
Asset and property management fees, and transition service fees	—	1,848
<b>Total</b>	<b>\$ 6,824</b>	<b>\$ 8,195</b>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2023 (Unaudited)

(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

### 19. Other Income

For the Three Months Ended March 31,	2023	2022
Investment income <sup>(1)</sup>	\$ 4,638	\$ 4,615
Interest income from mortgages receivable	271	776
Profit from sale of MHC inventory <sup>(2)</sup>	298	362
Other	1,616	42
Asset and property management fees, and transition service fees <sup>(3)</sup>	—	1,848
Net profit from investment in associate <sup>(4)</sup>	—	647
<b>Total</b>	<b>\$ 6,823</b>	<b>\$ 8,290</b>

<sup>(1)</sup> For the three months ended March 31, 2023, investment income includes \$4,091 of semi-annual dividends from Irish Residential Properties REIT plc ("IRES") (for the three months ended March 31, 2022 - \$4,235). Prior to January 31, 2022, dividends from IRES were deducted from the carrying value of the investment in associate instead of being included in investment income.

<sup>(2)</sup> For the three months ended March 31, 2023, profit from sale of MHC inventory consists of income from the sale of MHC home inventory of \$909 (for the three months ended March 31, 2022 - \$986), offset by cost of sales of \$611 (for the three months March 31, 2022 - \$624).

<sup>(3)</sup> For the three months ended March 31, 2022, the amount included transition service fees totalling \$1,003, based on the Investment Management Agreement ("IMA") with IRES, which terminated on January 31, 2022.

<sup>(4)</sup> Net profit from investment in associate represented CAPREIT's share of IRES' earnings, investment property fair value change and foreign exchange effects thereon during the period when CAPREIT exercised significant influence over IRES. Subsequent to January 31, 2022, CAPREIT no longer exercises significant influence over IRES and, as a result, its investment in IRES no longer qualifies as an investment in associate.

### 20. Interest Expense on Debt and Other Financing Costs

For the Three Months Ended March 31,	2023	2022
Interest on mortgages payable <sup>(1)</sup>	(39,665)	(36,491)
Amortization of CMHC premiums and fees	(4,056)	(3,784)
Interest on bank indebtedness <sup>(2)</sup>	(5,401)	(1,706)
Interest on land and air rights lease liability	(1,272)	(1,265)
<b>Total</b>	<b>\$ (50,394)</b>	<b>\$ (43,246)</b>

<sup>(1)</sup> Includes amortization of deferred financing costs, fair value adjustments and OCI hedge interest for the three months ended March 31, 2023 of \$(1,299) (three months ended March 31, 2022 - \$(1,241)).

<sup>(2)</sup> Includes amortization of deferred loan costs of (\$222) for the three months ended March 31, 2023 (three months ended March 31, 2022 - (\$152)).

### 21. Fair Value Adjustments of Financial Instruments

For the Three Months Ended March 31,	2023	2022
Fair value adjustments of Exchangeable LP Units	\$ (8,003)	\$ 10,596
Fair value adjustments of investments	(24,657)	(44,398)
Fair value adjustments of derivative financial instruments	(13,902)	31,577
Unit-based compensation remeasurement (loss) gain	(1,633)	1,990
<b>Fair value adjustments of financial instruments</b>	<b>\$ (48,195)</b>	<b>\$ (235)</b>

### 22. Loss on transactions and other activities

For the Three Months Ended March 31,	2023	2022
Loss on dispositions	\$ (195)	\$ (92)
Amortization of PP&E and right-of-use asset	(1,596)	(1,913)
<b>Total</b>	<b>\$ (1,791)</b>	<b>\$ (2,005)</b>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2023 (Unaudited)

(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

### 23. Supplemental Cash Flow Information

#### a) Other Adjustments

For the Three Months Ended March 31,	2023	2022
Loss on dispositions	\$ 195	\$ 92
Amortization	1,596	1,097
Straight-line rent adjustment	(31)	(44)
Deferred income tax (recovery) expense	(46,952)	16,464
Net profit from investment in associate	—	(647)
Unrealized foreign currency (gain) loss	(3,840)	4,456
Reversal of cumulative loss on foreign currency translation due to loss of significant influence over IRES	—	7,627
Other Adjustments	\$ (49,032)	\$ 29,045

#### b) Items Related to Financing Activities

For the Three Months Ended March 31,	2023	2022
Interest expense on debt and other financing costs	50,394	43,246
Interest expense on Exchangeable LP Units	597	609
Net gain on derecognition of debt	(3,315)	—
Interest expense on ERES non-controlling unitholders	3,502	3,170
Net disbursements	\$ 51,178	\$ 47,025

#### c) Changes in Non-cash Operating Assets and Liabilities

For the Three Months Ended March 31,	2023	2022
Prepaid expenses	\$ (7,438)	\$ 462
Tenant inducements, direct leasing costs and other adjustments	(338)	892
Other receivables	(317)	(6,148)
Deposits	5,751	33
MHC home inventory	(2,043)	(1,756)
Accounts payable and other	1,136	12,175
Derivative financial instruments	(5,404)	1,043
Security deposits	543	1,596
Current tax liability	1,187	(1,403)
Changes in non-cash operating assets and liabilities	\$ (6,923)	\$ 6,894

#### d) Capital Investments

For the Three Months Ended March 31,	2023	2022
Property capital investments	\$ (71,453)	\$ (60,625)
PP&E investments	(1,735)	(2,282)
Change in capital investments included in accounts payable and other liabilities	(15,841)	(20,309)
Net disbursements	\$ (89,029)	\$ (83,216)

#### e) Issuance of Trust Units

For the Three Months Ended March 31,	2023	2022
Issuance of Trust Units	\$ 3,660	\$ 3,664
Settlement of unit-based compensation awards for Trust Units	(1,228)	(2,721)
Net proceeds	\$ 1,011	\$ 943

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2023 (Unaudited)

(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

### f) Distributions Paid to Unitholders

For the Three Months Ended March 31,	2023	2022
Distributions declared to Unitholders	\$ (61,155)	\$ (62,879)
Add: Distributions payable to Unitholders at beginning of the period	(20,469)	(20,953)
Less: Distributions payable to Unitholders at end of the period	20,246	21,007
Less: Distributions to participants in the CAPREIT DRIP	1,721	19,984
Cash disbursements to Unitholders	\$ (59,657)	\$ (42,841)

## 24. Related Party Transactions

### Transactions with Key Management Personnel

Key management personnel and trustee compensation included in the consolidated statements of (loss) income and comprehensive (loss) income comprises:

For the Three Months Ended March 31,	2023	2022
Short-term benefits	\$ 1,016	\$ 762
Unit-based compensation - grant date amortization <sup>(1)</sup>	891	1,123
Termination benefits	—	1,849
	1,907	3,734
Unit-based compensation - fair value remeasurement	1,093	(2,002)
Total	\$ 3,000	\$ 1,732

<sup>(1)</sup> Includes \$nil for the three months ended March 31, 2023 relating to accelerated vesting of previously granted RUR units (three months ended March 31, 2022 - \$393).

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2023 (Unaudited)

(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

### 25. Commitments

#### Natural Gas

Through the combination of fixed and variable price contracts, CAPREIT is committed as at March 31, 2023 in the aggregate amount of \$8,616 for its natural gas and transport requirements. These commitments, which range from one to three years, fix the price of natural gas and transport for a portion of CAPREIT's requirements, as summarized in the table below.

	Remainder of 2023		2024		2025
Gas Commodity					
Fixed weighted average cost per GJ <sup>(1)</sup>	\$	2.32	\$	2.37	\$ 2.26
Total of CAPREIT's estimated requirements		88.5 %		59.0 %	32.0 %
Transport					
Fixed weighted average cost per GJ <sup>(1)</sup>	\$	0.76	\$	0.81	\$ 0.79
Total of CAPREIT's estimated requirements		89.1 %		59.0 %	32.0 %
Total Commitment	\$	3,206	\$	3,555	\$ 1,855

<sup>(1)</sup> Fixed weighted average cost per gigajoule ("GJ") excludes other administrative costs.

#### Property-related commitments

Commitments primarily related to improvements and other expenditures in investment properties of \$92,995 are outstanding as at March 31, 2023 (December 31, 2022 - \$102,333).

### 26. Contingencies

CAPREIT and its subsidiaries are contingently liable under guarantees provided to certain lenders in the event of default, and with respect to litigation and claims that arise from time to time in the ordinary course of business. Matters relating to litigation and claims are generally covered by insurance, or have been provided for where appropriate.

### 27. Segmented Information

CAPREIT owns and operates investment properties located in Canada, the Netherlands, Germany and Belgium. In measuring performance, CAPREIT distinguishes its operations on a geographic basis and, accordingly, has identified two reportable segments for disclosure purposes with the following aggregation: (i) Canada and (ii) Europe. CAPREIT's chief operating decision-maker, determined to be the President and Chief Executive Officer of CAPREIT, reviews operating results of the Canadian and European properties to make decisions about resources to be allocated to the segments and to assess their performance.

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March 31, 2023 (Unaudited)

(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

For the Three Months Ended March 31, 2023					
	Canada		Europe	Unallocated items	Consolidated financial statements
Revenue from investment properties	\$	227,037	\$	33,910	\$ 260,947
Operating expenses		(89,079)		(8,010)	(97,089)
Net operating income	\$	137,958	\$	25,900	\$ 163,858
Fair value adjustments of investment properties	\$	(2,647)	\$	(182,739)	\$ (185,386)
Interest expense on mortgages payable		(33,852)		(5,813)	(39,665)
Other		—		—	(42,034)
Net income (loss)	\$	101,459	\$	(162,652)	\$ (42,034) (103,227)

For the Three Months Ended March 31, 2022					
	Canada		Europe	Unallocated items	Consolidated financial statements
Revenue from investment properties	\$	216,478	\$	30,150	\$ 246,628
Operating expenses		(86,483)		(6,973)	(93,456)
Net operating income	\$	129,995	\$	23,177	\$ 153,172
Fair value adjustments of investment properties	\$	(25,977)	\$	45,532	\$ 19,555
Interest expense on mortgages payable		(31,744)		(4,747)	(36,491)
Other		—		—	(90,927)
Net income	\$	72,274	\$	63,962	\$ (90,927) 45,309

As at March 31, 2023					
Selected balance sheet items	Canada		Europe	Unallocated items	Consolidated Financial Statements
Investment properties	\$	14,506,385	\$	2,614,843	\$ 17,121,228
Other		—		—	420,908
Total assets	\$	14,506,385	\$	2,614,843	\$ 17,542,136
Mortgages payable	\$	5,288,162	\$	1,285,392	\$ 6,573,554
Other		—		—	1,194,102
Total liabilities	\$	5,288,162	\$	1,285,392	\$ 7,767,656

As at December 31, 2022					
Selected balance sheet items	Canada		Europe	Unallocated items	Consolidated Financial Statements
Investment properties <sup>(1)</sup>	\$	14,403,351	\$	2,750,358	\$ 17,153,709
Other		—		—	588,179
Total Assets	\$	14,403,351	\$	2,750,358	\$ 17,741,888
Mortgages payable <sup>(1)</sup>	\$	5,310,268	\$	1,266,829	\$ 6,577,097
Other		—		—	1,161,096
Total liabilities	\$	5,310,268	\$	1,266,829	\$ 7,738,193

<sup>(1)</sup> Excludes assets held for sale and liabilities related to assets held for sale.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2023 (Unaudited)

(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

### 28. 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 <sup>(1)</sup>
April 12, 2023	89	Edmonton, AB	\$ 27,225

<sup>(1)</sup> 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 <sup>(1)</sup>
May 11, 2023	180	Longueuil, QC	\$ 27,787

<sup>(1)</sup> Sale price excludes disposition costs and other adjustments.

During the month of April 2023, CAPREIT purchased and cancelled an additional 197,617 Trust Units under the NCIB program, at a weighted average purchase price of \$47.57 per Trust Unit, for a total cost of \$9,401.

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

## ***Unitholder Information***

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### **OFFICERS**

**Mark Kenney**  
President and Chief Executive Officer

**Stephen Co**  
Chief Financial Officer

**Julian Schonfeldt**  
Chief Investment Officer

**Jodi Lieberman**  
Chief People, Culture and Brand Officer

### **INVESTOR INFORMATION**

Analysts, Unitholders and others seeking financial data should visit CAPREIT's website at [www.capreit.ca](http://www.capreit.ca) or contact:

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President and Chief Executive Officer  
Tel: 416.861.9404  
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### **REGISTRAR AND TRANSFER AGENT**

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### **AUDITOR**

PricewaterhouseCoopers LLP

### **LEGAL COUNSEL**

Stikeman Elliott LLP

### **STOCK EXCHANGE LISTING**

Units of CAPREIT are listed on the Toronto Stock Exchange under the trading symbol "CAR.UN."