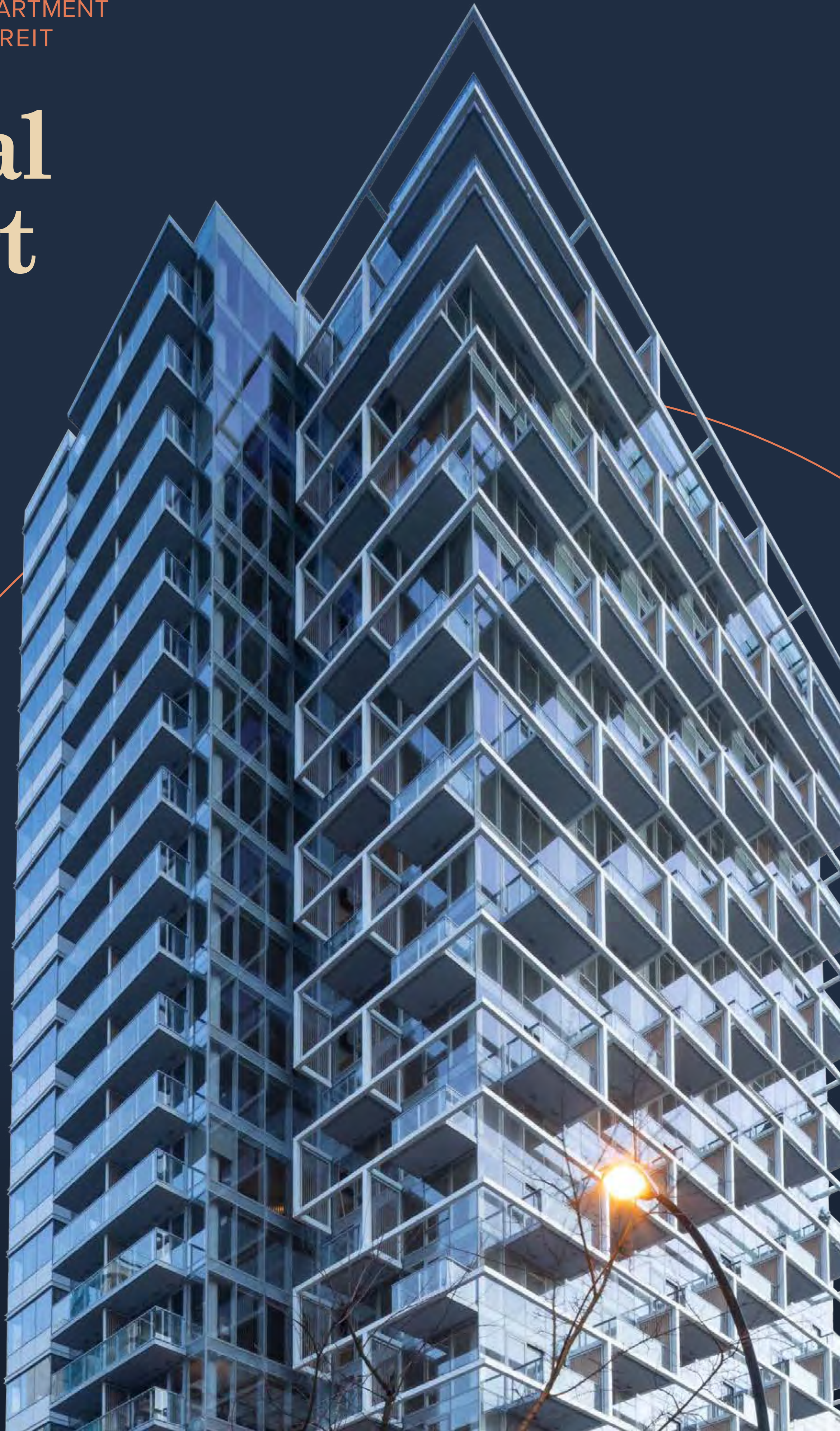
CANADIAN APARTMENT PROPERTIES • REIT

Annual Report 2024



"Our strategy has always revolved around enhancing the living experience of our residents, improving the communities in which we operate, and maximizing value for our Unitholders."

Canadian Apartment Properties REIT is Canada's largest publicly-traded provider of quality rental housing.

As at December 31, 2024, Canadian Apartment Properties Real Estate Investment Trust (CAPREIT) owns approximately 46,900 residential apartment suites and townhomes (excluding approximately 1,800 suites and sites classified as assets held for sale), well-located across Canada and the Netherlands.

Highlights

- Sustained high and stable occupancies, with 98% of residential suites in Canada occupied on December 31, 2024
- Grew same property Occupied AMR by 6.0% to $1,623 across the Canadian residential portfolio as of year end
- Achieved moderate expansion in NOI margin to 64.7% for the year ended December 31, 2024, on a same property basis
- Increased diluted FFO per unit by 5.8% to $2.53 for the year ended December 31, 2024
- Sold 16,859 non-core suites and sites in Canada and Europe for $2.5 billion in aggregate consideration, at prices at or above previously reported fair values
- Completely disposed of equity interest in IRES for $138 million in gross proceeds
- Redeployed $670 million into the purchase of recently constructed rental properties containing a total of 1,286 high-quality suites
- Invested $327 million in the NCIB program to repurchase units at significant discounts to NAV, crystallizing value for Unitholders
- Fortified financial position with $401 million in total credit facility debt paid down as of current year end versus December 31, 2023
- Increased monthly distributions by 3% to $1.50 per unit annualized, effective August 2024, with an additional 3% bump to $1.55 per unit announced in February 2025

Objectives

- Maintain a focus on maximizing occupancy and responsibly growing Occupied AMR in accordance with local conditions in each of its markets;
- Upgrade the quality and diversification of the property portfolio through repositioning and capital recycling initiatives to grow earnings and cash flow potential;
- Invest capital and adopt leading-edge technologies and solutions to enhance environmental and operational efficiencies, risk management and to help ensure life safety and satisfaction of residents; and
- Maintain strong financial management and a conservative and well-balanced capital structure to increase FFO per unit, NAV per unit and provide long-term, stable and growing cash distributions for Unitholders.

Note: Please refer to Management's Discussion & Analysis (MD&A) in CAPREIT's 2024 Annual Report for definitions and explanation of defined terms. Disclosed purchase and sale prices throughout this report to Unitholders exclude transaction costs and other customary adjustments.

Selected Financial Highlights

As at	December 31, 2024	December 31, 2023
Total Portfolio Performance and Other Measures		
Number of suites and sites	48,696	64,260
Investment properties fair value (000s)	$ 14,868,362	$ 16,532,096
Assets held for sale (000s)	$ 307,460	$ 45,850
Occupied AMR		
Canadian Residential Portfolio	$ 1,636	$ 1,516
The Netherlands Portfolio	€ 1,222	€ 1,063
Occupancy		
Canadian Residential Portfolio	97.5%	98.8%
The Netherlands Portfolio	94.6%	98.5%
Total Portfolio	97.2%	98.2%

	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	2024	2023
Financial Performance				
Operating revenues (000s)	$ 276,361	$ 272,195	$ 1,112,742	$ 1,065,317
NOI (000s)	$ 177,942	$ 176,711	$ 730,654	$ 692,786
NOI margin	64.4%	64.9%	65.7%	65.0%
Same property NOI (000s)	$ 147,783	$ 142,907	$ 594,600	$ 560,953
Same property NOI margin	63.6%	64.0%	64.7%	64.5%
Net income (loss) (000s)	$ (48,813)	$ 9,212	$ 292,742	$ (411,574)
FFO per unit – diluted	$ 0.622	$ 0.602	$ 2.534	$ 2.396
Distributions per unit	$ 0.375	$ 0.363	$ 1.471	$ 1.450
FFO payout ratio	59.8%	60.4%	57.9%	60.5%

As at	December 31, 2024	December 31, 2023
Financing Metrics and Liquidity		
Total debt to gross book value	38.4%	41.6%
Weighted average mortgage effective interest rate	3.11%	2.80%
Weighted average mortgage term (years)	4.8	4.9
Debt service coverage (times)	1.9x	1.8x
Interest coverage (times)	3.3x	3.3x
Cash and cash equivalents (000s)	$ 136,243	$ 29,528
Available borrowing capacity – Canadian Credit Facilities (000s)	$ 565,273	$ 340,059
Capital		
Unitholders' equity (000s)	$ 9,027,312	$ 9,278,595
Net asset value (000s)	$ 9,042,068	$ 9,212,594
Total number of units – diluted (000s)	162,927	169,868
Net asset value per unit – diluted	$ 55.50	$ 54.23

Note: Please see "Performance Measures" in Section II of the MD&A in CAPREIT's 2024 Annual Report for additional information on selected financial highlights.

PORTFOLIO

Strong & Diversified Portfolio

Canada

45,154
Residential Apartment Suites

97.5%
Residential Apartment Occupancy

$1,636
Residential Apartment Occupied AMR

At CAPREIT, we are currently focused purely on our high-quality, pan-Canadian rental apartment portfolio. We have a balanced mix of mid-market, largely regulated, legacy buildings, as well as prime located, newer purpose-built rental properties that together provide an optimal runway of long-term growth and stability in returns. We are proud of our strong and diverse portfolio in Canada today, its performance this past year, and our revitalized platform and team, and we will continue to optimize on all these fronts going forward.

Province	% Portfolio	Suites	Occupancy	Occupied AMR
British Columbia	18%	6,181	97.3%	$ 1,841
Alberta	4%	2,387	96.6%	$ 1,581
Saskatchewan	<1%	234	94.0%	$ 1,372
Ontario	53%	22,369	98.4%	$ 1,723
Québec	18%	10,193	96.6%	$ 1,343
Nova Scotia	7%	3,408	95.5%	$ 1,648
Prince Edward Island	<1%	382	98.4%	$ 1,301

Note: Allocation for Canadian residential apartment portfolio by fair value as at December 31, 2024.

The Netherlands

3,009
Total Suites

94.6%
Residential Occupancy

€1,222
Residential Occupied AMR

Nuovo Apartments

OTTAWA, ON

2019

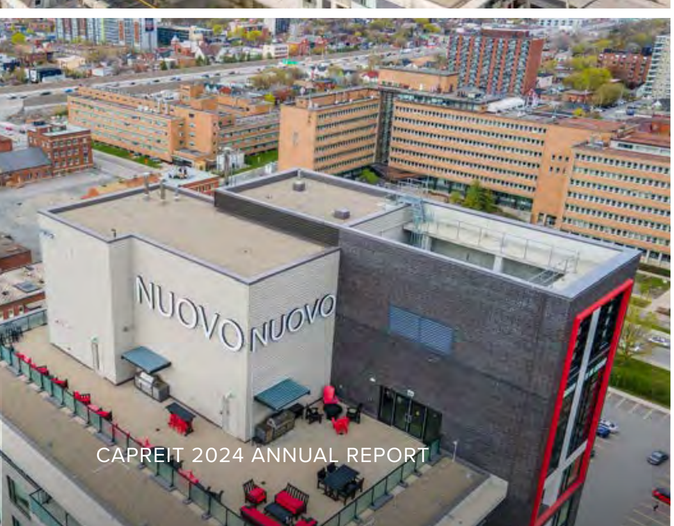
Built

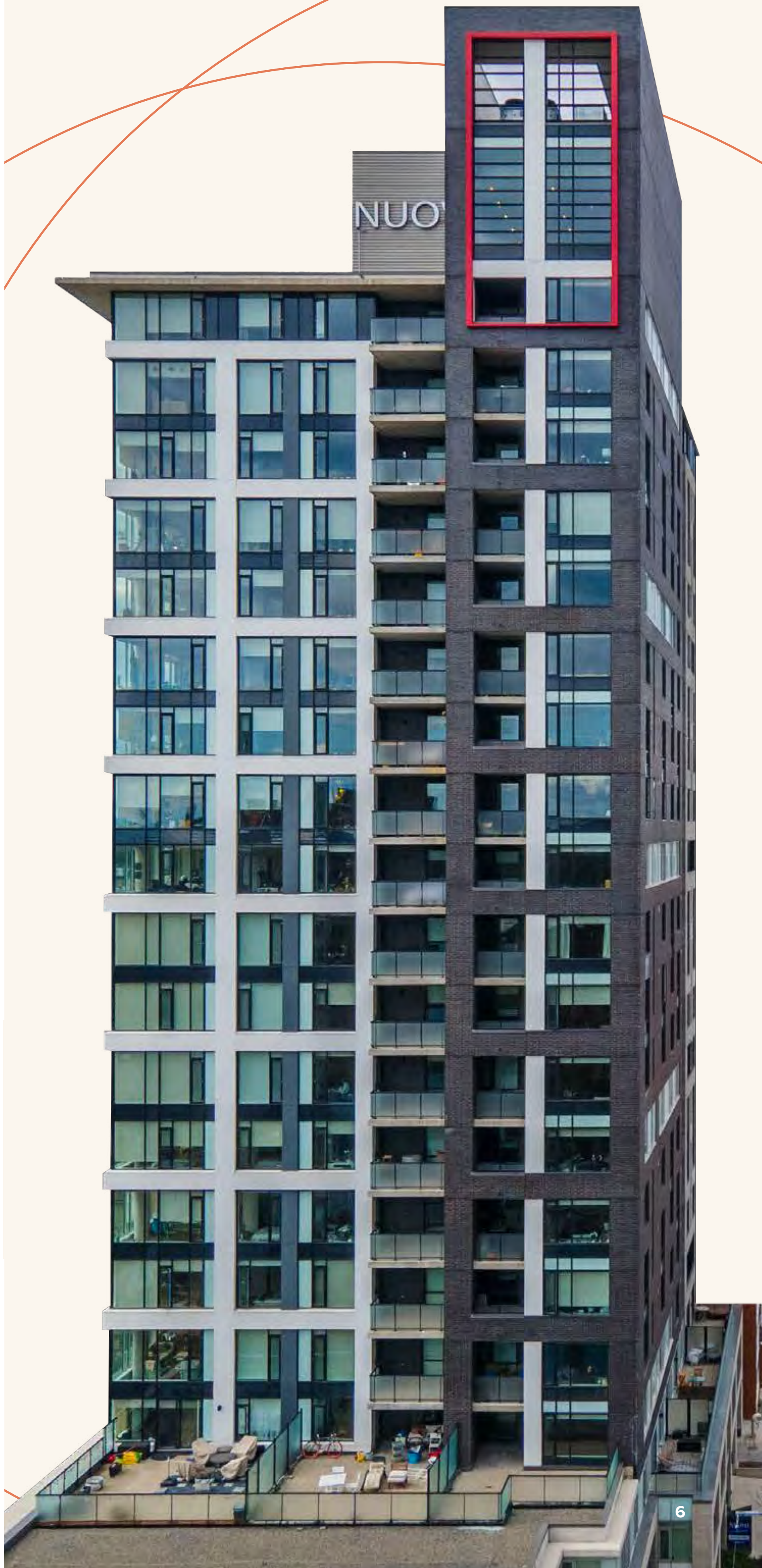
144

Suites

$79M

Purchase Price





Grafton Park

HALIFAX, NS

2019	68	$29M
Built	Suites	Purchase Price

FOCUSING ON QUALITY

Report to Unitholders

At CAPREIT, we have been focused on becoming the best-quality business that we can be, and 2024 has been extraordinary in terms of the progress we have made towards that objective. In pursuit of our mission to optimize our portfolio, streamline our organization, and grow long-term returns for our Unitholders, we significantly transformed our platform in this past year of strategic refinement. We completed an unprecedented volume of transaction activity, and we are proud of the newer, simpler, and stronger CAPREIT we have built for the future. Moving forward, we are excited to further enhance value for our residents, our people, and our Unitholders, as we strive to become an even better place to live, work and invest in the many years ahead.

Transactions Completed in 2024

$385M	$715M	$138M	$1,367M	$670M	$327M	$401M
Non-Core Legacy Dispositions in Canada	MHC Sites Sold in Canada	Worth of Equity in IRES Sold	Property Dispositions in Europe	Strategically Aligned Acquisitions in Canada	Trust Units Repurchased via NCIB	Total Credit Facility Debt Paid Down

Julian Schonfeldt
Chief Investment Officer

Elise Lenser
Senior Vice President, Legal & Corporate Secretary

Mark Kenney
President & Chief Executive Officer

Stephen Co
Chief Financial Officer

Archna Sharma
Executive Vice President, Risk, Compliance & People

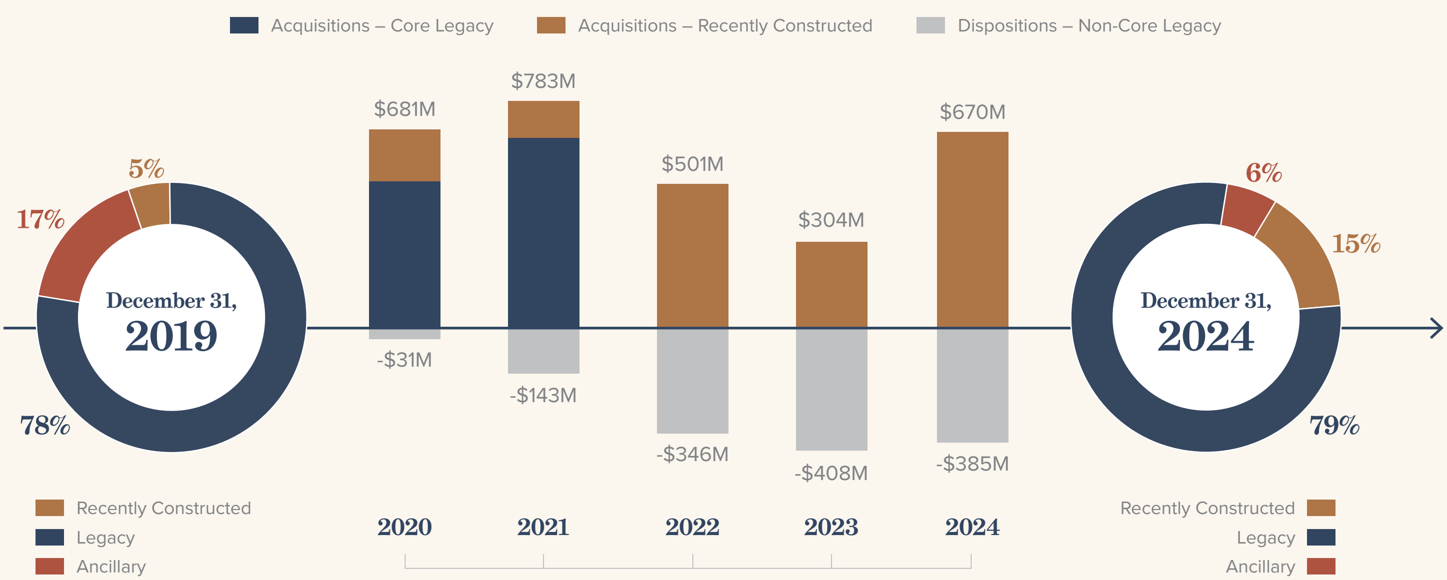
REPORT TO UNITHOLDERS

Focusing on our Canadian apartment properties

> We have been able to acquire the premium properties at strong pricing per square foot that is significantly below replacement cost.

Our portfolio repositioning program is at the centre of our current strategy. As of December 31, 2024, rental apartment properties in Canada represented 94% of our total portfolio, 15% of which were recently constructed. This proportion of newer builds has increased from only 5% as of December 31, 2019, five years ago, which highlights the extent to which we have been executing on our objective to modernize our portfolio. In 2024, we spent $670 million on the acquisition of 10 purpose-built rental properties in Canada, containing a total of 1,286 residential suites – the largest number of recently constructed buildings purchased in any single year to date. This progress has been ongoing in 2025 with another two acquisitions of an aggregate 281 suites for $98 million. We are proud of completing these deals in a transactional environment that continues to be clouded with uncertainty and challenging financial and capital market conditions. Despite such circumstances, we have been able to acquire the premium properties at strong pricing per square foot that is significantly below replacement cost. Constructed over the course of the last few years by reputable developers, these on-strategy rental buildings are situated in the hearts of our highest-performing Canadian markets that boast the most robust long-term fundamentals. The properties were largely stabilized upon acquisition, with most already containing some embedded mark-to-market value along with a diverse and sophisticated resident base, superior energy efficiency and low capital investment requirements. Tenants enjoy large suite sizes, contemporary finishes, ample parking and excellent connectivity throughout each city, and the apartment buildings are also located close to many of CAPREIT's existing assets, enabling efficient onboarding and economies of scale.

Buying and Selling to Upgrade Quality: Canadian Apartment Portfolio

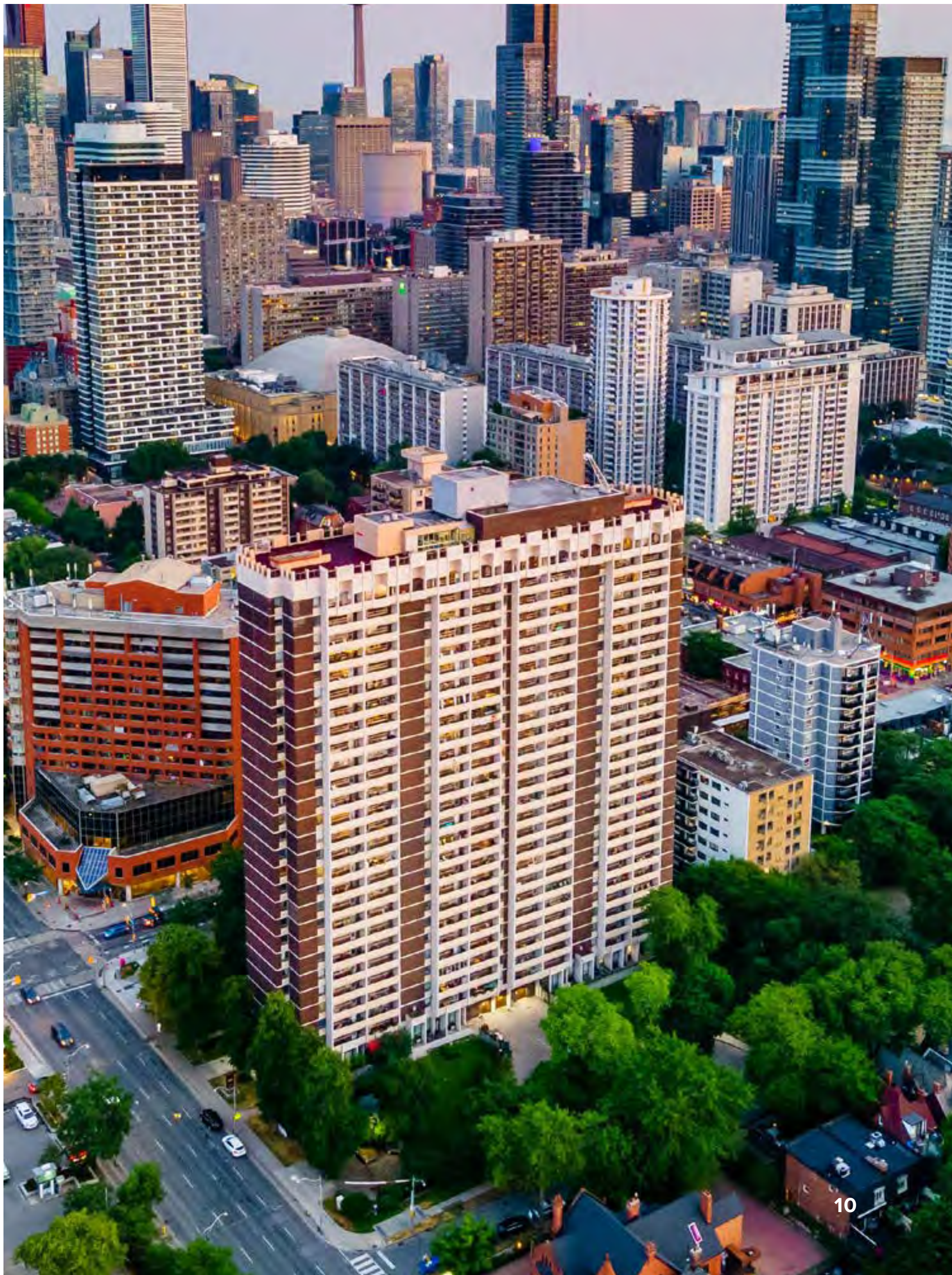


Note: Portfolio mix based on December 31, 2024 IFRS fair values. ERES based on proportionate investment property fair value. Acquisitions and dispositions reflect Canadian apartment portfolio only, including $2.0 million sale of Harbourview land.

As part of our high-grading strategy, we are simultaneously disposing of certain older, legacy properties which are no longer considered core to our business. We have identified a minority portion of our Canadian apartment portfolio that meets our disposition criteria based on a variety of risk-return factors driving relative under-performance, and we have been selling these properties at prices that are at, or above, their previously reported IFRS fair values. In 2024, we sold $385 million worth of our off-strategy apartment properties in Canada, comprising an aggregate 1,377 residential suites, with $124 million of these buildings sold to local not-for-profit entities established to preserve safe and affordable residential housing for Canadians. Subsequent to year end, we closed on an additional two non-core dispositions containing a total of 380 residential suites for gross proceeds of $97 million, along with the previously announced sale of an off-strategy 717-suite portfolio for $104 million, transferred to its municipality, which plans to maintain the affordability of those homes in perpetuity. These dispositions not only heighten the overall quality of our portfolio, they also provide a sizeable source of funding which we are able to recycle into the purchase of our on-strategy assets.

Regarding the rest of our rental apartments in Canada – these remain core to our business. Our long-standing, mid-market, largely rent-controlled Canadian rental properties continue to provide a significant runway of long-term growth and stability in returns, alongside widespread geographical diversification unmatched by our Canadian peers. We are committed to prioritizing and investing in the maintenance and sustainability of these strategically aligned, legacy properties, which constitute, by definition, the crux of our organization.

“Our long-standing, mid-market, largely rent-controlled Canadian rental properties continue to provide a significant runway of long-term growth and stability in returns, alongside widespread geographical diversification unmatched by our Canadian peers.



HIGHLIGHTED PROPERTIES

Core Legacy

Bellerive, Laval

Chaplin, Toronto

The Carrington, Calgary

Ocean Park, Vancouver

Orchardview, Toronto

St Laurent, Québec City

Tantus Towers, Vancouver

The Plaza, Halifax

Timberline Townhomes, Ottawa

Tower Hill, Toronto

White Oaks, Oakville

Windsor Apartments, Burlington

Non-Core Legacy

Brookside, Maple Ridge

South Garden, North York

Parkwood, Burnaby

Brighton & Claymore, Langley

Axir Apartments

VANCOUVER, BC

2023

Built

64

Suites

$42M

Purchase Price

Alto Towers

LONDON, ON

2021	291	$130M
Built	Suites	Purchase Price

Simplifying the platform

This past year has been instrumental in turning our pure play vision into a reality, and we are pleased with how far we have advanced on this strategic objective. As we entered 2024, approximately 15% of our consolidated portfolio comprised investments that are ancillary to our main business as a provider of rental apartment properties in Canada, and we are proud to have reduced that to only 6% as of December 31, 2024.

This was accomplished through a disciplined and responsible divestment strategy focused on maximizing value. During 2024, our team was able to completely dispose of our ownership interest in Irish Residential Properties REIT plc (IRES) through the sale of $138 million in equity. We also sold most of our Manufactured Home Community (MHC) portfolio, closing on the disposition of 11,605 residential lots for a gross purchase price of $715 million, of which $575 million was satisfied in cash. Since year end, we have completed the sale of another 176 sites for $12.5 million in cash proceeds, with the final remaining 357-site disposition to close in the first half of 2025 for $12.5 million. Furthermore, throughout the year, we disposed of a total 3,877 residential suites and ancillary commercial space in Europe for combined proceeds, net of certain adjustments, of approximately $1.4 billion. Since year end, we have sold an additional 279 residential suites in the Netherlands for aggregate gross proceeds of approximately $83 million. Altogether, these transactions amounted to $2.3 billion worth of ancillary divestments that we have closed on since the start of 2024, and we are very excited about achieving this strategic transformation. These dispositions have streamlined our balance sheet and operating platform, while also freeing up significant capital for redeployment into our core apartment business in Canada, which is where we have the strongest competitive advantages, and the greatest ability to drive returns for our Unitholders.

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REPORT TO UNITHOLDERS

Capitalizing on value creation opportunities

At CAPREIT, we ensure we maintain a constant pulse on our operating environment, and proactively search for opportunities to generate incremental value for our Unitholders. Our Normal Course Issuer Bid (NCIB) program is one of the ways in which we can enhance returns, depending on financial market conditions and other accretive alternatives for capital investment. This past year, we have seen a variety of macroeconomic and political factors pervasively affecting the trading performance of the entire multi-residential sector, and we have been capitalizing on these trends, and the consequent disconnect from intrinsic value, through our NCIB program.

In the first three months of 2024, we repurchased and cancelled $27 million worth of CAPREIT's Trust Units at a weighted average price of $48 per unit, which represents an approximate 12% discount to our first quarter NAV per unit. We subsequently paused on our NCIB activity – considering unit price performance combined with our other capital allocation priorities – until we resumed in mid-November with an additional $300 million worth of repurchases through to the end of 2024, transacted at a weighted average price of $44 per unit. This crystallized meaningful value as the investment was 20% below our NAV per unit of approximately $56 as of December 31, 2024. Subject to our NCIB constituting an accretive use of capital given our unit price, market float and cash on hand, as well as all the other strategic opportunities available to us, we will retain this option to arbitrage the market differential, invest in the proven value of our Trust, and grow returns for our Unitholders.

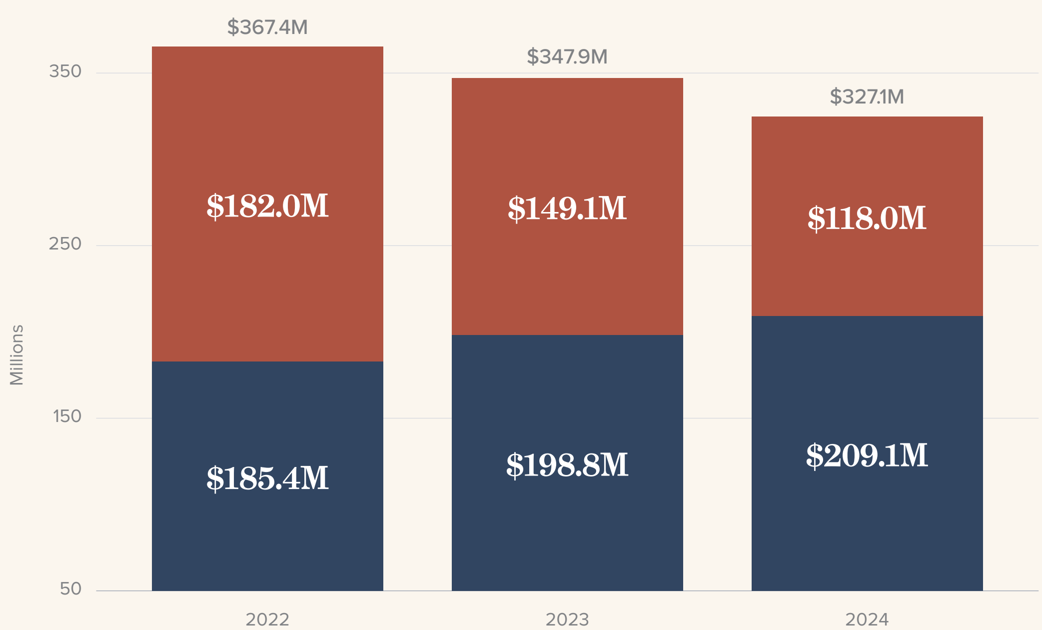
Subject to our NCIB constituting an accretive use of capital given our unit price, market float and cash on hand, as well as all the other strategic opportunities available to us, we will retain this option to arbitrage the market differential, invest in the proven value of our Trust, and grow returns for our Unitholders.

Concentrating on cash flow

Our capital allocation strategy is not limited to the transaction market. From an operational perspective, we are equally as focused on growing our cash returns. We regularly adjust our policies and practices to continuously achieve this goal in the face of fluctuating market conditions. For example, in 2023, in response to increasingly tight rental fundamentals throughout Canada, we started scaling back on certain common area and in suite capital improvements, which are capitalized to our balance sheet. Instead, we have been reallocating a portion of that capital to repairs and maintenance (R&M) work, which has been reducing our margins versus comparative periods. However, overall, we are spending less money – combining common area and in suite capital improvements with other property operating costs, which is mainly comprised of R&M expense, we have reduced our total consolidated expenditures in these two categories by 6% for the year ended December 31, 2024, as compared to the prior year. In absolute terms, this is equivalent to approximately $20 million in reduced net spending in 2024, after already saving approximately $20 million in 2023 as well, notwithstanding the cost-inflationary environment in which this was achieved. At the same time, we are continuing to realize consistently strong topline rental growth. Thus, by strategically spending less, we are earning more, pursuant to our long-term value creation strategy.

We are also enhancing our free cash flow through our portfolio repositioning efforts, as our newer acquisitions have a significantly lower capital expenditure profile than our legacy properties. In total, between our capital reallocation and portfolio recycling initiatives, our capital investments in Canada decreased by 14% to $214 million in 2024, as compared to $248 million spent in 2023. That said, given recent softening in certain of CAPREIT's rental markets, additional discretionary capital may be opportunistically deployed in the short term to manage vacancies through this transitory cycle. However, on the whole, we are well on our way to a future for CAPREIT in which we are generating self-sustaining free cash flow, and all of the strategies we currently have in place are aligned with that objective.

Capital Reallocation: Spending Less, Earning More



5%
increase in other property operating costs[1,2]

21%
decrease in common area & in suite improvements[2]

6%
decrease in total expenditures[2]

[1] Repairs and maintenance costs represent the largest component of other property operating costs, which also includes, to a lesser extent, wages, insurance, advertising, legal costs and expected credit losses.

[2] For the year ended December 31, 2024, as compared to the year ended December 31, 2023.

Hillview Apartments

OTTAWA, ON

2023

Built

54

Suites

$21M

Purchase Price

The View

EDMONTON, AB

2023	**178**	**$79M**
Built	Suites	Purchase Price

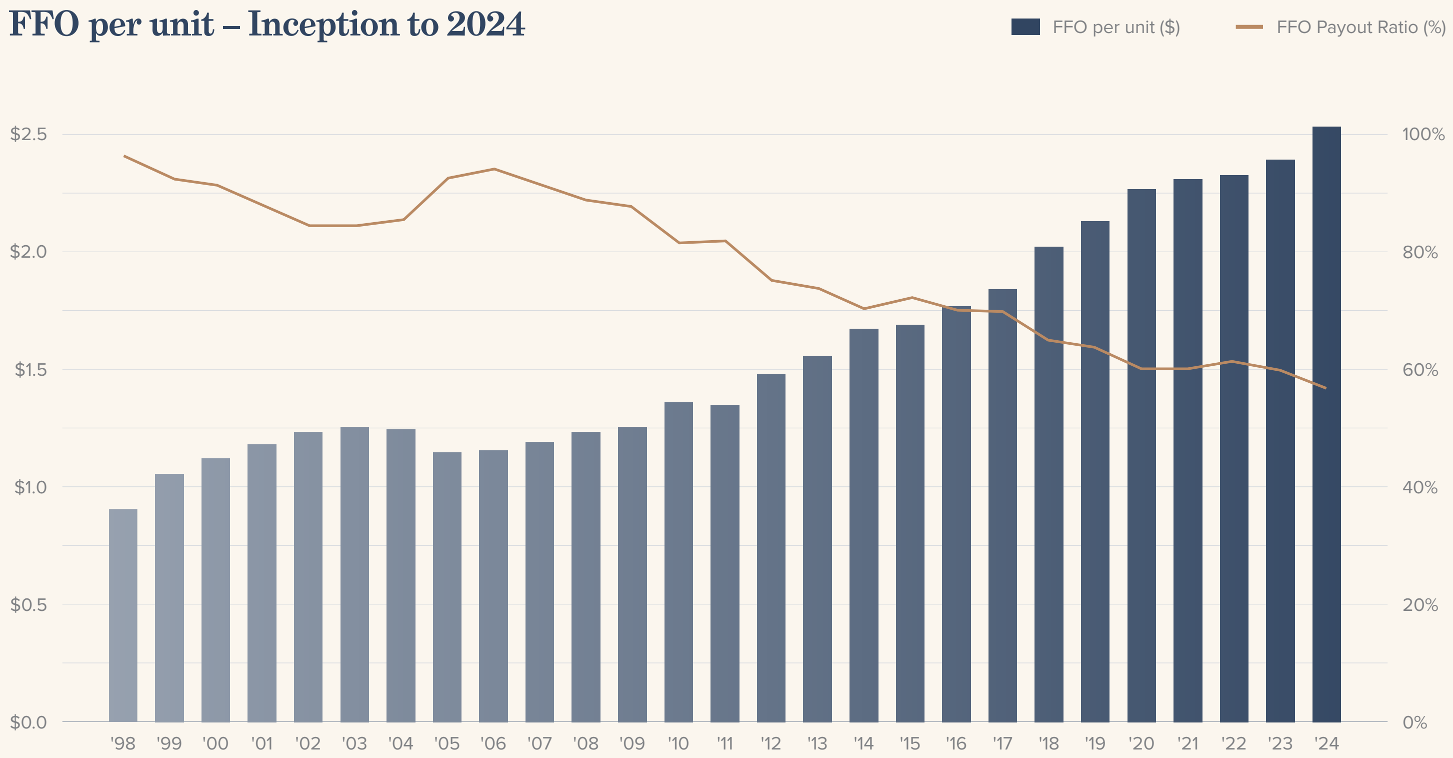
Growing returns for our Unitholders

At the end of the day, we are seeking to deliver the strongest returns for our Unitholders, and our strategic, operational and financial initiatives revolve around this mission. Our results for this past year reflect a significant degree of transformation as we work on becoming a better-quality organization, and we are pleased with our all-around performance.

With a view to strengthening revenue, we have been actively managing vacancies in balance with the dynamics of local market conditions. Accordingly, for our same property apartment portfolio in Canada, our occupancies were down slightly to 98% as of December 31, 2024. Across this, our average rent was $1,623 per month, which represents an uplift of 6% over December 31, 2023, and this drove the 6% increase in same property operating revenues. On the expense side, property operating costs were up by 5%, primarily due to increased R&M corresponding to lower capital expenditures stemming from our reallocation strategy, as discussed earlier. In aggregate, property operating costs decreased as a percentage of operating revenues by 20 basis points, and the outcome was the expansion in our same property Canadian apartment operating margin by 20 basis points to 64.7% for the year ended December 31, 2024.

This strong same property organic growth, alongside the contribution from our acquisitions, drove the 5% increase in our annual FFO, which was partially offset by dispositions and higher interest costs. Accretive purchases under our NCIB program further magnified this growth on a per unit basis, with FFO up by 6% to $2.53 per unit for the year ended December 31, 2024. Our FFO payout ratio was 57.9% for 2024, which is down from 60.5% the previous year, inclusive of the 3% increase in our rate of distribution to $1.50 per unit annualized, effective for monthly distributions starting in respect of August 2024. Since our Initial Public Offering in May of 1997, we have grown monthly cash distributions by 110%, and we are pleased that over the course of our nearly 28-year history, Unitholders have been receiving a compound annual total return of 11% as of December 31, 2024. Further to that, we are announcing an additional 3% increase in our distribution to $1.55 per unit annualized, effective for our next distribution declaration, which we believe demonstrates our ongoing confidence in the future.

FFO per unit – Inception to 2024



Note: Formerly known as NFFO.

Our ability to consistently grow returns for our Unitholders depends on our conservative financial management.

For instance, we methodically stagger our mortgage maturities to minimize renewal risk, and our mortgages payable in Canada currently have one of the longest weighted average terms to maturity in our peer universe at five years as of December 31, 2024. We also fix all our interest costs on Canadian mortgages, which carry a low weighted average interest rate of 3.2% as of year end. We strategically manage our refinancings and repayments in accordance with financial market conditions and other capital needs, and we now have a very healthy reserve of accessible liquidity with $500 million available on our Acquisition and Operating Facility, and a further $1.2 billion in unencumbered Canadian investment properties (excluding assets held for sale) as of December 31, 2024. In addition, we have $136 million in cash on hand and $65 million available on our Greenhouse Gas (GHG) Reduction Facility, which we secured during this past year to finance, at favourable interest rates, a portion of the costs relating to proposed sustainable energy-efficiency projects to reduce GHG emissions at certain legacy properties. We continuously monitor our total debt to gross book value ratio, which we reduced to 38% as of the current year end, down from 42% as of December 31, 2023, primarily due to $401 million in net consolidated credit facility repayments in 2024. Moving ahead, we will continue to prudently and proactively manage our finances, to ensure that we maintain this flexible financial structure, which enables us to execute on our strategy and maximize Unitholder value.

Strada Apartments

TORONTO, ON

2021

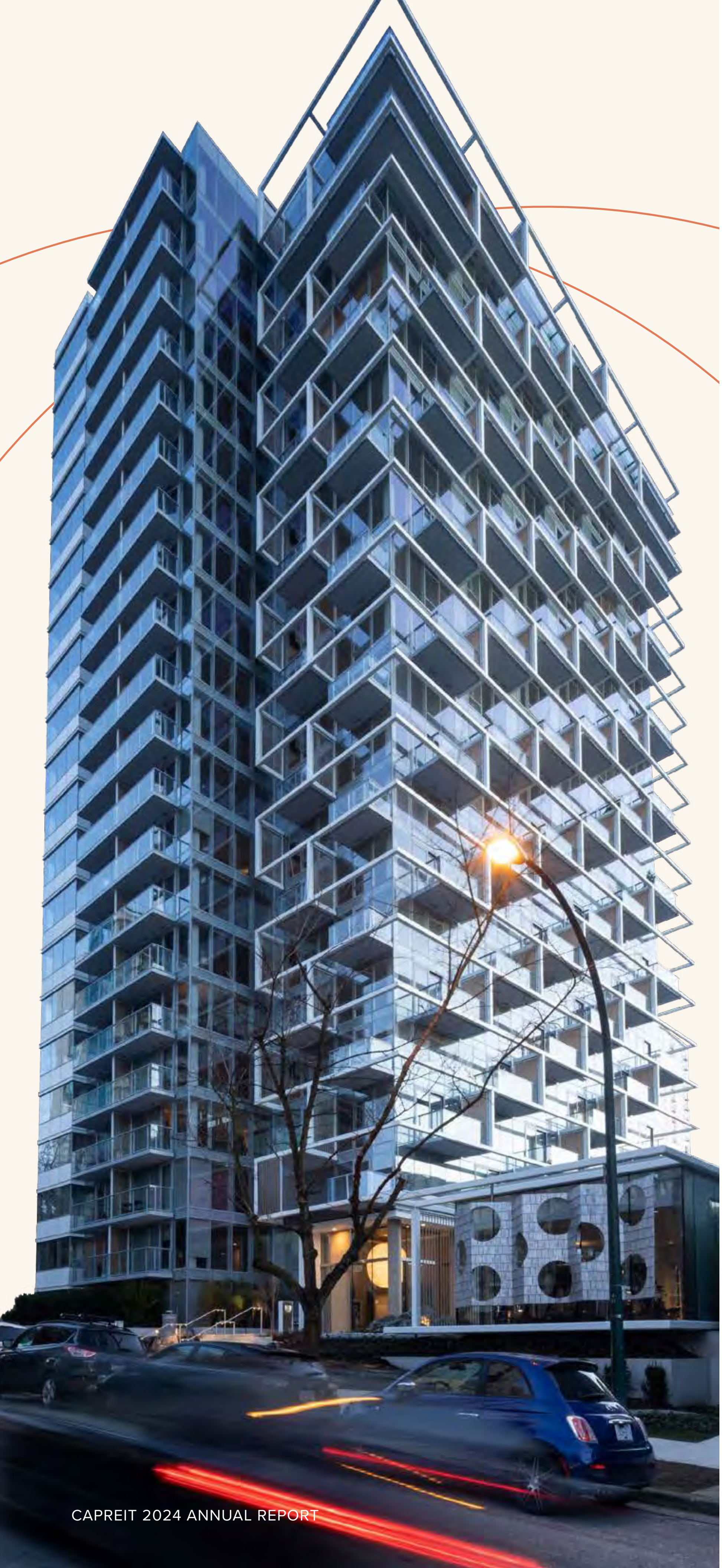
Built

61

Suites

$48M

Purchase Price



The Pendrell

VANCOUVER, BC

2019
Built

173
Suites

$137M
Purchase Price

Looking back on the year, it has been nothing short of transformational for CAPREIT, and on behalf of the Board of Trustees, we are pleased with the strong progress we have made on our vision of becoming a better-quality business.

Our strategy has always been predicated on enhancing the living experience of our residents, improving the communities in which we operate, and maximizing value for our Unitholders. Today, however, we are accomplishing this in ways which differ from our past. CAPREIT was originally founded for one purpose – to provide high-quality rental apartments for Canadians. Our success and experience in that endeavour drove our expansion into additional markets and assets, and now we are returning home to focus on our core offering.

Looking ahead, the Board remains fully supportive of CAPREIT's current strategy, as well as the management team we have in place to effectively and responsibly execute on our objectives, as they have been doing to date. Through the transactions we completed this year and the advances we have made internally to align our organization with a newer and singularly focused platform, we are confident in our ability to continue generating positive returns for Unitholders year-over-year. Ultimately, we are committed to being the best CAPREIT that we can be, and that means we will always strive to become a better place to live, work and invest.

Dr. Gina Parvaneh Cody
Chair of the Board of Trustees

We have covered significant ground in 2024 on divesting fragmented business segments and reinvesting in our core residential portfolio in Canada.

As much as we have been reiterating the merits of our strategy and substantiating the valuation of our Trust, our conviction is evident in the extent to which we have been accretively investing in CAPREIT through Trust Unit buybacks.

As we move forward into 2025, with an affordable weighted average rent per square foot of approximately $2 across our total portfolio of Canadian residential suites as of year end, we are well-positioned to withstand the shorter-term gyrations in supply-demand dynamics, and we believe that longer-term market fundamentals remain robust for the residential rental industry in Canada. We are also one of the most geographically diversified housing providers with a balanced pan-Canadian portfolio of older legacy and recently built apartment buildings located coast-to-coast, which creates a buffer against the effects of localized rental market swings and other headwinds.

Regardless of what lies ahead, we will stay focused on the execution of our strategy while also regularly re-evaluating that strategy as our operating environment inevitably changes. Environmental, social and governance (ESG) will also remain an integral part of our organization, which includes our commitment to contributing to the provision of affordable rental housing in Canada, and we encourage you to review our ESG report to learn more about the meaningful progress we are making on those priorities.

We are proud of our performance this past year, and we would like to thank all our stakeholders for their ongoing support. We have never had a better team in place, we are excited about CAPREIT's future, and we are motivated to continue building a better business for our residents, our people and our Unitholders for many years to come.

Mark Kenney
President and Chief
Executive Officer

Financial Reporting

Financial Reporting Table of Contents

Management's Discussion and Analysis

Consolidated Annual Financial Statements

Management's Discussion and Analysis

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 and year ended December 31, 2024, dated February 13, 2025, should be read in conjunction with CAPREIT's consolidated annual financial statements for the year ended December 31, 2024. 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. Information contained on CAPREIT's website or in other documents referred to in this MD&A is not incorporated by reference into, and should not be considered part of, this MD&A unless expressly stated otherwise. Additional information about CAPREIT, including the most recently filed Annual Information Form ("AIF"), is available on SEDAR+ at www.sedarplus.ca.

Forward-Looking Disclaimer

Certain statements contained in this MD&A and Report to Unitholders constitute forward-looking information within the meaning of applicable securities laws. Forward-looking information may relate to CAPREIT's future outlook and anticipated events or results and may include statements regarding the future financial position, business strategy, budgets, litigation, occupancy rates, rental rates, productivity, projected costs, capital investments, development and development opportunities, financial results, taxes, plans and objectives of, or involving, CAPREIT. Particularly, statements regarding CAPREIT's future results, performance, achievements, prospects, costs, opportunities and financial outlook, including those relating to acquisition, disposition 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", "forecast", "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 geopolitical risks, global economy, inflation and elevated 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 ("AGIs"), 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 and Report to Unitholders are based on assumptions and information that is currently available to management, which are subject to change, management believes these statements have been prepared on a reasonable basis, reflecting CAPREIT's best estimates and judgments. However, there can be no assurance actual results, terms or timing 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, availability and cost of debt, acquisitions and dispositions, leasing risk, valuation risk, liquidity and price volatility of units of CAPREIT ("Trust Units"), catastrophic events, climate change, taxation-related risks, energy costs, environmental matters, vendor management and third-party service providers, operating risk, talent management and human resources shortages, public health crises, other regulatory compliance risks, litigation risk, 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, dependence on key personnel, property development, adequacy of insurance and captive insurance, competition for residents, controls over disclosures and financial reporting, the nature of Trust Units, dilution, distributions 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 Risks and Uncertainties in Section VII of this MD&A. 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 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, diluted NAV per unit, FFO payout ratio, ACFO payout ratio, 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 of the ability of CAPREIT to earn revenue and to evaluate its performance, financial condition and cash flows. These Non-IFRS Measures have been assessed for compliance with 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 income (loss) or cash flows from operating activities determined in accordance with IFRS as indicators of CAPREIT's performance or the sustainability of CAPREIT's distributions.

Overview

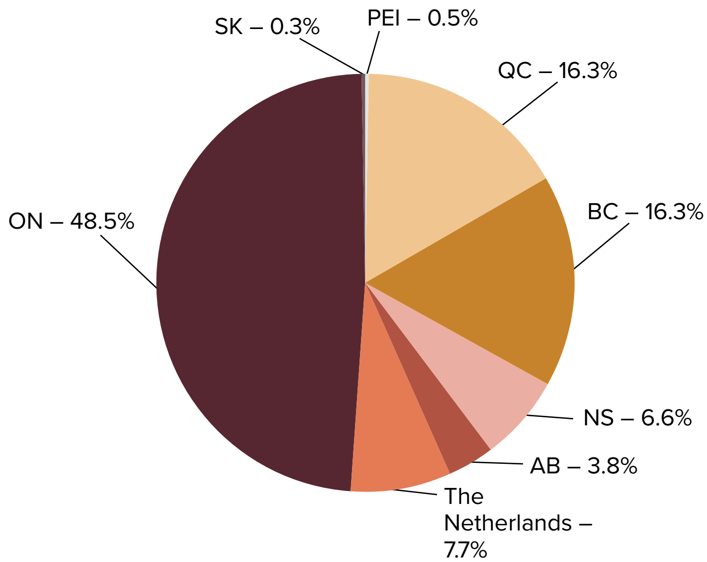
CAPREIT is Canada's largest publicly-traded provider of quality rental housing. CAPREIT owns approximately 46,900 residential apartment suites and townhomes (excluding approximately 1,800 suites and sites classified as assets held for sale), that are well-located across Canada and the Netherlands as of December 31, 2024.

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 value add and recently constructed categories, 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 chart shows the residential apartment and townhomes portfolio allocation by region based on the fair value of CAPREIT's investment properties (excluding assets held for sale) as at December 31, 2024. For a detailed discussion of CAPREIT's investment properties, refer to Section IV under Investment Properties.

Property Allocation by Region (Excluding Assets Held for Sale)



Property Portfolio

Types of Property Interests

CAPREIT's investments in its property portfolio reflect different forms of property interests, including: Apartments and Townhomes, Operating Leasehold Interests, Land Leasehold Interests and manufactured home community ("MHC") sites (currently classified as assets held for sale).

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	**December 31, 2024**		December 31, 2023	
Residential Suites	**Number of Suites**	**%[1]**	Number of Suites	%[1]
Ontario				
Greater Toronto Area	**16,582**	**34.0**	17,139	26.7
London / Kitchener / Waterloo	**4,104**	**8.4**	3,808	5.8
Ottawa	**1,683**	**3.5**	1,485	2.3
	22,369	**45.9**	22,432	34.8
Québec				
Greater Montréal Region	**7,948**	**16.3**	7,695	12.0
Québec City	**2,245**	**4.6**	2,699	4.1
	10,193	**20.9**	10,394	16.1
British Columbia				
Greater Vancouver Area	**4,048**	**8.3**	4,042	6.3
Victoria and Other British Columbia	**2,133**	**4.4**	2,165	3.4
	6,181	**12.7**	6,207	9.7
Nova Scotia				
Halifax	**3,408**	**7.0**	3,340	5.2
Alberta				
Calgary	**1,512**	**3.1**	1,512	2.4
Edmonton	**875**	**1.8**	697	1.1
	2,387	**4.9**	2,209	3.5
Prince Edward Island				
Charlottetown	**382**	**0.8**	424	0.7
Saskatchewan				
Regina	**234**	**0.5**	234	0.4
Total Canadian residential suites	**45,154**	**92.7**	45,240	70.4
MHC Sites				
Total MHC sites	**533**	**1.1**	12,134	18.9
Total Canadian portfolio[2]	**45,687**	**93.8**	57,374	89.3
Europe				
The Netherlands portfolio[3]	**3,009**	**6.2**	6,886	10.7
Total portfolio	**48,696**	**100.0**	64,260	100.0

(1) Represents percentage of the portfolio by number of suites and sites.

(2) As at December 31, 2024, includes 1,492 suites and sites classified as assets held for sale in Canada (December 31, 2023 – 272).

(3) As at December 31, 2024, includes 311 suites classified as assets held for sale in Europe (December 31, 2023 – nil).

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 include 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;
- upgrade the quality and diversification of the property portfolio through repositioning and capital recycling initiatives to grow earnings and cash flow potential;
- invest capital and adopt leading-edge technologies and solutions to enhance environmental and operational efficiencies, risk management and to help ensure life safety and satisfaction of residents; and
- maintain strong financial management and a conservative and well-balanced capital structure to increase FFO per unit and NAV per unit, and provide long-term, stable and growing cash distributions for holders of Trust Units ("Unitholders").

To meet its objectives, CAPREIT has established the following strategies:

Customer Service	CAPREIT is focused on people. We strive to be the housing provider of choice by providing residents with a safe, comfortable and enjoyable living environment. CAPREIT takes a hands-on approach to managing its properties, emphasizing open and frequent communications to ensure residents' needs are met, with the objective of maintaining a high level of resident satisfaction as well as increasing and maintaining occupancy. Numerous initiatives and partnerships, such as newsletters, social events, resident gardens, resident committees and more, are aimed at building a true sense of community. CAPREIT's sales, marketing and customer experience teams continue to execute on strategies to help attract and retain residents and adapt to changing conditions in each of its local markets. Additionally, the Resident Portal enhances service transparency, facilitates seamless communication, and streamlines maintenance requests, ensuring residents have access to the resources they need. CAPREIT also monitors resident satisfaction through annual surveys, community conversations, and real-time feedback channels, allowing for continuous improvement. These efforts, combined with CAPREIT's lease administration system, improve control of rent-setting by suite, increase resident service and enhance the overall profile and satisfaction of its resident base.

Cost Management	While ensuring the needs of its residents are met, CAPREIT also carefully monitors operating costs in order to deliver services to residents both efficiently and cost-effectively. CAPREIT strives to capture potential economies of scale and cost synergies generated by the size and geographic allocation of its property portfolio. CAPREIT's enterprise-wide procurement system streamlines and centralizes purchasing controls, policies and procedures and is obtaining the most economical pricing through competitive sourcing contracts, improved pricing and enhanced operating efficiencies.

Optimizing the Portfolio	CAPREIT aims to continuously improve the quality of its portfolio and earnings through a variety of initiatives, including accretive acquisitions of recently constructed Canadian apartment properties, and dispositions of certain older, non-core properties, in accordance with its strategic criteria and market opportunities. CAPREIT seeks to enhance the portfolio's geographic exposure by increasing its concentration in attractive, high-growth Canadian regions with strong long-term market fundamentals. Its repositioning program also aims to increase net operating income ("NOI"), reduce risk and diversify its resident base. The funds from its non-core divestitures are primarily used to acquire additional, recently built properties that are in line with CAPREIT's current strategy, to pay down debt or for other strategic or general trust purposes, depending on market conditions and the most accretive avenue for capital deployment. Management believes the continued reinvestment of capital is a fundamental component of its value-creation strategy, and underpins its ability to maximize the earnings and cash flow potential of its property portfolio and drive increasingly strong long-term performance.

Capital Investments	CAPREIT is committed to improving its operating performance by investing capital in projects that will sustain or enhance the portfolio's rental income-generating potential. CAPREIT continues to invest in innovative technology solutions that enhance productivity, as well as in environment-friendly, energy-saving, resiliency and water efficiency initiatives that improve NOI while reducing the portfolio's environmental footprint. CAPREIT completes a review of its portfolio and revises its long-term capital investment plan on an annual basis, which allows management to ensure capital investments extend the useful economic life of CAPREIT's properties, enhance their environmental resilience, improve life safety, maximize earnings and improve the long-term cash flow potential of its portfolio.
Environmental, Social and Governance ("ESG")	CAPREIT continues to review and refine its multi-year ESG strategy, and maintain alignment with its corporate vision. CAPREIT's overarching commitments include ensuring that its buildings and services meet the highest standards achievable; fostering a culture where diversity, equity and inclusion are foundational; and ultimately integrating ESG into all aspects of CAPREIT's business and throughout all levels of its organization, supported by strong corporate governance and comprehensive ESG disclosures. These commitments allow CAPREIT to better demonstrate its environmental responsibility; attract and retain the best people in the business in which it operates; build and maintain strong relationships with its residents and the communities in which they live; adopt best practice programs in corporate governance; monitor its progress on ESG priorities; and maintain open and transparent communication with investors and other stakeholders. For more information on CAPREIT's ESG strategy, see the 2023 ESG Report that was issued in June 2024.
Financial Management	CAPREIT takes a conservative approach and strives to manage its exposure to interest rate volatility by proactively managing its mortgage debt portfolio to fix and, where possible, reduce average interest rates, effectively manage the average term to maturity and stagger maturity dates. In addition, CAPREIT strives to maintain a conservative overall liquidity position and achieve an optimal balance in its capital resource requirements between debt and equity.

SECTION II: PORTFOLIO OVERVIEW

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 optimal occupancies depending on 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 and rent control legislation, as applicable. Management believes same property Occupied AMR will continue to gradually increase, providing the basis for sustainable year-over-year increases in revenue.

NOI and Same Property NOI – NOI and same property NOI are widely used operating performance indicators in the real estate industry. NOI is presented in CAPREIT's consolidated statements of net income (loss) and comprehensive income (loss). Same property NOI is based on the operating performance of properties fully owned by CAPREIT in the current and prior year comparative periods, excluding properties that are classified as assets held for sale as at period-end. NOI and same property NOI may not, however, be comparable to similar measures presented by other real estate investment trusts or companies.

FFO per unit – CAPREIT is focused on achieving steady increases in this metric. Management believes this measure is indicative of CAPREIT's overall operating performance.

FFO Payout Ratio – This ratio is meant to monitor the FFO that is retained at CAPREIT to potentially fund investment opportunities, capital initiatives or repay debt, after factoring in distributions, and is 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 facility and mortgage agreements. CAPREIT's credit agreements consist of a revolving acquisition and operating facility, which can be borrowed in US dollars ("USD"), euros or Canadian dollars, ("Acquisition and Operating Facility"), the unsecured non-revolving construction and term credit facility to reduce greenhouse gas ("GHG") emissions ("GHG Reduction Facility"), and the ERES revolving credit facility ("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 as at the reporting date and is therefore used by management 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 December 31, 2024 and December 31, 2023 and for the three months and years ended December 31, 2024 and December 31, 2023. Management believes these measures are useful in assessing CAPREIT's operating and financial performance in relation to its objectives and business strategy.

As at	December 31, 2024	December 31, 2023
Total Portfolio Performance and Other Measures		
Number of suites and sites[1]	**48,696**	64,260
Investment properties fair value[2] (000s)	**$ 14,868,362**	$ 16,532,096
Assets held for sale (000s)	**$ 307,460**	$ 45,850
Occupied AMR[1]		
Canadian Residential Portfolio[3]	**$ 1,636**	$ 1,516
The Netherlands Portfolio	**€ 1,222**	€ 1,063
Occupancy[1]		
Canadian Residential Portfolio[3]	**97.5%**	98.8%
The Netherlands Portfolio	**94.6%**	98.5%
Total Portfolio[4]	**97.2%**	98.2%

(1) As at December 31, 2024, includes 1,803 suites and sites classified as assets held for sale (December 31, 2023 – 272), but excludes commercial suites.
(2) Investment properties exclude assets held for sale.
(3) Excludes MHC sites.
(4) Includes MHC sites.

	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	**2024**	2023
Financial Performance				
Operating revenues (000s)	**$ 276,361**	$ 272,195	**$ 1,112,742**	$ 1,065,317
NOI (000s)	**$ 177,942**	$ 176,711	**$ 730,654**	$ 692,786
NOI margin	**64.4%**	64.9%	**65.7%**	65.0%
Same property NOI (000s)	**$ 147,783**	$ 142,907	**$ 594,600**	$ 560,953
Same property NOI margin	**63.6%**	64.0%	**64.7%**	64.5%
Net income (loss) (000s)	**$ (48,813)**	$ 9,212	**$ 292,742**	$ (411,574)
FFO per unit – diluted[1]	**$ 0.622**	$ 0.602	**$ 2.534**	$ 2.396
Distributions per unit	**$ 0.375**	$ 0.363	**$ 1.471**	$ 1.450
FFO payout ratio[1]	**59.8%**	60.4%	**57.9%**	60.5%

(1) 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	December 31, 2024	December 31, 2023
Financing Metrics and Liquidity		
Total debt to gross book value[1]	**38.4%**	41.6%
Weighted average mortgage effective interest rate[2]	**3.11%**	2.80%
Weighted average mortgage term (years)[2]	**4.8**	4.9
Debt service coverage ratio (times)[1][3]	**1.9x**	1.8x
Interest coverage ratio (times)[1][3]	**3.3x**	3.3x
Cash and cash equivalents (000s)[4]	**$ 136,243**	$ 29,528
Available borrowing capacity – Canadian Credit Facilities (000s)[5]	**$ 565,273**	$ 340,059
Capital		
Unitholders' equity (000s)	**$ 9,027,312**	$ 9,278,595
Net asset value (000s)[1]	**$ 9,042,068**	$ 9,212,594
Total number of units – diluted (000s)	**162,927**	169,868
Net asset value per unit – diluted[1]	**$ 55.50**	$ 54.23

(1) 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.
(2) Excludes liabilities related to assets held for sale, as applicable.
(3) Based on the trailing four quarters.
(4) Consists of $122,941 and $13,302 in Canada and Europe, respectively (December 31, 2023 – $17,616 and $11,912, respectively).
(5) Includes $500,292 available on the Acquisition and Operating Facility (December 31, 2023 – $340,059) and $64,981 available on the GHG Reduction Facility (December 31, 2023 – N/A).

Summary of Q4 and Year-End 2024 Results of Operations

Strategic Initiatives Update

- On December 16, 2024, CAPREIT disposed of substantially all of the MHC portfolio for a gross sale price of $715 million. Excluding transaction costs, the disposition was satisfied through $575 million in cash and the issuance of a vendor takeback ("VTB") mortgage receivable with a principal amount of $140 million. Subsequent to December 31, 2024, an MHC property with 176 sites was disposed of for a gross sale price of $12.5 million and the sale of the remaining MHC property with 357 sites is expected to be completed in the first half of 2025 for a gross sale price of $12.5 million, to be satisfied in cash.
- On December 2, 2024 and December 16, 2024, certain subsidiaries of ERES closed on two separate agreements to sell a total of 3,179 residential suites in the Netherlands for gross proceeds totalling approximately $1.1 billion. The gross sale price was settled in cash, with net proceeds used in part for payment of a special cash distribution by ERES ("ERES Special Distribution").
- In addition to the above dispositions, for the three months ended December 31, 2024, CAPREIT disposed of 110 suites in a non-core property located in Newmarket, Ontario; and multiple residential properties in the Netherlands with 88 suites, for a total gross sale price of $61.2 million (excluding transaction costs and other adjustments).
- Including the above dispositions, for the year ended December 31, 2024, CAPREIT disposed of 16,859 suites and sites for a total gross sale price of $2.5 billion (excluding transaction costs and other adjustments) of non-core properties. CAPREIT is currently targeting the disposition of approximately $400 million of non-core Canadian properties in 2025.
- CAPREIT continues to invest in strategic opportunities that are accretive. For the three months ended December 31, 2024, CAPREIT acquired three properties with 314 suites in Canada for a total gross purchase price of $152.3 million (excluding transaction costs and other adjustments). For the year ended December 31, 2024, CAPREIT acquired 10 properties with 1,286 suites in Canada for a total gross purchase price of $669.7 million (excluding transaction costs and other adjustments).
- During the three months ended December 31, 2024, CAPREIT purchased and cancelled approximately 6.8 million Trust Units, under the Normal Course Issuer Bid ("NCIB") program, at a weighted average purchase price of $44.37 per Trust Unit, for a total cost of $300.1 million. During the year ended December 31, 2024, CAPREIT purchased and cancelled approximately 7.3 million Trust Units, under the NCIB program, at a weighted average purchase price of $44.66 per Trust Unit, for a total cost of $327.1 million.
- On August 7, 2024, the Board of Trustees approved an increase in monthly distributions from $0.1208 to $0.125 per Trust Unit, or from $1.45 to $1.50 per Trust Unit on an annualized basis. The increase was effective with the August 2024 distribution paid on September 16, 2024 to Unitholders of record as at August 30, 2024.
- On December 16, 2024, CAPREIT declared a special non-cash distribution of $1.18 per Trust Unit, payable in Trust Units on December 31, 2024 to Unitholders of record on December 31, 2024 (the "CAPREIT Special Distribution"). The CAPREIT Special Distribution was made to distribute to Unitholders a portion of the net capital gain realized by CAPREIT from transactions completed during the year ended December 31, 2024. Immediately following the issuance of these Trust Units, the Trust Units were consolidated such that each Unitholder held the same number of Trust Units after the consolidation of the Trust Units as each Unitholder held prior to the Special Distribution.

Operating Results

- On turnovers and renewals, monthly residential rents for the three months and year ended December 31, 2024 remained strong at 6.2% and 5.8%, respectively, for the Canadian residential portfolio, compared to 8.5% and 5.8%, respectively, for the three months and year ended December 31, 2023.
- Same property Occupied AMR for the Canadian residential portfolio as at December 31, 2024 increased by 6.0% compared to December 31, 2023, while same property occupancy for the Canadian residential portfolio decreased to 97.5% (December 31, 2023 – 98.8%).
- NOI for the same property portfolio increased by 3.4% and 6.0%, respectively, for the three months and year ended December 31, 2024, compared to the same periods last year. Additionally, NOI margin for the same property portfolio decreased to 63.6%, down 0.4%, for the three months ended December 31, 2024, and increased to 64.7%, up 0.2%, for the year ended December 31, 2024, compared to the same periods last year.
- Diluted FFO per unit was up 3.3% and 5.8%, respectively, for the three months and year ended December 31, 2024, compared to the same periods last year, primarily due to contributions from acquisitions and higher same property NOI, partially offset by dispositions.

Balance Sheet Highlights

- CAPREIT's financial position remains strong, with approximately $688.2 million of available Canadian liquidity, comprising $122.9 million of Canadian cash and cash equivalents, $500.3 million of available capacity on its Acquisition and Operating Facility and $65.0 million on its GHG Reduction Facility.
- For the year ended December 31, 2024, CAPREIT has completed mortgage financings totalling $539.9 million, with a weighted average term to maturity of 7.4 years and a weighted average interest rate of 4.33%.
- For the year ended December 31, 2024, $2.4 billion of investment properties from ERES, the MHC portfolio and Canadian properties in CAPREIT have been transferred to assets held for sale, of which $2.1 billion was subsequently disposed of in 2024. In addition, $281.7 million of investment properties from the Canadian portfolio and ERES have been disposed of. The impact of the transfer and dispositions on the carrying value of investment property was partially offset by acquisitions of $665.0 million; property capital investments of $237.1 million; fair value gains of $66.2 million; and foreign exchange translation and other for $57.3 million. The overall carrying value of investment properties (excluding assets held for sale) as at December 31, 2024 was $14.9 billion compared to $16.5 billion as at December 31, 2023.
- Diluted NAV per unit as at December 31, 2024 increased to $55.50 from $54.23 as at December 31, 2023, primarily due to the effects of accretive purchases of Trust Units for cancellation through the NCIB program and fair value gains on investment properties.

Subsequent Events

- Subsequent to year-end, CAPREIT disposed of an additional 1,273 suites and sites in Canada for a total gross sale price of $213.1 million (excluding transaction costs and other adjustments), including an MHC property with 176 sites for $12.5 million. In addition, CAPREIT disposed of an additional 279 suites in the Netherlands for a total gross sale price of $83.3 million (excluding transaction costs and other adjustments).
- Subsequent to year-end, CAPREIT acquired an additional 281 suites in Canada for a total gross purchase price of $97.6 million (excluding transaction costs and other adjustments).
- On February 13, 2025, the Board of Trustees approved an increase in monthly distributions from $0.125 to $0.1292 per Trust Unit, or from $1.50 to $1.55 per Trust Unit on an annualized basis. The increase is effective with the February 2025 distribution payable on March 17, 2025 to Unitholders of record as at February 28, 2025.

SECTION III: OPERATIONAL AND FINANCIAL RESULTS

Occupied Average Monthly Rents and Occupancy

Occupied AMR is defined as actual residential rents 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 December 31, 2023, but exclude properties disposed of or held for sale as at December 31, 2024.

Occupied AMR and Occupancy by Geography

	Total Portfolio[1]				Same Property			
As at December 31,	**2024**		2023		**2024**		2023	
	Occupied AMR	**Occ. %**	Occupied AMR	Occ. %	**Occupied AMR**	**Occ. %**	Occupied AMR	Occ. %
Residential Suites								
Ontario								
Greater Toronto Area	**$ 1,782**	**98.3**	$ 1,691	99.2	**$ 1,777**	**98.3**	$ 1,696	99.2
London / Kitchener / Waterloo	**1,391**	**98.2**	1,240	98.8	**1,315**	**98.3**	1,240	98.8
Ottawa	**1,942**	**99.5**	1,782	99.7	**1,865**	**99.9**	1,782	99.7
	$ 1,723	**98.4**	$ 1,621	99.2	**$ 1,702**	**98.4**	$ 1,622	99.2
Québec								
Greater Montréal Region	**$ 1,328**	**96.1**	$ 1,227	97.4	**$ 1,357**	**96.1**	$ 1,272	97.4
Québec City	**1,397**	**98.4**	1,260	98.0	**1,397**	**98.4**	1,317	97.6
	$ 1,343	**96.6**	$ 1,236	97.6	**$ 1,367**	**96.6**	$ 1,283	97.5
British Columbia								
Greater Vancouver Area	**$ 1,918**	**97.2**	$ 1,716	99.4	**$ 1,840**	**97.1**	$ 1,724	99.4
Victoria and Other British Columbia	**1,694**	**97.4**	1,601	98.2	**1,694**	**97.4**	1,598	98.1
	$ 1,841	**97.3**	$ 1,677	99.0	**$ 1,788**	**97.2**	$ 1,679	98.9
Nova Scotia								
Halifax	**$ 1,648**	**95.5**	$ 1,513	99.3	**$ 1,638**	**95.5**	$ 1,513	99.3
Alberta								
Calgary	**$ 1,536**	**97.0**	$ 1,353	99.6	**$ 1,536**	**97.0**	$ 1,353	99.6
Edmonton	**1,659**	**95.9**	1,401	98.0	**1,509**	**96.3**	1,401	98.0
	$ 1,581	**96.6**	$ 1,368	99.1	**$ 1,527**	**96.8**	$ 1,368	99.1
Prince Edward Island								
Charlottetown	**$ 1,301**	**98.4**	$ 1,262	100.0	**$ 1,301**	**98.4**	$ 1,255	100.0
Saskatchewan								
Regina	**$ 1,372**	**94.0**	$ 1,235	96.2	**$ 1,372**	**94.0**	$ 1,235	96.2
Total Canadian residential suites	**$ 1,636**	**97.5**	$ 1,516	98.8	**$ 1,623**	**97.5**	$ 1,531	98.8
MHC Sites								
Total MHC sites	**$ 444**	**87.8**	$ 439	96.1	**$ –**	**–**	$ –	–
Total Canadian portfolio	**$ 1,623**	**97.4**	$ 1,293	98.2	**$ 1,623**	**97.5**	$ 1,531	98.8
Europe								
The Netherlands portfolio	**€ 1,222**	**94.6**	€ 1,063	98.5	**€ 1,245**	**94.9**	€ 1,166	99.2
Total portfolio		**97.2**		98.2		**97.4**		98.8

[1] Includes assets held for sale, as applicable.

The rate of growth in total portfolio Occupied AMR has been primarily driven by (i) new acquisitions completed over the past 12 months; and (ii) same property operational growth. 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.

Occupancy for the total portfolio as at December 31, 2024 decreased by 1.0% to 97.2% compared to December 31, 2023. Occupancy for the total Canadian residential portfolio as at December 31, 2024 decreased by 1.3% to 97.5% compared to December 31, 2023. CAPREIT views this as a transitory vacancy trend influenced by market conditions. As part of CAPREIT's strategic approach, CAPREIT aims to manage vacancies in high-demand and high-velocity markets in order to grow Occupied AMR to align with prevailing market conditions. Occupancy for the Netherlands portfolio as at December 31, 2024 decreased by 3.9% to 94.6% compared to December 31, 2023, primarily due to suites intentionally held vacant to maximize value for property and unit dispositions.

The weighted average gross rent per square foot for total Canadian residential suites was approximately $1.98 as at December 31, 2024, increased from $1.81 as at December 31, 2023.

Annual Rental Guidelines as per Rental Board

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

	2025[1]	**2024[2]**	2023[3]
Ontario	2.5%	**2.5%**	2.5%
British Columbia	3.0%	**3.5%**	2.0%

(1) Ontario has capped the rental guideline increase at 2.5%, below the rate of inflation at the time of announcement. Without the cap, the rental guideline increase would have been calculated to be 3.1%, based on the average Ontario Consumer Price Index at the time of announcement of the 2025 annual rental guideline. British Columbia has capped the rental guideline increase at 3.0%, in line with the British Columbia Price Index at the time of announcement of the 2025 annual rental guideline.

(2) Ontario and British Columbia have capped the rental guideline increases at 2.5% and 3.5%, respectively, below rates of inflation at the time of the announcements. Without the cap, the rental guideline increases would have been calculated to be 5.9% and 5.6%, respectively, based on the average Ontario and British Columbia Consumer Price Indices at the time of announcement of the 2024 annual rental guidelines.

(3) Ontario and British Columbia have capped the rental guideline increases at 2.5% and 2.0%, respectively, below rates of inflation at the time of the announcements. Without the cap, the rental guideline increases would have been calculated to be 5.3% and 5.4%, respectively, based on the average Ontario and British Columbia Consumer Price Indices at the time of announcement of the 2023 annual rental guidelines.

CAPREIT's strategy is focused on upgrading portfolio quality through accretive acquisitions of recently built properties, alongside selected non-core or opportunistic dispositions. As a result, AGIs and additional rental increases are an insignificant component of CAPREIT's operations, with applications only active for selected suites and sites meeting certain criteria.

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 December 31,	**2024**		2023	
	Change in Monthly Rent	**Turnovers and Renewals[1]**	Change in Monthly Rent	Turnovers and Renewals[1]
	%	**%**	%	%
Suite turnovers	**13.6**	**3.3**	29.9	2.9
Lease renewals	**4.0**	**12.0**	3.2	11.6
Weighted average of turnovers and renewals	**6.2**		8.5	

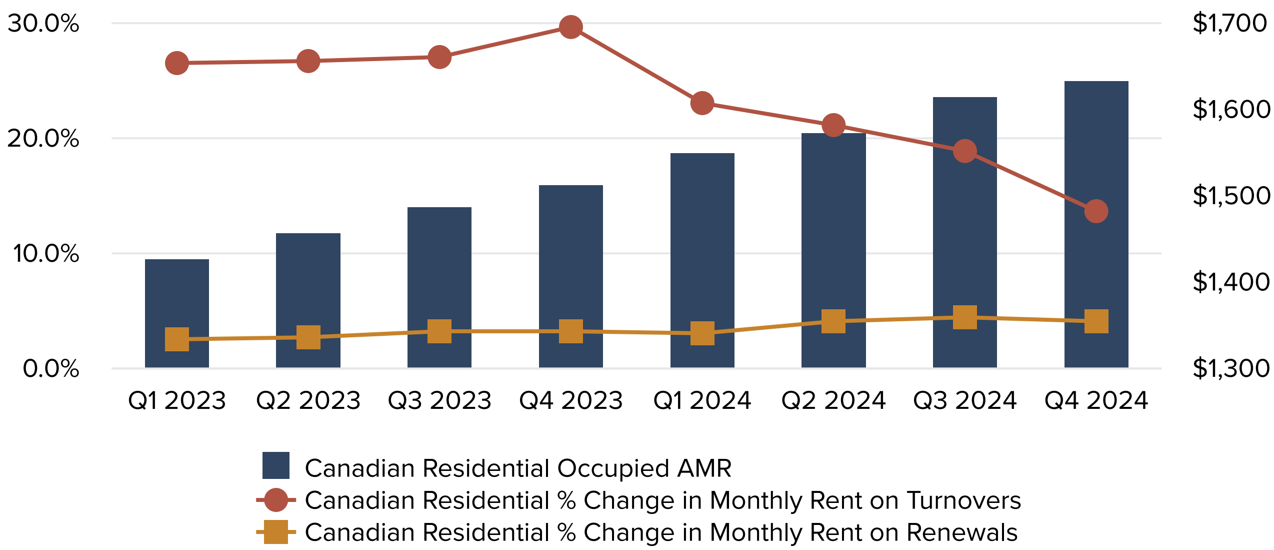
(1) Percentage of suites turned over or renewed during the period is based on the total weighted average number of residential suites (excluding MHC sites) held during the period.

For the Year Ended December 31,	**2024**		2023	
	Change in Monthly Rent	**Turnovers and Renewals[1]**	Change in Monthly Rent	Turnovers and Renewals[1]
	%	**%**	%	%
Suite turnovers	**18.8**	**13.6**	27.7	12.9
Lease renewals	**3.6**	**90.5**	2.7	90.1
Weighted average of turnovers and renewals	**5.8**		5.8	

(1) Percentage of suites turned over or renewed during the year is based on the total weighted average number of residential suites (excluding MHC sites) held during the year.

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 and 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 December 31,	**2024**		2023	
	Change in Monthly Rent	**Turnovers and Renewals**[(1)]	Change in Monthly Rent	Turnovers and Renewals[(1)]
	%	**%**	%	%
Suite turnovers[(2)]	**8.9**	**1.3**	20.3	3.4
Lease renewals	**–**	**–**	–	–
Weighted average of turnovers and renewals	**8.9**		20.3	

(1) Percentage of suites turned over during the period is based on the total weighted average number of the Netherlands residential suites held during the period. Percentage of suites renewed during the period is based on the number of the Netherlands residential suites on July 1, as lease renewals due to indexation occur only once a year.

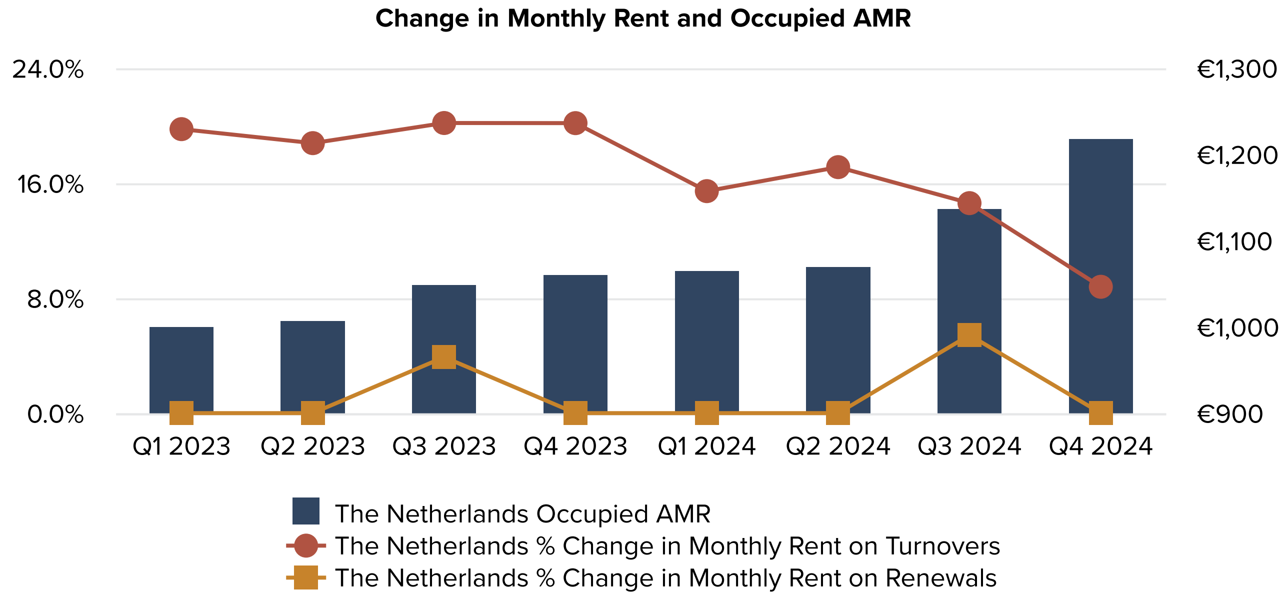
(2) On turnover, rents increased by 8.9% on 2.7% of the Netherlands same property residential portfolio for the three months ended December 31, 2024 compared to an increase of 21.2% on 5.0% of the Netherlands same property residential portfolio for the three months ended December 31, 2023. Same property residential portfolio for turnover purposes includes all properties continuously owned since December 31, 2022, and excludes properties disposed of or held for sale as at December 31, 2024.

For the Year Ended December 31,	**2024**		2023	
	Change in Monthly Rent	**Turnovers and Renewals**[(1)]	Change in Monthly Rent	Turnovers and Renewals[(1)]
	%	**%**	%	%
Suite turnovers[(2)]	**14.9**	**7.7**	20.4	13.8
Lease renewals	**5.5**	**94.0**	4.0	96.6
Weighted average of turnovers and renewals	**6.2**		6.1	

(1) Percentage of suites turned over during the year is based on the total weighted average number of the Netherlands residential suites held during the year. Percentage of suites renewed during the period is based on the number of the Netherlands residential suites on July 1, as lease renewals due to indexation occur only once a year.

(2) On turnover, rents increased by 15.2% on 12.4% of the Netherlands same property residential portfolio for the year ended December 31, 2024 compared to an increase of 21.5% on 17.4% of the Netherlands same property residential portfolio for the year ended December 31, 2023. Same property residential portfolio for turnover purposes includes all properties continuously owned since December 31, 2022, and excludes properties disposed of or held for sale as at December 31, 2024.

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 and renewals, as well as Occupied AMR, for the trailing eight quarters.



Tenant Inducements and Expected Credit Losses – Total Portfolio

($ Thousands)	Three Months Ended December 31,				Year Ended December 31,			
	2024	**%[1]**	2023	%[1]	**2024**	**%[1]**	2023	%[1]
New tenant inducements granted – residential	**$ 1,792**		$ 273		**$ 3,640**		$ 797	
New tenant inducements granted – commercial	**59**		441		**65**		576	
Total new tenant inducements granted	**$ 1,851**		$ 714		**$ 3,705**		$ 1,373	
Tenant inducements amortized	**$ 774**	**0.3**	$ 410	0.2	**$ 2,093**	**0.2**	$ 1,923	0.2
Expected credit losses	**$ 1,885**	**0.7**	$ 1,377	0.5	**$ 6,413**	**0.6**	$ 4,983	0.5

[1] As a percentage of total operating revenues.

Results of Operations

The table below summarizes revenue from investment properties by region for the three months and years ended December 31, 2024 and December 31, 2023. Revenue is composed of residential, commercial and ancillary revenue.

Total Operating Revenues by Geography

	Three Months Ended December 31,				Year Ended December 31,			
	2024		2023		**2024**		2023	
($ Thousands)	**Revenue**	**%**	Revenue	%	**Revenue**	**%**	Revenue	%
Residential Suites								
Ontario								
Greater Toronto Area	**$ 93,039**	**33.8**	$ 92,601	34.0	**$ 376,933**	**33.8**	$ 362,645	34.0
London / Kitchener / Waterloo	**17,285**	**6.3**	14,422	5.3	**66,479**	**6.0**	56,241	5.3
Ottawa	**10,029**	**3.6**	8,130	3.0	**36,267**	**3.3**	32,115	3.0
	$ 120,353	**43.7**	$ 115,153	42.3	**$ 479,679**	**43.1**	$ 451,001	42.3
Québec								
Greater Montréal Region	**$ 33,199**	**12.0**	$ 31,528	11.6	**$ 128,757**	**11.6**	$ 128,069	12.0
Québec City	**10,181**	**3.7**	11,304	4.1	**41,553**	**3.7**	43,802	4.1
	$ 43,380	**15.7**	$ 42,832	15.7	**$ 170,310**	**15.3**	$ 171,871	16.1
British Columbia								
Greater Vancouver Area	**$ 23,766**	**8.6**	$ 21,036	7.7	**$ 90,825**	**8.2**	$ 79,047	7.4
Victoria and Other British Columbia	**11,455**	**4.1**	10,830	4.0	**45,262**	**4.1**	42,207	4.0
	$ 35,221	**12.7**	$ 31,866	11.7	**$ 136,087**	**12.3**	$ 121,254	11.4
Nova Scotia								
Halifax	**$ 17,323**	**6.3**	$ 16,082	5.9	**$ 67,313**	**6.0**	$ 61,868	5.8
Alberta								
Calgary	**$ 8,084**	**2.9**	$ 7,929	2.9	**$ 31,388**	**2.8**	$ 31,565	3.0
Edmonton	**4,576**	**1.7**	3,153	1.2	**15,492**	**1.4**	11,734	1.1
	$ 12,660	**4.6**	$ 11,082	4.1	**$ 46,880**	**4.2**	$ 43,299	4.1
Prince Edward Island								
Charlottetown	**$ 1,478**	**0.5**	$ 1,639	0.6	**$ 6,405**	**0.6**	$ 7,731	0.7
Saskatchewan								
Regina	**$ 924**	**0.3**	$ 863	0.3	**$ 3,601**	**0.3**	$ 3,252	0.3
Total Canadian residential suites	**$ 231,339**	**83.8**	$ 219,517	80.6	**$ 910,275**	**81.8**	$ 860,276	80.7
MHC Sites								
Total MHC sites	**$ 14,218**	**5.1**	$ 16,474	6.1	**$ 64,753**	**5.8**	$ 65,406	6.2
Total Canadian portfolio[1]	**$ 245,557**	**88.9**	$ 235,991	86.7	**$ 975,028**	**87.6**	$ 925,682	86.9
Europe								
The Netherlands[2]	**$ 28,819**	**10.4**	$ 33,304	12.2	**$ 127,989**	**11.5**	$ 128,207	12.0
Other Europe[3]	**1,985**	**0.7**	2,900	1.1	**9,725**	**0.9**	11,428	1.1
	$ 30,804	**11.1**	$ 36,204	13.3	**$ 137,714**	**12.4**	$ 139,635	13.1
Total Portfolio	**$ 276,361**	**100.0**	$ 272,195	100.0	**$ 1,112,742**	**100.0**	$ 1,065,317	100.0

(1) Includes revenues for Canadian commercial properties of $5,998 and $6,126 for the three months ended December 31, 2024 and December 31, 2023, respectively, and $23,677 and $23,592 for the years ended December 31, 2024 and December 31, 2023, respectively.

(2) In € thousands, €19,312 and €22,737 for the three months ended December 31, 2024 and December 31, 2023, respectively. In € thousands, €86,402 and €87,853 for the years ended December 31, 2024 and December 31, 2023, respectively.

(3) Comprised of ERES's revenues for the commercial properties located in Germany and Belgium. In € thousands, €1,329 and €1,980 for the three months ended December 31, 2024 and December 31, 2023, respectively. In € thousands, €6,566 and €7,831 for the years ended December 31, 2024 and December 31, 2023, respectively.

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 and year ended December 31, 2024 are defined as all properties owned by CAPREIT continuously since December 31, 2022, and therefore do not take into account the impact on performance of acquisitions or dispositions completed during 2024 and 2023, or properties that are classified as held for sale as at December 31, 2024. Same property NOI is calculated in accordance with the accounting policies used to prepare total NOI as presented in the consolidated statements of net income (loss) and comprehensive income (loss).

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)	Total NOI			Same Property NOI		
For the Three Months Ended December 31,	**2024**	2023	%[1]	**2024**	2023	%[1]
Operating Revenues						
Rental revenues	**$ 263,267**	$ 258,954	1.7	**$ 221,180**	$ 212,296	4.2
Other[2]	**13,094**	13,241	(1.1)	**11,335**	11,134	1.8
Total operating revenues	**$ 276,361**	$ 272,195	1.5	**$ 232,515**	$ 223,430	4.1
Operating Expenses						
Realty taxes	**$ (25,320)**	$ (23,933)	5.8	**$ (22,276)**	$ (21,193)	5.1
Utilities	**(18,210)**	(19,569)	(6.9)	**(16,224)**	(16,859)	(3.8)
Other[3]	**(54,889)**	(51,982)	5.6	**(46,232)**	(42,471)	8.9
Total operating expenses[4]	**$ (98,419)**	$ (95,484)	3.1	**$ (84,732)**	$ (80,523)	5.2
NOI	**$ 177,942**	$ 176,711	0.7	**$ 147,783**	$ 142,907	3.4
NOI margin	**64.4%**	64.9%		**63.6%**	64.0%	

(1) Represents the year-over-year percentage change.

(2) Comprises parking and other ancillary income such as laundry and antenna revenue.

(3) Comprises R&M, wages, insurance, advertising, legal costs and expected credit losses.

(4) Total operating expenses, on a constant currency basis, increased by approximately 3.0% and 5.1%, respectively, for the total and same property portfolio compared to the same periods last year.

($ Thousands)	Total NOI			Same Property NOI		
For the Year Ended December 31,	**2024**	2023	%[1]	**2024**	2023	%[1]
Operating Revenues						
Rental revenues	**$ 1,059,382**	$ 1,015,677	4.3	**$ 873,410**	$ 828,003	5.5
Other[2]	**53,360**	49,640	7.5	**45,362**	41,956	8.1
Total operating revenues	**$ 1,112,742**	$ 1,065,317	4.5	**$ 918,772**	$ 869,959	5.6
Operating Expenses						
Realty taxes	**$ (100,657)**	$ (96,408)	4.4	**$ (88,412)**	$ (84,726)	4.4
Utilities	**(72,340)**	(77,365)	(6.5)	**(62,746)**	(65,666)	(4.4)
Other[3]	**(209,091)**	(198,758)	5.2	**(173,014)**	(158,614)	9.1
Total operating expenses[4]	**$ (382,088)**	$ (372,531)	2.6	**$ (324,172)**	$ (309,006)	4.9
NOI	**$ 730,654**	$ 692,786	5.5	**$ 594,600**	$ 560,953	6.0
NOI margin	**65.7%**	65.0%		**64.7%**	64.5%	

(1) Represents the year-over-year percentage change.

(2) Comprises parking and other ancillary income such as laundry and antenna revenue.

(3) Comprises R&M, wages, insurance, advertising, legal costs and expected credit losses.

(4) Total operating expenses, on a constant currency basis, increased by approximately 2.4% and 4.8%, respectively, for the total and same property portfolio compared to the same period last year.

The following table reconciles same property NOI and NOI from acquisitions, dispositions and assets held for sale to total NOI for the three months and years ended December 31, 2024 and December 31, 2023:

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	**2024**	2023
Same property NOI	**$ 147,783**	$ 142,907	**$ 594,600**	$ 560,953
NOI from acquisitions	**8,955**	2,444	**25,145**	6,237
NOI from dispositions and assets held for sale	**21,204**	31,360	**110,909**	125,596
Total NOI	**$ 177,942**	$ 176,711	**$ 730,654**	$ 692,786

Operating Revenues

For the three months ended December 31, 2024, same property operating revenues increased by $9.1 million, primarily driven by increases in monthly rents on turnovers and renewals, partially offset by a decrease in occupancy. Total operating revenues increased by $4.2 million during the same period, due to $9.2 million of operational growth, primarily on the same property operating portfolio and to a lesser extent on assets held for sale as at December 31, 2024 and a $9.5 million increase from acquisitions, partially offset by $14.5 million lower revenues due to dispositions.

For the year ended December 31, 2024, same property operating revenues increased by $48.8 million, primarily driven by increases in monthly rents on turnovers and renewals, partially offset by a decrease in occupancy. Total operating revenues increased by $47.4 million during the same period, due to $49.7 million of operational growth, primarily on the same property operating portfolio and to a lesser extent on assets held for sale as at December 31, 2024 and a $26.3 million increase from acquisitions, partially offset by $28.6 million lower revenues due to dispositions.

Operating Expenses

Realty Taxes

For the three months and year ended December 31, 2024, realty taxes for both the total and same property portfolios increased compared to the same periods in the prior year, primarily due to increases in realty tax rates in Ontario and increases in property value assessments in British Columbia.

Utilities

CAPREIT's utility costs can be highly variable from year to year depending on energy consumption and rates. The table below provides CAPREIT's utility costs by type for the three months and years ended December 31, 2024 and December 31, 2023.

($ Thousands)	Total Utilities			Same Property Utilities[1]		
For the Three Months Ended December 31,	**2024**	2023	%[2]	**2024**	2023	%[2]
Electricity	**$ 6,213**	$ 6,396	(2.9)	**$ 5,696**	$ 5,768	(1.2)
Natural gas	**4,907**	5,672	(13.5)	**4,537**	5,200	(12.8)
Water	**7,090**	7,501	(5.5)	**5,991**	5,891	1.7
Total	**$ 18,210**	$ 19,569	(6.9)	**$ 16,224**	$ 16,859	(3.8)

(1) Same property results exclude performance of acquisitions or dispositions completed during 2024 and 2023, or properties that are classified as held for sale as at December 31, 2024. For the three months ended December 31, 2024, total utility costs from acquisitions or dispositions completed during 2024 and 2023, or properties that are classified as held for sale as at December 31, 2024, were $1,986 (for the three months ended December 31, 2023 – $2,710).

(2) Represents the year-over-year percentage change.

For the three months ended December 31, 2024, natural gas consumption decreased year-over-year for the total and same property portfolio, mainly due to milder winter weather in Ontario. In addition, same property portfolio water costs increased year-over-year, mainly due to increase in rates for Ontario.

($ Thousands)	Total Utilities			Same Property Utilities[1]		
For the Year Ended December 31,	**2024**	2023	%[2]	**2024**	2023	%[2]
Electricity	**$ 23,428**	$ 25,229	(7.1)	**$ 21,114**	$ 22,165	(4.7)
Natural gas	**18,684**	21,266	(12.1)	**17,199**	19,139	(10.1)
Water	**30,228**	30,870	(2.1)	**24,433**	24,362	0.3
Total	**$ 72,340**	$ 77,365	(6.5)	**$ 62,746**	$ 65,666	(4.4)

(1) Same property results exclude performance of acquisitions or dispositions completed during 2024 and 2023, or properties that are classified as held for sale as at December 31, 2024. For the year ended December 31, 2024, total utility costs from acquisitions or dispositions completed during 2024 and 2023, or properties that are classified as held for sale as at December 31, 2024, were $9,594 (for the year ended December 31, 2023 – $11,699).

(2) Represents the year-over-year percentage change.

For the year ended December 31, 2024, electricity costs decreased year-over-year, primarily due to warmer weather in Ontario during the first half of 2024 and lower rates in Alberta. In addition, natural gas decreased year-over-year, mainly due to warmer weather in Ontario and Québec during the first half of 2024. Furthermore, same property portfolio water costs increased year-over-year, mainly due to a water leakage in Nova Scotia and an increase in water rate in Alberta.

As at December 31, 2024, Canadian tenants who pay their electricity charges directly, through sub-metering or direct metering, represented approximately three-quarters of the total residential portfolio 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 utility consumption, resulting in a smaller environmental impact, lower operating expenses and lower inflation exposure.

In an effort to protect against the risk of 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 2025, the commodity prices have been fixed on 36.7% of CAPREIT's estimated requirements, and transport costs have also been fixed on 36.7% of CAPREIT's estimated requirements. Some volatility on the overall natural gas costs is still expected on the remaining costs with unfixed prices. For more information on CAPREIT's energy management, and water and waste management efforts, see the Asset Management section of the 2023 ESG Report.

As at December 31, 2024, Dutch tenants who pay their utility charges directly represented 100% of the total 3,009 suites in the Netherlands.

Other Operating Expenses

For the three months ended December 31, 2024, other operating expenses for the total and same property portfolio increased compared to the same period last year, primarily due to the following reasons:

- higher accelerated R&M costs in Québec of approximately $0.9 million to bring certain properties back to optimal CAPREIT standards,
- higher R&M costs in the Greater Toronto Area of approximately $1.1 million primarily relating to higher-than-normal maintenance requests and security enhancements at legacy properties,
- higher advertising and legal costs of approximately $0.5 million, primarily in Ontario and Québec, to combat the increase in vacancy due to general rental market conditions, as well as to collect overdue rents,
- higher wages of $0.5 million relating to incremental compensation for operational site employees, and
- higher expected credit losses of $0.5 million across most Canadian regions due to factors such as the rising cost of living, elevated past due balances not being cleared by prior tenants (including a terminated corporate tenant in Québec), and to a lesser extent, certain non-permanent residents leaving Canada without settling their outstanding receivable balances.

Similarly to the detailed explanations provided above, other operating expenses for the total and same property portfolio for the year ended December 31, 2024 increased compared to the same period last year, primarily due to higher R&M costs of $5.2 million within the Greater Toronto Area and $2.7 million within Québec, and higher expected credit losses of $1.4 million.

Higher R&M costs of $12.2 million for the year ended December 31, 2024 are due to the reasons mentioned above, as well as higher maintenance costs that correspond with a year-over-year reduction in suite and common area capital improvements of $31.1 million (December 31, 2023 – $32.9 million) resulting in significant annual interest cost savings, reflecting CAPREIT's strategic reallocation of capital.

NOI by Region

The following tables summarize the total portfolio NOI and NOI margins by region for the three months and years ended December 31, 2024 and December 31, 2023:

For the Three Months Ended December 31,		2024				2023			Increase (Decrease)
($ Thousands)		**NOI**	**NOI %[1]**	**NOI Margin (%)**		NOI	NOI %[1]	NOI Margin (%)	**NOI Change (%)**
Residential Suites									
Ontario									
Greater Toronto Area	**$**	**58,672**	**32.9**	**63.1**	$	58,686	33.2	63.4	**0.0**
London / Kitchener / Waterloo		**10,682**	**6.0**	**61.8**		8,646	4.9	60.0	**23.5**
Ottawa		**7,081**	**4.0**	**70.6**		5,562	3.1	68.4	**27.3**
	$	**76,435**	**42.9**	**63.5**	$	72,894	41.2	63.3	**4.9**
Québec									
Greater Montréal Region	**$**	**19,051**	**10.7**	**57.4**	$	18,454	10.4	58.5	**3.2**
Québec City		**6,165**	**3.5**	**60.6**		6,821	3.9	60.3	**(9.6)**
	$	**25,216**	**14.2**	**58.1**	$	25,275	14.3	59.0	**(0.2)**
British Columbia									
Greater Vancouver Area	**$**	**16,723**	**9.4**	**70.4**	$	14,995	8.5	71.3	**11.5**
Victoria and Other British Columbia		**8,236**	**4.6**	**71.9**		7,703	4.4	71.1	**6.9**
	$	**24,959**	**14.0**	**70.9**	$	22,698	12.9	71.2	**10.0**
Nova Scotia									
Halifax	**$**	**10,330**	**5.8**	**59.6**	$	9,671	5.5	60.1	**6.8**
Alberta									
Calgary	**$**	**4,635**	**2.6**	**57.3**	$	4,409	2.5	55.6	**5.1**
Edmonton		**2,652**	**1.5**	**58.0**		1,819	1.0	57.7	**45.8**
	$	**7,287**	**4.1**	**57.6**	$	6,228	3.5	56.2	**17.0**
Prince Edward Island									
Charlottetown	**$**	**642**	**0.4**	**43.4**	$	1,000	0.6	61.0	**(35.8)**
Saskatchewan									
Regina	**$**	**472**	**0.3**	**51.1**	$	423	0.2	49.0	**11.6**
Total Canadian residential suites	**$**	**145,341**	**81.7**	**62.8**	$	138,189	78.2	63.0	**5.2**
MHC sites									
MHC sites	**$**	**8,600**	**4.8**	**60.5**	$	9,957	5.6	60.4	**(13.6)**
Total Canadian portfolio[2]	**$**	**153,941**	**86.5**	**62.7**	$	148,146	83.8	62.8	**3.9**
Europe									
The Netherlands[3]	**$**	**22,583**	**12.7**	**78.4**	$	26,243	14.9	78.8	**(13.9)**
Other Europe[4]		**1,418**	**0.8**	**71.4**		2,322	1.3	80.1	**(38.9)**
Total Europe portfolio	**$**	**24,001**	**13.5**	**77.9**	$	28,565	16.2	78.9	**(16.0)**
Total portfolio	**$**	**177,942**	**100.0**	**64.4**	$	176,711	100.0	64.9	**0.7**

(1) Represents percentage of the portfolio by NOI.

(2) Includes Canadian residential and commercial NOI.

(3) In € thousands, NOI of €15,070 and NOI margin of 78.0% for the three months ended December 31, 2024 compared to NOI of €17,918 and NOI margin of 78.8% for the three months ended December 31, 2023.

(4) Comprised of NOI for the commercial properties located in Germany and Belgium. In € thousands, NOI of €950 and NOI margin of 71.5% for the three months ended December 31, 2024 compared to NOI of €1,587 and NOI margin of 80.2% for the three months ended December 31, 2023.

For the Year Ended December 31,	2024			2023			Increase (Decrease)
($ Thousands)	NOI	NOI %[1]	NOI Margin (%)	NOI	NOI %[1]	NOI Margin (%)	NOI Change (%)
Residential Suites							
Ontario							
Greater Toronto Area	**$ 241,942**	**32.9**	**64.2**	$ 232,556	33.6	64.1	**4.0**
London / Kitchener / Waterloo	**41,347**	**5.7**	**62.2**	34,577	5.0	61.5	**19.6**
Ottawa	**25,426**	**3.5**	**70.1**	22,217	3.2	69.2	**14.4**
	$ 308,715	**42.1**	**64.4**	$ 289,350	41.8	64.2	**6.7**
Québec							
Greater Montréal Region	**$ 76,618**	**10.4**	**59.5**	$ 75,626	10.9	59.1	**1.3**
Québec City	**25,309**	**3.5**	**60.9**	26,588	3.8	60.7	**(4.8)**
	$ 101,927	**13.9**	**59.8**	$ 102,214	14.7	59.5	**(0.3)**
British Columbia							
Greater Vancouver Area	**$ 65,709**	**9.0**	**72.3**	$ 55,909	8.1	70.7	**17.5**
Victoria and Other British Columbia	**32,667**	**4.5**	**72.2**	30,114	4.3	71.3	**8.5**
	$ 98,376	**13.5**	**72.3**	$ 86,023	12.4	70.9	**14.4**
Nova Scotia							
Halifax	**$ 40,732**	**5.6**	**60.5**	$ 37,386	5.4	60.4	**8.9**
Alberta							
Calgary	**$ 18,385**	**2.5**	**58.6**	$ 17,426	2.5	55.2	**5.5**
Edmonton	**9,169**	**1.3**	**59.2**	6,666	1.0	56.8	**37.5**
	$ 27,554	**3.8**	**58.8**	$ 24,092	3.5	55.6	**14.4**
Prince Edward Island							
Charlottetown	**$ 2,980**	**0.4**	**46.5**	$ 3,982	0.6	51.5	**(25.2)**
Saskatchewan							
Regina	**$ 1,890**	**0.3**	**52.5**	$ 1,626	0.2	50.0	**16.2**
Total Canadian residential suites	**$ 582,174**	**79.6**	**64.0**	$ 544,673	78.6	63.3	**6.9**
MHC Sites							
MHC sites[2]	**$ 40,544**	**5.6**	**62.6**	$ 38,465	5.6	58.8	**5.4**
Total Canadian portfolio[3]	**$ 622,718**	**85.2**	**63.9**	$ 583,138	84.2	63.0	**6.8**
Europe							
The Netherlands[4]	**$ 100,553**	**13.8**	**78.6**	$ 100,335	14.5	78.3	**0.2**
Other Europe[5]	**7,383**	**1.0**	**75.9**	9,313	1.3	81.5	**(20.7)**
Total Europe portfolio	**$ 107,936**	**14.8**	**78.4**	$ 109,648	15.8	78.5	**(1.6)**
Total portfolio	**$ 730,654**	**100.0**	**65.7**	$ 692,786	100.0	65.0	**5.5**

(1) Represents percentage of the portfolio by NOI.

(2) The year ended December 31, 2023 includes $(2,154) of required maintenance costs for the operation and remediation of CAPREIT's septic tanks at primarily two MHC properties, one of which was disposed of on March 1, 2023 while the other was disposed of on June 30, 2023. Excluding these interim maintenance costs, NOI margins at MHC sites for the year ended December 31, 2023 would have been 62.1%.

(3) Includes Canadian residential and commercial NOI.

(4) In € thousands, NOI of €67,880 and NOI margin of 78.6% for the year ended December 31, 2024 compared to NOI of €68,748 and NOI margin of 78.3% for the year ended December 31, 2023.

(5) Comprised of NOI from the commercial properties located in Germany and Belgium. In € thousands, NOI of €4,987 and NOI margin of 76.0% for the year ended December 31, 2024 compared to NOI of €6,383 and NOI margin of 81.5% for the year ended December 31, 2023.

Same Property NOI by Region

Same property NOI by region includes all properties held continuously since December 31, 2022, and therefore does not take into account the impact on performance of acquisitions or dispositions completed during 2024 and 2023, or properties that are disposed of or classified as held for sale as at December 31, 2024. Same property NOI is calculated in accordance with the accounting policies used to prepare total NOI as presented in the consolidated statements of net income (loss) and comprehensive income (loss). The following tables summarize the same property NOI and NOI margins by region for the three months and years ended December 31, 2024 and December 31, 2023:

For the Three Months Ended December 31,	**2024**		2023		**Increase (Decrease)**
($ Thousands)	**Same Property NOI**	**NOI Margin (%)**	Same Property NOI	NOI Margin (%)	**NOI Change (%)**
Residential Suites					
Ontario					
Greater Toronto Area[1]	**$ 57,722**	**63.1**	$ 55,834	63.4	**3.4**
London / Kitchener / Waterloo	**9,189**	**60.6**	8,646	60.0	**6.3**
Ottawa	**5,271**	**70.3**	4,860	67.9	**8.5**
	$ 72,182	**63.2**	$ 69,340	63.2	**4.1**
Québec					
Greater Montréal Region[2]	**$ 17,353**	**57.4**	$ 17,148	58.5	**1.2**
Québec City[2]	**6,163**	**60.5**	5,984	60.9	**3.0**
	$ 23,516	**58.2**	$ 23,132	59.1	**1.7**
British Columbia					
Greater Vancouver Area[3]	**$ 13,439**	**69.7**	$ 13,048	70.8	**3.0**
Victoria and Other British Columbia	**7,981**	**71.8**	7,462	70.9	**7.0**
	$ 21,420	**70.5**	$ 20,510	70.8	**4.4**
Nova Scotia					
Halifax[4]	**$ 9,833**	**59.4**	$ 9,475	60.1	**3.8**
Alberta					
Calgary	**$ 4,634**	**57.3**	$ 4,138	55.4	**12.0**
Edmonton[5]	**1,641**	**57.3**	1,559	58.0	**5.3**
	$ 6,275	**57.3**	$ 5,697	56.1	**10.1**
Prince Edward Island					
Charlottetown[6]	**$ 643**	**43.4**	$ 868	60.4	**(25.9)**
Saskatchewan					
Regina	**$ 472**	**51.1**	$ 423	49.0	**11.6**
Total Canadian residential suites same property[7]	**$ 134,341**	**62.5**	$ 129,445	62.8	**3.8**
Europe					
The Netherlands[8]	**$ 12,024**	**76.8**	$ 11,459	76.7	**4.9**
Other Europe[9]	**1,418**	**71.4**	2,003	80.1	**(29.2)**
Total Europe same property	**$ 13,442**	**76.2**	$ 13,462	77.2	**(0.1)**
Total same property	**$ 147,783**	**63.6**	$ 142,907	64.0	**3.4**
Same property suites and sites	**44,976**		44,976		

(1) Slightly lower NOI margin compared to last year due to increased R&M and higher realty taxes.

(2) Slightly lower NOI margin compared to last year due to increased R&M to bring certain properties to optimal conditions.

(3) Slightly lower NOI margin compared to last year due to increased insurance and realty taxes.

(4) Slightly lower NOI margin compared to last year due to increased R&M and utilities.

(5) Slightly lower NOI margin compared to last year due to increased R&M.

(6) Lower NOI and NOI margin compared to last year primarily due to increased wages and realty taxes.

(7) Includes Canadian residential and commercial NOI.

(8) In € thousands, NOI of €8,057 and NOI margin of 76.8% for the three months ended December 31, 2024 compared to NOI of €7,823 and NOI margin of 76.7% for the three months ended December 31, 2023.

(9) Comprised of NOI from the commercial properties located in Germany and Belgium. In € thousands, NOI of €950 and NOI margin of 71.5% for the three months ended December 31, 2024 compared to NOI of €1,368 and NOI margin of 80.1% for the three months ended December 31, 2023. Lower NOI and NOI margin compared to last year primarily due to a reduction in rent after lease renewal in one of the commercial properties.

For the Year Ended December 31,	2024		2023		Increase (Decrease)
($ Thousands)	**Same Property NOI**	**NOI Margin (%)**	Same Property NOI	NOI Margin (%)	**NOI Change (%)**
Residential Suites					
Ontario					
Greater Toronto Area	**$ 232,943**	**64.2**	$ 221,752	64.2	**5.0**
London / Kitchener / Waterloo	**36,698**	**61.2**	34,577	61.5	**6.1**
Ottawa	**20,599**	**69.5**	19,654	69.3	**4.8**
	$ 290,240	**64.1**	$ 275,983	64.2	**5.2**
Québec					
Greater Montréal Region	**$ 71,144**	**59.8**	$ 67,592	59.5	**5.3**
Québec City	**24,079**	**61.1**	23,128	61.3	**4.1**
	$ 95,223	**60.1**	$ 90,720	59.9	**5.0**
British Columbia					
Greater Vancouver Area	**$ 54,602**	**71.5**	$ 50,390	70.5	**8.4**
Victoria and Other British Columbia	**31,613**	**72.1**	29,477	71.2	**7.2**
	$ 86,215	**71.7**	$ 79,867	70.8	**7.9**
Nova Scotia					
Halifax	**$ 39,291**	**60.4**	$ 36,873	60.3	**6.6**
Alberta					
Calgary	**$ 18,363**	**58.5**	$ 15,244	54.3	**20.5**
Edmonton	**6,505**	**58.8**	5,853	56.4	**11.1**
	$ 24,868	**58.6**	$ 21,097	54.8	**17.9**
Prince Edward Island					
Charlottetown[(1)]	**$ 2,712**	**45.7**	$ 3,075	53.5	**(11.8)**
Saskatchewan					
Regina	**$ 1,890**	**52.5**	$ 1,626	50.0	**16.2**
Total Canadian residential suites same property[(2)]	**$ 540,439**	**63.7**	$ 509,241	63.4	**6.1**
Europe					
The Netherlands[(3)]	**$ 47,544**	**76.7**	$ 43,684	76.3	**8.8**
Other Europe[(4)]	**6,617**	**75.7**	8,028	81.2	**(17.6)**
Total Europe same property	**$ 54,161**	**76.6**	$ 51,712	77.0	**4.7**
Total same property	**$ 594,600**	**64.7**	$ 560,953	64.5	**6.0**
Same property suites and sites	**44,976**		44,976		

(1) Lower NOI and NOI margin compared to last year primarily due to increased realty taxes.

(2) Includes Canadian residential and commercial NOI.

(3) In € thousands, NOI of €32,075 and NOI margin of 76.7% for the year ended December 31, 2024 compared to NOI of €29,931 and NOI margin of 76.3% for the year ended December 31, 2023.

(4) Comprised of NOI from the commercial properties located in Germany and Belgium. In € thousands, NOI of €4,469 and NOI margin of 75.7% for the year ended December 31, 2024 compared to NOI of €5,502 and NOI margin of 81.2% for the year ended December 31, 2023. Lower NOI and NOI margin compared to last year primarily due to a reduction in rent after lease renewal in one of the commercial properties.

Net Income (Loss) and Other Comprehensive Income (Loss)

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	**2024**	2023
Operating revenues				
Revenue from investment properties	**$ 276,361**	$ 272,195	**$ 1,112,742**	$ 1,065,317
Operating expenses				
Property operating costs	**(73,099)**	(71,551)	**(281,431)**	(276,123)
Realty taxes	**(25,320)**	(23,933)	**(100,657)**	(96,408)
Total operating expenses	**(98,419)**	(95,484)	**(382,088)**	(372,531)
Net operating income	**177,942**	176,711	**730,654**	692,786
Other income	**1,579**	1,148	**7,384**	13,644
Trust expenses	**(14,056)**	(15,796)	**(58,624)**	(62,373)
Unit-based compensation amortization recovery (expense):				
Unit-based compensation amortization expense	**(2,423)**	(1,639)	**(8,590)**	(7,816)
Unit-based compensation amortization recovery relating to ERES UOP forfeitures upon senior management termination	**–**	–	**2,284**	–
Total unit-based compensation amortization expense, net	**(2,423)**	(1,639)	**(6,306)**	(7,816)
Financing-related costs:				
Interest expense on debt and other financing costs	**(53,958)**	(55,226)	**(220,162)**	(211,664)
Interest expense on Exchangeable LP Units	**(618)**	(597)	**(2,429)**	(2,382)
Net gain (loss) on derecognition of debt	**(3,322)**	(56)	**3,012**	3,251
Total financing-related costs, net	**(57,898)**	(55,879)	**(219,579)**	(210,795)
Fair value adjustments of investment properties	**(97,419)**	(111,381)	**58,486**	(914,585)
Fair value adjustments of financial instruments	**51,830**	(3,494)	**(5,994)**	(34,373)
Gain (loss) on non-controlling interest	**(61,363)**	8,959	**(118,526)**	45,209
Gain (loss) on foreign currency translation	**(24,624)**	2,345	**(26,782)**	4,161
Transaction costs and other activities	**(9,762)**	(3,809)	**(28,532)**	(13,911)
Net income (loss) before income taxes	**(36,194)**	(2,835)	**332,181**	(488,053)
Current income tax expense	**(6,585)**	(3,221)	**(15,713)**	(8,889)
Deferred income tax recovery (expense)	**(6,034)**	15,268	**(23,726)**	85,368
Total current income tax expense and deferred income tax recovery (expense), net	**(12,619)**	12,047	**(39,439)**	76,479
Net income (loss)	**$ (48,813)**	$ 9,212	**$ 292,742**	$ (411,574)
Other comprehensive income (loss), including items that may be reclassified subsequently to net income (loss)				
Gain (loss) on foreign currency translation, net of taxes	**$ (10,614)**	$ 21,265	**$ 21,759**	$ 12,569
Gain (loss) on investments held at fair value through other comprehensive income (loss)	**(25)**	501	**332**	421
Amortization of losses from accumulated other comprehensive loss to interest and other financing costs	**–**	273	**–**	341
Other comprehensive income (loss)	**$ (10,639)**	$ 22,039	**$ 22,091**	$ 13,331
Comprehensive income (loss)	**$ (59,452)**	$ 31,251	**$ 314,833**	$ (398,243)

Other Income

Other income comprises investment income, interest income from VTB mortgages receivable, profit from sale of MHC home inventory, and interest and other income. 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 and sales volume of MHC home inventory.

The table below summarizes other income for the three months and years ended December 31, 2024 and December 31, 2023:

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	**2024**	2023
Investment income[1]	**$ 278**	$ 235	**$ 3,583**	$ 8,862
Interest income from VTB mortgages receivable	**836**	464	**2,228**	1,278
Interest income and other[2]	**368**	275	**1,155**	2,468
Profit from sale of MHC home inventory	**97**	174	**418**	1,036
Total	**$ 1,579**	$ 1,148	**$ 7,384**	$ 13,644

[1] For the three months and year ended December 31, 2024, investment income includes $nil and $2,533, respectively, of semi-annual dividends from Irish Residential Properties REIT plc ("IRES") (for the three months and year ended December 31, 2023 – $nil and $7,628, respectively).

[2] For the three months and year ended December 31, 2023, interest and other income include $nil and $1,500, respectively, of non-refundable deposits that were recorded in net income (loss) on a property disposition that did not close.

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 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).

($ Thousands)	Three Months Ended December 31,				Year Ended December 31,			
	2024	**%[1]**	2023	%[1]	**2024**	**%[1]**	2023	%[1]
Trust Expenses (excluding reorganization costs)	**$ (12,567)**	**4.5**	$ (10,896)	4.0	**$ (51,951)**	**4.7**	$ (51,378)	4.8
Reorganization costs	**(1,489)**	**0.5**	(4,900)	1.8	**(6,673)**	**0.6**	(10,995)	1.0
Total Trust Expenses	**$ (14,056)**	**5.0**	$ (15,796)	5.8	**$ (58,624)**	**5.3**	$ (62,373)	5.8
Operating Revenues	**$ 276,361**		$ 272,195		**$1,112,742**		$ 1,065,317	

[1] As a percentage of total operating revenues.

During the three months and years ended December 31, 2024 and December 31, 2023, reorganization costs were incurred to reflect an internal optimization of the organization structure to align with CAPREIT's current business strategy and operating environment. Trust expenses excluding reorganization costs, increased to $12.6 million and $52.0 million, respectively, for the three months and year ended December 31, 2024, compared to $10.9 million and $51.4 million, respectively, for the three months and year ended December 31, 2023. For the three months and year ended December 31, 2024, the year-over-year increase was primarily attributable to higher legal expenses on real estate, privacy and security law advice, and general corporate matters.

Unit-based Compensation Amortization Expense

Units are issuable pursuant to CAPREIT's unit-based compensation plans, namely the Deferred Unit Plan ("DUP"), the Restricted Unit Rights Plan ("RUR Plan") and the Employee Unit Purchase Plan ("EUPP"). The DUP provides for the issuance of deferred units ("DUs"). The RUR Plan provides for the issuance of restricted unit rights ("RURs") and performance unit rights ("PURs"). The EUPP provides for the issuance of Trust Units. Units of ERES ("ERES units") are issuable pursuant to ERES's unit options plan ("ERES UOP") and ERES's Restricted Unit Rights Plan ("ERES RUR Plan").

The table below summarizes the unit-based amortization expense for the three months and years ended December 31, 2024 and December 31, 2023:

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	**2024**	2023
RURs[1]	**$ (1,874)**	$ (1,197)	**$ (6,563)**	$ (5,964)
DUs	**(358)**	(292)	**(1,305)**	(1,174)
PURs	**(146)**	–	**(146)**	–
EUPP	**(130)**	(126)	**(523)**	(551)
ERES RURs	**(53)**	–	**(185)**	–
ERES unit options[2]	**138**	(24)	**132**	(127)
Unit-based compensation amortization expense	**(2,423)**	(1,639)	**(8,590)**	(7,816)
Unit-based compensation amortization recovery relating to ERES UOP forfeitures upon senior management termination[3]	**–**	–	**2,284**	–
Total unit-based compensation amortization expense, net	**$ (2,423)**	$ (1,639)	**$ (6,306)**	$ (7,816)

(1) Includes $(309) for the three months and year ended December 31, 2024, relating to accelerated vesting of previously granted RURs (three months and year ended December 31, 2023 – $nil and $(679), respectively).

(2) Includes the impact of previously granted unit options forfeited or surrendered during the period. Includes $nil for the three months and year ended December 31, 2024, relating to accelerated vesting of previously granted ERES unit options (three months and year ended December 31, 2023 – $nil and $(86), respectively).

(3) During the three months and year ended December 31, 2024, nil and three million ERES unit options were forfeited, respectively, upon senior management termination totalling $nil and $2,284, respectively (three months and year ended December 31, 2023 – $nil).

Financing-Related Costs

For the three months ended December 31, 2024, interest expense on debt and other financing costs decreased by $1.3 million, compared to the three months ended December 31, 2023, primarily due to discharge of mortgages and reduction in credit facility balances with net proceeds received from dispositions this quarter. For the year ended December 31, 2024, interest expense on debt and other financing costs increased by $8.5 million, compared to the year ended December 31, 2023, primarily due to higher interest rates on mortgage financing and refinancing activities.

Interest expense 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 or discharge within the year, excluding property dispositions. 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 Liquidity and Financial Condition in Section V.

Interest expense on Exchangeable LP Units represents distributions paid and payable on Exchangeable LP Units outstanding. For the three months and year ended December 31, 2024, interest expense on Exchangeable LP Units totalled $0.6 million and $2.4 million, respectively, and increased marginally when compared to the prior year comparative periods, primarily driven by the distribution increase on Exchangeable LP Units that took effect in August 2024.

For the three months ended December 31, 2024, net loss on derecognition of debt totalled $3.3 million of mortgage settlement costs related to dispositions.

For the year ended December 31, 2024, net gain on derecognition of debt totalled $3.0 million and comprises $11.9 million of fair value gain on mortgages assumed by purchaser upon dispositions of four properties, partially offset by $8.9 million of mortgage settlement costs related to dispositions.

Fair Value Adjustments of Investment Properties

CAPREIT recorded a fair value loss on investment properties of $97.4 million for the three months ended December 31, 2024, primarily driven by the cap rate expansion outpacing NOI forecast increases in the Canadian portfolio, partially offset by the European portfolio with improved forecasted cash flows, reflecting the recovering Dutch real estate investment market.

CAPREIT recorded a fair value gain on investment properties of $58.5 million for the year ended December 31, 2024, primarily driven by the Canadian portfolio with higher forecasted NOI and by the European portfolio with improved forecasted cash flows, reflecting the recovering Dutch real estate investment market.

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 foreign exchange rates and the yield curve.

The table below summarizes the fair value adjustments of financial instruments for the three months and years ended December 31, 2024 and December 31, 2023:

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	**2024**	2023
Fair value adjustments of Exchangeable LP units	**$ 20,359**	$ (6,126)	**$ 10,163**	$ (10,293)
Fair value adjustments of investments	**(31)**	26,119	**(22,020)**	1,130
Fair value adjustments of derivative financial instruments	**25,199**	(22,090)	**4,625**	(24,767)
Unit-based compensation remeasurement gain (loss)	**6,303**	(1,397)	**1,238**	(443)
Fair value adjustments of financial instruments	**$ 51,830**	$ (3,494)	**$ (5,994)**	$ (34,373)

Loss on Non-Controlling Interest

For the three months and year ended December 31, 2024, CAPREIT recorded a loss of $61.4 million and $118.5 million, respectively, on ERES units held by non-controlling unitholders. This includes interest expense to ERES non-controlling unitholders of $126.3 million and $137.2 million, respectively, for the three months and year ended December 31, 2024, including $122.6 million interest expense on the ERES Special Distribution. The remaining change relates to the mark-to-market gain of $64.9 million and $18.6 million, respectively, due to fluctuations in ERES's unit redemption price as defined in the ERES DOT for the three months and year ended December 31, 2024.

In connection with the portfolio sales in ERES that closed in 2024, the Board of Trustees of ERES declared a special distribution to the unitholders of ERES of €1.00 per ERES unit, payable in cash. The ERES Special Distribution was payable to unitholders of record at the close of business on December 23, 2024, with payment on December 31, 2024. The ERES Special Distribution did not qualify for ERES's Distribution Reinvestment Plan.

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 currency cash, borrowings and cross-currency interest rate ("CCIR") swap arrangements denominated in either USD or euros. Similarly, ERES has foreign currency cash, borrowings and interest rate ("IR") swap arrangements, as well as certain other transactions, denominated in either USD 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 USD and euro.

For the three months and year ended December 31, 2024, CAPREIT recorded a loss of $24.6 million and $26.8 million on foreign currency translation, respectively, primarily due to CAPREIT's USD borrowings and movements in the USD relative to the Canadian dollar during the periods (for more information, see Section VI – Other Information).

Transaction Costs and Other Activities

The table below summarizes transaction costs and other activities for the three months and years ended December 31, 2024 and December 31, 2023:

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	**2024**	2023
Transaction costs and other adjustments on dispositions, net	**$ (5,079)**	$ (2,780)	**$ (16,175)**	$ (5,330)
Amortization of property, plant and equipment ("PP&E") and right-of-use asset	**(1,660)**	(1,507)	**(6,363)**	(6,206)
Enterprise resource planning ("ERP") implementation costs[1]	**(3,023)**	–	**(5,914)**	–
Fair value gain (loss) on transfer of other assets to investment properties	**–**	1,934	**(80)**	1,934
Other[2]	**–**	(1,456)	**–**	(4,309)
Total	**$ (9,762)**	$ (3,809)	**$ (28,532)**	$ (13,911)

(1) Includes licensing and consulting costs, and salaries and benefits.

(2) Relates to costs associated with the strategic review of ERES.

Transaction costs and other adjustments on dispositions are not necessarily of a recurring nature and may vary year-over-year depending on the nature and volume of disposition activity.

CAPREIT is currently undertaking a multi-year business transformation project in which it is replacing its existing ERP system in order to more efficiently manage operations, including, but not limited to, its leasing, resident services, procurement and accounting functions. This initiative will enable CAPREIT to modernize, simplify, standardize and automate key business processes, leading to a host of benefits that will improve the resident and employee experience in the long-term. This investment will ultimately align CAPREIT's technology platform with its overall business strategy and objectives, and better support and enhance CAPREIT's vision to be the best place to live, work and invest. The new ERP system is expected to launch by 2027.

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

Current income tax expense is 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 and year ended December 31, 2024 increased by $3.4 million and $6.8 million, respectively, primarily driven by the ERES dispositions accounting for $4.7 million and $6.7 million, respectively, for the three months and year ended December 31, 2024.

Deferred income tax recovery (expense) is 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 and year ended December 31, 2024, deferred income tax expense was $6.0 million and $23.7 million, respectively, mainly attributable to the net fair value gains recorded on CAPREIT's European investment properties. For the three months and year ended December 31, 2023, deferred income tax recovery was $15.3 million and $85.4 million, respectively, mainly attributable to the net fair value losses recorded on CAPREIT's European investment properties.

On September 17, 2024, the Dutch government published a proposal to amend the earnings stripping rules that was expected to impact CAPREIT's European portfolio. On December 17, 2024, the Dutch Senate passed an updated amendment to the earnings stripping rules. The updated amendment is not expected to have a material impact on CAPREIT's European portfolio.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) comprises unrealized gain (loss) on foreign currency translation on CAPREIT's foreign subsidiaries, gain (loss) on certain investments and amortization of losses to interest expense and other financing costs. 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 USD.

SECTION IV: INVESTMENT PROPERTIES

Investment Properties

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

CAPREIT appraises some of its Canadian investment properties using valuations prepared by its internal valuation team using generally the same process and methodology as its external appraiser. CAPREIT's objective is to have a portion of its Canadian investment properties appraised externally every year, on a rotational basis. The partial internalization of valuations for the Canadian portfolio builds synergies within the various CAPREIT sub-functions including Investments and Development functions.

External valuations for the Canadian portfolio, where obtained, are performed throughout the year with quarterly updates provided on capitalization rates. Capitalization rates used by the appraisers are based on recently closed transactions for similar properties and other current market indicators for similar properties. CAPREIT obtains external valuations for a cross-section of investment properties that represents different geographical locations across the Canadian portfolio. For internal valuations, the appraisal methodologies used are consistent with the practices employed by the external appraiser. The fair values of all of CAPREIT's European residential portfolio are determined by qualified external appraisers on a quarterly basis. The qualified external appraisers hold recognized relevant professional qualifications and have recent experience in the location and category of the respective 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 year ended December 31, 2024, there was a $1.7 billion decrease in overall carrying value primarily due to transfers to assets held for sale and dispositions, partially offset by acquisitions; property capital investments; fair value gains; and foreign exchange translation and other.

Investment Properties by Geography

	Dec. 31, 2023	Carrying Value Change Due To					Dec. 31, 2024	Dec. 31, 2024	Dec. 31, 2023
($ Millions)	Fair Value	Acquisitions	Transfers to Assets Held for Sale and Dispositions[1]	Property Capital Investments[2]	Fair Value Adjustments	Foreign Exchange Translation and Other	Fair Value	Cap Rates[3]	Cap Rates[3]
Greater Toronto Area	$ 5,887	$ 50	$ (267)	$ 94	$ (188)	$ –	$ 5,576	4.35%	4.09%
Other Ontario	1,378	231	–	27	4	–	1,640	4.59%	4.43%
Québec	2,408	106	(149)	40	20	–	2,425	4.56%	4.40%
British Columbia	2,259	174	(84)	23	50	–	2,422	4.18%	4.08%
Nova Scotia	883	30	(2)	17	49	–	977	4.69%	4.68%
Alberta	449	74	–	9	33	–	565	5.10%	5.03%
Prince Edward Island	75	–	(8)	–	3	–	70	5.36%	5.42%
Saskatchewan	33	–	–	–	5	–	38	5.95%	5.78%
Subtotal	$ 13,372	$ 665	$ (510)	$ 210	$ (24)	$ –	$ 13,713	4.45%	4.26%
MHC	701	–	(707)	9	(3)	–	–	N/A	6.05%
Europe	2,459	–	(1,472)	18	93	57	1,155	4.45%	4.45%
Total	$ 16,532	$ 665	$ (2,689)	$ 237	$ 66	$ 57	$ 14,868	4.45%	4.37%

(1) Includes $2,408.5 million transferred to assets held for sale and $281.7 million of dispositions, partially offset by $0.9 million transferred from other assets during the year ended December 31, 2024.

(2) Represents property capital investments and capitalized direct leasing costs during the year ended December 31, 2024.

(3) Weighted average capitalization rates excluding investment properties acquired during the fourth quarter and implied capitalization rates on operating and land leasehold interests. See note 4 to the accompanying consolidated annual financial statements for further valuation assumption details, including discount rates as at December 31, 2024 for operating and land leasehold interests. Capitalization rates for Europe represent the implied capitalization rates for these properties.

Current regulatory and macroeconomic developments 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 of Investment Properties

The table below summarizes the investment property acquisitions since January 1, 2024, which have contributed to the operating results as from their acquisition dates.

Year Ended December 31, 2024

($ Thousands) Acquisition Date	Suite Count	Region	Fair Value of Investment Property	Fair Value Adjustment on Mortgages Payable Assumed	Gross Purchase Price[1]	Fair Value of Mortgages Payable Assumed[2]
March 18, 2024	291	London, ON	$ 126,195	$ 3,805	$ 130,000	$ 77,069
June 14, 2024	68	Halifax, NS	29,420	–	29,420	14,285
June 24, 2024	178	Edmonton, AB	74,262	5,071	79,333	63,562
July 8, 2024	54	Ottawa, ON	20,893	107	21,000	15,752
July 29, 2024	144	Ottawa, ON	77,946	554	78,500	9,852
July 29, 2024	173	Vancouver, BC	131,316	5,684	137,000	58,446
July 31, 2024	64	Vancouver, BC	42,218	–	42,218	–
November 26, 2024[3]	253	Montréal, QC	101,571	2,704	104,275	60,878
November 29, 2024	61	Toronto, ON	47,597	403	48,000	29,298
Total	**1,286**		**$ 651,418**	**$ 18,328**	**$ 669,746**	**$ 329,142**
Transaction costs			**$ 13,601**			
Total acquisition costs			**$ 665,019**			

(1) Gross purchase price excludes transaction costs and other adjustments.

(2) Relates to mortgages payable with principal amounts totalling $347,470 assumed by CAPREIT upon acquisition. The amounts shown are net of $18,328 of fair value adjustment on the mortgages payable assumed. The weighted average stated interest rate on the mortgages payable assumed is 3.1% with a weighted average term to maturity of 5.1 years.

(3) Includes two properties.

There were no acquisitions completed in the Netherlands during the year ended December 31, 2024.

The table below summarizes the acquisition of investment properties completed subsequent to December 31, 2024:

($ Thousands) Acquisition Date	Suite Count	Region	Gross Purchase Price[1]
January 28, 2025	41	Vancouver, BC	$ 18,226
February 4, 2025	240	Edmonton, AB	79,400
Total	**281**		**$ 97,626**

(1) Gross purchase price excludes transaction costs and other adjustments.

Dispositions of Investment Properties

The table below summarizes the dispositions of investment properties (including investment properties previously classified as assets held for sale) completed since January 1, 2024.

Year Ended December 31, 2024

($ Thousands) Disposition Date	Suite Count	Region	Fair Value of Investment Properties	Fair Value Adjustments on VTB Mortgages Receivable and Mortgages Payable Assumed by Purchasers	Gross Sale Price[1]	Fair Value of VTB Mortgages Receivable and Mortgages Payable Assumed by Purchasers[2]
January 15, 2024[3]	32	Victoria, BC	$ 12,289	$ –	$ 12,289	$ –
March 6, 2024[3]	240	Québec City, QC	33,206	3,069	36,275	18,349
March 27, 2024	54	Langley, BC	18,535	–	18,535	–
March 27, 2024	54	Langley, BC	16,465	–	16,465	–
Q1 2024[4]	24	The Netherlands	11,109	–	11,109	–
May 15, 2024[3]	79	Burnaby, BC	32,715	285	33,000	7,646
June 18, 2024	66	The Netherlands	20,848	–	20,848	–
June 24, 2024	44	Maple Ridge, BC	17,300	1,200	18,500	8,500
Q2 2024[4]	53	The Netherlands	20,911	–	20,911	–
July 15, 2024[3][5]	464	The Netherlands	149,957	–	149,957	–
July 15, 2024[6]	–	The Netherlands	1,638	–	1,638	–
August 1, 2024[3]	138	Toronto, ON	37,750	–	37,750	–
August 8, 2024[7]	–	Halifax, NS	1,950	–	1,950	–
August 16, 2024[3]	214	Québec City, QC	35,650	–	35,650	–
September 4, 2024	42	Cornwall, PEI	8,010	–	8,010	–
September 11, 2024	370	Toronto, ON	122,751	10,249	133,000	90,944
September 13, 2024[8]	–	Germany	13,046	–	13,046	–
Q3 2024[4]	3	The Netherlands	1,388	–	1,388	–
October 3, 2024[3]	110	Newmarket, ON	33,450	–	33,450	–
December 2, 2024[3][9]	232	The Netherlands	64,484	–	64,484	–
December 13, 2024	25	The Netherlands	6,669	–	6,669	–
December 16, 2024[3][10]	2,947	The Netherlands	1,055,964	–	1,055,964	–
December 16, 2024[3][11]	11,605	Various	681,202	28,385	709,587	111,615
December 30, 2024	63	The Netherlands	21,127	–	21,127	–
Total	**16,859**		**$ 2,418,414**	**$ 43,188**	**$ 2,461,602**	**$ 237,054**

(1) The gross sale price is the amount stated in the purchase and sale agreement and comprises the fair value of investment properties being disposed of and, as applicable, the fair value adjustment of mortgages payable assumed by the purchaser and VTB mortgages receivable issued by CAPREIT to the purchaser. The gross sale price excludes working capital adjustments, other assets sold and transaction costs.

(2) Relates to mortgages payable with principal amounts totalling $119,242 assumed by the purchaser upon disposition. The amounts shown are net of $11,877 of fair value adjustment on the mortgages payable assumed by the purchaser. The weighted average stated interest rate on the mortgages payable assumed by the purchaser was 2.26%. With respect to the September 11, 2024 disposition, CAPREIT issued a $21,000 VTB mortgage receivable to the purchaser in addition to the mortgage payable assumed by the purchaser with a principal amount of $80,193. The $90,944 amount shown is net of $2,926 of fair value adjustment on the VTB mortgage receivable and a fair value adjustment of $7,323 on the mortgage payable assumed by the purchaser. With respect to the December 16, 2024 disposition, CAPREIT issued a $140,000 VTB mortgage receivable to the purchaser. The $111,615 amount shown is net of $28,385 of fair value adjustment on the VTB mortgage receivable. For more information about the VTB mortgage receivable, refer to note 8 to the accompanying consolidated annual financial statements.

(3) Previously included in assets held for sale.

(4) Represents dispositions of multiple single residential suites in several properties.

(5) Represents disposition of 19 residential properties.

(6) Represents disposition of an office building that was part of a residential property.

(7) Represents disposition of land adjacent to an existing residential building owned by CAPREIT.

(8) Represents disposition of a commercial building.

(9) Represents disposition of seven residential properties.

(10) Represents disposition of 86 residential properties.

(11) The gross sale price of $715,000 was allocated between investment properties, MHC home inventory, and property, plant and equipment ("PP&E"). The fair value of investment properties and gross sale price shown excludes $5,078 allocated to MHC home inventory and $335 allocated to PP&E.

The table below summarizes the disposition of investment properties completed subsequent to December 31, 2024:

($ Thousands) Disposition Date	Suite Count	Region		Gross Sale Price[1]
January 20, 2025	138	Charlottetown, PEI	$	23,000
January 22, 2025	242	Brampton, ON		73,811
January 27, 2025	20	The Netherlands		7,764
January 31, 2025[2]	176	Medicine Hat, AB		12,500
February 10, 2025	717	Montréal, Quebec		103,750
February 12, 2025[3]	259	The Netherlands		75,487
Total	**1,552**		**$**	**296,312**

(1) Gross sale price excludes transaction costs and other adjustments.

(2) Relates to one of the two remaining MHC properties which were classified as assets held for sale as at December 31, 2024.

(3) Represents disposition of seven residential properties.

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 $922 to $1,532 per suite and site annually over the past five years and are expensed to NOI. The recent increase in regular R&M costs per residential suite is due to general inflationary pressures, as well as higher maintenance costs that correspond with a reduction in suite and common area capital improvements, reflecting CAPREIT's strategic reallocation of capital in response to the tight rental market in Canada.

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, resiliency and water efficiency 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 actively manage all 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, resiliency and water efficiency 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 (including assets held for sale, but excluding development costs) is summarized by category in the tables below for the years ended December 31, 2024 and December 31, 2023.

Year Ended December 31, 2024 ($ Thousands)		Canadian Portfolio Actual		The Netherlands Portfolio Actual		Total Portfolio Total Actual	% of Actual
Non-discretionary property capital investments:							
Building improvements	$	**54,813**	$	**3,455**	$	**58,268**	**25.4**
MHC infrastructural		**5,909**		**–**		**5,909**	**2.6**
Life and safety		**3,705**		**999**		**4,704**	**2.0**
	$	**64,427**	$	**4,454**	$	**68,881**	**30.0**
Discretionary property capital investments:							
Suite improvements	$	**69,935**	$	**7,784**	$	**77,719**	**33.8**
Common area		**38,921**		**1,367**		**40,288**	**17.5**
Energy-saving, resiliency and water efficiency initiatives		**14,983**		**1,872**		**16,855**	**7.3**
Equipment		**11,570**		**274**		**11,844**	**5.2**
Elevators and risers		**9,474**		**187**		**9,661**	**4.2**
MHC improvements		**2,891**		**–**		**2,891**	**1.3**
Other		**1,562**		**21**		**1,583**	**0.7**
	$	**149,336**	$	**11,505**	$	**160,841**	**70.0**
Total[1]	$	**213,763**	$	**15,959**	$	**229,722**	**100.0**

[1] Includes assets held for sale, but excludes development costs of $12,154 for the year ended December 31, 2024.

Year Ended December 31, 2023 ($ Thousands)		Canadian Portfolio Actual		The Netherlands Portfolio Actual		Total Portfolio Total Actual	% of Actual
Non-discretionary property capital investments:							
Building improvements	$	53,921	$	2,527	$	56,448	20.4
MHC infrastructural		6,453		–		6,453	2.3
Life and safety		2,369		574		2,943	1.1
	$	62,743	$	3,101	$	65,844	23.8
Discretionary property capital investments:							
Suite improvements	$	80,580	$	18,835	$	99,415	36.0
Common area		47,607		2,077		49,684	18.0
Energy-saving, resiliency and water efficiency initiatives		30,685		3,440		34,125	12.3
Equipment		12,687		94		12,781	4.6
Elevators and risers		8,824		1,077		9,901	3.6
MHC improvements		3,526		–		3,526	1.3
Other		1,116		85		1,201	0.4
	$	185,025	$	25,608	$	210,633	76.2
Total[1]	$	247,768	$	28,709	$	276,477	100.0

[1] Includes assets held for sale, but excludes development costs of $8,740 for the year ended December 31, 2023.

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.

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, retained earnings are utilized and equity issuances, mortgage financings and refinancings, including "top-ups", and the GHG Reduction Facility 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 December 31, 2024, CAPREIT is in compliance with all the investment and debt restrictions and financial covenants contained in the DOT, Credit Facilities and mortgage financing agreements. 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	**December 31, 2024**	December 31, 2023
Unitholders' equity	**$ 9,027,312**	$ 9,278,595
Exchangeable LP Units	**70,220**	80,383
Mortgages payable – non-current	**5,343,549**	6,002,617
Mortgages payable – current	**644,320**	651,371
Mortgages payable related to assets held for sale	**–**	23,706
Credit facilities payable	**4,145**	405,133
Total capital	**$ 15,089,546**	$ 16,441,805

As at	Threshold	**December 31, 2024**	December 31, 2023
Total debt to gross book value[1]	Maximum 62.50%	**38.4%**	41.6%
Mortgage debt to gross book value[1]		**38.3%**	39.2%

(1) 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.

For the 12 Months Ended		**December 31, 2024**	December 31, 2023
Debt service coverage ratio (times)[1][2]	Minimum 1.40	**1.9x**	1.8x
Interest coverage ratio (times)[1][2]	Minimum 1.65	**3.3x**	3.3x
FFO payout ratio[1]	Maximum 100%	**57.9%**	60.5%

(1) 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.

(2) 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 business needs. CAPREIT finances these commitments through: (i) cash and cash equivalents on hand; (ii) the Acquisition and Operating Facility; (iii) the GHG Reduction Facility; (iv) mortgage debt secured by its investment properties; and (v) 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 Canadian borrowing capacity as at December 31, 2024 remains strong with $500.3 million available on its Acquisition and Operating Facility, in addition to an accordion option to increase the credit facility limit of up to $200 million, and $65.0 million available on its GHG Reduction Facility.

iii) CAPREIT's cash and cash equivalents as at December 31, 2024 totalled $136.2 million, consisting of $122.9 million in Canada and $13.3 million in Europe.

As at December 31, 2024, CAPREIT had approximately $1.2 billion of investment properties (excluding assets held for sale, as applicable) that are unencumbered by mortgages. Of these investment properties, approximately $601.3 million are Canadian investment properties which secure the Acquisition and Operating Facility. Certain CAPREIT Canadian investment properties carry a negative pledge against the ERES Credit Facility, with a carrying value totalling $281.9 million.

The working capital deficiency, as presented on CAPREIT's consolidated balance sheets as at December 31, 2024, and defined as current assets less current liabilities, is funded through the Credit Facilities and refinancing of mortgages as they mature. Management conducts 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.

CAPREIT's credit facilities consist of the $600 million Acquisition and Operating Facility, which can be borrowed in USD, euros or Canadian dollars, the $70 million GHG Reduction Facility as well as the €125 million ERES Credit Facility.

Acquisition and Operating Facility

The table below summarizes the key terms of the Acquisition and Operating Facility:

($ Thousands) As at	**December 31, 2024**	December 31, 2023
Maximum borrowing capacity	**$ 600,000**	$ 600,000
Accordion option	**$ 200,000**	$ 200,000
Interest rate:		
Canadian dollar borrowings[(1)]	**CORRA + 1.65%**	CDOR + 1.35%
USD borrowings[(2)]	**Term SOFR + 1.45%**	Term SOFR + 1.45%
Euro borrowings[(3)]	**EURIBOR + 1.35%**	EURIBOR + 1.35%
Maturity date	**December 19, 2025**	December 19, 2025

(1) On April 11, 2024, the interest rate on Canadian dollar borrowings changed from Canadian dollar offered rate ("CDOR") with the Canadian overnight repo rate average ("CORRA") as the benchmark interest rate for Canadian dollar borrowings of one month or longer, which does not have a material impact on the effective interest rate on Canadian dollar borrowings.

(2) SOFR stands for Secured Overnight Financing Rate.

(3) EURIBOR stands for Euro Interbank Offered Rate.

GHG Reduction Facility

On March 26, 2024, CAPREIT entered into a credit agreement pursuant to which the lender will make available a $70 million GHG Reduction Facility for purposes of financing a portion of the costs related to the design, construction, implementation and commissioning of proposed sustainable energy efficiency projects to reduce GHG emissions on certain of CAPREIT's properties. The GHG Reduction Facility has a maturity date of the earlier of 20 years after the completion of the financed projects and 25 years after the date of the agreement. The availability period is the period during which CAPREIT is allowed to make quarterly borrowings from the facility, which is until March 26, 2029, and during which CAPREIT is not required to make principal payments. The interest rate during the availability period will be 3.00% and it will be between 2.47% and 4.47% for 20 years after the availability period depending on the percentage reduction of GHG emissions achieved. Any unpaid amounts need to be repaid by the maturity date of the facility.

ERES Credit Facility

The table below summarizes the key terms of the ERES Credit Facility:

(€ Thousands) As at	**December 31, 2024**	December 31, 2023
Maximum borrowing capacity[1]	**€ 125,000**	€ 125,000
Accordion option[1]	**€ 25,000**	€ 25,000
Interest rate:		
Canadian dollar borrowings[2]	**CORRA + 1.65%**	CDOR + 1.35%
USD borrowings[3]	**Term SOFR + 1.45%**	Term SOFR + 1.45%
Euro borrowings	**EURIBOR + 1.35%**	EURIBOR + 1.35%
Maturity date[4]	**June 14, 2027**	January 26, 2026

(1) On January 24, 2023, the borrowing base was increased from €100,000 to €125,000 and an accordion option was added to increase the limit by a further €25,000 upon satisfaction of conditions set out in the agreement and the consent of applicable lenders.

(2) On June 19, 2024, the interest rate on Canadian dollar borrowings changed from CDOR with CORRA as the benchmark interest rate for Canadian dollar borrowings of one month or longer, which does not have a material impact on the effective interest rate on Canadian dollar borrowings.

(3) On January 24, 2023, the interest rate on US dollar borrowings changed from USD London Interbank Offered Rate to Term SOFR.

(4) On June 19, 2024, the maturity date of ERES Credit Facility was amended from January 26, 2026 to June 14, 2027.

The tables below summarize the amounts available and drawn under the respective Credit Facilities as at December 31, 2024 and December 31, 2023:

($ Thousands) As at December 31, 2024	**Acquisition and Operating Facility**	**GHG Reduction Facility**	**ERES Credit Facility**	**Total**
Maximum borrowing capacity	**$ 600,000**	**$ 70,000**	**$ 186,610**	**$ 856,610**
Canadian dollar borrowings	**$ –**	**$ (5,019)**	**$ –**	**$ (5,019)**
USD borrowings	**(95,280)**[1]	**N/A**	**–**	**(95,280)**
Euro borrowings	**–**	**N/A**	**–**	**–**
Less: Total borrowings	**$ (95,280)**	**$ (5,019)**	**$ –**	**$ (100,299)**
Less: Letters of credit	**(4,428)**	**N/A**	**–**	**(4,428)**
Available borrowing capacity	**$ 500,292**	**$ 64,981**	**$ 186,610**	**$ 751,883**
Weighted average interest rate including interest rate swaps	**4.58%**[2]	**3.00%**	**N/A**	**4.50%**

(1) As at December 31, 2024, CAPREIT has USD borrowings totalling US$66,294 that bear interest at the Term SOFR plus a margin of 1.45%, excluding the impact of CCIR swaps. Pursuant to the terms of the Acquisition and Operating Facility, the USD borrowings were netted against cash and cash equivalents on the consolidated balance sheets.

(2) As at December 31, 2024, excluding the impact of CCIR swaps, the weighted average interest rate on the Acquisition and Operating Facility is 4.94%. For details on the swaps, refer to note 10 to the accompanying consolidated annual financial statements.

($ Thousands) As at December 31, 2023	Acquisition and Operating Facility	ERES Credit Facility	Total
Maximum borrowing capacity	$ 600,000	$ 182,828	$ 782,828
USD borrowings	$ (255,509)[1]	$ –	$ (255,509)
Euro borrowings	–	(150,651)[3]	(150,651)
Less: Total borrowings	$ (255,509)	$ (150,651)	$ (406,160)
Less: Letters of credit	(4,432)	–	(4,432)
Available borrowing capacity	$ 340,059	$ 32,177	$ 372,236
Weighted average interest rate including interest rate swaps	6.48%[2]	5.23%	6.01%

(1) As at December 31, 2023, CAPREIT has USD borrowings totalling US$192,812 that bear interest at the Term SOFR plus a margin of 1.45%, excluding the impact of CCIR swaps.

(2) As at December 31, 2023, excluding the impact of CCIR swaps, the weighted average interest rate on the Acquisition and Operating Facility is 6.75%. For details on the swaps, refer to note 10 to the accompanying consolidated annual financial statements.

(3) As at December 31, 2023, ERES has euro borrowings totalling €103,000 that bear interest at the EURIBOR plus a margin of 1.35%.

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 December 31, 2024 and December 31, 2023:

As at	**December 31, 2024**	December 31, 2023
Percentage of CMHC-insured mortgages(1)	**97.7%**	98.5%
Percentage of fixed-rate mortgages(2)	**99.3%**	99.2%
Weighted average mortgage effective interest rate(3)	**3.11%**	2.80%
Weighted average mortgage term to maturity (years)(4)	**4.8**	4.9

(1) Excludes mortgages on MHC sites and European financings.

(2) Taking into consideration interest rate swaps where hedge accounting is not being applied, 99.8% of mortgages are subject to fixed rates.

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

(4) The mortgages on the Canadian and European properties have a weighted average term to maturity of 5.0 years and 2.5 years, respectively, as at December 31, 2024 (December 31, 2023 – 5.4 years and 2.9 years, respectively).

CAPREIT is in compliance with all of its CMHC and lender requirements for the years ended December 31, 2024 and December 31, 2023.

The following table presents financings, weighted average interest rates obtained and mortgage top-ups closed in 2024. This table excludes mortgages assumed by CAPREIT upon acquisition of investment properties and mortgages assumed by the purchaser upon disposition of investment properties.

($ Thousands)	**Original Mortgage Amount**	**Weighted Average Original Stated Interest Rate(1)**	**New Mortgage Amount(2)**	**Weighted Average New Interest Rate(3)**	**Weighted Average Term on New Mortgages (Years)**	**Net Top-Up Financing (Repayment) Amount(4)**
The Canadian Portfolio						
First Quarter	**$ 38,110**	**3.12%**	**$ 26,262**	**4.43%**	**10.0**	**$ (11,848)**
Second Quarter	**99,948**	**3.40%**	**122,405**	**4.74%**	**7.8**	**22,457**
Third Quarter	**283,063**	**2.40%**	**161,848**	**4.06%**	**9.3**	**(121,215)**
Fourth Quarter	**35,819**	**3.03%**	**70,336**	**3.67%**	**5.0**	**34,517**
Acquisitions	**–**	**–**	**110,465**	**4.30%**	**7.5**	**110,465**
Total and Weighted Average	**$ 456,940**	**2.73%**	**$ 491,316**	**4.25%**	**8.0**	**$ 34,376**
The ERES Portfolio						
Refinancings(5)	**850,580**	**2.23%**	**48,613**	**5.20%**	**2.1**	**(801,967)**
Total and Weighted Average	**$ 850,580**	**2.23%**	**$ 48,613**	**5.20%**	**2.1**	**$ (801,967)**
Grand Total and Weighted Average	**$ 1,307,520**	**2.41%**	**$ 539,929**	**4.33%**	**7.4**	**$ (767,591)**

(1) Excludes one-to-six-month short-term extension rates.

(2) Excludes mortgage rate buy down cost of $5,697.

(3) Excludes prepaid CMHC premiums, deferred financing costs and the impact of hedging.

(4) Includes $231,880 of Canadian mortgages and $801,967 of European mortgages discharged but not refinanced, of which $43,770 Canadian mortgage discharges and $711,712 European mortgage discharges are related to property dispositions. This includes $2,930 repaid on disposition of a property which was previously classified as a liability related to assets held for sale.

(5) Includes a renewal of mortgage for a one-year period with a variable rate at 3-month EURIBOR plus a margin of 2.00%.

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 and year ended December 31, 2024, CMHC amortization expense including net write-offs of CMHC premiums on refinancing or discharge of mortgages amounted to $1.6 million and $10.1 million, respectively, 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)	**Q4 24**	**Q3 24**	**Q2 24**	**Q1 24**	Q4 23	Q3 23	Q2 23	Q1 23
Amortization of CMHC premiums and fees	**$ (1,576)**	$ (1,646)	$ (3,459)	$ (3,399)	$ (1,919)	$ (2,657)	$ (3,643)	$ (4,056)

CMHC amortization expense, including write-offs except those relating to dispositions, for 2025 is expected to be in the range of $6 million to $6.5 million, as the need for mortgage top-up lessens. This allows CAPREIT to maximize the use of CMHC certificates of insurance through more mortgage renewals.

The breakdown of CAPREIT's Canadian dollar-denominated future principal repayments, including mortgage maturities, and effective weighted average interest rates as at December 31, 2024 is as follows:

As at December 31, 2024 ($ Thousands) **Period**	**Principal Amortization**	**Mortgage Maturities**	**Mortgage Balance**	**% of Total Mortgage Balance**	**Interest Rate (%)**[1]
2025	**$ 146,664**	**$ 461,933**	**$ 608,597**	**10.8**	**2.74**
2026	**126,641**	**604,614**	**731,255**	**13.0**	**2.98**
2027	**103,176**	**573,487**	**676,663**	**12.0**	**3.30**
2028	**90,803**	**643,300**	**734,103**	**13.1**	**3.47**
2029	**69,809**	**516,953**	**586,762**	**10.4**	**3.26**
2030 – 2036	**169,128**	**2,119,331**	**2,288,459**	**40.7**	**3.22**
	$ 706,221	**$ 4,919,618**	**$ 5,625,839**	**100.0%**	**3.20%**
Less: Prepaid CMHC premiums			**$ (110,268)**		
Less: Deferred financing costs			**(21,525)**		
Less: Fair value adjustments			**(19,748)**		
Total			**$ 5,474,298**		
Weighted average term to maturity (years)			**5.0**		

(1) 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's euro denominated future mortgage maturities, and effective weighted average interest rates as at December 31, 2024 is as follows:

As at December 31, 2024 ($ Thousands) Period	Mortgage Balance ($)	Mortgage Balance (€)[1]	% of Total Mortgage Balance	Interest Rate (%)[2]
2025	**50,477**	**33,812**	**9.8**	**2.41**
2026	**49,908**	**33,431**	**9.7**	**1.38**
2027	**257,080**	**172,257**	**49.9**	**1.79**
2028	**157,756**	**105,672**	**30.6**	**3.29**
	$ 515,221	**€ 345,172**	**100.0%**	**2.27%**
Deferred financing costs	**$ (1,650)**			
Total	**$ 513,571**			
Weighted average term to maturity (years)	**2.5**			

[1] Included in mortgages payable are non-amortizing mortgages from ERES.

[2] Effective weighted average interest rates for maturing mortgages only. It includes the amortization of deferred financing costs.

Derivative Financial Instruments in Canada

($ Thousands) As at	**December 31, 2024**	December 31, 2023
CCIR swaps[1]	**$ 516,496**	$ 927,149
Weighted average interest rate on swaps – paying leg	**2.04%**	2.76%
Weighted average interest rate on swaps – receiving leg	**3.18%**	3.56%
Weighted average remaining term to maturity on swaps (years)	**0.5**	0.8

[1] As at December 31, 2024, euro equivalent of €278,818 (December 31, 2023 – €442,358), USD equivalent of US$66,294 (December 31, 2023 – US$192,812) and excludes ERES CCIR swaps, where applicable.

Unitholders' Equity, Exchangeable LP Units 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. For the purposes of the table below, Exchangeable LP Units and units issued in connection with unit-based incentive plans are treated as equity as they have claims similar or identical to those of the Trust Units.

Units outstanding (excluding ERES) as at December 31, 2024 and December 31, 2023 are as follows:

(Thousands of units) As at	**December 31, 2024**	December 31, 2023
Trust Units	**160,546**	167,614
Exchangeable LP Units	**1,647**	1,647
DUs	**154**	134
RURs	**550**	473
PURs	**30**	–
Total number of units outstanding – diluted	**162,927**	169,868
Ownership by trustees, officers and other senior management	**0.5%**	0.5%

Normal Course Issuer Bid

In March 2024, 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, 2024. Pursuant to the notice, CAPREIT may purchase up to 16,724,759 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 25, 2024 and ending March 24, 2025. Under the NCIB, other than purchases made under the block purchase exemption, CAPREIT may purchase up to 89,460 Trust Units on the TSX during any trading day, which represent approximately 25% of 357,842 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.

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 represent 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.

The tables below summarize the NCIB activity for the years ended December 31, 2024 and December 31, 2023, based on the settlement date of purchases.

For the Year Ended December 31, 2024	**Weighted Average Purchase Price per Trust Unit**	**Total Cost of Trust Units Purchased and Cancelled ($ Thousands)**	**Number of Trust Units Purchased and Cancelled**	**2024-2025 NCIB Remaining Limit**
Beginning Limit				**16,724,759**
First Quarter 2024[(1)(2)]	**$ 48.19**	**$ 27,081**	**562,017**	**16,724,759**
Second Quarter 2024	**–**	**–**	**–**	**16,724,759**
Third Quarter 2024	**–**	**–**	**–**	**16,724,759**
Fourth Quarter 2024[(2)]	**44.37**	**300,068**	**6,762,762**	**9,961,997**
Total	**$ 44.66**	**$ 327,149**	**7,324,779**	**9,961,997**

(1) 562,017 Trust Units were purchased and cancelled under the 2023-2024 NCIB.

(2) The total cost presented and the weighted average purchase price per Trust Unit include commissions, but exclude an aggregate amount of $6,589 relating to the 2% tax on Trust Units repurchased, which became effective on January 1, 2024, as well as other NCIB transaction costs.

For the Year Ended December 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	2023-2024 NCIB Remaining Limit[(1)]
Beginning Limit				16,901,348
First Quarter 2023[(1)]	$ 46.43	$ 91,502	1,970,904	16,527,597
Second Quarter 2023	47.59	9,405	197,617	16,329,980
Third Quarter 2023	–	–	–	16,329,980
Fourth Quarter 2023	–	–	–	16,329,980
Total	$ 46.53	$ 100,907	2,168,521	16,329,980

(1) 1,597,153 Trust Units were purchased and cancelled under the 2022-2023 NCIB and 373,751 Trust Units were purchased and cancelled under the 2023-2024 NCIB.

Unitholder Taxation

Portions of the distributions received by taxable Canadian Unitholders are characterized as other income, capital gain income, or return of capital. While return of capital is not immediately taxable, it reduces the tax cost of Trust Units, and thus will increase future gain for Unitholders on the sale of the Trust Units. The deferral rate is the portion of distributions treated as return of capital.

On December 16, 2024, CAPREIT declared a special non-cash distribution of $1.18 per Trust Unit (December 15, 2023 – $0.49 per Trust Unit), payable in Trust Units on December 31, 2024 (December 29, 2023) to Unitholders of record on December 31, 2024 (December 29, 2023). The CAPREIT Special Distribution was made to distribute to Unitholders a portion of the net capital gain realized by CAPREIT from transactions completed during the year ended December 31, 2024 (year ended December 31, 2023). Immediately following the issuance of these Trust Units, the Trust Units were consolidated such that each Unitholder held the same number of Trust Units after the consolidation of the Trust Units as each Unitholder held prior to the Special Distribution. Refer to Section VI – Unit Calculations and Distributions for further information.

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:

Outstanding Number of Units

(Thousands)

As at	**December 31, 2024**	**%[1]**	December 31, 2023	%[1]
Trust Units	**160,546**	**98.6**	167,614	98.6
Exchangeable LP Units[2]	**1,647**	**1.0**	1,647	1.0
DUs[3]	**154**	**0.1**	134	0.1
Basic number of units	**162,347**	**99.7**	169,395	99.7
Plus:				
RURs[3]	**550**	**0.3**	473	0.3
PURs	**30**	**0.0**	–	–
Diluted number of units	**162,927**	**100.0**	169,868	100.0

(1) Represents percentage of total diluted units.

(2) See note 18 to the accompanying consolidated annual financial statements for details on Exchangeable LP Units.

(3) See notes 14 and 19 to the accompanying consolidated annual financial statements for details of CAPREIT's unit-based compensation plans.

Weighted Average Number of Units

(Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	**2024**	2023
Trust Units	**165,326**	167,579	**166,782**	167,856
Exchangeable LP Units[1]	**1,647**	1,647	**1,647**	1,649
DUs[2]	**147**	128	**143**	121
Basic number of units	**167,120**	169,354	**168,572**	169,626
Plus:				
RURs[2]	**592**	474	**580**	491
PURs	**30**	–	**8**	–
Diluted number of units	**167,742**	169,828	**169,160**	170,117

(1) See note 18 to the accompanying consolidated annual financial statements for details on Exchangeable LP Units.

(2) See notes 14 and 19 to the accompanying consolidated annual financial statements for details of CAPREIT's unit-based compensation plans.

DRIP and Net Distributions Paid

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	**2024**	2023
Distributions declared on Trust Units	**$ 61,494**	$ 60,857	**$ 244,665**	$ 243,282
Distributions declared on Exchangeable LP Units	**618**	597	**2,429**	2,382
Distributions declared on awards outstanding under unit-based compensation plans[1]	**276**	218	**1,052**	870
Total distributions declared	**$ 62,388**	$ 61,672	**$ 248,146**	$ 246,534
Less:				
Distributions declared on Trust Units reinvested	**$ (1,161)**	$ (2,890)	**$ (4,808)**	$ (9,241)
Distributions declared on unit awards reinvested[1]	**(276)**	(218)	**(1,052)**	(870)
Net distributions paid in cash[2]	**$ 60,951**	$ 58,564	**$ 242,286**	$ 236,423
Percentage of distributions reinvested	**2.3%**	5.0%	**2.4%**	4.1%

(1) Comprises non-cash distributions related to the DUP and the RUR Plan (see notes 14 and 19 to CAPREIT's accompanying consolidated annual financial statements for a discussion of these plans).

(2) Based on distributions declared during the respective periods.

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 the DRIP.

Special Non-Cash Distribution in Trust Units and Consolidation of Trust Units

On December 16, 2024, CAPREIT declared a special non-cash distribution of $1.18 per Trust Unit (December 15, 2023 – $0.49 per Trust Unit), payable in Trust Units on December 31, 2024 (December 29, 2023) to Unitholders of record on December 31, 2024 (December 29, 2023). The CAPREIT Special Distribution was made to distribute to Unitholders a portion of the net capital gain realized by CAPREIT from transactions completed during the year ended December 31, 2024 (year ended December 31, 2023).

On December 31, 2024, 4,443,917 Trust Units (December 29, 2023 – 1,683,012 Trust Units) were issued at a price of $42.63 per Trust Unit (December 29, 2023 – $48.80 per Trust Unit), for an aggregate value of $189.4 million (December 31, 2023 – $82.1 million). Immediately following the issuance of these Trust Units, the Trust Units were consolidated such that each Unitholder held the same number of Trust Units after the consolidation of the Trust Units as each Unitholder held prior to the Special Distribution. The table in the DRIP and Net Distributions Paid section above excludes the Special Distribution.

Adjusted Cash Generated from Operating Activities and Net Income (Loss) 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 used in financing activities for the three months and years ended December 31, 2024 and December 31, 2023:

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	**2024**	2023
Cash provided by operating activities	**$ 181,555**	$ 172,175	**$ 648,845**	$ 615,919
Adjustments:				
Interest paid on mortgages and credit facilities	**(49,726)**	(47,812)	**(197,773)**	(184,198)
Adjusted Cash Generated from Operating Activities	**$ 131,829**	$ 124,363	**$ 451,072**	$ 431,721

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 and years ended December 31, 2024 and December 31, 2023:

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	**2024**	2023
Adjusted Cash Generated from Operating Activities	**$ 131,829**	$ 124,363	**$ 451,072**	$ 431,721
Total distributions declared	**62,388**	61,672	**248,146**	246,534
Excess of Adjusted Cash Generated from Operating Activities over total distributions declared	**$ 69,441**	$ 62,691	**$ 202,926**	$ 185,187

For the three months and year ended December 31, 2024, CAPREIT's Adjusted Cash Generated from Operating Activities exceeded distributions declared by $69.4 million and $202.9 million, respectively (for the three months and year ended December 31, 2023 – $62.7 million and $185.2 million, respectively). 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, that 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 income (loss) and total distributions declared, in accordance with the guidelines, for the three months and years ended December 31, 2024 and December 31, 2023:

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	**2024**	2023
Net income (loss)	**$ (48,813)**	$ 9,212	**$ 292,742**	$ (411,574)
Total distributions declared	**62,388**	61,672	**248,146**	246,534
Excess (shortfall) of net income (loss) over total distributions declared	**$ (111,201)**	$ (52,460)	**$ 44,596**	$ (658,108)

CAPREIT does not use net income (loss) 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 and capital expenditure requirements.

Non-IFRS Measures

Funds From Operations

FFO 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 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 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 PP&E and right-of-use asset, and (iii) the exclusion of the effects of certain items that are not indicative of CAPREIT's long-term operating performance. These items include reorganization, senior management termination and retirement costs, net loss (gain) on derecognition of debt, mortgage prepayment costs, ERP implementation costs, unit-based compensation amortization recovery relating to ERES UOP forfeitures upon senior management termination 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 for capital expenditures. For further information on CAPREIT's total property capital investments, please refer to 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 is not a measure of the sustainability of distributions.

A reconciliation of net income (loss) to FFO is as follows for the three months and years ended December 31, 2024 and December 31, 2023:

($ Thousands, except per unit amounts)	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	**2024**	2023
Net income (loss)	**$ (48,813)**	$ 9,212	**$ 292,742**	$ (411,574)
Adjustments:				
Fair value adjustments of investment properties	**97,419**	111,381	**(58,486)**	914,585
Fair value adjustments of financial instruments	**(51,830)**	3,494	**5,994**	34,373
Interest expense on Exchangeable LP Units	**618**	597	**2,429**	2,382
Loss (gain) on non-controlling interest	**61,363**	(8,959)	**118,526**	(45,209)
FFO impact attributable to ERES units held by non-controlling unitholders[(1)]	**(4,336)**	(4,689)	**(18,736)**	(18,992)
Deferred income tax expense (recovery)	**6,034**	(15,268)	**23,726**	(85,368)
Loss (gain) on foreign currency translation	**24,624**	(2,345)	**26,782**	(4,161)
Transaction costs and other activities[(2)]	**9,762**	3,809	**28,532**	13,911
Net loss (gain) on derecognition of debt[(3)]	**3,322**	56	**(3,012)**	(3,196)
Tax related to ERES dispositions[(4)]	**4,664**	–	**6,726**	–
Lease principal repayments	**(333)**	(308)	**(1,281)**	(1,190)
Reorganization, senior management termination and retirement costs[(5)]	**1,798**	4,900	**6,982**	11,760
Unit-based compensation amortization recovery relating to ERES UOP forfeitures upon senior management termination[(6)]	**–**	–	**(2,284)**	–
Amortization of losses from accumulated other comprehensive loss to interest and other financing costs	**–**	273	**–**	341
FFO	**$ 104,292**	$ 102,153	**$ 428,640**	$ 407,662
Weighted average number of units (000s) – diluted	**167,742**	169,828	**169,160**	170,117
Total distributions declared	**$ 62,388**	$ 61,672	**$ 248,146**	$ 246,534
FFO per unit – diluted[(7)]	**$ 0.622**	$ 0.602	**$ 2.534**	$ 2.396
FFO payout ratio[(8)]	**59.8%**	60.4%	**57.9%**	60.5%

(1) The adjustment is based on applying the 35% weighted average ownership held by ERES non-controlling unitholders (December 31, 2023 – 35%).

(2) Primarily includes transaction costs and other adjustments on dispositions and amortization of PP&E, right-of-use asset and ERP implementation costs.

(3) Refer to note 6 of the accompanying consolidated annual financial statements for further information.

(4) Included in current income tax expense.

(5) For the three months and year ended December 31, 2024, includes $309 of accelerated vesting of previously granted unit-based compensation (three months and year ended December 31, 2023 – $nil and $765, respectively).

(6) During the three months and year ended December 31, 2024, nil and three million ERES unit options were forfeited, respectively, upon senior management termination totalling $nil and $2,284, respectively (three months and year ended December 31, 2023 – $nil).

(7) FFO per unit – diluted is calculated using FFO during the period divided by weighted average number of units – diluted.

(8) FFO payout ratio is calculated using total distributions declared during the period divided by FFO.

FFO 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 or discharge within the year, excluding property dispositions. These write-offs and accelerated CMHC amortization expense are not added back to FFO and as a result, may cause fluctuation depending on the timing and amount of mortgages coming due. For further details, please refer to Liquidity and Financial Condition in Section V.

Contributing to FFO are fees earned from ERES on the portion of ERES units held by non-controlling unitholders totalling $1.1 million and $4.9 million, respectively, for the three months and year ended December 31, 2024 compared to $1.3 million and $5.2 million, respectively, for the three months and year ended December 31, 2023. These fees comprise asset management fees, property management fees, service fees and interest income earned on the promissory note from ERES. Refer to the Related Party Transactions section for further details.

FFO for the three months ended December 31, 2024 increased by 2.1% compared to the same period last year, primarily due to lower interest expense on credit facilities payable and mortgages payable, lower current income tax expense (net of amounts related to dispositions of foreign properties), as well as contributions from acquisitions and same property operational growth, partially offset by dispositions and higher trust expenses.

FFO for the year ended December 31, 2024 increased by 5.1% compared to the same period last year, primarily due to contributions from acquisitions and same property operational growth, partially offset by dispositions, higher interest expense on mortgages payable; and lower other income.

For the three months and year ended December 31, 2024, diluted FFO per unit increased by 3.3% and 5.8%, respectively, compared to the same periods last year, primarily due to the same reasons noted above, supplemented by accretive NCIB purchases.

Comparing total distributions declared to FFO, the FFO payout ratio for the three months and year ended December 31, 2024 improved to 59.8% compared to 60.4%, and 57.9% compared to 60.5% last year, primarily due to higher FFO.

Adjusted Cash Flows From Operations and Distributions Declared

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, actual non-discretionary property capital investments as described below, capitalized leasing costs and amortization of other financing costs, partially offset by investment and interest 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 and interest 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.

Non-discretionary property capital expenditure reserve 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. In light of CAPREIT's strategy to upgrade the quality and diversification of the property portfolio through repositioning and capital recycling initiatives to grow earnings and cash flow potential, CAPREIT is no longer disclosing or using non-discretionary capital expenditure reserve to determine ACFO. Actual non-discretionary property capital investments is used in the determination of ACFO, for the purpose of comparing to distributions declared. Accordingly, 2023 comparative figures have been restated to conform with current period presentation. For further information on CAPREIT's total property capital investments, please refer to Property Capital Investments in Section IV.

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 provided by operating activities to ACFO for the three months and years ended December 31, 2024 and December 31, 2023:

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	**2024**	2023
Cash provided by operating activities	**$ 181,555**	$ 172,175	**$ 648,845**	$ 615,919
Adjustments:				
Interest paid on mortgages payable and credit facilities payable	**(49,726)**	(47,812)	**(197,773)**	(184,198)
Actual non-discretionary property capital investments	**(26,272)**	(19,685)	**(68,881)**	(65,844)
Capitalized leasing costs[1]	**(1,502)**	(1,082)	**(4,112)**	(2,714)
Amortization and write-offs of other financing costs[2]	**(5,213)**	(3,795)	**(23,809)**	(20,548)
Investment and interest income received	**911**	700	**5,931**	9,981
Net ACFO impact attributed to ERES units held by non-controlling unitholders[3]	**(2,828)**	(4,975)	**(15,126)**	(15,918)
Lease payments	**(1,628)**	(1,575)	**(6,304)**	(6,268)
ACFO	**$ 95,297**	$ 93,951	**$ 338,771**	$ 330,410
Total distributions declared	**62,388**	61,672	**248,146**	246,534
Excess ACFO over distributions declared	**$ 32,909**	$ 32,279	**$ 90,625**	$ 83,876
ACFO payout ratio[4]	**65.5%**	65.6%	**73.2%**	74.6%

(1) Comprises tenant inducements and direct leasing costs.

(2) For the three months and year ended December 31, 2024, includes $(4,165) and $(18,836), respectively, of amortization and write-offs of CMHC premiums, deferred financing costs, fair value adjustments and deferred loan costs (for the three months and year ended December 31, 2023 – $(3,749) and $(18,994), respectively). In addition, for the three months and year ended December 31, 2024, includes $(1,048) and $(4,973), respectively, of write-offs of CMHC premiums and deferred financing costs on dispositions (for the three months and year ended December 31, 2023 – $(46) and $(1,554), respectively).

(3) For the three months and year ended December 31, 2024, the adjustment is based on applying the 35% weighted average ownership held by ERES non-controlling unitholders (December 31, 2023 – 35%).

(4) ACFO payout ratio is calculated using total distributions declared during the period divided by ACFO.

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 December 31, 2024 and December 31, 2023:

($ Thousands) As at	**December 31, 2024**	December 31, 2023
Mortgages payable – non-current	**$ 5,343,549**	$ 6,002,617
Mortgages payable – current	**644,320**	651,371
Mortgages payable related to assets held for sale	**–**	23,706
Total mortgages payable	**5,987,869**	6,677,694
Credit facilities payable – non-current	**4,145**	405,133
Total Debt	**$ 5,992,014**	$ 7,082,827
Total Assets	**$ 15,576,093**	$ 16,968,640
Add: Accumulated amortization of PP&E	**43,164**	45,217
Gross Book Value[1]	**$ 15,619,257**	$ 17,013,857
Total Debt to Gross Book Value[2]	**38.4%**	41.6%
Total Mortgages Payable to Gross Book Value[3]	**38.3%**	39.2%

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

(2) Total Debt to Gross Book Value is calculated using total debt divided by gross book value.

(3) Total Mortgages Payable to Gross Book Value is calculated using total mortgages payable divided by gross book value.

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 (loss) 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 (loss); 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 income (loss) to Adjusted EBITDAFV is as follows for the years ended December 31, 2024 and December 31, 2023:

($ Thousands) For the Years Ended	**December 31, 2024**	December 31, 2023
Net income (loss)	**$ 292,742**	$ (411,574)
Adjustments:		
Interest and other financing costs	**220,162**	211,664
Interest on Exchangeable LP Units	**2,429**	2,382
Total current income tax expense and deferred income tax expense (recovery), net	**39,439**	(76,479)
Amortization of PP&E and right-of-use asset	**6,363**	6,206
Total unit-based compensation amortization expense, net	**6,306**	7,816
EUPP unit-based compensation expense	**(523)**	(551)
Fair value adjustments of investment properties	**(58,486)**	914,585
Fair value adjustments of financial instruments	**5,994**	34,373
Net gain on derecognition of debt	**(3,012)**	(3,251)
Loss (gain) on non-controlling interest	**118,526**	(45,209)
Loss (gain) on foreign currency translation	**26,782**	(4,161)
Transaction costs and other adjustments on dispositions and other	**22,169**	7,705
Adjusted EBITDAFV	**$ 678,891**	$ 643,506

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 credit facilities payable and excluding interest with respect to leases, holders of Exchangeable LP Units, and amortization of CMHC premiums and fees on mortgages payable) 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) For the Years Ended	**December 31, 2024**	December 31, 2023
Contractual interest on mortgages payable[1][2]	**$ 171,254**	$ 161,178
Amortization of deferred financing costs, fair value adjustments and OCI hedge interest on mortgages payable[1]	**8,025**	6,157
Contractual interest on credit facilities payable, net[2]	**25,049**	26,074
Amortization of deferred financing costs on credit facilities payable	**731**	902
Mortgage principal repayments[1]	**153,237**	158,803
Debt service payments	**$ 358,296**	$ 353,114
Adjusted EBITDAFV	**$ 678,891**	$ 643,506
Debt service coverage ratio (times)	**1.9x**	1.8x

(1) Includes mortgages payable related to assets held for sale, as applicable.

(2) Includes net CCIR and IR swap interest, offsetting contractual interest.

Interest Coverage Ratio

The Interest Coverage Ratio is defined as Adjusted EBITDAFV divided by interest expense (including interest on mortgages payable and credit facilities payable and excluding interest with respect to leases, holders of Exchangeable LP Units, and amortization of CMHC premiums and fees on mortgages payable). 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) For the Years Ended	**December 31, 2024**	December 31, 2023
Contractual interest on mortgages payable[1][2]	**$ 171,254**	$ 161,178
Amortization of deferred financing costs, fair value adjustments and OCI hedge interest on mortgages payable[1]	**8,025**	6,157
Contractual interest on credit facilities payable, net[2]	**25,049**	26,074
Amortization of deferred financing costs on credit facilities payable	**731**	902
Interest Expense	**$ 205,059**	$ 194,311
Adjusted EBITDAFV	**$ 678,891**	$ 643,506
Interest coverage ratio (times)	**3.3x**	3.3x

(1) Includes mortgages payable related to assets held for sale, as applicable.

(2) Includes net CCIR and IR swap interest, offsetting contractual interest.

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 residual value of CAPREIT to its Unitholders as at the reporting date. NAV 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 December 31, 2024 and December 31, 2023:

($ Thousands, except per unit amounts) As at	**December 31, 2024**	December 31, 2023
Unitholders' equity	**$ 9,027,312**	$ 9,278,595
Adjustments:		
Exchangeable LP Units	**70,220**	80,383
Unit-based compensation financial liabilities excluding ERES's RUR and ERES UOP	**23,701**	23,150
Deferred income tax liability	**32,076**	49,481
Deferred income tax asset	**(11,793)**	(19,523)
Derivative assets – non-current	**(8,813)**	(35,619)
Derivative assets – current	**(10,263)**	(10,851)
Derivative liabilities – current	**3,684**	7,001
Adjustment to ERES non-controlling interest[1]	**(84,056)**	(160,023)
NAV	**$ 9,042,068**	$ 9,212,594
Diluted number of units	**162,927**	169,868
NAV per unit – diluted[2]	**$ 55.50**	$ 54.23

(1) CAPREIT accounts for the non-controlling interest in ERES as a liability, measured at the redemption amount, as defined by the ERES DOT, 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 the redemption amount. The table below summarizes the calculation of adjustment to ERES non-controlling interest as at December 31, 2024 and December 31, 2023:

($ Thousands) As at	**December 31, 2024**	December 31, 2023
ERES's NAV	**€ 486,259**	€ 676,956
Ownership by ERES non-controlling interest	**35%**	35%
Closing foreign exchange rate	**1.49288**	1.46262
Impact to NAV due to ERES's non-controlling unitholders	**$ 254,074**	$ 346,545
Less: ERES units held by non-controlling unitholders	**170,018**	186,522
Adjustment to ERES non-controlling interest	**$ 84,056**	$ 160,023

(2) NAV per unit – diluted is calculated using NAV as at period end divided by diluted number of units.

Other Information

Selected Consolidated Quarterly Information

	Q4 24	Q3 24	Q2 24	Q1 24	Q4 23	Q3 23	Q2 23	Q1 23
Canadian residential Occupied AMR[1][2]	**$ 1,636**	$ 1,617	$ 1,577	$ 1,552	$ 1,516	$ 1,490	$ 1,460	$ 1,428
The Netherlands Occupied AMR[2]	**€ 1,222**	€ 1,141	€ 1,072	€ 1,068	€ 1,063	€ 1,053	€ 1,009	€ 1,002
Operating revenues (000s)	**$ 276,361**	$ 282,439	$ 278,126	$ 275,816	$ 272,195	$ 268,377	$ 263,798	$ 260,947
NOI (000s)	**$ 177,942**	$ 189,382	$ 186,281	$ 177,049	$ 176,711	$ 178,432	$ 173,785	$ 163,858
NOI Margin	**64.4%**	67.1%	67.0%	64.2%	64.9%	66.5%	65.9%	62.8%
Net income (loss) (000s)	**$ (48,813)**	$ 47,370	$ 112,072	$ 182,113	$ 9,212	$ (357,542)	$ 39,983	$ (103,227)
FFO (000s)[3]	**$ 104,292**	$ 111,833	$ 109,145	$ 103,370	$ 102,153	$ 108,280	$ 100,076	$ 97,153
FFO per unit – diluted[3]	**$ 0.622**	$ 0.659	$ 0.644	$ 0.609	$ 0.602	$ 0.638	$ 0.590	$ 0.567
FFO payout ratio[3]	**59.8%**	56.2%	56.2%	59.5%	60.4%	56.8%	61.5%	63.6%
Total debt to gross book value[2][3]	**38.4%**	40.9%	41.5%	41.8%	41.6%	41.4%	40.4%	40.1%
NAV per unit – diluted[2][3]	**$ 55.50**	$ 55.78	$ 55.05	$ 54.79	$ 54.23	$ 54.36	$ 57.08	$ 57.47
Weighted average number of units (000s) – diluted	**167,742**	169,586	169,527	169,796	169,828	169,727	169,664	171,266

(1) Excludes MHC sites.

(2) As at period end.

(3) Non-IFRS Measures are reconciled with IFRS reported amounts in the respective quarterly SEDAR+ filings. 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).

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 when 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.

Selected Consolidated Financial Information

The following table presents a summary of selected financial information for the fiscal years indicated:

($ Thousands, except per Unit amounts) Year Ended December 31,	2024	2023	2022
Income Statement			
Operating revenues	**$ 1,112,742**	$ 1,065,317	$ 1,007,268
Net income (loss)	**$ 292,742**	$ (411,574)	$ 13,637
Distributions			
Distributions declared on Trust Units(1)	**$ 244,665**	$ 243,282	$ 249,540
Distributions per Trust Unit	**$ 1.471**	$ 1.450	$ 1.450
Balance Sheet			
Investment properties(2)	**$ 14,868,362**	$ 16,532,096	$ 17,153,709
Total assets	**$ 15,576,093**	$ 16,968,640	$ 17,741,888
Mortgages payable(3)	**$ 5,987,869**	$ 6,653,988	$ 6,577,097
Credit facilities payable	**$ 4,145**	$ 405,133	$ 388,975
Total non-current financial liabilities(4)	**$ 5,359,999**	$ 6,418,820	$ 6,360,601

(1) Distributions declared exclude the special non-cash distributions. Refer to note 19 of the accompanying consolidated annual financial statements for further information.

(2) Investment properties exclude $307,460 of assets held for sale as at December 31, 2024 (December 31, 2023 – $45,850, December 31, 2022 – $132,342).

(3) Mortgages payable exclude $nil of liabilities related to assets held for sale as at December 31, 2024 (December 31, 2023 – $23,706, December 31, 2022 – $38,116).

(4) Consist of non-current mortgages payable, non-current credit facilities payable and non-current unit-based compensation financial liabilities.

CAPREIT's year-over-year changes in operating revenues and net income (loss) were primarily driven by operational growth and contributions from property acquisitions, partially offset by property dispositions. In addition, net income (loss), investment properties and total assets were impacted by the year-over-year changes in the fair values of investment properties. Distributions per Trust Unit increased in August 2024, resulting in an increase in distributions declared on Trust Units from 2023 to 2024. Distributions declared on Trust Units decreased from 2022 to 2023 as a result of CAPREIT's purchase of Trust Units in 2022 and 2023 under the NCIB program. Year-over-year change in mortgages payable and credit facilities payable were primarily due to the timing of property acquisitions and dispositions. Furthermore, fluctuations in total non-current financial liabilities were impacted by fair value changes relating to non-current unit-based compensation financial liabilities. Refer to the various sections of this MD&A for further information on CAPREIT's key financial and operational performance.

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 ERES subsidiary, euro-denominated cash and borrowings held by CAPREIT, and its investment in IRES, as applicable in respective periods. Further, as part of CAPREIT's foreign currency and interest rate management strategies, CAPREIT has cash, borrowings and CCIR arrangements denominated in USD.

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

As at	December 31, 2024	December 31, 2023
Canadian dollar per euro (closing rate at period end)	**$ 1.49288**	$ 1.46262
Canadian dollar per USD (closing rate at period end)	**1.43722**	1.32517

	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	**2024**	2023
Canadian dollar per euro (average rate during the period)	**$ 1.49253**	$ 1.46450	**$ 1.48213**	$ 1.45940
Canadian dollar per USD (average rate during the period)	**1.39949**	1.36087	**1.37009**	1.34951

European Foreign Exchange Exposure

The majority of CAPREIT's foreign currency transactions are denominated in euros. Between December 31, 2023 and December 31, 2024, the euro strengthened against the Canadian dollar from a closing price of $1.46262 per euro to $1.49288 per euro.

The following table summarizes CAPREIT's net foreign investments exposure and its associated derivative financial instruments related to the euro as at December 31, 2024 and December 31, 2023. CAPREIT uses derivative financial instruments to minimize its exposure to fluctuations in foreign exchange rates.

(€ Thousands) As at	December 31, 2024	December 31, 2023
ERES assets	**€ 865,374**	€ 1,722,684
Investment in IRES	**–**	110,777
CAPREIT's euro cash	**78,944**	493
Total foreign assets	**€ 944,318**	€ 1,833,954
ERES liabilities (excluding intercompany transactions)	**€ 381,710**	€ 1,040,968
Total foreign liabilities	**€ 381,710**	€ 1,040,968
Net foreign equity[(1)]	**€ 562,608**	€ 792,986
Net foreign equity (excluding non-controlling interest)	**€ 393,326**	€ 554,386
Less: cross-currency swaps[(2)]	**278,818**	442,358
Net European foreign exchange exposure (excluding non-controlling interest)[(3)]	**€ 114,508**	€ 112,028

(1) As at December 31, 2024, net foreign equity includes €483,664 (December 31, 2023 – €681,716) relating to ERES in which CAPREIT has a 65% (December 31, 2023 – 65%) interest.

(2) Excludes cross-currency swaps denominated in USD.

(3) On January 2, 2025, all euro cash was converted to Canadian dollars. After converting all euro cash to Canadian dollars, net European foreign exchange exposure (excluding non-controlling interest) was $36,960.

Related Party Transactions

A summary of related party transactions can be found in note 27 to CAPREIT's consolidated annual financial statements for the year ended December 31, 2024. Transactions with ERES are described below.

Asset Management Agreement

CAPREIT entered into a management agreement with ERES pursuant to which CAPREIT acts as the asset manager to ERES, except for the commercial properties (the "Asset Management Agreement"). CAPREIT provides, among other things, strategic, advisory, asset management, project management, construction management and administrative services necessary to ERES.

The Asset Management Agreement provides for a broad range of asset management services for the following fees:

a) An annual asset management fee in the amount of 0.35% of the historical purchase price of ERES's properties, excluding the commercial properties, plus HST/VAT;

b) An acquisition fee in the amount of (i) 1.0% of the purchase price paid by ERES or one or more of its subsidiaries for the purchase of a residential or commercial real property of ERES located in Europe, on the first €100 million of such properties acquired in each fiscal year, (ii) 0.75% of the purchase price paid by ERES or one or more of its subsidiaries for the purchase of such a property, on the next €100 million of such properties acquired in each fiscal year, and (iii) 0.50% of the purchase price paid by ERES or one or more of its subsidiaries for the purchase of such a property, on properties in excess of €200 million acquired in each fiscal year, plus VAT;

c) A capital expenditure fee equal to 5.0% of all hard construction costs incurred on each capital project (other than in respect of the commercial properties) with costs in excess of €1 million, excluding work done on behalf of tenants or any maintenance expenditures, plus VAT; and

d) A financing fee equal to 0.25% of the debt and equity of all financing or refinancing transactions completed for ERES or any of its subsidiaries, which is intended to cover the actual expenses incurred by CAPREIT in supplying services to ERES relating to financing transactions. To the extent that the financing fees paid by ERES exceed the actual amount of such expenses, CAPREIT will reimburse ERES for the difference. To the extent that the financing fees charged by CAPREIT are less than the actual amount of such expenses, ERES will pay the difference as an additional financing fee amount.

Property Management Agreement

CAPREIT had property management agreements with ERES pursuant to which CAPREIT acted as the property manager to ERES for residential properties until January 15, 2025 and received 3.5% of residential Effective Gross Income for its services.

With the significant decrease in the ERES portfolio size resulting from dispositions during 2024, ERES entered into an approximately rate-neutral agreement to transfer property management services for ERES's remaining residential portfolio in the Netherlands to a third party effective January 15, 2025. CAPREIT will continue to act as ERES's asset manager for the residential portfolio.

Services Agreement

CAPREIT has entered into a services agreement with ERES pursuant to which CAPREIT provides ERES with certain administrative services, including financial, IT, internal audit and other support services, as may be reasonably required from time to time. CAPREIT provides these services to ERES on a cost recovery basis.

Pipeline Agreement

CAPREIT entered into a pipeline agreement with ERES (the "Pipeline Agreement"), most recently extended on March 24, 2023, pursuant to which, for the period ending March 29, 2025, CAPREIT makes up to $246.3 million (€165.0 million) (the "Total Commitment") available to acquire properties that comply with ERES's investment policy, do not contravene the investment policy of CAPREIT and which ERES wishes to purchase but is unable to do so (a "Suitable Property Investment"). Once any part of the Total Commitment has been repaid, that part of the Total Commitment will be available for reuse under the terms of the Pipeline Agreement.

If ERES wishes to acquire a Suitable Property Investment and is unable to do so, ERES is entitled to request CAPREIT to acquire, subject to certain approvals, such Suitable Property Investment on the terms specified by ERES.

Subject to the terms of the Pipeline Agreement, CAPREIT has the right to require ERES to acquire a Pipeline Property (the "Pipeline Put Option") and ERES has the right to require CAPREIT to sell the Pipeline Property to ERES (the "Pipeline Call Option") at a price stipulated in the Pipeline Agreement.

The Pipeline Agreement provides for an acquisition fee to CAPREIT in the amount of 1.0% of the purchase price of (i) a Pipeline Property (as defined in the Pipeline Agreement) or (ii) an Other Suitable Property (as defined in the Pipeline Agreement).

There were no acquisitions made pursuant to the Pipeline Agreement during the years ended December 31, 2024 and December 31, 2023.

Promissory Notes

On October 28, 2021, as an alternative to the Pipeline Agreement, the CAPREIT Board of Trustees approved the provision of up to $246.3 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 terms 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 and outstanding to CAPREIT during the year ended December 31, 2024. During the year ended December 31, 2023, ERES fully repaid the promissory note on April 27, 2023 as summarized in the table below.

Issuance Date		Principal (€)	Interest Rate	Maturity Date	Repayment Date
October 27, 2022	€	25,650	3.70%	April 27, 2023	April 27, 2023

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

Other Transactions with ERES

The table below summarizes fees charged to and interest income earned from ERES for the three months and years ended December 31, 2024 and December 31, 2023, including non-recoverable taxes which must be remitted to the government:

($ Thousands)	Three Months Ended December 31,				Year Ended December 31,			
		2024		2023		**2024**		2023
Asset management fees	**$**	**1,847**	$	2,233	**$**	**8,187**	$	8,629
Property management fees		**1,130**		1,301		**4,995**		5,009
Service fees		**171**		188		**725**		771
Interest income earned from promissory note		**–**		–		**–**		443
Total	**$**	**3,148**	$	3,722	**$**	**13,907**	$	14,852

During the three months and year ended December 31, 2024, ERES declared a total of $234.1 million and $254.3 million, respectively, in distributions on ERES units and interest on Class B Limited Partnership units ("ERES Class B LP Units") to CAPREIT (three months and year ended December 31, 2023 – $6.7 million and $26.7 million, respectively), including $6.8 million and $27.0 million, respectively, from regular monthly distributions (three months and year ended December 31, 2023 – $6.7 million and $26.7 million) and $227.3 million from the ERES Special Distribution (three months and year ended December 31, 2023 – $nil).

All intercompany transactions between CAPREIT and ERES, excluding non-recoverable taxes which must be remitted to the government, are eliminated upon consolidation in the consolidated annual financial statements.

SECTION VII: COMPLIANCE AND GOVERNANCE DISCLOSURES, RISKS AND UNCERTAINTIES, AND OUTLOOK

Accounting Policies and Critical Accounting Estimates, Assumptions and Judgments

Summary of Material Accounting Policies

A summary of material accounting policies can be found in note 2 to CAPREIT's consolidated annual financial statements for the year ended December 31, 2024.

Critical Accounting Estimates, Assumptions and Judgments

A summary of critical accounting estimates, assumptions and judgments can be found in note 3 to CAPREIT's consolidated annual financial statements for the year ended December 31, 2024.

Controls and Procedures

Disclosure Controls and Procedures

CAPREIT's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws, and include controls and procedures designed to ensure information is accumulated and communicated to management, including the executive officers, to allow timely decisions regarding required disclosures.

As at December 31, 2024, CAPREIT's executive officers, with the assistance of management, evaluated the effectiveness of the disclosure controls and procedures in accordance with the rules adopted by the Canadian Securities Administrators under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, and based on that evaluation concluded that the design and operation of the disclosure controls and procedures were effective as at December 31, 2024.

Management has designed an adequate and appropriate control framework for the fair value assessment processes to ensure reported values accurately reflect market conditions. For the fair value assessment process of investment properties, unit-based compensation and other financial instruments measured at fair value, these controls include a comprehensive review of the assumptions and estimates, including those used by the independent appraisers or third parties on an annual basis, as well as multiple levels of reviews of such key assumptions and data within CAPREIT by management on an interim and annual basis.

Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. As at December 31, 2024, CAPREIT's executive officers, with the assistance of management, assessed the effectiveness of the internal controls over financial reporting using the criteria set forth in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 2013 and, based on that assessment, determined that the internal controls over financial reporting were designed and operating effectively as at December 31, 2024.

CAPREIT did not make any changes to the design of internal controls over financial reporting in 2024 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. The following is a description of the principal risks in CAPREIT's business, defined as either those that could have a significant impact on CAPREIT if they were to occur or those that are significant to CAPREIT's day-to-day operations. Investors should carefully consider these risks before investing in CAPREIT Trust Units.

Rent Control and Residential Tenancy Regulations

Multi-unit residential rental properties are subject to rent control legislation in specific provinces in Canada. Each province in which CAPREIT operates maintains distinct regulations with respect to tenants' and landlords' rights and obligations. The legislation in various degrees imposes restrictions on the ability of a landlord to increase rents above an annually prescribed guideline or requires the landlord to give tenants sufficient notice prior to an increase in rent, or restricts the frequency of rent increases permitted during the year. The annual rent increase guidelines as per applicable legislation attempt to link the annual rent increases to some measure of the change in the cost of living index over the previous year. The legislation also, in most cases, provides for a mechanism to ensure rents can be increased above the guideline increases in extraordinary circumstances. As a result of rent controls, CAPREIT may incur property capital investments in the future that will not be fully recoverable from rents charged to tenants.

In the Netherlands, residential rental suites are divided into rent segments based on their number of points (determined based on various factors, such as suite size, suite value, energy efficiency and suite finishes). The amount of annual rent increases for the rental suites is subject to the limit imposed on their corresponding rent segment, and rental suites under the rent segments with the maximum point below the government's prescribed rent control threshold are subject to limits on the starting rent.

The lack of availability of affordable housing and related housing policy and regulations is continuing to increase in prominence as a topic of concern at the various levels of government. Accordingly, through different approaches, governments may enact policy, or amend legislation in a manner that may have a material adverse effect on the ability of CAPREIT to grow or maintain the historical level of cash flow from its properties. In addition, laws and regulations providing for compliance with various housing matters involving tenant evictions, work orders, health and safety issues or fire and maintenance standards, etc., may become more stringent in the future. CAPREIT may incur increased operating costs and capital investments as part of its compliance with any such additional government legislation and regulations relating to housing matters, which may have an adverse effect on NOI and cash flow.

General Economic Conditions

All real property investments are subject to elements of risk. The real value of real property and any improvements thereto depend on the credit and financial stability of residents and the vacancy rates of such properties. CAPREIT is affected by changes in general economic conditions (such as the availability and cost of financing, inflation, unemployment), local real estate markets (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations, changing demographics, competition from other available rental premises, including new developments, and various other factors. CAPREIT's residents may also be personally affected by these economic challenges and, as such, may have higher expectations and demands of their housing provider. If CAPREIT fails to meet tenant expectations, it is at risk of reputational harm and increasing tenant disputes. In addition, as the properties generate revenue through rental payments made by residents, the inability of residents to pay rent may impact the rent receivables CAPREIT anticipates to receive on its properties. While the current rate of inflation has recently started to become more stable and interest rates have been easing, these factors may continue to adversely affect consumer spending and debt levels, and as a result, CAPREIT's financial performance (including, but not limited to, in connection with potential increases in tenant activism related to the foregoing). If, as a result of the foregoing, a significant number of residents are unable to meet their obligations under their leases or if a significant amount of available space in the properties becomes vacant and cannot be leased on economically favourable lease terms, cash available for distribution may be adversely affected. In addition, there is no guarantee that rental rates on renewals of existing rental agreements with residents, or market rents for available suites, will grow revenues in a manner that outpaces operating expenditures.

Elevated interest rates may cause a decrease in the value of rental properties and could also have a material adverse effect on CAPREIT's ability to sell any of its properties. In addition, elevated interest rates could put competitive pressure on the levels of distributions paid by CAPREIT to Unitholders, increasing the level of competition for capital faced by CAPREIT, which could have a material adverse effect on the trading price of the applicable Trust Units. Changes in borrowing rates will also affect CAPREIT's costs of borrowing. CAPREIT's financial condition and results of operations would be adversely affected if it were unable to obtain adequate or cost-effective financing.

The global economy may face increasing uncertainty due to trade protectionism, elevated interest rates, geopolitical uncertainty and disputes, international conflict and other political and economic events around the world, which could potentially impact international and domestic supply chains, Canadian trade, and the Canadian and global economy at large. This could have an impact on employment in the markets in which CAPREIT operates and in turn have an adverse effect on CAPREIT. In addition, CAPREIT's operating costs could increase further due to inflationary pressures, equipment limitations or other input cost escalations. CAPREIT's inability to control these costs could have an adverse effect on CAPREIT's operating results and cash flows.

Privacy, Cyber Security and Data Governance Risks

CAPREIT may be vulnerable to privacy and cyber security incidents given its reliance on processing personal and business confidential information using IT systems, as well as the increasing use of artificial intelligence ("AI") in the workplace. Additionally, CAPREIT's hybrid working policy may elevate cyber security risk related to processing such personal and business confidential information. When working in a hybrid environment, CAPREIT's employees may feel more inclined to rely upon hardware or software that is unknown to CAPREIT's IT department and which could pose a security threat to CAPREIT. In addition, third-party vendors, such as cloud host providers and software and application providers and consultants, may also expose CAPREIT to cyber security or privacy incidents. CAPREIT is in the process of migrating data housed in its legacy enterprise resource planning system. If this data migration is ineffectively executed, CAPREIT may be exposed to data breaches, lost data, increased costs, detraction of management attention and operational inefficiencies.

As technology continues to become more sophisticated and complex, governments are responding with stricter legislation, requiring higher levels of data protection. In Canada, CAPREIT is subject to federal and provincial privacy, anti-spam, and data protection laws. In Europe, CAPREIT and its Dutch subsidiaries are required to comply with the General Data Protection Regulation ("GDPR") passed by the European Union (the "EU"). Under the GDPR, CAPREIT and its subsidiaries are classified as either data processors, sub-processors, or controllers, based on their function with regards to the processing of personal data in the EU. Controllers and sub-processors may share liability, to varying degrees, in the event of a breach. Non-compliance with either of the Canadian or European laws would also expose CAPREIT and/or its subsidiaries to numerous risks, including the risk of incurring penalties from regulators, as well as reputational damage.

A cyber security and/or privacy incident can lead to: (a) unauthorized access to or disclosure of business confidential and personal information belonging to CAPREIT and its residents, employees or vendors, (b) identity theft, fraudulent activities and direct losses to stakeholders, including residents and employees, (c) destruction or corruption of data affecting timeliness or accuracy of financial reporting, (d) lost revenues, (e) disruption to operations, including delays in processing rental applications and rent payments, (f) time and attention required by management to investigate and respond to a cyber security incident, (g) remediation costs, including to restore or recover lost data, (h) litigation, fines and liabilities, including third-party liabilities, for failure to comply with applicable privacy and data protection laws or contractual obligations, (i) regulatory investigations, (j) increased insurance premiums and (k) reputational damage to CAPREIT.

CAPREIT has implemented processes, procedures and controls to help mitigate these risks, including monitoring and testing, maintenance of protective systems and contingency plans, to protect and prevent unauthorized access of personal and business confidential information and to reduce the likelihood of disruptions to its IT systems. However, these measures, as well as increased awareness of risks of a cyber-incident, do not guarantee that CAPREIT and its stakeholders will not be negatively impacted by such an incident.

Additionally, CAPREIT depends on relevant and reliable information to operate its business. As the volume of data being generated and reported continues to increase, data accuracy, quality and governance may be increasingly relevant to prompt and support effective decision-making. Failure by CAPREIT to gather, analyze, validate and leverage data in a timely manner may adversely affect its decision-making and ability to execute its strategy, which may impact its financial performance.

Availability and Cost of Debt

A portion of CAPREIT's cash flow is devoted to servicing its debt, and there can be no assurance that CAPREIT will continue to generate sufficient cash flow from operations to meet required interest and principal payments. CAPREIT has and will continue to have substantial outstanding consolidated indebtedness, comprised mainly of property mortgages and indebtedness under its Credit Facilities. A subsidiary of CAPREIT provides a guarantee and carries a negative pledge of an unencumbered property pool relating to the ERES Credit Facility. CAPREIT is subject to the risks associated with debt financing, including the risk that CAPREIT may be unable to make interest or principal payments or meet loan covenants, the risk that defaults under a loan could result in cross-defaults or other lender rights or remedies under other loans, and the risk that existing indebtedness may not be able to be refinanced or that the terms of such refinancing may not be as favourable as the terms of existing indebtedness or expectations of future interest rates. In such circumstances, CAPREIT could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing and its ability to make property capital investments and distributions to Unitholders could be adversely affected.

CAPREIT (excluding ERES) currently has access to the government-backed mortgage insurance program through the National Housing Act, which is administered by CMHC. There can be no guarantee that the provisions of the mortgage insurance program will not be changed in the future so as to make the costs of obtaining mortgage insurance prohibitive or restrict access to the insurance program. To the extent that any financing requiring CMHC consent or approval is not obtained or that such consent or approval is only available on unfavourable terms, CAPREIT may be required to finance a conventional mortgage which may be less favourable to CAPREIT than a CMHC-insured mortgage.

CAPREIT's Acquisition and Operating Facility and the ERES Credit Facility are at floating interest rates and, accordingly, changes in short-term borrowing rates will affect CAPREIT's costs of borrowing. CAPREIT's financial condition and results of operations would be adversely affected if it were unable to obtain financing or cost-effective financing. As at the date hereof, it is difficult to forecast the future state of the multi-residential loan market. If, because of CAPREIT's level of indebtedness, the level of cash flows, lenders' perceptions of CAPREIT's creditworthiness or other reasons, management is unable to renew, replace or extend the Acquisition and Operating Facility and the ERES Credit Facility on acceptable terms, or to arrange for alternative financing, CAPREIT may be required to take measures to conserve cash or make alternative credit arrangements or, if such financing is available on acceptable terms, or at all. Such measures could include deferring property capital investments, dispositions of one or more properties on unfavourable terms, reducing or eliminating future cash distributions or other discretionary uses of cash, or other more severe actions. Also, disruptions in the credit markets and uncertainty in the economy could adversely affect the banks that currently provide the Acquisition and Operating Facility and the ERES Credit Facility, could cause the banks or a bank to elect not to participate in any new Credit Facilities sought, or could cause other banks that are not currently participants in CAPREIT's Acquisition and Operating Facility and the ERES Credit Facility to be unwilling or unable to participate in any such new facility.

Furthermore, given the relatively small size of the Canadian marketplace, there are a limited number of lenders from which CAPREIT can reasonably expect to borrow and the number of lenders currently participating in the CMHC-insured mortgage market is even smaller. Consequently, it is possible that financing which CAPREIT may require for its operations in Canada, upon the expiry of the term of existing financing, or the refinancing of any particular property owned by CAPREIT or otherwise, may not be available or may not be available on favourable terms.

Acquisitions and Dispositions

CAPREIT's capital recycling initiatives will depend in large part on identifying suitable acquisition opportunities that meet CAPREIT's investment criteria and satisfy its rigorous due diligence process. In addition, capital recycling initiatives will be affected by purchase price, ability to obtain adequate financing or financing on reasonable terms, consummating acquisitions (including obtaining necessary consents) and effectively integrating and operating the acquired properties. Acquired properties may not meet financial or operational expectations due to unexpected costs associated with acquiring the property, as well as the general investment risks inherent in any real estate investment or acquisition, including future refinancing risks. Acquired properties may also be subject to unexpected or undisclosed liabilities which could have a material adverse impact on the operations and financial results of CAPREIT. Representations and warranties given by third parties to CAPREIT by way of contract or otherwise may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. Moreover, newly acquired properties may require significant management attention or property capital investments that would otherwise be allocated to other properties. If CAPREIT is unable to manage its capital recycling initiatives and integrate its acquisitions effectively, its business, operating results and financial condition could be adversely affected.

CAPREIT competes for suitable real property investments with various other parties (both Canadian and foreign) that are seeking, or which may seek in the future, real property investments similar to those desired by CAPREIT. Some of these investors may have greater financial resources than those of CAPREIT, or operate without the investment or operating restrictions of CAPREIT or according to more flexible conditions. An increase in the availability of investment funds and/or an increase in interest in real property investments may tend to increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them.

CAPREIT regularly considers and undertakes strategic property dispositions in order to recycle its capital and improve its portfolio composition, with the goal of improving the risk and return profile of its cash flows. Failure to execute on dispositions may inhibit CAPREIT's ability to fund other strategic priorities. Additionally, failure to receive appropriate pricing on dispositions may adversely impact CAPREIT's ability to redeploy the capital and replace the disposition cash flows. Failure to dispose of certain assets not aligned with CAPREIT's investment criteria may adversely affect its operations and financial performance.

Consistent with CAPREIT's past practices and in the normal course of business, CAPREIT is engaged in discussions with respect to possible acquisitions of new properties and dispositions of existing properties in its portfolio. However, there can be no assurance that these discussions or agreements will result in acquisitions or dispositions, or, if they do, what the final terms or timing of such acquisitions or dispositions would be. CAPREIT expects to continue current discussions and actively pursue other acquisition, investment and disposition opportunities.

CAPREIT may, in the future, co-invest in property acquisitions or development initiatives through joint ventures or other joint equity structures. In any such joint venture, CAPREIT may not be in a position to exercise sole decision-making authority regarding the properties owned through joint ventures. Investments in joint ventures may, under certain circumstances, involve additional risks which would not have otherwise been present if CAPREIT had pursued these opportunities on its own.

Leasing Risk

CAPREIT's investment properties generate income through rental payments made by residents. Residential tenant leases are relatively short, exposing CAPREIT to market rental-rate volatility. Upon the expiry of any lease, there can be no assurance that such lease will be renewed or the resident replaced. The terms of any subsequent lease may be less favourable to CAPREIT than the existing lease. Renewal rates may be subject to restrictions on increases to the then current rent (see "Rent Control and Residential Tenancy Regulations" in this section). As well, unlike commercial leases, which are generally "net" leases and allow a landlord to recover expenditures, residential leases are generally "gross" leases (with the exception of sub-metering of certain utilities at some properties) under which the landlord is not able to pass on costs to residents. As such, there can be no guarantees that operating margins will continue to be maintained or increased, especially in an environment of flat or declining rents and/or increasing costs. Moreover, there is no assurance that occupancy levels achieved to date at the properties will continue to be achieved and/or that occupancy levels expected in the future will be achieved. Any one, or a combination, of these factors may adversely impact the cash available to CAPREIT and its ability to make distributions to Unitholders.

Valuation Risk

CAPREIT conducts a valuation assessment of its properties on a quarterly basis. As property values fluctuate over time in response to market factors, or as underlying assumptions and inputs to the valuation model change, the fair value of CAPREIT's portfolio could change materially. Any changes in the value of CAPREIT's properties may impact Unitholder value. While CAPREIT is responsible for the reasonableness of the assumptions and for the accuracy of the inputs into the property valuation model, market assumptions applied for appraisals and valuation purposes do not necessarily reflect CAPREIT's specific history or experience and the conditions for realizing the fair values through a sale may change or may not be realized.

Liquidity and Unit Price Volatility

CAPREIT is an unincorporated "open-ended" investment trust and its Trust Units are listed on the TSX. There can be no assurance that an active trading market in the Trust Units will be sustained.

A publicly-traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. The prices at which Trust Units will trade cannot be predicted. The market price of the Trust Units could be subject to significant fluctuations in response to variations in quarterly operating results, distributions and other factors beyond the control of CAPREIT. One of the factors that may influence the market price of the Trust Units is the annual yield on the Trust Units. Accordingly, elevated interest rates may lead investors of Trust Units to demand a higher annual yield, which could adversely affect the market price of the Trust Units. In addition, the securities markets have experienced significant price and volume fluctuations from time to time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the Trust Units. Accordingly, the Trust Units may trade at a premium or a discount to the value of CAPREIT's underlying assets.

In addition, changes in CAPREIT's creditworthiness or perceived creditworthiness may affect the market price or value and/or liquidity of the Trust Units.

The DOT imposes various restrictions on Unitholders. Non-residents and non-Canadian partnerships are prohibited from beneficially and collectively owning more than 49% of the outstanding Trust Units on a non-diluted or diluted basis. These restrictions may limit, or inhibit the exercise of, the rights of certain non-resident persons and partnerships to acquire Trust Units, to continue to hold Trust Units, or to initiate and complete take-over bids in respect of the Trust Units. As a result, these restrictions may limit the demand for Trust Units from certain Unitholders and other investors and thereby adversely affect the liquidity and market value of the Trust Units.

Catastrophic Events

CAPREIT's properties may be impacted by acts of nature, such as climate-related events, and global events beyond CAPREIT's control. Depending on their severity, these events could cause threats to the safety of CAPREIT's residents, significant damage to CAPREIT's properties and interruptions to CAPREIT's normal operations. There may be adverse impacts to CAPREIT's business if there is instability, disruption or destruction in a significant geographic region, regardless of cause, including war, terrorism, riots, civil insurrection or social unrest, and natural or man-made disasters, including famine, floods, hurricanes, fires, earthquakes, storms or disease as well as ineffective contingency planning for these types of events. CAPREIT may be required to incur significant unanticipated costs to manage the impact of these events. Management of the impact of a catastrophic event would also divert time and effort away from CAPREIT's day-to-day operations. There is also a possibility that CAPREIT's ability to generate revenues from properties in impacted countries or regions could be significantly impaired. The increased costs, time, effort and potential revenue loss could be more significant if multiple properties or operating regions are impacted by catastrophic events within a relatively short time frame.

Climate Change

Climate change presents a multi-faceted risk for CAPREIT considering its investment in and management of real estate assets in multiple geographical territories. Climate-related risks refer to the potential for climate change to create adverse consequences for human or ecological systems, including impacts on people, livelihoods, health and well-being, economic, social and cultural assets and investments, infrastructure, services provision, ecosystems and species. Following the framework from the Task Force on Climate-related Financial Disclosures ("TCFD"), CAPREIT separates its climate change-related risks into two categories: (i) risks related to the physical impacts of climate change; and (ii) risks related to the transition to a lower-carbon economy.

An increase in the frequency and magnitude of climate-related risks such as floods, fires, windstorms and ice storms in certain locales can lead to a surge in capital expenditure, R&M and interruptions to business operations. Ongoing operating expenses such as energy costs can potentially be impacted more by extreme weather, and anticipation of more frequent and severe weather events may have an adverse effect on insurance premiums. Investment properties located in areas with higher climate-related vulnerabilities could experience negative pressure on their valuations. CAPREIT has reviewed certain of its markets of operations across Canada and floods, heat waves, wildfires, extreme winds, heat stress, winter weather conditions/fluctuations, water stress, diseases, and related events have been identified to be of significant risk (in varying orders of relevance) in both the medium term (e.g., up to or around the year 2050) and long term (e.g., up to or around the year 2080) in such markets.

In addition, transitioning to a low-carbon economy will drive extensive regulatory market and technology changes to address mitigation and adaptation requirements related to climate change. CAPREIT's approach to meet these challenges will also have an impact on its reputation. Regulatory changes may include those related to carbon pricing, a shift to low emission energy sources, the adoption of energy efficiency measures and technology, and changes to building codes to allow for climate resiliency and mitigation. Market changes may include adjustments in the goods and services purchased by CAPREIT as well as shifts in the preferences of occupants. Technology is moving towards more climate-friendly options including renewable energy, battery storage and energy efficiency equipment. CAPREIT's reputation is important to all stakeholders and will be impacted by CAPREIT's demonstrated understanding of climate-related financial risk and its plan to manage (mitigate or adapt to) these risks.

Lenders, investors and regulators are increasingly viewing climate change as an important issue that requires greater consideration. A lack of investment strategy and operational management plan concerning climate change may have an adverse effect on CAPREIT's ability to raise funds via debt and/or equity markets, as well as related investment returns and sentiment.

CAPREIT maintains a comprehensive insurance program that considers the impacts of weather-related events by providing coverage for property damage and business interruption.

The table below summarizes the climate-related risks and their potential impacts on CAPREIT's business.

CATEGORY	RISKS	IMPACT
PHYSICAL RISKS		
Acute and Chronic	• Increase in the frequency and magnitude of climate-related risks such as floods, fires, windstorms and ice storms • Increase in the duration and magnitude of chronic climate-related risks such as heat stress, winter weather, water stress, freeze-thaw cycles and disease	• Rising capital expenditures, R&M expenses • Interruptions to asset operations • Safety threats to residents and employees • Rising operating costs (e.g., energy prices) • Rising insurance premiums • Growing negative impacts on valuations and/or financial performance
TRANSITION RISKS		
Regulatory	• Carbon pricing and related uncertainty • Emergence of climate-related disclosure requirements • Mandatory adoption of energy efficiency or carbon reduction measures and/or limits • Changes to building codes to adapt to climate resiliency and mitigation	• Uncertainty in planning and budgeting processes • Unforeseen expenses for equipment upgrade and replacement • Risks from non-compliance including litigation and stakeholder pressure
Market	• Adjustments in goods and services purchased by CAPREIT • Changes in the requirements/preferences of occupants	• Loss of asset market/customer appeal • Supply chain disruption or unintended partner changes • Decline in asset value
Technology	• Transition to renewable sources of energy, battery storage and energy efficiency equipment	• Increase in expenses and capital investment
Reputational	• Reputational impacts from lack of proper investment strategy and operational management plan (i.e., absence of performance/reduction targets) to address climate change	• Increase in scrutiny from investors and stakeholders • Negative impact on CAPREIT's ability to raise funds via debt and/or equity, as well as related investment returns and sentiment

Taxation-Related Risks

CAPREIT currently qualifies as a mutual fund trust for Canadian income tax purposes. It is the current policy of CAPREIT to distribute all of its taxable income to Unitholders and it is therefore generally not subject to tax on such amount. To maintain its current mutual fund trust status, CAPREIT is required to comply with specific restrictions regarding its activities and the investments held by it. If CAPREIT was to cease to qualify as a “mutual fund trust”, the income tax considerations would be materially and adversely different in certain respects and there may be adverse income tax consequences for certain of CAPREIT’s Unitholders, including non-resident persons and trusts governed by registered retirement savings plans, registered disability savings plans, deferred profit-sharing plans, registered retirement income funds, tax-free savings accounts, first home savings accounts and registered education savings plans (“designated savings plans”), which acquired an interest in CAPREIT directly or indirectly from another Unitholder.

If CAPREIT ceases to qualify as a “mutual fund trust” or “registered investment” under the Tax Act and Trust Units cease to be listed on a designated stock exchange for purposes of the Tax Act, Trust Units will cease to be qualified investments for trusts governed by designated savings plans. CAPREIT will endeavour to ensure Trust Units continue to be qualified investments for trusts governed by the designated savings plans; however, there can be no assurance that this will be so. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments by such trusts. Unitholders should consult their own tax advisors in this regard, including as to whether Trust Units are “prohibited investments” for trusts governed by registered retirement savings plans, registered retirement income funds, registered disability savings plans, registered education savings plans, first home savings accounts and tax-free savings accounts.

There are rules under the Tax Act (the “SIFT Rules”) that apply to specified investment flow-through trusts or partnerships (“SIFTs”), and their beneficiaries or partners. Under the SIFT Rules, certain distributions will not be deductible in computing the SIFT’s taxable income and the SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. The SIFT Rules do not apply to certain real estate investment trusts that satisfy a number of technical tests relating to the nature of the revenue and investments of the trust for the particular taxation year (the “REIT Exemption”). Although CAPREIT expects to qualify for the REIT Exemption throughout 2025 and in future years, there can be no assurance that CAPREIT will not be subject to the SIFT Rules. If the SIFT Rules apply, the impact to Unitholders will depend in part on the status of the Unitholder and, in part on the amount of income distributed which would not be deductible by CAPREIT in computing its income in a particular year, and on what portions of CAPREIT’s distributions constitute “non-portfolio earnings”, other than income and returns of capital. To the extent that CAPREIT does not qualify for the REIT Exemption, CAPREIT will consider alternative measures, including restructuring, assuming that these measures are in the best interests of its Unitholders, to qualify for the REIT Exemption in the following year.

There can be no assurance that Canadian federal income tax laws, including in respect of the treatment of mutual fund trusts or the REIT Exemption, will not be changed in a manner that adversely affects CAPREIT or its Trust Unitholders. Furthermore, the judicial interpretation of Canadian federal income tax laws or the administrative and assessing practices and policies of the Canada Revenue Agency (“CRA”) or the Minister of Finance (Canada) could change in a manner that adversely affects CAPREIT, its affiliates or the Unitholders. In addition, the Tax Act may impose additional withholding or other taxes on distributions made by CAPREIT to Unitholders that are non-residents and these taxes and any reduction thereof under a tax treaty between Canada and a foreign jurisdiction may change from time to time.

CAPREIT has foreign subsidiaries that are subject to the tax laws in a number of countries with varying statutory rates of taxation. Judgment is required in the estimation of income taxes and deferred income tax assets and liabilities in each of CAPREIT’s operating jurisdictions. Income taxes may be paid where activities carried on by the foreign subsidiaries are considered to be taxable in those countries.

Distributions from such foreign subsidiaries may be subject to withholding tax, which may increase the overall taxes payable by CAPREIT and its subsidiaries, and reduce the amount of cash available for distribution to Unitholders. For Canadian income tax purposes, any such foreign withholding tax incurred by CAPREIT will either reduce CAPREIT’s foreign income or be allocated to CAPREIT Unitholders and such Unitholders may be entitled to claim a foreign tax credit in respect of such taxes.

In addition, there is a risk that the tax laws and treaties of the foreign jurisdictions may change in the future. Any such changes could adversely affect the taxes payable, including withholding taxes, the effective tax rate in the jurisdictions in which the foreign subsidiaries operate and the portion of distributions which would be income for Canadian income tax purposes. Any such changes may have a material adverse effect on Unitholders' returns.

Energy Costs

As a significant part of CAPREIT's operating expenses is attributable to energy and energy-related charges and fees, fluctuations in the price of energy and any related charges and fees (including transportation costs, commodity taxes and recent increases, and anticipated future increases, in federal and provincial carbon taxes and other forms of carbon pricing) can have a material impact on the performance of CAPREIT, its ability to pay distributions and the value of its Trust Units. The impact of such fluctuations could be exacerbated if such energy costs cannot be hedged.

From time to time, CAPREIT may enter into agreements to pay fixed prices on all or certain of its energy requirements (principally natural gas and electricity in certain markets) to offset the risk of rising expenditures resulting from the increase in the prices of these energy commodities; however, if the prices of these energy commodities decline beyond the levels set in these agreements, CAPREIT will not benefit from such declines in energy prices and will be required to pay the higher price for such energy supplies in accordance with these agreements.

Environmental Matters

Environmental and ecological legislation and policies have become increasingly important, and generally more restrictive, in recent years. Under various laws, CAPREIT could be liable for the costs of removal or remediation of certain hazardous or toxic substances released on its properties including in connection with CAPREIT's acquisition, development, disposition or financing of properties. The failure to monitor, remove or remediate any such substances, if any, may adversely affect CAPREIT's ability to sell its real estate, or to borrow using such real estate as collateral, and could potentially also result in regulatory enforcement proceedings and/or private claims against CAPREIT. Although CAPREIT is not aware of any material non-compliance with environmental laws nor is it aware of any material pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties, or any material pending or threatened claims relating to environmental conditions at its properties, no assurance can be given that environmental laws will not result in significant liability to CAPREIT in the future or otherwise adversely affect CAPREIT's business, financial condition or results of operations.

Environmental laws and regulations can change rapidly and CAPREIT may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have a material adverse effect on CAPREIT's business, financial condition or results of operations.

CAPREIT has processes in place to review and monitor environmental exposure. CAPREIT has made, and will continue to make, the necessary capital expenditures for compliance with environmental laws and regulations.

Vendor Management and Third-Party Service Providers

CAPREIT relies on third-party vendors to provide, among other things, important operational and technology-related services. If CAPREIT does not carry out effective and efficient vendor and procurement management processes (e.g., due diligence, competitive selection processes, contract management, vendor performance evaluation), it may result in receiving suboptimal services, which may have an operational, financial and reputational impact on CAPREIT. Additionally, CAPREIT may not always be able to negotiate or renegotiate contracts with terms, services levels and rates that are in CAPREIT's best interest. If CAPREIT was required to transition from one vendor to another vendor, in some circumstances, it could subject CAPREIT to operational and service delays and inefficiencies until alternative vendors are sourced and the transition is complete.

Operating Risk

CAPREIT is subject to general business risks and to risks inherent in the multi-residential rental property industry and in the ownership of real property. These risks include fluctuations in occupancy levels, the inability to achieve economic rents (including anticipated increases in rent), controlling bad debt exposure, rent control regulations, increases in labour costs and other operating costs including property taxes and the costs of utilities, as well as possible future changes in labour relations, competition from other landlords or the oversupply of rental accommodations, the imposition of increased taxes or new taxes and capital investment requirements.

Talent Management and Human Resource Shortages

CAPREIT relies on qualified staff to manage its buildings, service residents, and provide back-office support. Any failure to effectively attract and retain talented and experienced employees, to maintain a positive company culture, and to establish adequate succession planning and retention strategies could result in a lack of requisite knowledge, skill and experience. This could erode CAPREIT's competitive position or result in increased costs and competition for, or high turnover of, employees. Additionally, CAPREIT is currently monitoring changes to Canada's Temporary Foreign Worker Program as this may increase front-line staff attrition in the near future. Any of the foregoing could negatively affect CAPREIT's ability to operate its business and execute its strategies, which in turn, could adversely affect its reputation, operations or financial performance. A shortage of available, qualified employees may impact CAPREIT's service delivery, and the overall resident experience and lead to upward pressure on wages. Furthermore, maintaining internal pay equity will likely become increasingly challenging given higher salaries for new hires, nationwide talent shortages and inflationary pressures.

Public Health Crises

Public health crises relating to any virus, flu, epidemic, pandemic or any other similar disease or illness (each a "Health Crisis"), could adversely impact CAPREIT, including through: a general or acute decline in economic activity in the countries and regions in which CAPREIT's properties and investments are located; increased unemployment, reduced immigration, closure of college and university campuses, household consolidation (young adults moving back in with their parents), supply shortages, temporary service disruptions due to illness, CAPREIT or government-imposed isolation programs and restrictions on the movement of personnel, and other mobility restrictions and quarantine measures; increased government regulation, inability to access governmental programs or processes on a timely basis, efficacy of governmental relief efforts; and the quarantine or contamination of one or more of CAPREIT's properties. Contagion in a property or market in which CAPREIT operates could negatively impact its occupancy, reputation or attractiveness of that market. Furthermore, increased government regulation relating to a Health Crisis could result in legislation or regulations that may restrict CAPREIT's ability to enforce material provisions under its leases among other potential adverse impacts. All of these occurrences may have a material adverse effect on the business, cash flows, financial condition and results of operations of CAPREIT, including, but not limited to: the ability to implement rent increases; rent collection and receivables; vacancy levels; mortgage renewals and refinancings on attractive terms; submission and processing of various applications and approvals; deferral of certain capital expenditures and R&M expenditures; valuation of investment properties; and CAPREIT's ability to meet its debt covenants.

Other Regulatory Compliance Risks

CAPREIT is subject to a wide variety of laws and regulations across all jurisdictions, and faces risks associated with legal and regulatory changes and litigation. Critical areas of CAPREIT's regulatory landscape include rental regulations, tax regulations, health and safety regulations, environmental regulations, privacy laws, anti-spam laws, human rights laws, securities laws, anti-bribery and corruption laws and ESG regulations. If CAPREIT or its advisors fail to monitor and become aware of changes in applicable laws and regulations or if CAPREIT fails to comply with these changes in an appropriate and timely manner, it could result in fines and penalties, litigation or other significant costs, as well as significant time and effort to remediate any violations. Additionally, such violations could result in reputational damage to CAPREIT both from an operating and an investment perspective.

Litigation Risk

In the normal course of CAPREIT's operations, whether directly or indirectly, it may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment, transactions and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to CAPREIT and as a result, could have a material adverse effect on CAPREIT's assets, liabilities, business, financial condition and results of operations. Even if CAPREIT were to prevail in such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from CAPREIT's business operations, which could have a material adverse effect on the business, cash flows, financial condition and results of operations as well as CAPREIT's ability to make distributions to Unitholders.

CAPREIT's Investment in ERES

CAPREIT currently holds approximately 65% interest in ERES assuming the exchange of all outstanding ERES Class B LP Units for ERES Units, through its beneficial ownership of, or the control or direction over, more than 142.0 million ERES Class B LP Units and 10.2 million ERES Units. For further details, please see Related Party Transactions in Section VI. The trading price of ERES Units may be volatile, including as a result of transactions that may be completed by ERES, and subject to fluctuations due to market conditions and other factors, which are often unrelated to operating results or underlying asset values and which are beyond CAPREIT's control. Fluctuations in the market price and valuations of CAPREIT's holdings in ERES may affect the price of the Trust Units.

Potential Conflicts of Interest

CAPREIT may be subject to various conflicts of interest because certain of the trustees and officers of CAPREIT are engaged in a wide range of real estate and other business activities. CAPREIT may become involved in transactions which conflict with the interests of the foregoing.

The trustees may from time to time deal with persons, firms, institutions or corporations with which CAPREIT may be dealing, or which may be seeking investments similar to those desired by CAPREIT. The interests of these persons could conflict with those of CAPREIT. In addition, from time to time these persons may be competing with CAPREIT for available investment opportunities.

Certain trustees of CAPREIT are also trustees of ERES, and certain CAPREIT employees are officers of ERES, which may give rise to conflicts of interest with their roles at CAPREIT and ERES. The ERES declaration of trust provides that certain matters which have the potential to give rise to a conflict of interest between ERES and CAPREIT or with any related party of CAPREIT, must be approved by a majority of the non-restricted ERES trustees, in addition to a majority of the ERES trustees generally.

CAPREIT's DOT contains "conflicts of interest" provisions requiring trustees to disclose material interests in material contracts and transactions and to refrain from voting thereon. CAPREIT's Code of Business Ethics and Conduct also contains "conflicts of interest" provisions requiring trustees and officers who become aware of a conflict of interest (or a potential conflict) to disclose any such conflicts of interest (or potential conflicts) to the Governance and Nominating Committee.

Investment Restrictions

CAPREIT has been structured and operates in adherence to the investment restrictions and operating policies set out in its DOT and as applicable under tax laws relating to real estate investment trusts (also see "Taxation-Related Risks" in this section). These policies cover such matters as the type and location of properties that CAPREIT can acquire, the maximum leverage allowed, environmental matters and investment restrictions. Pursuant to the DOT, CAPREIT's overall leverage is limited to 70% of its reported gross book value, unless a majority of trustees, at their discretion, determine that the maximum amount of indebtedness shall be based on the appraised value of the real properties of CAPREIT. In addition, pursuant to the Acquisition and Operating Facility agreement, CAPREIT's overall leverage is limited to 62.5% of its reported gross book value. Fluctuations in the fair value of CAPREIT's properties could impact CAPREIT's compliance with its DOT and debt covenants.

Lack of Diversification of Investment Assets

By specializing in a particular type of real estate, CAPREIT is exposed to adverse effects on that segment of the real estate market and does not benefit from a broader diversification of its portfolio by property class.

Geographic Concentration

The portfolio is currently weighted with 45.9% of the overall portfolio (by number of suites and sites) in Ontario (34.0% in the Greater Toronto Area). Accordingly, CAPREIT's market value of its properties and its performance are particularly sensitive to economic conditions in, and regulatory changes affecting, Ontario and, in particular, the Greater Toronto Area.

Adverse changes in the economic condition or regulatory environment of this market may have a material adverse effect on CAPREIT's business, cash flows, financial condition and results of operations and its ability to make distributions to Unitholders.

Illiquidity of Real Property

Real property investments are relatively illiquid. This illiquidity will tend to limit the ability of CAPREIT to respond to changing economic or investment conditions. If CAPREIT were required to quickly liquidate assets, there is a risk the proceeds realized from such a sale would be less than the carrying value of the assets or less than what could be expected to be realized under normal circumstances.

Capital Investments

For prudent management of its property portfolio, CAPREIT makes significant property capital investments throughout the period of ownership of its properties (for example, to upgrade and maintain building structures, balconies, parking garages, electrical and mechanical systems). See the Property Capital Investments section for details. CAPREIT has prepared building condition reports and has committed to a multi-year property capital investment plan. CAPREIT must continuously monitor its properties to ensure appropriate and timely capital repairs and replacements are carried out in accordance with its property capital investment programs. CAPREIT requires sufficient capital to carry out its planned property capital investment and repair and refurbishment programs to upgrade its properties, especially at older properties, or it risks being exposed to operating business risks arising from structural failure, electrical or mechanical breakdowns, fire or water damage, etc., which may result in significant loss of earnings to CAPREIT. A significant increase in capital investment requirements, or difficulty in securing financing or the availability of financing on reasonable terms could adversely impact the cash available to CAPREIT and its ability to make distributions to Unitholders. Lastly, challenges in gathering information in a centralized manner to enable investment decisions may increase the risk of CAPREIT not identifying capital expenditure requirements.

Dependence on Key Personnel

The success of CAPREIT depends to a significant extent on the efforts and abilities of its executive officers and other members of management, as well as its ability to attract and retain qualified personnel to oversee site-level operations. Systemic employee turnover impacting service levels and/or business continuity could occur if company culture, employee experience and diversity, equity and inclusion practices are not prioritized. Lastly, failing to have adequate succession planning would intensify the impacts of employee attrition.

The loss of any executive officers or other key employees could lead to material disruption to the business.

Property Development

CAPREIT, from time to time, engages in development, redevelopment and major renovation activities with respect to certain properties. It is subject to certain risks, including the availability and timely receipt of zoning, occupancy, land use and other regulatory and governmental approvals. This could result in substantial unanticipated delays or costs and could negatively impact the financial performance of CAPREIT. Additionally, CAPREIT, from time to time, seeks entitlements from underutilized lands. Failure to successfully obtain entitlements, or a detrimental impact on the end value of the site (through lower land values, for example) could result in wasted expenditures related to the entitlement process.

Adequacy of Insurance and Captive Insurance

It is CAPREIT's policy to maintain a comprehensive insurance program to cover property and general liabilities, such as fire, flood, terrorism, injury or death, rental loss and environmental impacts, with limits and deductibles as deemed appropriate based on the nature of the risk, historical experience and industry standards. However, there are some types of losses, including those of a catastrophic nature, that are generally uninsurable or not economically feasible to insure, or which may be subject to insurance coverage limitations, such as large deductibles, co-payments or limitations in policy language. There can be no assurance that insurance coverage will continue to be available on commercially acceptable terms.

CAPREIT's captive insurance program was created to reduce CAPREIT's overall insurance costs through the operation of a wholly-owned subsidiary, which reinsures the first $10 million per claim under CAPREIT's property insurance program and the first $2 million per claim under CAPREIT's general liability insurance program. CAPREIT's aggregate liability for claims made on an annual basis under the reinsurance agreement is limited to $25 million. Captive insurance risk is the exposure to financial loss resulting from a wholly-owned subsidiary reinsuring certain risks related to CAPREIT.

Competition for Residents

The real estate business is competitive. Numerous other developers, managers and owners of properties compete with CAPREIT in seeking residents. The existence of competing developers, managers and owners, and competition for CAPREIT's residents, could have an adverse effect on CAPREIT's ability to lease suites in its properties and on the rents charged, and may increase leasing and marketing costs and refurbishing costs necessary to lease and re-lease suites, all of which could adversely affect CAPREIT's revenues and, consequently, its ability to meet its obligations and pay distributions. In addition, any increase in the supply of available rental accommodation in the markets in which CAPREIT operates or may operate could have an adverse effect on CAPREIT.

Competition for residents also comes from opportunities for individual home ownership, including condominiums. CAPREIT is monitoring the impacts that the Government of Canada's new mortgage regulations will pose on the demand for rental units in the country. Although there is no expectation that these developments will impact CAPREIT's occupancy levels, there may be an increase in the number of first-time home buyers entering the real estate market to take advantage of longer mortgage amortization periods and higher insured mortgage caps.

Controls Over Disclosures and Financial Reporting

CAPREIT maintains information systems, procedures and controls over financial reporting. As a result of the inherent limitations in all control systems, there cannot be complete assurance that the objectives of the control system will be met. Furthermore, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, will be detected or prevented. These inherent limitations include, without limitation, the possibility that management's assumptions and judgments may ultimately prove to be incorrect under varying conditions and circumstances and the impact of isolated errors.

In addition, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions. Additionally, the inability to recruit and retain key personnel may impact the ability for controls to operate effectively.

Nature of CAPREIT Trust Units

CAPREIT's Unitholders do not have all of the statutory rights normally associated with ownership of shares of a company including, for example, the right to bring "oppression" or "derivative" actions against CAPREIT. The Trust Units are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act (the "CDIC Act") and are not insured under the provisions of the CDIC Act or any other legislation. Furthermore, CAPREIT is not a trust company and, accordingly, it is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company. In addition, although CAPREIT is intended to qualify as a "mutual fund trust" as defined by the Tax Act, CAPREIT is not a "mutual fund" as defined by applicable securities legislation.

Dilution

Subject to applicable laws, CAPREIT is authorized to issue an unlimited number of Trust Units and 25,840,600 Preferred Units, and on such terms and conditions determined by the Board of Trustees, without Unitholder approval. Unitholders have no pre-emptive right in connection with any further issuance. The Board of Trustees has the discretion to issue additional Trust Units in other circumstances, pursuant to CAPREIT's various incentive plans, subject to limits imposed by the TSX. Any issuance of additional Trust Units may have a dilutive effect on the holders of Trust Units. Furthermore, timing differences may occur between the issuance of additional Trust Units and the time such proceeds may be used to invest in new properties. Depending on the duration of such timing difference, this may be dilutive.

Distributions

Cash distributions are not guaranteed. Distributions on the Trust Units are established by the Board of Trustees and are subject to change at the discretion of the Board of Trustees. While CAPREIT has historically made monthly cash distributions to Unitholders, the actual amount of distributions paid in respect of the Trust Units will depend upon numerous factors, all of which are susceptible to a number of risks and other factors beyond the control of CAPREIT. The market value of the Trust Units will deteriorate if CAPREIT is unable to meet its distribution targets in the future, and that deterioration could be significant. In addition, the composition of the cash distributions for tax purposes may change over time and could affect the after-tax return for Unitholders that are subject to Canadian income tax.

Foreign Operations and Currency Risks

In connection with CAPREIT's investment in and management of ERES, the Dutch real estate market differs from the Canadian environment and CAPREIT's experience and expertise in managing Canadian properties may not apply perfectly to a foreign operation. Additionally, these foreign markets may differ from Canadian markets with respect to laws and regulations, economic conditions and market norms. Operating success in these foreign markets will depend on CAPREIT's ability to recognize these differences and adapt its business model accordingly. CAPREIT's operations in foreign jurisdictions also requires management oversight and resources that may have been otherwise focused on its Canadian properties. Additionally, it is possible that CAPREIT's subsidiaries and involvement in foreign operations will expose CAPREIT to foreign currency risk, as CAPREIT's functional and presentation currency is the Canadian dollar, while the functional currency of CAPREIT's foreign operations and its investment in ERES is the euro.

Additionally, CAPREIT enters into cross-currency interest rate swap or interest rate swap arrangements from time to time to manage CAPREIT's currency risk on its European investments and to manage its interest rate exposures on certain financing arrangements. The fluctuations in the euro against the Canadian dollar and change in interest rates could have a material adverse effect on the fair value of these financial instruments.

Commitments and Contingencies

A summary of commitments and contingencies can be found in note 29 to CAPREIT's consolidated annual financial statements for the year ended December 31, 2024.

Subsequent Events

A summary of subsequent events can be found in note 32 to CAPREIT's consolidated annual financial statements for the year ended December 31, 2024.

Outlook

CAPREIT, and the Canadian rental market in general, is experiencing a transitory phase of higher vacancy, reduced uplifts on turnover and increased use of leasing incentives. This trend is being driven by a variety of factors, including, but not limited to, reduced demand from non-permanent residents and international students, a temporary increase in purpose-built rental supply, and legislative changes shifting short-term rentals into the long-term market.

Notwithstanding the aforementioned market dynamics, CAPREIT has historically maintained a strategic focus on vacancy mitigation, even throughout the pandemic, and will continue to prioritize this initiative going forward. In addition, CAPREIT's unique portfolio mix of primarily mid-market, core legacy buildings, combined with a limited allocation towards newer purpose-built rental properties located in core markets, provides an optimal runway of moderate growth and stability in long-term returns. Given that the majority of CAPREIT's residential apartments in Canada are represented by largely regulated, legacy properties, there is meaningful mark-to-market value embedded throughout the portfolio, and this positions CAPREIT well to continue achieving steady rental growth during this temporary softening in the market rent environment.

CAPREIT anticipates ongoing demand for its high-quality, professionally managed properties, which are widely diversified across core urban markets throughout Canada, and expects its proactive management strategies will enable it to maintain strong occupancies and optimize revenue. To that end, in order to navigate through evolving market dynamics effectively and sustain long-term performance, CAPREIT has implemented and ramped up on a number of marketing, incentive and retention initiatives. For instance, CAPREIT has expanded its pricing, marketing and leasing teams to increase focus on dynamic pricing, marketing campaigns and outreach, targeted leasing efforts, and resident engagement. Frequent market analysis will ensure rental rates are aligned with demand, seasonality, and competitive trends, while short-term leasing options will be expanded, where permitted, to attract temporary renters. CAPREIT is also expanding its resident referral programs, upgrading its leasing program and training, and aligning suite and amenity specifications with market trends to improve marketability and resident satisfaction. To drive retention, CAPREIT is strengthening its mark-to-market review process to ensure it is establishing sustainable rent increases in unregulated markets, while also reducing turnover in markets with lower mark-to-market opportunity, through refined incentive strategies, community engagement efforts, and improved service response times, with a view to strengthening resident relationships. CAPREIT is also leveraging reputable co-living partnerships and social housing leaseholders in high-demand markets to provide affordable alternatives, mitigate vacancies, and stabilize occupancy. This balanced approach ensures CAPREIT remains competitive, maintains a reliable resident pipeline, and supports long-term financial stability.

Moving forward, CAPREIT will remain focused on the execution of its strategy, while also regularly re-evaluating that strategy as its operating environment inevitably changes. Ultimately, CAPREIT considers its portfolio and management platform well-positioned to not only withstand, but capitalize on shorter-term gyrations in supply-demand dynamics, while longer-term fundamentals are expected to remain robust for the residential rental industry in Canada.

Management's Responsibility for the Consolidated Annual Financial Statements

The accompanying consolidated annual financial statements and information included in this Annual Report have been prepared by the management of CAPREIT in accordance with International Financial Reporting Standards, and include amounts based on management's informed judgments and estimates. Management is responsible for the integrity and objectivity of these consolidated annual financial statements. The financial information presented elsewhere in this Annual Report is consistent with that in the consolidated annual financial statements in all material respects.

To assist management in the discharge of these responsibilities, management has established the necessary internal controls, based on the criteria set forth in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 2013. These internal controls are designed to ensure that CAPREIT's financial records are reliable for preparing financial statements; other financial information and transactions are properly authorized and recorded; and assets are safeguarded.

As at December 31, 2024, CAPREIT's President and Chief Executive Officer and Chief Financial Officer evaluated, or caused an evaluation under their direct supervision, of the design and operating effectiveness of CAPREIT's internal controls over financial reporting (as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings) and, based on that evaluation, determined that CAPREIT's internal controls over financial reporting were appropriately designed and operating effectively.

Ernst & Young LLP, the independent auditor appointed by the Unitholders, has audited the consolidated annual financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the Unitholders their opinion on the consolidated annual financial statements. Their report as auditor is set forth below.

The consolidated annual financial statements have been further reviewed and approved by the Board of Trustees on the recommendation of the Audit Committee. This committee meets regularly with management and the auditor, which have full and free access to the Audit Committee.

/s/Mark Kenney

Mark Kenney
President and Chief
Executive Officer

/s/Stephen Co

Stephen Co
Chief Financial Officer

Toronto, Ontario
February 13, 2025

Independent auditor's report

To the Unitholders of
Canadian Apartment Properties Real Estate Investment Trust

Opinion

We have audited the consolidated financial statements of **Canadian Apartment Properties Real Estate Investment Trust** and its subsidiaries [the "Trust"], which comprise the consolidated balance sheets as at December 31, 2024 and 2023, and the consolidated statements of net income (loss) and comprehensive income (loss), consolidated statements of unitholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Trust as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ["IFRSs"].

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
The Trust's investment property portfolio has a fair value of $14,868 million, which represents 95% of total assets as at December 31, 2024. The Trust's portfolio consists of Canadian and European properties, with the European interests held through the Trust's 65% interest in European Residential Real Estate Investment Trust. Apartments and Townhomes comprise $14,513 million, representing 98% of the total investment property held by the Trust. Throughout the year, CAPREIT had approximately one third of its Canadian investment properties appraised by a qualified external appraiser. The Trust obtains external appraisals for a cross-section of investment properties that represent different geographical locations across Canada. The remainder of the Canadian portfolio was appraised by the Trust's internal valuations team, consisting of individuals with specialized industry experience in real estate valuations. The fair values of all of Trust's European portfolio are determined by qualified external appraisers. For Apartments and Townhomes within the Canadian portfolio, the Trust utilizes the direct income capitalization ["DC"] method. Under the DC method, capitalization rates are applied to normalized net operating income ["NOI"] representing market-based NOI assumptions. The most significant assumption is the capitalization rate for each property. For Apartments and Townhomes within the European portfolio, the Trust utilizes both the discounted cash flow ["DCF"] method and the DC method. Under the DCF method, discount rates are applied to the forecasted cash flows reflecting market-based NOI assumptions. The most significant assumptions are the stabilized cash flows, the discount rate applied over the term of the cash flows, and the capitalization rate used to determine the terminal value of the investment properties.	With the assistance of our real estate valuation specialists, we obtained an understanding of the valuation process, evaluated the appropriateness of the underlying valuation methodology, and performed the following audit procedures, among others: We assessed the competence, capability, and objectivity of management's internal valuations team, and any third-party appraisers engaged, by considering the qualifications and expertise of the individuals involved in the preparation and review of the valuations. We selected a sample of properties where either the fair value change from prior year or significant assumptions fell outside our expectations, based on our understanding of the geographical real estate market for the specific asset type. For this sample of investment properties, we evaluated the significant assumptions by comparison to the expected real estate market benchmark range for similar assets and tenancies, in similar locations. We also considered whether there were any additional asset-specific characteristics that may impact the significant assumptions utilized and that these were appropriately considered in the overall assessment of fair value. We performed a look-back analysis to assess the accuracy of management's historical fair value estimates through comparison to transactions to acquire and dispose of interests in investment properties completed by the Trust during the year. We evaluated the Trust's related accounting policies and disclosures in the consolidated financial statements to assess appropriateness and conformity with IFRS.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
Notes 2d), 3i) and 4 of the consolidated financial statements describe the accounting policy for the Trust's investment properties; the critical accounting estimates, assumptions, and judgements in relation to the valuation of investment properties; and describe the valuation methods used and the key assumptions. Additionally, note 4 summarizes the sensitivity of the fair value of investment properties to a change in capitalization rates and a change in normalized NOI. The valuation of the Trust's investment property portfolio is a key audit matter given the inherently subjective nature of significant assumptions including capitalization rates, discount rates, normalized NOI and stabilized cash flows. These assumptions are influenced by property-specific characteristics including location, type and quality of the properties and tenancy agreements.	

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion & Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Trust as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mark Vrooman.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
February 13, 2025

Consolidated Balance Sheets

(In thousands of Canadian dollars)

As at	Note	December 31, 2024	December 31, 2023[1]
Non-current assets			
Investment properties	4	**$ 14,868,362**	$ 16,532,096
Vendor takeback mortgages receivable	8	**130,161**	–
Investments held at fair value through profit or loss	9	**2,364**	162,472
Derivative assets	10	**8,813**	35,619
Deferred income tax asset	13	**11,793**	19,523
Other assets	11	**27,110**	29,542
Total non-current assets		**15,048,603**	16,779,252
Current assets			
Cash and cash equivalents		**136,243**	29,528
Amounts receivable		**17,384**	16,526
Derivative assets	10	**10,263**	10,851
Other assets	11	**56,140**	86,633
Assets held for sale	7	**307,460**	45,850
Total current assets		**527,490**	189,388
Total assets		**$ 15,576,093**	$ 16,968,640
Non-current liabilities			
Debt	12	**$ 5,347,694**	$ 6,407,750
Deferred income tax liability	13	**32,076**	49,481
Unit-based compensation financial liabilities	14	**12,305**	11,070
Other liabilities	15	**45,462**	46,837
Total non-current liabilities		**5,437,537**	6,515,138
Current liabilities			
Debt	12	**644,320**	651,371
ERES units held by non-controlling unitholders	16	**170,018**	186,522
Accounts payable and accrued liabilities	17	**101,760**	105,717
Exchangeable LP Units	18	**70,220**	80,383
Unit-based compensation financial liabilities	14	**12,326**	12,353
Derivative liabilities	10	**3,684**	7,001
Other liabilities	15	**108,916**	107,854
Liabilities related to assets held for sale	7	**–**	23,706
Total current liabilities		**1,111,244**	1,174,907
Total liabilities		**$ 6,548,781**	$ 7,690,045
Unitholders' equity			
Unit capital		**$ 4,226,115**	$ 4,227,156
Retained earnings		**4,791,648**	5,063,981
Accumulated other comprehensive income (loss)		**9,549**	(12,542)
Total unitholders' equity		**$ 9,027,312**	$ 9,278,595
Total liabilities and unitholders' equity		**$ 15,576,093**	$ 16,968,640

[1] Restated; see note 2.

See accompanying notes to the consolidated annual financial statements.

Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)

(In thousands of Canadian dollars)

For the Year Ended December 31,	Note	2024	2023
Operating revenues			
Revenue from investment properties	21	**$ 1,112,742**	$ 1,065,317
Operating expenses			
Property operating costs		**(281,431)**	(276,123)
Realty taxes		**(100,657)**	(96,408)
Total operating expenses		**(382,088)**	(372,531)
Net operating income		**730,654**	692,786
Other income	22	**7,384**	13,644
Trust expenses		**(58,624)**	(62,373)
Unit-based compensation amortization recovery (expense):			
Unit-based compensation amortization expense	14	**(8,590)**	(7,816)
Unit-based compensation amortization recovery relating to ERES UOP forfeitures upon senior management termination	14	**2,284**	–
Total unit-based compensation amortization expense, net		**(6,306)**	(7,816)
Financing-related costs:			
Interest expense on debt and other financing costs	23	**(220,162)**	(211,664)
Interest expense on Exchangeable LP Units		**(2,429)**	(2,382)
Net gain on derecognition of debt		**3,012**	3,251
Total financing-related costs, net		**(219,579)**	(210,795)
Fair value adjustments of investment properties	4, 7	**58,486**	(914,585)
Fair value adjustments of financial instruments	24	**(5,994)**	(34,373)
Gain (loss) on non-controlling interest	16	**(118,526)**	45,209
Gain (loss) on foreign currency translation		**(26,782)**	4,161
Transaction costs and other activities	25	**(28,532)**	(13,911)
Net income (loss) before income taxes		**332,181**	(488,053)
Current income tax expense		**(15,713)**	(8,889)
Deferred income tax recovery (expense)		**(23,726)**	85,368
Total current income tax expense and deferred income tax recovery (expense), net	13	**(39,439)**	76,479
Net income (loss)		**$ 292,742**	$ (411,574)
Other comprehensive income, including items that may be reclassified subsequently to net income (loss)			
Gain on foreign currency translation, net of taxes		**$ 21,759**	$ 12,569
Gain on investments held at fair value through other comprehensive income		**332**	421
Amortization of losses from accumulated other comprehensive loss to interest and other financing costs		**–**	341
Other comprehensive income		**$ 22,091**	$ 13,331
Comprehensive income (loss)		**$ 314,833**	$ (398,243)

See accompanying notes to the consolidated annual financial statements.

Consolidated Statements of Unitholders' Equity

(In thousands of Canadian dollars, except number of Trust Units)

	Note	Number of Trust Units	Unit Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Unitholders' equity, January 1, 2024		**167,614,292**	**$ 4,227,156**	**$ 5,063,981**	**$ (12,542)**	**$ 9,278,595**
Unit capital						
Distribution Reinvestment Plan		**101,639**	**4,886**	**–**	**–**	**4,886**
Deferred Units	14	**8,100**	**456**	**–**	**–**	**456**
Restricted Unit Rights	14	**79,571**	**3,729**	**–**	**–**	**3,729**
Employee Unit Purchase Plan	19	**67,095**	**3,216**	**–**	**–**	**3,216**
Issuance of Trust Units pursuant to special non-cash distribution	19	**4,443,917**	**189,444**	**–**	**–**	**189,444**
Cancellation of Trust Units under NCIB and other	19	**(7,324,779)**	**(202,772)**	**(130,966)**	**–**	**(333,738)**
Net income and other comprehensive income						
Net income		**–**	**–**	**292,742**	**–**	**292,742**
Other comprehensive income		**–**	**–**	**–**	**22,091**	**22,091**
Distributions on Trust Units						
Distributions declared and paid	20	**–**	**–**	**(224,597)**	**–**	**(224,597)**
Distributions payable	20	**–**	**–**	**(20,068)**	**–**	**(20,068)**
Consolidation of Trust Units issued pursuant to special non-cash distribution	19	**(4,443,917)**	**–**	**(189,444)**	**–**	**(189,444)**
Unitholders' equity, December 31, 2024		**160,545,918**	**$ 4,226,115**	**$ 4,791,648**	**$ 9,549**	**$ 9,027,312**

	Note	Number of Trust Units	Unit Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Unitholders' equity, January 1, 2023		169,404,469	$ 4,183,171	$ 5,846,397	$ (25,873)	$ 10,003,695
Unit capital						
Distribution Reinvestment Plan		197,130	9,431	–	–	9,431
Deferred Units	14	12,654	622	–	–	622
Restricted Unit Rights	14	68,496	3,160	–	–	3,160
Employee Unit Purchase Plan	19	68,060	3,294	–	–	3,294
Exchangeable LP Units exchanged	18	32,004	1,578	–	–	1,578
Issuance of Trust Units pursuant to special non-cash distribution	19	1,683,012	82,131	–	–	82,131
Cancellation of Trust Units under NCIB and other	19	(2,168,521)	(56,231)	(45,429)	–	(101,660)
Net loss and other comprehensive income						
Net loss		–	–	(411,574)	–	(411,574)
Other comprehensive income		–	–	–	13,331	13,331
Distributions on Trust Units						
Distributions declared and paid	20	–	–	(223,029)	–	(223,029)
Distributions payable	20	–	–	(20,253)	–	(20,253)
Consolidation of Trust Units issued pursuant to special non-cash distribution	19	(1,683,012)	–	(82,131)	–	(82,131)
Unitholders' equity, December 31, 2023		167,614,292	$ 4,227,156	$ 5,063,981	$ (12,542)	$ 9,278,595

See accompanying notes to the consolidated annual financial statements.

Consolidated Statements of Cash Flows

(In thousands of Canadian dollars)

For the Year Ended December 31,	Note	2024	2023
Cash provided by (used in):			
Operating activities			
Net income (loss)		**$ 292,742**	$ (411,574)
Items related to operating activities not affecting cash:			
Fair value adjustments of investment properties	4, 7	**(58,486)**	914,585
Fair value adjustments of financial instruments	24	**5,994**	34,373
Mark-to-market gain on ERES units held by non-controlling unitholders	16	**(18,634)**	(59,342)
Total unit-based compensation amortization expense, net		**6,306**	7,816
Other adjustments	26	**69,575**	(81,251)
Changes in non-cash operating assets and liabilities	26	**406**	(3,635)
Items related to investing activities		**(5,797)**	(9,981)
Items related to financing activities	26	**356,739**	224,928
Cash provided by operating activities		**648,845**	615,919
Investing activities			
Capital investments, net	26	**(249,808)**	(307,831)
Acquisitions, deposits and transaction costs of investment properties	5	**(332,638)**	(242,365)
Acquisition of investments		**(13,293)**	(12,619)
Disposition of investment properties (net of assumed mortgages and transaction costs)	6	**2,135,419**	373,676
Disposition of investments and sale of other assets		**151,478**	41,791
Proceeds from settlement of VTB mortgages receivable		**45,830**	–
Investment and interest income received		**5,931**	9,981
Change in restricted funds		**(487)**	(1,102)
Cash provided by (used in) investing activities		**1,742,432**	(138,469)
Financing activities			
Borrowings	12	**887,928**	770,080
Principal repayments	7, 12	**(153,237)**	(158,803)
Lump-sum repayments	7, 12	**(2,093,290)**	(550,164)
Financing costs and CMHC premiums paid	12	**(18,878)**	(18,615)
Refunds (deposits) related to financing activities		**840**	(1,386)
Interest paid on mortgages and credit facilities		**(197,773)**	(184,198)
Debt settlement costs paid		**(4,086)**	(388)
Purchase and cancellation of Trust Units	19	**(327,149)**	(100,907)
Distributions paid to Unitholders	26	**(239,964)**	(234,067)
Net proceeds on issuance of Trust Units	26	**2,904**	2,744
Special interest paid to ERES non-controlling unitholders	16	**(122,617)**	–
Interest paid to ERES non-controlling unitholders	16	**(12,413)**	(10,868)
Interest paid to Exchangeable LP unitholders		**(2,422)**	(2,388)
Lease payments		**(6,304)**	(6,268)
Cash used in financing activities		**(2,286,461)**	(495,228)
Changes in cash and cash equivalents during the year		**104,816**	(17,778)
Gain on foreign currency translation		**1,899**	3
Cash and cash equivalents, beginning of the year		**29,528**	47,303
Cash and cash equivalents, end of the year		**$ 136,243**	$ 29,528

See accompanying notes to the consolidated annual financial statements.

Notes to Consolidated Annual Financial Statements

December 31, 2024
(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

1. Organization of the Trust

As at December 31, 2024, Canadian Apartment Properties Real Estate Investment Trust ("CAPREIT") owns and manages interests in multi-unit residential rental properties, including mainly apartments and townhomes, 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 to a lesser extent in Europe.

CAPREIT converted from a closed-ended mutual fund trust to an open-ended mutual fund trust on January 8, 2008, and is governed under the laws of the Province of Ontario by a Declaration of Trust ("DOT") dated February 3, 1997, as amended and restated on June 1, 2022. CAPREIT commenced active operations on February 4, 1997 when it acquired an initial portfolio of properties. CAPREIT became a reporting issuer on May 21, 1997 pursuant to an initial public offering prospectus of its units ("Trust Units") dated May 12, 1997.

CAPREIT Limited Partnership ("CAPLP"), a subsidiary of CAPREIT established under the laws of the Province of Manitoba pursuant to a limited partnership agreement dated June 26, 2007, and as amended and restated on June 22, 2020, owns directly or indirectly the beneficial interest of all its investment properties, along with the related mortgages and all the debt obligations of CAPREIT.

As at December 31, 2024, CAPREIT directly and indirectly holds a 65% (December 31, 2023 – 65%) ownership of publicly-traded European Residential Real Estate Investment Trust ("ERES"), which operates primarily in the Netherlands, with the remaining 35% (December 31, 2023 – 35%) held by non-controlling unitholders. CAPREIT owns publicly-traded units of ERES ("ERES units") and Class B Limited Partnership units ("ERES Class B LP Units") of ERES Limited Partnership ("ERES LP"), a subsidiary of ERES. ERES Class B LP Units are exchangeable, on a one-for-one basis, for ERES units at the option of the holder, and have economic and voting rights through special voting units of ERES that are equivalent, in all material respects, to ERES units.

CAPREIT is listed on the Toronto Stock Exchange ("TSX") under the trading symbol "CAR.UN" and its registered address is 11 Church Street, Suite 401, Toronto, Ontario, Canada M5E 1W1.

2. Summary of Material Accounting Policies

a) Statement of Compliance

CAPREIT has prepared these consolidated annual financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of consolidated annual financial statements. These policies have been consistently applied to all years presented, unless stated otherwise.

These consolidated annual financial statements were approved by CAPREIT's Board of Trustees on February 13, 2025.

b) Basis of Presentation

These consolidated annual financial statements have been prepared on a going concern basis, presented in Canadian dollars, which is also CAPREIT's functional currency, and have been prepared on a historical cost basis except for:

i) investment properties and certain financial instruments, which are stated at fair value;
ii) certain unit-based compensation amounts, which are stated at fair value;
iii) ERES units held by non-controlling unitholders, which are stated at fair value; and
iv) Class B limited partnership units of CAPLP ("Exchangeable LP Units"), which are stated at fair value.

In these consolidated annual financial statements, all amounts are presented in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated.

c) Principles of Consolidation

These consolidated annual financial statements comprise the assets and liabilities of all subsidiaries and the results of all subsidiaries for the financial period. CAPREIT and its subsidiaries are collectively referred to as "CAPREIT" in these consolidated annual financial statements. Subsidiaries are all entities over which CAPREIT has control. CAPREIT controls an entity when CAPREIT is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date control commences and deconsolidated from the date control ceases. Where CAPREIT consolidates a subsidiary in which it does not have 100% ownership and where the non-controlling interest contains an option or a redemption feature, the non-controlling interest is classified as a financial liability.

On consolidation of subsidiaries, CAPREIT eliminates in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group. International Accounting Standard 12, Income Taxes ("IAS 12"), applies to temporary differences that arise from the elimination of profits and losses resulting in intragroup transactions.

d) Investment Properties

CAPREIT considers its income-producing properties to be investment properties under IAS 40, Investment Property ("IAS 40"), and has chosen the fair value model to account for investment properties in its consolidated annual financial statements. Fair value represents the amount at which the investment properties could be exchanged between a knowledgeable and willing buyer and a knowledgeable and willing seller in an arm's length transaction at the date of valuation.

CAPREIT's investment properties have been valued on a highest and best use basis at each quarter-end. When considering highest and best use, CAPREIT takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

Investment properties comprise investment interests held in land and buildings (including integral equipment) held for the purpose of producing rental income, capital appreciation or both. CAPREIT's investments in its property portfolio reflect different forms of property interests, including: (i) Apartments and Townhomes (excluding Operating Leasehold Interests and Land Leasehold Interests), (ii) Operating Leasehold Interests, (iii) Land Leasehold Interests and (iv) Manufactured Home Community Sites. These four forms of property interests meet the definition of investment property and are classified and accounted for as such. All investment properties are recorded at cost, including transaction costs, at their respective acquisition dates and are subsequently stated at fair value at each consolidated balance sheet date, with any gain or loss arising from a change in fair value recognized through the consolidated statements of net income (loss) and comprehensive income (loss) for the period. For Operating Leasehold Interests, all of which are held under prepaid operating leases, CAPREIT measures all such interests at fair value, including the fair value of options to purchase, and these are accounted for and presented as investment properties. Capital expenditures are added to the carrying amount of investment properties to the extent it is probable that future economic benefits associated with the expenditure will flow to CAPREIT and the expenditure can be measured reliably.

The fair value of CAPREIT's investment properties is determined at each consolidated balance sheet date through a process that includes third-party external appraisers and a dedicated internal valuation team. Where increases or decreases are warranted, the carrying values of CAPREIT's investment properties are adjusted. See notes 3 and 4 for a detailed discussion of the significant estimates, assumptions and valuation methods used.

Investment properties, including investment properties held for sale, are derecognized when they have been disposed of. The difference between the disposal proceeds, net of transaction costs, and the carrying amount of the asset is recognized in net income (loss) in the period of derecognition.

e) Investment Property Acquisitions

At the time of acquisition of an investment property or a portfolio of investment properties, CAPREIT evaluates whether the acquisition is a business combination or an asset acquisition. IFRS 3, Business Combinations ("IFRS 3"), is only applicable if it is considered that a business has been acquired. A business, according to IFRS 3, is defined as an integrated set of activities and assets that are capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.

When determining whether the acquisition of an investment property or a portfolio of investment properties is a business combination or an asset acquisition, CAPREIT applies judgment when determining whether an integrated set of activities is acquired in addition to the property or portfolio of properties. Activities can include whether employees were assumed in the acquisition or an operating platform was acquired. Under IFRS 3, CAPREIT has the option to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If such a concentration exists, the transaction is not viewed as an acquisition of a business and no further assessment of the business combination guidance is required. The optional concentration test will be applied on a case-by-case basis.

The acquisition method of accounting is used for acquisitions meeting the definition of a business combination. The consideration transferred in a business combination is measured at fair value as of the acquisition date, which is calculated as the sum of the fair values of the assets transferred to the acquirer and the liabilities assumed by the acquirer. For each business combination, CAPREIT measures the non-controlling interest in the acquiree at fair value if the acquiree is a real estate investment trust ("REIT") or at the proportionate share of the acquiree's identifiable net assets if the acquiree is a corporation. Any transaction costs incurred with respect to the business combination are recognized through the consolidated statements of net income (loss) and comprehensive income (loss) for the period.

When an acquisition does not represent a business as defined under IFRS 3, CAPREIT classifies these properties or portfolio of properties as an asset acquisition. Identifiable assets acquired and liabilities assumed in an asset acquisition are measured initially at their fair values at the acquisition date. Acquisition-related transaction costs are added to the carrying value of the property acquired.

f) Presentation of Assets Classified as Held for Sale

Assets are reclassified to available for sale when CAPREIT has committed to a plan to sell the asset, is actively marketing the sale at a reasonable price in relation to its estimated fair value and a sale is highly probable of being completed within one year in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5"). CAPREIT presents non-current assets classified as held for sale and their associated liabilities separately from other assets and liabilities on the consolidated balance sheets and in the notes beginning from the period in which they were first classified as "held for sale" and the sale is highly probable. The sale of one or a group of investment properties by CAPREIT will generally be presented as current assets held for sale and not discontinued operations. If a group of assets held for sale is considered to meet the definition of a discontinued operation, then income or expense recognized in the consolidated statements of net income (loss) and comprehensive income (loss) relating to that group of assets is presented separately from continuing operations. A discontinued operation is a component of operations that represents a separate major line of business or geographic area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale.

g) Financial Instruments

Financial assets and financial liabilities

Under IFRS 9, Financial Instruments ("IFRS 9"), financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on the purpose for which the financial instruments were acquired or issued, their characteristics and CAPREIT's designation of such instruments. The standards require that all financial assets and financial liabilities be classified as fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI"), or amortized cost. Amortized cost is determined using the effective interest method.

At each reporting date, financial assets measured at amortized cost are assessed for impairment under an expected credit loss ("ECL") approach. CAPREIT applies the simplified approach, which uses lifetime ECLs, for amounts receivable, which consist primarily of tenant receivables. CAPREIT monitors its collection rate on a monthly basis and ensures that all past due amounts are provided for. CAPREIT measures the ECL allowance of its vendor takeback ("VTB") mortgages receivable based on the 12-month default risk, taking into consideration the assumption that there has been no significant increase in credit risk of the VTB mortgages receivable since initial recognition.

Classification of financial instruments

The following table summarizes the type and measurement CAPREIT has applied to each of its significant categories of financial instruments:

Type	Measurement base
Financial assets	
Cash and cash equivalents	Amortized cost
Restricted funds	Amortized cost
Amounts receivable	Amortized cost
VTB mortgages receivable	Amortized cost
Investments	FVTPL, FVOCI or amortized cost
Derivative financial assets	FVTPL[1]
Financial liabilities	
Mortgages payable	Amortized cost
Credit facilities payable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Other liabilities	Amortized cost
Exchangeable LP Units	FVTPL
ERES units held by non-controlling unitholders	FVTPL
Derivative financial liabilities	FVTPL[1]

[1] Derivatives not designated as a hedging relationship are measured at fair value with changes recognized directly through the consolidated statements of net income (loss) and comprehensive income (loss) within net income (loss).

Cash and cash equivalents and restricted funds

Cash and cash equivalents include cash and short-term investments with an original maturity of three months or less. Restricted funds do not meet the definition of cash and cash equivalents and are included in other current assets on the consolidated balance sheets. Interest earned or accrued on these financial assets is included in other income.

Amounts receivable

Such receivables arise when CAPREIT provides services to a third party, such as a tenant, and are included in current assets. Any receivables with maturities more than 12 months after the consolidated balance sheet date are classified as non-current assets. Other receivables are accounted for at amortized cost.

VTB mortgages receivable

VTB mortgages receivable typically arises when CAPREIT disposes of investment properties and provides the purchaser with a loan. VTB mortgages receivable are financial assets under IFRS 9 and are measured initially at fair value and subsequently at amortized cost. VTB mortgages receivable are classified as vendor takeback mortgages receivable within non-current assets except for those with amounts due within 12 months after the consolidated balance sheet date, which are classified as other assets within current assets.

Investments

Investments measured at FVTPL and FVOCI are recognized initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognized in net income (loss) or other comprehensive income within the consolidated statements of net income (loss) and comprehensive income (loss) in the period in which they arise. Investments are classified as current, except for the portion expected to be realized or paid more than 12 months after the consolidated balance sheet date, which is classified as non-current.

Investments that are held within a held to collect and sell business model, where the contractual terms give rise to cash flows that are solely payments of principal and interest, are measured at FVOCI. Investments that are held to collect contractual cash flows, where the contractual terms give rise to cash flows that are solely payments of principal and interest, are measured at amortized cost. Equity investments and all other investments not measured at FVOCI or amortized cost are measured at FVTPL.

Derivative financial assets and financial liabilities

Derivative financial assets and financial liabilities are initially recognized at fair value on the date a derivative contract is entered into and subsequently remeasured at fair value. The method of recognizing the resulting gain or loss depends on whether the derivative financial assets or financial liabilities are designated as a hedging instrument and, if so, the nature of the item being hedged.

Derivatives not designated as hedging relationships are measured at fair value with changes recognized directly through the consolidated statements of net income (loss) and comprehensive income (loss) within net income (loss).

Financial liabilities

Mortgages payable, credit facilities payable, accounts payable and accrued liabilities, and other liabilities are recorded initially at fair value and subsequently at amortized cost. All remaining financial liabilities are recorded at fair value.

Transaction costs related to financial instruments

Transaction costs related to financial assets and financial liabilities classified as FVTPL or FVOCI are expensed as incurred. Transaction costs related to financial assets and financial liabilities measured at amortized cost are netted against the carrying value of the financial asset or financial liability and amortized over the expected life of the financial instrument using the effective interest method.

h) Mortgages Payable and Credit Facilities Payable

Mortgages payable are recognized at amortized cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs and discounts directly related to the mortgage are initially netted against mortgages payable and amortized over the term of the mortgages within interest and other financing costs in the consolidated statements of net income (loss) and comprehensive income (loss). Mortgages with maturities and repayments due more than 12 months after the consolidated balance sheet date are classified as non-current. Credit facilities payable are recognized at amortized cost and the related financing costs are netted against credit facilities payable and amortized over the term of the credit facilities within interest and other financing costs in the consolidated statements of net income (loss) and comprehensive income (loss).

Fees and insurance premiums paid to Canada Mortgage and Housing Corporation ("CMHC") are netted against mortgages payable. They are amortized over the amortization period of the underlying mortgages when incurred (initial amortization period is typically between 25 and 35 years), and the associated amortization expenses are included in interest and other financing costs in the consolidated statements of net income (loss) and comprehensive income (loss). If CAPREIT fully refinances an existing mortgage, any unamortized prepaid CMHC premiums and fees associated with the existing mortgages on that property will be written off through interest and other financing costs in the period in which full refinancing occurs. CAPREIT accelerates the amortization for prepaid CMHC premiums for mortgages that management intends to fully refinance within the next year, from the date the decision is made to refinance to the date the mortgage is due to be refinanced. Any premium credits received upon refinancing will be capitalized and amortized over the new amortization period. Similarly, if CAPREIT discharges an existing mortgage, any unamortized prepaid CMHC premiums and fees associated with that mortgage will be written off in the period in which the discharge occurs. If CAPREIT renews a mortgage, CAPREIT will continue to amortize the existing prepaid CMHC premiums and fees associated with the existing mortgage over the remaining amortization period.

i) ERES Units Held by Non-Controlling Unitholders

ERES units are redeemable at the option of the holder and therefore are considered puttable instruments that meet the definition of a financial liability under IAS 32, Financial Instruments: Presentation ("IAS 32"). Although IAS 32 allows ERES to classify these units as equity on its own consolidated balance sheet, this exception is not available to CAPREIT, and therefore the non-controlling interest that these ERES units represent is classified as a liability on the consolidated balance sheet and is measured at fair value based on the redemption price as defined in the ERES DOT, with changes in the fair value recorded as fair value adjustment on non-controlling interest in the consolidated statements of net income (loss) and comprehensive income (loss). The mark-to-market adjustments arise from the changes in ERES's redemption price, where an increase in ERES's redemption price would result in a mark-to-market loss, and a decrease in ERES's redemption price would result in a mark-to-market gain.

j) Exchangeable LP Units

Issued and outstanding Exchangeable LP Units are exchangeable on demand at the option of the holder for Trust Units. As the Trust Units are redeemable at the holder's option, the Exchangeable LP Units are classified as current liabilities. The distributions on the Exchangeable LP Units are recognized in the consolidated statements of net income (loss) and comprehensive income (loss) as interest expense and the interest payable at the reporting date is reported under accounts payable and accrued liabilities on the consolidated balance sheets. These Exchangeable LP Units are remeasured at each reporting date at fair value, as they are considered to be puttable instruments under IAS 32, with changes in the fair value recognized as fair value adjustments of Exchangeable LP Units within net income (loss) in the consolidated statements of net income (loss) and comprehensive income (loss).

k) Trust Units

By virtue of CAPREIT being an open-ended mutual fund trust, holders of Trust Units ("Unitholders") are entitled to redeem their Trust Units at any time, at prices determined and payable in accordance with the conditions specified in the DOT. As a result, under IAS 32, Trust Units are defined as financial liabilities; however, for the purposes of financial statement classification and presentation, the Trust Units may be presented as equity instruments under IAS 32.

To be presented as equity, a puttable instrument must meet all of the following conditions:

i) it must entitle the holder to a pro rata share of the entity's net assets in the event of the entity's liquidation;
ii) it must be in the class of instruments that is subordinate to all other classes of instruments;
iii) all financial instruments in the class in ii) must have identical features;
iv) other than the redemption feature, there can be no other contractual obligations that meet the definition of a liability; and
v) the total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the entity over the life of the instrument.

Trust Units meet the puttable instrument exemption under IAS 32 and are therefore presented as equity. For the purposes of presenting earnings on a per unit basis as well as for unit-based compensation plans, CAPREIT's Trust Units are not treated as equity instruments, and accordingly, earnings per unit have not been presented.

Trust Units are initially recognized at fair value and the related transaction costs are recognized directly in the consolidated statements of unitholders' equity as a reduction to equity.

l) Unit-based Compensation and Incentive Plans

Unit-based compensation benefits are provided to officers, trustees and certain employees and are intended to facilitate long-term ownership of Trust Units and provide additional incentives by increasing the participants' interest, as owners, in CAPREIT. Unit-based compensation liabilities are classified as current, except for the portion expected to be realized or paid beyond 12 months of the consolidated balance sheet date.

CAPREIT accounts for its unit-based compensation plans using the fair value-based method, under which compensation expense is recognized over the vesting period. The key drivers of the recognition and measurement of compensation expense are summarized as follows:

Incentive Plan[1]	Type	Vesting Period	Type of Amortization	Distributions Applied To	Mark-to-Market Until
DUP	Rights	Grant date	Immediate	Additional units	Settled
RUR Plan	Rights	3 years[2]	Straight-line	Additional units	Settled
PUR Plan	Rights	3 years[2]	Straight-line	Additional units	Settled
ERES RUR Plan	Rights	3 years[2]	Straight-line	Additional units	Settled
ERES UOP	Options	3 years[3]	Graded	N/A	Exercised

(1) For definitions of these plans, refer to note 14.

(2) Vesting fully on the third grant anniversary date.

(3) Vesting one-third on each grant anniversary date.

m) Consolidated Statements of Cash Flows

Cash and cash equivalents consist of cash on hand, balances with banks and short-term investments with an original term to maturity of 90 days or less at purchase. Investing and financing activities that do not require the use of cash or cash equivalents are excluded from the consolidated statements of cash flows and are disclosed separately in the notes to the consolidated annual financial statements.

IFRS permits the classification of interest paid as either cash used in operating activities or as cash used in financing activities. CAPREIT has applied its judgment and concluded that debt financing is an integral part of its capital structure in providing leveraged returns to Unitholders, and not directly associated with its principal revenue-producing activities. Accordingly, CAPREIT has classified interest paid as cash used in financing activities in CAPREIT's consolidated statements of cash flows.

n) Leases

IFRS 16, Leases ("IFRS 16"), sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. From a lessee point of view, leases impacted by IFRS 16 encompass CAPREIT's four land leases in Alberta and British Columbia, an air rights lease and leased office space. These leases are recorded as right-of-use assets with corresponding lease liabilities derived by discounting the future payments of each lease by the rate implicit in the lease, where determinable, or the incremental borrowing rate specific to the lease. These right-of-use assets related to land and air rights leases meet the definition of investment property under IAS 40; therefore, the fair value model is applied to these assets. Interest expense on the lease liabilities and fair value gain (loss) on the right-of-use assets are recorded through CAPREIT's consolidated statements of net income (loss) and comprehensive income (loss).

These land and air rights lease payments are calculated based upon a specified minimum payment and, at several intervals throughout the lease term, are recalculated based upon land values on a specified date. CAPREIT measures lease liabilities at the present value of lease payments to be made over the lease term. These lease liabilities are determined based on future fixed and in-substance fixed payments, and exclude any variable payments. Variable payments are calculated based on certain variables, such as a percentage of revenues and net operating income, and are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

Right-of-use assets not meeting the definition of investment property are measured at cost less any accumulated amortization and are included within other assets. Such right-of-use assets are amortized over the shorter of the asset's useful life and the lease term on a straight-line basis.

For other leases of low-dollar-value assets or short-term leases that end within 12 months of the commencement date and have no renewal or purchase option, CAPREIT has elected to apply the recognition exemptions specified in IFRS 16, allowing CAPREIT to continue to expense the lease payments in the period in which they are incurred.

o) Revenue Recognition

Under IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), revenue is recognized using a uniform, five-step model. The five steps are as follows:

1. identify the contract(s) with the customer;
2. identify the performance obligations;
3. determine the transaction price;
4. allocate the transaction price to the performance obligations; and
5. recognize revenue as the performance obligations are satisfied.

Common area maintenance recoveries, except for insurance and realty tax recoveries, and service charges are considered non-lease components and are within the scope of IFRS 15. They are recognized over time, as they represent a series of services that are substantially the same and have the same pattern of transfer to tenants.

Revenue from investment properties is within the scope of IFRS 16 and is recognized using the straight-line method, whereby the total amount of revenue from investment properties to be received from all leases is accounted for on a straight-line basis over the term of the related leases. The difference between the revenue from investment properties recognized and the amounts contractually due under the lease agreements is recorded as straight-line rent receivable, which is included as a component of other non-current assets on the consolidated balance sheets. Revenue from investment properties also includes a non-lease component earned from tenants, which is within the scope of IFRS 15.

p) Income Taxes

CAPREIT is taxed as a mutual fund trust for income tax purposes and intends, at the discretion of the Board of Trustees, to distribute its taxable income each year to Unitholders to such an extent that it would not be liable for income tax under Part I of the Income Tax Act (Canada) ("Tax Act"). Accordingly, no provision for current income taxes payable is required, with the exception of income earned by subsidiaries that reside in foreign jurisdictions, as discussed below. For a comprehensive discussion of CAPREIT's liability for tax purposes, see note 13.

CAPREIT and its subsidiaries satisfied certain conditions available to REITs (the "REIT Exemption") under amendments to the Tax Act intended to permit a corporate income tax rate of nil as long as the specified conditions continue to be met.

CAPREIT has foreign operating subsidiaries in several countries with varying statutory rates of taxation. Judgment is required in the estimation of income taxes and deferred income tax assets and liabilities in each of CAPREIT's operating jurisdictions. Income taxes may be paid where activities carried on by the foreign subsidiaries are considered to be taxable in those countries.

Deferred income taxes relating to foreign subsidiaries are recognized, using the asset and liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual financial statements. Deferred income taxes are determined using tax rates and laws that have been enacted or substantively enacted by the consolidated balance sheet date, and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

q) Foreign Currency Translation

The consolidated annual financial statements are presented in Canadian dollars, which is the functional currency of CAPREIT.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the prevailing rate of exchange at the consolidated balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the consolidated statements of net income (loss) and comprehensive income (loss). Non-monetary items that are measured at their historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Foreign exchange gains and losses are presented in the consolidated statements of net income (loss) and comprehensive income (loss) within either net income (loss) or other comprehensive income.

In determining the functional currency of CAPREIT's foreign subsidiaries, CAPREIT considers factors such as (i) the currency that mainly influences sale prices for goods and services and the country whose competitive forces and regulations mainly determine the sale prices of those goods and services and (ii) the currency that mainly influences labour, material and other costs of providing goods and services. The functional currency for CAPREIT's European subsidiaries is the euro.

The results and financial position of all the subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
ii) income and expenses for each statement of income (loss) and comprehensive income (loss) presented are translated at the average exchange rates for the period; and
iii) all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are recorded in other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the consolidated statements of net income (loss) and comprehensive income (loss).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate of exchange at the reporting date.

r) Impact of Accounting Standards Effective January 1, 2024 on CAPREIT's Consolidated Annual Financial Statements

Amendments to IAS 1, Classification of Liabilities as Current or Non-current

The IASB issued "Classification of Liabilities as Current or Non-current (Amendments to IAS 1)" in January 2020, affecting the presentation of liabilities in the balance sheet. The narrow-scope amendments to IAS 1, Presentation of Financial Statements ("IAS 1"), clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendments also clarify what IAS 1 means when it refers to the "settlement" of a liability. The amendments must be applied retrospectively in accordance with the normal requirements of IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"). In October 2022, the IASB issued amendments to the requirements for classification of debt with covenants. The amendments modify the new requirements to apply only to covenants with which an entity is required to comply and that may impact the classification of a liability as current or non-current. In addition, the amendments require disclosure of information about such covenants and related liabilities in the notes to enable users of financial statements to understand the risk of non-current liabilities with covenants becoming repayable within 12 months. CAPREIT adopted the IAS 1 amendments on January 1, 2024 and retrospectively reclassified ERES units held by non-controlling unitholders from non-current liabilities to current liabilities in the consolidated balance sheets.

There was no impact on the measurement or recognition of any item in CAPREIT's consolidated annual financial statements, debt covenants or liquidity risks, and there was no change to the consolidated statements of net income (loss) and comprehensive income (loss), consolidated statements of unitholders' equity and consolidated statements of cash flows.

s) Future Accounting Policy Changes

IFRS 18, Presentation and Disclosure in Financial Statements ("IFRS 18")

In April 2024, the IASB issued IFRS 18, which replaces IAS 1. IFRS 18 is a result of the IASB's "Primary Financial Statements" project, which aims to improve comparability and transparency of communication in financial statements. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and sub-totals. Disclosure of performance measures defined by management will be required, including the aggregation and disaggregation of financial information based on the identified roles of the primary financial statements and related notes. IFRS 18 is expected to impact all reporting entities, including CAPREIT. Narrow scope amendments have been made to IAS 7, Statement of Cash Flows ("IAS 7"), IAS 34, Interim Financial Reporting ("IAS 34") and other minor amendments to other statements. Some requirements previously included within IAS 1 have been moved to IAS 8, which was renamed as IAS 8, Basis of Preparation of Financial Statements.

IFRS 18 and the amendments to the other standards will become effective for reporting periods beginning on or after January 1, 2027, with earlier adoption permitted, and will be applied retrospectively. IFRS 18 and the related amendments have not been early adopted by CAPREIT. CAPREIT is currently assessing potential impacts of IFRS 18 and the amendments to the other standards.

3. Critical Accounting Estimates, Assumptions and Judgments

The preparation of consolidated annual financial statements in accordance with IFRS requires the use of estimates, assumptions and judgments that in some cases relate to matters that are inherently uncertain, and which affect the amounts reported in the consolidated annual financial statements and accompanying notes. Areas of such estimation, use of assumptions and judgments include, but are not limited to: valuation of investment properties, remeasurement at fair value of financial instruments, valuation of amounts receivable, capitalization of costs, accounting accruals, realizability of deferred income tax assets and determining whether an acquisition is a business combination or an asset acquisition. Changes to estimates and assumptions may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated annual financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates under different assumptions and conditions.

The estimates or judgments deemed to be more significant, due to subjectivity and the potential risk of causing a significant adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

i) Valuation of Investment Properties

Investment properties are measured at fair value as at the consolidated balance sheet dates. Any changes in fair value are included within net income (loss) in the consolidated statements of net income (loss) and comprehensive income (loss). Fair value is determined in accordance with recognized valuation techniques. The techniques used comprise both the direct income capitalization ("DC") and the discounted cash flow ("DCF") methods, and include estimating, among other things (all considered Level 3 inputs), normalized net operating income ("NOI"), capitalization rates, terminal capitalization rates, discount rates and other future cash flows applicable to investment properties. Fair values for investment properties are classified as Level 3 in the fair value hierarchy, as disclosed in note 30.

The valuation of investment properties is subject to significant estimates, assumptions and judgments based on market conditions in effect as at the consolidated balance sheet dates. See note 4 for a detailed discussion of valuation methods and the significant estimates, assumptions and judgments used.

ii) Valuation of Financial Instruments

The fair value of derivative assets and liabilities is based on assumptions that involve significant estimates. The basis of valuation for CAPREIT's derivatives is set out in note 30. The fair values of derivatives reported may differ significantly from the amounts they are ultimately settled for if there is volatility between the valuation date and settlement date.

iii) Business Combination

Accounting for business combinations under IFRS 3 generally applies when CAPREIT acquires an investment property or a portfolio of investment properties directly or indirectly through purchase of shares of another entity. IFRS 3 defines a business as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.

A business generally consists of inputs, processes applied to those inputs and resulting outputs that are, or will be, used to generate revenues. In the absence of such criteria, a group of assets is deemed to have been acquired. If goodwill is present in a transferred set of activities and assets, the transferred set is presumed to be a business. CAPREIT applies judgment in determining whether property acquisitions qualify as a business combination in accordance with IFRS 3 or as an asset acquisition.

When determining whether the acquisition of an investment property or a portfolio of investment properties is a business combination or an asset acquisition, CAPREIT applies judgment when considering the following:

1. whether the investment property or properties are capable of producing outputs;
2. whether the market participant could produce outputs if missing elements exist;
3. whether employees were assumed in the acquisition; and
4. whether an operating platform has been acquired.

As outlined in note 2e), CAPREIT has the option to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets under IFRS 3. If such a concentration exists, the transaction is not viewed as an acquisition of a business and no further assessment of the business combination guidance is required. The optional concentration test will be applied on a case-by-case basis.

When CAPREIT acquires properties or a portfolio of properties and does not take on or assume employees or acquire an operating platform, it classifies the acquisition as an asset acquisition.

When CAPREIT determines the acquisition is a business combination, CAPREIT considers the following when determining the acquirer for accounting purposes:

1. whether the former owners of the entity being acquired own the majority of the shares or units, and control the majority of votes, in the combined entity; and
2. whether management of the combined entity is drawn predominantly from the entity whose shares or units are acquired.

4. Investment Properties

Continuity of Investment Properties

For the Year Ended December 31,	Note	2024	2023
Balance of investment properties, beginning of the year		**$ 16,532,096**	$ 17,153,709
Additions (deductions):			
Acquisitions	5	**665,019**	299,448
Property capital investments		**236,267**	283,141
Capitalized direct leasing costs		**802**	1,341
Transfers from other assets	11	**932**	16,462
Dispositions[(1)]	6	**(281,747)**	(205,566)
Transfers to assets held for sale[(2)]	7	**(2,408,511)**	(127,155)
Fair value adjustments		**66,216**	(912,509)
Foreign currency translation adjustments and other		**57,288**	23,225
Balance of investment properties, end of the year		**$ 14,868,362**	$ 16,532,096

(1) Excludes the disposition of investment properties that were previously classified as assets held for sale. Refer to notes 6 and 7 for further information.

(2) For the year ended December 31, 2024, transfers included $1,033,400 of investment properties from Canada and $1,375,111 of investment properties from Europe (year ended December 31, 2023 – $127,155 of investment properties from Canada). Refer to note 7 for further information.

Valuation Basis

CAPREIT appraises some of its Canadian investment properties using valuations prepared by its internal valuations team. This team consists of individuals who are knowledgeable and have specialized industry experience in real estate valuations and report directly to a senior member of CAPREIT's management team. The internal valuations team's processes and results are reviewed and approved by senior management of CAPREIT, including the President and Chief Executive Officer and Chief Financial Officer.

Approximately a third of the Canadian portfolio is externally appraised throughout the year. External valuations for the Canadian portfolio, where obtained, are performed throughout the year with quarterly updates provided on capitalization rates. Capitalization rates used by the appraisers are based on recently closed transactions for similar properties and other current market indicators for similar properties. CAPREIT obtains external valuations for a cross-section of investment properties that represents different geographical locations across the Canadian portfolio. For internal valuations, the appraisal methodologies used are consistent with the practices employed by the external appraiser. The fair values of all of CAPREIT's European residential portfolio are determined by qualified external appraisers on a quarterly basis. The qualified external appraisers hold recognized relevant professional qualifications and have recent experience in the location and category of the respective properties.

Fair values for investment properties are classified as Level 3 in the fair value hierarchy, as disclosed in note 30. Discussion of the valuation process, the valuation methodology (as discussed below), key inputs and results is held between CAPREIT and the qualified external appraisers at least once every quarter, in line with CAPREIT's quarterly reporting dates.

To determine fair value, CAPREIT first considers whether it can use current prices in an active market for a similar property in the same location and condition. CAPREIT has concluded there is insufficient market evidence on which to base investment property valuation using this approach, and has therefore determined to use either the DC or the DCF methods to arrive at the fair value of the investment properties. Capitalization rates and discount rates used are based on recently closed transactions for similar properties and other current market indicators for similar properties. Gross sale prices are used for properties slated for disposition or classified as held for sale per their corresponding agreement of purchase and sale when this price represents fair value at the reporting date.

Current regulatory and macroeconomic developments 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.

Investment properties have been valued using the following methods and key assumptions:

a) Apartments, Townhomes and MHC Sites (excluding Operating Leasehold Interests and Land Leasehold Interests)

For its Canadian portfolio, CAPREIT utilizes the DC method. Under this method, capitalization rates are applied to normalized NOI representing market-based NOI assumptions (property revenue less property operating expenses adjusted for market-based assumptions such as long-term vacancy rates, management fees, repairs and maintenance costs, and other on-site costs). The most significant assumption is the capitalization rate for each specific property. The capitalization rate is based on the actual location, size and quality of the property, taking into account any available market data at the valuation date. Generally, an increase in normalized NOI will result in an increase to the fair value of an investment property. An increase in the capitalization rate will result in a decrease to the fair value of an investment property. The capitalization rate magnifies the effect of a change in normalized NOI, with a lower capitalization rate causing more change in fair value than would a higher capitalization rate.

For its European portfolio, CAPREIT utilizes the DCF method and the DC method, described above. Under the DCF method, discount rates are applied to the forecasted cash flows reflecting market-based NOI assumptions, as described above. The most significant assumptions are the forecasted cash flows, the discount rate applied over the term of the cash flows and the capitalization rate used to determine the terminal value of the investment properties. Generally, an increase in forecasted cash flows will result in an increase to the fair value of an investment property. The discount rate is generally the weighted average cost of capital that is appropriate to the cash flow risk for the investment property. An increase in the discount rate will result in a decrease to the fair value of an investment property. The terminal capitalization rate is generally determined with reference to recent transactions for similar investment properties. An increase in the terminal capitalization rate will result in a decrease to the fair value of an investment property.

b) Operating Leasehold Interests

CAPREIT utilizes the DCF method. Under this method, discount rates are applied to the forecasted cash flows reflecting market-based leasing assumptions for a specific property as well as assumptions about renewal and new leasing activity. The most significant assumption is the discount rate applied over the initial term of the lease. The discount rate is generally the weighted average cost of capital that is appropriate to the cash flow risk for the investment property. Generally, an increase in forecasted cash flows will result in an increase to the fair value of an investment property. An increase in the discount rate will result in a decrease to the fair value of an investment property.

c) Options to Purchase the Related Operating Leasehold Interests

CAPREIT utilizes the DC method at the reversion date to estimate the future value, which is then discounted to a present value. Under this method, the stabilized income is adjusted to a projected NOI as at the end of the operating lease term and the capitalization rate is adjusted to a "terminal capitalization rate" reflecting the incremental risk associated with future uncertainty. The value of the option is then determined based on the difference between the estimated fair value of the property at such date and the option buyout price, discounted back to its present value using a risk-adjusted discount rate (the "option discount rate").

d) Land Leasehold Interests

CAPREIT's land leasehold interests consist of four investment properties with ground leases and one investment property with an air rights lease with various expiry dates (subject to revisions at periodic intervals) between 2045 and 2072. One lease matures in 2045, two mature in 2068, one matures in 2070 and another matures in 2072. Generally, each lease provides for annual rent and additional rent calculated from the results of property operations. CAPREIT utilizes the DCF method for properties that are subject to land or air rights leases. Under this method, discount rates are applied to the forecasted cash flows reflecting market-based leasing assumptions for that specific property as well as assumptions about renewal and new leasing activity. The most significant assumption is the discount rate applied over the term of the lease. Forecasted cash flows are reduced for contractual land lease payments and the discount rates reflect uncertainty regarding the renegotiation of land lease payments during and at the end of the term of the leases.

A summary of the market assumptions and ranges used in the valuation of each type of property interest (excluding investment properties acquired during the fourth quarter), along with their fair values, is presented below as at December 31, 2024 and December 31, 2023:

As at December 31, 2024

Type of Interest	Fair Value	Rate Type	Min.	Max.	Weighted Average
Apartments and townhomes – Canada[1]	**$ 13,357,991**	Capitalization rate	**3.52%**	**6.60%**	**4.45%**
Apartments and townhomes – Europe[2]	**1,155,489**	Discount rate	**6.95%**	**8.95%**	**8.20%**
		Terminal capitalization rate	**4.75%**	**8.80%**	**5.63%**
Operating leasehold interests[3][4]	**96,440**	Discount rate[6]	**7.10%**	**7.25%**	**7.15%**
Land leasehold interests[5]	**214,280**	Discount rate[6]	**7.28%**	**10.10%**	**8.12%**
Right-of-use assets, net of fair value change	**44,162**				
Total investment properties	**$ 14,868,362**				

[1] Includes Canadian commercial operations and excludes operating leasehold interests and land leasehold interests.

[2] Rates include European commercial operations except one commercial property owned in Belgium, valued by a third-party appraiser using the DC method.

[3] The fair values of operating leasehold interests include the fair values of the options to purchase the related freehold interests of $43,478 as at December 31, 2024.

[4] For the two operating leasehold interests remaining as at December 31, 2024, the contractual weighted average remaining lease term on operating leasehold interests, without exercising the early purchase option, is 11.4 years.

[5] The fair values of the land leasehold interests reflect the estimated air rights or land lease payments over the term of the leases.

[6] Represents the discount rate used to determine the fair value of operating leasehold and land leasehold interests using the DCF method. Normalized NOI growth for operating leasehold interests of 3.0% has been assumed as at December 31, 2024.

As at December 31, 2023

Type of Interest	Fair Value	Rate Type	Min.	Max.	Weighted Average
Apartments and townhomes – Canada[1]	$ 13,016,359	Capitalization rate	3.16%	7.63%	4.26%
Apartments and townhomes – Europe[2]	2,459,444	Discount rate	5.60%	8.50%	7.08%
		Terminal capitalization rate	4.10%	9.34%	5.32%
MHC sites	700,840	Capitalization rate	5.16%	9.26%	6.05%
Operating leasehold interests[3][4]	97,190	Discount rate[6]	7.00%	7.25%	7.07%
Land leasehold interests[5]	213,420	Discount rate[6]	6.96%	8.80%	7.77%
Right-of-use assets, net of fair value change	44,843				
Total investment properties	$ 16,532,096				

[1] Includes Canadian commercial operations and excludes operating leasehold interests and land leasehold interests.

[2] Rates include European commercial operations except one commercial property owned in Belgium, valued by a third-party appraiser using the DC method.

[3] The fair values of operating leasehold interests include the fair values of the options to purchase the related freehold interests of $41,077 as at December 31, 2023.

[4] For the two operating leasehold interests remaining as at December 31, 2023, the contractual weighted average remaining lease term on operating leasehold interests, without exercising the early purchase option, is 12.4 years.

[5] The fair values of the land leasehold interests reflect the estimated air rights or land lease payments over the term of the leases.

[6] Represents the discount rate used to determine the fair value of operating leasehold and land leasehold interests using the DCF method. Normalized NOI growth for operating leasehold interests of 3.0% has been assumed as at December 31, 2023.

The table below summarizes the impact of changes in the capitalization rate on the fair value of CAPREIT's investment properties as at December 31, 2024:

As at December 31, 2024 **Change in Capitalization Rate**[1]	**Change in Fair Value of Investment Properties**
(0.50)%	**$ 1,875,099**
(0.25)%	**881,333**
+0.25%	**(787,092)**
+0.50%	**(1,494,325)**

(1) 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.

A 1% increase in normalized NOI would result in an increase in fair value of investment properties of $148,227. A 1% decrease in normalized NOI would result in a decrease in fair value of investment properties of $148,256.

5. Acquisitions of Investment Properties

The tables below summarize the investment property acquisitions completed during the years ended December 31, 2024 and December 31, 2023, which have contributed to the operating results as from their acquisition dates.

Year Ended December 31, 2024

Acquisition Date	Suite Count	Region	Fair Value of Investment Property	Fair Value Adjustment on Mortgages Payable Assumed	Gross Purchase Price[1]	Fair Value of Mortgages Payable Assumed[2]
March 18, 2024	**291**	London, ON	**$ 126,195**	**$ 3,805**	**$ 130,000**	**$ 77,069**
June 14, 2024	**68**	Halifax, NS	**29,420**	**–**	**29,420**	**14,285**
June 24, 2024	**178**	Edmonton, AB	**74,262**	**5,071**	**79,333**	**63,562**
July 8, 2024	**54**	Ottawa, ON	**20,893**	**107**	**21,000**	**15,752**
July 29, 2024	**144**	Ottawa, ON	**77,946**	**554**	**78,500**	**9,852**
July 29, 2024	**173**	Vancouver, BC	**131,316**	**5,684**	**137,000**	**58,446**
July 31, 2024	**64**	Vancouver, BC	**42,218**	**–**	**42,218**	**–**
November 26, 2024[3]	**253**	Montréal, QC	**101,571**	**2,704**	**104,275**	**60,878**
November 29, 2024	**61**	Toronto, ON	**47,597**	**403**	**48,000**	**29,298**
Total	**1,286**		**$ 651,418**	**$ 18,328**	**$ 669,746**	**$ 329,142**
Transaction costs			**$ 13,601**			
Total acquisition costs			**$ 665,019**			

(1) Gross purchase price excludes transaction costs and other adjustments.

(2) Relates to mortgages payable with principal amounts totalling $347,470 assumed by CAPREIT upon acquisition. The amounts shown are net of $18,328 of fair value adjustment on the mortgages payable assumed. The weighted average stated interest rate on the mortgages payable assumed is 3.1% with a weighted average term to maturity of 5.1 years.

(3) Includes two properties.

Year Ended December 31, 2023

Acquisition Date	Suite Count	Region	Fair Value of Investment Property	Fair Value Adjustment on Mortgages Payable Assumed and VTB Mortgage Payable	Gross Purchase Price[1]	Fair Value of Mortgages Payable Assumed and VTB Mortgage Payable[2]
February 27, 2023	143	Ottawa, ON	$ 55,310	$ 5,690	$ 61,000	$ 39,723
April 12, 2023	89	Edmonton, AB	25,547	1,678	27,225	18,763
May 16, 2023	93	Langley, BC	53,700	–	53,700	–
June 1, 2023	52	Dartmouth, NS	20,400	–	20,400	–
June 22, 2023	92	Langley, BC	50,953	–	50,953	–
November 27, 2023	48	Esquimalt, BC	22,500	–	22,500	–
December 19, 2023	114	Vancouver, BC	68,000	–	68,000	–
Total	631		$ 296,410	$ 7,368	$ 303,778	$ 58,486
Transaction costs			$ 3,038			
Total acquisition costs			$ 299,448			

[1] Gross purchase price excludes transaction costs and other adjustments.

[2] Relates to mortgages payable assumed by CAPREIT upon acquisition and a VTB mortgage payable in relation to the February 27, 2023 acquisition with an aggregate principal balance of $65,854. The amounts shown are net of $7,368 of fair value adjustment on the mortgages payable assumed and the VTB mortgage payable. Repayment of the five-year VTB mortgage payable may be waived, subject to certain conditions.

Net Disbursements on Acquisitions of Investment Properties

The net disbursements made for the acquisitions of investment properties take into consideration the fair value of the investment properties being acquired, fair value of mortgages payable and other net assets assumed, and working capital and other adjustments relating to transaction costs.

For the Year Ended December 31,	**2024**	2023
Acquired properties	**$ (665,019)**	$ (299,448)
Fair value of mortgages payable assumed and VTB mortgage payable	**329,142**	58,486
Change in deposit on acquisitions	**(870)**	2,700
Change in investment properties included in accounts payable and other liabilities	**4,109**	(4,103)
Net disbursements	**$ (332,638)**	$ (242,365)

6. Dispositions of Investment Properties

The tables below summarize the dispositions of investment properties (including investment properties previously classified as assets held for sale) completed during the years ended December 31, 2024 and December 31, 2023.

Year Ended December 31, 2024

Disposition Date	Suite Count	Region	Fair Value of Investment Properties	Fair Value Adjustments on VTB Mortgages Receivable and Mortgages Payable Assumed by Purchasers	Gross Sale Price[1]	Fair Value of VTB Mortgages Receivable and Mortgages Payable Assumed by Purchasers[2]
January 15, 2024[3]	32	Victoria, BC	$ 12,289	$ –	$ 12,289	$ –
March 6, 2024[3]	240	Québec City, QC	33,206	3,069	36,275	18,349
March 27, 2024	54	Langley, BC	18,535	–	18,535	–
March 27, 2024	54	Langley, BC	16,465	–	16,465	–
Q1 2024[4]	24	The Netherlands	11,109	–	11,109	–
May 15, 2024[3]	79	Burnaby, BC	32,715	285	33,000	7,646
June 18, 2024	66	The Netherlands	20,848	–	20,848	–
June 24, 2024	44	Maple Ridge, BC	17,300	1,200	18,500	8,500
Q2 2024[4]	53	The Netherlands	20,911	–	20,911	–
July 15, 2024[3][5]	464	The Netherlands	149,957	–	149,957	–
July 15, 2024[6]	–	The Netherlands	1,638	–	1,638	–
August 1, 2024[3]	138	Toronto, ON	37,750	–	37,750	–
August 8, 2024[7]	–	Halifax, NS	1,950	–	1,950	–
August 16, 2024[3]	214	Québec City, QC	35,650	–	35,650	–
September 4, 2024	42	Cornwall, PEI	8,010	–	8,010	–
September 11, 2024	370	Toronto, ON	122,751	10,249	133,000	90,944
September 13, 2024[8]	–	Germany	13,046	–	13,046	–
Q3 2024[4]	3	The Netherlands	1,388	–	1,388	–
October 3, 2024[3]	110	Newmarket, ON	33,450	–	33,450	–
December 2, 2024[3][9]	232	The Netherlands	64,484	–	64,484	–
December 13, 2024	25	The Netherlands	6,669	–	6,669	–
December 16, 2024[3][10]	2,947	The Netherlands	1,055,964	–	1,055,964	–
December 16, 2024[3][11]	11,605	Various	681,202	28,385	709,587	111,615
December 30, 2024	63	The Netherlands	21,127	–	21,127	–
Total	16,859		$ 2,418,414	$ 43,188	$ 2,461,602	$ 237,054

(1) The gross sale price is the amount stated in the purchase and sale agreement and comprises the fair value of investment properties being disposed of and, as applicable, the fair value adjustment of mortgages payable assumed by the purchaser and vendor takeback ("VTB") mortgages receivable issued by CAPREIT to the purchaser. The gross sale price excludes working capital adjustments, other assets sold and transaction costs.

(2) Relates to mortgages payable with principal amounts totalling $119,242 assumed by the purchaser upon disposition. The amounts shown are net of $11,877 of fair value adjustment on the mortgages payable assumed by the purchaser. The weighted average stated interest rate on the mortgages payable assumed by the purchaser was 2.26%. With respect to the September 11, 2024 disposition, CAPREIT issued a $21,000 VTB mortgage receivable to the purchaser in addition to the mortgage payable assumed by the purchaser with a principal amount of $80,193. The $90,944 amount shown is net of $2,926 of fair value adjustment on the VTB mortgage receivable and a fair value adjustment of $7,323 on the mortgage payable assumed by the purchaser. With respect to the December 16, 2024 disposition, CAPREIT issued a $140,000 VTB mortgage receivable to the purchaser. The $111,615 amount shown is net of $28,385 of fair value adjustment on the VTB mortgage receivable. For more information about the VTB mortgage receivable, refer to note 8.

(3) Previously included in assets held for sale.

(4) Represents dispositions of multiple single residential suites in several properties.

(5) Represents disposition of 19 residential properties.

(6) Represents disposition of an office building that was part of a residential property.

(7) Represents disposition of land adjacent to an existing residential building owned by CAPREIT.

(8) Represents disposition of a commercial building.

(9) Represents disposition of seven residential properties.

(10) Represents disposition of 86 residential properties.

(11) The gross sale price of $715,000 was allocated between investment properties, MHC home inventory and property, plant and equipment ("PP&E"). The fair value of investment properties and gross sale price shown excludes $5,078 allocated to MHC home inventory, and $335 allocated to PP&E.

Year Ended December 31, 2023

Disposition Date	Suite Count	Region		Fair Value of Investment Properties[1]		Fair Value Adjustments on Mortgages Assumed by Purchasers		Gross Sale Price[1]		Fair Value of Mortgages Assumed by Purchasers[2]
January 25, 2023[3]	1,150	Ottawa, ON	$	132,342	$	3,908	$	136,250	$	34,798
March 1, 2023	46	Wingham, ON		250		–		250		–
March 6, 2023[4]	–	Montréal, QC		17,250		–		17,250		–
April 6, 2023[5]	1	The Netherlands		588		–		588		–
May 11, 2023	180	Longueuil, QC		27,787		–		27,787		–
May 16, 2023	60	Charlottetown, PEI		9,400		–		9,400		–
June 5, 2023	162	Longueuil, QC		24,048		952		25,000		5,490
June 8, 2023	393	Montréal, QC		68,900		–		68,900		–
June 30, 2023	217	Windsor, ON		8,250		–		8,250		–
July 17, 2023[5]	1	The Netherlands		564		–		564		–
August 15, 2023[3]	111	Charlottetown, PEI		11,963		–		11,963		–
August 15, 2023[3]	73	Montréal, QC		12,600		–		12,600		–
August 21, 2023[3]	12	Charlottetown, PEI		1,300		–		1,300		–
August 22, 2023	180	Montréal, QC		32,500		–		32,500		–
August 28, 2023[5]	1	The Netherlands		529		–		529		–
August 30, 2023	9	Charlottetown, PEI		950		–		950		–
September 29, 2023[5]	1	The Netherlands		393		–		393		–
November 8, 2023[3]	263	Calgary, AB		53,880		–		53,880		–
November 9, 2023	78	Québec City, QC		8,640		–		8,640		–
November 30, 2023[3]	21	Charlottetown, PEI		1,650		–		1,650		–
November 2023[6]	2	The Netherlands		1,047		–		1,047		–
December 2023[6]	8	The Netherlands		4,382		–		4,382		–
Total	2,969		$	419,213	$	4,860	$	424,073	$	40,288

(1) The gross sale price is the amount stated in the purchase and sale agreement prior to working capital adjustments and transaction costs, whereas the fair value of investment properties and assets held for sale takes into account the fair value adjustment of mortgages assumed by the purchaser on certain dispositions.

(2) Relates to mortgages payable with a total principal amount of $45,148 assumed by the purchasers upon dispositions. The amount shown is net of $4,860 fair value adjustment on mortgages assumed by the purchasers. The weighted average stated interest rate on mortgages assumed by the purchasers was 2.28%.

(3) Previously included in assets held for sale. The disposition on January 25, 2023 related to CAPREIT's 50% interest in 1,150 apartment suites which were previously under joint arrangement.

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

(5) Represents disposition of a single residential suite.

(6) Represents disposition of multiple single residential suites in several properties.

Net Proceeds on Dispositions of Investment Properties

The net proceeds received from the purchaser take into consideration the fair value of the investment properties being sold, fair value of the mortgages payable assumed by purchasers, closing costs and working capital adjustments.

For the Year Ended December 31,		**2024**		2023
Fair value of disposed investment properties	**$**	**281,747**	$	205,566
Fair value of disposed assets held for sale		**2,136,667**		213,647
Fair value of VTB mortgages receivable		**(129,689)**		–
Fair value of mortgages payable assumed by purchasers on dispositions[1]		**(107,365)**		(40,288)
Closing costs and other adjustments		**(15,077)**		(5,330)
Deferred income tax liability assumed by purchaser		**(33,999)**		–
Working capital adjustments		**3,135**		81
Net proceeds	**$**	**2,135,419**	$	373,676

(1) Includes mortgages payable previously classified as liabilities related to assets held for sale.

7. Assets Held for Sale and Liabilities Related to Assets Held for Sale

As at December 31, 2024, CAPREIT classified certain properties in Canada and the Netherlands as assets held for sale totalling $307,460. Management had committed to a plan to sell these assets, and the sales were considered to be highly probable as at December 31, 2024.

As at December 31, 2023, CAPREIT classified two properties as assets held for sale totalling $45,850 along with the associated mortgages payable as liabilities related to assets held for sale totalling $23,706. Management had committed to a plan to sell these properties, and the sales were considered to be highly probable as at December 31, 2023. These properties were disposed of during the first quarter of 2024.

The tables below summarize the activities included in assets held for sale and liabilities related to assets held for sale for the years ended December 31, 2024 and December 31, 2023.

Assets Held for Sale

For the Year Ended December 31,	Note	**2024**	2023
Balance, beginning of the year		**$ 45,850**	$ 132,342
Additions (deductions):			
Transfers from investment properties[1]	4	**2,408,511**	127,155
Property capital investments		**5,609**	2,076
Dispositions of investment properties		**(2,136,667)**	(213,647)
Fair value adjustments		**(7,730)**	(2,076)
Foreign currency translation adjustments		**(8,113)**	–
Balance, end of the year[2]		**$ 307,460**	$ 45,850

[1] For the year ended December 31, 2024, transfers included $1,033,400 of investment properties from Canada and $1,375,111 of investment properties from Europe (year ended December 31, 2023 – $127,155 of investment properties from Canada).

[2] As at December 31, 2024, consists of $210,871 from Canada and $96,589 from Europe (December 31, 2023 – $45,850 from Canada).

Liabilities Related to Assets Held for Sale

For the Year Ended December 31,	Note	**2024**	2023
Balance, beginning of the year		**$ 23,706**	$ 38,116
Additions (deductions):			
Transfers from debt	12	**7,842**	26,930
Transfer from deferred income tax liability		**34,290**	–
Principal repayments		**(203)**	(29)
Lump-sum repayments		**(2,930)**	(3,257)
Carrying amount of mortgages assumed by purchaser upon disposition of investment properties		**(29,349)**	(38,706)
Amortization and write-offs of deferred financing costs and prepaid CMHC premiums, and net change in fair value and other adjustments		**934**	652
Deferred income tax liability assumed by purchaser		**(33,999)**	–
Foreign currency translation adjustments		**(291)**	–
Balance, end of the year		**$ –**	$ 23,706

8. Vendor Takeback Mortgages Receivable

On September 11, 2024, CAPREIT issued a $21,000 VTB mortgage receivable at a fair value of $18,074 on issuance date, in connection with the disposition of an investment property. The annual stated interest rate on the VTB mortgage receivable is 3.00%, with a maturity date of September 11, 2027.

On December 16, 2024, CAPREIT issued a $140,000 VTB mortgage receivable at a fair value of $111,615 on issuance date, in connection with the disposition of its MHC sites. The annual stated interest rate on the VTB mortgage receivable is 3.00%, with a maturity date of December 16, 2029.

As at December 31, 2024, the total carrying amount of VTB mortgages receivable was $130,161.

9. Investments Held at Fair Value through Profit or Loss

During the first half of 2024, CAPREIT sold Irish Residential Properties REIT plc ("IRES") shares totalling $138,208. As a result, CAPREIT no longer has an interest in IRES as of December 31, 2024. The remaining $2,364 shown on the consolidated balance sheets as at December 31, 2024 relates to other investments held at FVTPL which are owned by CAPREIT.

10. Derivative Financial Instruments

CAPREIT has certain derivative financial instruments in place, namely interest rate ("IR") swaps and cross-currency interest rate ("CCIR") swaps. These derivative contracts, for which hedge accounting is not being applied, are summarized in the following tables as at December 31, 2024 and December 31, 2023:

As at December 31, 2024 Type of Instrument	Notional Amount	Year of Maturity	Weighted Average Receiving Leg Rate	Weighted Average Paying Leg Rate	Derivative Asset	Derivative Liability
Non-current						
ERES IR swaps	**€ 109,257**	**2027**	**EURIBOR**	**(0.08)%**	**$ 8,813**	**$ –**
Total					**$ 8,813**	**$ –**
Current						
ERES IR swap	**€ 25,500**	**2025**	**EURIBOR**	**0.49%**	**$ 31**	**$ –**
CCIR swaps(1)	**$ 421,216**	**2025**	**2.58%**	**1.46%**	**9,926**	**(3,684)**
CCIR swaps(2)	**US$ 66,294**	**2025**	**Term SOFR + 1.45%**	**4.58%**	**306**	**–**
Total					**$ 10,263**	**$ (3,684)**

(1) Euro equivalent of €278,818.

(2) One-month CCIR swaps with Canadian dollar equivalent of $95,000.

As at December 31, 2023 Type of Instrument	Notional Amount	Year of Maturity	Weighted Average Receiving Leg Rate	Weighted Average Paying Leg Rate	Derivative Asset	Derivative Liability
Non-current						
CCIR swaps(1)	$ 247,728	2025	1.33%	0.22%	$ 12,361	$ –
ERES IR swap	€ 25,500	2025	EURIBOR	0.49%	889	–
ERES IR swaps	€ 156,550	2027	EURIBOR	(0.06)%	22,369	–
Total					$ 35,619	$ –
Current						
CCIR swaps(2)	$ 316,241	2024	2.53%	1.53%	$ 10,851	$ –
CCIR swap(3)	$ 107,670	2024	4.00%	2.71%	–	(499)
CCIR swap(4)	US$ 192,812	2024	Term SOFR + 1.45%	6.48%	–	(6,502)
Total					$ 10,851	$ (7,001)

(1) Euro equivalent of €160,000.

(2) Euro equivalent of €208,358.

(3) Euro equivalent of €74,000.

(4) One-month CCIR swap with Canadian dollar equivalent of $262,000.

11. Other Assets

As at	December 31, 2024	December 31, 2023
Other non-current assets		
PP&E[(1)]	**$ 51,595**	$ 56,517
Accumulated amortization of PP&E	**(43,164)**	(45,217)
PP&E, net of accumulated amortization	**8,431**	11,300
Right-of-use assets, net of accumulated amortization and other[(2)]	**3,655**	4,228
Investments	**15,024**	14,014
Total	**$ 27,110**	$ 29,542
Other current assets		
Prepaid expenses and other	**$ 33,986**	$ 17,014
MHC home inventory[(3)]	**–**	6,376
Restricted funds	**11,273**	10,756
Investments	**10,517**	5,687
VTB mortgage receivable[(4)]	**–**	46,800
VTB mortgage interest receivable	**364**	–
Total	**$ 56,140**	$ 86,633

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

(2) Right-of-use assets, net of accumulated amortization of $3,500 (December 31, 2023 – $2,879).

(3) During the year ended December 31, 2024, MHC home inventory with a fair value of $932 (year ended December 31, 2023 – $16,462) was transferred to investment properties and MHC home inventory at a cost of $5,078 (year ended December 31, 2023 – $nil) was sold as part of the disposition of the majority of the MHC portfolio on December 16, 2024.

(4) 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 bore an annual stated interest rate of 2.33% and had an original maturity date of September 29, 2023. On July 18, 2023, the borrower exercised its option to extend the VTB mortgage receivable by one year until September 29, 2024 at an annual stated interest rate of 4.00%. On October 2, 2024, the borrower repaid $45,800 of the VTB mortgage receivable with the remaining balance written off.

12. Debt

Continuity of Total Debt

For the Year Ended December 31, 2024	Mortgages Payable	Credit Facilities Payable	Total Debt
Balance, beginning of the year	**$ 6,653,988**	**$ 405,133**	**$ 7,059,121**
Add:			
Borrowings[(1)]	**431,946**	**455,982**	**887,928**
Less:			
Principal repayments	**(153,034)**	**–**	**(153,034)**
Lump-sum repayments[(1)(2)(3)]	**(1,206,929)**	**(883,431)**	**(2,090,360)**
Financing costs and CMHC premiums paid	**(18,310)**	**(568)**	**(18,878)**
Non-cash adjustments:			
Fair value of mortgages assumed upon property acquisitions	**329,142**	**–**	**329,142**
Carrying amount of mortgage assumed by purchaser upon property disposition[(3)]	**(89,893)**	**–**	**(89,893)**
Transfers to liabilities related to assets held for sale	**(7,842)**	**–**	**(7,842)**
Amortization and write-off of deferred financing costs, prepaid CMHC premiums and fair value adjustments	**22,174**	**731**	**22,905**
Foreign currency translation adjustments	**26,627**	**26,298**	**52,925**
Balance, end of the year	**$ 5,987,869**	**$ 4,145**	**$ 5,992,014**
Less: Current portion	**644,320**	**–**	**644,320**
Total non-current portion	**$ 5,343,549**	**$ 4,145**	**$ 5,347,694**

(1) Excludes non-cash mortgage renewals of $107,983.

(2) Includes mortgages repaid on dispositions of investment properties totalling $752,552.

(3) Excludes mortgages that were previously classified as liabilities related to assets held for sale. Refer to note 7 for further information.

For the Year Ended December 31, 2023	Mortgages Payable	Credit Facilities Payable	Total Debt
Balance, beginning of the year	$ 6,577,097	$ 388,975	$ 6,966,072
Add:			
Borrowings	662,278	107,802	770,080
Less:			
Principal repayments	(158,774)	–	(158,774)
Lump-sum repayments[1]	(463,169)	(83,738)	(546,907)
Financing costs and CMHC premiums paid	(18,226)	(389)	(18,615)
Non-cash adjustments:			
Fair value of mortgages assumed upon property acquisitions	57,827	–	57,827
Carrying amount of mortgages assumed by purchasers upon property disposition[2]	(6,442)	–	(6,442)
Transfers to liabilities related to assets held for sale	(26,930)	–	(26,930)
Amortization and write-off of deferred financing costs, prepaid CMHC premiums and fair value adjustments	18,714	(638)	18,076
Loss (gain) on foreign currency translation	11,613	(6,879)	4,734
Balance, end of the year	$ 6,653,988	$ 405,133	$ 7,059,121
Less: Current portion	651,371	–	651,371
Total non-current portion	$ 6,002,617	$ 405,133	$ 6,407,750

(1) Includes mortgages repaid on dispositions of investment properties totalling $51,002. This excludes a mortgage repaid on the disposition of a property that was previously classified as a liability related to assets held for sale. Refer to note 7 for further information.

(2) Excludes mortgages assumed by purchasers classified as liabilities related to assets held for sale as at December 31, 2022 that were assumed by purchasers on January 25, 2023. Refer to note 7 for further information.

Mortgages Payable

As at[1]	**December 31, 2024**	December 31, 2023
Weighted average effective interest rate	**3.11%**	2.80%
Maturity date	**2025 – 2036**	2024 – 2036
Investment properties pledged as security on mortgages	**$ 13,623,232**	$ 15,021,533
Investment properties not pledged as security on mortgages	**$ 1,245,130**	$ 1,510,563

(1) Excludes assets held for sale and liabilities related to assets held for sale, as applicable.

Future principal repayments as at December 31, 2024 for the years indicated are as follows:

As at December 31, 2024	Principal Amount	% of Total Principal
2025	**$ 659,074**	**10.7**
2026	**781,163**	**12.7**
2027	**933,743**	**15.2**
2028	**891,859**	**14.5**
2029	**586,762**	**9.6**
2030 – 2036	**2,288,459**	**37.3**
Total principal	**$ 6,141,060**	**100.0**
Less: Prepaid CMHC premiums	**(110,268)**	
Less: Deferred financing costs	**(23,175)**	
Less: Fair value adjustments	**(19,748)**	
Total mortgages payable	**$ 5,987,869**	

Credit Facilities Payable

Acquisition and Operating Facility

CAPREIT entered into a credit facility agreement (the "Acquisition and Operating Facility") in 2021 that can be drawn in Canadian dollars, US dollars ("USD") and euros up to an aggregate principal amount of all advances not to exceed $600,000. The Acquisition and Operating Facility is secured by fixed charge debentures on certain of CAPREIT's properties, and floating charge debentures on most of CAPREIT's properties. In each case, such debentures are subordinate to the charges securing CAPREIT's mortgage financing.

Certain Canadian investment properties are secured against the Acquisition and Operating Facility, with a carrying value totalling $601,334 (December 31, 2023 – $908,439).

The Acquisition and Operating Facility is subject to certain financial covenants, as outlined further in note 31. The Acquisition and Operating Facility is used to fund operations, acquisitions, capital improvements, letters of credit and working capital requirements.

The table below summarizes the key terms of the Acquisition and Operating Facility:

As at	December 31, 2024	December 31, 2023
Maximum borrowing capacity	**$ 600,000**	$ 600,000
Accordion option	**$ 200,000**	$ 200,000
Interest rate:		
Canadian dollar borrowings(1)	**CORRA + 1.65%**	CDOR + 1.35%
USD borrowings(2)	**Term SOFR + 1.45%**	Term SOFR + 1.45%
Euro borrowings(3)	**EURIBOR + 1.35%**	EURIBOR + 1.35%
Maturity date	**December 19, 2025**	December 19, 2025

(1) On April 11, 2024, the interest rate on Canadian dollar borrowings changed from Canadian dollar offered rate ("CDOR") with the Canadian overnight repo rate average ("CORRA") as the benchmark interest rate for Canadian dollar borrowings of one month or longer, which does not have a material impact on the effective interest rate on Canadian dollar borrowings.

(2) SOFR stands for Secured Overnight Financing Rate.

(3) EURIBOR stands for Euro Interbank Offered Rate.

Greenhouse Gas ("GHG") Reduction Facility

On March 26, 2024, CAPREIT entered into a credit agreement pursuant to which the lender will make available a $70,000 unsecured non-revolving construction and term credit facility for purposes of financing a portion of the costs related to the design, construction, implementation and commissioning of proposed sustainable energy efficiency projects to reduce GHG emissions on certain of CAPREIT's properties. The GHG Reduction Facility has a maturity date of the earlier of 20 years after the completion of the financed projects and 25 years after the date of the agreement. The availability period is the period during which CAPREIT is allowed to make quarterly borrowings from the facility, which is until March 26, 2029, and during which CAPREIT is not required to make principal payments. The interest rate during the availability period will be 3.00% and it will be between 2.47% and 4.47% for 20 years after the availability period depending on the percentage reduction of GHG emissions achieved. Any unpaid amounts need to be repaid by the maturity date of the facility.

ERES revolving credit facility ("ERES Credit Facility")

The table below summarizes the key terms of the ERES Credit Facility:

As at	December 31, 2024	December 31, 2023
Maximum borrowing capacity[1]	**€ 125,000**	€ 125,000
Accordion option[1]	**€ 25,000**	€ 25,000
Interest rate:		
Canadian dollar borrowings[2]	**CORRA + 1.65%**	CDOR + 1.35%
USD borrowings[3]	**Term SOFR + 1.45%**	Term SOFR + 1.45%
Euro borrowings	**EURIBOR + 1.35%**	EURIBOR + 1.35%
Maturity date[4]	**June 14, 2027**	January 26, 2026

(1) On January 24, 2023, the borrowing base was increased from €100,000 to €125,000 and an accordion option was added to increase the limit by a further €25,000 upon satisfaction of conditions set out in the agreement and the consent of applicable lenders.

(2) On June 19, 2024, the interest rate on Canadian dollar borrowings changed from CDOR with CORRA as the benchmark interest rate for Canadian dollar borrowings of one month or longer, which does not have a material impact on the effective interest rate on Canadian dollar borrowings.

(3) On January 24, 2023, the interest rate on US dollar borrowings changed from USD London Interbank Offered Rate to Term SOFR.

(4) On June 19, 2024, the maturity date of ERES Credit Facility was amended from January 26, 2026 to June 14, 2027.

The ERES Credit Facility is subject to certain financial covenants and a negative pledge provided by a subsidiary of CAPREIT under which a pool of Canadian investment properties must remain unencumbered. As at December 31, 2024, a total of $281,916 (December 31, 2023 – $268,040) of CAPREIT Canadian investment properties carried a negative pledge against the ERES Credit Facility. A subsidiary of CAPREIT also provides a guarantee on the ERES Credit Facility.

The Acquisition and Operating Facility, the GHG Reduction Facility and the ERES Credit Facility are collectively known as the "Credit Facilities".

The tables below summarize the amounts available and drawn under the respective credit facilities as at December 31, 2024 and December 31, 2023:

As at December 31, 2024	Acquisition and Operating Facility	GHG Reduction Facility	ERES Credit Facility	Total
Maximum borrowing capacity	**$ 600,000**	**$ 70,000**	**$ 186,610**	**$ 856,610**
Canadian borrowings	**$ –**	**$ (5,019)**	**$ –**	**$ (5,019)**
USD borrowings	**(95,280)[1]**	**N/A**	**–**	**(95,280)**
Euro borrowings	**–**	**N/A**	**–**	**–**
Less: Total borrowings	**$ (95,280)**	**$ (5,019)**	**$ –**	**$ (100,299)**
Less: Letters of credit	**(4,428)**	**N/A**	**–**	**(4,428)**
Available borrowing capacity	**$ 500,292**	**$ 64,981**	**$ 186,610**	**$ 751,883**
Weighted average interest rate including interest rate swaps	**4.58%[2]**	**3.00%**	**N/A**	**4.50%**

(1) As at December 31, 2024, CAPREIT has USD borrowings totalling US$66,294 that bear interest at the Term SOFR plus a margin of 1.45%, excluding the impact of CCIR swaps. Pursuant to the terms of the Acquisition and Operating Facility, the USD borrowings were netted against cash and cash equivalents on the consolidated balance sheets.

(2) As at December 31, 2024, excluding the impact of CCIR swaps, the weighted average interest rate on the Acquisition and Operating Facility is 4.94%. For details of the swaps, refer to note 10.

As at December 31, 2023	Acquisition and Operating Facility	ERES Credit Facility	Total
Maximum borrowing capacity	$ 600,000	$ 182,828	$ 782,828
USD borrowings	$ (255,509)[1]	$ –	$ (255,509)
Euro borrowings	–	(150,651)[3]	(150,651)
Less: Total borrowings	$ (255,509)	$ (150,651)	$ (406,160)
Less: Letters of credit	(4,432)	–	(4,432)
Available borrowing capacity	$ 340,059	$ 32,177	$ 372,236
Weighted average interest rate including interest rate swaps	6.48%[2]	5.23%	6.01%

(1) As at December 31, 2023, CAPREIT has USD borrowings totalling US$192,812 that bear interest at the Term SOFR plus a margin of 1.45%, excluding the impact of CCIR swaps.

(2) As at December 31, 2023, excluding the impact of CCIR swaps, the weighted average interest rate on the Acquisition and Operating Facility is 6.75%. For details of the swaps, refer to note 10.

(3) As at December 31, 2023, ERES has euro borrowings totalling €103,000 that bear interest at the EURIBOR plus a margin of 1.35%.

13. Income Taxes

CAPREIT is taxed as a "mutual fund trust" as defined under the Tax Act and continues to meet the prescribed conditions relating to the nature of its assets and revenues in order to qualify as a REIT eligible for the REIT Exemption to the specified investment flow-through ("SIFT") rules. CAPREIT expects to distribute all of its taxable income to its Unitholders; accordingly, no provision for Canadian income tax has been made. Income tax obligations relating to the distributions from CAPREIT are with the individual Unitholders, with the exception of Canadian withholding taxes for distributions to non-resident Unitholders.

CAPREIT has foreign operating subsidiaries in certain countries with varying statutory rates of taxation. Judgment is required in the estimation of income taxes and deferred income tax assets and liabilities in each of CAPREIT's foreign operating jurisdictions. Income taxes may be paid where activities relating to the foreign subsidiaries are considered to be taxable in those countries.

For the Year Ended December 31,		**2024**		2023
Net income (loss) before income taxes	**$**	**332,181**	$	(488,053)
Amounts not subject to taxation[1]		**(214,794)**		166,862
Taxable income (loss) in foreign subsidiary entities		**117,387**		(321,191)
Tax recovery (expense) calculated at the Dutch corporate tax rate of 25.8%		**(30,286)**		82,867
Increase (decrease) resulting from:				
Effect of different tax rates in countries in which CAPREIT operates		**(1,216)**		(2,092)
Unrecognized deferred income tax assets		**(4,949)**		(3,304)
Other adjustments		**(2,988)**		(992)
Total current income tax expense and deferred income tax recovery (expense), net	**$**	**(39,439)**	$	76,479

[1] Consists primarily of Canadian income including fair value adjustments of Canadian investment properties, interest on and fair value adjustments of Exchangeable LP Units, and other adjustments.

A breakdown of current income tax expense and deferred income tax recovery (expense) is as follows:

For the Year Ended December 31,		**2024**		2023
Current income tax expense[1]	**$**	**(15,713)**	$	(8,889)
Deferred income tax recovery (expense)		**(23,726)**		85,368
Total current income tax expense and deferred income tax recovery (expense), net	**$**	**(39,439)**	$	76,479

[1] Includes current income tax expense of approximately $(6,726) related to ERES dispositions for the year ended December 31, 2024 (year ended December 31, 2023 – $nil).

The deferred income tax liability of $32,076 (December 31, 2023 – $49,481) is primarily related to the difference in the tax and book basis of investment properties. The deferred income tax asset of $11,793 (December 31, 2023 – $19,523) also relates to the difference in the tax and book basis of investment properties, as well as losses carried forward.

As at December 31, 2024, CAPREIT has total non-capital loss carry-forwards of $32,185 (December 31, 2023 – $24,801). Of these losses, $28,254 (December 31, 2023 – $19,002) are in respect of Dutch subsidiaries which, starting on January 1, 2022, have no expiry period but the utilization is subject to annual limits. The remaining losses of $3,931 (December 31, 2023 – $5,799) are in respect of German subsidiaries and have no expiry period but the utilization is subject to annual limits. As at December 31, 2024, CAPREIT has not recognized a deferred income tax asset for a deductible temporary difference of $44,073 (December 31, 2023 – $24,208) as it does not expect this difference to reverse in the foreseeable future.

In December 2021, the Organisation for Economic Co-operation and Development ("OECD") issued model rules for a new global minimum tax framework ("Pillar Two"). On June 20, 2024, these rules, along with applicable reporting and filing requirements, were enacted in Canada under Canada's Global Minimum Tax Act ("GMT Act"). These rules are generally effective for the fiscal years that begin after December 31, 2023. CAPREIT operates in other jurisdictions (such as the Netherlands) which have enacted local minimum tax legislation as at December 31, 2023. On May 23, 2023, the IASB issued amendments to IAS 12 introducing a temporary mandatory exception from the recognition and disclosure of deferred taxes related to the implementation of Pillar Two global minimum tax rules, which exception has been applied by CAPREIT. CAPREIT will continue monitoring the progress of relevant Pillar Two legislation globally but at this time does not expect to have material exposure related to these rules.

14. Unit-based Compensation Financial Liabilities

Trust Units are issuable pursuant to CAPREIT's unit-based compensation plans, namely the Deferred Unit Plan ("DUP"), the Restricted Unit Rights Plan ("RUR Plan") and the Employee Unit Purchase Plan ("EUPP"). The DUP provides for the issuance of deferred units ("DUs"). The RUR Plan provides for the issuance of restricted unit rights ("RURs") and performance unit rights ("PURs"). The EUPP provides for the issuance of Trust Units. As at December 31, 2024, the maximum number of Trust Units issuable under CAPREIT's unit-based compensation plans (excluding ERES) is 11,500,000 (December 31, 2023 – 11,500,000). The maximum number of Trust Units available for future issuance under these unit-based compensation plan agreements as at December 31, 2024 is 1,626,592 (December 31, 2023 – 1,908,947).

ERES units are issuable pursuant to ERES's unit options plan ("ERES UOP") and ERES's Restricted Unit Rights Plan ("ERES RUR Plan"). The maximum number of unit options and ERES restricted unit rights ("ERES RURs") that may be reserved under the ERES's unit-based compensation plans is 10% of the outstanding ERES units (including ERES Class B LP Units). As at December 31, 2024, the maximum number of ERES unit options and ERES RURs allowable for future issuance under ERES's unit-based compensation plans is 21,236,942 (December 31, 2023 – 18,342,182).

The tables below summarize the activity of CAPREIT's unit-based compensation plans (excluding EUPP) and ERES's unit-based compensation plans for the years ended December 31, 2024 and December 31, 2023:

CAPREIT's unit-based compensation plans (excluding EUPP)

Year Ended December 31, 2024 (Number of units)	DUs	RURs	PURs	Total CAPREIT[1]
Unit rights outstanding as at January 1, 2024	**133,840**	**473,131**	**–**	**606,971**
Activity during the year				
Granted	**24,251**	**145,242**	**29,491**	**198,984**
Settled in Trust Units	**(8,100)**	**(79,571)**	**–**	**(87,671)**
Cancelled or forfeited	**–**	**(6,111)**	**–**	**(6,111)**
Distributions reinvested	**4,418**	**17,731**	**238**	**22,387**
Unit rights outstanding as at December 31, 2024	**154,409**	**550,422**	**29,729**	**734,560**

[1] Excludes units from the EUPP, ERES UOP and ERES RUR Plan.

ERES's unit-based compensation plans

Year Ended December 31, 2024 (Number of units)	ERES unit options	ERES RURs	Total ERES
Unit options and unit rights outstanding as at January 1, 2024	**4,977,094**	**–**	**4,977,094**
Activity during the year			
Granted	**–**	**305,000**	**305,000**
Cancelled or forfeited	**(3,204,160)**	**(30,745)**	**(3,234,905)**
Surrendered	**(7,200)**	**–**	**(7,200)**
Distributions reinvested[1]	**–**	**128,205**	**128,205**
Unit options and unit rights outstanding as at December 31, 2024	**1,765,734**	**402,460**	**2,168,194**

[1] Include 113,750 ERES RURs issued as a result of the ERES special distribution declared and paid in December 2024. Refer to note 16 for further information.

Year Ended December 31, 2023 (Number of units)	Total ERES unit options	DUs	RURs	Total CAPREIT[1]
Unit options and unit rights outstanding as at January 1, 2023	5,157,094	121,280	394,763	516,043
Activity during the year				
Granted	–	21,602	140,231	161,833
Exercised or settled in Trust Units or ERES units	–	(12,654)	(68,496)	(81,150)
Cancelled or forfeited	(180,000)	–	(7,702)	(7,702)
Distributions reinvested	–	3,612	14,335	17,947
Unit options and unit rights outstanding as at December 31, 2023	4,977,094	133,840	473,131	606,971

[1] Excludes units from the EUPP, ERES UOP and ERES RUR Plan. During the year ended December 31, 2023, no ERES RURs were granted, forfeited, exercised or surrendered. As at December 31, 2023, the number of outstanding ERES RURs was nil.

Subsequent to December 31, 2024, an amendment was made to the vesting period of the outstanding ERES RURs so that these ERES RURs vest immediately on January 7, 2025.

The table below summarizes the change in the total unit-based compensation financial liabilities for the years ended December 31, 2024 and December 31, 2023, including the settlement of such liabilities through the Trust Units.

For the Year Ended December 31,	2024	2023
Total unit-based compensation financial liabilities, beginning of the year	**$ 23,423**	$ 18,257
Unit-based compensation amortization expense, excluding ERES UOP forfeitures upon senior management termination[(1)]	**8,590**	7,816
Unit-based compensation amortization recovery relating to ERES UOP forfeitures upon senior management termination[(2)]	**(2,284)**	–
Unit-based compensation remeasurement loss (gain)	**(1,238)**	443
Settlement of unit-based compensation awards for Trust Units	**(4,497)**	(4,486)
Foreign currency translation adjustments and other	**637**	1,393
Total unit-based compensation financial liabilities, end of the year	**$ 24,631**	$ 23,423

(1) For the year ended December 31, 2024, includes $309 of accelerated vesting of previously granted unit-based compensation (for the year ended December 31, 2023 – $765).

(2) Relates to the forfeiture of previously granted ERES unit options upon senior management termination during the year ended December 31, 2024 (year ended December 31, 2023 – $nil).

The table below summarizes the non-current and current unit-based compensation financial liabilities for each plan as at December 31, 2024 and December 31, 2023:

As at	December 31, 2024	December 31, 2023
Non-current		
RURs	**$ 11,890**	$ 11,062
PURs	**112**	–
ERES RURs	**303**	–
ERES unit options	**–**	8
	$ 12,305	$ 11,070
Current		
DUs	**$ 6,583**	$ 6,532
RURs	**5,116**	5,556
ERES unit options	**627**	265
	$ 12,326	$ 12,353
Total unit-based compensation financial liabilities	**$ 24,631**	$ 23,423

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

As at December 31, 2024, 0.5% (December 31, 2023 – 0.5%) of all Trust Units outstanding and CAPREIT's unit-based compensation financial liabilities (excluding ERES) were held by trustees, officers and other senior management of CAPREIT.

a) DUP

Effective June 1, 2022, CAPREIT has amended and restated the DUP, such that the DUP gives the non-executive trustees the obligation to receive 50% of their annual retainer in the form of deferred units ("Deferred Units") and the right to receive up to 100% of their annual retainer in the form of Deferred Units, in lieu of cash on a dollar for dollar basis, with the balance paid in cash.

The Deferred Units earn notional distributions based on the same distributions paid on the Trust Units, and such notional distributions are used to acquire additional Deferred Units ("Distribution Units"). The Deferred Units and additional Distribution Units are credited to each trustee's Deferred Unit account and are not issued to the trustee until the trustee elects to withdraw such units. Each trustee may elect to withdraw up to 20% of the Deferred Units credited to their Deferred Unit account only once in a five-year period. Distribution Units are issued and valued based on the volume weighted average trading price of all Trust Units traded on the TSX for the five trading days immediately preceding the distribution date.

The details of the DUs issued under the DUP are shown below:

For the Year Ended	December 31, 2024			December 31, 2023		
	Weighted Average Issue Price	**Fair Value per Unit**	**Number of Units**	Weighted Average Issue Price	Fair Value per Unit	Number of Units
Outstanding, beginning of the year	**$ 46.07**	**$ 48.80**	**133,840**	$ 45.96	$ 42.68	121,280
Granted	**46.57**	**–**	**24,251**	47.45	–	21,602
Distributions reinvested	**47.27**	**–**	**4,418**	48.38	–	3,612
Settled in Trust Units	**37.39**	**–**	**(8,100)**	49.04	–	(12,654)
Outstanding, end of the year	**$ 46.66**	**$ 42.63**	**154,409**	$ 46.07	$ 48.80	133,840

The fair value of DUPs represents the closing price of the Trust Units on the TSX on the last trading day on which the Trust Units traded as of the reporting date.

b) RUR Plan

The Human Resources and Compensation Committee of the Board of Trustees may award RURs and PURs, subject to the attainment of specified performance objectives, to certain officers and key employees (collectively, the "Participants"). The purpose of the RUR Plan is to provide its Participants with additional incentive and to further align the interests of its Participants with Unitholders through the use of RURs and PURs which, on vesting, are exercisable for Trust Units. RUR Plan units will be issued from treasury on settlement.

The RUR Plan provides for the grant of RURs that vest in their entirety on the third anniversary of the grant date. The RUR Plan was amended, effective May 8, 2024, to also permit the grant of PURs that become vested based on the attainment of certain prescribed performance-related conditions (which may include, but are not limited to, financial or operational performance of CAPREIT, total unitholder return or individual performance criteria, measured over an applicable performance period). The performance-related conditions attributable to PURs are set by the Human Resources and Compensation Committee of the Board of Trustees at the time such PURs are granted (and may be adjusted from time to time as permitted under the terms of the RUR Plan). The performance-related conditions may vary between grants. PURs were granted to officers in September 2024.

The RURs and PURs earn notional distributions in respect of each distribution paid on RURs and PURs commencing from the grant date, and such notional distributions are used to calculate additional RURs ("Distribution RURs") and additional PURs ("Distribution PURs"), which are accrued for the benefit of the Participants. The Distribution RURs and Distribution PURs are credited to the Participants only when the underlying RURs and PURs on which the Distribution RURs and Distribution PURs are earned become vested. Distribution RURs and Distribution PURs are issued and valued based on the volume weighted average trading price of all Trust Units traded on the TSX for the five trading days immediately preceding the distribution date.

The details of the RURs granted under the RUR Plan (including the Distribution RURs) are as follows:

For the Year Ended	December 31, 2024			December 31, 2023		
	Weighted Average Issue Price	**Fair Value per Unit**	**Number of Units**	Weighted Average Issue Price	Fair Value per Unit	Number of Units
Outstanding, beginning of the year	**$ 49.63**	**$ 48.80**	**473,131**	$ 49.50	$ 42.68	394,763
Granted	**48.11**	**–**	**145,242**	49.16	–	140,231
Distributions reinvested	**47.23**	**–**	**17,731**	48.49	–	14,335
Settled, cancelled or forfeited	**44.53**	**–**	**(85,682)**	47.85	–	(76,198)
Outstanding, end of the year	**$ 49.94**	**$ 42.63**	**550,422**	$ 49.63	$ 48.80	473,131

The fair value of RURs represents the closing price of the Trust Units on the TSX on the last trading day on which the Trust Units traded as of the reporting date.

The details of the PURs granted under the RUR Plan (including the Distribution PURs) are as follows:

For the Year Ended December 31,	2024		
	Weighted Average Issue Price	Fair Value per Unit	Number of Units
Outstanding, beginning of the year	**N/A**	**N/A**	**–**
Granted	**$ 55.24**	**–**	**29,491**
Distributions reinvested	**46.59**	**–**	**238**
Outstanding, end of the year	**$ 55.17**	**$ 42.63**	**29,729**

c) EUPP

The EUPP grants all employees the right to receive an additional amount equal to 20% of the Trust Units they acquire, paid in the form of additional Trust Units. This additional amount is expensed as compensation on issuance of the Trust Units. During the year ended December 31, 2024, 67,095 Trust Units (year ended December 31, 2023 – 68,060 Trust Units) were issued pursuant to the EUPP. During the year ended December 31, 2024, the 20% top-up amount contributed by CAPREIT was $523 and was included in unit-based amortization expense (year ended December 31, 2023 – $551).

15. Other Liabilities

As at	December 31, 2024	December 31, 2023
Other non-current liabilities		
Non-current lease liabilities	**$ 44,803**	$ 46,178
Other	**659**	659
Total	**$ 45,462**	$ 46,837
Other current liabilities		
Security deposits	**$ 46,206**	$ 50,388
Deferred revenue and other	**18,749**	14,963
Mortgage interest payable	**15,107**	16,769
Distributions payable to Unitholders	**20,068**	20,253
Interest payable to ERES non-controlling unitholders	**1,045**	1,018
Current tax liability	**7,741**	4,463
Total	**$ 108,916**	$ 107,854

16. ERES Units Held by Non-Controlling Unitholders

The ERES units held by non-controlling unitholders are classified as equity on ERES's consolidated 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 unitholders. As at December 31, 2024, non-controlling unitholders held 35% (December 31, 2023 – 35%) of total ERES units and ERES Class B LP Units.

In connection with the portfolio sales in ERES that closed in 2024, as disclosed in note 6, the Board of Trustees of ERES declared a special distribution to the unitholders of ERES of €1.00 per ERES unit, payable in cash (the "ERES Special Distribution"). The ERES Special Distribution was payable to unitholders of record at the close of business on December 23, 2024, with payment on December 31, 2024. The ERES Special Distribution did not qualify for ERES's Distribution Reinvestment Plan.

The table below summarizes the activity of ERES units held by non-controlling unitholders for the years ended December 31, 2024 and December 31, 2023:

For the Year Ended December 31,	2024	2023
Balance of ERES units held by non-controlling unitholders, beginning of the year	**$ 186,522**	$ 242,599
Mark-to-market gain on ERES units[1]	**(18,634)**	(59,342)
Special interest expense to ERES non-controlling unitholders	**122,617**	–
Interest expense to ERES non-controlling unitholders	**14,543**	14,133
Loss (gain) on non-controlling interest	**$ 118,526**	$ (45,209)
Less: Special interest paid to ERES non-controlling unitholders	**(122,617)**	–
Less: Interest paid to ERES non-controlling unitholders	**(12,413)**	(10,868)
Balance of ERES units held by non-controlling unitholders, end of the year	**$ 170,018**	$ 186,522

[1] The mark-to-market gain for the year ended December 31, 2024 includes the impact of the ERES Special Distribution paid on December 31, 2024.

17. Accounts Payable and Accrued Liabilities

As at	December 31, 2024	December 31, 2023
Accounts payable	**$ 44,073**	$ 41,705
Accrued liabilities	**57,687**	64,012
Total	**$ 101,760**	$ 105,717

18. Exchangeable LP Units

Exchangeable LP Units are entitled to distributions equivalent to distributions on Trust Units, and are exchangeable for Trust Units on a one-for-one basis, at any time at the option of the holder. Exchangeable LP Units are not eligible for the Distribution Reinvestment Plan ("DRIP"). An equivalent number of special voting units ("Special Voting Units") were issued at the same time as the Exchangeable LP Units. The holders of these Special Voting Units have no entitlement to any share of or interest in the distributions or net assets of CAPREIT. Through Special Voting Units, holders of Exchangeable LP Units are entitled to an equivalent number of votes at all meetings of Unitholders or in respect of any written resolution of Unitholders equal to the number of Exchangeable LP Units held. The carrying value of the 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 years ended December 31, 2024 and December 31, 2023:

For the Year Ended December 31,	2024	2023
Exchangeable LP Units issued and outstanding, beginning of the year	**1,647,186**	1,679,190
Exchangeable LP Units exchanged for Trust Units	**–**	(32,004)
Exchangeable LP Units issued and outstanding, end of the year	**1,647,186**	1,647,186

For the Year Ended December 31,	2024	2023
Balance of Exchangeable LP Units, beginning of the year	**$ 80,383**	$ 71,668
Fair value adjustments of Exchangeable LP units	**(10,163)**	10,293
Exchangeable LP Units exchanged for Trust Units	**–**	(1,578)
Balance of Exchangeable LP Units, end of the year	**$ 70,220**	$ 80,383

19. Unitholders' Equity

All Trust Units outstanding are fully paid, have no par value and are voting Trust Units. The authorized capital of CAPREIT consists of an unlimited number of Trust Units, an unlimited number of Special Voting Units and 25,840,600 preferred units ("Preferred Units"). As at December 31, 2024 and December 31, 2023, no Preferred Units were issued and outstanding. Trust Units represent Unitholders' proportionate undivided beneficial interest in CAPREIT. No Trust Unit has any preference or priority over another. No Unitholder has or is deemed to have any right of ownership in any of the assets of CAPREIT. Each Trust Unit confers the right to one vote at any meeting of Unitholders and to participate pro rata in any distributions declared by CAPREIT and, in the event of termination of CAPREIT, in the net assets of CAPREIT remaining after satisfaction of all liabilities. Units will be issued in registered form and are transferable. Issued and outstanding units may be subdivided or consolidated from time to time by the trustees without Unitholder approval. No certificates for fractional units will be issued and fractional units will not entitle the holders thereof to vote.

a) Distribution Reinvestment Plan

Under CAPREIT's DRIP, a participant may purchase additional units with the cash distributions paid on the eligible units. The total consideration for units issued represents the amount of cash distributions reinvested in additional units.

b) Employee Unit Purchase Plan

During the year ended December 31, 2024, 67,095 Trust Units (year ended December 31, 2023 – 68,060 Trust Units) were issued pursuant to the EUPP. See note 14 for further details on the EUPP.

c) Deferred Unit Plan

During the year ended December 31, 2024, 8,100 DUs (year ended December 31, 2023 – 12,654 DUs) were settled. See note 14 for further details on the DUP.

d) Restricted Unit Rights Plan

During the year ended December 31, 2024, 85,682 RUR units were settled or cancelled, out of which 79,571 RUR units were settled for an equivalent number of Trust Units and the remaining RUR units were forfeited. During the year ended December 31, 2023, 76,198 RUR units were settled or cancelled, out of which 68,496 RUR units were settled for an equivalent number of Trust Units and the remaining RUR units were forfeited. See note 14 for further details on the RUR Plan.

e) Normal Course Issuer Bid ("NCIB")

In March 2024, 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, 2024. Pursuant to the notice, CAPREIT may purchase up to 16,724,759 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 25, 2024 and ending March 24, 2025. Under the NCIB, other than purchases made under the block purchase exemption, CAPREIT may purchase up to 89,460 Trust Units on the TSX during any trading day, which represent approximately 25% of 357,842 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.

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 represent 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.

The table below summarizes the NCIB activity for the years ended December 31, 2024 and December 31, 2023. 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 Year Ended December 31,	2024	2023
Total cost of Trust Units purchased and cancelled under the NCIB[1]	**$ 327,149**	$ 100,907
Number of Trust Units purchased and cancelled under the NCIB	**7,324,779**	2,168,521
Weighted average purchase price per Trust Unit[1]	**$ 44.66**	$ 46.53

[1] The total cost presented and the weighted average purchase price per Trust Unit include commissions, but exclude an aggregate amount of $6,589 relating to the 2% tax on Trust Units repurchased, which became effective on January 1, 2024, as well as other NCIB transaction costs.

f) Special Non-cash Distribution in Trust Units and Consolidation of Trust Units

On December 16, 2024, CAPREIT declared a special non-cash distribution of $1.18 per Trust Unit (December 15, 2023 – $0.49 per Trust Unit), payable in Trust Units on December 31, 2024 (December 29, 2023) to Unitholders of record on December 31, 2024 (December 29, 2023) (the "CAPREIT Special Distribution"). The CAPREIT Special Distribution was made to distribute to Unitholders a portion of the net capital gain realized by CAPREIT from transactions completed during the year ended December 31, 2024 (year ended December 31, 2023).

On December 31, 2024, 4,443,917 Trust Units (December 29, 2023 – 1,683,012 Trust Units) were issued at a price of $42.63 per Trust Unit (December 29, 2023 – $48.80 per Trust Unit), for an aggregate value of $189,444 (December 29, 2023 – $82,131). Immediately following the issuance of these Trust Units, the Trust Units were consolidated such that each Unitholder held the same number of Trust Units after the consolidation of the Trust Units as each Unitholder held prior to the Special Distribution. As at December 31, 2024, the issuance of Trust Units pursuant to the CAPREIT Special Distribution totalling $189,444 (December 29, 2023 – $82,131) was recorded to Unit Capital in accordance with IAS 32, with a corresponding reduction to retained earnings as a result of the CAPREIT Special Distribution declared.

g) At-the-Market Program ("ATM Program")

On February 22, 2024, CAPREIT filed a prospectus supplement to establish an ATM Program that allows CAPREIT, at its sole discretion, to issue Trust Units up to an aggregate sale price of $400,000 from treasury to the public from time to time, directly on the TSX or on other marketplaces on which the Trust Units are listed or quoted in Canada or where the Trust Units are traded in Canada, at prevailing market prices.

In connection with the establishment of the ATM Program, CAPREIT has entered into an equity distribution agreement dated February 22, 2024 (the "Equity Distribution Agreement") with a major financial institution (the "Agent"). Any Trust Units sold in the ATM Program will be distributed through the TSX or any other permitted marketplace at the market prices prevailing at the time of sale. The volume and timing of distributions under the ATM Program, if any, will be determined at CAPREIT's sole discretion. There is no certainty that any Trust Units will be offered or sold under the ATM Program. The ATM Program will be effective until June 9, 2025, unless terminated prior to such date by CAPREIT or otherwise in accordance with the terms of the Equity Distribution Agreement.

During the year ended December 31, 2024, no Trust Units were issued under the ATM Program.

h) Base Shelf Prospectus

On May 9, 2023, CAPREIT renewed its base shelf prospectus that was set to expire in June 2023. The renewed base shelf prospectus is valid for a 25-month period from May 9, 2023 to June 8, 2025, during which CAPREIT may offer Trust Units, subscription receipts, debt securities, or any combination thereof. Any issue of securities under the base shelf prospectus will require the filing of a prospectus supplement that will include specific terms of the securities being offered.

20. Distributions on Trust Units

CAPREIT paid distributions to its Unitholders in accordance with its DOT. Distributions declared by its Board of Trustees were paid monthly, on or about the 15th day of each month. Effective August 2024, monthly distributions, excluding the CAPREIT Special Distributions on December 31, 2024 and December 29, 2023, declared to Unitholders increased to $0.1250 per Trust Unit ($1.50 per Trust Unit annually) for the year ended December 31, 2024 (for the year ended December 31, 2023 – $0.1208 per Trust Unit; $1.45 per Trust Unit annually).

For the Year Ended December 31,	2024	2023
Distributions declared on Trust Units[(1)]	**$ 244,665**	$ 243,282
Distributions per Trust Unit	**$ 1.4708**	$ 1.4500

(1) Distributions declared exclude the special non-cash distributions. Refer to note 19 for further information.

21. Revenue from Contracts with Customers

In accordance with IFRS 15, management has evaluated the lease and non-lease components of its revenue from investment properties. Revenues under IFRS 15 consist of a non-lease component earned from tenants and miscellaneous revenues. Miscellaneous revenues consist of cable income, certain common area maintenance recoveries, service charges and premium service components.

For the year ended December 31, 2024, the non-lease component earned from tenants was $199,114 (for the year ended December 31, 2023 – $193,249). For the year ended December 31, 2024, the miscellaneous revenues were $25,072 (for the year ended December 31, 2023 – $23,226).

22. Other Income

For the Year Ended December 31,	2024	2023
Investment income[(1)]	**$ 3,583**	$ 8,862
Interest income from VTB mortgages receivable	**2,228**	1,278
Interest income and other	**1,155**	2,468
Profit from sale of MHC home inventory	**418**	1,036
Total	**$ 7,384**	$ 13,644

(1) For the year ended December 31, 2024, investment income includes $2,533 of semi-annual dividends from IRES (for the year ended December 31, 2023 – $7,628).

23. Interest Expense on Debt and Other Financing Costs

For the Year Ended December 31,	2024	2023
Contractual interest on mortgages payable[(1)(2)]	**$ (171,254)**	$ (161,178)
Amortization of deferred financing costs, fair value adjustments and OCI hedge interest on mortgages payable[(1)]	**(8,025)**	(6,157)
Amortization of CMHC premiums and fees on mortgages payable[(1)]	**(10,080)**	(12,275)
Contractual interest on credit facilities payable, net[(2)]	**(25,049)**	(26,074)
Amortization of deferred financing costs on credit facilities payable	**(731)**	(902)
Interest on land and air rights lease liability	**(5,023)**	(5,078)
Total	**$ (220,162)**	$ (211,664)

(1) Includes mortgages payable related to assets held for sale, as applicable.

(2) Includes net CCIR and IR swap interest, offsetting contractual interest.

24. Fair Value Adjustments of Financial Instruments

For the Year Ended December 31,		2024		2023
Fair value adjustments of Exchangeable LP Units	**$**	**10,163**	$	(10,293)
Fair value adjustments of investments		**(22,020)**		1,130
Fair value adjustments of derivative financial instruments		**4,625**		(24,767)
Unit-based compensation remeasurement gain (loss)		**1,238**		(443)
Fair value adjustments of financial instruments	**$**	**(5,994)**	$	(34,373)

25. Transactions Costs and Other Activities

For the Year Ended December 31,		2024		2023
Transaction costs and other adjustments on dispositions, net	**$**	**(16,175)**	$	(5,330)
Amortization of PP&E and right-of-use asset		**(6,363)**		(6,206)
Enterprise resource planning implementation costs[1]		**(5,914)**		–
Fair value gain (loss) on transfer of other assets to investment properties		**(80)**		1,934
Other		**–**		(4,309)
Total	**$**	**(28,532)**	$	(13,911)

[1] Includes licensing and consulting costs, and salaries and benefits.

26. Supplemental Cash Flow Information

a) Other Adjustments

For the Year Ended December 31,		2024		2023
Closing costs and other adjustments	**$**	**15,077**	$	5,330
Amortization		**6,363**		6,206
Straight-line rent adjustment		**(48)**		76
Deferred income tax expense (recovery)		**23,726**		(85,368)
Unrealized foreign currency loss (gain)		**24,377**		(5,561)
Fair value loss (gain) on transfer of other assets to investment properties		**80**		(1,934)
Other adjustments	**$**	**69,575**	$	(81,251)

b) Changes in Non-cash Operating Assets and Liabilities

For the Year Ended December 31,		2024		2023
Prepaid expenses	**$**	**(16,637)**	$	890
Tenant inducements, direct leasing costs and other adjustments		**(1,679)**		(1,486)
Amounts receivable		**(2,226)**		(2,768)
Deposits		**550**		(739)
MHC home inventory		**471**		2,440
Accounts payable, accrued liabilities and other		**(7,975)**		4,674
Derivative financial instruments		**29,039**		(11,849)
Security deposits		**(4,379)**		3,504
Current tax liability		**3,242**		1,699
Changes in non-cash operating assets and liabilities	**$**	**406**	$	(3,635)

c) Items Related to Financing Activities

For the Year Ended December 31,		2024		2023
Interest expense on debt and other financing costs	**$**	**220,162**	$	211,664
Interest expense on Exchangeable LP Units		**2,429**		2,382
Special interest expense on ERES non-controlling unitholders		**122,617**		–
Interest expense to ERES non-controlling unitholders		**14,543**		14,133
Net gain on derecognition of debt		**(3,012)**		(3,251)
Items related to financing activities	**$**	**356,739**	$	224,928

d) Capital Investments

For the Year Ended December 31,		2024		2023
Property capital investments (investment properties and assets held for sale)	**$**	**(241,876)**	$	(285,217)
PP&E investments		**(3,197)**		(4,167)
Sale of PP&E		**335**		–
Change in capital investments included in accounts payable and other liabilities		**(5,070)**		(18,447)
Net disbursements	**$**	**(249,808)**	$	(307,831)

e) Distributions Paid to Unitholders

For the Year Ended December 31,		2024		2023
Distributions declared to Unitholders	**$**	**(244,665)**	$	(243,282)
Add: Distributions payable to Unitholders at beginning of the year		**(20,253)**		(20,469)
Less: Distributions payable to Unitholders at end of the year		**20,068**		20,253
Less: Distributions to participants in the CAPREIT DRIP		**4,886**		9,431
Cash disbursements to Unitholders	**$**	**(239,964)**	$	(234,067)

f) Issuance of Trust Units

For the Year Ended December 31,		2024		2023
Issuance of Trust Units	**$**	**7,401**	$	8,808
Settlement of unit-based compensation awards for Trust Units		**(4,497)**		(4,486)
Conversion of Exchangeable LP Units to Trust Units and other		**–**		(1,578)
Net proceeds	**$**	**2,904**	$	2,744

27. Related Party Transactions

Transactions with Key Management Personnel

Certain key management personnel participate in the RUR Plan and trustees currently participate in the DUP. Pursuant to employee contracts, key management personnel are entitled to termination benefits that provide for payments of up to 36 months of benefits (based on base salary, bonus and other benefits), depending on cause.

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

For the Year Ended December 31,		2024		2023
Cash compensation and short-term benefits	**$**	**(5,156)**	$	(4,652)
Unit-based compensation – amortization		**(4,743)**		(3,864)
		(9,899)		(8,516)
Unit-based compensation – fair value remeasurement		**2,836**		(1,383)
Total compensation expense	**$**	**(7,063)**	$	(9,899)

28. 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.

				For the Year Ended December 31, 2024
Selected consolidated statements of net income (loss) items	**Canada**	**Europe**	**Unallocated Items**	**Consolidated Financial Statements**
Revenue from investment properties	**$ 975,028**	**$ 137,714**	**$ –**	**$ 1,112,742**
Operating expenses	**(352,310)**	**(29,778)**	**–**	**(382,088)**
Net operating income	**$ 622,718**	**$ 107,936**	**$ –**	**$ 730,654**
Fair value adjustments of investment properties	**$ (34,381)**	**$ 92,867**	**$ –**	**$ 58,486**
Effective interest on mortgages payable[1][2]	**(161,553)**	**(27,806)**	**–**	**(189,359)**
Other[3]	**–**	**–**	**(307,039)**	**(307,039)**
Net income (loss)	**$ 426,784**	**$ 172,997**	**$ (307,039)**	**$ 292,742**

(1) Includes mortgages payable related to assets held for sale, as applicable.

(2) Includes net CCIR and IR swap interest, offsetting contractual interest.

(3) Consists primarily of gain (loss) on non-controlling interest, trust expenses, gain (loss) on foreign currency translation, transaction costs and other activities, fair value adjustments of financial instruments, current income tax expense and deferred income tax recovery (expense).

				For the Year Ended December 31, 2023
Selected consolidated statements of net income (loss) items	Canada	Europe	Unallocated Items	Consolidated Financial Statements
Revenue from investment properties	$ 925,682	$ 139,635	$ –	$ 1,065,317
Operating expenses	(342,544)	(29,987)	–	(372,531)
Net operating income	$ 583,138	$ 109,648	$ –	$ 692,786
Fair value adjustments of investment properties	$ (578,989)	$ (335,596)	$ –	$ (914,585)
Effective interest on mortgages payable[1][2]	(152,905)	(26,705)	–	(179,610)
Other[3]	–	–	(10,165)	(10,165)
Net loss	$ (148,756)	$ (252,653)	$ (10,165)	$ (411,574)

(1) Includes mortgages payable related to assets held for sale, as applicable.

(2) Includes net CCIR and IR swap interest, offsetting contractual interest.

(3) Consists primarily of gain (loss) on non-controlling interest, trust expenses, gain (loss) on foreign currency translation, transaction costs and other activities, fair value adjustments of financial instruments, current income tax expense and deferred income tax recovery (expense).

				As at December 31, 2024
Selected consolidated balance sheets items	**Canada**	**Europe**	**Unallocated Items**	**Consolidated Financial Statements**
Investment properties	**$ 13,712,873**	**$ 1,155,489**	**$ –**	**$ 14,868,362**
Assets held for sale	**210,871**	**96,589**	**–**	**307,460**
Other	**–**	**–**	**400,271**	**400,271**
Total assets	**$ 13,923,744**	**$ 1,252,078**	**$ 400,271**	**$ 15,576,093**
Mortgages payable	**$ 5,474,298**	**$ 513,571**	**$ –**	**$ 5,987,869**
Other	**–**	**–**	**560,912**	**560,912**
Total liabilities	**$ 5,474,298**	**$ 513,571**	**$ 560,912**	**$ 6,548,781**

				As at December 31, 2023
Selected consolidated balance sheets items	Canada	Europe	Unallocated Items	Consolidated Financial Statements
Investment properties	$ 14,072,652	$ 2,459,444	$ –	$ 16,532,096
Assets held for sale	45,850	–	–	45,850
Other	–	–	390,694	390,694
Total assets	$ 14,118,502	$ 2,459,444	$ 390,694	$ 16,968,640
Mortgages payable	$ 5,354,033	$ 1,299,955	$ –	$ 6,653,988
Liabilities related to assets held for sale	23,706	–	–	23,706
Other	–	–	1,012,351	1,012,351
Total liabilities	$ 5,377,739	$ 1,299,955	$ 1,012,351	$ 7,690,045

29. Commitments and Contingencies

Natural Gas Commitments

Through fixed price contracts, CAPREIT is committed as at December 31, 2024 in the aggregate amount of $1,855 for its natural gas and transport requirements. These commitments, which are 12 months long, fix the price of natural gas and transport for a portion of CAPREIT's requirements, as summarized in the table below.

		2025
Gas Commodity		
Fixed weighted average cost per GJ[1]	$	**2.26**
Total of CAPREIT's estimated requirements		**36.7%**
Transport		
Fixed weighted average cost per GJ[1]	$	**0.79**
Total of CAPREIT's estimated requirements		**36.7%**
Total commitment	$	**1,855**

[1] 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 $32,691 are outstanding as at December 31, 2024 (December 31, 2023 – $35,535).

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.

30. Fair Value of Financial Instruments and Investment Properties and Risk Management

a) Fair Value of Financial Instruments and Investment Properties

The fair value of CAPREIT's financial assets and liabilities, except as noted below and elsewhere in the consolidated annual financial statements, approximates their carrying amount due to the short-term and variable rate nature of these instruments.

As at December 31, 2024, the fair value of CAPREIT's mortgages payable, excluding liabilities related to assets held for sale, is estimated to be $5,855,497 (December 31, 2023 – $6,355,273). 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 payable were financed, and the impact of the passage of time on the primarily fixed rate nature of CAPREIT's mortgages payable. 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 durations, terms and conditions, which are considered Level 2 inputs (as described below). As at December 31, 2024, the principal outstanding on CAPREIT's mortgages payable is $6,141,060 (December 31, 2023 – $6,817,325) as shown in note 12. As at December 31, 2024, the fair value of CAPREIT's Credit Facilities payable is estimated to approximate its total net borrowings of $5,019 (December 31, 2023 – $406,160).

CAPREIT has classified and disclosed the fair value for each class of financial instrument based on the fair value hierarchy in accordance with IFRS 13. The fair value hierarchy distinguishes between market value data obtained from independent sources and CAPREIT's own assumptions on market value. The hierarchy levels are defined below:

Level 1 – Inputs based on quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs based on factors other than quoted prices included in Level 1, which may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates and yield curves that are observable at commonly quoted intervals; and

Level 3 – Inputs that are unobservable for the asset or liability, and are typically based on CAPREIT's own assumptions as there is little, if any, related market activity.

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 December 31, 2024 and December 31, 2023, 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 December 31, 2024	Level 1 Quoted Prices in Active Markets for Identical Assets and Liabilities	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs
Recurring measurements			
Assets			
Investment properties	**$ –**	**$ –**	**$ 14,868,362**
Assets held for sale	**–**	**–**	**307,460**
Investments held at fair value through profit or loss	**2,364**	**–**	**–**
Investments held at fair value through other comprehensive income	**–**	**15,623**	**–**
Derivative financial assets	**–**	**19,076**	**–**
Liabilities			
Derivative financial liabilities	**–**	**(3,684)**	**–**
ERES units held by non-controlling unitholders	**–**	**(170,018)**	**–**
Unit-based compensation financial liabilities	**–**	**(24,631)**	**–**
Exchangeable LP Units	**–**	**(70,220)**	**–**

As at December 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
Recurring measurements			
Assets			
Investment properties	$ –	$ –	$ 16,532,096
Assets held for sale	–	–	45,850
Investments held at fair value through profit or loss	162,472	–	–
Investments held at fair value through other comprehensive income	–	17,594	
Derivative financial assets	–	46,470	–
Liabilities			
Derivative financial liabilities	–	(7,001)	–
ERES units held by non-controlling unitholders	–	(186,522)	–
Unit-based compensation financial liabilities	–	(23,423)	–
Exchangeable LP Units	–	(80,383)	–

Although CAPREIT has determined that the majority of the inputs used to value its derivatives falls 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 December 31, 2024 and December 31, 2023, 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 December 31, 2024 and December 31, 2023, there were no transfers between Level 1, Level 2 and Level 3 during the periods.

b) Risk Management

The main risks arising from CAPREIT's financial instruments are interest rate, liquidity, credit, foreign currency and price risks. CAPREIT's approach to managing these risks is summarized as follows:

Interest Rate Risk
CAPREIT is subject to the risks associated with debt financing, including the risk that mortgages and Credit Facilities will not be able to be refinanced on terms at least as favourable as those of the existing indebtedness. In addition, interest on CAPREIT's Credit Facilities is subject to floating interest rates. CAPREIT is also subject to the risks associated with changes in interest rates or different financing arrangements from the hedging derivative assumptions, which may cause volatility in earnings.

As at December 31, 2024, the Acquisition and Operating Facility and the ERES Credit Facility were borrowed at floating rates, for a total gross amount of $95,280 (excluding deferred financing costs), which was netted against cash and cash equivalents pursuant to the terms of the Acquisition and Operating Facility. A 100 basis points increase or decrease in interest rates would decrease or increase annualized net income (loss) and equity by $953. The sensitivity analysis represents the parallel interest rate shift of the Canadian prime rate, CORRA, Term SOFR and EURIBOR benchmark rates.

As at December 31, 2024, CAPREIT had a total of $512,410 in fixed rate mortgages payable that will reach the end of their term during 2025. Assuming all these mortgages are refinanced or renewed at a 100 basis points increase or decrease in interest rates, CAPREIT's annualized net income (loss) and equity would decrease or increase by $5,124, respectively.

As at December 31, 2024, a 100 basis points increase or decrease in interest rates would increase or decrease net income (loss) and equity by $2,905 in relation to CAPREIT's cross-currency and/or interest rate swaps. The sensitivity analysis represents the parallel interest rate shift of the Term SOFR and EURIBOR forward rates.

CAPREIT's objective in managing interest rate risk is to minimize the volatility of interest expenses due to fluctuations in market interest rates. As at December 31, 2024, interest rate risk has been minimized, as 99.3% (December 31, 2023 – 99.2%) of the mortgages payable are financed at fixed interest rates, with maturities staggered over a number of years. Taking into consideration interest rate swaps where hedge accounting has not been applied, 100.0% of the mortgages payable are financed at synthetically fixed interest rates (December 31, 2023 – 100.0%). These figures exclude liabilities related to assets held for sale, as applicable.

Liquidity Risk
Liquidity risk is the risk that CAPREIT may encounter difficulties in accessing capital and refinancing its financial obligations as they come due. As at December 31, 2024, approximately 97.7% of CAPREIT's Canadian mortgages are CMHC-insured, which reduces the risk in refinancing mortgages. CAPREIT's overall risk for mortgage refinancings is further reduced as the unamortized mortgage insurance premiums are transferable between approved lenders and are effective for the full amortization period of the underlying mortgages, ranging between 25 and 40 years. To mitigate the risk associated with the refinancing of maturing debt, CAPREIT staggers the maturity dates of its mortgage portfolio over a number of years.

In addition, CAPREIT manages its overall liquidity risk by maintaining sufficient available Credit Facilities and unencumbered assets to fund its ongoing operational and capital commitments, distributions to Unitholders and provide for future growth in its business. As at December 31, 2024, CAPREIT had a borrowing capacity under the Acquisition and Operating Facility and GHG Reduction Facility in the aggregate amount of $565,273 (December 31, 2023 – $340,059), excluding borrowing capacity under the ERES Credit Facility.

The working capital deficiency, as presented on CAPREIT's consolidated balance sheets as at December 31, 2024, and defined as current assets less current liabilities, is funded through the Credit Facilities and refinancing of mortgages as they mature. Management conducts 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 contractual maturities and repayment obligations of CAPREIT's financial liabilities as at December 31, 2024 are as follows:

	2025	2026	2027	2028	2029	2030 onwards
Mortgages payable	$ 659,074	$ 781,163	$ 933,743	$ 891,859	$ 586,762	$ 2,288,459
Credit facilities payable[1]	–	–	–	–	5,019	–
Mortgage interest	166,233	148,643	126,001	101,815	75,148	197,697
Credit facilities interest[2]	5,501	151	151	151	35	–
Other liabilities[3]	191,927	–	–	–	–	–
Derivative financial liabilities	3,684	–	–	–	–	–
ERES units held by non-controlling unitholders	170,018	–	–	–	–	–
Lease liabilities	1,374	1,473	1,437	836	882	40,175
	$ 1,197,811	$ 931,430	$ 1,061,332	$ 994,661	$ 667,846	$ 2,526,331

(1) Excludes $95,280 drawn on the Acquisition and Operating Facility that has been netted against cash and cash equivalents.

(2) Based on current credit facilities payable balance outstanding and in-place interest rates as at December 31, 2024.

(3) Related to accounts payable and accrued liabilities, security deposits, current tax liability, mortgage interest payable, distributions payable to Unitholders and distributions payable to ERES non-controlling unitholders.

Credit Risk

Credit risk is the risk that: (i) counterparties to contractual financial obligations will default; and (ii) the possibility that CAPREIT's residents may experience financial difficulty and may not be able to meet their rental obligations.

CAPREIT monitors its risk exposure regarding obligations with counterparties through the regular assessment of counterparties' credit positions.

CAPREIT mitigates the risk of credit loss with respect to residents by evaluating the creditworthiness of new residents, obtaining security deposits wherever permitted by legislation and geographically diversifying its portfolio.

CAPREIT monitors its collection experience on a monthly basis and ensures that a stringent policy is adopted to provide for all past due amounts. The maximum exposure to credit risk at the reporting date is the carrying value of the tenant receivables.

CAPREIT mitigates the risk of credit loss with respect to the borrowers of the VTB mortgages receivable by ensuring that adequate collateral has been obtained for the VTB mortgages receivable. The VTB mortgages receivable are secured by the properties that were sold to the borrowers.

Foreign Currency Risk

Foreign currency risk is the financial risk exposure to unanticipated changes in the exchange rate between two currencies. CAPREIT is exposed to foreign currency risk as CAPREIT's functional and presentation currency is Canadian dollars while the functional currency of ERES and CAPREIT's subsidiaries in the Netherlands and Ireland is euros.

CAPREIT manages and mitigates the exposure to foreign currency risk on its investments in subsidiaries in the Netherlands and Ireland with its cross-currency swaps and EURIBOR borrowings. The gain (loss) on foreign currency translation relating to ERES and CAPREIT's subsidiaries in the Netherlands and Ireland is recognized in other comprehensive income. The mark-to-market on the cross-currency swaps and foreign exchange translation on the Term SOFR and EURIBOR borrowings are recognized in the consolidated statements of net income (loss) and comprehensive income (loss).

Price Risk

Price risk is the risk that fluctuations in the price of investments will affect the net income (loss), other comprehensive income, or the value of investments held at FVTPL and investments held at FVOCI. CAPREIT is exposed to price risk from its investments. CAPREIT limits price risk by monitoring publicly available information related to its investments to ensure risk levels are within established levels of risk tolerance.

31. Capital Management

CAPREIT defines capital as the aggregate of Unitholders' equity, Exchangeable LP Units, mortgages payable, liabilities related to assets held for sale and credit facilities payable. CAPREIT's objectives when managing capital are to safeguard its ability to continue to fund its distributions to Unitholders, meet its repayment obligations under its mortgages payable and credit facilities, and ensure sufficient funds are available to meet capital commitments. Capital adequacy is monitored against investment and debt restrictions contained in CAPREIT's DOT and Credit Facilities.

CAPREIT's Credit Facilities (see note 12) require compliance with certain financial covenants. In addition, borrowings must not exceed the borrowing base, calculated at a predefined percentage of the market value of the properties.

In the short term, CAPREIT utilizes the Acquisition and Operating Facility to finance its capital investments, which may include acquisitions. In the long term, retained earnings are utilized and equity issuances, mortgage financings and refinancings, including "top-ups", and the GHG Reduction Facility are used to finance the cumulative capital investments in the property portfolio and ensure that the sources of financing better reflect the long-term useful lives of the underlying investments.

The total capital managed by CAPREIT is as follows:

As at	**December 31, 2024**	December 31, 2023
Unitholders' equity	**$ 9,027,312**	$ 9,278,595
Exchangeable LP Units	**70,220**	80,383
Mortgages payable – non-current	**5,343,549**	6,002,617
Mortgages payable – current	**644,320**	651,371
Liabilities related to assets held for sale	**–**	23,706
Credit facilities payable	**4,145**	405,133
Total capital	**$ 15,089,546**	$ 16,441,805

CAPREIT's Acquisition and Operating Facility contains the following financial covenants: (i) total debt-to-gross book value of CAPREIT's total assets shall be less than 62.50%; (ii) the funds from operations ("FFO") payout ratio shall not exceed 100% based on the trailing four quarters (FFO shall be calculated in accordance with the recommendations of the Real Property Association of Canada ("REALPAC") and will be subject to the adjustments disclosed in the most recent annual report and such other adjustments as may be agreed with the lender); (iii) maintain a minimum tangible net worth of the sum of $5,000,000 and 75% of the net cash proceeds received in connection with any issuance or sale of equity by CAPREIT after June 18, 2021; (iv) maintain a minimum debt service coverage ratio of 1.40; and (v) maintain a minimum interest coverage ratio of 1.65. As at December 31, 2024, CAPREIT is in compliance with its financial covenants included in the Acquisition and Operating Facility and the GHG Reduction Facility. In addition, CAPREIT is required to comply with certain financial covenants stipulated in its mortgage financing agreements. As at December 31, 2024, CAPREIT is in compliance with all mortgage financial covenants.

CAPREIT's subsidiary, ERES, is subject to various financial covenants contained in the ERES Credit Facility. As at December 31, 2024, ERES is in compliance with its financial covenants included in the ERES Credit Facility. In addition, ERES is required to comply with certain financial covenants stipulated in its mortgage financing agreements. As at December 31, 2024, ERES is in compliance with all mortgage financial covenants.

32. Subsequent Events

The table below summarizes the acquisition of investment properties completed subsequent to December 31, 2024:

Acquisition Date	Suite Count	Region		Gross Purchase Price[1]
January 28, 2025	41	Vancouver, BC	$	18,226
February 4, 2025	240	Edmonton, AB		79,400
Total	**281**		**$**	**97,626**

[1] Gross purchase price excludes transaction costs and other adjustments.

The table below summarizes the disposition of investment properties completed subsequent to December 31, 2024:

Disposition Date	Suite or Site Count	Region		Gross Sale Price[1]
January 20, 2025	138	Charlottetown, PEI	$	23,000
January 22, 2025	242	Brampton, ON		73,811
January 27, 2025	20	The Netherlands		7,764
January 31, 2025[2]	176	Medicine Hat, AB		12,500
February 10, 2025	717	Montréal, Quebec		103,750
February 12, 2025[3]	259	The Netherlands		75,487
Total	**1,552**		**$**	**296,312**

[1] Gross sale price excludes transaction costs and other adjustments.

[2] Relates to one of the two remaining MHC properties which were classified as assets held for sale as at December 31, 2024.

[3] Represents disposition of seven residential properties.

On February 13, 2025, the Board of Trustees approved an increase in monthly distributions from $0.125 to $0.1292 per Trust Unit, or from $1.50 to $1.55 per Trust Unit on an annualized basis. The increase is effective with the February 2025 distribution payable on March 17, 2025 to Unitholders of record as at February 28, 2025.

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Stock Exchange Listing

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

CANADIAN APARTMENT
PROPERTIES • REIT

CANADIAN APARTMENT PROPERTIES REIT (CAPREIT)

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