



Notice of Annual and Special Meeting of
Unitholders to be held on May 24, 2017

And Management Information Circular





NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS TO BE HELD ON MAY 24, 2017

NOTICE IS HEREBY GIVEN THAT the Annual and Special Meeting (the “**Meeting**”) of the holders (the “**Unitholders**”) of units (the “**Units**”) and special voting units (the “**Special Voting Units**”) of Canadian Apartment Properties Real Estate Investment Trust (“**CAPREIT**”) will be held at One King West Hotel & Residence, 1 King Street West, Toronto, Ontario, M5H 1A1 on May 24, 2017 at 4:30 p.m. (Toronto time) for the following purposes:

1. to receive the audited consolidated financial statements of CAPREIT for the financial year ended December 31, 2016, together with the auditors’ report thereon;
2. to elect the trustees of CAPREIT;
3. to re-appoint the auditor of CAPREIT and authorize the trustees to fix the remuneration to be paid to the auditor;
4. to consider and, if thought advisable, to approve a non-binding advisory say-on-pay resolution accepting CAPREIT’s approach to executive compensation, as more fully described in the annexed Management Information Circular;
5. to consider and, if thought advisable, to approve a special resolution as set forth in Schedule “B” of the annexed Management Information Circular authorizing certain amendments to CAPREIT’s Amended and Restated Declaration of Trust dated June 1, 2016 (the “**Declaration of Trust**”) to further align the Declaration of Trust with evolving governance best practices, as more fully described in the annexed Management Information Circular; and
6. to transact such further or other business as may properly come before the Meeting or any adjournments or postponements thereof.

Accompanying this Notice of the Meeting are a copy of the Management Information Circular and form of proxy. If you are a new Unitholder or a non-registered Unitholder who did not elect to receive CAPREIT’s annual report, you can view the annual report on our website at www.capreit.net. If you wish a hard copy of this report, please contact us at ir@capreit.net or (416) 861-9404.

If you are unable to attend the Meeting in person, kindly sign and return the enclosed form of proxy and deposit it with Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or to the head office of CAPREIT, 11 Church Street, Suite 401, Toronto, Ontario M5E 1W1, not later than 4:30 p.m. (Toronto time) on May 19, 2017 or, if the Meeting is adjourned or postponed, prior to 4:30 p.m. (Toronto time) on the second business day before any adjournment or postponement of the Meeting.

DATED at Toronto, Ontario this 31st day of March, 2017.

**BY ORDER OF THE BOARD OF TRUSTEES OF
CANADIAN APARTMENT PROPERTIES
REAL ESTATE INVESTMENT TRUST**

(Signed) THOMAS SCHWARTZ
President and Chief Executive Officer

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CANADIAN APARTMENT PROPERTIES REAL ESTATE INVESTMENT TRUST
MANAGEMENT INFORMATION CIRCULAR RELATING TO THE ANNUAL
AND SPECIAL MEETING OF UNITHOLDERS TO BE HELD ON MAY 24, 2017

SOLICITATION OF PROXIES

This management information circular (the “**Circular**”) is furnished in connection with the solicitation by and on behalf of the management of Canadian Apartment Properties Real Estate Investment Trust (“**CAPREIT**”) of proxies to be used at the annual and special meeting (the “**Meeting**”) of the holders (the “**Unitholders**”) of the units (the “**Units**”) and the holders (the “**Special Unitholders**”) of the special voting units (the “**Special Voting Units**”) of CAPREIT, which are not holders (the “**Preferred Unitholders**”) of preferred units (the “**Preferred Units**”) of CAPREIT, to be held on the 24th day of May, 2017, at the time and place and for the purposes set forth in the notice of meeting (the “**Notice of Meeting**”) accompanying this Circular and at any adjournment(s) or postponement(s) thereof. It is expected that the solicitation will be primarily by mail. The costs of the solicitation will be borne by CAPREIT. All information in this Circular is given as of March 31, 2017 unless otherwise indicated.

APPOINTMENT OF PROXIES

A form of proxy is enclosed and, if it is not your intention to be present in person at the Meeting, you are asked to complete and return the form of proxy in the envelope provided. The proxy must be executed by the Unitholder or the attorney of such Unitholder, duly authorized in writing. Proxies to be used at the Meeting must be deposited with Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or the head office of CAPREIT, 11 Church Street, Suite 401, Toronto, Ontario M5E 1W1, not later than 4:30 p.m. (Toronto time) on May 19, 2017 or, if the Meeting is adjourned or postponed, prior to 4:30 p.m. (Toronto time) on the second business day before any adjournment(s) or postponement(s) of the Meeting.

The persons designated in the enclosed form of proxy are trustees and executive officers of CAPREIT. **Each Unitholder has the right to appoint a person (who need not be a Unitholder), other than the person specified in the enclosed form of proxy, to attend and act on his or her behalf at the Meeting or any adjournment(s) or postponement(s) thereof.** Such right may be exercised by striking out the names of the specified persons and inserting the name of the Unitholder’s nominee in the space provided or by completing another appropriate form of proxy and, in either case, delivering the form of proxy to CAPREIT prior to the holding of the Meeting.

Non-Registered Unitholders

Only registered Unitholders, or the persons they appoint as their proxies, are entitled to attend and vote at the Meeting. Most Unitholders are “**non-registered**” Unitholders because the Units they own are not registered in their names, but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased their Units. More particularly, a person is not a registered Unitholder in respect of Units which are held on behalf of that person (the “**Non-Registered Unitholder**”) but which are registered either:

- (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Unitholder deals with in respect of the Units (Intermediaries include, among others, banks, trust

companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or

- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, CAPREIT has distributed copies of the Notice of Meeting, this Circular and the form of proxy (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Unitholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Unitholders unless a Non-Registered Unitholder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to only registered Unitholders. Generally, Non-Registered Unitholders who have not waived the right to receive Meeting Materials will either:

- (a) be given (typically by a facsimile, stamped signature) a form of proxy which has already been signed by the Intermediary, which is restricted as to the number of Units beneficially owned by the Non-Registered Unitholder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Unitholder when submitting the proxy. In this case, the Non-Registered Unitholder who wishes to submit a proxy should otherwise properly complete the form of proxy and deliver it to CAPREIT c/o Computershare Investor Services Inc. as provided above; or
- (b) more typically, be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Unitholder and returned to the Intermediary or its designated service company, will constitute voting instructions (often called a “**proxy authorization form**”) which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regularly printed proxy form accompanied by a page of instructions which contains a removable label containing a bar code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Unitholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of these procedures is to permit Non-Registered Unitholders to direct the voting of the Units which they beneficially own. Should a Non-Registered Unitholder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Unitholder should strike out the names of the designated proxyholders and insert the Non-Registered Unitholder’s name in the blank space provided. In either case, Non-Registered Unitholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.

A Unitholder executing the enclosed form of proxy may revoke it by depositing an instrument in writing executed by such Unitholder or by his or her attorney authorized in writing (i) at the registered office of CAPREIT, 11 Church Street, Suite 401, Toronto, Ontario M5E 1W1, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment(s) or postponement(s) thereof, at which the proxy is to be used or (ii) with the Chair of the Meeting on the day of the Meeting or any adjournment(s) or postponement(s) thereof. Only registered Unitholders have the right to revoke a proxy. Non-Registered Unitholders who wish to change their vote must, at least seven (7) days before the Meeting, arrange for their respective Intermediaries to revoke the proxy on their behalf.

EXERCISE OF DISCRETION BY PROXIES

The Units and Special Voting Units represented by any proxy received by management will be voted or withheld from voting by the persons named in the enclosed form of proxy in accordance with the direction of the Unitholder appointing them. In the absence of any direction to the contrary, it is intended that the Units and Special Voting Units represented by proxies received by management will be voted on any ballot “for”: (i) the election of the trustees; (ii) the re-appointment of the auditor of CAPREIT; (iii) the amendments to CAPREIT’s amended and restated declaration of trust dated June 1, 2016 (the “**Declaration of Trust**”) to further align the Declaration of Trust with evolving governance best practices; and (iv) a non-binding advisory say-on-pay resolution accepting CAPREIT’s approach to executive compensation, all as described in this Circular.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to matters not specifically mentioned in the Notice of Meeting but which may properly come before the Meeting or any adjournment(s) or postponement(s) thereof and with respect to amendments to or variations of matters identified in the Notice of Meeting. As at March 31, 2017, management knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting and routine matters incidental to the conduct of the Meeting. If any further or other business is properly brought before the Meeting, it is intended that the persons appointed as proxy will vote on such other business in such manner as such persons then consider to be proper.

AUTHORIZED CAPITAL, VOTING UNITS AND PRINCIPAL HOLDERS THEREOF

The authorized capital of CAPREIT consists of an unlimited number of Units, an unlimited number of Special Voting Units and 25,840,600 Preferred Units. As at March 31, 2017, 136,059,391 Units, 161,311 Special Voting Units and no Preferred Units were issued and outstanding. CAPREIT Limited Partnership (“**CAPLP**”), a subsidiary of CAPREIT, has 161,311 Class B Units issued and outstanding, which are exchangeable into 161,311 Units on a one-for-one basis pursuant to the terms of an exchange agreement dated July 9, 2007 among CAPREIT, CAPLP and Ridge Pine Park Inc. (predecessor-in-interest to Rice Development Corp.), the initial holder of the issued Class B Units. Accordingly, throughout this Circular whenever reference is made to the outstanding Units, such reference assumes that the 161,311 Units issuable on the exchange of the CAPLP Class B Units have been so issued.

A holder of Units is entitled to one (1) vote in respect of each matter to be voted upon at the Meeting for each Unit registered in his or her name as at the close of business on April 19, 2017 (the “**Record Date**”). Only Unitholders of record on the books of CAPREIT as of the close of business on the Record Date are entitled to receive notice of and vote at the Meeting.

Subject to the restrictions set forth in CAPREIT’s Declaration of Trust, each holder of Special Voting Units is entitled to a number of votes at all meetings of Unitholders or in respect of any written resolution of Unitholders equal to the number of Units into which the Exchangeable Securities (as defined in the Declaration of Trust) to which such Special Voting Units relate are, directly or indirectly, exchangeable or convertible (other than in respect of Exchangeable Securities which have been so exchanged, converted or cancelled).

To the knowledge of the trustees and officers of CAPREIT, as at March 31, 2017, no person or company beneficially owns, or controls or directs, directly or indirectly, Units, Preferred Units or Special Voting Units carrying more than ten percent (10%) of the voting rights attached to any class of voting securities of CAPREIT.

QUORUM

The quorum at the Meeting or any adjournment thereof shall consist of at least two (2) individuals present in person, each of whom is a holder of Units or Special Voting Units or a proxyholder representing a holder of Units or Special Voting Units, and who hold or represent by proxy not less than ten percent (10%) of the total number of outstanding Units and Special Voting Units.

NON-IFRS FINANCIAL MEASURES

In this Circular, CAPREIT discloses and discusses certain financial measures not recognized under International Financial Reporting Standards as set out in Part I of the CPA Canada Handbook (“**IFRS**”) and that do not have standard meanings prescribed by IFRS. These include stabilized net rental income (“**NOI**”), Funds From Operations (“**FFO**”) and Normalized Funds From Operations (“**NFFO**”) (collectively the “**non-IFRS measures**”). These non-IFRS measures are further defined and discussed below. Since stabilized NOI, FFO and NFFO are not measures determined under IFRS, they may not be comparable to similarly titled measures reported by other issuers. CAPREIT has presented such non-IFRS measures because management believes these non-IFRS measures are relevant measures of the ability of CAPREIT to earn revenue and to evaluate CAPREIT’s performance. These 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.

MATTERS REQUIRING UNITHOLDER APPROVAL

1. Election of Trustees

CAPREIT’s Declaration of Trust provides for a flexible number of trustees, subject to a minimum of seven (7) and a maximum of eleven (11). Unitholders have authorized the board of trustees (the “**Board**”) to increase or decrease, from time to time, the number of trustees within the limits prescribed

by the Declaration of Trust, provided that the trustees may not appoint an additional trustee if, after such appointment, the total number of trustees would be greater than one and one-third ($1\frac{1}{3}$) times the number of trustees in office immediately following the last annual meeting of Unitholders.

Mr. Edwin Hawken has decided to retire as a trustee, effective as of the date of the Meeting. The Board has nominated, Gina Cody, for election as a trustee at the Meeting. Assuming Gina Cody is elected, her appointment to the Board would be effective as of the date of the Meeting.

The number of trustees is currently fixed at nine (9). **It is intended that on any resolution or ballot that may be called for relating to the election of the trustees, the Units and Special Voting Units represented by proxies in favour of management nominees will be voted in favour of the election, separately, of each of Harold Burke, Gina Cody, David Ehrlich, Paul Harris, Thomas Schwartz, David Sloan, Michael Stein, Stanley Swartzman and Elaine Todres as a trustee of CAPREIT, unless a Unitholder has specified in his or her proxy that his or her Units or Special Voting Units are to be withheld from voting on the election of trustees.** Management does not contemplate that any of the proposed nominees will be unable to serve as a trustee, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised to vote the Units or Special Voting Units represented by such proxies for the election of such other person or persons as trustees nominated in accordance with the Declaration of Trust and the best judgment of the management nominees. CAPREIT has been informed by each nominee that he is willing to stand for election and to serve as a trustee.

The trustees have adopted a policy that entitles each Unitholder to vote for each nominee on an individual basis. The trustees have also adopted a majority voting policy to require a trustee's resignation as a trustee to the Board when the trustee receives more "**withheld**" votes than "**for**" votes in an uncontested election of trustees at a general meeting of Unitholders, such as the Meeting. The Governance and Nominating Committee will consider such a resignation and recommend to the Board whether to accept it. In its deliberations, the Governance and Nominating Committee may consider any stated reasons as to why Unitholders "withheld" votes from the election of the relevant trustee, the effect such resignation may have on CAPREIT's ability to comply with its Declaration of Trust or applicable securities law requirements, applicable regulations or commercial agreements regarding the composition of the Board, and any other factors that the members of the Governance and Nominating Committee consider relevant. The other trustees would be expected to take into account the decision of the Governance and Nominating Committee and either accept or reject the resignation. The Board shall act on the Governance and Nominating Committee's recommendation within 90 days after the applicable Unitholders' meeting, and CAPREIT shall issue a press release either announcing the resignation or explaining why the Board had not accepted the resignation. The trustee who tendered the resignation would not be part of the decision-making process. The Board must accept the resignation, except in exceptional circumstances.

If a resignation is accepted, the Board may leave the resulting vacancy unfilled until the next annual general meeting of Unitholders. Alternatively, it may fill the vacancy in accordance with CAPREIT's Declaration of Trust.

The current term of office of the trustees of CAPREIT will expire at the close of the Meeting. It is proposed that each of the persons whose name appears below be elected as a trustee of CAPREIT to serve until the close of the next annual meeting of Unitholders or until his successor is elected or appointed.

The following table sets forth the name and residence of each of the nominees, whether each nominee is an “**independent**” trustee (as that term is defined in National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) for the purposes of the audit committee (the “**Audit Committee**”), and as that term is defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) for all other purposes), their respective principal occupations during the last five (5) years, the nature and extent of their experience in the real estate industry and their current public board memberships, the year each of them became a trustee, and information as to voting and other securities of CAPREIT beneficially owned, or controlled or directed, directly or indirectly, by each of them as at March 31, 2017.

In addition, the following table summarizes the expertise possessed by each nominee trustee. The areas of expertise outlined below are considered in assessing candidates during the nomination process. Such areas of expertise are referred to in identifying any skills gaps. The emphasis placed on any particular area of expertise may change as part of the ongoing assessment of the composition of the Board.

Toronto, Ontario, Canada

Trustee since 2010

Independent

Committees:

Audit Committee

Areas of Expertise:

Management Experience

Board Experience

Legal/Tax

Real Estate

Corporate Governance

Financial Acumen

Capital Markets

International Business

Experience

Risk Management

HAROLD BURKE

Harold Burke, CPA, CA, ICD.D (Age: 70) is a Senior Vice President at DREAM Asset Management Corporation (formerly Dundee Realty Corporation), an integrated real estate asset manager and developer, which he joined in July 2008. Mr. Burke has more than 30 years of professional practice in the tax area at PricewaterhouseCoopers LLP, its predecessor, Coopers & Lybrand LLP, and another major Canadian accounting firm. Mr. Burke is recognized as a specialist in the area of real estate-related financial services as well as in domestic and international taxation issues. While a senior partner at PricewaterhouseCoopers LLP, Mr. Burke advised a diverse domestic and foreign clientele many of which were public, private and institutional, on a variety of matters including mergers and acquisitions, capital markets financing and investment structuring. He is a Chartered Professional Accountant and holds the Institute of Corporate Directors, Institute-Certified Director Designation, ICD.D.

Units, Deferred Units ⁽¹⁾ and RURs ⁽²⁾ Beneficially Owned, or Controlled or Directed, Directly or Indirectly, as of March 31, 2017 ⁽³⁾			Voting Results at the 2016 Annual and Special Meeting of Unitholders
#	\$	%	Votes For: 99.62%
25,244	840,625	0.02%	Votes Withheld: 0.38%

Toronto, Ontario, Canada

Nominee

Independent

Committees:

N/A

Areas of Expertise:

Enterprise Leadership
Management Experience
Board Experience
Real Estate
Human Resources
Corporate Governance
Financial Acumen
Government Relations

GINA CODY

Dr. Gina Parvaneh Cody (Age: 60) holds a Masters and a Doctorate in Building Engineering from Concordia University. Dr. Cody has more than 30 years of professional practice in the private sector as a professional engineer, corporate executive and principal of an engineering firm. Dr. Cody has provided professional engineering services to some of Canada's largest REITs, financial institutions, builders and developers. Dr. Cody recently retired as president and principal of Construction Control Inc., a Toronto based national engineering company. Dr. Cody also served the Professional Engineers of Ontario for over 15 years as a member of the Discipline Committee and for over 8 years as a member and subsequently chair of the Professional Practice Committee. Dr. Cody was a commissioner with the Ontario Ministry of Housing, member and chair of a number of technical committees for the Canadian Standards Association (CSA), director with the Canadian Condominium Institute and provided engineering support to the Canadian International Development Agency (CIDA). Dr. Cody is currently a member of the Board of Governors and the Governance Committee and Chair of the Real Estate Planning Committee of Concordia University.

Units, Deferred Units ⁽¹⁾ and RURs ⁽²⁾ Beneficially Owned, or Controlled or Directed, Directly or Indirectly, as of March 31, 2017 ⁽³⁾			Voting Results at the 2016 Annual and Special Meeting of Unitholders
#	\$	%	Votes For: N/A
15,500	516,150	0.01%	Votes Withheld: N/A

Toronto, Ontario, Canada

Trustee since 2013

Non-Independent

Committees:

None

Areas of Expertise:

Enterprise Leadership
Management Experience
Board Experience
Legal/Tax
Real Estate
Corporate Governance
Financial Acumen
Government Relations
Capital Markets
International Business
Experience

DAVID EHRLICH

David Ehrlich (Age: 66) has been the Chief Executive Officer and an Executive Director of Irish Residential Properties REIT plc ("**IRES REIT**"), a real estate investment trust with investments in multi-unit residential properties in Ireland, since April 2014. He is also employed by CAPREIT in connection with the services provided by CAPREIT and its Irish subsidiary, IRES Fund Management Limited, to IRES REIT. Prior to this, Mr. Ehrlich was a senior partner in the Toronto office of the law firm Stikeman Elliott LLP where he was a member of both the corporate and real estate groups until December 2013. During his career of over 30 years, his practice was focused on real estate and structured finance, including public real estate securities. Mr. Ehrlich has been actively involved with real estate investment trusts since their inception in Canada, acting for both issuers and underwriters in numerous transactions. He has also been involved with some of Canada's largest REIT merger and acquisition transactions.

Units, Deferred Units ⁽¹⁾ and RURs ⁽²⁾ Beneficially Owned, or Controlled or Directed, Directly or Indirectly, as of March 31, 2017 ⁽³⁾			Voting Results at the 2016 Annual and Special Meeting of Unitholders
#	\$	%	Votes For: 91.09%
47,549	1,583,382	0.03%	Votes Withheld: 8.91%

Montreal, Quebec, Canada

Trustee since 1998

Independent

Committees:

Governance and Nominating
Committee
Audit Committee
Human Resources and
Compensation Committee

Areas of Expertise:

Enterprise Leadership
Management Experience
Board Experience
Legal/Tax
Real Estate
Human Resources
Corporate Governance
Financial Acumen
Government Relations
Capital Markets
International Business
Experience

PAUL HARRIS

Paul Harris (Age: 65) is a Corporate Director. He was a senior partner in the law firm of Davies Ward Phillips & Vineberg LLP from 1984 until his retirement in December, 2016. Mr. Harris is currently Chairman of the Board of the Montréal Alouettes Football Club, a Governor of the Canadian Football League and a non-voting member of the Board of Directors of Plusgrade, L.P., a global travel technology company based in New York and Montréal. Mr. Harris was a director of Primetech Electronics and the Jewish General Hospital Foundation.

Units, Deferred Units ⁽¹⁾ and RURs ⁽²⁾ Beneficially Owned, or Controlled or Directed, Directly or Indirectly, as of March 31, 2017 ⁽³⁾			Voting Results at the 2016 Annual and Special Meeting of Unitholders
#	\$	%	Votes For: 95.75%
110,889	3,692,604	0.08%	Votes Withheld: 4.25%

Toronto, Ontario, Canada

Trustee since 1997

Non-Independent

Committees:

None

Areas of Expertise:

Enterprise Leadership
Management Experience
Board Experience
Real Estate
Human Resources
Corporate Governance
Financial Acumen
Government Relations
Capital Markets
International Business
Experience
Risk Management

THOMAS SCHWARTZ

Thomas Schwartz (Age: 68) is the President and Chief Executive Officer of CAPREIT. Mr. Schwartz graduated as a Chartered Accountant in 1975 and went on to pursue a career in real estate development. Mr. Schwartz, along with a partner, founded Intraurban Projects in 1976 to specialize in the development of new housing projects in mature communities. Intraurban has built and developed over 2,500 housing units serving all market segments from luxury to affordable. Mr. Schwartz, through York Heritage Properties and Intraurban Projects, has participated in the development, construction, and management of over 600,000 sq. ft. of office, commercial and retail space. Mr. Schwartz is active in industry and government affairs. He has served on the Board of Directors of the Chartwell Retirement Residences companies, the Greater Toronto Home Builders Association, the City of Toronto's Housing Action Committee, as Director of Kehilla Residential Consultants, on the Board of Directors of the Ontario New Home Warranty Program, as Chairman of the Board of Directors of the Federation of Rental-housing Providers of Ontario, and on the Board of Directors of the Real Property Association of Canada. Mr. Schwartz is currently on the Board of Directors of European Commercial Real Estate Limited, the Board of Directors of IRES REIT and each of CAPREIT's subsidiaries and the Board of Directors of the Mount Sinai Hospital Foundation. He is also a member of the Schulich School of Business Advisory Council – Program in Real Estate and Infrastructure.

Units, Deferred Units ⁽¹⁾ and RURs ⁽²⁾ Beneficially Owned, or Controlled or Directed, Directly or Indirectly, as of March 31, 2017 ⁽³⁾			Voting Results at the 2016 Annual and Special Meeting of Unitholders
#	\$	%	Votes For: 96.91%
2,995,359	99,745,455	2.18%	Votes Withheld: 3.09%

Toronto, Ontario, Canada

Trustee since 2014

Independent

Committees:

Investment Committee
Audit Committee

Areas of Expertise:

Enterprise Leadership
Management Experience
Board Experience
Human Resources
Corporate Governance
Financial Acumen
Capital Markets
International Business
Experience
Risk Management

DAVID SLOAN

David Sloan (Age: 60) is a Consultant and Corporate Director. Mr. Sloan retired from TD Bank Group in October 2014 after a 34 year career which included, among other roles, service as Senior Vice President and Ombudsman, Chief Financial Officer of TD Canada Trust, Chief Auditor, Senior Vice President Risk Management, and Senior Vice President, Commercial Banking. Mr. Sloan is a past Chair of the Board and of the Audit and Compliance Committee of Centennial College in Toronto, where he also served as an Executive Advisor to the School of Business. Mr. Sloan holds a Bachelor of Arts, Honours in Economics from McGill University, and a Masters of Philosophy in Economics from the University of St. Andrews in Scotland.

Units, Deferred Units ⁽¹⁾ and RURs ⁽²⁾ Beneficially Owned, or Controlled or Directed, Directly or Indirectly, as of March 31, 2017 ⁽³⁾			Voting Results at the 2016 Annual and Special Meeting of Unitholders
#	\$	%	Votes For: 99.83%
17,809	593,040	0.01%	Votes Withheld: 0.17%

Toronto, Ontario, Canada

Trustee since 1997

Independent

Committees:

None

Areas of Expertise:

Enterprise Leadership
Management Experience
Board Experience
Real Estate
Human Resources
Corporate Governance
Financial Acumen
Capital Markets

MICHAEL STEIN

Michael Stein (Age: 66) is the Chair of CAPREIT. Mr. Stein has been Chairman and Chief Executive Officer of MPI Group Inc., a company engaged in real estate investment and development, since 1994. Mr. Stein also held the position of Chairman and Chief Executive Officer of MICC Properties Inc., a company engaged in real estate investment and development from 1987 to 2000. Mr. Stein is a director of FirstService Corporation (TSX/NASDAQ), a director of McEwen Mining Inc. (TSX/NYSE) and Chairman of the board of directors of Cliffside Capital Ltd. (TSX-V). In 2012, Mr. Stein was appointed to the Board of Directors of City Financial Investment Company Limited, a United Kingdom FCA-regulated asset management company that is also registered as an Investment Adviser firm with the SEC. Between 2000 and 2006, Mr. Stein was a member of the Board of Directors of Goldcorp Inc., a public natural resource company the shares of which are listed on the TSX and New York Stock Exchange. Between 1978 and 1987, Mr. Stein held progressively senior positions, ultimately holding the position of Executive Vice President responsible for operations, with The Mortgage Insurance Co. of Canada. Mr. Stein is a graduate engineer and holds a master of business administration in finance and international business from Columbia University in New York.

Units, Deferred Units ⁽¹⁾ and RURs ⁽²⁾ Beneficially Owned, or Controlled or Directed, Directly or Indirectly, as of March 31, 2017 ⁽³⁾			Voting Results at the 2016 Annual and Special Meeting of Unitholders
#	\$	%	Votes For: 92.60%
613,842	20,440,939	0.45%	Votes Withheld: 7.40%

Toronto, Ontario, Canada

Trustee since 1997

Independent

Committees:

Governance and Nominating
Committee
Investment Committee
Human Resources and
Compensation Committee

Areas of Expertise:

Enterprise Leadership
Management Experience
Board Experience
Real Estate
Human Resources
Corporate Governance
Financial Acumen
Government Relations
Capital Markets
International Business
Experience
Risk Management

STANLEY SWARTZMAN

Stanley Swartzman (Age: 77) is the Lead Trustee of CAPREIT and a Corporate Director. Mr. Swartzman is the former Vice President, Real Estate and Store Planning, of Sears Canada, a national retailer. Prior to that, Mr. Swartzman was Executive Vice President of Loblaw Properties Limited, the company responsible for all Canadian real estate and development matters for Loblaw Companies Limited, from 1997 to 1999. From 1983 to 1996, Mr. Swartzman was President of IPCF Properties Inc., the company which was previously responsible for real estate and development matters for Loblaw Companies Limited in Ontario and Eastern Canada. Mr. Swartzman formerly served as a director of GT Canada Capital Corporation and was the Chairman of its investment committee, and as a director of Centre Fund Corporation and served on its audit committee.

Units, Deferred Units ⁽¹⁾ and RURs ⁽²⁾ Beneficially Owned, or Controlled or Directed, Directly or Indirectly, as of March 31, 2017 ⁽³⁾			Voting Results at the 2016 Annual and Special Meeting of Unitholders
#	\$	%	Votes For: 95.40%
158,732	5,285,776	0.12%	Votes Withheld: 4.60%

Toronto, Ontario, Canada

Trustee since 2013

Independent

Committees:

Governance and Nominating Committee
Human Resources and Compensation Committee

Areas of Expertise:

Enterprise Leadership
Management Experience
Board Experience
Human Resources
Corporate Governance
Financial Acumen
Government Relations
Risk Management

ELAINE TODRES

Elaine Todres (Age: 67) has had a distinguished career in government, the not for profit sector and the volunteer world. After having completed a doctorate in Political Science at the University of Pittsburgh, Dr. Todres joined the civil service of Ontario where she ultimately served as a Deputy Minister for ten years. Her portfolios ranged from human resources and the Civil Service Commission, culture and cultural industries, telecommunications, tourism, solicitor general, the corrections system and emergency response. In 1997, Dr. Todres became the President of the Baycrest Centre Foundation where she stayed for three years, completing a capital campaign for the new Apotex Centre – Jewish Home for the Aged. Dr. Todres is the Chief Executive Officer of Todres Leadership Counsel, a boutique consultancy practice specializing in strategy, leadership, organizational transformation, and governance. Dr. Todres has served on many community and hospital boards, including as chair of Women's College Hospital Foundation. Between August, 2005 and February, 2014, Dr. Todres served as a director of The Northern Trust Company, Canada. Dr. Todres holds the ICD.D designation.

Units, Deferred Units ⁽¹⁾ and RURs ⁽²⁾ Beneficially Owned, or Controlled or Directed, Directly or Indirectly, as of March 31, 2017 ⁽³⁾			Voting Results at the 2016 Annual and Special Meeting of Unitholders
#	\$	%	Votes For: 99.19%
25,978	865,067	0.02%	Votes Withheld: 0.81%

Notes:

- (1) Deferred Units (as defined below) are issued under the DUP (as defined below); see **"Deferred Unit Plan"**.
- (2) RURs (as defined below) are issued under the RUR Plan (as defined below), and vest on the third anniversary of the grant date; see **"Significant Terms of Executive Employment Agreements"**.
- (3) Individual trustees have furnished information as to Units, Deferred Units and, in the case of Mr. Schwartz and Mr. Ehrlich, RURs, beneficially owned, or controlled or directed, directly or indirectly, by them. The column entitled **"#"** indicates the number of such interests beneficially owned, controlled or directed, directly or indirectly by each nominee; the column entitled **"\$"** indicates the estimated market value of such interests beneficially owned, or controlled or directed, directly or indirectly, by each nominee, as determined by multiplying the number of such interests beneficially owned, or controlled or directed, directly or indirectly, by each nominee by the closing price of the Units on the Toronto Stock Exchange (the **"TSX"**) on March 31, 2017; and the column entitled **"%"** indicates as a percentage of the issued and outstanding Units of CAPREIT, the number of the interests beneficially owned, or controlled or directed, directly or indirectly, by each nominee. The number of Units includes LTIP (as defined below; see **"Long-Term Incentive Plan"**) and SELTIP (as defined below; see **"Senior Executive Long-Term Incentive Plan"**) Units, as applicable. In addition, Mr. Schwartz holds 1,488,212 options to acquire Units which are not included in the total number of Units. Percentages represent, as a percentage of the aggregate of the issued and outstanding Units and Special Voting Units of CAPREIT, the number of Units beneficially owned, or controlled or directed, directly or indirectly, by each trustee.

Corporate Cease Trade Orders or Bankruptcies

Except as set out below, to the knowledge of CAPREIT, none of the persons proposed for election as trustees (a) are, as at the date hereof, or have been, within the 10 years before the date of this Circular, a director, trustee, chief executive officer or chief financial officer of any company that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an “**Order**”) that was issued while the person was acting in the capacity as director, trustee, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the person ceased to be a director, trustee, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, trustee, chief executive officer or chief financial officer, (b) are, as at the date of this Circular, or have been within 10 years before the date of this Circular, a director, trustee or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (c) have, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Penalties and Sanctions

To the knowledge of CAPREIT, none of the persons proposed for election as trustee of CAPREIT nor any personal holding company owned or controlled by any of them (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed trustee.

Personal Bankruptcies

To the knowledge of CAPREIT, in the last 10 years, none of the persons proposed for election as trustees of CAPREIT nor any personal holding company owned or controlled by any of them, has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, has become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets or the assets of their holding companies.

2. Appointment of Auditor

In the course of undertaking an annual review of the performance of CAPREIT’s external auditor PricewaterhouseCoopers LLP, Chartered Professional Accountants (“**PwC**”) for the year ended December 31, 2016, the Audit Committee sought and received detailed information from senior management of CAPREIT covering key factors of audit quality, including: (i) independence, objectivity and professional skepticism; (ii) quality of the engagement team; and (iii) quality of communications and interactions between PwC and CAPREIT.

Based on its review and discussion of the information provided, and its own experience with, and observations of, PwC's work, the Audit Committee concluded that this information could be relied upon to support the Audit Committee's recommendation that PwC continue to be retained as CAPREIT's external auditor and that it be appointed as such for 2017.

As a result of the foregoing, the Board proposes to nominate PwC, the present auditor of CAPREIT, as the auditor of CAPREIT to hold office until the close of the next annual meeting of the Unitholders and to authorize the trustees to fix the remuneration of the auditor. **The persons named in the enclosed form of proxy intend to vote at the Meeting in favour of this resolution, unless the Unitholder has specified in the form of proxy that such Unitholder's Units or Special Voting Units are to be withheld from voting on the resolution.**

3. Special Business – Say-On-Pay Non-Binding Advisory Vote

Background

The Board believes that Unitholders should have the opportunity to fully understand the objectives, philosophy and principles the Board has used in its approach to executive compensation decisions. Detailed disclosure of CAPREIT's executive compensation program can be found in this Circular under the heading "**Compensation Discussion and Analysis**".

This year, the Board has decided that Unitholders should have the opportunity to vote on CAPREIT's approach to executive compensation. This non-binding advisory vote ("**Say-on-Pay**") forms an important part of the ongoing process of engagement between Unitholders and the Board on executive compensation. CAPREIT will disclose the results of the vote as part of its report on voting results for the Meeting.

Objective

Say-on-Pay gives Unitholders a formal opportunity to consider the disclosed philosophy and objectives of the executive compensation policies and provide their views through an annual non-binding advisory vote. In addition, CAPREIT is committed to ensuring that it communicates effectively and responsibly with Unitholders, other interested parties and the public. CAPREIT offers Unitholders several ways to communicate directly with the independent trustees through the Chair of the Board, including by email c/o CAPREIT Investor Relations at ir@capreit.net. Emails addressed to the Chair of the Board received from Unitholders and expressing an interest to communicate directly with the independent trustees via the Chair will be provided to them.

Approval Required

At the Meeting, Unitholders will be asked to consider, and if thought advisable, approve the following advisory resolution (the "**Say-on-Pay Resolution**") accepting CAPREIT's approach to executive compensation as disclosed in this Circular:

"BE IT RESOLVED that on an advisory basis, and not to diminish the role and responsibilities of the Board, the Unitholders accept the Board's approach to executive compensation disclosed CAPREIT's management information circular dated March 31, 2017 under the heading "**Compensation Discussion and Analysis**."

Approval of the Say-on-Pay Resolution will require that it be passed by a majority of the votes cast by Unitholders thereon in person and by proxy. As this is an advisory vote, the results will not be binding upon the Board. However, the Board will take the results of the vote into account, as appropriate, when considering future compensation policies and decisions and in determining whether there is a need to increase their engagement with Unitholders on compensation and related matters. In addition, pursuant to the corporate governance guidelines published by independent proxy-voting advisory firms, in the event that the Say-on-Pay Resolution does not receive sufficient support of at least 70% of the votes cast, the Board will consult with Unitholders to understand their concerns and will review CAPREIT's approach to compensation in the context of those concerns. The Board will prepare a report based on such consultation and review and explain any resulting changes made or to be made to executive compensation or an explanation of why no changes will be made. CAPREIT will disclose the Board's report within six months of the Meeting and in any event, not later than the next management information circular.

Unitholders who intend to vote against the Say-on-Pay Resolution or have concerns with CAPREIT's approach to executive compensation are encouraged to contact the Board to discuss their concerns in advance of the Meeting.

The persons named in the enclosed form of proxy intend to vote at the Meeting in favour of this resolution, unless the Unitholder has specified in the form of proxy that such Unitholder's Units or Special Voting Units are to be voted against the resolution.

4. Special Business – Amendments to Declaration of Trust

Background

CAPREIT's trustees assess the continuing development of governance best practices on an ongoing basis. In so doing, they have assessed the provisions of the Declaration of Trust and compared the rights, remedies and procedures available under it to the rights, remedies and procedures that are available to shareholders of public corporations governed by the *Canada Business Corporations Act* (the "CBCA"). In connection with the foregoing, CAPREIT's trustees have reviewed numerous public discussions and publications on the topic, which offer a range of approaches, as well as the draft model declaration of trust provisions (the "**Model Declaration of Trust Provisions**") prepared in November 2015 by the Canadian Coalition for Good Governance (the "CCGG"). The CCGG prepared the Model Declaration of Trust Provisions with the stated objective of preparing a form of model provisions that can be adopted by all Canadian public income trusts to ensure uniform rights to investors that mirror, to the extent possible, rights given to shareholders of corporations governed by the CBCA. The trustees have determined that investors of CAPREIT should enjoy certain rights and remedies, such as dissent and appraisal rights, that are comparable to those available to shareholders of public corporations pursuant to the CBCA. The trustees also believe that enhancing the procedures for Unitholder meetings consistent with the provisions of the CBCA is beneficial to Unitholders and CAPREIT.

For a trust, these rights, remedies and procedures must be provided for in the declaration of trust as the trust is not subject to the provisions of the CBCA or any other corresponding statute. In addition, trust law and the Declaration of Trust provide certain rights, remedies and protections that are not available under corporate legislation. Accordingly, the trustees took a deliberate approach in adopting measures and recommending amendments to the Declaration of Trust that the Board felt were in the best

interests of Unitholders, while preserving other rights and remedies already available under the Declaration of Trust and trust law.

Consequently, the trustees have determined to seek the approval of Unitholders to amend the Declaration of Trust to include certain rights, remedies and procedures in favour of Unitholders that are consistent with those available to shareholders of public corporations governed by the CBCA as reflected in certain of the CCGG Model Declaration of Trust Provisions. The trustees believe that this alignment of rights is appropriate and reflects CAPREIT's ongoing commitment to good governance. The trustees also believe that these changes will further enhance CAPREIT as an investment vehicle as it provides Unitholders with those rights consistent with rights afforded to public shareholders under applicable corporate statutes.

Notwithstanding the foregoing, as a trust is governed by its declaration of trust (rather than statute), if the foregoing proposed provisions are adopted as contemplated they will be granted pursuant to the Declaration of Trust as a contractual right afforded to Unitholders. Similar to other existing rights contained in CAPREIT's Declaration of Trust (e.g. the take-over bid provisions and conflict of interest provisions), making rights, remedies and procedures available by contract is structurally different from the manner in which the equivalent rights, remedies or procedures (including the procedure for enforcing such remedies) are made available to shareholders of a corporation, who benefit from the corporate statute that governs the corporation, such as the CBCA. As such, there is no certainty how these rights, remedies or procedures which may be available under the Declaration of Trust may be treated by the courts in the non-corporate context, or that a Unitholder will be able to enforce them in the manner contemplated by the proposed amendments. Furthermore, how the courts will treat these rights, remedies and procedures will be in the discretion of the court, and the courts may choose to not accept jurisdiction to consider any claim contemplated in the proposed provisions.

Proposed Amendments

It is proposed that the Declaration of Trust be amended to incorporate the following proposed changes. For the purposes of the summary below, unless otherwise indicated, the term "Units" includes Preferred Units and Special Voting Units, and the term "Unitholders" includes Preferred Unitholders and Special Unitholders, in each case, if, as and when such units are issued and outstanding.

Dissent/Appraisal Rights

- The introduction of dissent and appraisal rights in connection with certain fundamental transactions, including:
 - o the sale, lease or exchange of all or substantially all of the property and assets of CAPREIT;
 - o the carrying out of a going-private transaction in respect of CAPREIT, that results in the interest of the holder of securities being terminated without his, her or its consent and without substitution of an interests of equivalent value; or
 - o the amendment of the Declaration of Trust to add, change or remove any provision (except amendments the trustees determine necessary or advisable pursuant to or in connection with applicable tax laws, securities laws, accounting rules or other applicable

laws or regulations) to: restrict or constrain the issue, transfer or ownership of Units; affect restrictions on the business CAPREIT may carry on; affect rights, privileges, restrictions or conditions attached to Units of the class held by the dissenting Unitholder; increase the rights or privileges of any class of units having privileges equal or superior to the class held by the dissenting Unitholder; create a new class of units equal to or superior to the units of the class held by the dissenting Unitholder; or make any class of units with inferior rights or privileges superior to that class held by the dissenting Unitholder; or effect an exchange or create a right of exchange in all or part of a class of units into the class held by the dissenting Unitholder, in each case, for greater certainty, other than in respect of the issuance of Preferred Units (including the issuance of a new series of Preferred Units or the conversion or reclassification of one series of Preferred Units into another).

- A Unitholder who complies with the procedures set out in these new provisions will be entitled, at the time the approved action from which the Unitholder dissents becomes effective, to receive fair value of the units held by such dissenting unitholder, determined as of the close of business on the day prior to the date of the adopting resolution.
- To avail itself of this provision, a dissenting Unitholder must send CAPREIT, at or prior to any meeting at which the relevant resolution is to be voted on, a written objection to the resolution.
- The new provisions will include the procedures, including notification requirements and the requirements for submitting Units to be cancelled and receipt of the fair value payment owed, by which CAPREIT and the dissenting Unitholder must adhere to for purposes of complying with the above rights.
- CAPREIT will be required to send to each dissenting Unitholder who has complied with the required provisions a written offer of an amount considered by the trustees to be the fair value, accompanied by a statement showing how fair value was determined. Within ten days after such offer is accepted, CAPREIT shall pay to the dissenting Unitholder the required payment. The offer made by CAPREIT will lapse if CAPREIT does not receive an acceptance within thirty days of it being made.
- The new provisions will provide for the ability to make application to a court if CAPREIT fails to make an offer or an offer is not accepted, for purposes of the court fixing a fair value for the Units of any dissenting Unitholder. The proposed new provisions include the appropriate procedural parameters to govern the court application process. See the risk factor in bold on page 18.

Take-over Bids

- Clarification that the existing provisions in the Declaration of Trust with respect to take-over bids include an offer by CAPREIT to repurchase all of the Units.
- Enhancement of procedural provisions with respect to a take-over bid in a manner consistent with the CBCA.

Applications to Court

- A provision that re-iterates the risk factor in bold on pages 18 in respect of applications to the court as contemplated by provisions in the Declaration of Trust.

Delegation by Trustees

- Restricting the ability of the trustees to delegate certain responsibilities to any managing trustee, committee of trustees or officer consistent with similar restrictions in the CBCA.

Information available to Unitholders

- Expanding information access rights of Unitholders.

The following are changes relating to procedures for a Unitholder meeting:

Unitholder Meeting Matters

- Amend the quorum for any meeting of Unitholders from individuals present not being less than two in number and being Unitholders who hold not less than 10% of the total number of outstanding Units entitled to vote thereon to individuals present not being less than two in number and being Unitholders who hold not less than 25% of the total number of outstanding Units entitled to vote thereon.
- Provide CAPREIT the ability to make application to a court for an order to extend the time for calling an annual meeting, subject to the ability to enforce such right. See the risk factor in bold on pages 18.
- Provide Unitholders the ability to make application to a court to order a meeting be called, held and conducted in certain circumstances, subject to the ability to enforce such right. See the risk factor in bold on pages 18.
- Clarify that CAPREIT shall reimburse a Unitholder for expenses reasonably incurred by them in requisitioning, calling and holding a meeting in the event of a meeting called by Unitholders pursuant to the existing terms of the Declaration of Trust.
- Confirm that if CAPREIT holds any Units that it shall not vote or permit those Units to be voted, absent certain specified circumstances.
- Clarify that the trustees may specify in a notice calling a Unitholder meeting a time period (not exceeding 48 hours) during which time proxies to be used at the meeting must be deposited in order to be voted at the meeting.
- Provide procedures for a Unitholder to revoke a proxy.

The above is a summary of the material changes being proposed by the amendments. The amendments also include certain clean-up related changes of a housekeeping nature. Reference should be made, and consideration given, to the full text of the proposed amended and restated Declaration of Trust, which is attached as Schedule "A" to this Circular and has been blacklined to reflect all proposed changes.

Approval Required

The text of the special resolution authorizing and approving the foregoing amendments to the Declaration of Trust is set forth in Schedule “B” to this Circular. To be effective, this special resolution must be passed by two-thirds of the votes cast by Unitholders, present or represented by proxy, at the Meeting. **The persons named in the enclosed form of proxy intend to vote at the Meeting in favour of this special resolution, unless the Unitholder has specified in the form of proxy that such Unitholder’s Units or Special Voting Units are to be voted against the resolution.**

COMPENSATION DISCUSSION & ANALYSIS

Year in Review/Executive Summary

CAPREIT continued to achieve its key financial and strategic objectives throughout 2016. 2016 was a year of significant acquisitions, during which CAPREIT completed the acquisition of 1984 residential suites in 19 properties across Canada, 147 land lease sites in 3 manufactured home communities in Bowmanville, Grand Bend and Fort St. John, and sold 579 residential suites in Montréal. In addition, CAPREIT acquired 568 residential suites in The Netherlands. The acquisitions completed in 2016 have strengthened the portfolio geographically. In addition, effective June 2016, CAPREIT increased monthly cash distributions to \$0.1042 per Unit monthly (\$1.25 per Unit annually), compared to \$0.1017 per Unit monthly (\$1.22 per Unit annually), previously. While the trustees use NFFO as the key measure for performance-based compensation, the trustees recognize the significant achievements of CAPREIT’s key objectives in 2016 including:

Portfolio Performance

- **Operating Revenues** – Annual operating revenues increased by 11.8% to \$596.8 million, compared to December 31, 2015, due to the contributions from acquisitions, increased average monthly rents on the stabilized residential suite portfolio and continuing high stable occupancies.
- **Average Monthly Rents** – Average monthly rents for properties owned prior to December 31, 2015 increased by 3.2% to \$998 as at December 31, 2016 compared to \$967 from last year. As at December 31, 2016, overall occupancy increased to 98.6% compared to 97.5% for December 31, 2015.
- **Net Operating Income** – Annual NOI increased by 13.0% to \$366.9 million for the year ended December 31, 2016 compared to last year. On a stabilized portfolio basis, NOI increased by 3.3% to \$318.5 million for the year ended December 31, 2016 compared to last year. NOI is a key indicator of operating performance in the real estate industry and of CAPREIT’s performance. NOI is comprised of all rental revenues generated at the property level, less (i) related direct costs such as utilities, realty taxes, insurance, repairs and maintenance and on-site wages and salaries, and (ii) an appropriate allocation of overhead costs.
- NOI margin on a stabilized portfolio basis increased to 61.5% from 60.7% last year.

Operating Performance

- Normalized Funds From Operations — NFFO for the year ended December 31, 2016 increased by 15.9% to \$231.8 million compared to \$200.0 million in 2015, generating a stronger NFFO payout ratio of 70.9% compared to 73.1% in 2015. NFFO is an important measure of CAPREIT's operating performance. Management considers NFFO to be a better year-over-year comparator of performance than FFO as it adjusts for non-recurring or unusual items and provides a better indicator of CAPREIT's long-term operating performance. NFFO is calculated by excluding from FFO the effects of certain non-recurring items, including amortization of losses on certain hedging instruments previously settled and paid, mortgage prepayment penalties, offset by the write-off of fair value adjustments on assumed mortgages that were refinanced early, large acquisition research costs relating to transactions that were not completed, and significant severance and other employee costs.

Liquidity and Leverage

- Debt to Gross Book Value — Total debt to gross book value as at December 31, 2016 was conservative at 44.31% compared to 45.71% as at December 31, 2015.
- Debt Financings and Mortgage Renewals — CAPREIT achieved its debt financing and mortgage refinancing targets for 2016. Mortgage refinancings (excluding acquisition financings) totaled \$299.3 million in 2016, consisting of renewals of existing mortgages of \$130.8 million and additional top up financings of \$168.5 million. New financings (excluding acquisition financings) were completed at a weighted average stated interest rate of 2.55%, which is below the weighted average interest rate for the mortgages that matured in 2016.
- Interest and Debt Coverage — Improved interest coverage and debt service coverage ratios of 3.09 and 1.63 times, respectively, were achieved in 2016 compared to 2.96 and 1.63 times, respectively in 2015.

The Human Resources and Compensation Committee

The Declaration of Trust requires the creation of a Human Resources and Compensation Committee (the “**Human Resources and Compensation Committee**”), consisting of at least three (3) trustees, to review the compensation offered to trustees and officers of CAPREIT. All of the members of the Human Resources and Compensation Committee are unrelated and “independent” (as that term is defined in NI 58-101). As of March 31, 2017, the Human Resources and Compensation Committee of CAPREIT consisted of the following trustees: Stanley Swartzman, Paul Harris and Elaine Todres. Elaine Todres serves as Chair of the Human Resources and Compensation Committee.

The Human Resources and Compensation Committee assists the Board in fulfilling its governance responsibilities for CAPREIT's human resources and compensation principles and policies. As part of its mandate, the Human Resources and Compensation Committee reviews CAPREIT's compensation principles and policies annually and reports to the Board on CAPREIT's executive officer and trustee compensation. The Human Resources and Compensation Committee has specific responsibilities relating to: structuring and reviewing compensation plans; the administration of CAPREIT's compensation plans; and reviewing CAPREIT's human resources strategic framework and disclosure relating to compensation. For more information on the responsibilities, powers and operations of the

Human Resources and Compensation Committee, please see below “**Statement of Governance Practices - Committees of Trustees - Human Resources and Compensation Committee**” and “**Statement of Governance Practices - Position Descriptions - Human Resources and Compensation Committee**”.

In 2016, the Human Resources and Compensation Committee:

- reviewed the performance of CAPREIT executives and senior management relative to CAPREIT’s annual and long-term objectives and relative to its executive compensation comparator group;
- implemented a revised executive compensation program with an increased focus on longer-term alignment with Unitholders (details can be found under the heading “**Compensation Discussion and Analysis**”);
- reviewed and made recommendations to the Board on the compensation of trustees and of the President and Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and certain other senior executives;
- reviewed the succession plan for certain of CAPREIT’s senior executives. CAPREIT has a formal process for reviewing and approving succession plans for the President and Chief Executive Officer and other members of senior management. The President and Chief Executive Officer is responsible for the development of succession plans for himself and for other senior management. The Human Resources and Compensation Committee and the Board reviewed and approved the plans in 2016, and continue to review and monitor the candidates identified, ensuring the management and development of their skills, experience and preparedness, and continue to identify any talent gaps and develop and implement strategies to fill any such gaps. The Human Resources and Compensation Committee and the President and Chief Executive Officer discuss the performance of his direct reports annually, and discuss the qualifications required for senior management positions, and the competencies and development considerations for potential successor candidates. These plans provide for succession in both the ordinary course, as well as in the event of an emergency which would require immediate replacement of the President and Chief Executive Officer or other officers of CAPREIT;
- oversaw the implementation of a company-wide performance management program; and
- received advice from Accompass Inc. (“**Accompass**”), an independent compensation consultant, on executive compensation matters.

The Human Resources and Compensation Committee meets at least four (4) times per year, or more frequently as required. The Chair reports to the Board on the Human Resources and Compensation Committee’s operations at each regularly scheduled Board meeting. The Human Resources and Compensation Committee also reviewed and approved the Compensation Discussion and Analysis included in this Circular. For the purposes of this Circular, the named executive officers (as that term is defined in Form 51-102F6 – *Statement of Executive Compensation* (“**NI 51-102F6**”)) include Messrs. Schwartz, Cryer and Kenney (each, an “**NEO**” and together, the “**NEOs**”).

To better align the interests of management of CAPREIT with the interests of Unitholders, the compensation paid to the NEOs consists of a base salary supplemented by such performance-based incentives as may be determined by the Board. The base salary and the parameters for the performance-based incentives (as determined by the Board from time to time) paid to Messrs. Schwartz, Cryer and Kenney are governed by the terms of their employment agreements dated January 1, 2005, as amended from time to time, in the cases of Messrs. Schwartz and Kenney and dated August 7, 2013 in the case of Mr. Cryer (the “**Executive Contracts**”), as more fully described under “**Significant Terms of Executive Employment Agreements**”.

The Human Resources and Compensation Committee is directly involved in the negotiation and settlement of the terms of the Executive Contracts. In determining the appropriate terms of the Executive Contracts, the Human Resources and Compensation Committee considers the following objectives:

- (i) retaining executives who are critical to the success of CAPREIT and the enhancement of Unitholder value;
- (ii) providing fair and competitive compensation; and
- (iii) balancing the interests of management and Unitholders of CAPREIT.

The Human Resources and Compensation Committee is granted unrestricted access to information about CAPREIT that is necessary or desirable to fulfill its duties and all trustees, officers and employees are directed to cooperate as requested by its members. The Human Resources and Compensation Committee has the authority to retain, at CAPREIT’s expense, independent compensation consultants or other advisors to assist the Human Resources and Compensation Committee in fulfilling its duties and responsibilities, including the sole authority to retain and to approve any such firm’s fees and other retention terms without the prior approval of the Board.

CAPREIT’s executives and senior management are precluded from attending Human Resources and Compensation Committee meetings when their compensation is being deliberated.

In addition to their experience as members of the Human Resources and Compensation Committee of CAPREIT, each of the committee members has direct experience that is relevant to their responsibilities in executive compensation as follows:

- (1) Dr. Todres has over 30 years of experience in governance and human resources in both the public and private sectors. As president of Todres Leadership Counsel, Dr. Todres consults regularly to boards and senior management on matters relating to governance and human resources strategy. Dr. Todres’ was Deputy Minister of Human Resources and was the Chair of the Civil Service Commission for the Government of Ontario, where she was responsible for all human resources practices, including compensation, policy, pension bargaining and talent management for a workforce of approximately 150,000 employees;
- (2) Mr. Harris has over 40 years of experience as a corporate lawyer, including responsibility for advising clients, including public boards and special committees of boards, on various matters pertaining to governance. In addition, as a former member of the compensation committee at a major law firm, Mr. Harris was involved in advising on, and recommending, compensation for

members of his firm. Mr. Harris is also the chairman of the board, and served as interim president of, a professional sports organization and was responsible for oversight of, and establishing, compensation for the non-players of this organization; and

- (3) Mr. Swartzman has over 40 years of business experience, including serving as president of IPCF Properties Inc., where Mr. Swartzman was responsible for oversight of, and establishing compensation for, over 250 employees. Mr. Swartzman continued to have responsibility for such human resources and compensation functions in his role as Executive Vice President of Loblaw Properties Limited. In addition, Mr. Swartzman has served on the compensation and governance committee of the board of directors of Centre Fund Corporation.

As part of their role, each member has had access to relevant information regarding compensation, governance and applicable market practices, including access to independent compensation consultants and other experts from time to time, to give them the tools required to make decisions relating to the suitability of CAPREIT's compensation policies and practices.

Compensation Policy/Objectives of CAPREIT's Executive Compensation Program

The Human Resources and Compensation Committee from time to time retains and receives the benefit of the advice of independent and qualified executive compensation consultants in connection with its negotiation of the Executive Contracts.

The executive compensation programs (as more fully described below), in the Human Resources and Compensation Committee's view, provide executives with an appropriate and competitively balanced mix of guaranteed cash (base salary), and performance-based (short-term cash-based and long-term equity-based) incentive compensation. CAPREIT's compensation programs are designed to achieve the following objectives:

- attract, retain and motivate highly qualified executive officers, while at the same time promoting a greater alignment of interests between such executive officers and CAPREIT's Unitholders;
- provide a reward for the achievement of CAPREIT's annual and long-term strategic and financial and non-financial objectives;
- provide competitive compensation aligned with those companies in which CAPREIT competes with for talent;
- differentiate compensation to provide recognition and reward individual executive officer's performance, responsibilities, experience, skill, value and contribution to CAPREIT; and
- discourage excessive risk-taking behavior that could have a material adverse effect on CAPREIT.

Short and long-term incentive awards are determined by the achievement of annual specified non-financial performance objectives and the ability of CAPREIT to meet targeted financial performance levels established for each financial year. These incentive awards are paid in cash or, if the NEO is eligible and elects to participate in the long-term equity incentive compensation plans of CAPREIT, a combination of both.

The following discussion of executive compensation pertains to the NEOs.

Elements of Executive Compensation

The elements of executive compensation and their associated reward structure are described in the table below:

Compensation Element	How it is Paid	What it is Designed to Reward
Base Salary	Cash	- Determined by assessment of the executive's performance - Rewards skills, knowledge and experience - Reflects the level of responsibility and the expected contribution of the executive
Annual Incentive (Bonus)	Cash (following financial year end)	- Rewards financial and strategic achievement as set out in CAPREIT's annual business plan - Rewards individual contribution to CAPREIT's overall performance, as well as the achievement of company-wide and departmental objectives - Award is generally based on how CAPREIT, its employees and the executive performed against pre-determined objectives
RUR Plan	RURs exercisable for Units upon vesting	- Rewards contribution to the long-term performance of CAPREIT - Rewards individual contribution to CAPREIT's overall performance, as well as the achievement of company-wide and departmental objectives - Aligns participants' interests with Unitholders and provides additional incentive for participants to increase Unitholder value by increasing long-term equity participation - Award is generally based on how CAPREIT, its employees and the participant performed against pre-determined objectives
Unit Option Plan⁽¹⁾	Options to acquire Units at a set price	- Rewards contribution to the long-term performance of CAPREIT - Aligns participants' interests with Unitholders and provides additional incentive for participants to increase Unitholder value by increasing long-term equity participation - Award is based on how CAPREIT and each respective participant performed against pre-determined objectives
Other Elements of Compensation		
Executive RRSP	Cash	- Executive RRSP (excluding President and Chief Executive Officer who does not participate) - Discretionary award equal to a maximum of 5% of the respective executive's base salary, subject to RRSP limits - Award is intended to provide a portion of the respective executive's retirement savings
Perquisites	Cash	- Automobile allowance - Other health benefits consistent with those of all other employees and comparable to peer organizations
EUPP	Units	- A participant is entitled to acquire a number of Units up to a maximum of 10% of his or her respective annual salary through payroll deductions - Participants receive an additional amount equal to 20% of the Units purchased pursuant to the EUPP, which amount is automatically paid in the form of additional Units at the time of the purchase of Units

Note:

- (1) Since 2002, no options have been awarded under the Unit Option Plan (as defined below) other than pursuant to the President and Chief Executive Officer's employment agreement. The trustees' current policy is not to award any options under the Unit Option Plan, subject to the terms of the President and Chief Executive Officer's employment agreement (See "Significant Terms of Executive Employment Agreements").

Unit Ownership Requirement

As part of CAPREIT's objective to align the interests of trustees and senior executives of CAPREIT with Unitholders, in November, 2006, the Board instituted a requirement that all trustees, including the President and Chief Executive Officer of CAPREIT, acquire, over a maximum period of three (3) years, such number of Units (which may include Deferred Units and RURs) having a value equal to three (3) times his or her annual compensation. The President and Chief Executive Officer and the current trustees of CAPREIT have met, exceeded or are in the process of meeting this ownership requirement.

While executive officers of CAPREIT, other than the President and Chief Executive Officer, are not subject to these requirements, to further align the interests of management of CAPREIT with those of Unitholders, CAPREIT strongly encourages its officers and employees to invest in CAPREIT on a go forward basis.

The following table summarizes the number of Units and RURs beneficially owned, or controlled or directed, directly or indirectly, as of March 31, 2017, by each NEO of CAPREIT, the dollar value of such interests, the percentage of such interests as a percentage of CAPREIT's issued and outstanding Units and each NEO's Unit ownership as a multiple of his base salary.

Name of Executive Officer	Number of Units and RURs ⁽¹⁾ Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽²⁾	Dollar Value of Units and RURs ⁽¹⁾ Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽³⁾ (\$)	Units and RURs ⁽¹⁾ Beneficially Owned, or Controlled or Directed, Directly or Indirectly, as a Percentage of Outstanding Units ⁽⁴⁾ (%)	Actual Multiple of Base Salary	Meet or Exceeded Suggested Ownership Guidelines? ⁽⁵⁾
THOMAS SCHWARTZ President and Chief Executive Officer	Units: 2,675,369 RURs: 319,990 Total: 2,995,359	Units: \$89,089,788 RURs: \$10,665,667 Total: \$99,745,455	Units: 1.95% RURs: 0.23% Total: 2.18%	124.2 times	Yes
SCOTT CRYER Chief Financial Officer	Units: 6,191 RURs: 59,905 Total: 66,096	Units: \$206,160 RURs: \$1,994,837 Total: \$2,200,997	Units: 0.00% RURs: 0.05% Total: 0.05%	7.2 times	Yes
MARK KENNEY Chief Operating Officer	Units: 156,758 RURs: 158,320 Total: 315,078	Units: \$5,220,041 RURs: \$5,272,056 Total: \$10,492,097	Units: 0.11% RURs: 0.12% Total: 0.23%	24.5 times	Yes
TOTAL	3,376,533	112,438,549	2.46%		

Notes:

- (1) RURs vest on the third anniversary of the grant date.
- (2) Individual executive officers have furnished information as to Units and RURs beneficially owned, or controlled or directed, directly or indirectly, by them. The number of Units includes LTIP and SELTIP Units, as applicable. In addition, Mr. Schwartz holds 1,488,212 options which are not included in the table above. See "Outstanding Unit-based Awards and Option-based Awards".
- (3) Dollar amounts represent the estimated market value of Units and RURs (vested or unvested) beneficially owned, or controlled or directed, directly or indirectly by each executive officer, as determined by multiplying the number of Units beneficially owned, or controlled or directed, directly or indirectly, by such executive officer as of March 31, 2017 by the closing price of the Units on the TSX on such date. See "Indebtedness of Trustees and Executive Officers" for loan amounts outstanding on LTIP and SELTIP Units.

- (4) Percentages represent, as a percentage of the aggregate of the issued and outstanding Units, the number of interests beneficially owned, or controlled or directed, directly or indirectly, and Special Voting Units of CAPREIT.
- (5) Executive officers of CAPREIT, other than the President and Chief Executive Officer, are not required to own or acquire such number of Units or RURs having a value equal to 3 times their annual compensation as is required by trustees; however, CAPREIT strongly encourages its officers and employees to invest in CAPREIT on a go forward basis.

Targeted Pay Positioning and Mix

CAPREIT's compensation philosophy is to position executive pay at the median of the executive compensation benchmark for average performance. The incentive programs are designed to allow for executives to be compensated between the 50th and 75th percentile of the benchmark organizations for superior performance.

CAPREIT's executive compensation mix (the proportion of base salary, short and long-term incentive awards) is designed to reflect the relative impact of the executive's role on CAPREIT's performance and considers how the compensation mix aligns with long-term Unitholder value creation.

In determining the target mix of compensation, the Human Resources and Compensation Committee considered market compensation data prepared by its independent compensation consultant to ensure that CAPREIT's NEO compensation mix is competitive with comparator organizations and appropriate in light of CAPREIT's business strategy.

Annual Performance Awards

The maximum annual incentive compensation (bonus) level for the President and Chief Executive Officer, Chief Financial Officer and Chief Operating Officer is one hundred twenty percent (120%) of base salary.

In light of the achievements of CAPREIT as set out in the section entitled "Year In Review/Executive Summary" and the strong executive performance reviews (in which executives achieved their individual functional, company-wide and departmental objectives, as applicable), CAPREIT paid out annual incentives to the NEOs.

Annual incentive compensation for all NEOs for the 2016 financial year was determined based upon financial and non-financial measures based on sixty percent (60%) financial and forty percent (40%) non-financial.

Performance Measurement Category	Specific Measures
Financial	NFFO per Unit
Non-Financial	- Human Resources and Compensation Committee/President and Chief Executive Officer assessment of NEO performance and individual objectives - With respect to the President and Chief Executive Officer and Chief Financial Officer only, company-wide objectives regarding employee engagement - With respect to the President and Chief Executive Officer and Chief Financial Officer only, individual and departmental objectives regarding team collaboration

Financial Component

The financial component for all NEOs' compensation is based on the financial performance of CAPREIT, as measured by the actual percentage growth in the retrospective three-year average NFFO per Unit achieved against a pre-determined scale based on targets set by the Human Resources and Compensation Committee. For 2016, the financial component was weighted at sixty percent (60%) of the annual incentive compensation potential for all NEOs.

For the year ended 2016, the Human Resources and Compensation Committee set the payout scale for the financial component of the annual incentive compensation potential for all NEOs as follows:

Three-Year Average NFFO per Unit Growth (% against Target)	Annual Incentive Compensation Payout ⁽¹⁾ (%)
4.0% and Higher	120%
2.0 to 3.99%	110% - 119%
0.0 to 1.99%	100% - 109%
-0.01 to -1.0%	90% - 99%
-1.01 to -2.0%	80% - 89%
-2.01 to -3.0%	70% - 79%
-3.01 to -4.0%	60% - 69%
-4.01% and Below	0%

Note:

- (1) This represents the percentage payout of the component of the annual incentive bonus determined by financial measures (sixty percent (60%)).

The financial component of the annual incentive compensation potential for all NEOs is graduated between zero percent (0%) to a maximum of one hundred twenty percent (120%), based on a three-year retrospective average NFFO per Unit growth against annual targets set by the Board. As set out in the chart above, payment of annual incentive compensation for achieving the financial component is based on a range of growth rate of NFFO per Unit against these targets, from minus four percent (-4.0%) to four percent (4.0%), with a growth rate below minus four percent (-4.0%) resulting in no annual incentive compensation based on the financial measure being payable to the NEOs.

The measure of the growth rate against the three-year retrospective average NFFO per Unit thresholds are weighted at fifty percent (50%) for the results of the most recently completed financial year and twenty-five percent (25%) for the results of each of the two previously completed financial years. The Human Resources and Compensation Committee believes that linking a three-year outlook to the financial component averages out external market fluctuations and encourages NEOs to consider both the short and long-term implications of their decisions and actions creating greater long-term alignment with Unitholders' interests.

The NFFO per Unit growth measured against the target set by the Board for the 2014, 2015 and 2016 years is as follows:

	Target NFFO per Unit	Actual NFFO per Unit	Actual Above Target
2014	\$1.55	\$1.68	8.39%
2015	\$1.67	\$1.69	1.32%
2016	\$1.74	\$1.77	1.84%
Weighted Average Growth Rate	N/A	N/A	3.35%

For the year ended 2016, CAPREIT achieved a three-year average NFFO per Unit growth, weighted as described above, equal to 3.35% above the targets set by the Board for the relevant three-year period. This over-achievement translated into payment to the NEOs for the financial component of the annual incentive compensation plan in an amount equal to one hundred and seventeen percent (117%) of the amount payable (one hundred percent (100%)) where the target growth rates are achieved (but not exceeded).

CAPREIT calculates NFFO by excluding from FFO certain non-recurring items in order to facilitate better comparability to the prior year. NFFO is a non-IFRS measure which CAPREIT believes is a relevant evaluator of its operating performance. NFFO is calculated by excluding from FFO the effects of certain non-recurring items, including amortization of losses on certain hedging instruments previously settled and paid, mortgage prepayment penalties, offset by write-off of fair value adjustments on assumed mortgages that were refinanced early, large acquisition research costs relating to transactions that were not completed, and significant severance and other employee costs.

Non-Financial Components

Personal Performance

One of the non-financial components for all NEOs is based on performance against specific personal goals and objectives established for each of the NEOs at the beginning of the year, based on the President and Chief Executive Officer's recommendations and subject to the trustees' approval. For 2016, the personal performance assessment for the President and Chief Executive Officer and the Chief Financial Officer was weighted at twenty percent (20%) of the annual incentive compensation potential and the personal performance assessment for the Chief Operating Officer was weighted at forty percent (40%) of the annual incentive compensation potential.

The following goals and objectives were used to determine the personal performance non-financial incentive component for each NEO in 2016:

NEO	Personal Performance Goals and Objectives
THOMAS SCHWARTZ President and Chief Executive Officer	- Continue to develop, implement and lead programs for Leadership Development for all CAPREIT staff, at all levels. - Support and ensure the Chief Operating Officer is achieving his goals with respect to the Executive Vice President, Operations. - Work with the Chief Operating Officer in developing a succession plan and a succession culture within the Operations Group. - Develop and improve the President and Chief Executive Officer's direct reports as an integrated team with a strong culture of collaboration.
SCOTT CRYER Chief Financial Officer	- Regular and timely communication with the President and Chief Executive Officer. - Increase engagement and collaboration within the Finance and Accounting team. - Enhance governance expertise with respect to the mandates of the Governance and Nominating Committee and the Board.
MARK KENNEY Chief Operating Officer	- Continue to focus on succession planning within the Operations Department, in particular with respect to ensuring the successful integration of the Executive Vice President, Operations. - Ensure that CAPREIT's mission, vision, values and strategy are clearly articulated to the Executive Vice President, Operations. - Ensure that the Executive Vice President, Operations learns all aspects of the business and receives the networking, experience and training required for high performance.

At the end of the year, each NEO's personal performance is assessed by the President and Chief Executive Officer, in the case of the Chief Financial Officer and Chief Operating Officer, and the Board, in the case of the President and Chief Executive Officer. Personal performance is measured against six qualitative descriptions ranging from exceptional to improvement required and the personal performance non-financial component for all NEOs payable as follows in 2016:

Personal Performance Assessment	Annual Incentive Compensation Payout ⁽¹⁾ (%)
Exceptional	120%
Outperformance	115%
Exceeds Expectations	110%
Meeting Expectations	100%
Progressing	50%
Improvement Required	0%

Note:

- (1) This represents the percentage payout of the annual incentive bonus determined by personal measures (twenty percent (20%)) for each of the President and Chief Executive Officer and the Chief Financial Officer and forty percent (40%) for the Chief Operating Officer.

Employee Engagement

One of the non-financial measures for the President and Chief Executive Officer and the Chief Financial Officer is based on the employee engagement score achieved for the previous financial year. CAPREIT

strongly believes that consistently working toward creating an engaged workforce is key to a successful organization. As a result, CAPREIT has been supporting and measuring employee engagement since 2010 through an annual survey conducted by AON Hewitt. For 2016, the employee engagement score was weighted at ten percent (10%) of the annual incentive compensation potential for the President and Chief Executive Officer and the Chief Financial Officer.

The result of the annual employee engagement survey conducted by AON Hewitt was used to determine the employee engagement non-financial component for the President and Chief Executive Officer and the Chief Financial Officer in 2016 as follows:

Employee Engagement Score	Annual Incentive Compensation Payout ⁽¹⁾ (%)
90% and Higher	120%
80 to 89.99%	110%
75 to 79.99%	100%
70 to 74.99%	50%
69.99% and Below	0%

Note:

- (1) This represents the percentage payout of the annual incentive bonus determined by employee engagement scores (ten percent (10%)) for each of the President and Chief Executive Officer and the Chief Financial Officer.

The employee engagement score element of the non-financial component of the annual incentive compensation potential for the President and Chief Executive Officer and the Chief Financial Officer is graduated between fifty percent (50%) to a maximum of one hundred twenty percent (120%) based upon an employee engagement score of seventy percent (70%) and ninety percent (90%), respectively, with an employee engagement score below seventy percent (70%) resulting in no employee engagement component of the annual incentive compensation potential being payable to the President and Chief Executive Officer and the Chief Financial Officer.

Team Collaboration

One of the non-financial components for the President and Chief Executive Officer and the Chief Financial Officer is based on the team collaboration assessment achieved for the previous financial year. Team collaboration refers to the inter-departmental support and collaboration each executive team member provides to one another as a senior leader of CAPREIT. The Human Resources and Compensation Committee believes that the long-term success of CAPREIT has been built through teamwork and wishes to maintain team collaboration through the annual incentive compensation program. For 2016, the team collaboration assessment was weighted at ten percent (10%) of the annual incentive compensation potential for the President and Chief Executive Officer and the Chief Financial Officer.

At the end of year, the President and Chief Executive Officer's team collaboration is assessed by the Board and the Chief Financial Officer's team collaboration is assessed by the President and Chief Executive Officer. Team collaboration is measured against seven qualitative descriptions ranging from

exemplary to poor collaboration, and the team collaboration non-financial component for the President and Chief Executive Officer and the Chief Financial Officer was paid out as follows in respect of the year ended 2016:

Team Collaboration Assessment	Annual Incentive Compensation Payout ⁽¹⁾ (%)
1	120%
2	110%
3	100%
4	90%
5	75%
6	50%
7	25%

Note:

- (1) This represents the percentage payout of the component of the annual incentive bonus determined by the team collaboration assessment (ten percent (10%)) for each of the President and Chief Executive Officer and the Chief Financial Officer.

Calculation of Financial and Non-Financial Components

The Human Resources and Compensation Committee arrives at a formulaic award for each NEO, by calculating each of the financial and non-financial performance measures independently, with the ability of each measure to over or under achieved, subject to an overall maximum annual incentive compensation level of one hundred twenty percent (120%), and then may, in consultation with the President and Chief Executive Officer, use its discretion to increase or decrease the payout for certain NEOs, as deemed appropriate.

Long-Term Incentive Awards

Long-term incentive awards for NEOs are granted annually at the discretion of the Human Resources and Compensation Committee which determines the individual award based on the NEOs' personal performance, the achievement of company-wide and departmental objectives (in the case of the President and Chief Executive Officer and the Chief Financial Officer) and the achievement of CAPREIT's targeted financial performance levels established by the Human Resources and Compensation Committee and are governed by the terms of their Executive Contracts. Please refer to the section entitled "**Significant Terms of Executive Employment Agreements**" for the details of the NEO long-term incentive award arrangements.

With regard to long-term compensation awards made in respect of the year ended 2016, grants of RURs were awarded based on the same financial and non-financial performance measures as described above under the heading "**Annual Incentive Awards**". For the year ended 2016, NEOs were awarded RURs equal to the value of the annual incentive cash award paid to each NEO.

The table below shows all RURs granted to the NEOs in respect of the 2016 financial year:

Name	Number of RURs	Total Value (\$)	Last Day of Grant Period
THOMAS SCHWARTZ President and Chief Executive Officer	28,526 7,372 ⁽²⁾	913,400 ⁽¹⁾ 213,700 ⁽³⁾	February 27, 2020 February 29, 2019
SCOTT CRYER Chief Financial Officer	10,675 1,145 ⁽²⁾	341,802 ⁽¹⁾ 33,200 ⁽³⁾	February 27, 2020 February 29, 2019
MARK KENNEY Chief Operating Officer	14,729 3,587 ⁽²⁾	471,614 ⁽¹⁾ 104,000 ⁽³⁾	February 27, 2020 February 29, 2019

Notes:

- (1) Based on a per Unit price of \$32.02 determined in accordance with the RUR Plan. Amounts are rounded to the nearest whole RUR.
- (2) Represents additional RURs granted under the RUR Plan to Mr. Schwartz, Mr. Cryer and Mr. Kenney in consideration of their agreement to extend the settlement date of RURs granted to each of them in February 2013 and February 2010.
- (3) Based on a per Unit price of \$28.99 determined in accordance with the RUR Plan. Amounts are rounded to the nearest whole RUR.

The Human Resources and Compensation Committee determines the performance criteria upon which the RURs vest at the time such RURs are granted.

Senior Executive Compensation Claw-Back Policy

In February, 2012, the Board adopted a senior executive compensation claw-back policy for awards made under CAPREIT's annual incentive compensation and RUR Plan. Under this policy, which applies to the NEOs, the Board may, pursuant to an agreement with the NEO, require reimbursement of all or a portion of the annual incentive compensation and compensation received under the RUR Plan by the executive(s) in situations where:

- the amount of incentive compensation received by the executive officer was calculated based upon, or contingent on, the achievement of certain financial results that were subsequently the subject of or affected by a restatement of all or a portion of CAPREIT's financial statements;
- the executive officer engaged in gross negligence, intentional misconduct or fraud that caused or partially caused the need for the restatement; and
- the incentive compensation payment received would have been lower had the financial results been properly reported.

Each NEO is bound by the senior executive compensation claw-back policy based on the terms of their respective Executive Contract, which are further described below. See "**Significant Terms of Executive Employment Agreements**".

New Actions/Decisions or Policies

In 2016, in accordance with the RUR Plan, the Human Resources and Compensation Committee extended the settlement date by 3 years of (i) RURs granted in 2013 (the "**2013 RUR Grant**"), and (ii) RURs granted in 2010 (the "**2010 RUR Grant**"), which had been previously extended for 3 years in consideration of a grant of RURs in the amount of 25% of the 2010 RUR Grant (such grant, together

with the 2010 RUR Grant and the 2013 RUR Grant, the “**Prior RUR Grant**”), in each case with the consent of the participants, for purposes of further aligning the long-term interests of participants and Unitholders by facilitating the continued holding of the Prior RUR Grant. In consideration of their long-term commitment to CAPREIT, additional RURs were granted to those participants who agreed to extend the settlement date of the Prior RUR Grant from February 2016 to February 2019 equal to twenty percent (20%) of the original value of their respective 2013 RUR Grant and 2010 RUR Grant.

In 2016, the Human Resources and Compensation Committee amended the structure of the short and long-term annual incentive compensation to further enhance the link between pay and annual performance outcomes through a more balanced scorecard approach. This has been achieved by the Human Resources and Compensation Committee through the inclusion of two additional non-financial performance measures, a re-weighting of all of the financial and non-financial performance measures and an opportunity for each NEO to achieve a maximum of up to one hundred twenty percent (120%) for each of the short and long-term incentive awards through above target performance. The financial measure is weighted at sixty percent (60%) and is based on a retrospective three-year average NFFO per Unit growth. The non-financial measures are collectively weighted at forty percent (40%) and are based on personal performance (weighted at twenty percent (20%)), employee engagement (weighted at ten percent (10%)) and team collaboration (weighted at ten percent (10%)) for the President and Chief Executive Officer and the Chief Financial Officer. The forty percent (40%) non-financial measure for the Chief Operating Officer is based on his personal performance. Each of the financial and non-financial performance measures are calculated independently, with the ability of each measure to over or under achieved, subject to an overall maximum. See “**Annual Performance Awards**” and “**Long-Term Incentive Awards**” above.

Other than the foregoing, CAPREIT did not take any new actions, or make any decisions or policies after the recently completed fiscal year that could affect the understanding of the NEOs’ compensation for the most recently completed fiscal year. CAPREIT does not intend on making any significant changes to its compensation policies and practices in the next financial year.

Risk Analysis

The Board has the overall responsibility for the oversight of CAPREIT’s risk management policies and practices. The Human Resources and Compensation Committee provides oversight of, and makes recommendations to the Board with respect to, risk management and mitigation in connection with its review and approval of CAPREIT’s compensation policies and practices. On an annual basis or more frequently as required, the Human Resources and Compensation Committee, in conjunction with the Board, reviews CAPREIT’s compensation policies and practices to determine whether they may encourage excessive or inappropriate risk that would be reasonably likely to have a material adverse effect on CAPREIT. The trustees discuss risks associated with short-term decisions that may be made by the NEOs and the possibility of such decisions having an effect on results which inform the performance-based elements of NEO compensation. CAPREIT’s compensation program is designed to motivate and reward executives who take appropriate business risks in support of CAPREIT’s goals.

The trustees established compensation practices which mitigate such risks by: (i) benchmarking performance-based compensation against NFFO, as it adjusts for non-recurring or unusual items that can affect short-term results, and is a better indicator of CAPREIT’s long-term financial condition; (ii) tying both the short-term incentive (cash) bonus and long-term incentive (equity) bonus, to CAPREIT’s financial performance (as to up to 60% of the NEO’s incentive compensation) and to the NEO’s

individual performance, as well as company-wide and departmental objectives for certain NEOs (as to up to 40% of the NEO's incentive compensation); (iii) by capping the maximum amount of incentive bonus a NEO may receive, subject only to the Human Resources and Compensation Committee's discretion; and (iv) by adopting the claw-back policy (described above) for the NEO's who have Executive Contracts.

In considering the implications of the risks associated with CAPREIT's compensation policies and practices, the Human Resources and Compensation Committee has not identified risks arising from CAPREIT's compensation policies and practices that are reasonably likely to have a material adverse effect on CAPREIT.

Pursuant to CAPREIT's Insider Trading Policy, all Reporting Insiders (as defined under applicable securities laws), which includes the trustees and NEOs, are not permitted to enter into any transaction that has the effect of offsetting the economic value of any direct or indirect interest of such Reporting Insider in securities of CAPREIT. This includes the purchase of financial instruments such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in the market value of equity securities granted to such Reporting Insiders as compensation or otherwise held directly or indirectly by such Reporting Insiders.

In addition, in the view of the Human Resources and Compensation Committee, the structure and nature of trustees and executive compensation, including the manner in which Unit-based awards are granted, vested and paid-out under the applicable long-term incentive plans, is designed to reduce the need to hedge or offset any potential decrease in the price of CAPREIT's Units and is adequate to ensure that the interests of the trustees and NEOs are adequately aligned with those of CAPREIT generally.

Executive Compensation Benchmark Analysis

The overall composition of total executive compensation, setting levels for base salary and performance-based (both short-term cash and long-term equity-based) incentive compensation for 2016 were determined after reviewing other comparable real estate investment trusts and real estate management and development organizations in Canada. When developing the benchmark group, organizations were included in the benchmark group in consideration of various factors, including the following selection criteria: industry relevance, annual revenues, total assets, market capitalization and net income. Based on these selection criteria, CAPREIT deems each organization included in the benchmark group to carry on business operations comparable to CAPREIT and thus views the compensation policies of such organizations relevant for consideration.

The organizations included in the benchmark group are as follows:

Benchmark Group		
Allied Properties REIT	DREAM Office REIT	Morguard REIT
Artis REIT	First Capital Realty Inc.	RioCan REIT
Boardwalk REIT	H&R REIT	SmartREIT
Cominar REIT	Morguard North American Residential REIT	

The table below summarizes the relevant criteria and market data relating to the organizations in the benchmark group as compared to CAPREIT:

	Revenue	Total Assets	Market Capitalization	Net Income
\$ millions				
CAPREIT ⁽¹⁾	596.8	7,893.0	4,206	439.4
Benchmark Group Average	644.7	7,469.6	3,625	188.7

Note:

(1) For the year ended December 31, 2016.

The results of the benchmarking that was applied were used in 2016 to determine the overall composition of total executive compensation, setting levels for base salary and performance-based (both short-term cash and long-term equity-based) incentive compensation, in consideration of balancing executive compensation in favour of greater alignment with Unitholder returns. CAPREIT does not determine performance-based incentive compensation based on how CAPREIT performed relative to its peer group on an annual basis.

Engagement of Independent Compensation Consultant

Commencing in 2014, Accompass was engaged by the Human Resources and Compensation Committee to provide advice and counsel on executive and senior management compensation matters.

The purpose of the executive compensation audit and market review was to ensure CAPREIT's executive compensation policies and practices are clearly aligned with CAPREIT's business strategy and are competitive in the marketplace. Specifically, Accompass was requested to deliver:

- an audit of CAPREIT's current executive compensation program, including a review of the elements of compensation and the alignment between strategy and practice;
- the range of compensation paid and design elements found in the benchmark market for roles with similar duties and responsibilities;
- an understanding of how executive compensation is influenced by various relevant market factors (e.g. organizational size or industry);
- an assessment on CAPREIT's market competitiveness of the total cash compensation package (value and design) for each member of the executive team; and
- a proposal to further enhance and integrate performance management with the bonus plan.

Accompass delivered its formal report in July, 2016. Accompass continues to work with the Board in reviewing the compensation structure of officers and other members of management. Prior to engaging Accompass, the Human Resources and Compensation Committee determined that Accompass is independent of the Board and management of CAPREIT. While the input received from Accompass provides valuable assistance to the Human Resources and Compensation Committee, it does not validate the committee's approach to executive compensation nor does it reduce the Human Resources and Compensation Committee's responsibility to ensure that compensation decisions are appropriate and aligned with the performance of executives.

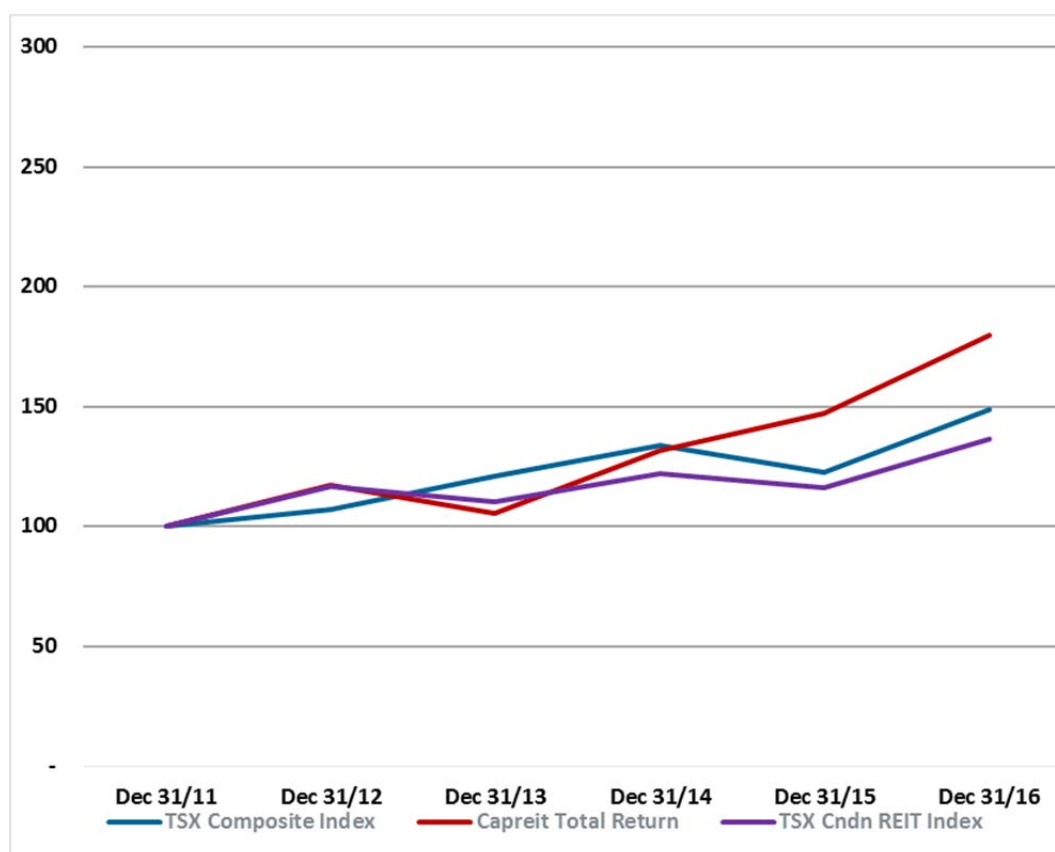
As part of the proposal, Accompass also reviewed CAPREIT's current link between performance management/objective setting and the bonus plan, looking for potential design enhancements. Recommendations brought forward have taken into account market best practices, as well as CAPREIT's business objectives for its executives from financial and non-financial aspects. Accompass has recommended a set of financial and non-financial performance metrics as well as a recommendation on the weighting given to each performance metric. These measures were implemented for the 2016 financial year by the Human Resources and Compensation Committee. See "Annual Performance Awards" and "Long-Term Incentive Awards" above.

Summary of Fees to Accompass

Nature of Fees	2016	2015
Executive Compensation-Related Fees	\$11,300	\$31,075
All Other Fees	\$51,980	\$10,170
TOTAL	\$63,280	\$41,245

Performance Graph

The following graph compares the total cumulative Unitholder return for \$100 invested in Units on December 31, 2011 with the cumulative total return of the TSX Composite Index and the TSX Canadian REIT Index during the five (5) most recently completed financial years of CAPREIT.



The aggregate total compensation for the NEOs and the total compensation of the NEOs as a percentage of NFFO for the five (5) years ended December 31, 2016 and as a percentage of market capitalization for the five (5) years ended December 31, 2016 are shown below:

	2012	2013	2014	2015	2016
\$ thousands					
Total Compensation of the NEOs ⁽¹⁾	\$6,536	\$5,031	\$7,450	\$6,265	\$6,091
NFFO	\$132,553	\$159,375	\$183,353	\$200,027	\$231,808
Total Compensation of the NEOs as a percentage of NFFO	4.93%	3.16%	4.06%	3.13%	2.63%
Total Compensation of the NEOs as a percentage of market capitalization (as at December 31 of each year)	0.26%	0.21%	0.26%	0.18%	0.14%

Note:

- (1) Total compensation is calculated in the same manner as in the Summary Compensation Table and includes the NEOs for each respective year.

Compensation for CAPREIT's NEOs is not linked directly to Total Unitholders Return ("TUR"), and as such does not necessarily move in line with relative TUR performance. In addition, TUR performance does not always adequately reflect CAPREIT's investment or operating strategy or the achievement by CAPREIT of its objectives, which include maintaining a strong balance sheet; maintaining sustainable and predictable distributions to Unitholders; a conservative financing strategy; and a long-term approach to real estate investment. It is the view of CAPREIT that compensation delivered to the NEOs versus performance, as measured by NFFO, is a more meaningful illustration of CAPREIT's pay for performance policy than TUR. As a result, CAPREIT's NEO compensation is heavily linked to the success of CAPREIT's generation of NFFO for Unitholders.

SUMMARY COMPENSATION TABLE

The following table sets forth a summary of the compensation earned by each NEO of CAPREIT in 2016. For comparison purposes, the compensation information from 2014 and 2015 for each NEO is set out below in the summary compensation table.

	Year	Salary (\$)	Unit-based Awards (\$)	Option- based Awards (\$)	Non-equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long-Term Incentive Plans (\$)			
THOMAS SCHWARTZ ⁽¹⁾ President and Chief Executive Officer	2016	803,100	1,127,100 ⁽²⁾	626,300 ⁽⁵⁾	913,400 ⁽⁷⁾	-	-	20,927 ⁽¹⁰⁾	3,490,827
	2015	787,590	925,590 ⁽³⁾	1,100,150	787,590 ⁽⁸⁾	-	-	21,320 ⁽¹¹⁾ 108,018 ⁽¹³⁾	3,730,258
	2014	768,380	935,880 ⁽⁴⁾	573,500 ⁽⁶⁾	1,576,280 ⁽⁹⁾	-	-	21,046 ⁽¹²⁾ 237,458 ⁽¹⁴⁾	4,112,544
SCOTT CRYER Chief Financial Officer	2016	305,908	375,002 ⁽²⁾	-	341,802 ⁽⁷⁾	-	-	46,006 ⁽¹⁰⁾	1,068,718
	2015	300,000	323,125 ⁽³⁾	-	300,000 ⁽⁸⁾	-	-	43,151 ⁽¹¹⁾ 37,681 ⁽¹³⁾	1,003,957
	2014	239,475	244,475 ⁽⁴⁾	-	239,475 ⁽⁹⁾	-	-	36,641 ⁽¹²⁾ 88,165 ⁽¹⁴⁾	848,231
MARK KENNEY Chief Operating Officer	2016	429,001	575,614 ⁽²⁾	-	471,614 ⁽⁷⁾	-	-	55,631 ⁽¹⁰⁾	1,531,860
	2015	420,716	484,716 ⁽³⁾	-	420,716 ⁽⁸⁾	-	-	55,807 ⁽¹¹⁾ 50,241 ⁽¹³⁾	1,432,196
	2014	410,455	487,705 ⁽⁴⁾	-	410,455 ⁽⁹⁾	-	-	51,411 ⁽¹²⁾ 117,553 ⁽¹⁴⁾	1,477,579

Notes:

- (1) Mr. Schwartz is President and Chief Executive Officer of CAPREIT and a trustee. Mr. Schwartz does not receive compensation for his services as trustee.
- (2) Represents 28,526 RURs issued to Mr. Schwartz; 10,675 RURs issued to Mr. Cryer; 14,729 RURs issued to Mr. Kenney; in each case on February 27, 2017. In accordance with the RUR Plan, the grant date fair value of the Units is based on the weighted average price of the Units on the TSX for the five trading days prior to grant of \$32.02. The accounting fair value for financial statement purposes is determined based on the closing prices of the Units on the TSX on the date of grant of \$32.20. Represents also an additional 7,372 RURs issued to Mr. Schwartz for value of \$213,700, an additional 1,145 RURs issued to Mr. Cryer for value of \$33,200 and an additional 3,587 RURs issued to Mr. Kenney for a value of \$104,000 on February 29, 2016. These additional RURs were granted to Mr. Schwartz, Mr. Cryer and Mr. Kenney as they agreed to extend the settlement date of the 2013 RUR Grant and 2010 RUR Grant. The accounting fair value for financial statement purposes is determined based on the closing prices of the Units on the TSX on the date of grant of \$28.67. See "Compensation Discussion & Analysis – New Actions/Decisions or Policies".
- (3) Represents 27,557 RURs issued to Mr. Schwartz; 10,497 RURs issued to Mr. Cryer; 14,721 RURs issued to Mr. Kenney; in each case on February 16, 2016. In accordance with the RUR Plan, the grant date fair value of the Units is based on the weighted average price of the Units on the TSX for the five trading days prior to grant of \$28.58. The accounting fair value for financial statement purposes is determined based on the closing prices of the Units on the TSX on the date of grant of \$28.73. Represents also an additional 4,880 RURs issued to Mr. Schwartz for value of \$138,000, an additional 818 RURs issued to Mr. Cryer for value of \$23,125, and an additional 2,263 RURs issued to Mr. Kenney for a value of \$64,000 on February 27, 2015. These additional RURs were granted to Mr. Schwartz, Mr. Cryer and Mr. Kenney as they agreed to extend the settlement date of the 2012 RUR Grant. The accounting fair value for financial statement purposes is determined based on the closing prices of the Units on the TSX on the date of grant of \$28.31. See "Compensation Discussion & Analysis – New Actions/Decisions or Policies".
- (4) Represents 28,291 RURs issued to Mr. Schwartz; 8,817 RURs issued to Mr. Cryer and 15,112 RURs issued to Mr. Kenney; in each case on February 17, 2015. In accordance with the RUR Plan, the grant date fair value of the Units is based on the weighted average price of the Units on the TSX for the five trading days prior to grant of \$27.16. The accounting fair value for financial statement purposes is determined based on the closing prices of the Units on the TSX on the date of grant of \$26.76. Represents also an additional 7,733 RURs issued to Mr. Schwartz for value of \$167,500, an additional 231 RURs issued to Mr. Cryer for value of \$5,000, and an additional 3,566 RURs issued to Mr. Kenney for a value of \$77,250 on February 28, 2014. These additional RURs were

granted to Mr. Schwartz, Mr. Cryer and Mr. Kenney as they agreed to extend the settlement date of the 2011 RUR Grant. The accounting fair value for financial statement purposes is determined based on the closing prices of the Units on the TSX on the date of grant of \$21.87.

- (5) On August 3, 2016 in connection with an equity offering, 153,780 options were granted to Mr. Schwartz at an exercise price of \$32.40. The options expire on August 3, 2026. The amount represents the grant date fair value of the options using the Black-Scholes option pricing model. Key assumptions used in the valuation were a distribution yield of 3.89%, a risk-free rate of 1.10% and a volatility of 22.83%.
- (6) On May 25, 2015 in connection with an equity offering, 166,650 options were granted to Mr. Schwartz at an exercise price of \$29.00. The options expire on May 25, 2025. The amount represents the grant date fair value of the options using the Black-Scholes option pricing model. Key assumptions used in the valuation were a distribution yield of 4.24%, a risk-free rate of 1.33% and a volatility of 19.54%. On October 9, 2015 in connection with an equity offering, 261,600 options were granted to Mr. Schwartz at an exercise price of \$28.70. The options expire on October 9, 2025. The amount represents the grant date fair value of the options using the Black-Scholes option pricing model. Key assumptions used in the valuation were a distribution yield of 4.34%, a risk-free rate of 1.52% and a volatility of 19.34%.
- (7) This bonus was earned in respect of the 2016 financial year and paid in February, 2017.
- (8) This bonus was earned in respect of the 2015 financial year and paid in December, 2015.
- (9) This bonus was earned in respect of the 2014 financial year and paid in February, 2015.
- (10) Represents the total value of perquisites, including car allowance of \$18,000 for Mr. Schwartz. Represents the total value of perquisites including car allowance of \$18,000 and Executive RRSP contribution of \$15,000 for Mr. Cryer. Represents total value of perquisites, including car allowance of \$18,000, and Executive RRSP contribution of \$21,036 for Mr. Kenney. This also includes the taxable portion of the additional Units received by each NEO, as applicable, from CAPREIT pursuant to the 20% match under the EUPP and insurance premiums paid by CAPREIT in respect of life insurance for each NEO, which amounts for 2016 were immaterial.
- (11) Represents the total value of perquisites, including car allowance of \$18,000 for Mr. Schwartz. Represents the total value of perquisites including car allowance of \$18,000 and Executive RRSP contribution of \$15,000 for Mr. Cryer. Represents total value of perquisites, including car allowance of \$18,000, and Executive RRSP contribution of \$21,036 for Mr. Kenney. This also includes the taxable portion of the additional Units received by each NEO, as applicable, from CAPREIT pursuant to the 20% match under the EUPP and insurance premiums paid by CAPREIT in respect of life insurance for each NEO, which amounts for 2015 were immaterial.
- (12) Represents the total value of perquisites, including car allowance of \$18,000 for Mr. Schwartz. Represents the total value of perquisites including car allowance of \$18,000 and Executive RRSP contribution of \$11,974 for Mr. Cryer. Represents total value of perquisites, including car allowance of \$18,000, and Executive RRSP contribution of \$20,523 for Mr. Kenney. This also includes the taxable portion of the additional Units received by each NEO, as applicable, from CAPREIT pursuant to the 20% match under the EUPP and insurance premiums paid by CAPREIT in respect of life insurance for each NEO, which amounts for 2014 were immaterial.
- (13) On March 26, 2015 in connection with the secondary equity offering of IRES REIT in March 2015, options of IRES REIT at an exercise price of €1.005 were granted as follows: 1,075,000 options to Mr. Schwartz; 375,000 options to Mr. Cryer and 500,000 options to Mr. Kenney. One third of the options vest each year for 3 years, and the options expire on March 25, 2022. The amounts represent the grant date fair value of the options using the Black-Scholes option pricing model. Key assumptions used in the valuation were a distribution yield of 5%, a risk-free rate of 0.44% and a volatility of 20.2%. The NEOs were granted these options in relation to their role, with IRES Fund Management Limited, CAPREIT's Irish subsidiary, which acts as investment manager and property manager to IRES REIT. The amounts granted are in euros (as the functional currency of IRES REIT is the euro), which have been converted into Canadian dollars for the purpose of this table, using the exchange rate on the grant date of March 26, 2015, of €1.00 = C\$1.3616.
- (14) On April 16, 2014 in connection with an equity offering of IRES REIT in April 2014, options of IRES REIT at an exercise price of €1.04 were granted as follows: 2,020,000 options to Mr. Schwartz; 750,000 options to Mr. Cryer and 1,000,000 options to Mr. Kenney. One third of the options vest each year for 3 years, and the options expire on April 15, 2021. The amounts represent the grant date fair value of the options using the Black-Scholes option pricing model. Key assumptions used in the valuation were a distribution yield of 5.0%, a risk-free rate of 1.209% and a volatility of 20.33%. The NEOs were granted these options in relation to their role, with IRES Fund Management Limited, CAPREIT's Irish subsidiary, which acts as investment advisor and property manager to IRES REIT. The amounts granted are in euros (as the functional currency of IRES REIT is the euro), which have been converted into Canadian dollars for the purpose of this table, using the exchange rate on the grant date of April 16, 2014, of €1.00 = C\$1.5241.

Narrative Discussion

Significant Terms of Executive Employment Agreements

The Executive Contracts for Messrs. Schwartz, Cryer and Kenney provide for annual review of base salaries. All capitalized terms used in this section and not otherwise defined shall have the meanings ascribed thereto in the Executive Contracts.

Long-term incentive awards for NEOs are governed by the terms of their Executive Contracts. Pursuant to Mr. Schwartz's Executive Contract, Mr. Schwartz will be awarded options to acquire three percent (3%) of the number of Units issued by CAPREIT pursuant to any equity offering or acquisition transaction (not including pursuant to any compensation arrangements) at the Market Price (as defined in the Unit Option Plan) of the Units at the time of completion of each such treasury issuance, in accordance with the terms of the Unit Option Plan, as amended from time to time. In connection with the completion of certain equity offerings by CAPREIT in August 2016, October 2015, March 2015 and October 2013, Mr. Schwartz was issued options to acquire 153,780 Units on August 3, 2016, 261,600 Units on October 9, 2015, 166,650 Units on March 25, 2015 and 218,282 Units on June 12, 2014, (representing approximately 0.11%, 0.20%, 0.14% and 0.20% of the number of outstanding Units as of each such grant date, respectively). Effective as of March 1, 2015, Mr. Schwartz's Executive Contract was amended to tie the vesting of options granted to him thereunder to performance criteria to be determined by the Board with the recommendation of the Human Resources and Compensation Committee from time to time.

The Human Resources and Compensation Committee bases its determinations with respect to bonus entitlements and eligibility under CAPREIT's long-term incentive plans on the achievement of targeted annual performance levels. See **"Annual Performance Awards"** and **"Elements of Executive Compensation"**.

Each of the Executive Contracts are for a one (1) year term.

In addition, CAPREIT may terminate an Executive Contract without cause by giving written notice to such effect to the executive. During the period from the date of notice to the earlier of: (i) six (6) months and (ii) the expiry of the term of the Executive Contract, the executive shall receive an amount equal to the base salary paid to the executive in respect of the previous twelve (12) months, plus the average annual bonus awarded to the executive in respect of the two (2) calendar years preceding the date of notice (pro-rated to take into account partial periods). In addition, at the earlier of: (i) six (6) months and (ii) the expiry of the term of the Executive Contract, the executive shall receive a lump sum payment equal to the base salary and bonus which would have been paid if the notice period had been thirty (30) months, less the amounts actually paid during the notice period.

In lieu of such notice, CAPREIT can elect to immediately terminate the Executive Contract upon payment to the executive of a lump sum equal to the total of the payments required to be paid upon termination with notice, as described above. At the option of the executive, any lump sum payment payable may be paid in instalments until the full amount is paid. The executive will also continue to receive benefits for a period of thirty (30) months from the date of termination, less the length of the notice period (or payment of an amount equal to the costs of replacing such benefits).

As well, in the event of a “**change of control**” of CAPREIT, each executive has the election of terminating his respective Executive Contract on thirty (30) days’ notice for good reason (as defined in the Executive Contract) or, during the thirty (30) days after the date of the executive becoming aware of the change of control, for any reason; and, in either such event, is entitled to receive an amount equal to three (3) times the sum of: (i) base salary paid to the executive during the previous twelve (12) months, plus (ii) the average bonus awarded to the executive in respect of the previous two (2) years, and maintenance of benefits for a period of thirty-six (36) months from the date of termination. A “**change of control**” is broadly defined to contemplate the circumstances where a person or group of persons acting jointly or in concert acquire beneficial ownership or control of more than fifty percent (50%) of the outstanding Units or votes attaching thereto and includes the acquisition by a person or group of persons acting jointly or in concert of all of the assets of CAPREIT or its subsidiaries.

Each of the Executive Contracts provides that if the term thereof would otherwise have expired prior to thirty (30) days after the date of the executive becoming aware of the change of control, such Executive Contract is automatically extended to such date.

Mr. Schwartz’s Executive Contract provides that, in the event of a change of control transaction, if securities of CAPREIT or another entity, the securities of which are listed for trading on the TSX, can be utilized in a plan (a “**Replacement Plan**”), the intention of such Replacement Plan being to provide Mr. Schwartz with substantially equivalent benefits to those in effect or intended to be in effect under the SELTIP prior to the change of control transaction, then CAPREIT or another entity may implement such a Replacement Plan (subject to agreement among the relevant parties). If the implementation of a Replacement Plan is not possible, prior to the closing of a change of control transaction, CAPREIT will purchase a fully paid up annuity from a recognized and credit-worthy Canadian Life insurer in order to provide Mr. Schwartz with substantially equivalent benefits to those in effect or intended to be in effect under the SELTIP. The annuity would be sufficient to provide an annual pre-tax benefit to Mr. Schwartz equal to the amount (the “**Change of Control Annual Benefit**”), if any, calculated by subtracting: (i) the “**Available Yield**” Mr. Schwartz would receive from the sale or redemption proceeds of his Units underlying his entitlements under the SELTIP (all of which shall automatically vest upon a change of control transaction in accordance with the terms of the SELTIP), after repaying any amounts owing under such plans in respect of instalment receipts, where the “**Available Yield**” amount is based on, among other things, the average yield for real estate investment trusts investing primarily in multi-unit residential properties and certain income tax assumptions, from (ii) \$300,000. As an alternative to the foregoing annuity, CAPREIT may elect not to purchase the annuity but to provide the Change of Control Annual Benefit in another manner that is more favourable to CAPREIT from an income tax or other perspective, so long as the net after tax benefits to Mr. Schwartz, and the security for such benefits, are no less favourable to Mr. Schwartz than the Change of Control Annual Benefit he would receive pursuant to a purchased annuity (as described above). Regardless of manner, following a change of control transaction, payments of the Change of Control Annual Benefit would commence on July 5, 2017 and continue until the death of Mr. Schwartz.

Each of the aforementioned Executive Contracts contains certain customary non-competition, non-solicitation and confidentiality provisions in favour of CAPREIT.

Executive Registered Retirement Savings Plan

CAPREIT has established an Executive Registered Retirement Savings Plan (the “**ERRSP**”) for key senior management, excluding the President and Chief Executive Officer. The ERRSP contributions for

the year are equal to five percent (5%) of the executive's base salary, subject to applicable *Income Tax Act* (Canada) limitations. However, there are no guarantees that contributions will be made in any particular year or that any contributions which are made will equal any specific amount. Without limiting the generality of the foregoing, the making of contributions or the level thereof in any given year may depend on CAPREIT's and/or individual performance in that year.

The ERRSP is intended to assist participants in generating long-term capital appreciation for the executives' retirement income and, as such, is not designed to provide short-term compensation. Accordingly, in the event that while still employed by CAPREIT, an executive withdraws any assets from his or her ERRSP account, CAPREIT will make no further contributions to the ERRSP on the executive's behalf. A resumption of ERRSP contributions on the executive's behalf in such circumstances will only be possible if there is a specific subsequent decision to such effect by the President and Chief Executive Officer of CAPREIT.

INCENTIVE PLAN AWARDS

Outstanding Unit-based Awards and Option-based Awards

Name	Option Based Awards					Unit Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options ⁽¹⁾ (\$)	Number of Units That Have Not Vested ⁽²⁾ (#)	Market or Payout Value of Unit-Based Awards That Have Not Vested ⁽¹⁾⁽²⁾ (\$)	Market or Payout Value of Vested Unit-Based Awards Not Paid Out or Distributed ⁽¹⁾⁽³⁾ (\$)
THOMAS SCHWARTZ President and Chief Executive Officer	224,250	20.30	October 30, 2021	2,482,448	119,889	3,760,918	40,323,406
	232,500	22.75	May 16, 2022	2,004,150			
	201,000	24.00	December 3, 2022	1,481,370			
	30,150	24.85	December 12, 2022	196,578			
	218,282	22.72	June 11, 2024	1,888,139			
	166,650	29.00	March 25, 2025	394,961			
	261,600	28.70	October 9, 2025	698,472			
	153,780	32.40	August 3, 2026	-			
	1,488,212			9,146,117			
SCOTT CRYER Chief Financial Officer	-	-	-	-	31,864	999,574	490,972
MARK KENNEY Chief Operating Officer	-	-	-	-	62,667	1,965,864	2,357,769

Notes:

- (1) Value based on the closing price of Units on the TSX on December 31, 2016.
- (2) Represents RURs which vest on the third anniversary of the grant date.
- (3) Represents SELTIP and LTIP awards and RURs for Mr. Schwartz. The outstanding loan balances at December 31, 2016, are \$12,599,724 for Mr. Schwartz's SELTIP and LTIP awards.

Incentive Plan Awards – Value Vested or Earned During the Year

Name	Option-Based Awards - Value Vested During the Year (\$)	Unit-Based Awards - Value Vested During the Year ⁽¹⁾ (\$)	Non-Equity Incentive Plan Compensation - Value Earned During the Year (\$)
THOMAS SCHWARTZ President and Chief Executive Officer	626,300	1,034,738	913,400
SCOTT CRYER Chief Financial Officer	-	214,566	341,802
MARK KENNEY Chief Operating Officer	-	512,489	471,614

Note:

- (1) Represents the 2013 RUR Grant and 2010 RUR Grant units which vested on February 29, 2016. The settlement date of the 2013 RUR Grant and 2010 RUR Grant has been extended. Additional RURs were granted to those participants who agreed to extend the settlement date of the 2013 RUR Grant and 2010 RUR Grant in recognition of their long-term commitment. See “Compensation Discussion & Analysis – New Actions/Decisions or Policies”.

Option Gains Realized Upon Exercise During 2016

The following table shows the value of gains realized following the exercise of options in 2016 for the NEOs:

Name	Option Gains Realized Upon Exercise (\$)
THOMAS SCHWARTZ President and Chief Executive Officer	\$nil
SCOTT CRYER Chief Financial Officer	-
MARK KENNEY Chief Operating Officer	-

Narrative Discussion

Equity Based Incentive Plans

The following table provides a brief description of CAPREIT’s RUR Plan, which is its key long-term equity incentive plan. A more fulsome description of each of CAPREIT’s equity incentive plans follows.

Compensation Component	Incentive Type	Applies To	Period	Other Provisions
RUR Plan	RURs exercisable for Units upon vesting.	Officers and employees of CAPREIT as well as any affiliate (as such term is defined in the <i>Securities Act</i> (Ontario)) of CAPREIT that may be designated.	Subject to certain exceptions, RURs (and Distribution RURs (as defined below)) vest in the entirety on the third anniversary of each grant date. Participants may be entitled to defer settlement of vested RURs (and Distribution RURs). Unvested RURs and Distribution RURs accrued thereon are forfeited in the event of termination for cause.	On each distribution date, CAPREIT accumulates and accrues for the benefit of participants such number of Distribution RURs economically equivalent to the aggregate value of the distribution that the participant would have received had the participant held the Units represented by all such RURs and Distribution RURs at the distribution date. If a participant ceases to be employed by reason of retirement or termination without cause on a date prior to vesting such unvested RURs, and any Distribution RURs credited in respect thereof, shall vest on a <i>pro rata</i> basis after the first anniversary of the grant date based on the number of years since the original grant. In the event of death or disability of a participant or if there is a change of control, vesting may be accelerated. The Human Resources and Compensation Committee retains the discretionary authority to accelerate vesting.

Description of Equity Based Incentive Plans

Active Plans

RUR Plan

CAPREIT has established the restricted unit rights plan (the “**RUR Plan**”) as the primary plan through which long-term incentive compensation will be awarded. The Human Resources and Compensation Committee of the Board may award restricted unit rights (“**RURs**”) under the RUR Plan, 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 interest of its Participants with Unitholders through the use of RURs which, upon vesting, are exercisable for Units (each RUR is exercisable for one (1) Unit).

Participants are awarded a cash amount under the RUR Plan, which is then converted to RURs based on the volume weighted average price of all Units traded on the TSX for the five (5) immediately preceding trading days.

Under no circumstances shall RURs be considered Units or entitle a participant to any Unitholder rights, including, without limitation, voting rights, distribution entitlements or rights on liquidation.

The maximum number of Units issuable to Insiders (as such term is defined in the RUR Plan) under the RUR Plan, or when combined with any other Unit incentive compensation plans, at any time, may not exceed ten percent (10%) of the Units issued and outstanding. The maximum number of Units which may be issued to Insiders under the RUR Plan, or when combined with any other Unit incentive compensation plans, within any one (1) year period, may not exceed ten percent (10%) of the Units issued and outstanding.

The RURs earn notional distributions in respect of each distribution paid on RURs commencing from the grant date. Such notional distributions are used to calculate additional RURs ("**Distribution RURs**"), which are accrued for the benefit of the Participants. The Distribution RURs are credited to the Participants only when the underlying RURs upon which the Distribution RURs are earned become vested. Subject to certain exceptions, RURs granted under the RUR Plan (and Distribution RURs accrued thereon) vest in their entirety on the third anniversary of each grant date. Unvested RURs (and Distribution RURs accrued thereon) are fully forfeitable unless and until such RURs become vested. If a Participant is terminated for cause or resigns, unvested RURs (and Distribution RURs) accrued thereon will be forfeited.

In the event of a change of control, subject to the terms of any employment agreement, if a participant who is an officer of CAPREIT is terminated without cause during the two (2) year period following the change of control, vesting of all unvested RURs (and Distribution RURs accrued thereon) is accelerated. In the event of a change of control, if the acquirer does not provide a substituted plan or adopt the RUR Plan, vesting of unvested RURs is accelerated. There is no automatic acceleration of vesting of unvested RURs under the RUR Plan simply arising because of the change of control. A "**change of control**" is broadly defined to contemplate the circumstances where a person or group of persons acting jointly or in concert acquire beneficial ownership or control of more than fifty percent (50%) of the outstanding Units or votes attaching thereto or of all or substantially all of the assets of CAPREIT or its subsidiaries, and includes a takeover.

Other than as provided in the RUR Plan, the rights or interests of a Participant under the RUR Plan may not be assigned or transferred in any way, except to the extent that certain rights may pass to a beneficiary or legal representative upon the death of such participant, by will or by the laws of succession and distribution or otherwise required by law.

The trustees may, from time to time, subject to applicable securities laws and requisite regulatory or other approvals, amend, suspend or terminate the RUR Plan, in whole or in part, without Unitholder or participant approval, except in certain circumstances, which are substantially similar to those listed in the LTIP, as described below; except that the RUR Plan further provides that Unitholder approval is required to modify the amendment provision of the RUR Plan itself. The trustees may amend the RUR Plan without Unitholder approval, including but not limited to: (i) amendments of a housekeeping nature; (ii) the addition or change to the vesting provisions of a RUR or the RUR Plan; (iii) a change to the termination provisions of a RUR or the RUR Plan; (iv) amendments to reflect changes to applicable securities law; and (iv) amendments to ensure RURs granted under the RUR Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction to which a participant may from time to time be subject. However, if any such amendment materially adversely affects the rights of a participant with respect to a grant of RURs, that participant's written consent is required.

As at March 31, 2017, 848,296 RURs have been issued and are outstanding under the RUR Plan to Participants; the Units issuable under such grants constitute 0.62% of CAPREIT's currently outstanding Units.

Units issued or issuable under the RUR Plan are included in the 9,500,000 limit on the number of Units issuable under the RUR Plan, Unit Option Plan, EUPP and DUP.

Unit Option Plan

CAPREIT adopted a unit option plan (the “**Unit Option Plan**”) on May 21, 1997. Participation in the Unit Option Plan is restricted to: (i) trustees, officers and employees of CAPREIT, (ii) persons or companies engaged to provide ongoing management or consulting services for CAPREIT, and (iii) personal holding companies or family trusts of any persons referred to in (i) and (ii), all as approved by the Human Resources and Compensation Committee. The Human Resources and Compensation Committee has the power and authority to determine when options shall be granted, the number of Units subject to each option and the vesting of options. Options have a maximum term of ten (10) years and are exercisable at a price equal to the closing price of the Units on the TSX on the last trading day on which the Units traded prior to the date of the grant. No participant shall hold options entitling him or her to acquire more than five percent (5%) of the aggregate number of Units, on a non-diluted basis, outstanding from time to time. In the event of termination of employment, retirement, disability or death, any option granted may be exercised only before the earlier of the termination of the option and one (1) calendar year from the date of the termination of employment, retirement, disability or death and only in respect of Units which were available for purchase at the date of such termination of employment, retirement, disability or death; the right to purchase Units which have not yet become available for purchase shall cease immediately. Non-executive trustees shall not hold options entitling the non-executive trustee to acquire, together with all Units issuable to non-executive trustees under the incentive plans (including any Units underlying options granted pursuant to the Unit Option Plan), more than one-half percent (0.5%) of the aggregate number of Units, on a non-diluted basis, outstanding from time to time. The Unit Option Plan can be amended by the Board, subject to applicable law, without Unitholder approval, except in certain limited circumstances, which are substantially similar to those listed in the LTIP, as described below; except that Unitholder approval is not required to amend the provision of the Unit Option Plan relating to exercise price. Also, in the case of options previously granted, Unitholder approval is required: (i) to reduce the exercise price of an option, except in limited circumstances; (ii) to cancel or reissue options, except in limited circumstances; (iii) to extend the term of an option beyond the original expiry date, except in limited circumstances; and (iv) to extend the expiry date of an option beyond ten (10) years from its grant date, except in limited circumstances. Examples of the types of amendments that the trustees could make without Unitholder approval, include, but are not limited to: (i) amendments of a housekeeping nature; (ii) amendments to reflect changes to applicable securities law; and (iii) amendments to ensure options granted under the Unit Option Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction to which a participant may from time to time be subject.

Options may be exercised by the participant or his or her Personal Holding Company or Family Trust (as such terms are defined in the Unit Option Plan) and, upon the participant’s death, the legal representative of his or her estate or any other person who acquires his or her rights in respect of an option by bequest or inheritance. A person exercising an option may subscribe for Units only in his or her own name, in the name of his or her Personal Holding Company or Family Trust or in his or her capacity as a legal representative.

In the event of a change of control, as described in the Unit Option Plan, a participant shall be entitled to exercise his or her options with respect to all Units subject to the options and not yet purchased thereunder, regardless of whether such Units have otherwise become available for purchase, and shall be entitled to tender such Units into an offer made to purchase 50% or more of the outstanding Units.

No options were exercised by the NEOs during the 2016 financial year. A total of 153,780 options were granted in 2016, which constitutes a total of 0.11% of the total Units outstanding as of December 31, 2016. As at March 31, 2017, 2,321,000 options have been exercised and 1,488,212 remain outstanding and unexercised as at such date (representing, in the aggregate, approximately 1.09% of the number of outstanding Units as of such date) and no options have been cancelled. All participants under the Unit Option Plan must pre-disclose securities transactions.

Units issuable under the Unit Option Plan are included in the 9,500,000 limit on the number of Units issuable under the RUR Plan, Unit Option Plan, EUPP and DUP.

The trustees' current policy is not to award any further options under the Unit Option Plan, except as provided for pursuant to the President and Chief Executive Officer's employment agreement (See "**Significant Terms of Executive Employment Agreements**").

Employee Unit Purchase Plan

CAPREIT has adopted an employee unit purchase plan (the "EUPP") that is available to certain full-time employees and senior officers of CAPREIT. The purpose of the EUPP is to advance the interests of CAPREIT and Unitholders by facilitating and encouraging employees and senior officers of CAPREIT and its subsidiaries to purchase Units. Under the terms of the EUPP, each participant is entitled to acquire a number of Units up to a maximum of ten percent (10%) of his or her respective annual salary from payroll deductions. A participant may not assign, transfer or dispose of his or her interest in the EUPP. Units issuable under the EUPP will be issued at the weighted average trading price of the Units on the TSX for the five (5) trading days immediately preceding the date of issue.

In addition, all participants receive an additional number of Units equal to twenty percent (20%) of the Units purchased pursuant to the EUPP, which amount is automatically paid in the form of additional Units at the time of purchase of Units.

No Units of CAPREIT shall be issued under the EUPP if such issuance would result in the majority of the Units to be allocated under the EUPP being or becoming issuable to Insiders (as such term is defined in the EUPP) or if the EUPP, together with all other previously established or proposed Unit incentive compensation plans, could result, at any time in: (i) the issuance to Insiders, within a one (1) year period, of a number of Units exceeding ten percent (10%) of the outstanding issue; (ii) the issuance to Insiders, at any time, of a number of Units exceeding ten percent (10%) of the outstanding issue; or (iii) the number of Units which may be issued or reserved for issuance, within a one (1) year period, under the EUPP and any other Unit incentive compensation plans to any single employee exceeding five percent (5%) of the outstanding issue.

Disentitlement under the EUPP occurs where a participant voluntarily retires or resigns or is terminated before "**Normal Retirement**" (means retirement coincident with or the next day following such participant attaining the age of sixty-five (65), or such earlier time as agreed to). Further, if at the end of any calendar year, a participant has not contributed his or her portion of his or her salary during the calendar year, the participant may be required to terminate his or her participation in the EUPP and all funds and Units held on behalf of such participant under the EUPP will be withdrawn. Upon the death or permanent disability of a participant, or in the event of a participant's Normal Retirement, such participant immediately ceases to be eligible to participate in the EUPP.

In the event of a change of control, as described in the EUPP, the Board may determine the manner in which all Units subject to the terms of the EUPP shall be treated.

The EUPP can be amended by the Board, subject to applicable law, without Unitholder approval, except in certain limited circumstances, which are substantially similar to those listed in the LTIP, as described above; except that Unitholder approval is not required to amend the provision of the EUPP relating to purchase price. Examples of the types of amendments that the trustees could make without Unitholder approval, include, but are not limited to: (i) amendments of a housekeeping nature; (ii) amendments to reflect changes to applicable securities law; and (iii) amendments to ensure that Units granted under the EUPP will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction to which a participant may from time to time be subject.

As at March 31, 2017, 284,607 Units have been issued and are outstanding under the EUPP, constituting 0.21% of CAPREIT's currently outstanding Units.

Units issuable under the EUPP are included in the 9,500,000 limit on the number of Units issuable under the RUR Plan, Unit Option Plan, EUPP and DUP.

Deferred Unit Plan

Please refer to "**Trustee Compensation – Deferred Unit Plan**" for a description of CAPREIT's DUP.

Terminated Plans

Long-Term Incentive Plan

CAPREIT established a long-term incentive plan (the "**LTIP**"), which was available to certain trustees, officers and employees of CAPREIT. The objective of the LTIP was to encourage increased long-term equity participation in CAPREIT by such individuals. On April 4, 2014, the LTIP was terminated by the trustees of CAPREIT, although awards previously granted under the LTIP remain outstanding. The terms of the LTIP continue in effect as long as any awards pursuant to the LTIP remain outstanding.

As per the terms of the LTIP, the purchase price of the Units is established on the basis of the weighted average trading price of the Units on the TSX for the five (5) trading days preceding the date of the issue. If LTIP Units are subject to vesting provisions, they will vest, together with any distributions accrued thereon, in accordance with and at such times as set forth in the vesting provisions applicable to such Units.

Participants are required to pay interest at a ten (10) year fixed rate based on CAPREIT's fixed borrowing rate for long-term mortgage financing (4.48% for awards granted in 2009 and 4.65% for awards granted for 2008), and are required to apply cash distributions received by them on these Units towards the payment of interest and remaining instalments. Participants may pre-pay any remaining instalments at their discretion.

The instalment receipts are non-recourse to the participants and are secured by the Units as well as the distributions on the Units. If a participant fails to pay interest and/or principal, CAPREIT may elect to re-acquire or sell the pledged Units in satisfaction of the outstanding amounts.

The LTIP provides that upon a change of control, as defined in the LTIP, a participant may elect that the unvested portion of any LTIP Units held by the Custodian, as defined in the LTIP, for the benefit of such participant shall vest immediately. Subject to the foregoing, in connection with a proposed change of control, the Board may (without the consent of participants) take such steps with respect to outstanding LTIP Units and instalment receipts (including, without limitation, accelerating any remaining instalment payments in respect of such LTIP Units) and make such amendments to the LTIP (subject to the limitations contained in amendment provisions) as the Board deems necessary or advisable in connection with the change of control.

In specified circumstances, including death, Disability (as defined in the LTIP) or termination for cause, the payment of all remaining instalments owing shall be accelerated so as to become due and payable, as more fully described in the LTIP. If the employment of a participant is terminated other than (a) for cause, (b) as a result of death or Disability or (c) by the voluntary resignation or retirement of the participant, the payment of all remaining instalments owing shall be accelerated so as to become due and payable on the earlier of (i) 180 calendar days following such termination and (ii) the date on which such payments would otherwise be payable.

The LTIP provides restrictions on a participant's ability to transfer instalment receipts or Units registered in the name of the Custodian. The LTIP can be amended by the Board, in accordance with applicable legislation and subject to any required regulatory approval, without Unitholder approval, except in certain limited circumstances: (i) amendments to increase the number of Units reserved for issuance or a change from a fixed maximum number of Units to a fixed maximum percentage; (ii) amendments to extend eligibility to participate in the LTIP; (iii) amendments to permit the transfer or assignment of rights and interests acquired under the LTIP other than in accordance with the provisions of the LTIP; (iv) amendments that modify the provision of the LTIP relating to the price of Units; and (v) amendments required to be approved by Unitholders under applicable law. Examples of the types of amendments that the trustees could make without Unitholder approval, include, but are not limited to: (a) amendments of a housekeeping nature; (b) amendments to reflect changes to applicable securities law; and (c) amendments to ensure LTIP Units granted under the LTIP will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction to which a participant may from time to time be subject.

On August 21, 2007, a total of 672,084 Units originally issued to CAPREIT's President and Chief Executive Officer and then Chief Financial Officer and Secretary under the LTIP, were transferred to the SELTIP.

As of March 31, 2017, a total of 610,683 Units have been issued and are outstanding under the LTIP (representing approximately 0.45% of the issued and outstanding Units at such date).

Upon adoption of the RUR Plan by Unitholders in 2010, the trustees' suspended the granting of awards under the LTIP. No LTIP awards have been made since 2009.

Senior Executive Long-Term Incentive Plan

CAPREIT established a senior executive long-term incentive plan (the "SELTIP") that was available to the President and Chief Executive Officer and Chief Financial Officer of CAPREIT and such other persons as the Compensation and Governance Committee (the predecessor to the Human Resources and Compensation Committee) of CAPREIT then constituted may from time to time direct. The SELTIP

was intended to facilitate long-term ownership of Units by such individuals, to provide them with additional incentives by increasing their interest, as owners, in CAPREIT, and encourage such individuals to remain with CAPREIT. On April 4, 2014, the SELTIP was terminated by the trustees of CAPREIT, although awards previously granted under the SELTIP remain outstanding. The terms of the SELTIP continue in effect as long as any awards pursuant to the SELTIP remain outstanding.

As per the terms of the SELTIP, the purchase price of the Units is established on the basis of the weighted average trading price of the Units on the TSX for the five (5) trading days preceding the date of the issue.

Participants are required to pay interest at a thirty (30) year fixed rate based on CAPREIT's fixed borrowing rate for long-term mortgage financing (4.96% for awards granted to date) and are required to apply cash distributions received by them on these Units toward the payment of interest and principal instalments until the tenth anniversary of issuance. Following the tenth anniversary, cash distributions shall be applied to pay interest only and any excess shall be distributed to the SELTIP participants. SELTIP participants may pre-pay any remaining instalments at their discretion. The instalment receipts are non-recourse to the participants and are secured by the Units as well as the distributions on the Units. If a participant fails to pay interest and/or principal, CAPREIT may elect to reacquire or sell the Units in satisfaction of the outstanding amounts.

The SELTIP provides that upon a change of control, as defined in the SELTIP, a participant may elect that the unvested portion of any SELTIP Units held by the Custodian, as defined in the SELTIP, for the benefit of such participant shall vest immediately. Subject to the foregoing, in connection with a proposed change of control, the Board may (without the consent of participants) take such steps with respect to outstanding SELTIP Units and instalment receipts (including, without limitation, accelerating any remaining instalment payments in respect of such SELTIP Units) and make such amendments to the SELTIP (subject to the limitations contained in amendment provisions) as the Board deems necessary or advisable in connection with the change of control.

In specified circumstances, including death, disability or termination for cause, the payment of all remaining instalments owing shall be accelerated so as to become due and payable, as more fully described in the SELTIP. If the employment of a participant is terminated other than (a) for cause, (b) as a result of death or Disability or (c) by the voluntary resignation or retirement of the participant, the payment of all remaining instalments owing shall be accelerated so as to become due and payable on the earlier of (i) 180 calendar days following such termination and (ii) the date on which such payments would otherwise be payable.

The SELTIP provides restrictions on a participant's ability to transfer instalment receipts or Units registered in the name of the Custodian. The SELTIP can be amended by the Board, in accordance with applicable legislation and subject to any required regulatory approval, without Unitholder approval, except in certain limited circumstances, which are substantially similar to those listed in the LTIP, as described above. Examples of the types of amendments that the trustees could make without Unitholder approval, include, but are not limited to: (i) amendments of a housekeeping nature; (ii) amendments to reflect changes to applicable securities law; and (iii) amendments to ensure SELTIP Units granted under the SELTIP will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction to which a participant may from time to time be subject.

As of March 31, 2017, a total of 554,715 Units have been issued and are outstanding under the SELTIP (representing approximately 0.41% of the issued and outstanding Units at such date).

Upon adoption of the RUR Plan in 2010, the trustees suspended the granting of awards under the SELTIP. No SELTIP awards have been made since 2009.

PENSION PLAN BENEFITS

CAPREIT has not established a defined benefit plan or a defined contribution plan.

TERMINATION AND CHANGE OF CONTROL BENEFITS

The following table provides a brief description of CAPREIT's termination provisions by compensation program as they relate to the NEOs.

Plan	Death, Retirement or Resignation	Termination With Cause	Termination Without Cause	Termination Without Cause Following a Change-In-Control
Base Salary	No longer eligible effective date of death, retirement or resignation.	No longer eligible effective date of termination.	Eligible for severance or lump sum severance payment (30 months).	Eligible for severance or lump sum severance payment (36 months).
Annual Incentive (Bonus)	Receive pro-rated payment based on proportion of financial year completed as of the date of death or retirement.	No longer eligible effective date of termination.	Eligible for severance or lump sum severance payment (30 months pro-rated on prior two (2) year average annual incentive award).	Eligible for severance or lump sum severance payment (36 months pro-rated on prior two (2) year average annual incentive award).
RUR Plan	In the event of death, vesting of RURs may be accelerated; in the event of retirement, <i>pro rata</i> vesting of RURs occurs subsequent to the first anniversary of the grant date; in the event of resignation, no vesting of unvested RURs occurs. The Board or the Human Resources and Compensation Committee, as applicable, retains discretion to accelerate vesting.	No vesting of unvested RURs occurs. The Board or the Human Resources and Compensation Committee, as applicable, retains discretion to accelerate vesting.	<i>Pro rata</i> vesting of RURs occurs subsequent to the first anniversary of the grant date. The Board or the Human Resources and Compensation Committee, as applicable, retains discretion to accelerate vesting.	Subject to the terms of any employment agreement, if termination occurs within two (2) years, vesting of RURs is accelerated. There is no automatic acceleration of vesting of unvested RURs under the RUR Plan simply arising because of the change of control. In the event of a change of control, if the acquirer does not provide a substituted plan or adopt the RUR Plan, vesting of unvested RURs is accelerated.
Unit Option Plan	Option(s) granted to such participant may be exercised only before the earlier of the termination of the option and one calendar year from the date of such event. No defined incremental benefit.			

Plan	Death, Retirement or Resignation	Termination With Cause	Termination Without Cause	Termination Without Cause Following a Change-In-Control
LTIP⁽¹⁾	Subject to the discretion of the Board, in the event of death, payment of remaining instalments shall be accelerated; subject to the discretion of the Board, in the event of voluntary resignation or retirement, payment of instalments shall be accelerated.	Subject to the discretion of the Board, payment of remaining instalments shall be accelerated.	Subject to the discretion of the Board, payment of remaining instalments shall be accelerated.	Subject to the Instalment Receipt Agreement or any employment agreement, a participant may elect that the unvested portion of any Units beneficially owned under the LTIP shall vest immediately, subject to the completion of the change of control.
SELTIP⁽¹⁾	Subject to the discretion of the Board, in the event of death, payment of remaining instalments shall be accelerated; subject to the discretion of the Board, in the event of voluntary resignation or retirement, payment of instalments shall remain due and payable on date on which they would otherwise be payable.	Subject to the discretion of the Board, payment of remaining instalments shall be accelerated.	Subject to the discretion of the Board, payment of remaining instalments shall be accelerated.	Subject to the Instalment Receipt Agreement or any employment agreement, a participant may elect that the unvested portion of any Units beneficially owned under the SELTIP shall vest immediately, subject to the completion of the change of control.
Benefits	No longer eligible effective date of death, retirement, or resignation.	No longer eligible effective date of termination.	Benefits continue through severance period or a lump sum payment in lieu thereof (30 months) and CAPREIT will continue to pay premiums.	Benefits continue through severance period or a lump sum payment in lieu thereof (36 months) and CAPREIT will continue to pay premiums.
Perquisites	No longer eligible effective date of death, retirement or resignation.	No longer eligible effective date of termination.	Perquisites continue through severance period (30 months) and CAPREIT will continue to pay car allowance.	Perquisites continue through severance period (36 months) and CAPREIT will continue to pay car allowance.

Note:

- (1) On April 4, 2014, the trustees terminated the LTIP and SELTIP. However, awards previously granted under these plans remain outstanding as at March 31, 2017.

The following table provides details pertaining to the estimated incremental payments from CAPREIT to each of the NEOs under each of the termination scenarios, assuming termination on December 31, 2016.

Name	Death or Retirement (\$)	Termination With Cause (\$)	Termination Without Cause (\$) ⁽¹⁾	Termination Without Cause Following a Change-In-Control (\$) ⁽¹⁾
THOMAS SCHWARTZ President and Chief Executive Officer	804,342	Nil	4,202,021	5,042,426
SCOTT CRYER Chief Financial Officer	306,000	Nil	1,647,720	1,977,264

Name	Death or Retirement (\$)	Termination With Cause (\$)	Termination Without Cause (\$) ⁽¹⁾	Termination Without Cause Following a Change-In-Control (\$) ⁽¹⁾
MARK KENNEY Chief Operating Officer	429,130	Nil	2,271,372	2,725,647

Note:

- (1) Includes benefits premiums and car allowance.

Each of the Executive Contracts provides defined termination provisions. Please refer to the section entitled “**Significant Terms of Executive Employment Agreements**” for the details of the NEO termination provisions.

Each of the Executive Contracts contains certain customary non-competition, non-solicitation and confidentiality provisions in favour of CAPREIT.

TRUSTEE COMPENSATION

Trustee Compensation Table for 2016

Name	Fees Earned (\$)	Unit-Based Awards ⁽¹⁾ (\$)	Option- Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
HAROLD BURKE	92,500	-	-	-	-	-	92,500
DAVID EHRLICH ⁽²⁾	-	150,000	-	-	-	-	150,000
PAUL HARRIS	-	150,000	-	-	-	-	150,000
EDWIN HAWKEN ⁽⁴⁾	-	150,000	-	-	-	-	150,000
THOMAS SCHWARTZ ⁽³⁾	-	-	-	-	-	-	-
DAVID SLOAN	-	150,000	-	-	-	-	150,000
MICHAEL STEIN	30,000	150,000	-	-	-	-	180,000
STANLEY SWARTZMAN	50,000	150,000	-	-	-	-	200,000
ELAINE TODRES	17,500	150,000	-	-	-	-	167,500
TOTAL	190,000	1,050,000	-	-	-	-	1,240,000

Notes:

- (1) Represents 4,926 Deferred Units issued each to Messrs. Harris, Hawken, Stein, Swartzman, Ehrlich, Sloan and Ms. Todres. The number of Deferred Units issued is determined by dividing the dollar amount by the market price (as defined in the DUP) of the Units on the grant date.
- (2) As of January 1, 2017, Mr. Ehrlich is employed by CAPREIT in connection with the services provided by CAPREIT and its Irish subsidiary, IRES Fund Management Limited, to IRES REIT. As a result of his employment with CAPREIT, as of January 1, 2017, Mr. Ehrlich is no longer eligible to participate in the DUP, but is eligible to participate in the RUR Plan. As of March 31, 2017, Mr. Ehrlich has been granted 18,016 RURs.

- (3) Mr. Schwartz is President and Chief Executive Officer of CAPREIT and a trustee. Mr. Schwartz does not receive compensation for his services as trustee and does not participate in the DUP.
- (4) Mr. Hawken has decided to retire as a trustee effective the date of the Meeting.

Narrative Discussion

The Human Resources and Compensation Committee reviews trustee compensation annually and recommends any modifications to trustee compensation to the Board for approval. The trustee compensation policy is to compensate trustees at the median of its peers.

During fiscal 2016, trustees received a flat annual retainer from CAPREIT per the schedule below. Certain trustees were also reimbursed for travel and miscellaneous expenses totaling, in the aggregate, \$22,251. Pursuant to the DUP, each non-executive trustee in 2016 was entitled to elect to receive up to one hundred percent (100%) of his Board compensation (equating to up to \$75,000), in the form of Deferred Units (as defined below), in lieu of cash, which such amount shall be matched by CAPREIT. As a result, if a non-executive trustee elected to receive one hundred percent (100%) of his Board compensation, such trustee's annual compensation for 2016 (including the impact of Deferred Units issued and matched by CAPREIT), would amount to \$150,000.

The following table provides a description of the 2016 trustee fee schedule.

Compensation Element	Compensation Value (\$)
Member Annual Retainer	\$75,000
Chair Annual Retainer (premium)	\$30,000
Lead Trustee (premium)	\$15,000
Audit Committee, Investment Committee, Human Resources and Compensation Committee, and Governance and Nominating Committee Chair (premium)	\$17,500

Currently, CAPREIT does not have a retirement policy for trustees.

Unit Ownership Requirements

On November 8, 2006, upon the recommendation of the Compensation and Governance Committee then constituted, the Board instituted a requirement that the trustees own or acquire, over a maximum period of three (3) years, such number of Units, including, following adoption of the DUP, Deferred Units, having a value equal to three (3) times their annual compensation.

The following table summarizes the number of Units and Deferred Units owned by each trustee as at March 31, 2017 and whether each trustee has met or exceeded the ownership guidelines established by the Board.

Name of Trustee	Number of Units Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽¹⁾ (#)	Number of Units allocated from DUP	Total Number of Units, including Deferred Units	Dollar Value of Units Beneficially Owned, or Controlled or Directed, Directly or Indirectly and Deferred Units ⁽²⁾ (\$)	Actual Multiple of Total Annual Compensation ⁽⁴⁾	Met or Exceeded Ownership Guidelines?
HAROLD BURKE	-	25,244	25,244	840,625	11.2 times annual retainer	Yes
DAVID EHRLICH ⁽⁶⁾	24,056	23,493	47,549	1,583,382	21.1 times annual retainer	Yes
PAUL HARRIS	55,000	55,889	110,889	3,692,604	49.2 times annual retainer	Yes
EDWIN HAWKEN ⁽⁵⁾	51,892	44,706	96,598	3,216,713	42.9 times annual retainer	Yes
THOMAS SCHWARTZ ⁽³⁾	2,995,359	-	2,995,359	99,745,455	124.0 times base salary	Yes
DAVID SLOAN	4,800	13,009	17,809	593,040	7.9 times annual retainer	Yes
MICHAEL STEIN	554,905	58,937	613,842	20,440,939	272.5 times annual retainer	Yes
STANLEY SWARTZMAN	107,550	51,182	158,732	5,285,776	70.5 times annual retainer	Yes
ELAINE TODRES	3,000	22,978	25,978	865,067	11.5 times annual retainer	Yes

Notes:

- (1) Individual trustees have furnished information as to Units beneficially owned, or controlled or directed, directly or indirectly by them. Units include LTIP Units and, in the case of Mr. Schwartz, SELTIP Units.
- (2) Dollar amounts represent the estimated market value of Units beneficially owned by each trustee, as determined by multiplying the number of Units beneficially owned by such trustee as of March 31, 2017 by the closing price of the Units on the TSX on such date.
- (3) Mr. Schwartz is President and Chief Executive Officer of CAPREIT and a trustee. Mr. Schwartz does not receive compensation for his services as trustee and does not participate in the DUP. In this chart, Units include RURs however exclude unexercised options. For more information on Mr. Schwartz, see "Incentive Plan Awards".
- (4) Trustees are required to own or acquire such number of Units or Deferred Units (or RURs in the case of Mr. Schwartz) having a value equal to 3 times their annual compensation.
- (5) Mr. Hawken has decided to retire as a trustee effective the date of the Meeting.
- (6) As of January 1, 2017, Mr. Ehrlich is employed by CAPREIT in connection with the services provided by CAPREIT and its Irish subsidiary, IRES Fund Management Limited, to IRES REIT. As a result of his employment with CAPREIT, as of January 1, 2017, Mr.

Ehrlich is no longer eligible to participate in the DUP, but is eligible to participate in the RUR Plan. As of March 31, 2017, Mr. Ehrlich has been granted 18,016 RURs.

Deferred Unit Plan

In 2008, CAPREIT established the deferred unit plan (the “**DUP**”). The purpose of the DUP is to promote a greater alignment of interests between the non-executive trustees of CAPREIT and the Unitholders of CAPREIT.

Each Eligible Person (a person who is, on the applicable Election Date (as defined in the plan), a non-executive trustee) may, subject to the conditions of the DUP, elect (in accordance with Section 5.02 of the DUP) to be a participant in the DUP. A participant may elect to be paid twenty-five percent (25%), fifty percent (50%), seventy-five percent (75%) or one hundred percent (100%) (the “**Elected Percentage**”) of his Board compensation (such product being herein referred to as the “**Elected Amount**”), subject to an annual maximum Elected Percentage established by the Human Resources and Compensation Committee and approved by the Board, in the form of deferred Units (“**Deferred Units**”), in lieu of cash, provided that CAPREIT shall match the Elected Amount for each participant annually in the form of Deferred Units having a value on each Award Date (as defined in the plan) equal to the Market Value (as defined in the plan) on such dates. The maximum Elected Percentage for 2016 was one hundred percent (100%) of the participant’s Board compensation in respect of 2016. Under the DUP, one (1) Deferred Unit shall be equivalent in value to one (1) Unit of CAPREIT. Fractional Deferred Units are permitted, but shall be rounded down to the nearest whole number of Units at the time of settlement.

Participants may not change their Elected Amount or terminate their DUP participation during the calendar year. Under no circumstances shall Deferred Units be considered Units or entitle a participant to any Unitholder rights, including, without limitation, voting rights, distribution entitlements or rights on liquidation. Each participant may elect to withdraw up to twenty percent (20%) of the Deferred Units credited to his Deferred Unit account and redeem them for Units at any one time or from time to time in any five-year period (a “**Redemption Period**”). The Redemption Period commences on the date the Deferred Units are first credited to a participant’s Deferred Unit account and expires on the fifth anniversary thereof; with each subsequent Redemption Period occurring in five-year increments thereafter. In the event that a participant does not elect to withdraw up to a total of twenty percent (20%) of the Deferred Units credited to his Deferred Unit account and redeem them for Units during a Redemption Period, the remaining balance of up to twenty percent (20%) of the Deferred Units credited to his Deferred Unit account at the end of such Redemption Period shall be carried forward to the next Redemption Period. Upon issuance of such Units, the redeemed Deferred Units will be cancelled.

For the year ended December 31, 2016, the number of Deferred Units (including fractional Deferred Units) to be credited to a participant as of any particular Award Date (as defined in the plan) pursuant to the DUP are to be calculated by dividing: (i) the amount calculated by doubling the dollar amount of the participant’s Elected Amount and dividing that product by four; by (ii) the Market Value (as defined in the plan) of a Unit on the Award Date (as defined in the plan).

Whenever cash distributions are paid on the Units, additional Deferred Units are credited to the participant’s Deferred Unit account. The number of such additional Deferred Units are calculated by dividing: (i) the amount determined by multiplying: (a) the number of Deferred Units in such participant’s Deferred Unit account on the record date for the payment of such distribution by (b) the

distribution paid per Unit; by (ii) the Market Value (as defined in the plan) of a Unit on the distribution payment date for such distribution, in each case, with fractions computed to two (2) decimal places.

In no event may the rights or interests of a participant under the DUP be assigned, encumbered, pledged, transferred or alienated in any way, except to the extent that certain rights may pass to a beneficiary or legal representative upon death of a participant, by will or by the laws of succession and distribution.

The DUP may be amended by the Board, subject to applicable law, without Unitholder approval, except in certain limited circumstances, which are substantially similar to those listed in the LTIP, as described above; except that Unitholder approval is not required to amend the provisions of the DUP relating to the value of Deferred Units. Such amendments to the DUP that the trustees may make without Unitholder approval, include, but are not limited to: (i) minor changes of a house-keeping nature; (ii) amendment which, in the opinion of the trustees, are necessary or desirable to remove conflicts or inconsistencies in the DUP; (iii) amendments as the trustees in their discretion deem necessary or desirable as a result of changes in the taxation laws from time to time; and (iv) a change to or the addition of any vesting provisions of Deferred Units issued pursuant to the DUP. In 2016, the trustees made certain amendments to the DUP to change the vesting provisions of the Deferred Units issued pursuant to the DUP to: (a) permit a participant to elect to withdraw up to twenty percent (20%) of the Deferred Units credited to his Deferred Unit account at any one time or from time to time in any five-year period and (b) permit a participant to carry forward the remaining balance of up to twenty percent (20%) of the Deferred Units credited to his Deferred Unit account not redeemed at the end the five-year period to the next five-year period.

As of March 31, 2017, a total of 78,165 Units have been settled under the DUP (representing approximately 0.06% of the issued and outstanding Units at such date) and a further 295,438 Units are issuable under the DUP (representing approximately 0.22% of the issued and outstanding Units at such date).

The following table summarizes the number of Deferred Units allocated to each trustee under the DUP as at March 31, 2017 and the associated dollar value. Such Deferred Units are included in the 9,500,000 limit on Units which may be issued under the RUR Plan, Unit Option Plan, EUPP and DUP; provided, however, that: (i) at no time shall the number of Units reserved for issuance to insiders of CAPREIT pursuant to outstanding Deferred Units, together with the number of Units reserved for issuance to such persons pursuant to the other equity incentive plans, exceed ten percent (10%) of the then outstanding Units, as calculated immediately prior to the issuance in question; (ii) the number of Units issued to insiders of CAPREIT pursuant to outstanding Deferred Units together with the number of Units issued to such persons pursuant to the other equity incentive plans, within any one (1) year period, shall not exceed ten percent (10%) of the then outstanding Units; and (iii) no Eligible Person shall at any time be issued Deferred Units under the DUP which would result in the non-executive trustees collectively holding an aggregate number of Units issued or issuable pursuant to the equity incentive plans or pursuant to the exercise of options granted pursuant to CAPREIT's Unit Option Plan in excess of one-half percent (0.5%) of the aggregate number of Units, on a non-diluted basis, outstanding from time to time.

Deferred Unit Plan Summary

Name of Trustee	Number of Deferred Units Allocated from Deferred Compensation (#) ⁽¹⁾	Number of Deferred Units Allocated from Distributions (#) ⁽¹⁾	Dollar Value of Deferred Units (\$) ⁽²⁾
HAROLD BURKE	19,839	5,405	840,625
DAVID EHRLICH ⁽⁵⁾	21,386	2,107	782,317
PAUL HARRIS	45,292	10,597	1,861,104
EDWIN HAWKEN ⁽⁴⁾	36,804	7,902	1,488,710
THOMAS SCHWARTZ ⁽³⁾	-	-	-
DAVID SLOAN	12,408	601	433,200
MICHAEL STEIN	47,337	11,600	1,962,602
STANLEY SWARTZMAN	39,837	11,345	1,704,361
ELAINE TODRES	21,141	1,837	765,167
TOTAL	244,044	51,394	9,838,086

Notes:

- (1) Amounts are rounded to nearest whole Deferred Unit.
- (2) Dollar amounts represent the estimated market value of Deferred Units beneficially owned by each trustee, as determined by multiplying the number of Deferred Units beneficially owned by such trustee as of March 31, 2017 by the closing price of the Units on the TSX on such date.
- (3) Mr. Schwartz is President and Chief Executive Officer of CAPREIT and a trustee. Mr. Schwartz does not receive compensation for his services as trustee and does not participate in the DUP.
- (4) Mr. Hawken has decided to retire as a trustee effective the date of the Meeting.
- (5) As of January 1, 2017, Mr. Ehrlich is employed by CAPREIT in connection with the services provided by CAPREIT and its Irish subsidiary, IRES Fund Management Limited, to IRES REIT. As a result of his employment with CAPREIT, as of January 1, 2017, Mr. Ehrlich is no longer eligible to participate in the DUP, but is eligible to participate in the RUR Plan. As of March 31, 2017, Mr. Ehrlich has been granted 18,016 RURs.

Outstanding Unit-based Awards and Option-based Awards

The following table sets forth unexercised options, LTIP Units and Deferred Units issued in previous years to trustees as of December 31, 2016.

Name	Option-Based Awards				Unit-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option-Expiration Date	Value of Unexercised In-The-Money Options ⁽¹⁾ (\$)	Number of Units That Have Not Vested (#)	Market or Payout Value of Unit-Based Awards That Have Not Vested (\$)	Market or Payout Value of Vested Unit-Based Awards Not Paid Out or Distributed ⁽¹⁾⁽²⁾ (\$)
HAROLD BURKE	-	-	-	-	-	-	784,187
DAVID EHRLICH	-	-	-	-	-	-	729,792

Name	Option-Based Awards				Unit-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option-Expiration Date	Value of Unexercised In-The-Money Options ⁽¹⁾ (\$)	Number of Units That Have Not Vested (#)	Market or Payout Value of Unit-Based Awards That Have Not Vested (\$)	Market or Payout Value of Vested Unit-Based Awards Not Paid Out or Distributed ⁽¹⁾⁽²⁾ (\$)
PAUL HARRIS	-	-	-	-	-	-	2,014,926
EDWIN HAWKEN ⁽⁴⁾	-	-	-	-	-	-	1,667,504
THOMAS SCHWARTZ ⁽³⁾	-	-	-	-	-	-	-
DAVID SLOAN	-	-	-	-	-	-	369,162
MICHAEL STEIN	-	-	-	-	-	-	2,109,601
STANLEY SWARTZMAN	-	-	-	-	-	-	1,868,680
ELAINE TODRES	-	-	-	-	-	-	678,878

Notes:

- (1) Value based on closing price of the Units on the TSX on December 31, 2016.
- (2) Represents Deferred Units and LTIP Units. The outstanding loan balance on the LTIP Unit awards at December 31, 2016 is \$138,888 for each of Messrs. Harris, Hawken, Stein and Swartzman.
- (3) Mr. Schwartz is President and Chief Executive Officer of CAPREIT and a trustee. Mr. Schwartz does not receive compensation for his services as trustee. For information on Mr. Schwartz, see **“Incentive Plan Awards”**.
- (4) Mr. Hawken has decided to retire as a trustee effective the date of the Meeting.

Incentive Plan Awards – Value Vested or Earned During the Year

No LTIP Units held by trustees vested during the 2016 financial year. For information on LTIP Units held by Mr. Schwartz, please see **“Incentive Plan Awards”** above.

Narrative Discussion

The above-mentioned units were issued pursuant to CAPREIT’s DUP (see **“Deferred Unit Plan”**) and LTIP (see **“Incentive Plan Awards – Long-Term Incentive Plan”**).

EQUITY COMPENSATION PLAN INFORMATION

The following table sets out as at December 31, 2016 the number of Units to be issued upon exercise of outstanding options and rights, the weighted average exercise price of outstanding options and rights and the number of Units remaining available for future issuance under CAPREIT’s Unit Option Plan.

Plan Category	Number of Units to be issued upon exercise of outstanding options and rights (#)	Weighted-average exercise price of outstanding options and rights (\$)	Number of Units remaining available for future issuance under Unit Option Plan (excluding securities reflected in first column) ⁽¹⁾ (#)
Unit Option Plan	1,488,212	25.33	N/A
Equity Compensation Plans not approved by Unitholders	Nil	Nil	Nil
TOTAL	1,488,212	25.33	1,160,276

Note:

- (1) The maximum number of Units remaining available for future issuance under the Unit Option Plan, RUR Plan and EUPP (all as more fully described under “**Equity Based Incentive Plans**”) and the DUP (as more fully described under “**Deferred Unit Plan**”), as at March 31, 2017, was 1,160,276 Units (which represents approximately 0.85% of the issued and outstanding Units at such date).

INDEBTEDNESS OF TRUSTEES AND EXECUTIVE OFFICERS

Since the creation of CAPREIT, there has been no indebtedness incurred to CAPREIT by any of its trustees or executive officers, other than pursuant to the LTIP and SELTIP.

Aggregate Indebtedness

The following table sets forth information related to the aggregate indebtedness outstanding as at March 31, 2017 entered into in connection with purchases of Units and all other indebtedness of all executive officers, trustees, employees and former executive officers, trustees and employees of CAPREIT and its subsidiaries.

AGGREGATE INDEBTEDNESS		
Purpose	To CAPREIT or its subsidiaries	To Another Entity
LTIP and SELTIP Purchases	\$12,923,922	—
Other	—	—

Indebtedness of Trustees and Executive Officers under the LTIP and SELTIP in the Most Recently Completed Financial Year

Indebtedness under the LTIP

The following table sets forth information related to indebtedness of all executive officers and trustees under the LTIP with respect to the 2016 financial year. No LTIP Units were issued in 2016.

Name and Principal Position	Involvement of CAPREIT or its Subsidiaries	Largest Amount Outstanding During 2016 (\$)	Amount Outstanding as at March 31, 2017 (\$)	Financially Assisted Securities Purchased During 2016 (#)	Security for Indebtedness	Amount Forgiven During 2016 (\$)
Securities Purchase Programs						
THOMAS SCHWARTZ⁽¹⁾ President and Chief Executive Officer	Lender	5,861,080 ⁽²⁾	5,303,287 ⁽²⁾	NIL	Non-recourse security are the Units and the distributions	NIL
MARK KENNEY Chief Operating Officer	Lender	-	-	NIL	Non-recourse security are the Units and the distributions	NIL
SUB-TOTAL:		5,861,080	5,303,287	NIL		NIL
PAUL HARRIS⁽¹⁾ Corporate Director	Lender	138,888 ⁽³⁾	131,682 ⁽⁴⁾	NIL	Non-recourse security are the Units and the distributions	NIL
EDWIN HAWKEN⁽⁵⁾ Corporate Director	Lender	138,888 ⁽³⁾	131,682 ⁽⁴⁾	NIL	Non-recourse security are the Units and the distributions	NIL
MICHAEL STEIN⁽¹⁾ Chair of CAPREIT and President and Chief Executive Officer of MPI Group Inc.	Lender	138,888 ⁽³⁾	131,682 ⁽⁴⁾	NIL	Non-recourse security are the Units and the distributions	NIL
STANLEY SWARTZMAN⁽¹⁾ Corporate Director	Lender	138,888 ⁽³⁾	131,682 ⁽⁴⁾	NIL	Non-recourse security are the Units and the distributions	NIL
Securities Purchase Programs						
SUB-TOTAL		555,552	526,728	NIL		NIL
TOTAL		6,416,632	5,830,015	NIL		NIL

Notes:

- (1) Proposed nominee for election as a trustee.
- (2) Instalment receipts issued for 10-year terms on August 21, 2007 at 4.88%, February 29, 2008 at 4.65%, March 10, 2009 at 4.48% and November 19, 2009 at 4.48%.
- (3) Instalment receipts issued for 10-year terms on March 14, 2005 at 4.979%, March 20, 2006 at 4.67%, March 2, 2007 at 4.56%, February 29, 2008 at 4.65% and March 10, 2009 at 4.48%.
- (4) Instalment receipts issued for 10-year terms on August 21, 2007 at 4.88%.
- (5) Mr. Hawken has decided to retire as a trustee effective the date of the Meeting.

Indebtedness under the SELTIP

The following table sets forth information related to indebtedness of all executive officers and trustees under the SELTIP with respect to the 2016 financial year. No SELTIP Units were issued in 2016.

Name and Principal Position	Involvement of CAPREIT or its Subsidiaries	Largest Amount Outstanding During 2016 (\$)	Amount Outstanding as at March 31, 2017 (\$)	Financially Assisted Securities Purchased During 2016 (#)	Security for Indebtedness	Amount Forgiven During 2016 (\$)
Securities Purchase Programs						
THOMAS SCHWARTZ⁽¹⁾ President and Chief Executive Officer	Lender	7,498,976 ⁽²⁾	7,093,906 ⁽²⁾	NIL	Non-recourse security are the Units and the distributions	NIL
TOTAL		7,498,976	7,093,906	NIL		NIL

Notes:

- (1) Proposed nominee for election as a trustee.
- (2) Instalment receipts issued on November 18, 2004, March 14, 2005, March 20, 2006 and March 2, 2007 (converted from LTIP) and August 21, 2007 at 4.96% for 30-year terms.

STATEMENT OF GOVERNANCE PRACTICES

General

The Board strongly believes that sound corporate governance is essential to produce maximum benefits to those individuals and institutions that have invested in Units. Effective June 30, 2005, the CSA adopted National Policy 58-201 – Corporate Governance Guidelines (the “**Policy**”) and NI 58-101 (together with the Policy, the “**CSA Governance Rules**”). The CSA Governance Rules have replaced the fourteen (14) corporate governance guidelines of the TSX and require that CAPREIT set out the mandated disclosure required under NI 58-101, with reference to the “**best practices**” set out in the Policy. In accordance with the CSA Governance Rules, the following is a summary of the governance practices of CAPREIT.

To comply with these various standards and achieve best practices, CAPREIT has adopted comprehensive corporate governance policies and procedures. CAPREIT’s key policies and documents include the following:

- Code of Business Ethics and Conduct
- Whistle-blower Policy
- Audit Committee Charter
- Governance and Nominating Committee Charter
- Human Resources and Compensation Committee Charter
- Investment Committee Charter
- Disclosure Policy
- Insider Trading Policy
- Position descriptions for the Chair, Lead Trustee and Chair of each Board committee
- Diversity Policy
- Majority Voting Policy

The trustees of CAPREIT believe that CAPREIT’s governance practices are substantially in compliance with the CSA Governance Rules.

Board of Trustees

Composition

The number of trustees is currently fixed at nine (9). As of March 31, 2017, the trustees were: Harold Burke, David Ehrlich, Paul Harris, Edwin Hawken, Thomas Schwartz, David Sloan, Michael Stein, Stanley Swartzman and Elaine Todres. Mr. Hawken has decided to retire as a trustee effective as of the date of the Meeting. The Board has nominated, Gina Cody, to be elected as a new trustee at the Meeting.

The skills matrix below summarizes the expertise possessed by each individual who is proposed for election as a trustee at the Meeting. The areas of expertise outlined in the skills matrix below are

considered in assessing candidates during the nomination process. Such areas of expertise are referred to in identifying any skills gaps. The emphasis placed on any particular area of expertise may change as part of the ongoing assessment of the composition of the Board.

Area of Expertise	Burke	Cody	Ehrlich	Harris	Schwartz	Sloan	Stein	Swartzman	Todres
Enterprise Leadership		X	X	X	X	X	X	X	X
Management Experience	X	X	X	X	X	X	X	X	X
Board Experience	X	X	X	X	X	X	X	X	X
Legal/Tax	X		X	X					
Real Estate	X	X	X	X	X		X	X	
Human Resources		X		X	X	X	X	X	X
Corporate Governance	X	X	X	X	X	X	X	X	X
Financial Acumen	X	X	X	X	X	X	X	X	X
Government Relations		X		X	X			X	X
Capital Markets	X		X	X	X	X	X	X	
International Business Experience	X		X	X	X	X	X	X	
Risk Management	X		X		X	X	X	X	X

Independent and Non-Independent Trustees

Pursuant to NI 52-110, an independent trustee is one who has no direct or indirect material relationship with CAPREIT which could, in the view of the Board, reasonably interfere with a trustee's independent judgment. The trustees have determined that seven (7) of the trustees, constituting a majority of the Board, will be independent under the CSA Governance Rules. Thomas Schwartz and David Ehrlich are considered not to be independent.

The trustees, at the recommendation of the Governance and Nominating Committee, appointed Stanley Swartzman as lead trustee (the **"Lead Trustee"**). The Lead Trustee is responsible for acting as the effective leader of the Board in circumstances where it is inappropriate for the Chair to act in that role and for ensuring that the Board's agenda will enable it to successfully carry out its duties.

Interlocking Directorships, Director Overboarding and Other Board Memberships

The Board is conscious of governance principles and best practices relating to interlocking directorships (ie. where at least two trustees of CAPREIT sit together on at least one other public company board of directors) and director overboarding. While the Board has not adopted a formal policy restricting interlocking directorships or limiting the number of boards of other public companies of which its trustees may be members, it does believe disclosure of other board memberships is important. Given that many of the trustees have a variety of business interests, trustees are required to disclose to the Board or any applicable committee thereof, any real or perceived conflict in relation to any matter or proposed matter to be considered and in such circumstances it is the policy of the trustees of CAPREIT that such trustees excuse themselves from all deliberations on such matters.

In its capacity as investment manager to IRES REIT, IRES Fund Management Limited (a wholly-owned subsidiary of CAPREIT) has appointed Mr. Schwartz as its nominee to be a director of IRES REIT. He is also a trustee and President and Chief Executive Officer of CAPREIT.

David Ehrlich is the Chief Executive Officer and a director of IRES REIT. He is also a trustee of CAPREIT, and is employed by CAPREIT in connection with the services provided by CAPREIT and IRES Fund Management Limited to IRES REIT.

As of March 31, 2017, other than the interlocks with respect to IRES REIT, the only common public board memberships involve Thomas Schwartz and David Ehrlich, who are both on the board of European Commercial Real Estate Limited and Thomas Schwartz serves on its Audit Committee.

The following table sets out the names of each other reporting issuer, and the exchange upon which the securities of that reporting issuer are listed, for which each of the current trustees (and nominees for trustee) of CAPREIT who serves as a trustee or director as at March 31, 2017:

Name of Trustees	Name of Reporting Issuer of which Trustee is a director or trustee and position	Exchange
DAVID EHRLICH	• IRES REIT, Director • European Commercial Real Estate Limited, Director	• ISE • TSXV
THOMAS SCHWARTZ	• European Commercial Real Estate Limited, Director • IRES REIT, Director	• TSXV • ISE
MICHAEL STEIN	• McEwen Mining Inc., Director • Cliffside Capital Ltd., Director • FirstService Corporation, Director	• TSX and New York Stock Exchange • TSX Venture Exchange • TSX and NASDAQ

As of March 31, 2017, the Governance and Nominating Committee has determined that (i) no interlocking board or committee membership existed that could be expected to impact the ability of interlocking trustees to act independently from each other, and (ii) the outside public company directorships held by CAPREIT's trustees do not adversely impact the ability of such trustees to devote sufficient time, effort and energy to CAPREIT in order to be effective representatives of Unitholders' interests.

Meetings of Trustees

The following table shows meeting attendance records for all current trustees in 2016.

Name of Trustee	Board	Audit Committee	Governance and Nominating Committee	Human Resources and Compensation Committee	Investment Committee
HAROLD BURKE	7/7	6/6	N/A	N/A	N/A
DAVID EHRLICH ⁽¹⁾	7/7	N/A	N/A	N/A	3/4
PAUL HARRIS	7/7	6/6	5/5	4/4	N/A
EDWIN HAWKEN ⁽³⁾	7/7	6/6	N/A	N/A	11/12
THOMAS SCHWARTZ	7/7	N/A	N/A	N/A	N/A
DAVID SLOAN ⁽²⁾	7/7	6/6	N/A	N/A	8/8
MICHAEL STEIN	7/7	N/A	N/A	N/A	N/A
STANLEY SWARTZMAN	7/7	N/A	5/5	4/4	11/12
ELAINE TODRES	6/7	N/A	4/5	4/4	N/A

Notes:

- (1) On March 31, 2016, Mr. Ehrlich resigned as a member of each of the Investment Committee, the Governance and Nominating Committee and the Human Resources and Compensation Committee.
- (2) On March 31, 2016, Mr. Sloan was appointed as a member of the Investment Committee.
- (3) Mr. Hawken has decided to retire as a trustee effective the date of the Meeting.

Meetings of Independent Trustees

The independent trustees hold regularly-scheduled meetings without the attendance of non-independent trustees and management at the end of each meeting of the Board and at each meeting of the Audit Committee, Human Resources and Compensation Committee and Governance and Nominating Committee. The Chair of the Audit Committee, Human Resources and Compensation Committee and Governance and Nominating Committee conducts such committees' respective in camera sessions. For the Board, the Chair conducts the in camera sessions without the presence of management or non-independent trustees.

During 2016, the Audit Committee, Human Resources and Compensation Committee and Governance and Nominating Committee met as follows:

Meeting	Meetings Held	Meetings Held Without Management
Audit Committee	6	6
Human Resources and Compensation Committee	4	4
Governance and Nominating Committee	5	4

Declaration of Trust

Pursuant to the Declaration of Trust, the Board has assumed responsibility for the stewardship of CAPREIT and has been granted the necessary powers to carry out its responsibilities. The trustees' responsibilities include:

- (i) the development and adoption of CAPREIT's strategic planning process;
- (ii) the identification of the principal risks associated with the business of CAPREIT and the implementation of appropriate systems to manage these risks;

- (iii) the appointment and evaluation of senior management;
- (iv) overseeing the communications policy of CAPREIT;
- (v) ensuring the integrity of CAPREIT's internal controls and management information systems;
- (vi) the creation of position descriptions for the Board and for the President and Chief Executive Officer;
- (vii) the implementation of structures and procedures which ensure the Board can function independently of management;
- (viii) implementing a process for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual trustees;
- (ix) reviewing the adequacy and form of compensation of trustees and ensuring it realistically reflects the responsibilities and risks involved in being a trustee; and
- (x) assessing its responsibilities and performance under its mandate.

The Board approves strategic plans of CAPREIT (taking into account the risks and opportunities of CAPREIT's business) and makes major policy decisions. It devotes time at several meetings each year to review major strategic initiatives to ensure that the proposed actions are in accordance with Unitholder objectives. Prior to the beginning of each fiscal year, management presents its financial plan and its objectives for the upcoming year in the context of the approved strategic plan. On a quarterly basis, management reports to the Board on progress against CAPREIT's current year's goals and analyzes financial results against the financial plan.

Committees of Trustees

To assist the trustees in fulfilling their governance responsibilities, the trustees have formed four (4) committees, each of which is composed of at least a majority of independent, unrelated trustees: the Audit Committee, Human Resources and Compensation Committee, the Governance and Nominating Committee and the investment committee (the "**Investment Committee**").

Audit Committee

The Declaration of Trust requires the creation of an Audit Committee, consisting of at least three (3) trustees, to review the consolidated financial statements of CAPREIT. The terms of reference for the Audit Committee require that all members be unrelated and financially literate (as defined in NI 52-110). All members of the Audit Committee are independent and financially literate, as those terms are defined in NI 52-110. As of March 31, 2017, the Audit Committee of CAPREIT consists of the following four (4) trustees: Harold Burke, Paul Harris, Edwin Hawken and David Sloan. Harold Burke serves as Chair of the Audit Committee. Mr. Hawken has decided to retire as a trustee effective as of the date of the Meeting.

For further information regarding the Audit Committee, please see Sections 14.2, 14.7 and Appendix “A” of CAPREIT’s Annual Information Form dated March 24, 2017, which can be accessed on SEDAR under CAPREIT’s profile at www.sedar.com.

The Audit Committee is responsible for monitoring CAPREIT’s external auditor and ensuring that the external auditor is and remains independent of management.

The Audit Committee Charter is reviewed annually and its mandate and procedures are either confirmed by the Board or amended as a result of the information received by the Board in the annual evaluation of the Board and each committee’s performance. See “**Assessments**”.

During the year ended December 31, 2016, the Audit Committee met six (6) times.

Human Resources and Compensation Committee

The Declaration of Trust requires the creation of a Human Resources and Compensation Committee, consisting of at least three (3) trustees, to review the matters relating to human resources, including the compensation of trustees and officers of the CAPREIT. All of the members of the Human Resources and Compensation Committee must at all times be independent (as that term is defined in NI 58-101), and free from any relationship that, in the opinion of the Board of CAPREIT, would interfere with the exercise of his independent judgment as a member of the Human Resources and Compensation Committee and each of whom should be familiar with corporate governance practices.

The Human Resources and Compensation Committee has the primary functions of assisting the Board in fulfilling its human resources and compensation oversight responsibilities. The committee has specific responsibilities relating to: structuring and reviewing compensation plans; the administration of CAPREIT’s compensation plans; and reviewing CAPREIT’s human resources strategic framework and disclosure relating to compensation. For a more detailed discussion of the Human Resources and Compensation Committee’s role in executive compensation, see the “**Compensation Discussion & Analysis – Human Resources and Compensation Committee**” discussion above.

As of March 31, 2017, the Human Resources and Compensation Committee of CAPREIT consists of the following three (3) trustees: Stanley Swartzman, Paul Harris and Elaine Todres. Elaine Todres serves as Chair of the Human Resources and Compensation Committee. The Human Resources and Compensation Committee is composed entirely of independent trustees.

The Human Resources and Compensation Committee Charter is reviewed annually and its mandate and procedures are either confirmed by the Board or amended as a result of the information received by the Board in the annual evaluation of the Board and each committee’s performance. See “**Assessments**”.

During the year ended December 31, 2016, the Human Resources and Compensation Committee met four (4) times.

Governance and Nominating Committee

The Declaration of Trust requires the creation of a Governance and Nominating Committee, consisting of at least three (3) trustees, to review the governance of CAPREIT. All of the members of the Governance and Nominating Committee must at all times be independent (as that term is defined in NI

58-101), and free from any relationship that, in the opinion of the Board of CAPREIT, would interfere with the exercise of his independent judgment as a member of the Governance and Nominating Committee and each of whom should be familiar with corporate governance practices.

The Governance and Nominating Committee has the primary functions of assisting the Board in fulfilling its corporate governance oversight responsibilities. The committee has specific responsibilities relating to: reviewing CAPREIT's governance framework assessing the composition and performance of the Board, its committees and individual trustees; and proposing new nominees for appointment to the Board, orienting new trustees and providing continuing education for existing trustees. For a more detailed discussion of the Governance and Nominating Committee's role in executive compensation, see the "**Compensation Discussion & Analysis - Governance and Nominating Committee**" discussion above.

As of March 31, 2017, the Governance and Nominating Committee of CAPREIT consists of the following three (3) trustees: Stanley Swartzman, Paul Harris and Elaine Todres. Stanley Swartzman serves as Chair of the Governance and Nominating Committee. The Governance and Nominating Committee is composed entirely of independent trustees.

The Governance and Nominating Committee Charter is reviewed annually and its mandate and procedures are either confirmed by the Board or amended as a result of the information received by the Board in the annual evaluation of the Board and each committee's performance. See "**Assessments**".

During the year ended December 31, 2016, the Governance and Nominating Committee, met five (5) times.

Investment Committee

The Declaration of Trust provides that the trustees shall appoint from among their number an Investment Committee consisting of at least three (3) trustees. A majority of the members of the Investment Committee must have had at least five (5) years of substantial experience in the real estate industry. In addition, a majority of the members of the Investment Committee must be independent trustees.

The duties of the Investment Committee are to review investment and disposition proposals of CAPREIT, subject to such authority as the trustees may delegate to the officers of CAPREIT, and to perform such other duties as the trustees may delegate to the Investment Committee pursuant to Article 8 of the Declaration of Trust.

As of March 31, 2017, the Investment Committee of CAPREIT consists of the following three (3) trustees: Edwin Hawken, Stanley Swartzman and David Sloan. Stanley Swartzman serves as Chair of the Investment Committee. Mr. Hawken has decided to retire as a trustee effective as of the date of the Meeting.

The Investment Committee Charter is reviewed annually and its mandate and procedures are either confirmed by the Board or amended as a result of the information received by the Board in the annual evaluation of the Board and each committee's performance. See "**Assessments**".

The Investment Committee met twelve (12) times during the year ended December 31, 2016.

Position Descriptions

Trustees

As part of its responsibility for identifying and recommending candidates to the Board for election and re-election as trustees, the Governance and Nominating Committee has developed certain criteria to facilitate its review of the qualifications of candidates and existing direction. These outline the desired complement of trustees' skills and characteristics based on CAPREIT's current and anticipated needs under the broad categories of enterprise leadership, management experience, board experience, legal/tax, real estate, human resources, corporate governance, financial acumen, government relations, capital markets, international business experience and risk management. The Board reviews and, if required, updates these criteria annually to reflect its assessment of the current needs of the Board and the strategic priorities of CAPREIT. Part of this review entails a self-assessment by each existing trustee of his skills and qualifications. The Board then identifies any gaps, which assist the Governance and Nominating Committee in its search for new candidates. In considering the nomination of a trustee for re-election to the Board, the Governance and Nominating Committee looks at a number of factors including Board attendance, contribution and feedback from other trustees and, reviews and recommendations arising out of trustee effectiveness assessments and peer-review evaluations.

The President and Chief Executive Officer

The Board has developed a written position description for the President and Chief Executive Officer of CAPREIT. The President and Chief Executive Officer, who is accountable to the Board for the effective overall management of CAPREIT, and for conformity with policies agreed upon by the Board, has full responsibility for the day-to-day operations of CAPREIT's business in accordance with its strategic plan and its operating and capital budgets as approved by the Board.

The mandate of the President and Chief Executive Officer sets out the President and Chief Executive Officer's key responsibilities. The primary accountabilities of the President and Chief Executive Officer are:

- fostering a corporate culture that promotes ethical practices and encourages individual integrity;
- maintaining a positive and ethical work climate that is conducive to attracting, retaining and motivating top-quality employees at all levels;
- developing a long-term strategy and vision for CAPREIT that enhances Unitholder value;
- developing an annual operating plan and financial budget that support CAPREIT's long-term strategy;
- strategy and implementation for major mergers, acquisitions and divestitures;
- ensuring that the day-to-day business affairs of CAPREIT are appropriately managed by developing and implementing processes that will ensure the achievement of CAPREIT's financial and operating goals and objectives;
- formulating and overseeing the implementation of major corporate policies;

- establishing a strong working relationship with the Board;
- keeping the Board aware of CAPREIT's performance and events affecting its business, including opportunities in the marketplace and adverse or positive developments;
- serving as the chief spokesperson for CAPREIT and establishing CAPREIT's communications framework and strategy;
- ensuring, in cooperation with the Board, that there is an effective succession plan in place for the President and Chief Executive Officer position;
- ensuring that CAPREIT has an effective management team below the level of the President and Chief Executive Officer, and has an active plan for its development and succession; and
- ensuring that there is clarity of objectives and focus for all employees and ensuring that there are clear and appropriate standards and measures of performance.

The mandate is reviewed by the Human Resources and Compensation Committee and considered by the Board for approval each year.

Chair of Board

The Board has also developed a written position description for the Chair of the Board. The Chair, who is appointed by the Board on annual basis at the first meeting of the Board following the annual meeting of Unitholders each year, is responsible for the effective functioning of the Board, his primary responsibility being to facilitate the operations and deliberations of the Board and the satisfaction of the Board's responsibilities under his mandate. The Chair serves for a term expiring following the next annual meeting of Unitholders or until a successor is appointed or he resigns.

The mandate of the Chair of the Board sets out the Chair's key responsibilities. The Chair of the Board is required to establish procedures to govern the Board's work and ensuring the Board's full discharge of its duties, including:

- collaborating with the President and Chief Executive Officer and other members of management, where appropriate, to develop the agenda for Board meetings;
- providing appropriate information from management to enable the Board and committees to exercise their accountabilities; ensuring that items requiring Board/committee approval are appropriately tabled;
- ensuring meeting materials provided by management to the Board and committees are sufficiently detailed, comprehensive and succinct to support meaningful decisions by the trustees;
- ensuring meeting materials are provided to the Board far enough in advance of Board meetings to allow trustees to make considered decisions;

- ensuring that Board meeting schedules allow sufficient time for major decisions to be considered, discussed and reviewed, with decisions reached over the course of more than one meeting, if appropriate;
- ensuring proper flow of information to the Board and reviewing adequacy and timing of documentary materials in support of management's proposals;
- ensuring that external advisors retained or to be retained by the Board are appropriately qualified and independent; and
- ensuring that the Board has access to members of senior management as may be required by the Board.

The Chair of the Board is also mandated to chair every Board meeting and encourage free and open discussion at meetings; chair every meeting of Unitholders and respond such questions as are put to the Chair of the Board of trustees at any such meeting; receive notices and materials for all committee meetings and attend all such meetings whenever possible; together with the Governance and Nominating Committee, identify guidelines for the selection of, and evaluation of performance of, the trustees; act as liaison between the Board and management; and carry out other duties as requested by the Board as a whole, depending on need and circumstances.

The mandate of the Chair is reviewed and considered by the Board for approval each year.

Board Committee Chairs and Lead Trustee

Position descriptions for the Chairs of the Audit Committee, the Human Resources and Compensation Committee, the Governance and Nominating Committee and the Investment Committee, as well as for the Lead Trustee, have also been approved by the respective committees and the Board, which set out their key responsibilities. Each Chair will work with its respective committee, and in the case of the Lead Trustee, with the Board, and management to ensure to the greatest extent possible effective functioning of the committee or board.

Audit Committee

The Chair of the Audit Committee is appointed by the Board on annual basis at the first meeting of the Board following the annual meeting of Unitholders each year. The Chair serves for a term expiring following the next annual meeting of Unitholders or until a successor is appointed or the Chair resigns, provided if there is a vacancy in such office, the Audit Committee shall appoint one of its members to fill the vacancy until such time as it is filled by the Board.

The Charter of the Audit Committee and the position description for the Chair sets out the Chair's key responsibilities. The Chair, being responsible for the effective functioning of the Audit Committee, is required to establish procedures to govern the Audit Committee's work and works with the Audit Committee and management to ensure, to the greatest extent possible, the Audit Committee's full discharge of its duties, including:

- collaborating with the President and Chief Executive Officer and other members of management, where appropriate, to develop the agenda for Audit Committee meetings;

- obtaining appropriate information from management to enable the Audit Committee to exercise their duties;
- working with the Audit Committee and management to ensure, to the greatest extent possible, that all items requiring Audit Committee approval or Audit Committee recommendations to the Board are appropriately tabled;
- working with the Audit Committee and management to ensure, to the greatest extent possible, proper flow of information to the Audit Committee and reviewing adequacy and timing of required documentary materials;
- working with the Audit Committee and management to ensure, to the greatest extent possible, that external advisors retained or to be retained by the Audit Committee are appropriately qualified and independent;
- working with the Audit Committee and management to ensure, to the greatest extent possible, that the Audit Committee has access to such members of senior management as may be required;
- working with the Audit Committee and management to ensure, to the greatest extent possible, an open and frank relationship between the Committee and the internal and external auditors;
- supporting the independence of the external auditor from management; and
- supervising the activities of, and working with, CAPREIT's Director, Internal Audit.

The Chair of the Audit Committee is also mandated to discuss as necessary with the Chair of the Governance and Nominating Committee the skills, experience and talents required for the Audit Committee on an ongoing basis; chair every meeting of the Audit Committee and encourage a free and open discussion at the meetings; report to the Board on behalf of the Audit Committee; attend every meeting of Unitholders and respond to such questions from Unitholders as may be put to the Chair of the Audit Committee; and carry out other duties as requested by the Board, depending on need and circumstances.

The mandate of the Chair is reviewed and considered by the Board for approval each year.

For further information regarding the Audit Committee, please see Sections 14.2, 14.7 and Appendix "A" of CAPREIT's Annual Information Form dated March 24, 2017, which can be accessed on SEDAR under CAPREIT's profile at www.sedar.com.

Human Resources and Compensation Committee

The Chair of the Human Resources and Compensation Committee is elected by the Board on an annual basis at the first meeting of the Board following the annual meeting of Unitholders. Unless a Chair is elected by the full Board, the members of the Human Resources and Compensation Committee may designate a Chair by majority vote of the full committee membership.

The Chair serves for a term expiring following the next annual meeting of Unitholders or until a successor is appointed or the Chair resigns.

The Charter of the Human Resources and Compensation Committee and the position description for the Chair sets out the Chair's key responsibilities. The Chair, being responsible for the effective functioning of the Human Resources and Compensation Committee, is required to establish procedures to govern the Human Resources and Compensation Committee's work and ensure the Human Resources and Compensation Committee's full discharge of its duties, including:

- collaborating with the President and Chief Executive Officer and other members of management, where appropriate, to develop the agenda for Human Resources and Compensation Committee meetings;
- providing appropriate information from management to enable the Human Resources and Compensation Committee to exercise their accountabilities;
- ensuring that all items requiring Human Resources and Compensation Committee approval or Human Resources and Compensation Committee recommendations to the Board are appropriately tabled;
- ensuring proper flow of information to the Human Resources and Compensation Committee and reviewing adequacy and timing of documentary materials in support of management's proposals;
- ensuring that external advisors retained or to be retained by the Human Resources and Compensation Committee are appropriately qualified and independent; and
- ensuring that the Human Resources and Compensation Committee has access to such members of senior management as may be required by the Board.

The mandate of the Chair is reviewed and considered by the Board for approval each year.

Governance and Nominating Committee

The Chair of the Governance and Nominating Committee is elected by the Board on an annual basis at the first meeting of the Board following the annual meeting of Unitholders. Unless a Chair is elected by the full Board, the members of the Governance and Nominating Committee may designate a Chair by majority vote of the full committee membership.

The Chair serves for a term expiring following the next annual meeting of Unitholders or until a successor is appointed or the Chair resigns.

The Charter of the Governance and Nominating Committee and the position description for the Chair sets out the Chair's key responsibilities. The Chair, being responsible for the effective functioning of the Governance and Nominating Committee, is required to establish procedures to govern the Governance and Nominating Committee's work and ensure the Governance and Nominating Committee's full discharge of its duties, including:

- collaborating with the President and Chief Executive Officer and other members of management, where appropriate, to develop the agenda for Governance and Nominating Committee meetings;

- providing appropriate information from management to enable the Governance and Nominating Committee to exercise their accountabilities;
- ensuring that all items requiring Governance and Nominating Committee approval or Governance and Nominating Committee recommendations to the Board are appropriately tabled;
- ensuring proper flow of information to the Governance and Nominating Committee and reviewing adequacy and timing of documentary materials in support of management's proposals;
- ensuring that external advisors retained or to be retained by the Governance and Nominating Committee are appropriately qualified and independent; and
- ensuring that the Governance and Nominating Committee has access to such members of senior management as may be required by the Board.

The mandate of the Chair is reviewed and considered by the Board for approval each year.

Investment Committee

The Chair of the Investment Committee is appointed by the Board on an annual basis following the annual meeting of Unitholders each year or, in the event that the Board does not elect a Chair, the members of the Investment Committee may designate a Chair by majority vote of the full committee membership. The Chair serves for a term expiring following the next annual meeting of Unitholders or until a successor is appointed or the Chair resigns.

The Charter of the Investment Committee and the position description for the Chair set out the Chair's key responsibilities. The Chair, being responsible for the effective functioning of the Investment Committee, is required to establish procedures to govern the Investment Committee's work and ensure the Investment Committee's full discharge of duties, including:

- collaborating with the President and Chief Executive Officer and other members of management, where appropriate, to develop the agenda for committee meetings;
- providing appropriate information from management to enable the committee to exercise its accountabilities;
- ensuring that all items requiring committee approval or committee recommendations to the Board are appropriately tabled;
- ensuring proper flow of information to the committee and reviewing adequacy and timing of documentary materials; and
- ensuring that the committee has access to such members of senior management as may be required by the committee.

The Chair of the Investment Committee is also mandated to encourage free and open discussion at meetings of the committee; report to the Board on behalf of the Investment Committee; attend every

meeting of Unitholders and respond to such questions from Unitholders as may be put to the Chair of the Investment Committee; and carry out other duties as requested by the Board, depending on need and circumstances.

The mandate of the Chair is reviewed and considered by the Board for approval each year.

Lead Trustee

The Lead Trustee of the Board of CAPREIT is an independent trustee who is designated by the Board. He or she shall hold office at the pleasure of the Board, until a successor shall have been designated or until the Lead Trustee resigns or is otherwise removed from the office by the Board.

The Lead Trustee is responsible for acting as the effective leader of the Board in circumstances where it is inappropriate for the Chair to act in that role and ensuring that the Board's agenda will enable it to successfully carry out its duties. The Lead Trustee's key role is to work with the Chair and ensure that the Board: (i) discharges its responsibilities, (ii) has structures and procedures in place to enable it to function independently of management, and (iii) clearly understands and respects the boundaries between the Board and management's responsibilities.

The Lead Trustee may vote at meetings of the Board and at all meetings of the committees of which he or she is a member, and may attend and participate in all meetings of the Board and at all meetings of the committees of which he or she is a member.

The Lead Trustee's responsibilities include assisting the Chair in managing the Board by:

- recommending and chairing periodic special meetings of the independent trustees of the Board and assuming any responsibilities that the independent trustees may designate from time to time;
- chairing Board meetings and assuming the duties of the Chair when the Chair is not in attendance or when it is inappropriate for the Chair to act in such capacity;
- chairing the in camera session of the Board in the absence of the Chair;
- providing input to the Chair on the preparation of agendas for Board meetings;
- assisting the Chair in adopting procedures allowing the Board to conduct its work effectively and efficiently;
- facilitating the process of conducting trustee and Board evaluations;
- serving as Board ombudsman, so as to ensure that questions or comments of individual trustees are heard and addressed;
- regularly reviewing with the Governance and Nominating Committee the size and composition of the Board and its committees to favour effective decision-making;
- recommending committee Chairs to the Board, in consultation with the Governance and Nominating Committee; and

- facilitating the Chair in the exercise of his duties.

The Lead Trustee is also responsible for ensuring Board quality and continuity by meeting, from time to time, with the Governance and Nominating Committee to review Board, board committees, committee Chairs' and Board members' performance and to discuss nominees as trustees to be submitted to the Board for its approval. The Lead Trustee also acts as liaison between the Board and management.

The position description of the Lead Trustee is considered and reviewed by the Board for approval each year.

Orientation and Continuing Education

New Trustees

CAPREIT ensures that new trustees have a general understanding of both the business of CAPREIT and the roles and responsibilities of the Board and its committees.

New trustees are invited to meet with the Chair of the Board and the Chairs of the committees of the Board, as well as with each member of senior management. To further provide a comprehensive understanding of both the underlying principles governing CAPREIT's operations as well as the role of the Board and its committees, new trustees are provided with documents material to CAPREIT, including CAPREIT's Annual Information Form, Declaration of Trust, Management Information Circular, committee charters, business policies including the disclosure policy, as well as historical financial statements.

In addition, new trustees are invited to tour part of CAPREIT's portfolio with the President and Chief Executive Officer, in order to familiarize themselves with CAPREIT's operations, property management, and a segment of the property portfolio. This meeting also provides new trustees with an opportunity to ask any questions they may have on the nature and operations of the business, and on the implementation of CAPREIT's business strategy.

Ongoing Education

In addition, CAPREIT provides trustees with ongoing education and information sessions to ensure that they remain current with respect to CAPREIT's financial condition, operations, current trends and other matters related to the advancement of the success of CAPREIT and the implementation of CAPREIT's long-term strategies.

- At each quarterly meeting of the Board, the President and Chief Executive Officer and Chief Financial Officer make a detailed presentation to the Board with respect to CAPREIT's operating performance and financial results. The President and Chief Executive Officer also provides a comprehensive review of CAPREIT's current and foreseeable opportunities and challenges, market conditions and market trends.
- To educate the trustees on the operations of CAPREIT, members of CAPREIT's management make presentations to the Board on operational strategy and initiatives, including a review of the competitive environment for acquisitions, dispositions and development activity, local market trends, and CAPREIT's performance relative to its peers.

- To educate the trustees on the growth and development of CAPREIT employees, members of the human resources department meet with the Human Resources and Compensation Committee and the Board regularly to present on strategy and initiatives in leadership, education and training.
- Every year, the Board meets for a strategy session which may include members of management and/or industry experts.
- Internal education on topics affecting CAPREIT, including changes to applicable legislation, compensation disclosure requirements, governance practices, environmental regulations and accounting standards, are provided on an ongoing basis.
- Trustees participate in property tours with senior management on a periodic basis.

The table below illustrates the conferences, seminars and courses that CAPREIT's trustees attended in 2016 as part of continuing trustee education:

Topic/Event	Presented/Hosted By	Attended By
Directors Education Program	Institute of Corporate Directors	Elaine Todres
OSC Whistleblower Policy	General Counsel and Corporate Secretary of CAPREIT	All Board Members
Governance Matters relating to Declaration of Trust	Stikeman Elliott LLP	All Members of Governance and Nominating Committee
Governance Matters relating to Declaration of Trust	General Counsel and Corporate Secretary of CAPREIT	All Board Members
Current Trends and Best Practices regarding Director and Officer and Cybersecurity Insurance	HUB International	All Board Members
Current Trends and Best Practices in Board Oversight of Succession Planning	Mosaic People Development	All Members of Human Resources and Compensation Committee
Changes in Canadian Data Protection Laws	General Counsel and Corporate Secretary of CAPREIT	All Members of Governance and Nominating Committee
Presentations on succession plans from senior management in the Operations Departments of CAPREIT	Executive Vice Presidents and Managing Directors of CAPREIT	All Board Members

Board Oversight of Risk Management

Pursuant to the Declaration of Trust, the Board is responsible for identifying the principal risks of the business and ensuring these risks are being appropriately managed. The Board regularly discusses with management CAPREIT's guidelines and policies with respect to risk assessment, risk management, and major strategic, financial and operational risk exposures, and the steps management has taken to monitor and control any exposure resulting from such risks.

To assist it in identifying the principal risks faced by CAPREIT, the Board and the Audit Committee receive regular presentations from management and its external advisors assessing principal risks and risk mitigation, including on the testing of the accuracy of CAPREIT's continuous disclosure documents. The following principal risks have been identified for consideration by the Board:

- economic conditions could adversely affect CAPREIT's financial performance;
- volatility of real property valuations and its impact on leverage;
- not being able to maintain the debt profile required by CAPREIT for operations;
- risk of non-compliance with CAPREIT's debt covenants;
- not being able to recover from a disruption in accordance with CAPREIT's disaster recovery plan;
- risk of non-compliance with SIFT legislation;
- information technology risks and management of the technology infrastructure for CAPREIT;
- risk related to system availability and security from third party incursions;
- risk related to managing the continued growth of CAPREIT;
- risks related to the interest rate environment;
- documentation of signing and approval processes;
- environmental, property level health and safety and condition risks and sustainability programs;
- foreign currency risk;
- risks related to changes in municipal laws, regulations, work orders and other potential municipal code violations;
- risk related to human capital and succession planning, including those related to the non-adherence to CAPREIT's Code of Business Ethics and Conduct;
- sustainability programs and corporate social responsibility reporting; and
- risk related to data governance and management.

Nomination of Trustees

CAPREIT has a Governance and Nominating Committee with nominating responsibilities. However, the full Board retains the discretion to select nominees and fill vacancies. The Governance and Nominating Committee is required, as necessary or appropriate, to establish qualifications for trustees and officers, and procedures for identifying possible nominees who meet these criteria. In doing so, it should consider the Diversity Policy, as well as desired competences and skills and the appropriate size of the Board, analyze the current skills and competences of the Board, the needs of the Board when vacancies arise on the Board and identify and recommend nominees who meet such needs. For the Governance and Nominating Committee to recommend an individual for Board membership, candidates should be assessed on their individual qualifications, diversity, experience and expertise and should exhibit the highest degree of integrity, professionalism, values and independent judgment. The Governance and Nominating Committee believes that nominees for the Board should possess established skill sets, in particular with respect to management, leadership, governance, financial acumen, and real estate.

The Governance and Nominating Committee also has the responsibility of recommending the resignation or removal of trustees or officers where their current or past conduct is or has been improper or reasonably likely to adversely affect the assets of CAPREIT or its reputation.

The Governance and Nominating Committee is composed entirely of independent trustees.

Ethical Business Conduct

Effective November 11, 2005, the Compensation and Governance Committee (the predecessor to the Governance and Nominating Committee) then constituted adopted a code of business ethics and conduct (the “**Code of Business Ethics and Conduct**”), as amended November 13, 2009, that applies to all employees, trustees and officers of CAPREIT.

The principles outlined in the Code of Business Ethics and Conduct are intended to:

- (i) establish a minimum standard of conduct by which all employees, trustees and officers are expected to abide;
- (ii) protect the business interests of CAPREIT and its employees, trustees and officers;
- (iii) maintain CAPREIT’s reputation for integrity; and
- (iv) facilitate compliance by CAPREIT employees, trustees and officers with applicable legal and regulatory obligations.

The Code of Business Ethics and Conduct addresses honesty and integrity, following the law, conflicts of interest, workplace behaviour, confidentiality, privacy and protecting CAPREIT’s assets, whistleblower procedures, information security, disclosure controls and internal controls.

The Governance and Nominating Committee reviews the code annually as well as the process for administering the Code of Business Ethics and Conduct and compliance with the Code of Business Ethics and Conduct. The Governance and Nominating Committee monitors compliance with the Code of Business Ethics and Conduct primarily through the use of surveys sent to all employees of CAPREIT on an annual basis and reports from management. Any changes to the Code of Business Ethics and Conduct are considered by the Board for approval. The Code of Business Ethics and Conduct is available on SEDAR under CAPREIT’s profile at www.sedar.com.

In addition, CAPREIT’s Declaration of Trust requires that if a trustee or officer of CAPREIT is a party to a proposed or existing material contract or transaction with CAPREIT, or is a director or officer of, or has a material interest in, a person who is a party to a proposed or existing material contract or transaction with CAPREIT, that such trustee or officer promptly disclose such conflict of interest in writing to the trustees. Except in limited circumstances, a trustee who has a conflict of interest may not vote on any resolution to approve such a contract or transaction.

The trustees, as part of their mandate, are responsible for satisfying themselves as to the integrity of the Chief Executive Officer and other executives and that the Chief Executive Officer and other executives create a culture of integrity throughout CAPREIT’s organization. Procedures have been put in place to ensure that the Code of Business Ethics and Conduct is communicated to all employees on at least an annual basis.

Compensation

The Human Resources and Compensation Committee reviews and recommends for Board approval, CAPREIT’s trustee compensation policy and practices. The Human Resources and Compensation Committee considers many factors, including whether compensation fairly reflects the responsibilities

and risks involved. The Human Resources and Compensation Committee may retain an independent external consultant to provide data and advice to the Human Resources and Compensation Committee on the appropriateness of its trustee compensation policy and levels, particularly in light of the number of meetings and amount of time required to be spent by the trustees to fulfill their Board and committee obligations. See “**Compensation Discussion & Analysis**” above for further information.

President and Chief Executive Officer Compensation

The compensation paid to the President and Chief Executive Officer consists of a base salary supplemented by performance incentives (as determined by the Board from time to time), as per the terms of Mr. Schwartz’s Executive Contract. The Compensation and Governance Committee (the predecessor to the Human Resources and Compensation Committee) was directly involved in the negotiation and settlement of the terms of the Executive Contract for the President and Chief Executive Officer. The Compensation and Governance Committee retained and received the benefit and advice of independent and qualified executive compensation consultants in connection with its negotiation of the Executive Contracts in 2005. In continuing to determine the appropriate terms of the Executive Contracts, the Human Resources and Compensation Committee considers the following objectives: (i) retaining executives such as the President and Chief Executive Officer who is critical to the success of CAPREIT and the enhancement of Unitholder value; (ii) providing fair and competitive compensation; and (iii) balancing the interests of management and Unitholders of CAPREIT.

Bonus compensation for the President and Chief Executive Officer for the 2016 year was determined based upon sixty percent (60%) financial and forty percent (40%) non-financial measures as follows: (a) the sixty percent (60%) financial component is based on a weighted rolling three-year average NFFO per Unit growth achieved by CAPREIT, measured against a target set by the Board for each relevant financial year; and (b) the forty percent (40%) non-financial component is based upon (i) the achievement of company-wide objectives regarding employee engagement (weighted at ten percent (10%)), (ii) an assessment of the Board of the President and Chief Executive Officer’s individual performance in relationship to goals established for the financial year (weighted at twenty percent (20%)), and (iii) an assessment of the Board of the President and Chief Executive Officer’s achievement of individual and departmental objectives regarding team collaboration (weighted at ten percent (10%)).

Assessments

The Board evaluates and reviews its own performance and that of its committees and its trustees regularly. The Board delegated this function to the Governance and Nominating Committee which, under its Charter, is required to conduct an annual assessment of the effectiveness of the trustees and the Board as a whole, and the executive officers. The Governance and Nominating Committee may retain an external consultant to assist in conducting this assessment.

The assessment process for the 2016 financial year was completed in February, 2017. In connection with this assessment, the trustees participated in a review process overseen by the Governance and Nominating Committee to assess the performance of the Board (including the Chair of the Board) and its committees (including the chairs each of the committees), which included a trustee self-assessment and peer review evaluation. In consultation with the senior management of CAPREIT, the Chair of the Governance and Nominating Committee developed confidential questionnaires for the trustees to assist in reviewing their own and each other’s performance, as well as the performance of the Board and its committees (including the Chair of the Board and the chairs of each of the committees), against

their mandate and other criteria. The confidential questionnaires covered a range of dimensions such as board skills, board strategy, board integrity, board structure and board committees. The data obtained from the confidential questionnaires, and any individual interviews which the Chair of the Governance and Nominating Committee may conduct, were compiled, analyzed and scored by the Chair of the Governance and Nominating Committee, culminating in a formal report to the Governance and Nominating Committee and the full Board. The Chair of the Governance and Nominating Committee discussed the report with the trustees (at the February, 2017 meeting) and highlighted any improvement opportunities to facilitate the greater functioning of the Board and its committees. Overall, the results of the assessment process for the 2016 financial year indicated that the Board and its committees are functioning effectively and the Board and its committees were led by experienced trustees who dedicate the time required to properly fulfill their roles and responsibilities.

Trustee Term Limits and Other Mechanisms of Board Renewal

The Board has determined that while it is committed to fostering diversity among board members, it would be unduly restrictive to adopt specific trustee term limits or other mechanisms of board renewal at this time. The Board acknowledges the benefit of fresh viewpoints, however considers that industry and institutional knowledge along with commitment and expertise are vital to the successful functioning of the Board. The Board has found that having long-standing trustees who are knowledgeable about CAPREIT and its history contributes to a well-functioning board that oversees an organization that has seen tremendous growth over the years. The Board has implemented a comprehensive assessment process that evaluates the performance, skills and contribution of each trustee on an annual basis which the Board believes is preferable to term limits and other mechanisms of board renewal. See “**Assessments**”.

Policies Regarding the Representation of Women on the Board

CAPREIT has adopted a Diversity Policy in order to ensure that the Board is comprised of highly talented and experienced individuals, having regard to the need to foster and promote diversity among board members. CAPREIT’s Diversity Policy stipulates that a truly diverse Board will include and make good use of differences in skills, gender, qualities, regional and industry experience, geographic knowledge and location.

Pursuant to the terms of the Diversity Policy, the Governance and Nominating Committee shall, in considering candidates for nomination to the Board:

- consider individuals who are highly qualified, based on their talents, experience, functional expertise and personal skills, character and qualities having regard to CAPREIT’s current and future plans and objectives, as well as anticipated regulatory and market developments;
- have due regard for the need to identify and promote individuals who are reflective of the diversity recognized in the Diversity Policy for nomination for election to the Board, including with regard to representation of women on the Board, ethnic diversity and geographic diversity, and in general with regard to succession planning for the Board; and
- if deemed appropriate in the circumstances, engage qualified independent external advisors to assist the Board in conducting its search for candidates that meet the Board’s criteria regarding diversity recognized in the Diversity Policy.

CAPREIT ensures that the Diversity Policy is effectively implemented by:

- when required, engaging qualified external advisors to assist the Governance and Nominating Committee in conducting a search for candidates that meet the Board's skills and diversity criteria;
- annually reviewing the structure, size and composition of the Board, with a view to diversity issues and implementing measures designed to ensure that the nominee recruitment and identification processes are appropriate in terms of depth and scope to foster identification and progression of diverse candidates, and to ensure that qualified female candidates are considered to fill any vacancy on the Board;
- the development and maintenance of a trustee skills matrix that identifies the skills and expertise required for the Board along with potential areas for growth and improvement;
- annually providing a summary of the implementation of the written policy to the Board; and
- reporting annually in CAPREIT's management information circular the measurable initiatives set by the policy and the progress towards achieving them.

The Diversity Policy was adopted in March 2015. CAPREIT will track the annual and cumulative progress of CAPREIT in achieving the objectives of the Diversity Policy in 2017 and beyond. The Governance and Nominating Committee will measure the effectiveness of the Diversity Policy on an annual basis by assessing whether the Board is composed of appropriately qualified people with a broad range of expertise relevant to CAPREIT's business.

A copy of CAPREIT's Diversity Policy is available on CAPREIT's website at www.capreit.net. CAPREIT reserves the right, at its absolute discretion, to change the Diversity Policy from time to time as it considers necessary.

Consideration of the Representation of Women in the Trustee Identification and Selection Process

In identifying and nominating candidates for election or re-election to the Board, the Governance and Nominating Committee will consider, among other things, the level of representation of women on the Board. In considering candidates for nomination, the Governance and Nominating Committee takes into account the following factors:

- the competencies and skills the Board, as a whole, should possess;
- the competencies, skills and personal and other diverse qualities including gender, the existing trustees possess;
- the competencies, skills and personal and other diverse qualities including gender, required for new trustees in order to add value to CAPREIT in light of opportunities and risks facing CAPREIT; and
- the size of the Board, with a view to facilitating effective decision-making.

Selection of female candidates for appointment or nomination to the Board will be, in part, dependent upon having female candidates with the necessary skills, knowledge, independence and experience. The ultimate decision will be based on merit and contribution the chosen candidate will bring to the Board.

Consideration of the Representation of Women in Executive Officer Appointments

In appointing executive officers to the management team, CAPREIT considers the level of representation of women in executive officer positions. In filling any executive officer appointments, CAPREIT takes into account the following factors:

- the competencies and skills the executive team, as a whole, should possess;
- the competencies, skills and personal and other diverse qualities the existing executive officers possess; and
- the competencies, skills and personal and other diverse qualities required for new executive officers in order to add value to CAPREIT in light of opportunities and risks facing CAPREIT.

CAPREIT's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

CAPREIT has not adopted a target regarding women on CAPREIT's Board because CAPREIT does not believe that any trustee nominee should be chosen nor excluded solely or largely because of gender. In selecting a trustee nominee, the Governance and Nominating Committee focuses on skills, expertise and background that would complement the existing Board. Trustees will be recruited based on their ability and contributions.

CAPREIT has not adopted a target regarding women in executive officer positions because CAPREIT does not believe that any candidate for an executive officer position should be chosen nor excluded solely or largely because of gender. In selecting a candidate, CAPREIT considers the skills, expertise and background that would complement the existing management team. Executive officers will be recruited based on their ability and contributions.

Number of Women on the Board and in Executive Officer Positions

As of March 31, 2017, there is one woman on CAPREIT's Board, representing 11% of the trustees. Assuming Ms. Cody is elected, there will be two women on CAPREIT's Board, representing 22% of the trustees, as of the date of the Meeting. As of March 31, 2017, 5 of 11, or 45%, of the senior executive management (vice-president and above) of CAPREIT and CAPREIT's major subsidiaries (as that term is defined in National Instrument 55-104 - *Insider Reporting Requirements and Reporting Exemptions*) are women.

INDEMNIFICATION OF TRUSTEES AND OFFICERS

CAPREIT indemnifies the trustees and officers against certain losses arising from claims against them for certain of their acts, errors or omissions as such. CAPREIT maintains liability insurance for its

trustees and officers. The policy provides insurance for trustees and officers of CAPREIT in respect of certain losses arising from claims against them for certain of their acts, errors or omissions in their capacities as trustees or officers. CAPREIT is also insured against any loss arising out of any payment that it may be required or permitted by law to make to trustees or officers in respect of such claims. For the year ended December 31, 2016, the policy limit for such insurance coverage applicable to CAPREIT was \$40 million per occurrence with a \$75,000 deductible (\$125,000 for securities related claims) and \$40 million for trustees and officers per occurrence with no deductible. The premium (excluding applicable taxes) paid by CAPREIT for the period ending December 31, 2016 was \$155,750.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than the election of trustees, none of the trustees or executive officers of CAPREIT who have been a trustee or executive officer since the commencement of CAPREIT's last financial year, nominees for election as trustees of CAPREIT, and no associate or affiliate of any of the foregoing, has any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For the year ended December 31, 2016, CAPREIT incurred a total rent expense for head office space, including operating costs, in the amount of \$1,034,662 payable to a company in which Mr. Schwartz has an eighteen percent (18.0%) beneficial interest.

INFORMATION ON CAPREIT'S AUDITOR

PwC has been CAPREIT's auditor since the date of the initial public offering on May 21, 1997. For the year ended December 31, 2016, PwC has advised that they are independent with respect to CAPREIT within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

For further information on auditor's fees, please see Section 20 of CAPREIT's Annual Information Form dated March 24, 2017, which can be accessed on SEDAR under CAPREIT's profile at www.sedar.com.

GENERAL

The consolidated financial statements of CAPREIT for the financial year ended December 31, 2016, together with the report of the auditors thereon, will be presented to Unitholders at the Meeting for their consideration.

ADDITIONAL INFORMATION

Additional information relating to CAPREIT is available on SEDAR under CAPREIT's profile at www.sedar.com. Unitholders may contact the Chief Financial Officer of CAPREIT at (416) 861-9404 to request copies of CAPREIT's consolidated financial statements and management's discussion and analysis.

Financial information is provided in CAPREIT's comparative consolidated financial statements and management's discussion and analysis for its most recently completed financial year which are available on SEDAR under CAPREIT's profile at www.sedar.com.

APPROVAL OF TRUSTEES

The contents and the sending of this Circular have been approved by the trustees of CAPREIT.

DATED at Toronto this 31st day of March, 2017.

On behalf of the trustees of
CANADIAN APARTMENT PROPERTIES REAL ESTATE INVESTMENT TRUST

(Signed) THOMAS SCHWARTZ
President and Chief Executive Officer

SCHEDULE "A"

BLACKLINE OF DECLARATION OF TRUST

The following is a blackline evidencing the proposed amendments to the Declaration of Trust.

**CANADIAN APARTMENT PROPERTIES
REAL ESTATE INVESTMENT TRUST**

**AMENDED AND RESTATED
DECLARATION OF TRUST**

(DATED AS OF ~~JUNE 1, 2016~~ MAY [●], 2017)

STIKEMAN ELLIOTT LLP

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CANADIAN APARTMENT PROPERTIES REAL ESTATE INVESTMENT TRUST

AMENDED AND RESTATED DECLARATION OF TRUST

THIS AMENDED AND RESTATED DECLARATION OF TRUST made in Toronto, Ontario as of the 1st [●] day of ~~June~~May, ~~2016~~2017.

RECITAL

WHEREAS the undersigned, being all of the Trustees, have established the Trust for the principal purpose of providing persons who may become the holders of Units or Preferred Units of the Trust with an opportunity to participate in a portfolio of income-producing multi-unit residential real property investments in Canada.

DECLARATION

NOW THEREFORE, the undersigned, being all of the Trustees, hereby confirm and declare that they agree to hold in trust as trustees any and all property, real, personal or otherwise, tangible or intangible, which has been at the date hereof or is hereafter transferred, conveyed or paid to or otherwise received by them as such trustees or to which the Trust is otherwise entitled and all rents, income, profits and gains therefrom for the benefit of the Unitholders and Preferred Unitholders hereunder in accordance with and subject to the express provisions of this Declaration of Trust, to wit:

ARTICLE 1 THE TRUST AND DEFINITIONS

Section 1.1 Definitions and Interpretation.

In this Declaration of Trust, words in the singular number include the plural and words in the plural number include the singular, and the masculine includes the feminine and neuter. In this Declaration of Trust, except where the context otherwise requires:

- (1) "Acquisition and Operating Facility" means any borrowing facility of the Trust for the purposes of making acquisitions of property or of the securities of persons owning property or funding working capital;
- (2) "Adjusted Unitholders' Equity" means, at any time, as shown on the Trust's then most recent balance sheet, the aggregate of (i) the amount of Unitholders' equity plus (ii) the amount of accumulated depreciation and amortization in respect of its properties calculated in accordance with generally accepted accounting

- principles plus (iii) the amount of any provision taken in respect of future income taxes;
- (3) “Affected Holder” means a person holding or beneficially owning ~~Units, Preferred Units or Special Voting~~Trust Units in contravention of the restrictions set out in Section 5.12;
 - (4) “Affected Units” means ~~Units, Preferred Units or Special Voting~~Trust Units held or beneficially owned by an Affected Holder;
 - (5) “affiliate” has the meaning ascribed thereto by ~~the~~National Instrument 45-106 – Prospectus Exemptions of the Canadian Securities ~~Act (Ontario)~~Administrators, as amended from time to time;
 - (6) “annuitant” means the annuitant of a registered retirement savings plan or a registered retirement income fund, all as defined in the *Income Tax Act* (Canada);
 - (7) “associate” has the meaning ascribed thereto by the *Canada Business Corporations Act*, as amended from time to time;
 - (8) “Audit Committee” means the committee established pursuant to Section 8.3;
 - (9) “business day” means a day other than a Saturday, Sunday or any day on which the principal chartered banks located at Toronto, Ontario are not open for business during normal banking hours;
 - (10) “CDS” means CDS Clearing and Depository Services Inc., together with its successors from time to time;
 - (11) “CDS Participant” means a broker, dealer, bank, other financial institution or other person who, directly or indirectly, from time to time effects book-based transfers with CDS and pledges of securities deposited with CDS;
 - (12) “Chairman”, “Chief Executive Officer”, “President”, “Executive Vice-President”, “Senior Vice-President”, “Vice-President” and “Secretary” shall mean the person(s) holding the respective office from time to time in accordance with Section 2.9;
 - (13) “court” means, except as provided otherwise in this Declaration of Trust, the Superior Court of Justice in the Province of Ontario;
 - (14) ~~(13)~~—“Declaration of Trust” means this declaration of trust as amended, supplemented or amended and restated from time to time;

- (15) ~~(14)~~ “dissenting offeree” means, where a take-over bid is made for all of the ~~Units, Preferred Units or Special Voting Trust~~ Units other than those held by the offeror, a holder of Trust Units, ~~Preferred Units or Special Voting Units, as the case may be,~~ who does not accept the take-over bid and includes a subsequent holder of that Trust Unit, ~~Preferred Unit or Special Voting Unit, as the case may be,~~ who acquires it from the first mentioned holder;
- (16) ~~(15)~~ “Distribution” has the meaning ascribed thereto in Section ~~9.1~~10.1;
- (17) ~~(16)~~ “Distribution Date” means a date on which the Trustees make a Distribution, as contemplated in Article ~~9,10~~, which date shall be on or about the 15th day of the month following a Distribution Record Date or, if any such day is not a business day, the next following business day, or such other date as may be determined from time to time by the Trustees or otherwise in accordance with this Declaration of Trust;
- (18) ~~(17)~~ “Distribution Record Date” means the last business day of each month of each year or as otherwise determined in accordance with Section ~~6.7,6.8~~, except for the month of December where the Distribution Record Date shall be December 31;
- (19) ~~(18)~~ “Exchangeable Securities” means any securities of any trust, limited partnership or corporation other than the Trust that are convertible or exchangeable directly for Units without the payment of additional consideration therefor;
- (20) ~~(19)~~ “Exchange Agreement” means the exchange agreement between the Trustees of the Trust, CAPREIT GP Inc., LP and any person holding Class B LP Units that provides for, among other things, the contribution of Units to LP in contemplation of an exchange of Class B LP Units of LP into Units in accordance with the terms and conditions of the Class B LP Units of LP, as described in the limited partnership agreement among the partners of LP dated July 9, 2007 (as amended, supplemented, or amended and restated from time to time);
- (21) “Extraordinary Resolution” when used in this Declaration of Trust means either:
- (a) a resolution proposed to be passed as an extraordinary resolution at a meeting of Trust Unitholders (including an adjourned meeting) duly convened for that purpose and held in accordance with the provisions hereof at which a quorum is present and passed by the affirmative vote of not less than two-thirds of the votes cast by the Trust Unitholders entitled to vote who voted in respect of such resolution; or

- (b) a resolution in writing signed by all of the Trust Unitholders that would be entitled to vote on that resolution at a meeting of Trust Unitholders.
- (22) “going-private transaction” means an arrangement, consolidation or other transaction involving the Trust, other than an acquisition pursuant to Section 5.27, that results in the interest of a holder of participating securities of the Trust being terminated without the consent of the holder and without the substitution of an interest of equivalent value in participating securities of the Trust or of a person that succeeds to the business of the Trust, which participating securities have rights and privileges that are equal to or greater than the affected participating securities;
- (23) ~~(20)~~ “Governance and Nominating Committee” means the committee established pursuant to Section 8.4;
- (24) ~~(21)~~ “Gross Book Value” means, at any time, the book value of the assets of the Trust, as shown on its then most recent balance sheet plus the amount of accumulated depreciation and amortization thereon;
- (25) ~~(22)~~ “herein”, “hereof”, “hereby”, “hereunder” and similar expressions refer to this Declaration of Trust and include every instrument supplemental or ancillary to or in implementation of this Declaration of Trust and, except where the context otherwise requires, not to any particular article, section or other portion hereof or thereof;
- (26) ~~(23)~~ “Human Resources and Compensation Committee” means the committee established pursuant to Section 8.5;
- (27) ~~(24)~~ references to the “*Income Tax Act (Canada)*” or the “Tax Act” mean the *Income Tax Act (Canada)* and the regulations thereunder as the same may be amended from time to time;
- (28) ~~(25)~~ “Independent Trustee” means, for the purposes of Section 8.3, at any time, a Trustee who, in relation to the Trust, is “independent” for purposes of National Instrument 52-110 and, for all other purposes, at any time, a Trustee who, in relation to the Trust, is “independent” for the purposes of National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, as amended from time to time;
- (29) ~~(26)~~ “Independent Trustee Matter” means any decision:
- (a) to enter into any arrangement in which a Non-Independent Trustee or an officer of the Trust has a material interest;

- (b) relating to the enforcement of any agreement entered into by the Trust with a Non-Independent Trustee, or an officer of the Trust or an affiliate or associate of such party;
 - (c) to grant options under any Unit option plan or any rights to participate in any other long term incentive plans adopted by the Trust;
 - (d) to demolish all or substantially all of a property owned by the Trust;
 - (e) to increase the number of Trustees by no more than one third in accordance with Section 2.1 and to appoint Trustees to fill the vacancies so created; or
 - (f) to recommend to ~~Unitholders, Preferred Unitholders or Special~~Trust Unitholders that the number of Trustees be increased, where a vote of ~~Unitholders, Preferred Unitholders or Special~~Trust Unitholders thereon is required, and to nominate individuals as Trustees to fill the vacancies so created;
- (30) ~~(27)~~ “Investment Committee” means the committee established pursuant to Section 8.2;
- (31) ~~(28)~~ “LP” means CAPREIT Limited Partnership, a limited partnership formed under the laws of the Province of Manitoba;
- (32) ~~(29)~~ “mortgage” means any mortgage, charge, hypothec, bond, debenture, note or other evidence of indebtedness, in each case which is directly or indirectly secured by real property;
- (33) ~~(30)~~ “National Instrument 52-110” means National Instrument 52-110 – *Audit Committees*, as amended from time to time;
- (34) ~~(31)~~ “net realized capital gains of the Trust” for any year means the amount, if any, by which the amount of the capital gains of the Trust for the year exceeds the aggregate of (i) the amount of any capital losses of the Trust for the year and (ii) the amount of any net capital losses of the Trust carried forward from a previous year to the extent not previously deducted from realized capital gains of the Trust;
- (35) ~~(32)~~ “net recapture income of the Trust” for any year means the amount, if any, by which the amount required to be included in the income of the Trust for income tax purposes for such year in respect of recapture of capital cost allowance exceeds the amount permitted to be deducted under subsection 20(16) of the *Income Tax Act* (Canada) for such year;

- (36) ~~(33)~~ “Non-Independent Trustees” means the Trustees who are not Independent Trustees;
- (37) ~~(34)~~ “Non-Resident” means any person that is neither a resident nor a deemed resident of Canada nor a Canadian partnership for the purposes of the *Income Tax Act* (Canada);
- (38) “offer” includes an invitation to make an offer;
- (39) ~~(35)~~ “offeree” means a person to whom a take-over bid is made;
- (40) ~~(36)~~ “offeror” means a person, other than an agent or mandatary, who makes a take-over bid, and includes two or more persons who, directly or indirectly,
- (a) make a take-over bid jointly or in concert; or
 - (b) intend to exercise jointly or in concert voting rights attached to the Trust Units, ~~Preferred Units or Special Voting Units, as applicable~~, for which a take-over bid is made;
- (41) “Ordinary Resolution” when used in this Declaration of Trust means either:
- (a) a resolution proposed to be passed as an ordinary resolution at a meeting of Trust Unitholders (including an adjourned meeting) duly convened for that purpose and held in accordance with the provisions hereof at which a quorum is present and passed by the affirmative votes of not less than a majority of the votes cast by the Trust Unitholders entitled to vote who voted in respect of such resolution; or
 - (b) a resolution in writing signed by all Trust Unitholders that would be entitled to vote on that resolution at a meeting of Trust Unitholders.
- (42) ~~(37)~~ “person” means and includes individuals, corporations, limited partnerships, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, land trusts, business trusts or other organizations, whether or not legal entities and governments and agencies and political subdivisions thereof;
- (43) ~~(38)~~ “Preferred Unit” means a preferred equity interest of any series in the Trust as more particularly described in Section 5.3 with such designation, rights, privileges, restrictions and conditions attached thereto as determined by the Trustees and which are issued from time to time in accordance with the provisions hereof;

- (44) ~~(39)~~ “Preferred Unitholder” or “holder of Preferred Units” means a person whose name appears on the Register as a holder of Preferred Units, if any, and includes, for the purposes of Section ~~13.1~~14.1, Section ~~13.2~~14.2 and Section ~~13.4~~14.4 only, any person who is a beneficial holder of a Preferred Unit, if any;
- (45) ~~(40)~~ “real property” means property which in law is real property and includes, whether or not the same would in law be real property, leaseholds, mortgages, undivided joint interests in real property (whether by way of tenancy-in-common, joint tenancy, co-ownership, joint venture or otherwise), any interests in any of the foregoing and securities of corporations whose sole or principal purpose and activity is to invest in, hold and deal in real property;
- (46) “Receiver General” means the Receiver General for Canada;
- (47) ~~(41)~~ “Register” means the register which shall be established and maintained pursuant to Section 5.17;
- (48) ~~(42)~~ “Registrar” has the meaning ascribed thereto in Section 5.17;
- (49) ~~(43)~~ “resident Canadian” means a person who is a resident of Canada for purposes of the *Income Tax Act* (Canada);
- (50) ~~(44)~~ “Special Unitholder” or “holder of Special Voting Units” means a person whose name appears on the Register as a holder of Special Voting Units, if any, and includes, for the purposes of Section ~~13.1~~14.1, Section ~~13.2~~14.2 and Section ~~13.4~~14.4 only, any person who is a beneficial holder of a Special Voting Unit, if any;
- (51) ~~(45)~~ “Special Voting Unit” means a non-participating, voting unit of the Trust, other than a Unit, that is more particularly described herein that has been authorized and issued hereunder, if any;
- (52) ~~(46)~~ “Subsidiary” means any person, company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by the Trust;
- (53) ~~(47)~~ “take-over bid” has the meaning ascribed to such term in the *Securities Act* (Ontario), as amended from time to time and includes an offer made by the Trust to repurchase all of the Units, Preferred Units or Special Voting Units, as applicable;
- (54) ~~(48)~~ “Transfer Agent” has the meaning ascribed thereto in Section 5.17;
- (55) ~~(49)~~ “Trust” means the Canadian Apartment Properties Real Estate Investment Trust established hereunder;

- (56) ~~(50)~~ “Trustees” means, as at any particular time, the trustees holding office under this Declaration of Trust at such time, whether they be the signatories hereto or additional or successor trustees;
- (57) ~~(51)~~ “Trustees’ Regulations” means the regulations adopted by the Trustees pursuant to Section 3.3;
- (58) “Trust Unitholders” means Unitholders, Preferred Unitholders and/or Special Unitholders, as the case may be;
- (59) “Trust Units” means Units, Preferred Units and/or Special Voting Units, as the case may be;
- (60) ~~(52)~~ “Unit” means a participating, voting unit of the Trust, more particularly described herein issued from time to time in accordance with the provisions hereof that is not a Preferred Unit and includes (i) a fraction of a participating unit of the Trust, (ii) a security currently convertible into a Unit, and (iii) currently exercisable options and rights to acquire a Unit or such convertible security;
- (61) ~~(53)~~ “Unit Certificate” means a certificate, in the form stipulated by Article 5, evidencing one or more Units, issued and certified in accordance with the provisions hereof;
- (62) ~~(54)~~ “Unitholder” or “holder of Units” means a person whose name appears on the Register as a holder of Units and includes, for the purposes of Section ~~13.1, 14.1,~~ Section ~~13.2~~14.2 and Section ~~13.4~~14.4 only, any person who is a beneficial holder of a Unit; and
- (63) ~~(55)~~ any reference to “property of the Trust” or “assets of the Trust” includes, in each case, property and assets of the Trust.

Section 1.2 Name.

The name of the Trust is Canadian Apartment Properties Real Estate Investment Trust in its English form and Fonds de Placement Immobilier D’immeubles Résidentiels Canadien in its French form. As far as practicable and except as otherwise provided in this Declaration of Trust, the Trustees shall conduct the affairs of the Trust, hold property, execute all documents and take all legal proceedings under that name, in either its English form or its French form.

Section 1.3 Use of Name.

Subject to any required regulatory approvals, should the Trustees determine that the use of the name Canadian Apartment Properties Real Estate Investment Trust or the name Fonds de placement immobilier d’immeubles résidentiels canadien is not practicable, legal or convenient, they may use such other designation or they may adopt

such other name for the Trust as they deem appropriate and the Trust may hold property and conduct its activities under such other designation or name.

Section 1.4 Office.

The principal office and centre of administration of the Trust shall be at 11 Church Street, Suite 401, Toronto, Ontario M5E 1W1 unless changed by the Trustees to another location in Canada. The Trust may have such other offices or places for the conduct of its affairs as the Trustees may from time to time determine as necessary or desirable.

Section 1.5 Nature of the Trust.

The Trust is an unincorporated open-end mutual fund trust established pursuant to the laws of Ontario. The Trust, the ~~Units, the Special Voting Units, the Preferred~~Trust Units and the property of the Trust shall be governed by the general law of trusts, except as such general law of trusts has been or is from time to time modified, altered or abridged for the Trust by:

- (1) applicable laws and regulations or other requirements imposed by applicable securities or other regulatory authorities; and
- (2) the terms, conditions and trusts set forth in this Declaration of Trust.

The beneficial interest and rights generally of a Unitholder or Preferred Unitholder in the Trust shall be limited to the right to participate in Distributions in such amounts when and as declared by the Trustees as contemplated by Article ~~9~~10 and distributions upon the termination of the Trust as contemplated in Article ~~12, 13~~13. The Trust is not and is not intended to be, shall not be deemed to be and shall not be treated as a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Trustees or the ~~Unitholders, Preferred Unitholders or Special~~Trust Unitholders or any of them for any purpose be, or be deemed to be treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. The Trustees shall not be, or be deemed to be, agents of the ~~Unitholders, Preferred Unitholders or Special~~Trust Unitholders. The relationship of the ~~Unitholders, Preferred Unitholders or Special~~Trust Unitholders to the Trustees, to the Trust and to the property of the Trust shall be solely that of beneficiaries in accordance with the rights conferred and the liabilities and obligations imposed upon them by this Declaration of Trust, and, in respect of the Preferred Units, in a certificate of amendment approved by the Trustees pursuant to Section 5.3.

Section 1.6 Trust Investments.

The Trust shall make such investments as the trustees consider appropriate in accordance with the provisions of this Declaration of Trust.

Section 1.7 Applications to Court.

As the rights (including the right to apply to a court) and remedies set out in Section 3.7(10), Section 5.27, Section 6.1, Section 6.9 and Section 9.1 of this Declaration of Trust are not statute-based, all references in this Declaration of Trust to Trust Unitholder rights (or the rights of any other person) that may be enforced by the court or to remedies that may be granted by the court are subject to the court, in its discretion, accepting jurisdiction to consider and determine any proceeding commenced by an eligible Trust Unitholder (or other eligible person as contemplated herein) applying to the court under such sections.

ARTICLE 2 TRUSTEES AND OFFICERS

Section 2.1 Number.

There shall be no fewer than seven nor more than ~~11~~eleven Trustees, a majority of whom must be Independent Trustees. The number of Trustees may be increased or decreased within such limits from time to time by the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders, or, if authorized by the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders, by the Trustees, subject to Section 1.1(~~26~~29)(e) and provided that the Trustees may not, between meetings of ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders entitled to vote, appoint an additional Trustee if, after such appointment, the total number of Trustees would be greater than one and one-third times the number of Trustees in office immediately following the last annual meeting of ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders entitled to vote.

Section 2.2 Term of Office.

The Trustees shall hold office for a term expiring at the close of the first annual meeting of the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders entitled to vote (except as provided in Section 2.7) following their election or appointment or until their respective successors are elected or appointed and such successors have accepted such election or appointment. At each annual meeting of the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders entitled to vote, the successors of the Trustees shall be elected to hold office for a term expiring at the close of the annual meeting of ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders entitled to vote held in the next year following the year of their election.

Section 2.3 Qualifications of Trustees.

A Trustee shall be an individual at least 18 years of age, who is not of unsound mind and has not been found to be of unsound mind by a court in Canada or elsewhere, and who does not have the status of bankrupt. Trustees are not required to hold ~~Units, Preferred Units or Special Voting~~Trust Units. A majority of the Trustees must be

resident Canadians. A majority of the Trustees shall have had at least five years of substantial experience in the real estate industry. A majority of the Trustees or of any committee of the Trustees must be Independent Trustees provided, however, that if at any time a majority of the Trustees are not Independent Trustees because of the death, resignation, bankruptcy, adjudicated incompetence, removal or change in circumstance of any Trustee who was an Independent Trustee, this requirement shall not be applicable for a period of 60 days thereafter, during which the remaining Trustees shall appoint a sufficient number of Independent Trustees to comply with the requirement.

Section 2.4 Election of Trustees.

Subject to Section 2.3 and Section 2.6, the election of the Trustees shall be by the vote of ~~Unitholders, the Preferred Unitholders and Special~~Trust Unitholders entitled to vote in such election. The appointment or election of any Trustee (other than an individual who is serving as a Trustee immediately prior to such appointment or election) shall not become effective unless and until such person shall have in writing accepted his appointment or election and agreed to be bound by the terms of this Declaration of Trust.

Section 2.5 Resignation, Removal and Death of Trustees.

A Trustee may resign at any time by an instrument in writing signed by him and delivered or mailed to the President or Secretary of the Trust. Such resignation shall take effect on the date such notice is given or at any later time specified in the notice. A Trustee may be removed at any time with or without cause by two-thirds of the votes in the aggregate cast at a meeting of ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders called for that purpose by holders of ~~Units, Preferred Units and Special~~Voting Trust Units entitled to vote thereon or by the written consent of ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders holding in the aggregate not less than two-thirds of the outstanding ~~Units, Preferred Units and Special~~Voting Trust Units entitled to vote thereon or with cause by the resolution passed by an affirmative vote of not less than two-thirds of the remaining Trustees. Any removal of a Trustee shall take effect immediately following the aforesaid vote or resolution and any Trustee so removed shall be so notified by the Secretary or another officer of the Trust forthwith following such removal. Upon the resignation or removal of any Trustee, or his otherwise ceasing to be a Trustee, he shall (i) cease to have the rights, privileges and powers of a Trustee hereunder, (ii) execute and deliver such documents as the remaining Trustees shall reasonably require for the conveyance of any Trust property held in his name, (iii) account to the remaining Trustees as they may require for all property which he or she holds as Trustee and (iv) resign from all representative or other positions held by him or her on behalf of the Trust, including without limitation, as a director or officer of any corporation in which the Trust owns any securities (directly or indirectly), upon which he or she shall thereupon be discharged of his or her obligations as Trustee. Upon the incapacity or death of any Trustee, his or her legal representative shall execute and

deliver on his or her behalf such documents as the remaining Trustees may require as provided in this section.

Section 2.6 Vacancies.

The term of office of a Trustee shall terminate and a vacancy shall occur in the event of the death, resignation, bankruptcy, adjudicated incompetence or other incapacity to exercise the duties of the office or upon the removal of a Trustee. No such vacancy shall operate to annul this Declaration of Trust or affect the continuity of the Trust. Until vacancies are filled, the remaining Trustee or Trustees (even if less than a quorum) may exercise the powers of the Trustees hereunder. In the case of a vacancy, the ~~Unitholders, Preferred Unitholders and Special Trust~~ Unitholders or a majority of the Trustees continuing in office may fill such vacancy (except as otherwise required under Section 1.1(~~26~~29)(e) and Section 2.1). Any Trustee so elected by the ~~Unitholders, Preferred Unitholders and Special Trust~~ Unitholders or appointed by the Trustees shall hold office for the remaining term of the Trustee he or she is succeeding.

Section 2.7 Successor and Additional Trustees.

The right, title and interest of the Trustees in and to the property of the Trust shall vest automatically in all persons who may hereafter become Trustees upon their due election or appointment and qualification and acceptance thereof without any further act and they shall thereupon have all the rights, privileges, powers, obligations and immunities of Trustees hereunder. Such right, title and interest shall vest in the Trustees whether or not conveyancing documents have been executed and delivered pursuant to Section 2.6 or otherwise.

Section 2.8 Compensation and Other Remuneration.

Trustees who are not employees of and who do not receive salary from the Trust shall be entitled to receive for their services as Trustees such reasonable compensation as the Trustees may determine from time to time, as well as reimbursement of their out-of-pocket expenses incurred in acting as a Trustee. Trustees, either directly or indirectly, shall be entitled to receive remuneration for services rendered to the Trust in any other capacity. Such services may include, without limitation, services as an officer of the Trust, its subsidiaries or another person in which it has an interest, legal, accounting or other professional services or services as a broker, Transfer Agent or underwriter, whether performed by a Trustee or any person affiliated with a Trustee. Trustees who are employees of and who receive a salary from the Trust shall not be entitled to receive any remuneration for their services as Trustees but shall be entitled to reimbursement from the Trust of their out-of-pocket expenses incurred in acting as a Trustee.

Section 2.9 Officers of the Trust.

The Trust may have a Chairman, a Chief Executive Officer, a Chief Financial Officer, a Chief Operating Officer, a President, one or more Executive Vice-Presidents,

one or more Senior Vice-Presidents, one or more Vice-Presidents and a Secretary and such other officers as the Trustees may appoint from time to time. One person may hold two or more offices. Any officer of the Trust may, but need not, be a Trustee. Officers of the Trust shall be appointed and discharged and their remuneration determined by the Trustees. Any Chairman must also be a Trustee.

ARTICLE 3 TRUSTEES' POWERS AND DUTIES

Section 3.1 General Powers.

The Trustees, subject only to the specific limitations contained in this Declaration of Trust, including without limitation Section 4.1 and Section 4.2, shall have, without further or other authorization and free from any power of control on the part of the ~~Unitholders, Preferred Unitholders and Special~~[Trust](#) Unitholders, full, absolute and exclusive power, control and authority over the assets of the Trust and over the affairs of the Trust to the same extent as if the Trustees were the sole owners of such assets in their own right, to do all such acts and things as in their sole judgment and discretion are necessary or incidental to, or desirable for, the carrying out of any of the purposes of the Trust or the conducting of the affairs of the Trust. In construing the provisions of this Declaration of Trust, presumption shall be in favour of the granted powers and authority to the Trustees. The enumeration of any specific power or authority herein shall not be construed as limiting the general powers or authority or any other specified power or authority conferred herein on the Trustees. Except as specifically required by such laws, the Trustees in carrying out investment activities shall not be in any way restricted by the provisions of the laws of any jurisdiction limiting or purporting to limit investments which may be made by trustees.

Section 3.2 Specific Powers and Authorities.

Subject only to the express limitations contained in this Declaration of Trust including, without limitation Section 4.1 and Section 4.2, and in addition to any powers and authorities conferred by this Declaration of Trust or which the Trustees may have by virtue of any present or future statute or rule of law, the Trustees without any action or consent by the ~~Unitholders, Preferred Unitholders or Special~~[Trust](#) Unitholders shall have and may exercise at any time and from time to time the following powers and authorities which may or may not be exercised by them in their sole judgment and discretion and in such manner and upon such terms and conditions as they may from time to time deem proper:

- (1) To retain, invest and re-invest the capital or other funds of the Trust in real or personal property of any kind, all without regard to whether any such properties are authorized by law for the investment of trust funds, and to possess and exercise all the rights, powers and privileges appertaining to the ownership of the

property of the Trust and to increase the capital of the Trust at any time by the issuance of additional Units or Preferred Units for such consideration as they deem appropriate;

- (1.1) To determine the rights, designation, privileges, restrictions and conditions attaching to each series of Preferred Units authorized for issuance by the Trust in accordance with Section 5.3;
- (2) For such consideration as they deem proper, to invest in, purchase or otherwise acquire for cash or other property or through the issuance of Units or Preferred Units or through the issuance of notes, debentures, bonds or other obligations or securities of the Trust and hold for investment the entire or any participating interest in any mortgages. In connection with any such investment, purchase or acquisition, the Trustees shall have the power to acquire a share of rents, lease payments or other gross income from or a share of the profits from or a share in the equity or ownership of real property;
- (3) To sell, rent, lease, hire, exchange, release, partition, assign, mortgage, pledge, hypothecate, grant security interests in, encumber, negotiate, convey, transfer or otherwise dispose of any or all of the property of the Trust by deeds, trust deeds, assignments, bills of sale, transfers, leases, mortgages, financing statements, security agreements and other instruments for any of such purposes executed and delivered for and on behalf of the Trust or Trustees by one or more of the Trustees or by a duly authorized officer, employee, agent or any nominee of the Trust;
- (4) To enter into leases, contracts, obligations and other agreements for a term extending beyond the term of office of the Trustees and beyond the possible termination of the Trust or for a lesser term;
- (5) To borrow money from or incur indebtedness to any person; to guarantee, indemnify or act as surety with respect to payment or performance of obligations of third parties; to enter into other obligations on behalf of the Trust; and to assign, convey, transfer, mortgage, subordinate, pledge, grant security interests in, encumber or hypothecate the property of the Trust to secure any of the foregoing;
- (6) To lend money, whether secured or unsecured;
- (7) To incur and pay out of the property of the Trust any charges or expenses and disburse any funds of the Trust, which charges, expenses or disbursements are, in the opinion of the Trustees, necessary or incidental to or desirable for the carrying out of any of the purposes of the Trust or conducting the affairs of the Trust including, without limitation, taxes or other governmental levies, charges and assessments of whatever kind or nature, imposed upon or against the Trustees in

connection with the Trust or the property of the Trust or upon or against the property of the Trust or any part thereof and for any of the purposes herein;

- (8) To deposit funds of the Trust in banks, trust companies and other depositories, whether or not such deposits will earn interest, the same to be subject to withdrawal on such terms and in such manner and by such person or persons (including any one or more Trustees, officers, employees, agents or representatives of the Trust) as the Trustees may determine;
- (9) To possess and exercise all the rights, powers and privileges appertaining to the ownership of all or any mortgages or securities, issued or created by, or interest in, any person, forming part of the assets of the Trust, to the same extent that an individual might and, without limiting the generality of the foregoing, to vote or give any consent, request or notice, or waive any notice, either in person or by proxy or power of attorney, with or without power of substitution, to one or more persons, which proxies and powers of attorney may be for meetings or action generally or for any particular meeting or action and may include the exercise of discretionary power;
- (10) To elect, appoint, engage or employ officers for the Trust, its subsidiaries or other persons in which it has an interest (including a Chairman, a Chief Executive Officer, a Chief Financial Officer, a Chief Operating Officer, a President, one or more Executive Vice-Presidents, one or more Senior Vice-Presidents, one or more Vice-Presidents and a Secretary and other officers as the Trustees may determine), who may be removed or discharged at the discretion of the Trustees, such officers to have, subject to Section 8.1, such powers and duties, and to serve such terms as may be prescribed by the Trustees or by the Trustees' Regulations; to engage or employ any persons as agents, representatives, employees or independent contractors (including, without limitation, real estate advisors, investment advisors, Registrars, underwriters, accountants, lawyers, real estate agents, property managers, appraisers, brokers, architects, engineers, construction managers, general contractors or otherwise) in one or more capacities, and to pay compensation from the Trust or its subsidiaries or other persons in which it has an interest for services in as many capacities as such persons may be so engaged or employed; and except as prohibited by law and this Declaration of Trust, to delegate any of the powers and duties of the Trustees to any one or more Trustees, agents, representatives, officers, employees, independent contractors or other persons;
- (11) To collect, sue for and receive sums of money coming due to the Trust, and to engage in, intervene in, prosecute, join, defend, compromise, abandon or adjust, by arbitration or otherwise, any actions, suits, proceedings, disputes, claims, demands or other litigation relating to the Trust, the assets of the Trust or the Trust's affairs, to enter into agreements therefor whether or not any suit is

commenced or claim accrued or asserted and, in advance of any controversy, to enter into agreements regarding the arbitration, adjudication or settlement thereof;

- (12) To renew, modify, release, compromise, extend, consolidate or cancel, in whole or in part, any obligation to or of the Trust;
- (13) To purchase and pay for, out of the assets of the Trust, insurance contracts and policies insuring the assets of the Trust against any and all risks and insuring the Trust and/or any or all of the Trustees, the ~~Unitholders, Preferred Unitholders, the Special Trust~~ Unitholders or officers of the Trust against any and all claims and liabilities of any nature asserted by any person arising by reason of any action alleged to have been taken or omitted by the Trust or by the Trustees, the ~~Unitholders, the Preferred Unitholders, the Special Trust~~ Unitholders or the officers;
- (14) To cause legal title to any of the assets of the Trust to be held by and/or in the name of the Trustees, or by and/or in the name of the Trust or one or more of the Trustees or any other person, on such terms, in such manner with such powers in such person as the Trustees may determine and with or without disclosure that the Trust or Trustees are interested therein provided, however, that should legal title to any of the assets of the Trust be held by and/or in the name of any person or persons other than the Trust, the Trustees shall require such person or persons to execute a declaration of trust acknowledging that legal title to such assets is held in trust for the benefit of the Trust;
- (15) To issue ~~Units, Preferred Units, Special Voting Trust~~ Units and other securities of the Trust or other securities convertible or exchangeable for Units or other securities of the Trust or other rights, warrants or options convertible into or exchangeable for Units, for such consideration as the Trustees may deem appropriate in their sole discretion, such issuance to be subject to the terms and conditions of this Declaration of Trust;
- (16) To enter into and perform the obligations of the Trust under the Exchange Agreement and to enter into and perform the obligations of the Trust under any amendment to such agreement;
- (17) To determine conclusively the allocation to capital, income or other appropriate accounts all revenues, receipts, expenses, disbursements and property of the Trust;
- (18) To prepare, sign and file or cause to be prepared, signed and filed a prospectus, offering memorandum or similar document, and any amendment thereto, relating to or resulting from an offering of the Units, Preferred Units or other

securities issued or held by the Trust and to pay the cost thereof and related thereto out of the property of the Trust whether or not such offering is or was of direct benefit to the Trust or those persons (if any) who were Unitholders or Preferred Unitholders immediately prior to such offering;

- (19) To make or cause to be made application for the listing on any stock exchange of any Units, Preferred Units or other securities of the Trust, and to do all things which in the opinion of the Trustees may be necessary or desirable to effect or maintain such listing or listings;
- (20) To determine conclusively the value of any or all of the property of the Trust from time to time and, in determining such value, to consider such information and advice as the Trustees, in their sole judgment, may deem material and reliable;
- (21) To do all such acts and things and to exercise such powers which are delegated to the Trustees by any person who co-owns real property with the Trust;
- (22) To make, adopt, amend or repeal policies containing provisions relating to the advance notice of nominations of Trustees in connection with any annual or special meeting of ~~Unitholders, Preferred Unitholders or Special~~Trust Unitholders; and
- (23) To do all such other acts and things as are incidental to the foregoing, and to exercise all powers which are necessary or useful to carry on the business of the Trust, to promote any of the purposes for which the Trust is formed and to carry out the provisions of this Declaration of Trust.

Section 3.3 Further Powers of the Trustees.

The Trustees shall have the power to prescribe any form provided for or contemplated by this Declaration of Trust. The Trustees may make, adopt, amend, or repeal regulations containing provisions relating to the Trust, the conduct of its affairs, their rights or powers and the rights or powers of its ~~Unitholders, Preferred Unitholders, Special~~Trust Unitholders or officers not inconsistent with law or with this Declaration of Trust. The Trustees shall also be entitled to make any reasonable decisions, designations or determinations not contrary to this Declaration of Trust which they may determine are necessary or desirable in interpreting, applying or administering this Declaration of Trust or in administering, managing or operating the Trust. Any regulations, decisions, designations or determinations made pursuant to this section shall be conclusive and binding upon all persons affected thereby.

Section 3.4 Standard of Care.

The exclusive standard of care required of the Trustees in exercising their powers and carrying out their functions hereunder shall be that they exercise their powers and carry out their functions hereunder as Trustees honestly, in good faith and in the best

interests of the Trust and the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders and that in connection therewith they exercise that degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Unless otherwise required by law, no Trustee shall be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Trustees in their capacity as Trustees shall not be required to devote their entire time to the affairs of the Trust.

Section 3.5 Reliance Upon Trustees.

Any person dealing with the Trust in respect of any matters pertaining to the assets of the Trust and any right, title or interest therein or to the Trust or to securities of the Trust shall be entitled to rely on a certificate or statutory declaration (including, without limiting the foregoing, a certificate or statutory declaration as to the passing of a resolution of the Trustees) executed by any two Trustees or the Secretary or, without limiting the foregoing, such other person as may be authorized by the Trustees as to the capacity, power and authority of the Trustees or any other person to act for and on behalf and in the name of the Trust. No person dealing with the Trustees shall be bound to see to the application of any funds or property passing into the hands or control of the Trustees. The receipt by or on behalf of the Trustees for monies or other consideration shall be binding upon the Trust.

Section 3.6 Determinations of Trustees Binding.

All determinations of the Trustees which are made in good faith with respect to any matters relating to the Trust, including, without limiting the generality of the foregoing, whether any particular investment or disposition meets the requirements of this Declaration of Trust, shall be final and conclusive and shall be binding upon the Trust and all ~~Unitholders and Preferred~~Trust Unitholders (and, where the Unitholder or Preferred Unitholder is a registered retirement savings plan, registered retirement income fund, deferred profit sharing plan or registered pension fund or plan as defined in the *Income Tax Act* (Canada), or other such fund or plan registered under the *Income Tax Act* (Canada), upon plan beneficiaries and plan holders past, present and future) and ~~Special Unitholders and the Units, Preferred Units and Special Voting~~the Trust Units of the Trust shall be issued and sold on the condition and understanding that any and all such determinations shall be binding as aforesaid.

Section 3.7 Conflict of Interest.

If a Trustee or an officer of the Trust:

- (1) is a party to a material contract or transaction or proposed material contract or transaction with the Trust; or

- (2) is a director or officer of, or has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the Trust,

the Trustee or the officer of the Trust, as the case may be, shall disclose in writing to the Trustees or request to have entered into the minutes of meetings of the Trustees or the Investment Committee, as the case may be, the nature and extent of such interest as follows:

- (3) The disclosure required in the case of a Trustee shall be made:
- (a) at the meeting of Trustees or the Investment Committee, as the case may be, at which a proposed contract or transaction is first considered;
 - (b) if the Trustee was not then interested in a proposed contract or transaction, at the first such meeting after he or she becomes so interested;
 - (c) if the Trustee becomes interested after a contract is made or a transaction is entered into, at the first meeting after he or she becomes so interested; or
 - (d) if a person who is interested in a contract or transaction later becomes a Trustee, at the first such meeting after he or she becomes a Trustee.
- (4) The disclosure required in the case of an officer of the Trust who is not a Trustee:
- (a) forthwith after such person becomes aware that the contract or transaction or proposed contract or transaction is to be considered or has been considered at a meeting of the Trustees or the Investment Committee;
 - (b) if such person becomes interested after a contract is made or a transaction is entered to, forthwith after such person becomes so interested; or
 - (c) if a person who is interested in a contract or transaction later becomes an officer of the Trust who is not a Trustee, forthwith after he or she becomes an officer of the Trust.
- (5) Notwithstanding subsections (3) and (4), where this section applies to any person in respect of a material contract or transaction or proposed material contract or transaction that, in the ordinary course of the affairs of the Trust, would not require approval by the Trustees or the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders entitled to vote, such person shall disclose in writing to the Trustees or request to have entered into the minutes of meetings of the Trustees the nature and extent of such person's interest forthwith after such person becomes aware of the contract or transaction or proposed contract or transaction.

- (6) A Trustee referred to in this section shall not vote on any resolution to approve the said contract or transaction unless the contract or transaction is:
- (a) one relating primarily to his or her remuneration as a Trustee, officer, employee or agent of the Trust or any affiliate of the Trust; or
 - (b) one for indemnity under Section ~~13.1~~14.1 hereof or the purchase of liability insurance.
- (7) For the purposes hereof, a general notice to the Trustees by a Trustee or an officer of the Trust disclosing that he or she is a director or officer of or has a material interest in a person and is to be regarded as interested in any contract made or any transaction entered into with that person, is a sufficient disclosure of interest in relation to any contract so made or transaction so entered into. In the event that a meeting of ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders entitled to vote is called to confirm or approve a contract or transaction which is the subject of a general notice to the Trustees, the notice and extent of the interest in the contract or transaction of the person giving such general notice shall be disclosed in reasonable detail in the notice calling the said meeting of ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders entitled to vote or in any information circular required to be provided by this Declaration of Trust or by law.
- (8) Where a material contract is made or a material transaction is entered into between the Trust and a Trustee or an officer of the Trust, or between the Trust and another person of which a Trustee or an officer of the Trust is a director or officer or in which he or she has a material interest:
- (a) such person is not accountable to the Trust or to the ~~Unitholders, Preferred Unitholders or Special~~Trust Unitholders for any profit or gain realized from the contract or transaction; and
 - (b) the contract or transaction is neither void nor voidable,
- by reason only of that relationship or by reason only that such person is present at or is counted to determine the presence of a quorum at the meeting of the Trustees or Investment Committee that authorized the contract or transaction, if such person disclosed his or her interest in accordance with this Section 3.7, and the contract or transaction was reasonable and fair to the Trust at the time it was so approved.
- (9) Notwithstanding anything in this section, but without limiting the effect of subsection (8) hereof, a Trustee or an officer of the Trust, acting honestly and in good faith, is not accountable to the Trust or to the ~~Unitholders, Preferred~~

~~Unitholders or Special~~Trust Unitholders for any profit or gain realized from any such contract or transaction by reason only of his or her holding such office, position or interest, and the contract or transaction, if it was reasonable and fair to the Trust at the time it was approved, is not by reason only of such person's interest therein void or voidable, where:

- (a) the contract or transaction is confirmed or approved at a meeting of ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders entitled to vote duly called for that purpose; and
 - (b) the nature and extent of such person's interest in the contract or transaction are disclosed in reasonable detail in the notice calling the meeting or in any information circular required to be provided by this Declaration of Trust or by law.
- (10) Subject to subsections (8) and (9) hereof, where a Trustee or an officer of the Trust fails to disclose his or her interest in a material contract or transaction in accordance with this Declaration of Trust or otherwise fails to comply with this section, the Trustees or any ~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder, in addition to exercising any other rights or remedies in connection with such failure exercisable at law or in equity, may apply to a court for an order setting aside the contract or transaction and directing that such person account to the Trust for any profit or gain realized.

ARTICLE 4

INVESTMENT RESTRICTIONS AND OPERATING POLICIES

Section 4.1 Investment Restrictions.

The assets of the Trust may be invested only in accordance with the following restrictions:

- (1) the Trust shall focus its activities primarily on the acquisition, holding, developing, maintaining, improving, leasing or management of income producing real property with an emphasis on real property which is being utilized or intended to be utilized to provide living accommodation (the "**Focus Activities**");
- (2) notwithstanding anything else contained in this Declaration of Trust, the Trust shall not make any investment, take any action or omit to take any action that would result in ~~Units, Preferred Units or Special Voting~~Trust Units not being units of a "mutual fund trust" within the meaning of the Income Tax Act (Canada), that would result in Units being disqualified for investment by registered retirement savings plans, registered retirement income funds or deferred profit

sharing plans or that would, if the Trust is a registered investment within the meaning of the Income Tax Act (Canada), result in the Trust paying a tax under the registered investment provisions of the Income Tax Act (Canada) imposed for exceeding certain investment limits;

- (3) the Trust may, directly or indirectly, make such investments, do all such things and carry out all such activities as are necessary or desirable in connection with the conduct of its activities provided they are not otherwise specifically prohibited under this Declaration of Trust;
- (4) the Trust may invest in freehold, leasehold or other interests in property (real, personal, moveable or immoveable);
- (5) the Trust may make its investments and conduct its activities directly or indirectly through an investment in one or more persons on such terms as the Trustees may from time to time determine;
- (6) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province of Canada, short-term government debt securities, or money market instruments of, or guaranteed by, a Canadian bank listed on Schedule I to the *Bank Act* (Canada) maturing prior to one year from the date of issue, the Trust may not hold securities other than securities of a Person:
 - (a) acquired in connection with the carrying on, directly or indirectly, of the Trust's activities or the holding of its assets; or
 - (b) which focuses its activities primarily on Focus Activities and ancillary activities;
- (7) the Trust shall not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
- (8) the Trust shall not acquire any interest in a single real property if, after giving effect to the proposed acquisition, the cost to the Trust of such acquisition (net of the amount of acquisition debt) will exceed 20% of the Trust's Adjusted Unitholders' Equity;
- (9) the Trust may invest in operating businesses;
- (10) the Trust may invest in mortgages and mortgage bonds (including a participating or convertible mortgage) where the aggregate amount of such investments after giving effect to the proposed investment, will not exceed 20% of the Adjusted Unitholders' Equity; and

- (11) notwithstanding any other provision of this Declaration of Trust but subject always to subsection (2) above, the Trust may make investments not otherwise permitted under this Declaration of Trust, provided the aggregate amount of such investments (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred by the Trust and secured by a mortgage on such property) will not exceed 20% of the Adjusted Unitholders' Equity of the Trust after giving effect to the proposed investment.

Section 4.2 Operating Policies.

The operations and affairs of the Trust shall be conducted in accordance with the following policies:

- (1) the Trust shall not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof, the term "hedging" shall have the meaning ascribed thereto by National Instrument 81-102 - *Mutual Funds*, as amended from time to time;
- (2) ~~(i)~~(i) any written instrument creating an obligation which is or includes the granting by the Trust of a mortgage, and ~~(ii)~~(ii) to the extent the Trustees determine to be practicable and consistent with their fiduciary duty to act in the best interests of the ~~Unitholders, Preferred Unitholders and Special Trust~~ Unitholders, any written instrument which is, in the judgment of the Trustees, a material obligation shall contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of the Trustees, ~~Unitholders, Preferred Unitholders, Special Trust~~ Unitholders, annuitants under a plan of which a ~~Unitholder, Preferred Unitholder or Special Trust~~ Unitholder acts as a trustee or carrier, or officers, employees or agents of the Trust, but that only property of the Trust or a specific portion thereof shall be bound; the Trust, however, is not required, but shall use all reasonable efforts, to comply with this requirement in respect of obligations assumed by the Trust upon the acquisition of real property;
- (3) the Trust shall not incur or assume any indebtedness if, after giving effect to the incurring or assumption of the indebtedness, the total indebtedness of the Trust (including the amount then advanced under the Acquisition and Operating Facility) would be more than 70% of the Gross Book Value, unless a majority of the trustees, in their discretion, determine that the maximum amount of indebtedness shall be based on the appraised value of the real properties of the Trust. For the purposes of this subparagraph, "indebtedness" means (without duplication) on a consolidated basis:

- (a) any obligation of the Trust for borrowed money (other than under the Acquisition and Operating Facility),
- (b) any obligation of the Trust (other than under the Acquisition and Operating Facility) incurred in connection with the acquisition of property, assets or businesses other than the amount of future income tax liability arising out of indirect acquisitions,
- (c) any obligation of the Trust issued or assumed as the deferred purchase price of property, and
- (d) any capital lease obligation of the Trust;

provided that (A) for the purposes of (a) through (d), an obligation (other than convertible debentures) will constitute indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of the Trust in accordance with generally accepted accounting principles, (B) obligations referred to in clauses (a) through (c) exclude trade accounts payable, security deposits, distributions payable to Unitholders or Preferred Unitholders, contingent liabilities and accrued liabilities arising in the ordinary course, and (C) convertible debentures will constitute indebtedness to the extent of the principal amount thereof outstanding;

- (4) the Trust shall obtain an independent appraisal of each real property that it intends to acquire;
- (5) the Trust shall obtain and maintain at all times insurance coverage in respect of potential liabilities of the Trust and the accidental loss of value of the assets of the Trust from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties; and
- (6) unless the Trustees determine it is not necessary, the Trust shall have conducted a Phase I environmental audit of each real property to be acquired by it and, if the Phase I environmental audit report recommends that further environmental audits be conducted, the Trust shall have conducted such further environmental audits, in each case by an independent and experienced environmental consultant; such audit, as a condition to any acquisition, shall be satisfactory to the Trustees.

Section 4.3 Operating Plan.

The Trust shall, at least on an annual basis, establish an investment and operating plan for the ensuing period.

Section 4.4 Regulatory Matters.

If at any time a government or regulatory authority having jurisdiction over the Trust or any property of the Trust shall enact any law, regulation or requirement which is in conflict with any investment restriction of the Trust then in force, such restriction in conflict shall, if the Trustees on the advice of legal counsel to the Trust so resolve, be deemed to have been amended to the extent necessary to resolve any such conflict and, notwithstanding anything to the contrary herein contained, any such resolution of the Trustees shall not require the prior approval of ~~Unitholders, Preferred Unitholders or Special~~Trust Unitholders.

ARTICLE 5 TRUST UNITS

Section 5.1 Units.

- (1) The beneficial interests in the Trust shall be divided into three classes, described and designated as "Units", "Preferred Units" and "Special Voting Units", which shall be entitled to the rights and subject to the limitations, restrictions and conditions set out herein, and the interest of each Unitholder, Preferred Unitholder and Special Unitholder shall be determined by the number of Units, Preferred Units and/or Special Voting Units registered in the name of the Unitholder, Preferred Unitholder or Special Unitholder. Following the date of this Declaration of Trust, the Trustees may create additional classes of units of the Trust having such attributes as may be ascribed from time to time provided that, other than Preferred Units, in no event, shall any such additional class of units contain any rights, terms or conditions which are more favourable than the rights terms and conditions attaching to the Units and Special Voting Units outstanding as of the date hereof. The number of Units and Special Voting Units which the Trust may issue is unlimited. The number of Preferred Units which the Trust may issue is limited to 25,840,600. The issued and outstanding Units, Preferred Units and Special Voting Units may be subdivided or consolidated from time to time by the Trustees.
- (2) Each Unit represents an equal undivided interest in the Trust. All Units outstanding from time to time shall, subject to the rights of holders of Preferred Units, be entitled to participate pro rata in any distributions by the Trust and, in the event of termination or winding-up of the Trust, in the net assets of the Trust, after satisfaction of the rights of holders of the Preferred Units. All Units shall rank among themselves equally and rateably without discrimination, preference or priority.

Section 5.2 Rights Attaching to Special Voting Units.

- (1) Special Voting Units shall not entitle the holder thereof to any share of or interest in the distributions or net assets of the Trust. Special Voting Units may be issued in series and shall only be issued in connection with or in relation to Exchangeable Securities issued and shall be automatically cancelled on the issuance of Units on exercise, conversion or cancellation of Exchangeable Securities. Subject to the restrictions set forth in this Declaration of Trust, each Special Voting Unit shall entitle the Special Unitholder of record thereof to a number of votes at all meetings of Unitholders or in respect of any written resolution of Unitholders equal to the number of Units into which the Exchangeable Securities to which such Special Voting Unit relates are, directly or indirectly, exchangeable or convertible (other than in respect of Exchangeable Securities which have been so exchanged, converted or cancelled). For greater certainty, holders of Special Voting Units shall not be entitled to any distributions of any nature whatsoever from the Trust or have any legal or beneficial interests in any assets of the Trust on termination or winding-up of the Trust.
- (2) Concurrently with the issuance of any Exchangeable Securities and associated Special Voting Units, the Trust shall enter into such agreements, including the Exchange Agreement and/or other voting and exchange trust agreements and Exchangeable Security support agreements, as may be necessary or desirable to properly provide for the terms of the Exchangeable Securities, including to provide for voting of such Special Voting Units.

Section 5.3 Rights Attaching to Preferred Units.

The Preferred Units shall have attached thereto the following attributes:

- (1) the Preferred Units may from time to time be issued in one or more series, and the Trustees may fix from time to time before such issue the number of Preferred Units which is to comprise each series and the designation, rights, privileges, restrictions and conditions attaching to each series of Preferred Units and the currency thereof, including, without limiting the generality of the foregoing, any voting rights, the rate or amount of distributions (which may be cumulative or non-cumulative and variable or fixed) or the method of calculating distributions, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion, if any, any rights on the liquidation, dissolution or winding-up of the Trust, and any sinking fund or other provisions;
- (2) the Preferred Units of each series shall, with respect to the payment of distributions (other than distributions paid solely through the distribution of additional Units) and the distribution of assets of the Trust or return of capital in the event of liquidation, dissolution or winding-up of the Trust, whether voluntary or involuntary, or any other return of capital or distribution of assets of

the Trust among its Unitholders and Special Unitholders for the purpose of winding-up its affairs, be entitled to preference over the Units and Special Voting Units, and over any other security of the Trust ranking by their terms junior to the Preferred Units. The Preferred Units of any series may also be given such other preferences, not inconsistent with this Declaration of Trust, over the Units, Special Voting Units and any other securities of the Trust ranking by their terms junior to the Preferred Units, as may be fixed in accordance with subsection (1); and

- (3) if any cumulative distributions or amounts payable on the return of capital in respect of a series of Preferred Units are not paid in full, all series of Preferred Units of equal ranking shall participate rateably in respect of accumulated distributions and return of capital based on the accumulated distributions and return of capital of a series of Preferred Units as a proportion of the accumulated distributions and return of capital of all series of Preferred Units of equal ranking.

The terms of a particular series of Preferred Units as fixed by the Trustees in accordance with subsection (1) above shall be set out in a "Certificate of Preferred Unit Terms" which certificate shall be approved by the Trustees prior to the issue of such Preferred Units and, upon such approval, the certificate shall become a part of this Declaration of Trust.

Notwithstanding anything else herein contained, except as otherwise provided in the terms of a particular series of Preferred Units as fixed by the Trustees in accordance with subsection 5.3(1) above, the Units, Special Voting Units or any series of Preferred Units shall have not or be deemed to have any term, condition, right or other attribute which would provide any holder of Units, Special Voting Units or Preferred Units of any series with an interest in the income of the Trust as a percentage in any distribution received by that ~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder that is greater or lesser than an interest in the income of the Trust as a percentage of any distribution received by the holder of any other ~~Units, Special Voting Units or Preferred~~Trust Units of any series.

Section 5.4 Consideration for Units and Preferred Units.

Subject to the last sentence of this Section 5.4, a Unit or Preferred Unit shall not be fully paid until the consideration therefor has been received in full by or on behalf of the Trust. The consideration for any Unit or Preferred Unit shall be paid in money or in property or in past services that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit or Preferred Unit had been issued for money. In determining whether property or past services are the fair equivalent of consideration paid in money, the Trustees may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust. Units may be issued and sold on an instalment basis, in which event beneficial ownership of such Units may be represented by instalment receipts, but shall otherwise be non-assessable.

Section 5.5 No Pre-Emptive Rights.

There are no pre-emptive rights attaching to the Units or Preferred Units.

Section 5.6 Fractional Units.

If as a result of any act of the Trustees hereunder any person becomes entitled to a fraction of a Unit or Preferred Unit, such person is not entitled to receive a certificate therefor. Fractional Units or Preferred Units shall not, except to the extent that they may represent in the aggregate one or more whole Units or Preferred Units, entitle the holders thereof to notice of or to attend or to vote at, meetings of Unitholders or Preferred Unitholders. Subject to the foregoing, such fractional Units or Preferred Units shall have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units or Preferred Units, as applicable, in the proportion that they bear to a whole Unit or Preferred Unit.

Section 5.7 Legal Ownership of Assets of the Trust.

The legal ownership of the assets of the Trust and the right to conduct the affairs of the Trust are vested exclusively in the Trustees, subject to the provisions of this Declaration of Trust, and the ~~Unitholders, Preferred Unitholders and Special Trust~~ Unitholders shall have no interest therein other than the beneficial interest in the Trust conferred by their ~~Units, Preferred Units or Special Voting Trust~~ Units issued hereunder as described herein, and they shall have no right to compel any partition, division, dividend or Distribution of the Trust or any of the assets of the Trust. The ~~Units, Preferred Units and Special Voting Trust~~ Units shall be personal property and shall confer upon the holders thereof only the interest and rights specifically set forth in this Declaration of Trust. No ~~Unitholder, Preferred Unitholder or Special Trust~~ Unitholder has or is deemed to have any right of ownership in any of the assets of the Trust.

Section 5.8 Issuance of ~~Units, Preferred Units and Special Voting Trust~~ Units.

The Trustees may allot and issue ~~Units, Preferred Units and Special Voting Trust~~ Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by Unitholders of their Distributions of the Trust in Units), and for such consideration and to such person, persons or class of persons as the Trustees in their sole discretion shall determine except that Special Voting Units shall only be issued in connection with the issuance of Exchangeable Securities. In the event that ~~Units, Preferred Units or Special Voting Trust~~ Units are issued in whole or in part for a consideration other than money, the resolution of the Trustees allotting and issuing such ~~Units, Preferred Units or Special Voting Trust~~ Units shall express the fair equivalent in money of the other consideration received.

Section 5.9 Issuance of Other Securities.

The Trustees may create and issue convertible securities and rights, warrants or options to subscribe for fully paid Units or Preferred Units (including Exchangeable

Securities) which securities, or rights, warrants or options may be convertible or exercisable, as the case may be, into Units or Preferred Units at such subscription price or prices and at such time or times as the Trustees may determine. The rights, warrants or options so created may be issued for such consideration or for no consideration, all as the Trustees may determine. A convertible security, or a right, warrant or option shall not be a Unit or Preferred Unit and a holder thereof shall not be a Unitholder or a Preferred Unitholder. Upon the approval by the Trustees of any equity incentive plan for trustees, officers and/or employees of the Trust, the Human Resources and Compensation Committee may, upon receiving authority from the Trustees, grant convertible securities, rights, warrants or options upon the terms and subject to the conditions set forth in such plan.

Section 5.10 Commissions and Discounts.

The Trustees may provide for the payment of commissions or may allow discounts to persons in consideration of their subscribing or agreeing to subscribe, whether absolutely or conditionally, for Units or Preferred Units or of their agreeing to produce subscriptions therefor, whether absolute or conditional.

Section 5.11 Transferability.

Subject to limitations on ownership set out in this Declaration of Trust and limitations set out in applicable securities laws, the Units and Preferred Units are freely transferable and the Trustees shall not impose any restriction on the transfer of Units and Preferred Units. The Trustees shall use all reasonable efforts to obtain and maintain a listing for the Units on one or more stock exchanges in Canada. Special Voting Units and Exchangeable Securities shall be non-transferable without the consent of the Trust and shall not be listed on any exchange.

Section 5.12 Non-Resident Ownership Constraint.

- (1) At no time may Non-Residents be the beneficial owners of more than 49% of the Units or Preferred Units, on a basic or fully-diluted basis (and for greater certainty, including Units into which Exchangeable Securities may be converted or exchanged), and the Trust shall inform its ~~transfer agent~~ Transfer Agent of this restriction. The Trustees may require a registered holder of ~~Units, Preferred Units and/or Special Voting~~ Trust Units to provide the Trustees with a declaration as to the jurisdictions in which beneficial owners of the Units or Preferred Units registered in such Unitholder's or Preferred Unitholder's name are resident and as to whether such beneficial owners are Non-Residents (or in the case of a partnership, whether the partnership is a Non-Resident). If the Trustees become aware, as a result of such declarations as to beneficial ownership or as a result of any other investigations, that the beneficial owners of more than 49% of the Units or Preferred Units (on a basic or fully-diluted basis, including Units into which Exchangeable Securities may be converted or exchanged) are, or may be, Non-Residents or that such a situation is imminent, the Trustees may make a

public announcement thereof and shall not accept a subscription for Units or Preferred Units from or issue or register a transfer of Units or Preferred Units to a person unless the person provides a declaration in form and content satisfactory to the Trustees that the person is not a Non-Resident and does not hold such Units or Preferred Units for the benefit of Non-Residents. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the Units or Preferred Units (on a basic or fully-diluted basis, including Units, Preferred Units into which Exchangeable Securities may be converted or exchanged) are held by Non-Residents, the Trustees may send a notice to such Non-Resident holders of the Units, Preferred Units or Exchangeable Securities, as the case may be, chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell their Units, Preferred Units or Exchangeable Securities or a portion thereof within a specified period of not more than thirty (30) days. If the Unitholders or Preferred Unitholders receiving such notice have not sold the specified number of Units, Preferred Units or Exchangeable Securities or provided the Trustees with satisfactory evidence that they are not Non-Residents within such period, the Trustees may on behalf of such Unitholders sell such Units, Preferred Units or Exchangeable Securities and, in the interim, shall suspend the voting and Distribution rights attached to such Units, Preferred Units or Exchangeable Securities (other than the right to receive the net proceeds from the sale). Upon such sale or conversion, the affected holders shall cease to be holders of the relevant Units, Preferred Units or Exchangeable Securities and their rights shall be limited to receiving the net proceeds of sale upon surrender of the certificates, if any, representing such securities. The Trust may direct its ~~transfer agent~~Transfer Agent to do any of the foregoing.

- (2) No liability shall accrue to the Trust or the Trustees if the Units or Preferred Units of a Non-Resident Unitholder are sold at a loss to such Unitholder or Preferred Unitholder, as applicable. Unless and until the Trustees shall have been required to do so under the terms hereof, the Trustees shall not be bound to do or take any proceedings or action with respect to this Section 5.12 by virtue of the powers conferred on them hereby. The Trustees shall use reasonable commercial efforts to actively monitor the ownership of Units and Preferred Units by Non-Residents. It is acknowledged that the Trustees cannot definitely monitor the ownership of Units and Preferred Units by Non-Residents if the Units or Preferred Units are registered in the name of an intermediary. The Trustees shall not be liable for any violation of the Non-Resident ownership restriction which may occur during the term of the Trust.
- (3) The Trustees' Regulations may include provisions to implement the foregoing.

Section 5.13 Book-Based System.

The provisions of this Section shall not in any way alter the nature of ~~Units, Preferred Units or Special Voting Trust~~ Units or the relationships of a ~~Unitholder, Preferred Unitholder or Special Trust~~ Unitholder to the Trustees and of one ~~Unitholder, Preferred Unitholder or Special Trust~~ Unitholder to another but are intended only to facilitate the issuance of certificates evidencing the ownership of ~~Units, Preferred Units or Special Voting Trust~~ Units, if desirable to issue them to ~~Unitholders, Preferred Unitholders or Special Trust~~ Unitholders, and the recording of all transactions in respect of ~~Units, Preferred Units or Special Voting Trust~~ Units and certificates whether by the Trust, securities dealers, stock exchanges, transfer agents, registrars or other persons.

Registration of interests in and transfers of ~~Units, Preferred Units or Special Voting Trust~~ Units held through CDS, or its nominee, will be made electronically through the uncertificated book-entry only system of CDS. The Trust, via its Transfer Agent, will electronically deliver the ~~Units, Preferred Units or Special Voting Trust~~ Units registered to CDS or its nominee, and CDS will credit interests in such ~~Units, Preferred Units or Special Voting Trust~~ Units to the accounts of the CDS Participants. ~~Units, Preferred Units and Special Voting Trust~~ Units held in CDS will be purchased, transferred and surrendered for redemption through a CDS Participant. All rights of beneficial ~~Unitholders, Preferred Unitholders or Special Trust~~ Unitholders who hold ~~Units, Preferred Units or Special Voting Trust~~ Units in CDS must be exercised through, and all payments or other property to which such beneficial ~~Unitholders, Preferred Unitholders or Special Trust~~ Unitholders are entitled will be made or delivered by CDS or the CDS Participant through which the beneficial ~~Unitholder, Preferred Unitholder or Special Voting Trust~~ Unitholder holds such ~~Units, Preferred Units or Special Voting Trust~~ Units. A beneficial holder of a ~~Unit, Preferred Unit or Special Voting Trust~~ Unit participating in the uncertificated book-entry only system will not be entitled to a certificate or other instrument from the Trust or the Transfer Agent evidencing that person's interest in it or ownership of ~~Units, Preferred Units or Special Voting Trust~~ Units, nor, to the extent applicable, will such beneficial ~~Unitholder, Preferred Unitholder or Special Voting Trust~~ Unitholder be shown on the records maintained by CDS, except through an agent who is a CDS Participant. Registration of ownership and transfers of the ~~Units, Preferred Units or Special Voting Trust~~ Units will be effected only through the book-based system administered by CDS. Special Voting Units shall be non-transferable without the consent of the Trust and applicable regulatory authorities.

Except as described below, no purchaser of a ~~Unit, Preferred Unit or Special Voting Trust~~ Unit will be entitled to a certificate or other instrument from the Trust evidencing that purchaser's ownership thereof, and no holder of a beneficial interest in a ~~Unit, Preferred Unit or Special Voting Trust~~ Unit (a "**Beneficial Owner**") will be shown on the records maintained by CDS except through the accounts of CDS Participants acting on behalf of the Beneficial Owners. CDS will be responsible for establishing and maintaining book-entry accounts for CDS Participants having interests in the ~~Units,~~

~~Preferred Units or Special Voting Trust~~ Units, and sales of interests in the ~~Units, Preferred Units or Special Voting Trust~~ Units can only be completed through CDS Participants.

~~Units, Preferred Units or Special Voting Trust~~ Units will be issued in fully registered form to holders or their nominees, if any, who purchase ~~the Units, Preferred Units or Special Voting Trust~~ Units pursuant to the private placement of Trust Units, ~~Preferred Units or Special Voting Units, as the case may be,~~ made in reliance upon Rule 144A adopted under the *United States Securities Act of 1933*, as amended, and to transferees thereof in the United States who purchase such ~~Units, Preferred Units or Special Voting Trust~~ Units in reliance upon such Rule. Likewise, any ~~Units, Preferred Units or Special Voting Trust~~ Units transferred to a transferee within the United States or outside the United States to a “U.S. Person” (within the meaning of Regulation S) or a “U.S. resident” (within the meaning of the *United States Investment Company Act of 1940*, as amended) will be evidenced in definitive certificates representing any such Trust Units unless the ~~REIT Trust~~ otherwise agrees that such ~~Units, Preferred Units or Special Voting Trust~~ Units need not be evidenced in definitive securities. If any such ~~Units, Preferred Units or Special Voting Trust~~ Units represented by definitive certificates are subsequently traded into Canada or otherwise outside the United States to a person other than a “U.S. Person” (within the meaning of Regulation S) or a “U.S. resident” (within the meaning of the *United States Investment Company Act of 1940*, as amended), the Transfer Agent will electronically deliver such ~~Units, Preferred Units or Special Voting Trust~~ Units registered to CDS or its nominee, and CDS will credit interests in such ~~Units, Preferred Units or Special Voting Trust~~ Units to the accounts of the CDS Participants as directed by the Transfer Agent and, thereafter, registration of ownership and transfers of such ~~Units, Preferred Units or Special Voting Trust~~ Units will be made through the book-based system administered by CDS. Without the prior written consent of the Trust, no ~~Units, Preferred Units or Special Voting Trust~~ Units may be transferred within the United States unless the transferee is a “Qualified Purchaser” (within the meaning of Section 2(a)(51) of the *United States Investment Company Act of 1940*, as amended) and the transfer is in compliance with U.S. federal and state securities laws. Without the prior written consent of the Trust, no ~~Units, Preferred Units or Special Voting Trust~~ Units may be transferred outside the United States (A) to a “U.S. Person” (within the meaning of Regulation S under the *United States Securities Act of 1933*, as amended) or a “U.S. resident” (within the meaning of the *United States Investment Company Act of 1940*, as amended), in each case of clause (A) or (B) above if such transfer would result in the Trust being required to register as an “investment company” under the *United States Investment Company Act of 1940*, as amended and (B) unless in accordance with Regulation S under the *United States Securities Act of 1933*, as amended.

Except in the case of United States purchasers purchasing ~~Units, Preferred Units or Special Voting Trust~~ Units under Rule 144A or purchasers outside the United States

who are either a “U.S. Person” (within the meaning of Regulation S) or a “U.S. resident” (within the meaning of the United States Investment Company Act of 1940, as amended), ~~Units, Preferred Units and Special Voting Trust~~ Units will be issued in fully registered form to holders or their nominees, other than CDS or its nominee, only if: (i) the Trust is required to do so by applicable law; (ii) the depository system of CDS ceases to exist; (iii) the Trust determines that CDS is no longer willing or able or qualified to discharge properly its responsibility as depository and the Trust is unable to locate a qualified successor; or (iv) the Trust at its option elects to terminate the book-entry system in respect of the ~~Units, Preferred Units or Special Voting Trust~~ Units through CDS.

All references herein to actions by, notices given or payments made to ~~Unitholders, Preferred Unitholders or Special Trust~~ Unitholders shall, where such ~~Units, Preferred Units or Special Voting Trust~~ Units are held through CDS, refer to actions taken by, or notices given or payments made to, CDS upon instruction from the CDS Participants in accordance with CDS’s rules and procedures. For the purposes of any provision hereof requiring or permitting actions with the consent of or at the direction of ~~Unitholders, Preferred Unitholders or Special Trust~~ Unitholders evidencing a specified percentage of the aggregate ~~Units, Preferred Units and Special Voting Trust~~ Units outstanding, such direction or consent may be given by ~~Unitholders, Preferred Unitholders and Special Trust~~ Unitholders acting through CDS and the CDS Participants owning ~~Units, Preferred Units or Special Voting Trust~~ Units evidencing the requisite percentage of the ~~Units, Preferred Units or Special Voting Trust~~ Units. The rights of a ~~Unitholder, Preferred Unitholder or Special Voting Trust~~ Unitholder whose ~~Units, Preferred Units or Special Voting Trust~~ Units are held through CDS shall be exercised only through CDS and the CDS Participants and shall be limited to those established by law and agreements between such ~~Unitholders, Preferred Unitholders or Special Trust~~ Unitholders and CDS and/or the CDS Participants or upon instruction from the CDS Participants. Each of the Transfer Agent and the Trustees may deal with CDS for all purposes (including the making of payments) as the authorized representative of the respective ~~Unitholders, Preferred Unitholders and Special Trust~~ Unitholders and such dealing with CDS shall constitute satisfaction or performance, as applicable, towards their respective obligations hereunder.

For so long as ~~Units, Preferred Units and Special Voting Trust~~ Units are held through CDS, if any notice or other communication is required to be given to ~~Unitholders, Preferred Unitholders or Special Trust~~ Unitholders, the Trustees and the Transfer Agent will give all such notices and communications to CDS.

If CDS resigns or is removed from its responsibilities as depository and the Trustees are unable or do not wish to locate a qualified successor, CDS shall surrender the ~~Units, Preferred Units and Special Voting Trust~~ Units held by it to the Transfer Agent with instructions from CDS for registration of ~~Units, Preferred Units and Special Voting Trust~~ Units in the name and in the amounts specified by CDS and the Trust shall

issue and the Trustee and Transfer Agent shall execute and deliver the aggregate number of ~~Units, Preferred Units and Special Voting Trust~~ Units then outstanding in the form of definitive certificates representing such ~~Units, Preferred Units and Special Voting Trust~~ Units.

Section 5.14 Certificates.

Subject to the provisions of this Article 5, each ~~Unitholder, Preferred Unitholder and Special Trust~~ Unitholder or his, her or its duly authorized agent is entitled to a certificate bearing an identifying serial number in respect of the ~~Units, Preferred Units or Special Voting Trust~~ Units held by him, her or its, signed in the manner hereinafter prescribed, but the Trust is not bound to issue more than one certificate in respect of a unit or units held jointly or in common by two or more persons and delivery of a certificate to one of them shall be sufficient delivery to all. No certificate shall be issued to evidence any fractional units.

Section 5.15 Certificate Fee.

The Trustees may establish a reasonable fee to be charged for every certificate issued.

Section 5.16 Forms of Certificate.

The forms of certificates representing Units, Special Voting Units and any series of Preferred Units, shall be in such forms as are from time to time authorized by the Trustees.

Section 5.17 Unit, Preferred Unit and Special Voting Unit Register and Transfer Ledgers to be Maintained.

A register (the “**Register**”) shall be kept by, or on behalf and under the direction of the Trustees, which Register shall contain the names ~~and, alphabetically arranged, and the latest known~~ addresses of ~~Unitholders, Preferred Unitholders and Special Unitholders~~ each Trust Unitholder who is or has been a Trust Unitholder, the respective numbers of ~~Units, Preferred Units or Special Voting Trust~~ Units held by them, the certificate numbers of the certificates, if any, of such ~~Units, Preferred Units or Special Voting Trust~~ Units and ~~a record of~~ the date and particulars of the issue and all transfers thereof. The Trustees may appoint one or more chartered banks or trust companies to act as transfer agents (each a “**Transfer Agent**”) and to act as registrars (each a “**Registrar**”) for ~~Units, Preferred Units and Special Voting Trust~~ Units and may provide for the transfer of ~~Units, Preferred Units and Special Voting Trust~~ Units in one or more places within Canada. In the event of such appointment, such Transfer Agents and Registrars shall keep all necessary registers and other books (which may be kept in a bound or loose-leaf book or may be entered or recorded by any system of mechanical or electronic data processing or any other information storage device) for recording original issues and registering and transferring the Units or Preferred Units. If the Trustees have appointed a Transfer Agent and Registrar, no certificate, if any, for ~~Units,~~

~~Preferred Units or Special Voting Trust~~ Units shall be valid unless countersigned by or on behalf of a transfer agent and/or registrar. Only persons whose ~~Units, Preferred Units or Special Voting Trust~~ Units are recorded on the Register shall be entitled to vote or otherwise exercise or enjoy the rights of ~~Unitholders, Preferred Unitholders or Special Trust~~ Unitholders, as the case may be, except that only persons whose Units or Preferred Units are recorded on the Register shall be entitled to receive Distributions.

Section 5.18 Entry on Register.

Upon any issue of ~~Units, Preferred Units or Special Voting Trust~~ Units, the name of the subscriber shall be promptly entered on the Register as the owner of the number of ~~Units, Preferred Units or Special Voting Trust~~ Units issued to such subscriber, or if the subscriber is already a Trust Unitholder, ~~Preferred Unitholders or Special Unitholders,~~ the Register shall be amended to include his, her or its additional ~~Units, Preferred Units or Special Voting Trust~~ Units.

Section 5.19 Transfer of Units and Preferred Units.

Subject to the provisions of this Article 5, Units and Preferred Units shall be, for all purposes of the Trust and this Declaration of Trust, personal and moveable property, and shall be transferable at any time and from time to time by the Unitholder or the Preferred Unitholder by endorsement and delivery of the certificates representing the Units or the Preferred Units subject to such provisions and conditions as may be prescribed by the Trustees from time to time. Subject to the provisions of this Article 5, no transfer shall be recorded on the Register unless the transferor has executed the instrument of transfer as reproduced in the Unit or Preferred Unit certificate and the transferee has delivered to the ~~transfer agent~~ Transfer Agent and/or register a Unit certificate or Preferred Unit certificate representing the Units or Preferred Units transferred, as applicable. Subject to the foregoing and to the provisions of this Article 5, transfers shall be recorded on the Register and a new certificate for the Units or Preferred Units so transferred shall be issued to the transferee and in case of a transfer of only part of the Units or Preferred Units represented by any certificate, a new certificate for the remaining Units or Preferred Units shall be issued to the transferor. Special Voting Units shall be non-transferable without the consent of the Trust and applicable regulatory authorities.

Section 5.20 Successors in Interest to Unitholders and Preferred Unitholders.

Any person becoming entitled to any Trust ~~Units, Preferred Units or Special Voting Units, as the case may be,~~ as a consequence of the death, bankruptcy or incapacity of any Unitholder, Preferred Unitholder or otherwise by operation of law shall be recorded in the Register as the holder of such ~~Units, Preferred Units or Special Voting Trust~~ Units and, in the case of units represented by a certificate, shall receive a new certificate therefore upon production of evidence thereof satisfactory to the Trustees and delivery of the existing certificate to the Trustees or ~~a transfer agent or registrar~~ Transfer Agent or Registrar of the Trust, but until such record is made, the

~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder of record shall continue to be and be deemed to be the holder of such ~~Units, Preferred Units or Special Voting~~Trust Units for all purposes whether or not the Trust, the Trustees or the ~~transfer agent or registrar of the Trust~~Transfer Agent or Registrar shall have actual or other notice of such death, bankruptcy, incapacity or other event.

Section 5.21 ~~Units, Preferred Units or Special Voting~~Trust Units Held Jointly or in Fiduciary Capacity.

The Trust may treat two or more persons holding any ~~Unit, Preferred Unit or Special Voting~~Trust Unit as joint tenants of the entire interest therein unless the ownership is expressly otherwise recorded on the Register of the Trust, but no entry shall be made in the Register or on any certificate that any person is in any other manner entitled to any future, limited or contingent interest in any ~~Unit, Preferred Unit or Special Voting~~Trust Unit; provided, however, that any person recorded in the Register as a ~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder may, subject to the provisions herein contained, be described in the Register or on any certificate as a fiduciary of any kind and any customary words may be added to the description of the holder to identify the nature of such fiduciary relationship.

Section 5.22 Performance of Trusts.

None of the Trustees, officers of the Trust, ~~Unitholders, Preferred Unitholders, Special~~Trust Unitholders or any ~~transfer agent, registrar~~Transfer Agent, Registrar or other agent of the Trust or the Trustees shall have a duty to inquire into any claim that a transfer of a ~~Unit, Preferred unit, Special Voting~~Trust Unit or other security of the Trust was or would be wrongful or that a particular adverse person is the owner of or has an interest in the ~~Unit, Preferred Unit, Special Voting~~Trust Unit or other security or any other adverse claim, or be bound to see to the performance of any trust, express, implied or constructive or of any charge, pledge or equity to which any of the ~~Units, Preferred Units, Special Voting~~Trust Units or other securities or any interest therein are or may be subject, or to ascertain or inquire whether any sale or transfer of any such ~~Units, Preferred Units, Special Voting~~Trust Units or other securities or interest therein by any such ~~Unitholder, Preferred Unitholder, Special~~Trust Unitholder or holder of such security or his personal representatives is authorized by such trust, charge, pledge or equity, or to recognize any person as having any interest therein, except for the person recorded as ~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder of such security.

Section 5.23 Lost, Stolen or Destroyed Certificates.

In the event that any certificate for ~~Units, Preferred Units or Special Voting~~Trust Units is lost, stolen, destroyed or mutilated, the Trustees may authorize the issuance of a new certificate for the same number of ~~Units, Preferred Units or Special Voting~~Trust Units, as applicable, in lieu thereof. The Trustees may in their discretion, before the issuance of such new certificate, require the owner of the lost, stolen, destroyed or

mutilated certificate, or the legal representative of the owner, to make such affidavit or statutory declaration, setting forth such facts as to the loss, theft, destruction or mutilation as the Trustees deem necessary and may require the applicant to supply to the Trust a "lost certificate" or similar bond in such reasonable amount as the Trustees direct indemnifying the Trustees, the transfer agents and registrars for so doing. The Trustees shall have the power to acquire from an insurer or insurers a blanket lost security bond or bonds in respect of the replacement of lost, stolen, destroyed or mutilated certificates. The Trust shall pay all premiums and other sums of money payable for such purpose out of the property of the Trust with such contribution, if any, by those insured as may be determined by the Trustees. If such blanket lost security bond is acquired, the Trustees may authorize and direct (upon such terms and conditions as they from time to time impose) any registrar, transfer agent, trustee or others to whom the indemnity of such bond extends to take such action to replace such lost, stolen, destroyed or mutilated certificates without further action or approval by the Trustees.

Section 5.24 Death of a ~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder.

The death of a ~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder during the continuance of the Trust shall not terminate the Trust or give the personal representatives or the heirs of the estate of the deceased ~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder a right to an accounting or to take any action in the courts or otherwise against other ~~Unitholders, Preferred Unitholders, Special~~Trust Unitholders or the Trustees, officers of the Trust or the property of the Trust, but shall only entitle the personal representatives or the heirs of the estate or succession of the deceased ~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder to demand to be recorded in the Register as the holder of the ~~Units, Preferred Units or Special~~VotingTrust Units formerly held by the deceased ~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder (and, in the case of units represented by certificates, the right to demand and receive a new certificate for units in place of the certificate held by the deceased ~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder), and upon the acceptance thereof such personal representatives or the heirs of the estate or succession of the deceased ~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder shall succeed to all rights of the deceased ~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder under this Declaration of Trust.

Section 5.25 Unclaimed Payments.

In the event that the Trustees hold any amounts to be paid to Unitholders or Preferred Unitholders under Article ~~9~~10 or otherwise because such amounts are unclaimed or cannot be paid for any reason, neither the Trustees nor any distribution disbursing agent shall be under any obligation to invest or reinvest the same and shall only be obligated to hold the same in a current or other non-interest bearing account with a chartered bank or trust company, pending payment to the person or persons

entitled thereto. The Trustees shall, as and when required by law, and may at any time prior to such required time, pay all or part of such amounts so held to a court in the province where the Trust has its principal office or to the ~~Public Trustee~~public trustee (or other similar government official or agency) in the province where the Trust has its principal office whose receipt shall be a good satisfaction and discharge of the obligations of the Trustees.

Section 5.26 Repurchase of Units.

Provided the holder thereof agrees or the terms of the Units or Preferred Units so provide, the Trust shall be entitled to purchase for cancellation at any time the whole or from time to time any part of the outstanding Units or Preferred Units, at a price per Unit or Preferred Unit and on a basis determined by the Trustees in compliance with all applicable securities regulatory laws, regulations or policies or the policies of any applicable stock exchange.

Section 5.27 Take-Over Bids.

- (1) For the purposes of this Section 5.27 only, where a take-over bid is made for Special Voting Units, a reference to Unit in this Section 5.27 shall be to a Special Voting Unit.
- (2) If within 120 days after the date of a take-over bid the bid is accepted by the holders of not less than 90 percent of the Units of any class of Units to which the take-over bid relates, other than Units held at the date of the take-over bid by or on behalf of the offeror or an affiliate or associate of the offeror, the offeror is entitled, on complying with this section, to acquire the Units held by the dissenting offerees.
- (3) An offeror may acquire Units held by a dissenting offeree by sending by registered mail within 60 days after the date of termination of the take-over bid and in any event within 180 days after the date of the take-over bid, an offeror's notice to each dissenting offeree stating that:
 - (a) the offerees holding ~~more~~not less than 90% of the Units to which the bid relates accepted the take-over bid;
 - (b) the offeror is bound to take up and pay for or has taken up and paid for the Units of the offerees who accepted the take-over bid;
 - (c) a dissenting offeree is required to elect:
 - (i) to transfer his, her or its Units to the offeror on the terms on which the offeror acquired the Units of the offerees who accepted the take-over bid, or

- (ii) to demand payment of the fair value of his, her or its Units in accordance with ~~subsections (9)~~Sections 5.27(11) to 5.27(1820) by notifying the offeror within 20 days after he, she or it receives the offeror's notice;
 - (d) a dissenting offeree who does not notify the offeror in accordance with ~~subparagraph (e)~~Section 5.27(5)(ii) is deemed to have elected to transfer his, her or its Units to the offeror on the same terms that the offeror acquired the Units from the offerees who accepted the take-over bid; and
 - (e) a dissenting offeree must send his, her or its Units to which the take-over bid relates to the Trust within 20 days after he, she or it receives the offeror's notice.
- (4) Concurrently with sending the offeror's notice under ~~subsection~~Section 5.27(3), the offeror shall send to the Trust a notice of adverse claim disclosing the name and address of the offeror and the name of the dissenting offeree with respect to each Unit held by a dissenting offeree.
 - (5) A dissenting offeree to whom an offeror's notice is sent under ~~subsection~~Section 5.27(3) shall, within 20 days after he, she or it receives that notice, send his ~~Unit Certificates to the Trust~~, her or its certificates representing the Units of the class of Units to which the take-over bid relates to the Trust; and elect (i) to transfer the Units to the offeror on the terms on which the offeror acquired the Units of the Unitholders who accepted the take-over bid; or (ii) to demand payment of the fair value of the Units in accordance with Sections 5.27(11) to 5.27(20) by notifying the offeror within those 20 days.
 - ~~(6)~~ A dissenting offeree who does not notify the offeror in accordance with Section 5.27(5)(ii) is deemed to have elected to transfer the Units to the offeror on the same terms on which the offeror acquired the Units from the Unitholders who accepted the take-over bid.
 - ~~(7)~~ (6) Within 20 days after the offeror sends an offeror's notice under ~~subsection~~Section 5.27(3), the offeror shall pay or transfer to the Trust the amount of money or other consideration that the offeror would have had to pay or transfer to a dissenting offeree if the dissenting offeree had elected to accept the take-over bid under ~~subparagraph (3)~~(e)Section 5.27(5)(i).
 - ~~(8)~~ (7) The Trust is deemed to hold in trust for the dissenting offeree the money or other consideration it receives under ~~subsection (6)~~Section 5.27(7), and the Trust shall deposit the money in a separate account in a bank or other body corporate any of whose deposits are insured by the Canada Deposit Insurance Corporation

or guaranteed by the Quebec Deposit Insurance Board, and shall place the other consideration in the custody of a bank or such other body corporate.

(9) If the Trust is the offeror, it is deemed to hold in trust for a dissenting offeree the money and other consideration that it would have had to pay or transfer to a dissenting offeree if the dissenting offeree had elected to accept the take-over bid under Section 5.27(5)(i), and the Trust shall, within 20 days after the offeror's notice is sent under Section 5.27(3), deposit the money in a separate account in a bank or other body corporate any of whose deposits are insured by the Canada Deposit Insurance Corporation or guaranteed by the Quebec Deposit Insurance Board, and shall place the other consideration in the custody of a bank or such other body corporate.

(10) ~~(8)~~ Within 30 days after the offeror sends an offeror's notice under ~~subsection~~ Section 5.27(3), the Trust shall:

- (a) if the payment or transfer required by Section 5.27(7) is made, issue to the offeror a Unit Certificate in respect of the Units that were held by dissenting offerees;
- (b) give to each dissenting offeree who elects to accept the take-over bid terms under ~~subparagraph (3)(c)~~ Section 5.27(5)(i) and who sends his, her or its Unit Certificates as required under ~~subsection~~ Section 5.27(5), the money or other consideration to which he, she or it is entitled, disregarding fractional Units, if any, which may be paid for in money; and
- (c) if the payment or transfer required by Section 5.27(7) is made and the money or other consideration is deposited as required by Section 5.27(9) or (10), send to each dissenting offeree who has not sent his, her or its Unit Certificates as required under ~~subsection~~ Section 5.27(5) a notice stating that:
 - (i) his, her or its Units have been cancelled,
 - (ii) the Trust or some designated person holds in trust for him, her or it the money or other consideration to which he, she or it is entitled as payment for or in exchange for his, her or its Units, and
 - (iii) the Trust will, subject to ~~subsections (9)~~ Sections 5.27(11) to 5.27(1820), send that money or other consideration to him, her or it forthwith after receiving his, her or its Units.

(11) ~~(9)~~ If a dissenting offeree has elected to demand payment of the fair value of his, her or its Units under ~~subparagraph (3)(c)~~ Section 5.27(5)(ii), the offeror may, within 20 days after it has paid the money or transferred the other consideration

under ~~subsection (6)~~[Section 5.27\(7\)](#), apply to a court to fix the fair value of the Units of that dissenting offeree.

- [\(12\)](#) ~~(10)~~ If an offeror fails to apply to a court under ~~subsection (9)~~[Section 5.27\(11\)](#), a dissenting offeree may apply to a court for the same purpose within a further period of 20 days.
- [\(13\)](#) ~~(11)~~ Where no application is made to a court under ~~subsection (10)~~[Section 5.27\(12\)](#) within the period set out in that ~~subsection~~[section](#), a dissenting offeree is deemed to have elected to transfer his, [her or its](#) Units to the offeror on the same terms that the offeror acquired the Units from the offerees who accepted the take-over bid.
- [\(14\)](#) ~~(12)~~ An application under ~~subsection (9)~~[Section 5.27\(11\)](#) or [5.27\(1012\)](#) shall be made to a court having jurisdiction in the place where the Trust has its registered office or in the province where the dissenting offeree resides if the Trust carries on business in that province.
- [\(15\)](#) ~~(13)~~ A dissenting offeree is not required to give security for costs in an application made under ~~subsection (9)~~[Section 5.27\(11\)](#) or [5.27\(1012\)](#).
- [\(16\)](#) ~~(14)~~ On an application under ~~subsection (9)~~[Section 5.27\(11\)](#) or [5.27\(1012\)](#):
- [\(a\)](#) all dissenting offerees referred to in ~~subparagraph (3)(c)~~[Section 5.27\(5\)\(ii\)](#) whose Units have not been acquired by the offeror shall be joined as parties and shall be bound by the decision of the court; and
 - [\(b\)](#) the offeror shall notify each affected dissenting offeree of the date, place and consequences of the application and of his, [her or its](#) right to appear and be heard in person or by counsel.
- [\(17\)](#) ~~(15)~~ On an application to a court under ~~subsection (9)~~[Section 5.27\(11\)](#) or [5.27\(1012\)](#) the court may determine whether any other person is a dissenting offeree who should be joined as a party, and the court shall then fix a fair value for the Units of all dissenting offerees.
- [\(18\)](#) ~~(16)~~ A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the Units of a dissenting offeree.
- [\(19\)](#) ~~(17)~~ The final order of the court shall be made against the offeror in favour of each dissenting offeree and for the amount for his Units as fixed by the court.
- [\(20\)](#) ~~(18)~~ In connection with proceedings under this section, a court may make any order it thinks fit and, without limiting the generality of the foregoing, it may:

- (a) fix the amount of money or other consideration that is required to be held in trust under ~~subsection~~ Section 5.27(7) or (9);
 - (b) order that money or other consideration be held in trust by a person other than the Trust; ~~and~~
 - (c) allow a reasonable rate of interest on the amount payable to each dissenting offeree from the date he, she or it sends or delivers his, her or its Unit Certificates under ~~subsection~~ Section 5.27(5) until the date of payment; ~~and~~
 - (d) order that any money payable to a Unitholder who cannot be found be paid to the Receiver General.
- (21) If a Unitholder does not receive an offeror's notice under Section 5.27(3), the Unitholder may:
- (a) within 90 days after the date of termination of the take-over bid, or
 - (b) if the Unitholder did not receive an offer pursuant to the take-over bid, within 90 days after the later of:
 - (i) the date of termination of the take-over bid, and
 - (ii) the date on which the Unitholder learned of the take-over bid,
- require the offeror to acquire those Units.
- (22) If a Unitholder requires the offeror to acquire Units under Section 5.27(21), the offeror shall acquire the Units on the same terms under which the offeror acquired or will acquire the Units of the Unitholders who accepted the take-over bid.
- (23) ~~(19)~~ (18) ~~Section 5.27(1) to (18)~~ Section 5.27(1) to (22) inclusive shall apply *mutatis mutandis* to any series of Preferred Units that is the subject of a take-over bid (whether or not the Preferred Units are voting securities or equity securities for purposes of the *Securities Act* (Ontario)).

ARTICLE 6 MEETINGS OF TRUST UNITHOLDERS

Section 6.1 Annual Meeting.

There shall be an annual meeting of the ~~Unitholders, Preferred Unitholders and Special~~ Trust Unitholders entitled to vote at such time and place as the Trustees shall

prescribe for the purpose of electing Trustees, appointing the auditors of the Trust and transacting such other business as the Trustees may determine or as may properly be brought before the meeting. The annual meeting of ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders entitled to vote shall be held after delivery to the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders of the annual report referred to in Section ~~15.6~~16.6 and, in any event, within 180 days after the end of each fiscal year of the Trust, or such later date (not later than fifteen months after holding the last preceding annual meeting of the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders entitled to vote) as the Trustees may determine is in the best interests of the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders, subject to the receipt of all applicable regulatory approvals. Notwithstanding the foregoing, the Trust may apply to the court for an order extending the time for calling an annual meeting.

Section 6.2 Other Meetings.

The Trustees shall have power at any time to call special meetings of the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders at such time and place as the Trustees may determine. ~~Unitholders, Preferred Unitholders and/or Special~~Trust Unitholders holding in the aggregate not less than 5% of the outstanding ~~Units, Preferred Units and Special Voting~~Trust Units of the Trust may requisition the Trustees to call a special meeting of the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders for the purposes stated in the requisition. The requisition shall state in reasonable detail the business to be transacted at the meeting and shall be sent to each of the Trustees ~~at~~and to the principal office of the Trust. Upon receiving the requisition, the Trustees shall call a meeting of ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders to transact the business referred to in the requisition, unless:

- (1) a record date for a meeting of the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders entitled to vote has been fixed and notice thereof has been given to each stock exchange in Canada on which the Units are listed for trading;
- (2) the Trustees have called a meeting of the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders entitled to vote and have given notice thereof pursuant to Section 6.3; or
- (3) in connection with the business as stated in the requisition:
 - (a) it clearly appears that the matter covered by the requisition is submitted by the ~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder primarily for the purpose of (i) enforcing a personal claim or redressing a personal grievance against the Trust, the Trustees, the officers of the Trust or its security holders, or ~~primarily for the purpose of promoting general~~

~~economic, political, racial, religious, social or similar causes~~(ii) does not relate in a significant way to the business or affairs of the Trust;

- (b) the Trust, at the ~~Unitholder's, Preferred Unitholder's or Special~~Trust Unitholder's request, included a matter covered by a requisition in an information circular relating to a meeting of ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders entitled to vote held within two years preceding the receipt of such request, and the ~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder failed to present the matter, in person or by proxy, at the meeting;
- (c) substantially the same matter covered by the requisition was submitted to ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders in an information circular (including a dissident's information circular) relating to a meeting of ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders entitled to vote held within two years preceding the receipt of the ~~Unitholder's, Preferred Unitholder's or Special~~Trust Unitholder's request and the matter covered by the requisition was defeated; or
- (d) the rights conferred by this Section 6.2 are being abused to secure publicity.

If the Trustees do not within 21 days after receiving the requisition call a meeting, any ~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder who signed the requisition may call the meeting in accordance with the provisions of Section 6.3 and Section ~~6.76.8~~ and the Trustees' Regulations, *mutatis mutandis*. If there shall be no Trustees, the officers of the Trust shall promptly call a special meeting of the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders entitled to vote for the election of successor Trustees. Unless the Trust Unitholders otherwise resolve at a meeting called under this Section 6.2, the Trust shall reimburse the Trust Unitholders, as applicable, for the expenses reasonably incurred by them in requisitioning, calling and holding the meeting. The phrase "meeting of the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders" wherever it appears in this Declaration of Trust shall mean and include both an annual meeting and any other meeting of ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders entitled to vote.

Section 6.3 Notice of Meeting of ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders.

- (1) Notice of all meetings of the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders entitled to vote shall be provided by the Trustees to CDS or to each ~~Unitholder, Preferred Unitholder and Special~~Trust Unitholder entitled to vote at his, her or its address appearing in the Register or as otherwise permitted under this Declaration of Trust, to each Trustee and to the auditors of the Trust not less than 21 ~~nor and no~~ more than ~~50~~60 days before the meeting. ~~Notice of any meeting of the Unitholders, Preferred Unitholders and Special Unitholders~~

~~entitled to vote shall (a) state the nature of the business to be transacted at such meeting in sufficient detail to permit the Unitholders, Preferred Unitholders and Special Unitholders entitled to vote to form a reasoned judgement thereon; and (b) include the text of any submission to be submitted to the meeting.~~

- (2) If a meeting is adjourned for less than thirty days it is not necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. If a meeting of Trust Unitholders is adjourned by one or more adjournments for an aggregate of thirty days or more, notice of the adjourned meeting shall be given as for an original meeting.
- (3) All business to be conducted at a special meeting of Trust Unitholders, as applicable, except consideration of the financial statements, auditor's report, election of Trustees and re-appointment of the incumbent auditor, is deemed to be special business. Notice of a meeting of Trust Unitholders entitled to vote at which special business is to be transacted shall state (i) the nature of the business in sufficient detail to permit a Trust Unitholder entitled to vote to form a reasonable judgment thereon, and (ii) the text of any Extraordinary Resolution.

Section 6.4 Quorum; Chairman.

A quorum for any meeting of ~~Unitholders, Preferred Unitholders and Special Trust~~ Unitholders shall be individuals present not being less than two in number and being ~~Unitholders, Preferred Unitholders or Special Trust~~ Unitholders representing by proxy ~~Unitholders, Preferred Unitholders or Special Trust~~ Unitholders who hold in the aggregate not less than ~~10~~25% of the total number of outstanding ~~Units, Preferred Units and Special Voting Trust~~ Units entitled to vote thereon. If a quorum is present at the opening of a meeting of Trust Unitholders, the Trust Unitholders present may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of a meeting of Trust Unitholders, the Chairman or the Trust Unitholders present may adjourn the meeting to a fixed time and place but may not transact any other business. The Chairman, or any Trustee determined by the Trustees, shall be the chairman of any meeting of the ~~Unitholders, Preferred Unitholders and Special Trust~~ Unitholders.

Section 6.5 Voting.

Holders of ~~Units, Preferred Units and Special Voting Trust~~ Units entitled to vote at a meeting may attend and vote at all meetings of the ~~Unitholders, Preferred Unitholders and Special Trust~~ Unitholders either in person or by proxy. Each ~~Unit, Preferred Unit and each Special Voting Trust~~ Unit entitled to vote at a meeting shall be entitled to one vote at all meetings of the ~~Unitholders, Preferred Unitholders and Special Trust~~ Unitholders. Unitholders and Special Unitholders shall be entitled to vote at all meetings of Unitholders, Preferred Unitholders and Special Unitholders, except at a meeting of the Preferred Unitholders as contemplated in Section ~~6.6~~6.7(3). Any action to be taken by the

~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders shall, except as otherwise required by this Declaration of Trust or by law, be authorized when approved by ~~a majority of the votes cast at a meeting of the Unitholders, Preferred Unitholders and Special Unitholders by holders of Units, Preferred Units and Special Voting Units (in aggregate) entitled to vote thereon~~Ordinary Resolution. The Chairman of any such meeting shall not have a second or casting vote.

Section 6.6 Voting Units Held by Trust.

(1) If the Trust holds any Trust Units, the Trust shall not vote or permit those Trust Units to be voted unless:

(a) the Trust holds the Trust Units in the capacity of a personal representative;

(b) the Trust, without delay following the filing or receipt by the Trust, as applicable, of the notice of the meeting, financial statements, management proxy circular, dissident's proxy circular and any other documents (other than the form of proxy) provided to registered Trust Unitholders entitled to vote at the applicable meeting by or on behalf of any person for use in connection with the applicable meeting, provides a copy of the document to the beneficial owner of the Trust Units and, except where the Trust has received written voting instructions from the beneficial owner of the Trust Units, as applicable, a written request for such instructions; and

(c) the Trust receives written voting instructions from the beneficial owner of the Trust Units;

in which case the Trust shall vote, or appoint a proxyholder to vote, any such Trust Units in accordance with any written voting instructions received from the beneficial owner thereof.

(2) A Trust Unitholder by or on behalf of whom a solicitation is made shall provide, at the request of the Trust, without delay, to the Trust at the Trust Unitholder's expense the necessary number of copies of the documents referred to in Section 6.6(1), other than copies of the document requesting voting instructions.

(3) If a beneficial owner of Trust Units held by the Trust so requests and provides the Trust with appropriate documentation, the Trust must appoint the beneficial owner or a nominee of the beneficial owner as proxyholder.

(4) The failure of the Trust to comply with this Section 6.6 does not render void any meeting of Trust Unitholders or any action taken at the meeting.

(5) Nothing in this Section gives the Trust the right to vote Trust Units that the Trust is otherwise prohibited from voting.

- (6) The Trust shall not permit any of its Subsidiaries holding Trust Units to vote, or permit those Trust Units to be voted, unless the Subsidiary satisfies the requirements of Section 6.6(1).

Section 6.7 Matters on which Trust Unitholders Shall Vote.

None of the following shall occur unless the same has been duly approved by the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders (as provided in ~~Section 11.2, Section 11.3 and~~ Section 12.2, Section 12.3 and Section 13.2, as applicable) entitled to vote at a meeting duly called and held:

- (1) except as provided in Section 2.2, Section 2.4, Section 2.5 or Section 2.6, the appointment, election or removal of Trustees;
- (2) except as provided in Section ~~15.4, 16.4~~, the appointment or removal of auditors of the Trust;
- (3) any amendment to the Declaration of Trust (except as provided in Section 4.4 or Section ~~11.1~~12.1) and except for any amendment resulting from or in connection with the issuance of any new series of Preferred Units or the conversion or reclassification of one series of Preferred Units into another series); provided that holders of Preferred Units shall not be entitled to vote on any amendment which directly or indirectly adds, removes or changes any of the rights, privileges, restrictions and conditions in respect of the Units; and further provided that any amendment which directly or indirectly adds, removes or changes in an adverse manner any of the rights, privileges, restrictions and conditions in respect of any series of Preferred Units cannot occur without the affirmative vote of ~~at least two-thirds of the votes cast~~an Extraordinary Resolution at a duly called and held meeting of the holders of Preferred Units of that series or those series so affected, except for in connection with the issuance of any new series of Preferred Units or the conversion or reclassification of one series of Preferred Unit into another series; or
- (4) any termination of this Declaration of Trust.

Nothing in this section, however, shall prevent the Trustees from submitting to a vote of ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders any matter which they deem appropriate. Except with respect to the matters specified in this section, Section ~~11.2, 12.2~~, Section ~~11.3~~12.3 and Section ~~12.2~~13.2 or matters submitted to a vote of the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders by the Trustees, no vote of the ~~Unitholders, Preferred Unitholders or Special~~Trust Unitholders shall in any way bind the Trustees.

Section 6.8 Record Dates.

For the purpose of determining the ~~Unitholders, Preferred Unitholders and Special Trust~~ Unitholders who are entitled to receive notice of and vote at any meeting or any adjournment thereof, or for the purpose of determining the Unitholders or Preferred Unitholders who are entitled to receive any distribution, or for the purpose of any other action, the Trustees may from time to time, without notice to ~~Unitholders, Preferred Unitholders or Special Trust~~ Unitholders, close the transfer books for such period, not exceeding 30 days, as the Trustees may determine; or without closing the transfer books the Trustees may fix a date not more than 60 days prior to the date of any meeting of the ~~Unitholders, Preferred Unitholders and Special Trust~~ Unitholders or distribution or other action as a record date for the determination of ~~Unitholders, Preferred Unitholders or Special Trust~~ Unitholders entitled to receive notice of and to vote at such meeting or any adjournment thereof or (in the case of Unitholders and Preferred Unitholders only) to receive such distribution or to be treated as ~~Unitholders, Preferred Unitholders or Special Trust~~ Unitholders of record for purposes of such other action, and any ~~Unitholder, Preferred Unitholder or Special Trust~~ Unitholder who was a ~~Unitholder, Preferred Unitholder or Special Trust~~ Unitholder at the time so fixed shall be entitled to receive notice of and vote at such meeting or any adjournment thereof or (in the case of Unitholders and Preferred Unitholders only) to receive such distribution, even though he, she or it has since that date disposed of his ~~Units, Preferred Units or Special Voting,~~ her or its Trust Units, and no ~~Unitholder, Preferred Unitholder or Special Trust~~ Unitholder becoming such after that date shall be entitled to receive notice of and vote at such meeting or any adjournment thereof or (in the case of Unitholders and Preferred Unitholders only) to receive such distribution or to be treated as a ~~Unitholder, Preferred Unitholders or Special Trust~~ Unitholder of record for purposes of such other action.

Section 6.9 Court Requisitioned Meetings.

- (1) A Trust Unitholder may apply to a court to order a meeting of the Trust Unitholders to be called, held and conducted in the manner that the court directs, if:
 - (a) it is impracticable to call the meeting within the time or in the manner in which those meeting are to be called pursuant to this Declaration of Trust;
 - (b) it is impracticable to conduct the meeting in the manner required by this Declaration of Trust; or
 - (c) the court thinks that the meeting should be called, held and conducted within the time or in the manner it directs for any other reason.
- (2) Without restricting the generality of Section 6.9(1), the court may order that the quorum required by this Declaration of Trust be varied or dispensed with at a meeting called, held and conducted pursuant to this Section.

- (3) A meeting called, held and conducted pursuant to this Section is for all purposes a meeting of Trust Unitholders, duly called, held and conducted.

Section 6.10 Proxies.

- (1) Whenever the vote or consent of ~~Unitholders, Preferred Unitholders or Special Trust~~ Unitholders is required or permitted under this Declaration of Trust, such vote or consent may be given either directly by the ~~Unitholder, Preferred Unitholder or Special Trust~~ Unitholder or by ~~a proxy in such form as the Trustees may prescribe from time to time. A proxyholder need not be a Unitholder, Preferred Unitholder or Special Unitholder.~~ means of a proxy appointing a proxyholder or one or more alternate proxyholders who are not required to be a Trust Unitholder, to attend and act at a meeting of Trust Unitholders in the manner and to the extent authorized by the proxy and the authority conferred by the proxy. A proxy shall be executed, or, in Quebec, signed by the Trust Unitholder or by the Trust Unitholder's personal representative authorized in writing. A proxy is valid only at the meeting in respect of which it is given or any adjournment thereof. The Trustees may solicit such proxies from the ~~Unitholders, Preferred Unitholders or Special Trust~~ Unitholders or any of them in any matter requiring or permitting the ~~Unitholders', Preferred Unitholders' and Special Trust~~ Unitholders' vote, approval or consent. The Trustees may adopt, amend or repeal such rules relating to the appointment of proxyholders and the solicitation, execution, validity, revocation and deposit of proxies, as they in their discretion from time to time determine.
- (2) A Trust Unitholder may revoke a proxy:
- (a) by depositing an instrument or act in writing executed, or, in Quebec, signed by the Trust Unitholder or by the Trust Unitholder's personal representative authorized in writing:
- (i) at the principal office of the Trust at any time up to and including the last business day preceding the day of the meeting, or an adjournment thereof, at which the proxy is to be used; or
- (ii) with the chairman of the meeting on the day of the meeting or any adjournment thereof; or
- (b) in any other manner permitted by law.
- (3) The Trustees may specify in a notice calling a meeting of Trust Unitholders a time not exceeding forty-eight hours, excluding Saturdays and holidays, before the meeting or adjournment before which time proxies to be used at the meeting must be deposited with the Trust or its agent or mandatary in order to be voted at the meeting. In any event, no proxy shall be voted at any meeting unless it shall have

been received by the Trust or its agent or mandatary prior to the commencement of the meeting.

Section 6.11 Resolution in Lieu of Meeting.

A resolution signed in writing by all of the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders entitled to vote on that resolution at a meeting of ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders is as valid as if it had been passed at a meeting of ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders.

ARTICLE 7 MEETINGS OF THE TRUSTEES

Section 7.1 Trustees May Act Without Meeting.

The Trustees may act with or without a meeting. Any action of the Trustees may be taken at a meeting by vote or without a meeting by written consent signed by all of the Trustees.

Section 7.2 Notice of Meeting.

Meetings of the Trustees may be held from time to time upon the giving of notice by the President, the Secretary or other officer of the Trust or any two Trustees. Regular meetings of the Trustees may be held without call or notice at a time and place fixed by the Trustees' Regulations. Notice of the time and place of any other meetings shall be mailed or otherwise given not less than 48 hours before the meeting but may be waived in writing by any Trustee either before or after such meeting. The attendance of a Trustee at a meeting shall constitute a waiver of notice of such meeting except where a Trustee attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened. Each committee of Trustees appointed by the Trustees may adopt its own rules or procedures for the calling, conduct, adjournment and regulation of the meetings of such committees as it sees fit and may amend or repeal such rules or procedures from time to time; provided, however, that the Trustees' Regulations and any such rules or procedures shall not be inconsistent with this Declaration of Trust.

Section 7.3 Quorum.

A quorum for all meetings of the Trustees or any committee thereof shall be a majority of the Trustees or of the Trustees on such committee, as the case may be, present in person, at least one of whom shall be an Independent Trustee, provided that if an Independent Trustee is not present, the meeting shall be adjourned to a business day, on notice to all of the Trustees or members of such committee, as the case may be, and, at the reconvened meeting, the presence of a majority of the Trustees or members of such committee, as the case may be, is required in order to constitute a quorum.

Section 7.4 Voting at Meetings.

Questions arising at any meeting of the Trustees shall be decided by a majority of the votes cast; provided, however, that the approval required with respect to any Independent Trustee Matter shall be that of a majority of the votes cast of the Independent Trustees. In the case of an equality of votes, the chairman of the meeting, who shall be the Chairman if present, shall not have a second or casting vote in addition to his or her original vote, if any.

Section 7.5 Meeting by Telephone.

Any Trustee may participate in a meeting of the Trustees or any committee thereof by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear and speak to each other and a Trustee so participating shall be considered for the purposes of this Declaration of Trust to be present in person at that meeting.

ARTICLE 8 DELEGATION OF POWERS

Section 8.1 General.

The Trustees may appoint from among their number a committee or committees of Trustees and may delegate to such committee or committees any of the powers of the Trustees. The Trustees shall have the power to appoint, employ or contract with any person for any matter relating to the Trust or its assets or affairs. The Trustees may grant or delegate such authority to the officers of the Trust as set out in Section 3.2(10) as the Trustees may, in their sole discretion, deem necessary or desirable without regard to whether such authority is normally granted or delegated by trustees. In no event shall the Trustees delegate authority with respect to any Independent Trustee Matter. Furthermore, the Trustees may not delegate to any managing Trustee or any committee of Trustees or any officer the authority to: (i) submit to the Trust Unitholders any question or matter requiring the approval of the Trust Unitholders; (ii) fill a vacancy among the Trustees, or appoint additional Trustees; (iii) issue Trust Units except as authorized by the Trustees; (iv) declare distributions; (v) approve a proxy circular; (vi) approve a take-over bid circular or directors' circular; (vii) approve the annual financial statements of the Trust; or (viii) adopt, amend or repeal the by-laws of the Trust, if any, or amend this Declaration of Trust. The Trustees shall have the power to grant powers of attorney as required in connection with any financing or security relating thereto.

Section 8.2 Investment Committee.

The Trustees shall appoint an investment committee (the “**Investment Committee**”) to consist of not less than three Trustees, a majority of whom shall be Independent Trustees and shall have had at least five years of substantial experience in the real estate industry. The duties of the Investment Committee may be changed by the

Trustees from time to time and shall be subject to such authority as may be delegated from time to time to officers of the Trust without requiring the approval of or review by the Trustees or the Investment Committee. The duties of the Investment Committee will be, unless delegated by the Trustees to officers of the Trust, to: (i) review all investment and financing proposals for the Trust; (ii) where the approval of the Trustees is required, recommend to the Trustees approval or rejection of proposed transactions by the Trust (including acquisitions and dispositions of investments by the Trust); (iii) where the approval of the Investment Committee is required, approve or reject proposed transactions by the Trust (including acquisitions and dispositions of investments by the Trust); and (iv) approve all proposed borrowings and the assumption or granting of any mortgage or other security interest in real property. Questions arising at any meeting of the Investment Committee shall be decided by a majority of the votes cast. Decisions may be taken by written consent signed by all of the members of the Investment Committee. Any member of the Investment Committee may call a meeting of the Investment Committee upon not less than 48 hours' notice. Where for any reason a member of the Investment Committee is disqualified from voting on or participating in a decision, any other disinterested Independent Trustee not already a member of the Investment Committee may be designated by the Trustees to act as an alternate. Notwithstanding the appointment of the Investment Committee and the granting of any authority thereto, the Trustees may consider and approve or disapprove any matter which the Investment Committee has the authority to consider or approve.

Section 8.3 Audit Committee.

The Trustees shall appoint an audit committee (the “**Audit Committee**”) to consist of not less than three Trustees, all of whom shall be Independent Trustees (subject to any applicable exceptions in National Instrument 52-110). The Audit Committee shall review the financial statements of the Trust and report thereon to the Trustees. The auditors of the Trust are entitled to receive notice of every meeting of the Audit Committee and, at the expense of the Trust, to attend and be heard thereat and, if so requested by a member of the Audit Committee, shall attend any meeting of the Audit Committee held during the term of office of the auditors. Questions arising at any meeting of the Audit Committee shall be decided by a majority of the votes cast. Decisions may be taken by written consent signed by all of the members of the Audit Committee. The auditors of the Trust or a member of the Audit Committee may call a meeting of the Audit Committee on not less than 48 hours' notice.

Section 8.4 Governance and Nominating Committee.

The Trustees shall appoint a governance and nominating committee (the “**Governance and Nominating Committee**”) to consist of not less than three Trustees, all of whom shall be Independent Trustees. The duties of the Governance and Nominating Committee will be to review matters relating to the governance of the Trust including the nomination of trustees. Questions arising in any meeting of the Governance and Nominating Committee shall be decided by a majority of the votes cast.

Decisions may be taken by written consent signed by all of the members of the Governance and Nominating Committee. Any member of the Governance and Nominating Committee may call a meeting of the Governance and Nominating Committee upon not less than 48 hours' notice. Where for any reason a member of the Governance and Nominating Committee is disqualified from voting on or participating in a decision, any other disinterested Independent Trustee not already a member of the Governance and Nominating Committee may be designated by the Trustees to act as an alternate. Notwithstanding the appointment of the Governance and Nominating Committee, the Trustees may consider and approve or disapprove any matter which the Governance and Nominating Committee has the authority to consider or approve.

Section 8.5 Human Resources and Compensation Committee.

The Trustees shall appoint a human resources and compensation committee (the "**Human Resources and Compensation Committee**") to consist of not less than three Trustees, all of whom shall be Independent Trustees. The duties of the Human Resources and Compensation Committee will be to review matters relating to human resources, including compensation of trustees and officers of the Trust. Questions arising in any meeting of the Human Resources and Compensation Committee shall be decided by a majority of the votes cast. Decisions may be taken by written consent signed by all of the members of the Human Resources and Compensation Committee. Any member of the Human Resources and Compensation Committee may call a meeting of the Human Resources and Compensation Committee upon not less than 48 hours' notice. Where for any reason a member of the Human Resources and Compensation Committee is disqualified from voting on or participating in a decision, any other disinterested Independent Trustee not already a member of the Human Resources and Compensation Committee may be designated by the Trustees to act as an alternate. Notwithstanding the appointment of the Human Resources and Compensation Committee, the Trustees may consider and approve or disapprove any matter which the Human Resources and Compensation Committee has the authority to consider or approve.

ARTICLE 9 **DISSENT RIGHTS**

Section 9.1 Dissent Rights

- (1) A Trust Unitholder entitled to vote at a meeting of Trust Unitholders who complies with this Section 9.1, may dissent if the Trust resolves to:
- (a) sell, lease or exchange all or substantially all of the property and assets of the Trust
 - (b) carry out a going-private transaction; or

- (c) amend this Declaration of Trust to (A) add, change or remove (i) any provision restricting or constraining the issue, transfer or ownership of Units, (ii) any restriction on the business that the Trust may carry on, or (iii) the rights, privileges, restrictions or conditions attached to the Units of the class held by the dissenting Unitholder, (B) increase the rights or privileges of any class of units having rights or privileges equal or superior to the class of Units held by the dissenting Unitholder, (C) create a new class of units equal to or superior to the Units of the class held by the dissenting Unitholder, (D) make any class of units having rights or privileges inferior to the class of Units held by the dissenting Unitholder superior to that class, or (E) effect an exchange or create a right of exchange in all or part of a class of Units into the class of Units held by the dissenting Unitholder; for greater certainty, excluding the issuance of any series of Preferred Units or the conversion or reclassification of one series of Preferred Unit into another series.
- (2) In addition to any other right a Trust Unitholder may have, a Trust Unitholder who complies with this Section 9.1 is entitled, when the action approved by the resolution from which the Trust Unitholder dissents becomes effective, to be paid by the Trust the fair value of the Trust Units held by the Trust Unitholder in respect of which the Trust Unitholder dissents, determined as of the close of business on the day before the resolution was adopted.
- (3) A dissenting Trust Unitholder may only claim under this Section 9.1 with respect to all the Trust Units held by the dissenting Trust Unitholder on behalf of any one beneficial owner and registered in the name of the Trust Unitholder.
- (4) A dissenting Trust Unitholder shall send to the Trust, at or before any meeting of Trust Unitholders at which a resolution referred to in this Section 9.1 is to be voted on, a written objection to the resolution, unless the Trust did not give notice to the Trust Unitholder of the purpose of the meeting and of the Trust Unitholder's right to dissent.
- (5) The Trust shall, within ten days after the Trust Unitholders adopt the resolution, send to each Trust Unitholder who has filed the objection referred to in Section 9.1(4) notice that the resolution has been adopted, but such notice is not required to be sent to any Trust Unitholder who voted for the resolution or who has withdrawn its objection.
- (6) A dissenting Trust Unitholder shall, within twenty days after receiving a notice under Section 9.1(5) or, if the Trust Unitholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the Trust a written notice containing:

- (a) the Trust Unitholder's name and address;
 - (b) the number of, and class/series of, Trust Units in respect of which the Trust Unitholder dissents; and
 - (c) a demand for payment of the fair value of such Trust Units.
- (7) A dissenting Trust Unitholder shall, within thirty days after the sending of a notice under Section 9.1(6), send the certificates, if any, representing the Trust Units in respect of which the Trust Unitholder dissents to the Trust or its Transfer Agent.
- (8) A dissenting Trust Unitholder who fails to comply with Section 9.1(7) has no right to make a claim under this Section 9.1.
- (9) The Trust or its Transfer Agent shall endorse on any certificate received under Section 9.1(7) a notice that the holder is a dissenting Trust Unitholder under this Section 9.1 and shall return forthwith such certificates to the dissenting Trust Unitholder.
- (10) On sending a notice under Section 9.1(6), a dissenting Trust Unitholder ceases to have any rights as a Trust Unitholder other than the right to be paid the fair value of its Trust Units as determined under this Section 9.1 except where:
 - (a) the Trust Unitholder withdraws that notice before the Trust makes an offer under Section 9.1(11);
 - (b) the Trust fails to make an offer in accordance with Section 9.1(11) and the dissenting Trust Unitholder withdraws the notice; or
 - (c) the Trustees revoke the resolution which gave rise to the dissent rights under this Section 9.1, and to the extent applicable, terminate the related agreements or abandon a sale, lease or exchange to which the resolution relates,
in which case the Trust Unitholder's rights are reinstated as of the date the notice under Section 9.1(6) was sent.
- (11) The Trust shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the Trust received the notice referred to in Section 9.1(6), send to each dissenting Trust Unitholder who has sent such notice a written offer to pay for the dissenting Trust Unitholder's Trust Units, in an amount considered by the Trustees to be the fair value, accompanied by a statement showing how the fair value was determined.

- (12) Every offer made under Section 9.1(11) for Trust Units of the same class or series shall be on the same terms.
- (13) The Trust shall pay for the Trust Units of a dissenting Trust Unitholder within ten days after an offer made under Section 9.1(11) has been accepted, but any such offer lapses if the Trust does not receive an acceptance thereof within thirty days after the offer has been made.
- (14) Where the Trust fails to make an offer under Section 9.1(11), or if a dissenting Trust Unitholder fails to accept an offer, the Trust may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the Trust Units of any dissenting Trust Unitholder.
- (15) If the Trust fails to apply to a court under Section 9.1(14), a dissenting Trust Unitholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.
- (16) The court where an application under Section 9.1(14) or Section 9.1(15) may be made is a court having jurisdiction in the place where the Trust has its registered office or in the province where the dissenting Trust Unitholder resides if the Trust carries on business in that province.
- (17) A dissenting Trust Unitholder is not required to give security for costs in an application made under Section 9.1(14) or Section 9.1(15).
- (18) On an application under Section 9.1(14) or Section 9.1(15):

 - (a) all dissenting Trust Unitholders whose Trust Units have not been purchased by the Trust shall be joined as parties and bound by the decision of the court; and
 - (b) the Trust shall notify each affected dissenting Trust Unitholder of the date, place and consequences of the application and of the dissenting Trust Unitholder's right to appear and be heard in person or by counsel.
- (19) On an application to a court under Section 9.1(14) or Section 9.1(15), the court may determine whether any other person is a dissenting Trust Unitholder who should be joined as a party, and the court shall fix a fair value for the Trust Units of all dissenting Trust Unitholders.
- (20) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the Trust Units of the dissenting Trust Unitholders.

- (21) The final order of a court in the proceedings commenced by an application under Section 9.1(14) or Section 9.1(15) shall be rendered against the Trust in favour of each dissenting Trust Unitholder and for the amount of the Trust Units as fixed by the court.
- (22) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting Trust Unitholder from the date the action approved by the resolution is effective until the date of payment.
- (23) If subsection (25) applies, the Trust shall, within ten days after the pronouncement of an order under subsection (21), notify each dissenting Trust Unitholder that it is unable lawfully to pay dissenting Trust Unitholders for their Trust Units, as applicable.
- (24) If subsection (25) applies, a dissenting Trust Unitholder, by written notice delivered to the Trust within thirty days after receiving a notice under subsection (23), may:
- (a) withdraw their notice of dissent, in which case the Trust is deemed to consent to the withdrawal and the Trust Unitholder is reinstated to their full rights as a Trust Unitholder, as applicable; or
 - (b) retain a status as a claimant against the Trust, to be paid as soon as the Trust is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the Trust but in priority to its Trust Unitholders.
- (25) A Trust shall not make a payment to a dissenting Trust Unitholder under this section if there are reasonable grounds for believing that:
- (a) the Trust is or would after the payment be unable to pay its liabilities as they become due; or
 - (b) the realizable value of the Trust's assets would thereby be less than the aggregate of its liabilities.

ARTICLE 10

DISTRIBUTIONS

Section 10.1 Distributions.

Income of the Trust to be distributed to Unitholders or Preferred Unitholders on each Distribution Date (each a “**Distribution**” and collectively, the “**Distributions**”) shall be determined by the Trustees and computed on or before each Distribution Date in respect of the calendar month ending immediately prior to each Distribution Date.

The Trust shall distribute to Unitholders monthly Distributions calculated and determined in accordance with this Section ~~9.1~~10.1. Distributions may be adjusted for amounts paid in prior periods. Unitholders of record at the close of business on the Distribution Record Date in respect of a month shall be entitled to receive proportionately any Distribution declared payable by the Trustees for such month, subject to the preferential entitlements of Preferred Unitholders. The Distribution for any month shall be paid on the applicable Distribution Date. Distributions shall be made in cash or Units pursuant to any distribution reinvestment plan or Unit purchase plan adopted by the Trustees pursuant to Section ~~9.6~~10.6. The Trustees, if they so determine when income has been earned but not collected may, on a temporary basis, transfer sufficient monies from the capital to the income account of the Trust to permit Distributions under this Section ~~9.1~~10.1.

The Trust shall pay or declare payable to holders of Preferred Units of each series as may from time to time be issued and outstanding, and the holders of such Preferred Units will have a right to receive, such portion of the income of the Trust as the Trustees have determined to distribute to such holders of Preferred Units as prescribed by the rights, privileges, restrictions and conditions established by the Trustees on the creation of such series of Preferred Units. For so long as any Preferred Units remain issued and outstanding, the Trust shall not pay or declare payable any amount to holders of Units (other than amounts that are paid solely through the issuance of additional Units) unless and until the distribution entitlements of the Preferred Units have been paid in full.

Section 10.2 Allocation.

Except as otherwise provided in the terms of a particular series of Preferred Units as fixed by the Trustees in accordance with Section 5.3(1), income and net taxable capital gains for purposes of the *Income Tax Act* (Canada) will be allocated to Unitholders and Preferred Unitholders in the same proportions as Distributions received by Unitholders and Preferred Unitholders, subject to the discretion of the Trustees to adopt an allocation method which the Trustees consider to be more reasonable in the circumstances.

Section 10.3 Payment of Distributions.

Distributions shall be made by cheque payable to or to the order of the Unitholder or Preferred Unitholder or by such other manner of payment approved by the Trustees from time to time. The payment, if made by cheque, shall be conclusively deemed to have been made upon hand-delivery of a cheque to the Unitholder or Preferred Unitholder or to his, her or its agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder or Preferred Unitholder at his, her or its address as it appears on the Register unless the cheque is not paid on presentation. The Trustees may issue a replacement cheque if they are satisfied that the original cheque has not been received or has been lost or destroyed upon being furnished with such evidence of loss, indemnity or other document in connection therewith that they may in their discretion consider necessary.

Section 10.4 Income Tax Matters.

In reporting income for income tax purposes the Trust shall claim the maximum amount available to it as deductions under the relevant law, including but not limited to maximum capital cost allowance, unless the Trustees determine otherwise.

Section 10.5 Designations.

The Trustees shall make such designations for income tax purposes in respect of amounts paid or payable to Unitholders or Preferred Unitholders for such amounts that the Trustees consider to be reasonable, including designations relating to taxable dividends received by the Trust in the year on shares of taxable Canadian corporations, net taxable capital gains of the Trust in the year and foreign source income of the Trust for the year.

Section 10.6 Distribution Reinvestment and Unit Purchase Plan.

Subject to any required regulatory approvals, the Trustees may in their sole discretion establish one or more distribution reinvestment plans, distribution reinvestment and Unit purchase plans or Unit option plans at any time and from time to time.

ARTICLE 11 FEES AND EXPENSES

Section 11.1 Expenses.

The Trust shall pay all expenses incurred in connection with the administration and management of the Trust and its investments, including without limitation, interest and other costs of borrowed money, fees of auditors, lawyers, appraisers, Registrars and Transfer Agents and other agents, stock exchanges, consultants and professional advisors employed by or on behalf of the Trust, fees and expenses of the Trustees, fees and expenses connected with the acquisition, disposition or ownership of real property interest or mortgage loans or other property, insurance as considered necessary by the Trustees (including liability insurance for the Trustees and holders of ~~Units, Preferred Units or Special Voting Trust~~ Units), expenses in connection with payments of Distributions on Units or Preferred Units of the Trust, expenses in connection with communications to ~~Unitholders, Preferred Unitholders and Special Trust~~ Unitholders and other bookkeeping and clerical work necessary in maintaining relations with ~~Unitholders, Preferred Unitholders and Special Trust~~ Unitholders, the cost of any accounting, statistical or bookkeeping equipment necessary for the maintenance of the books and records of the Trust, expenses of changing or terminating the Trust, all fees, expenses, taxes and other costs incurred in connection with the issuance, distribution, transfer and qualification for distribution to the public of the ~~Units, Preferred Units or Special Voting Trust~~ Units and other required governmental filings, and all costs and

expenses in connection with the incorporation, organization and maintenance of corporations formed to hold real property or other property of the Trust.

Section 11.2 Payment of Real Property and Brokerage Commissions.

The Trust may pay real property and brokerage commissions at commercial rates in respect of the acquisition and disposition of any investment acquired or disposed of by it. Such commissions may be paid to an advisor or a property manager or to others.

Section 11.3 Advisory, Administrative and Management Fees.

The Trust may pay advisory fees, administrative fees and management fees in respect of such advisory, administrative and management services as are rendered to the Trust. Such fees may be paid to an advisor or to others.

Section 11.4 Property Management, Leasing and Financing Fees.

The Trust may pay property management fees, leasing fees and financing fees in respect of any real property owned by it. Such fees may be paid to an advisor or a property manager or to others.

ARTICLE 12 AMENDMENTS TO THE DECLARATION OF TRUST

Section 12.1 Amendments by the Trustees.

The Trustees may make the following amendments to this Declaration of Trust in their sole discretion and without the approval of ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders:

- (1) amendments for the purpose of ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees or over the Trust, its status as a “mutual fund trust”, a “registered investment”, or, if applicable, a “real estate investment trust” under the *Income Tax Act* (Canada) or the distribution of its ~~Units or Special Voting~~Trust Units;
- (2) amendments which, in the opinion of the Trustees, provide additional protection for ~~Unitholders, Preferred Unitholders or Special~~Trust Unitholders;
- (3) amendments which, in the opinion of the Trustees, are necessary or desirable to remove conflicts or inconsistencies in the Declaration of Trust;
- (4) amendments of a minor or clerical nature or to correct typographical mistakes, ambiguities or manifest omissions or errors which amendments in the opinion of the Trustees are necessary or desirable and not prejudicial to the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders;

- (5) such amendments to the Declaration of Trust as the Trustees in their discretion deem necessary or desirable as a result of changes in the taxation laws or accounting standards from time to time which may affect the Trust, the ~~Unitholders, the Preferred Unitholders, the Special Trust~~ Unitholders or annuitants under a plan of which a ~~Unitholder, Preferred Unitholder or Special Trust~~ Unitholder acts as trustee or carrier;
- (6) amendments which in the opinion of the Trustees are not prejudicial to ~~Unitholders, Preferred Unitholders or Special Trust~~ Unitholders and are necessary or desirable (which, for greater certainty, exclude amendments in respect of which a ~~Unitholder, Preferred Unitholder and Special Trust~~ Unitholder vote is specifically otherwise required); and
- (7) amendments which in the opinion of the Trustees are necessary or desirable to enable the Trust to issue ~~Units, Preferred Units or Special Voting Trust~~ Units for which the purchase price is payable on an instalment basis, as permitted pursuant to Section 5.4 hereof.

Section 12.2 Amendments by Unitholders and Special Unitholders.

Subject to Section ~~6.6~~6.7(3), Section ~~11.1~~12.1 and Section ~~11.3~~12.3, this Declaration of Trust may be amended by ~~the vote of a majority of the votes in the aggregate cast at a meeting of Unitholders, Preferred Unitholders and Special Unitholders called for that purpose by holders of Units, Preferred Units and Special Voting Units entitled to vote thereon~~Ordinary Resolution.

Section 12.3 ~~Two Thirds Unitholder, Preferred Unitholder and Special~~Extraordinary Resolution of Trust Unitholder Vote.

Subject to Section ~~6.6~~6.7(3), none of the following shall occur unless the same has been duly approved by ~~the affirmative vote of at least two thirds of the votes cast at a meeting of Unitholders, Preferred Unitholders and Special Unitholders duly called and held by holders of Units, Preferred Units and Special Voting Units (in aggregate) entitled to vote thereon~~Extraordinary Resolution:

- (1) any amendment to this Section ~~11.3~~12.3;
- (2) any amendment to change a right with respect to any outstanding Units or Preferred Units of the Trust to reduce the amount payable thereon upon termination of the Trust or to diminish or eliminate any voting rights pertaining thereto;
- (3) any termination of the Trust as provided for in Section ~~12.2~~13.2;
- (4) any amendment to the duration or termination provisions of the Trust;

- (5) any amendment relating to the powers, duties, obligations, liabilities or indemnification of the Trustees;
- (6) any sale or transfer of the assets of the Trust as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of the Trust as approved by the Trustees); or
- (7) any amendment to Section 4.1 or Section 4.2, except for any amendment contemplated by Section ~~11.1~~12.1(6).

ARTICLE 13 TERMINATION OF THE TRUST

Section 13.1 Duration of the Trust.

Unless the Trust is sooner terminated as otherwise provided herein, the Trust shall continue in full force and effect so long as any property of the Trust is held by the Trustees, and the Trustees shall have all the powers and discretions, expressed and implied, conferred upon them by law or by this Declaration of Trust.

Section 13.2 Termination by ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders.

The Trust may be terminated by ~~the vote of at least two thirds of the votes in the aggregate cast at a meeting of Unitholders, Preferred Unitholders and Special Unitholders called for that purpose by holders of Units, Preferred Units and Special Voting Units entitled to vote thereon~~Extraordinary Resolution.

Section 13.3 Effect of Termination.

Upon the termination of the Trust, the liabilities of the Trust shall be discharged with due speed and the net assets of the Trust shall be liquidated and the proceeds distributed to holders of issued and outstanding Preferred Units in accordance with the rights, privileges, restrictions and conditions attached to the Preferred Units, with the remaining balance of the proceeds distributed proportionately to the Unitholders. Such distribution may be made in cash or in kind or partly in each, all as the Trustees in their sole discretion may determine.

ARTICLE 14 LIABILITIES OF THE TRUSTEES AND OTHERS

Section 14.1 Liability and Indemnification of the Trustees.

The Trustees shall at all times be indemnified and saved harmless out of the property of the Trust from and against all liabilities, damages, losses, debts, claims, suits, actions, proceedings whatsoever, including costs, charges and expenses in connection

therewith, sustained, incurred, brought, commenced or prosecuted against them for or in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of their duties as Trustees and also from and against all other liabilities, damages, losses, debts, claims, suits, actions, proceedings, costs, charges, and expenses which they sustain or incur in or about or in relation to the affairs of the Trust. Further, the Trustees shall not be liable to the Trust or to any ~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder or annuitant for any loss or damages relating to any matter regarding the Trust, including any loss or diminution in the value of the Trust or its assets. The foregoing provisions of this Section ~~13.1~~14.1 in favour of any Trustee do not apply unless:

- (1) the Trustee acted honestly and in good faith with a view to the best interests of the Trust and the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders; and
- (2) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Trustee had reasonable grounds for believing his conduct was lawful.

Section 14.2 Liability of the Trustees.

The Trustees shall not be liable to the Trust or to any ~~Unitholder, Preferred unitholder, Special~~Trust Unitholder, annuitant or any other person for the acts, omissions, receipts, neglects or defaults of any person or engaged by it as permitted hereunder, or for joining in any receipt or act of conformity or for any loss, damage or expense caused to the Trust through the insufficiency or deficiency of any security in or upon which any of the monies of or belonging to the Trust shall be paid out or invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or corporation with whom or which any monies, securities or property of the Trust shall be lodged or deposited, or for any loss occasioned by error in judgment or oversight on the part of the Trustees, or for any other loss, damage or misfortune which may happen in the execution by the Trustees of their duties hereunder, except to the extent the Trustees have not acted in accordance with Section ~~13.1~~14.1(1) and (2).

Section 14.3 Reliance Upon Advice.

The Trustees may rely and act upon any statement, report or opinion prepared by or any advice received from the auditors, lawyers or other professional advisors of the Trust and shall not be responsible or held liable for any loss or damage resulting from so relying or acting.

Section 14.4 Liability of Unitholders and Others.

- (1) No ~~Unitholder, Preferred Unitholder, Special~~Trust Unitholder or annuitant under a plan of which a ~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder acts as trustee or carrier shall be held to have any personal liability as such, and no

resort shall be had to, nor shall recourse or satisfaction be sought from, the private property of any ~~Unitholder, Preferred Unitholder, Special~~Trust Unitholder or annuitant for any liability whatsoever, in tort, contract or otherwise, to any person in connection with the assets or liabilities of the Trust property or the obligations or the affairs of the Trust, including, without limitation, for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the Trust or of the Trustees or any obligation which a ~~Unitholder, Preferred Unitholder, Special~~Trust Unitholder or annuitant would otherwise have to indemnify a Trustee for any personal liability incurred by the Trustee as such, but rather the assets of the Trust only are intended to be liable and subject to levy or execution for satisfaction of such liability. Each ~~Unitholder, Preferred Unitholder, Special~~Trust Unitholder and annuitant under a plan of which a ~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder acts as trustee or carrier shall be entitled to be reimbursed out of the assets of the Trust in respect of any payment of a Trust obligation made by such ~~Unitholder, Preferred Unitholder, Special~~Trust Unitholder or annuitant. Without limiting the generality of the foregoing, no Trust Unitholder or annuitant under a plan of which a Trust Unitholder acts as trustee or carrier, in its capacity as such, shall be liable to any person for any liability, act or default of the Trustees or the Trust or shall be liable to indemnify the Trustees or any other person with respect to any liabilities of the Trust.

- (2) (a) Any written instrument creating an obligation which is or includes the granting by the Trust of a mortgage; and
- (b) to the extent the Trustees determine to be practicable and consistent with their fiduciary duty to act in the best interests of the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders, any written instrument which is, in the judgment of the Trustees, a material obligation shall contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of the Trust Unitholders, ~~Preferred Unitholder, Special Unitholder~~ or annuitants under a plan of which a ~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder acts as trustee or carrier, but the property of the Trust or a specific portion thereof only shall be bound. If the Trust makes any real property investment subject to existing contractual obligations, including obligations under mortgages, the Trustees shall use all reasonable efforts to have any such obligations modified so as to achieve the aforesaid disavowal of contractual liability. Further, the Trustees shall cause the operations of the Trust to be conducted, with the advice of counsel, in such a way and in such jurisdictions as to avoid, to the extent which they determine to be

practicable and consistent with their fiduciary duty to act in the best interests of the ~~Unitholders, Preferred Unitholders and Special Trust~~ Unitholders, any material risk of liability on the ~~Unitholders, Preferred Unitholders or Special Trust~~ Unitholders for claims against the Trust, and shall, to the extent available on terms which they determine to be practicable, including in the cost of premiums, cause the insurance carried by the Trust, to the extent applicable, to cover the ~~Unitholders, Preferred Unitholders, Special Trust~~ Unitholders and annuitants as additional insureds. Any potential liability of the Trustees with respect to their foregoing obligations or their failure to perform the same shall be governed by the provisions of Section ~~13.1, 14.1~~, Section ~~13.2 14.2~~ and Section ~~13.3 14.3~~.

- (3) To the extent that, notwithstanding the provisions of this Section 14.4, any Trust Unitholder or annuitant under a plan of which a Trust Unitholder acts as trustee or carrier, in its capacity as such, is determined by a judgment of a court of competent jurisdiction to be, or is otherwise held, personally liable in respect of any of the liabilities of the Trust or is required to indemnify the Trustees or any other person:
- (a) any such judgment, writ of execution or similar process in respect thereof will be enforceable only against, and will be satisfied only out of, the assets of the Trust; and
 - (b) in the event that, notwithstanding subsection (i), the judgment, writ of execution or similar process is enforceable against the Trust Unitholder or annuitant under a plan of which a Trust Unitholder or annuitant acts as trustee or carrier, or the Trust Unitholder or annuitant is otherwise held personally liable, the Trust Unitholder or annuitant will be entitled to indemnity and reimbursement out of the assets of the Trust to the full extent of the liability and for all costs of any litigation or other proceedings in which such liability has been determined, including all fees and disbursements of counsel.
- (4) The rights accruing to a Trust Unitholder and annuitant under a plan of which a Trust Unitholder acts as trustee or carrier under this Section 14.4 and the limitations of a Trust Unitholder's and annuitant's liability set out herein are in addition to, and do not exclude, any other rights or limitations of liability to which such Trust Unitholder or annuitant may be lawfully entitled, pursuant to statute, regulation or otherwise, nor does anything herein contained restrict the right of the Trustees to indemnify or reimburse a Trust Unitholder or annuitant out of the assets of the Trust in any appropriate situation not specially provided herein but, for greater certainty, the Trustees have no liability to reimburse Trust

Unitholders or annuitants for taxes assessed against them by reason of or arising out of their ownership of Trust Units or annuity.

ARTICLE 15 REDEMPTION OF UNITS

Section 15.1 Right of Redemption.

Each Unitholder shall be entitled to require the Trust to redeem at any time or from time to time at the demand of the Unitholder all or any part of the Units registered in the name of the Unitholder at the prices determined and payable in accordance with the conditions hereinafter provided.

Section 15.2 Exercise of Redemption Right.

To exercise a Unitholder's right to require redemption under this Article ~~14.4~~15.4, a duly completed and properly executed notice requiring the Trust to redeem Units, in a form approved by the Trustees, together with (i) the certificate or certificates representing the Units to be redeemed or (ii) written instructions as to the number of Units to be redeemed, shall be sent to the Trust at the head office of the Trust.

A Unitholder not otherwise holding a registered Unit certificate that wishes to exercise the redemption right will be required to obtain a redemption notice form from the Unitholder's investment dealer who will be required to deliver the completed redemption notice form to the Trust and to CDS. No form or manner of completion or execution shall be sufficient unless the same is in all respects reasonably acceptable to the Trustees and is accompanied by any further evidence that the Trustees may reasonably require with respect to the identity, capacity or authority of the person giving such notice.

Upon receipt by the Trust of the notice to redeem Units, the Unitholder shall thereafter cease to have any rights with respect to the Units tendered for redemption (other than to receive the redemption payment therefor) including the right to receive any distributions thereon which are declared payable to the Unitholders of record on a date which is subsequent to the day of receipt by the Trust of such notice. Units shall be considered to be tendered for redemption on the date that the Trust has received the notice and other required documents or evidence as aforesaid.

Section 15.3 Cash Redemption.

- (1) Subject to Section ~~14.4~~15.4, upon receipt by the Trust of the notice to redeem Units in accordance with Section ~~14.2~~15.2, the holder of the Units tendered for redemption shall be entitled to receive a price per Unit (hereinafter called the "**Redemption Price**") equal to the lesser of:
 - (a) 90% of the "market price" of the Units on the principal market on which the Units are quoted for trading during the ten (10) trading day period

ending on the date on which the Units are surrendered to the Trust for redemption; and

- (b) the “closing market price” of the Units on the principal market on which the Units are quoted for trading on the date on which the Units are surrendered to the Trust for redemption.

For the purposes hereof, “**market price**” will be an amount equal to the simple average of the closing price of the Units for each of the ten (10) trading days on the principal market on which the Units are quoted for trading and on which there was a closing price; provided that if the applicable exchange or market does not provide a closing price but only provides the highest and lowest prices of the Units traded on a particular day, the market price shall be an amount equal to the weighted average of the highest and lowest prices for each of the trading days on which there was a trade; and provided further that if there was trading on the applicable exchange or market for fewer than five (5) of the ten (10) trading days, the “market price” shall be the weighted average of the following prices established for each of the ten trading days: the average last bid and last ask prices for each day on which there was no trading; the closing price of the Units for each day that there was trading if the exchange or market provides for a closing price; and the weighted average of the highest and lowest price of the Units for each day that there was trading, if the market provides only the highest and lowest prices of Units traded on a particular day. The “**closing market price**” on a particular day shall be an amount equal to the closing price of the Units if there was a trade on that day and the exchange or market provides a closing price; an amount equal to the weighted average of the highest and lowest prices of Units if there was trading and the exchange or other market provides only the highest and lowest trading prices of Units traded on that day; and the weighted average of the last bid and last ask prices of the Units if there was no trading on that day.

- (2) Subject to Section ~~14.4~~15.4 and Section ~~14.5~~15.5, the Redemption Price payable in respect of the Units tendered for redemption during any month shall be paid by cheque, drawn on a Canadian chartered bank or a trust company in lawful money of Canada, payable at par to or to the order of the Unitholder who exercised the right of redemption on or before the last day of the calendar month following the month in which the Units are tendered for redemption. Payments made by the Trust of the Redemption Price are conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the former Unitholder and/or any party having a security interest unless such cheque is dishonoured upon presentment. Upon such payment, the Trust shall be discharged from all liability to the former Unitholder in respect of ~~Trust~~ Units redeemed.

Section 15.4 No Cash Redemption in Certain Circumstances.

Section ~~14.3~~15.3(2) shall not be applicable to Units tendered for redemption by a Unitholder, if:

- (1) the total amount payable by the Trust pursuant to Section ~~14.3~~15.3 in respect of such Units and all other Units tendered for redemption prior thereto in the same calendar month exceeds \$50,000 (“**Monthly Limit**”); provided that the Trustees may, in their sole discretion, waive such limitation in respect of Units tendered for redemption in any calendar month. In the absence of such a waiver for such calendar month, the aggregate Redemption Price payable in respect of Units tendered for redemption in such calendar month in excess of \$50,000 shall be satisfied by the distribution *in specie* of certain securities held by the Trust, as determined by the Trustees and, subject to any applicable regulatory approvals, in accordance with Section ~~14.5~~15.5;
- (2) at the time the Units are tendered for redemption, the outstanding Units of the Trust (or, as applicable, instalment receipts) are not listed for trading on a stock exchange or traded or quoted on any other market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Units (or, as applicable, instalment receipts); or
- (3) the normal trading of the outstanding Units (or, as applicable, instalment receipts) is suspended or halted on any stock exchange on which the Units (or, as applicable, instalment receipts) are listed for trading or, if not so listed, on any market on which the Units (or, as applicable, instalment receipts) are quoted for trading, on the date that such Units tendered for redemption are tendered to the Trust for redemption or for more than five (5) trading days during the ten (10) trading day period commencing immediately after the date on which such Units are tendered for redemption.

Section 15.5 Alternative Redemption.

If, pursuant to Section ~~14.4~~15.4, Section ~~14.3~~15.3(2) is not applicable to Units tendered for redemption by a Unitholder, the Redemption Price per Unit specified in Section ~~14.3~~15.3 to which the Unitholder would otherwise be entitled shall, subject to receipt of all necessary regulatory approvals, be paid and satisfied by way of the distribution to such Unitholder of securities issued or held by the Trust or a Subsidiary of the Trust (the “**Securities**”), as determined by the Trustees in their sole discretion. The Redemption Price payable pursuant to this Section ~~14.5~~15.5 in respect of Units tendered for redemption during any month shall, subject to receipt of all necessary regulatory approvals, be paid by transfer of the Securities, to or to the order of the Unitholder who exercised the right of redemption, on the last day of the calendar month following the month in which the Units were tendered for redemption. Payments by the Trust of the Redemption Price are conclusively deemed to have been made, in the case of Securities represented by certificates, upon the mailing of the Securities by registered mail in a

postage prepaid envelope addressed to the former Unitholder or in the case of Securities represented electronically, upon CDS crediting interests in such Securities to the account of the former Unitholder. Upon such payment, the Trust shall be discharged from all liability to the former Unitholder in respect of the Units so redeemed. No fractional Securities will be distributed and where a number of Securities to be received by a Unitholder includes a fraction, such number shall be rounded to the next lowest number.

The Trust shall be entitled to all income paid or accrued and unpaid on the Securities on or before the date of the distribution *in specie*. Holders of Securities will be subject to the provisions of all material agreements that relate to such Securities. Where the Trust makes a distribution *in specie* pursuant to this Section ~~14.5, 15.5~~, the Trustees may, in their sole discretion, designate to the redeeming Unitholders any income or capital gain realized by the Trust as a result of the distribution of such property to such Unitholders.

Section 15.6 Cancellation of all Redeemed Units.

All Units which are redeemed under this Article ~~14~~15 shall be cancelled and such Units shall no longer be outstanding and shall not be reissued.

Section 15.7 Subordination.

Following any *in specie* redemption pursuant to the operation of Section ~~14.5, 15.5~~, holders of Securities will be required to acknowledge that they are subject to any applicable subordination agreements as may be determined by the Trustees prior to delivery of such Securities to the Unitholder.

ARTICLE 16 GENERAL

Section 16.1 Execution of Instruments.

The Trustees shall have power from time to time to appoint any Trustee or Trustees or any person or persons on behalf of the Trust either to sign instruments in writing generally or to sign specific instruments in writing. Provisions respecting the foregoing may be contained in the Trustees' Regulations.

Section 16.2 Manner of Providing Notice.

Any notice required or permitted by the provisions of this Declaration of Trust to be provided to a ~~Unitholder, Preferred Unitholder, Special~~Trust Unitholder, a Trustee or the auditors of the Trust shall be deemed conclusively to have been provided if provided either by delivery or by prepaid first-class mail addressed to the ~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder at his, her or its address shown on the book-based system administered by CDS or on the Register, as applicable, to the Trustee at the last address provided by such Trustee to the Secretary of the Trust, or to the auditors of the Trust at the last address provided by such auditors to the Secretary of the Trust, as the case may be, or as otherwise permitted under this Declaration of Trust.

Section 15.2.1 Electronic Documents.

Any requirement under this Declaration of Trust, the *Securities Act* (Ontario) or any other applicable law that a notice, statement, document or other information be created or provided is satisfied by the creation or provision of an electronic document to the extent permitted by law.

Section 16.3 Failure to Give Notice.

The failure by the Trustees, by accident or omission or otherwise unintentionally, to give any ~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder, any Trustee or the auditors of the Trust any notice provided for herein shall not affect the validity, effect, taking effect or time of taking effect of any action referred to in such notice, and the Trustees shall not be liable to any ~~Unitholder, Preferred Unitholder or Special~~Trust Unitholder for any such failure.

Section 16.4 Trust Auditors.

The auditors of the Trust shall be appointed at each annual meeting. Such appointment shall be approved by Ordinary Resolution. If at any time a vacancy occurs in the position of auditors of the Trust, the Trustees may appoint a firm of chartered accountants qualified to practice in all provinces of Canada to act as the auditors of the Trust until the next annual meeting of ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders. The auditors of the Trust shall report to the Trustees and the ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders on the annual financial statements of the Trust and shall fulfil such other responsibilities as they may properly be called upon by the Trustees to assume. The auditors shall have access to all records relating to the affairs of the Trust. The remuneration of auditors shall be fixed by the Trustees.

Section 16.5 Fiscal Year.

The fiscal year of the Trust shall terminate on December 31 in each year.

Section 16.6 Reports to Unitholders.

Within 140 days of the end of each fiscal year, commencing in the fiscal year of 1997, and at least 21 days prior to each annual meeting of ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders, the Trustees shall provide to each ~~Unitholder, Preferred Unitholder and Special~~Trust Unitholder a report, including audited comparative financial statements for such year, prepared in compliance with applicable securities laws. Within 60 days after the end of each of the first three fiscal quarters of each year, the Trustees shall provide unaudited comparative financial statements for the period then ended to each ~~Unitholder, Preferred Unitholder and Special~~Trust Unitholder. The Trustees will supply ~~Unitholders, Preferred Unitholders and Special~~Trust Unitholders with any information that may be required by them in

connection with their obligations under the *Income Tax Act* (Canada) and equivalent provincial legislation.

Section 16.7 Trust Property to be Kept Separate.

The Trustees shall maintain the property of the Trust separate from all other property in their possession.

Section 16.8 Trustees May Hold ~~Units, Preferred Units or Special Voting~~ Trust Units.

Any Trustee or associate of a Trustee may be a ~~Unitholder, Preferred Unitholder or Special~~ Trust Unitholder or may be an annuitant.

Section 16.9 Trust Records.

- (1) The Trustee shall cause the Trust to prepare and maintain, at its principal office or at any other place in Canada designated by the Trustees, records containing (i) ~~the~~ this Declaration of Trust and any amendments thereto; (ii) the Trustees Regulations, if any, (iii) minutes of meetings and resolutions of ~~Unitholders, Preferred Unitholders and Special~~ Trust Unitholders; and (iv) the Register.
- (2) The Trust shall also prepare and maintain adequate accounting records and records containing minutes of meetings and resolutions of the Trustees and any committee thereof. Such records shall be kept at the principal office of the Trust or at such other place as the Trustees think fit and shall at all reasonable times be open to inspection by the Trustees.

Section 16.10 Right to Inspect Documents and Records of the Trust.

- (1) A ~~Unitholder, Preferred Unitholder or Special~~ Trust Unitholder and any agent, consultant or creditor of the Trust shall have the right to examine the ~~Declaration of Trust, the Trustees' Regulations, the minutes of meetings and resolutions of Unitholders, Preferred Unitholders and Special Unitholders, the Register~~ records described in Section 16.9(1) and any other documents or records which the Trustees determine should be available for inspection by such persons, during normal business hours at the principal office of the Trust. ~~Unitholders, Preferred Unitholders and Special Unitholders and creditors of the Trust shall have the right to obtain or make or cause to be made a list of all or any of the registered holders of Units, Preferred Units or Special Voting Units, to the same extent and upon the same conditions as those which apply to shareholders and creditors of a corporation governed by the Canada Business Corporations Act, as amended from time to time, and take extracts from the records, free of charge. Any person described in this Section 16.10 who wishes to examine the securities Register of the Trust must first make a request to the Trust or its agent or mandatary, accompanied by an affidavit referred to in Section 16.12. On receipt of the affidavit, the Trust or its agent or mandatary shall allow the applicant access to~~

the securities Register during the normal business hours, and, on payment of a reasonable fee, provide the applicant with an extract from the securities Register.

Section 16.11 Information Available to Trust Unitholders and other Securityholders.

- (1) Trust Unitholders and other securityholders of the Trust and creditors and their respective personal representatives, on payment of a reasonable fee therefor and on sending the Trust or its agent or mandatory an affidavit required by Section 16.12, may on application require the Trust or its agent or mandatory to provide, where available, within 10 days after receipt of the affidavit a list (in this section referred to as the “**basic list**”) made up to a date not more than 10 days before the receipt of the affidavit setting out the names of the Trust Unitholders, the number of Trust Units held by each Trust Unitholder and the address of each Trust Unitholder as shown in the records of the Trust.
- (2) A person requiring the Trust to provide a basic list may, by stating in the affidavit referred to in this Section that they require supplemental lists, require the Trust or its agent or mandatory on payment of a reasonable fee to provide supplemental lists, where applicable, setting out any changes from the basic list in the names or addresses of the Trust Unitholders and the number of Trust Units owned by each Trust Unitholder for each business day following the date the basic list is made up to.
- (3) The Trust or its agent or mandatory shall provide a supplemental list, where available, required under Section 16.11(2):

 - (a) on the date the basic list is furnished, where the information relates to changes that took place prior to that date; and
 - (b) on the business day following the day to which the supplemental list relates, where the information relates to changes that take place on or after the date the basic list is furnished.
- (4) A person requiring the Trust to furnish a basic list or a supplemental list may also require the Trust to include in that list the name and address of any known holder of an option or right to acquire Trust Units, where available.
- (5) A list of Trust Unitholders or information from a securities register obtained pursuant to the provisions of this Declaration of Trust shall not be used by any person except in connection with (i) an effort to influence the voting of, Trust Unitholders of the Trust; (ii) an offer to acquire securities of the Trust; or (iii) any other matter relating to the affairs of the Trust.

Section 16.12 Affidavits.

An affidavit required under Section 16.10 or Section 16.11 shall state (i) the name and address of the applicant; (ii) the name and address for service of the body corporate, if the applicant is a body corporate; and (iii) that the information contained in the securities register obtained pursuant to Section 16.11(1) or the basic list and any supplemental lists obtained pursuant to Section 16.11(2), as the case may be, will not be used except as permitted under Section 16.11(5).

Section 16.13 Consolidations.

Any one or more Trustees or the Secretary may prepare consolidated copies of the Declaration of Trust as it may from time to time be amended or amended and restated and may certify the same to be a true consolidated copy of the Declaration of Trust, as amended or amended and restated.

Section 16.14 Counterparts.

This Declaration of Trust may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument, which shall be sufficiently evidenced by any such original counterpart.

Section 16.15 Severability.

The provisions of this Declaration of Trust are severable and if any provisions are in conflict with any applicable law, the conflicting provisions shall be deemed never to have constituted a part of the Declaration of Trust and shall not affect or impair any of the remaining provisions thereof.

Section 16.16 Headings for Reference Only.

The headings preceding the articles and sections hereof have been inserted for convenience and reference only and shall not be construed to affect the meaning, construction or effect of this Declaration of Trust.

Section 16.17 Governing Law.

This Declaration of Trust shall be interpreted and governed by and take effect exclusively in accordance with the laws of the Province of Ontario. Any and all disputes arising under this Declaration of Trust, whether as to interpretation, performance or otherwise, shall be subject to the exclusive jurisdiction of the courts of the Province of Ontario and each of the Trustees hereby irrevocably attorns, and each Unitholder, each Preferred Unitholder and each Special Unitholder shall be deemed to hereby irrevocably attorn, to the exclusive jurisdiction of the courts of such province.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the Trustees have caused these presents to be signed and sealed as of the date first above written.

ON BEHALF OF THE TRUSTEES OF
CANADIAN APARTMENT PROPERTIES
REAL ESTATE INVESTMENT TRUST

(Signed) "~~Thomas Schwartz~~ [●]"

Trustee

(Signed) "~~Michael Stein~~ [●]"

Trustee

SCHEDULE “B”

RESOLUTION OF THE UNITHOLDERS OF CANADIAN APARTMENT PROPERTIES REAL ESTATE INVESTMENT TRUST- AMENDMENTS TO DECLARATION OF TRUST

RESOLVED AS A SPECIAL RESOLUTION THAT:

- (1) The amendments to the Declaration of Trust of CAPREIT substantially as described in the Circular under the heading “Special Business – Amendments to the Declaration of Trust” and as reflected in the blackline of the Declaration of Trust in Schedule “A” to the Circular, and any additional and/or alternative amendments to the Declaration of Trust that the trustees determine to be necessary or desirable from time to time in order to effect the substance of the changes described in the Circular, be and are hereby authorized and approved.
- (2) The trustees are hereby authorized and directed to execute or cause to be executed on behalf of CAPREIT an amended and restated Declaration of Trust reflecting the foregoing changes and amendments.
- (3) Notwithstanding that the foregoing resolutions have been duly passed, the Board of CAPREIT may, without further notice to or approval of the Unitholders, determine the timing and arrange for the implementation of the amendment and/or restatement of the Declaration of Trust, decide not to proceed with the amendment and/or restatement of the Declaration of Trust, or modify the amendment and/or restatement of the Declaration of Trust, provided that any modification will not be materially prejudicial to unitholders, or revoke this resolution at any time prior to the amendments to and/or restatement of the Declaration of Trust.
- (4) Any trustee or officer of CAPREIT be and is hereby authorized to take all such further actions and to execute and deliver all such further instruments and documents, in the name and on behalf of CAPREIT as may be necessary, proper or advisable in order to carry out and give full effect to the foregoing.