



Notice of Annual and Special Meeting of Unitholders to be held June 1, 2020 and Management Information Circular





NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS TO BE HELD ON JUNE 1, 2020

NOTICE IS HEREBY GIVEN THAT the Annual Meeting (the “**Meeting**”) of the holders (the “**Trust Unitholders**”) of units, special voting units and preferred units of Canadian Apartment Properties Real Estate Investment Trust (“**CAPREIT**”) will be held in a virtual only meeting format via live webcast online at <https://web.lumiagm.com/210886351> on June 1, 2020 at 4:00 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, 2019, 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; and
5. to transact such further or other business as may properly come before the Meeting or any adjournments or postponements thereof.

This year, to proactively deal with the unprecedented public health impact of COVID-19 and to mitigate risks to the health and safety of our communities, Trust Unitholders, employees and other stakeholders, the Meeting will be held in a virtual only format, which will be conducted via live webcast. Trust Unitholders will not be able to physically attend the Meeting.

Trust Unitholders and duly appointed proxyholders will be able to attend, submit questions and vote at the Meeting online at <https://web.lumiagm.com/210886351> at 4:00 p.m. on June 1st, 2020. Non-registered (beneficial) Trust Unitholders who have not duly appointed themselves as proxyholder will be able to attend the Meeting as guests, but guests will not be able to vote or ask questions at the Meeting.

Accompanying this Notice of the Meeting are a copy of the Management Information Circular and form of proxy. If you are a new Trust Unitholder or a non-registered Trust 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 to receive a hard copy of this report, please contact us at ir@capreit.net or (416) 861-9404.

If you are not planning to or are unable to attend the Meeting online, kindly sign and return the enclosed form of proxy and deposit it with Computershare Investor Services Inc. (“**Computershare**”), Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or via the internet at www.investorvote.com, not later than 4:00 p.m. (Toronto time) on May 28, 2020 or, if the Meeting is adjourned or postponed, prior to 4:00 p.m. (Toronto time) on the

second business day before any adjournment or postponement of the Meeting.

Trust Unitholders who wish to appoint a proxyholder other than the persons designated by CAPREIT on the form of proxy (including a non-registered Trust Unitholder who wishes to appoint themselves as proxyholder) must carefully follow the instructions in the Notice of Meeting, this Management Proxy Circular and on their form of proxy. These instructions include the additional step of registering such proxyholder with our transfer agent, Computershare at <http://www.computershare.com/CAPREIT>, after submitting their form of proxy. Failure to register the proxyholder will result in the proxyholder not receiving a control number that will act as the proxyholder's log-in credentials and is required for them to vote at the meeting and, consequently, only being able to attend the Meeting online as a guest. Non-registered Trust Unitholders located in the United States must also provide Computershare with a duly completed legal proxy if they wish to vote at the meeting or appoint a third party as their proxyholder.

DATED at Toronto, Ontario this 7th day of April, 2020.

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

(Signed) MARK KENNEY
President and Chief Executive Officer

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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 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**”, and together with the Unitholders and Special Unitholders, the “**Trust Unitholders**”) of preferred units (the “**Preferred Units**”, and together with the Units and the Special Voting Units, the “**Trust Units**”) of CAPREIT, to be held on the 1st day of June, 2020, in a virtual-only format at the time 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 April 7th, 2020 unless otherwise indicated.

ATTENDING A VIRTUAL ONLY MEETING

This year, to proactively deal with the unprecedented public health impact of COVID-19 and to mitigate risks to the health and safety of our communities, Trust Unitholders, employees and other stakeholders, the Meeting will be held in a virtual-only format, which will be conducted via live webcast. Trust Unitholders will have an equal opportunity to participate at the Meeting online regardless of their geographic location. Trust Unitholders will not be able to physically attend the Meeting.

Trust Unitholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at <https://web.lumiagm.com/210886351>. Such persons may enter the Meeting by clicking “I have a control number” and entering a valid control number and the Password “capreit2020” (case sensitive) before the start of the meeting. Registered Trust Unitholders will receive their control number on the form of proxy accompanying this Circular. Guests, including non-registered (beneficial) Trust Unitholders who have not duly appointed themselves as a proxyholder, can login to the Meeting by clicking “I am a guest” and completing the online form. Guests will be able to listen to the Meeting but will not be able to ask questions or vote at the meeting.

A summary of the information Trust Unitholders and duly appointed proxyholders will need to attend and vote at the Meeting online is provided in this proxy statement.

If you attend the Meeting online, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. You should ensure you have a strong, preferably high-speed, internet connection wherever you intend to participate in the Meeting. The Meeting will begin promptly at 4:00 p.m. (Toronto time) on June 1, 2020, unless otherwise adjourned or

postponed. Online check-in will begin one hour prior to the meeting, at 3:00 p.m. (Toronto time). You should allow ample time for online check-in procedures. For any technical difficulties experienced during the check-in process or during the Meeting, please call 1-800-663-9097.

HOW DO I VOTE?

If you are a registered Trust Unitholder as of the close of business on the Record Date (as defined below), you may vote by proxy prior to the Meeting, or attend the virtual-only Meeting online at <https://web.lumiagm.com/210886351>. There are three ways to vote prior to the Meeting:

1. **Telephone Voting:** You may vote by calling the toll-free telephone number 1-866-732-VOTE (8683). You will be prompted to provide your control number printed on the form of proxy delivered to you. You may not appoint a person as proxyholder other than the management nominees named in the form of proxy provided if you vote by telephone. Please follow the voice prompts that allow you to vote your Trust Units and confirm that your instructions have been properly recorded.
2. **Internet Voting:** You may vote by logging on to www.investorvote.com and following the website prompts that allow you to vote your Trust Units and confirm that your instructions have been properly recorded.
3. **Return Your Proxy Card by Mail:** If you requested proxy materials by mail, you may vote by completing, signing and returning the form of proxy, accompanying this Circular, in the envelope provided to Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1.

APPOINTMENT OF PROXIES

A form of proxy is enclosed. If you are a registered Trust Unitholder and if it is not your intention to attend the Meeting online, you are asked to complete and return the form of proxy in the envelope provided. The proxy must be executed by the Trust Unitholder or the attorney of such Trust 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 (“**Computershare**”) or via the internet at www.investorvote.com, not later than 4:00 p.m. (Toronto time) on June 1st, 2020 or, if the Meeting is adjourned or postponed, prior to 4:00 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 Trust Unitholder has the right to appoint a person (who need not be a Trust 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 Trust 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 and registering your proxyholder online in the manner described below.

Registering your third-party proxyholder is an additional step to be completed after you have submitted your form of proxy. Failure to register the proxyholder will result in the proxyholder not receiving a

control number that is required for them to vote at the meeting.

- **Step 1: Submit your form of proxy:** To appoint a third-party proxyholder, insert such person's name in the blank space provided in the form of proxy and follow the instructions for submitting such form of proxy. This must be completed prior to registering such proxyholder, which is an additional step to be completed once you have submitted your form of proxy.
- **Step 2: Register your proxyholder:** To register a third-party proxyholder, Trust Unitholders must visit <http://www.computershare.com/CAPREIT> by 4:00 p.m. (Toronto time) on May 28, 2020, or, if the meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time and date of the adjourned or postponed meeting, and provide Computershare the required proxyholder contact information so that Computershare may provide the proxyholder with a control number via email.

Failure to register your proxyholder in the manner set out above will result in the proxyholder not receiving a control number that will act as the proxyholder's log-in credentials and is required for them to vote at the Meeting and, consequently, the proxyholder will not be able to vote or ask questions at the Meeting, instead only being able to attend the Meeting online as a guest. Non-registered Trust Unitholders located in the United States must also provide Computershare with a duly completed legal proxy if they wish to vote at the meeting or appoint a third party as their proxyholder.

Non-Registered Unitholders

Only registered Trust Unitholders, or the persons they appoint as their proxies, are entitled to attend and vote at the Meeting online. Most Trust Unitholders are "**non-registered**" Trust Unitholders because the Trust 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 Trust Units. More particularly, a person is not a registered Trust Unitholder in respect of Trust 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 Trust 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 Trust 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 Trust 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; or
- (b) more typically, Non-Registered Unitholders will 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.
- (c) In either case, the purpose of these procedures is to permit Non-Registered Unitholders to direct the voting of the Trust Units which they beneficially own. Should a Non-Registered Unitholder who receives one of the above forms wish to attend and vote at the Meeting online or appoint a third-party proxyholder, the Non-Registered Unitholder should strike out the names of the designated proxyholders, insert the Non-Registered Unitholder’s name or third-party proxyholder in the blank space provided and register the Non-Registered Unitholder or third-party proxyholder online, as applicable, as described below. Registering the Non-Registered Unitholder or third-party proxyholder online, as applicable, is an additional step to be completed after submitting the proxy authorization form. Failure to register the Non-Registered Unitholder or third-party proxyholder online, as applicable, will result in such individual not receiving a control number that is required for them to vote at the Meeting. To summarize, the steps for the Non-Registered Unitholder who wishes to submit a proxy authorization form would be as follows:
- **Step 1: Submit your proxy authorization form:** properly complete the proxy authorization form and deliver it to the applicable Intermediary as provided above. This must be completed prior to registering the Non-Registered Unitholder or third-party proxyholder online, as applicable, which is an additional step to be completed once you have submitted your proxy authorization form.
 - **Step 2: Register your proxyholder:** Register your Non-Registered Unitholder or third-party proxyholder online, as applicable, as proxyholder: To register such individual, Non-Registered Unitholders must visit <http://www.computershare.com/CAPREIT> by 4:00 p.m. (Toronto Time) on May 28, 2020, or, if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time and date of the adjourned or postponed Meeting, and provide Computershare the required contact information so that Computershare may provide the proxyholder with a control number via email.

Failure to register the proxyholder according to the foregoing will result in the proxyholder not receiving a control number that will act as their log-in credentials and is required for them to vote at the Meeting and, consequently, only being able to attend the Meeting online as a guest. Non-Registered Unitholders located in the United States must also provide Computershare with a duly completed legal proxy if they wish to vote at the meeting or appoint a third party as their proxyholder.

CHANGING YOUR VOTE

A Trust Unitholder may revoke its proxy at any time, by voting again online at www.investorvote.com or by phone or fax before 4:00 p.m. on May 28, 2020 or by completing an instrument in writing executed by such Trust Unitholder or by his or her attorney authorized in writing and:

- (a) depositing it with 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
- (b) filing it electronically with the Corinne Pruzanski (at C.Pruzanski@capreit.net) on the day of the Meeting, or any adjournment(s) or postponement(s) thereof.

Only registered Trust 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.

If you login to the Meeting using your control number and you accept the terms and conditions, you will be revoking any and all previously submitted proxies and will be provided the opportunity to vote online by ballot. If you do not wish to revoke all previously submitted proxies, do not accept the terms and conditions, in which case you can only enter the Meeting as a guest. If you enter the Meeting as a guest, you will not be able to vote and you will not be able to ask questions.

EXERCISE OF DISCRETION BY PROXIES

The Trust 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 Trust Unitholder appointing them. In the absence of any direction to the contrary, it is intended that the Trust 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; and (iii) 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 April 7, 2020, 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 April 7, 2020, 170,261,791 Units, no Special Voting Units and no Preferred Units were issued and outstanding.

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 27, 2020 (the “**Record Date**”). Only Trust 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 amended and restated declaration of trust, dated April 1, 2020 (the “**Declaration of Trust**”), each holder of Special Voting Units is entitled to a number of votes at all meetings of Trust 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 April 7, 2020, no person or company beneficially owns, or controls or directs, directly or indirectly, Trust 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 online at the Meeting, each of whom is a holder of Trust Units or a proxyholder representing a holder of Trust Units, and who hold or represent by proxy not less than twenty-five percent (25%) of the total number of outstanding Trust 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 (“**Stabilized NOI**”), Funds From Operations (“**FFO**”) and Normalized Funds From Operations (“**NFFO**”), FFO and NFFO per Unit amounts and FFO and NFFO payout ratios and Adjusted Cash Generated from Operating Activities (collectively, the “**non-IFRS measures**”). These non-IFRS measures are further discussed below. Since Stabilized NOI, FFO and NFFO are not measures determined under IFRS, they may not be comparable to similar 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 and cash flows. The non-IFRS measures should not be construed as alternatives to net income (loss) or cash flows from operating activities determined in accordance with IFRS as indicators of CAPREIT’s performance or 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). Trust 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 Trust Unitholders.

The Board currently consists of eight (8) trustees. **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 Parvaneh Cody, Mark Kenney, Poonam Puri, Jamie Schwartz, Michael Stein, Elaine Todres and René Tremblay as a trustee of CAPREIT, unless a Trust Unitholder has specified in his or her proxy that his or her Trust 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 or she is willing to stand for election and to serve as a trustee.

The trustees have adopted a policy that entitles each Trust 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 Trust 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 Trust 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 Trust 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 Trust Unitholders or until his or her 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 April 7, 2020.

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.

Aurora, Ontario, Canada

Trustee since 2010

Independent

Committees:

Audit Committee

Governance and Nominating
Committee

Areas of Expertise:

Management Experience

Board Experience

Legal/Tax

Real Estate

Corporate Governance

Financial Acumen

Capital Markets

International Business

Experience

Enterprise Risk Management

Client Engagement

HAROLD BURKE

Harold Burke, CPA, CA, ICD.D (Age: 73) is the former Senior Vice President of Taxation at Dream Asset Management Corporation, a 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 currently serves as a trustee and Chair of the audit committee of European Residential Real Estate Investment Trust ("ERES") (TSXV/ERE). 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 April 7, 2020 ⁽³⁾			Voting Results at the 2019 Annual Meeting of Unitholders
#	\$	%	Votes For: 95.01%
29,833	1,266,411	0.02	Votes Withheld: 4.99%

Toronto, Ontario, Canada

Trustee since 2017

Independent

Committees:

Human Resources and
Compensation Committee
Governance and Nominating
Committee
Investment 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
Enterprise Risk Management
Client Engagement

GINA CODY

Dr. Gina Parvaneh Cody (Age: 63) 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 currently serves as a trustee of ERES (TSXV/ERE). Dr. Cody retired in 2016 as the Executive Chair of CCI Group Inc., a Toronto based national engineering company. Prior to her retirement, Dr. Cody served the Professional Engineers of Ontario (PEO) 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 granted both the Certificate of Fellowship and the Award of Honor by PEO. Dr. Cody is currently a member of the Board of Governors and the Governance Committee and Chair of the Real Estate Planning Committee and Industrial Advisory Council of Concordia University. Dr. Cody is also the benefactor of the Gina Cody School of Engineering and Computer Science at Concordia University.

Units, Deferred Units ⁽¹⁾ and RURs ⁽²⁾ Beneficially Owned, or Controlled or Directed, Directly or Indirectly, as of April 7, 2020 ⁽³⁾			Voting Results at the 2019 Annual Meeting of Unitholders
#	\$	%	Votes For: 99.05%
34,315	1,456,672	0.02	Votes Withheld: 0.95%

Newmarket, Ontario,
Canada

Trustee since 2019

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
Enterprise Risk Management
Client Engagement

MARK KENNEY

Mark Kenney (Age: 52) joined CAPREIT in 1998 and is the President and Chief Executive Officer and member of its Board of Trustees. Prior to this appointment, Mr. Kenney held the position of Chief Operating Officer of CAPREIT. Mr. Kenney has over 25 years of experience in the multi-family residential sector, having previously worked at Realstar Management Partnership as District Manager of Western Canada and Northern Ontario (1995 to 1998) and Greenwin Property Management as Senior Property Manager prior to 1995. Mr. Kenney currently serves as a non-executive director of Irish Residential Properties REIT plc ("**IRES REIT**"). Mr. Kenney is also a director of the Federation of Rental Providers of Ontario since 2009 and was a director of the Greater Toronto Apartment Association from 1998 to 2009. Mr. Kenney maintains active membership in the Halifax, Montreal, Calgary, and Vancouver Apartment Associations, and holds a Bachelor of Economics degree from Carleton University.

Units, Deferred Units ⁽¹⁾ and RURs ⁽²⁾ Beneficially Owned, or Controlled or Directed, Directly or Indirectly, as of April 7, 2020 ⁽³⁾			Voting Results at the 2019 Annual Meeting of Unitholders
#	\$	%	Votes For: 98.90%
389,808	16,547,350	0.23	Votes Withheld: 1.10%

Toronto, Ontario, Canada

Trustee since 2019

Independent

Committees:

Governance and Nominating
Committee

Investment Committee

Audit Committee

Areas of Expertise:

Enterprise Leadership

Management Experience

Board Experience

Legal/Tax

Human Resources

Corporate Governance

Financial Acumen

Government Relations

Capital Markets

Enterprise Risk Management

Client Engagement

POONAM PURI

Poonam Puri, ICD.D (Age: 48) is a tenured Professor of Law at Osgoode Hall Law School, and a corporate lawyer and Affiliated Scholar at Davies, Ward, Phillips & Vineberg LLP. Ms. Puri is one of Canada's most respected experts in corporate governance and has extensive board experience in engineering, transportation, infrastructure and healthcare, including as a past director for Arizona Mining, Greater Toronto Airports Authority and as a former commissioner and director of the Ontario Securities Commission. She currently serves on the boards of the Canada Infrastructure Bank and Holland Bloorview Kids Rehabilitation Hospital. Ms. Puri has been recognized as one of the top 25 most influential lawyers in Canada by Canadian Lawyer Magazine in 2017 and 2015 and is a former recipient of Canada's Top 40 under 40 award and Canada's Most Powerful Women: Top 100 Award. Ms. Puri holds a Masters in Law from Harvard University, a Bachelor of Laws from the University of Toronto 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 April 7, 2020 ⁽³⁾			Voting Results at the 2019 Annual Meeting of Unitholders
#	\$	%	Votes For: 99.92%
2,777	117,884	0.00	Votes Withheld: 0.08%

Toronto, Ontario, Canada

Trustee since 2018

Independent

Committees:

Audit Committee
Human Resources and
Compensation Committee
Investment Committee

Areas of Expertise:

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

JAMIE SCHWARTZ

Jamie Schwartz (Age: 44) is a Director in the Large Cap Corporate Banking Group with TD Securities Inc. Mr. Schwartz has over 20 years of experience working in the banking, real estate and hospitality industries. Since 2011, Mr. Schwartz has worked for TD Securities in Toronto and New York, with responsibility for structuring and managing corporate debt. Before that, Mr. Schwartz worked in TD Securities' commercial mortgage group, providing mortgage financing for all classes of real estate assets across Canada. Before joining TD Securities, Mr. Schwartz was Vice President at HVS Consulting and Valuation, a global consulting organization, where he spent almost 10 years providing real estate strategic advisory services to the hospitality industry.

Units, Deferred Units ⁽¹⁾ and RURs ⁽²⁾ Beneficially Owned, or Controlled or Directed, Directly or Indirectly, as of April 7, 2020 ⁽³⁾			Voting Results at the 2019 Annual Meeting of Unitholders
#	\$	%	Votes For: 99.55%
7,000	297,150	0.00	Votes Withheld: 0.45%

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

International Business
Experience

Enterprise Risk Management

Client Engagement

MICHAEL STEIN

Michael Stein (Age: 69) 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 the Chairman of the board of trustees of ERES (TSXV/ERE), 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). 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 April 7, 2020 ⁽³⁾			Voting Results at the 2019 Annual Meeting of Unitholders
#	\$	%	Votes For: 89.62%
453,095	19,233,883	0.27	Votes Withheld: 10.38%

Toronto, Ontario, Canada

Trustee since 2013

Independent

Committees:

Human Resources and
Compensation Committee
Investment Committee

Areas of Expertise:

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

ELAINE TODRES

Elaine Todres, ICD.D (Age: 70) has had a distinguished career in government, the not-for-profit sector and the volunteer community. 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. She served as director of The Northern Trust Company, Canada August 2005 to February 2014. Dr. Todres 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 April 7, 2020 ⁽³⁾			Voting Results at the 2019 Annual Meeting of Unitholders
#	\$	%	Votes For: 99.35%
31,863	1,352,584	0.02	Votes Withheld: 0.65%

Montreal, Quebec, Canada

Trustee since 2020

Independent

Committees:

Investment Committee

Areas of Expertise:

Enterprise Leadership

Management Experience

Board Experience

Real Estate

Corporate Governance

Financial Acumen

Capital Markets

International Business
Experience

Enterprise Risk Management

Client Engagement

RENÉ TREMBLAY

René Tremblay (Age: 65) has over 40 years of experience in the real estate industry, having been involved in international investment and development for 25 years in numerous countries, including Brazil, Poland, France, Scotland, Spain, China, South Korea, Mexico, Germany, Canada, Luxembourg, Russia, Turkey and the United States. Mr. Tremblay joined Taubman Centers, a leader in the shopping center industry in 2010 as President of Taubman Asia where he was responsible for driving Taubman's shopping center expansion in the Asia-Pacific Region. He is the Chairman of Cominar REIT and currently serves on the board of Cogir Real Estate and the International Council of Shopping Centers. Mr. Tremblay's prior board experience includes serving as chairman of the real estate group of Caisse de dépôt et placement du Québec.

Units, Deferred Units ⁽¹⁾ and RURs ⁽²⁾ Beneficially Owned, or Controlled or Directed, Directly or Indirectly, as of April 7, 2020 ⁽³⁾			Voting Results at the 2019 Annual Meeting of Unitholders
#	\$	%	Not Applicable
1,026	43,554	0.00	

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. Kenney, RURs, beneficially owned, or controlled or directed, directly or indirectly, by him. 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 April 7, 2020; 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. 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

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.

Michael Stein served as a director of a privately held United Kingdom-registered company from February 2012 to January 2019. On March 21, 2019, the company voluntarily appointed an administrator under the United Kingdom insolvency act (*Insolvency Act 1986*).

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

The Audit Committee conducted a high-level review of the performance of CAPREIT’s external auditor PricewaterhouseCoopers LLP, Chartered Professional Accountants (“**PwC**”) for the year ended December 31, 2019, as CAPREIT’s auditors.

As part of the review, the views of senior management and others who engage with the auditors were sought and received.

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 2020.

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 Trust Unitholder has specified in the form of proxy that such Trust Unitholder's Trust 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 Trust 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 & Analysis"**.

The Board has decided that Trust 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 Trust 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 Trust 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 Trust Unitholders, other interested parties and the public. CAPREIT offers Trust 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 Trust 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, Trust 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 Trust Unitholders accept the Board's approach to executive compensation disclosed CAPREIT's management information circular dated April 7, 2020 under the heading **"Compensation Discussion & Analysis."**

Approval of the Say-on-Pay Resolution will require that it be passed by a majority of the votes cast by Trust 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 Trust 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 Trust 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.

Trust 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 Trust Unitholder has specified in the form of proxy that such Trust Unitholder's Trust Units are to be voted against the resolution.

COMPENSATION DISCUSSION & ANALYSIS

Year in Review/Executive Summary

On March 27, 2019, CAPREIT announced that Mark Kenney had been appointed Chief Executive Officer and Trustee. He now holds the title of President and Chief Executive Officer.

CAPREIT continued to achieve its key financial and strategic objectives throughout 2019. In 2019, CAPREIT further enhanced the scale of its property portfolio with the acquisition of 9,241 suites and sites in key target markets, for a total purchase price of \$1,385 million. With these acquisitions CAPREIT's total property portfolio rose to 60,713 suites and sites as of December 31, 2019, with a fair value of approximately \$13.1 billion.

Portfolio Performance

- **Operating Revenues** — Annual operating revenues increased by 13.0% to \$777.9 million, compared to December 31, 2018, due to the contributions from acquisitions, increased monthly rents on the stabilized residential suite portfolio and continuing high stable occupancies.
- **Net Average Monthly Rents** (previously defined as Average Monthly Rents) — Net average monthly rents for properties owned prior to December 31, 2018 increased by 4.1% to \$1,149 as at December 31, 2019 compared to \$1,104 from last year. As at December 31, 2019, overall occupancy decreased to 98.2% compared to 98.9% for December 31, 2018.
- **Net Operating Income** — Annual NOI increased by 15.3% to \$508.2 million for the year ended December 31, 2019 compared to last year. On a stabilized portfolio basis, Stabilized NOI increased by 4.9% to \$454.5 million for the year ended December 31, 2019 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 was 64.4% compared to 64.0% last year.

Operating Performance

- Normalized Funds From Operations — NFFO for the year ended December 31, 2019 increased by 17.2% to \$339.1 million compared to \$289.3 million in 2018, generating a NFFO payout ratio of 64.6% compared to 65.7% in 2018. 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, accelerated vesting of previously-granted RUR units, pre-development costs and 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, 2019 was conservative at 34.99% compared to 39.37% as at December 31, 2018.
- Debt Financings and Mortgage Renewals — CAPREIT achieved its debt financing and mortgage refinancing targets for 2019. Mortgage refinancings (excluding acquisition financings) totaled \$300.5 million in 2019, consisting of renewals of existing mortgages of \$232.3 million and additional top up financings of \$68.2 million. New financings (excluding acquisition financings) were completed at a weighted average stated interest rate of 2.73%, which is lower than the weighted average interest rate for the mortgages that matured in 2018.
- Interest and Debt Coverage — Improved interest coverage and debt service coverage ratios of 3.69 and 1.87 times, respectively, were achieved in 2019 compared to 3.44 and 1.75 times, respectively in 2018.

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 April 7, 2020, the Human Resources and Compensation Committee of CAPREIT consisted of the following three (3) trustees: Gina Cody, Jamie Schwartz, 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 2019, the Human Resources and Compensation Committee:

- reviewed the performance of CAPREIT executives and senior management relative to CAPREIT's annual and long-term objectives;
- reviewed and made recommendations to the Board on the compensation of trustees and of the President and Chief Executive Officer, Chief Financial 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 other senior management. The Human Resources and Compensation Committee and the Board reviewed and approved the plans in 2019, 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; and
- provided thought and oversight regarding CAPREIT's long-term human resources strategic plan.

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 & 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*) include Messrs. Kenney, Cryer and Fleischer (each, an "NEO" and together, the "NEOs"). As Mr. Fleischer had not previously been a NEO, his compensation and performance goals were determined by Mr. Kenney prior to the date hereof.

To better align the interests of management of CAPREIT with the interests of Trust 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. Kenney, Cryer and Fleischer are governed by the terms of their employment agreements dated March 27, 2019, March 26, 2018, and October 19, 2015, respectively, each as may be amended from time to time (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 Trust 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, Dr. Todres and Dr. Cody have direct experience that is relevant to their responsibilities in executive compensation.

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.

Dr. Cody has over 35 years of experience in the private sector as a principal shareholder and as president of a national consulting engineering firm. In that capacity, Dr. Cody was responsible for managing the compensation of approximately 150 senior management and technical staff. During her tenure, her company was awarded numerous awards for the quality of management and profitability.

As part of their role, each member of the Human Resources and Compensation Committee 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 Trust 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

Compensation Element	How it is Paid	What it is Designed to Reward
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 those of Trust 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
Other Elements of Compensation		
Executive RRSP	Cash	- Executive RRSP - Award equal to a maximum of 5% of the respective executive's base salary, subject to RRSP limits, other than with respect to Mr. Kenney who is entitled to his full annual RRSP contribution - 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

Unit Ownership Requirement

As part of CAPREIT's objective to align the interests of trustees and senior executives of CAPREIT with the interests of Trust 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.

In November, 2019, the Board instituted a further requirement that the President and Chief Executive Officer of CAPREIT be required to hold such number of Units having a value equal to three (3) times his or her annual compensation for a period of one (1) year following his or her departure from CAPREIT.

In addition, in November, 2019, the Board instituted a requirement that all other executive officers of CAPREIT, acquire, over a maximum period of five (5) years, such number of Units (which may include RURs) having a value equal to (i) in the case of NEOs, three (3) times his or her annual compensation, and (ii) in the case of other officers (vice presidents and above), two (2) times his or her annual compensation. CAPREIT strongly encourages all of its employees to invest in CAPREIT on a go forward

basis.

The following table summarizes the number of Units, Deferred Units and RURs beneficially owned, or controlled or directed, directly or indirectly, as of April 7, 2020, 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, Deferred Units and RURs ⁽¹⁾ Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽²⁾	Dollar Value of Units, Deferred Units and RURs ⁽¹⁾ Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽³⁾ (\$)	Units, Deferred 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⁾
MARK KENNEY President and Chief Executive Officer ⁽⁶⁾	Units: 203,635 RURs: 186,173 Total: 389,808	Units: \$8,644,306 RURs: \$7,903,044 Total: \$16,547,350	Units: 0.12% RURs: 0.11% Total: 0.23%	20.68 times	Yes
SCOTT CRYER Chief Financial Officer	Units: 9,807 RURs: 68,447 Total: 78,254	Units: \$416,307 RURs: \$2,905,575 Total: \$3,321,882	Units: 0.01% RURs: 0.04% Total: 0.05%	9.255 times	Yes
JONATHAN FLEISCHER Executive Vice President	Units: - RURs: 20,278 Total: 20,278	Units: \$- RURs: \$860,801 Total: \$860,801	Units: 0.00% RURs: 0.01% Total: 0.01%	2.87 times	Yes
TOTAL	488,340	\$20,730,033	0.29%		

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. 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 NEO, as determined by multiplying the number of Units beneficially owned, or controlled or directed, directly or indirectly, by such NEO as of April 7, 2020 by the closing price of the Units on the TSX on such date.
- (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.
- (6) Mr. Kenney was appointed President on November 14, 2018 and Chief Executive Officer on March 27, 2019.

Targeted Pay Positioning and Mix

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 and Chief Financial Officer is one hundred twenty percent (120%) of base salary, and for the Executive Vice President, seventy-five (75%) 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 Mr. Kenney and Mr. Cryer for the 2019 financial year was determined based upon financial and non-financial measures based on fifty-five percent (55%) financial and forty-five percent (45%) non-financial. Mr. Fleischer's annual incentive compensation was determined based upon achievement of the Non-Financial performance measurements, as set out below.

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 - Company-wide objectives regarding employee engagement

Financial Component

The financial component for Mr. Kenney and Mr. Cryer's 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 2019, the financial component was weighted at fifty-five percent (55%) of the annual incentive compensation potential for both Mr. Kenney and Mr. Cryer.

For the year ended 2019, the Human Resources and Compensation Committee set the payout scale for the financial component of the annual incentive compensation potential for Mr. Kenney and Mr. Cryer 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%

Three-Year Average NFFO per Unit Growth (% against Target)	Annual Incentive Compensation Payout ⁽¹⁾ (%)
-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 (fifty-five percent (55%)).

The financial component of the annual incentive compensation potential for Mr. Kenney and Mr. Cryer 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 Trust Unitholders' interests.

The NFFO per Unit growth measured against the target set by the Board for the 2017, 2018, and 2019 years is as follows:

	Target NFFO per Unit	Actual NFFO per Unit	Actual Above Target
2017	\$1.781	\$1.842	3.43%
2018	\$1.915	\$2.024	5.69%
2019	\$2.080	\$2.139	2.84%
Weighted Average Growth Rate	N/A	N/A	3.70%

For the year ended 2019, CAPREIT achieved a three-year average NFFO per Unit growth, weighted as described above, equal to 3.70% above the targets set by the Board for the relevant three-year period. This over-achievement translated into payment to Mr. Kenney and Mr. Cryer for the financial component of the annual incentive compensation plan in an amount equal to one hundred, eighteen and a half percent (118.5%) 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 2019, the personal performance assessment for the President and Chief Executive Officer and the Chief Financial Officer was weighted at thirty-five percent (35%) of the annual incentive compensation potential. The Executive Vice President's annual incentive compensation potential was based entirely on achievement of their personal performance goals and objectives.

The following goals and objectives were used to determine the personal performance non-financial incentive component for each NEO in 2019:

NEO	Personal Performance Goals and Objectives
MARK KENNEY President and Chief Executive Officer ⁽¹⁾	- Oversee the enterprise-wide review of organizational structures (including the executive) for CAPREIT to be successful in the near and longer term consistent with the long-term strategy. - Increase knowledge of governance expertise by attending training and working with the Board more closely in this area. - Continue to work with the Board on strategic objectives and the Board renewal process. - Improve the investor relations program by increasing executive presence and experience. - Assist in ensuring departmental engagement scores remain strong and focus on improvement where needed with direct outreach to each department. - Oversee the ongoing rollout of CAPREIT's 5 year strategic plan throughout the business with ongoing and increased communication to ensure transparency, alignment and engagement.
SCOTT CRYER Chief Financial Officer	- Focus on significant improvement in engagement within the accounting and finance departments - Develop a strategy to review, test, and enhance our internal finance controls. - Engage in succession planning for ERES. - Develop a staff plan to ensure the finance and accounting departments have focused development plans for key staff.
JONATHAN FLEISCHER Executive Vice President	- Improve standardization across the Operations group, with focus on documentation improvements in procurement and software improvements for environmental management, health and safety and tenant requests through Resident Portal. - Integrate and provide development plans for all Operations Groups, working with each Managing Director in this regard. - Complete execution of the risk management plan implementing the Refined Risk platform, health and safety and sustainability benchmarking. - Develop the ESG platform and work towards GRESB reporting. - Ensure there is a satisfactory conclusion to a certain longstanding insurance claim.

Note:

(1) Mr. Kenney was appointed President on November 14, 2018 and Chief Executive Officer on March 27, 2019.

At the end of the year, each NEO's personal performance was assessed by the Board. Personal performance is measured against seven qualitative descriptions ranging from exceptional to improvement required and the personal performance non-financial component for all NEOs payable as follows in 2019:

Personal Performance Assessment	Annual Incentive Compensation Payout ⁽¹⁾ (%)
Exceptional	120%
Outstanding Performance	115%
Exceeds Expectations	110%
Meeting All Expectations	100%
Meeting Most Expectations	75%
Progressing	50%
Improvement Required	0%

Note:

(1) This represents the percentage payout of the annual incentive bonus determined by personal measures (thirty-five percent (35%)) for each of the NEOs.

Employee Engagement

One of the non-financial measures for 2019 for the NEOs 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 2019, the employee engagement score was weighted at ten percent (10%) of the annual incentive compensation potential for the NEOs.

The result of the annual employee engagement survey conducted by AON Hewitt was used to determine the employee engagement non-financial component for the NEOs in 2019 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 NEOs.

The employee engagement score element of the non-financial component of the annual incentive compensation potential for the NEOs 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 NEOs.

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, as applicable to each NEO, 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 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 2019, 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 2019, the President and Chief Executive Officer and Chief Financial Officer were awarded RURs equal to the value of the annual incentive cash award paid to each NEO, respectively.

The table below shows all RURs granted to the NEOs in respect of the 2019 financial year:

Name	Number of RURs	Total Value (\$)	Last Day of Grant Period
MARK KENNEY⁽⁴⁾ President and Chief Executive Officer	23,728 1,759 ⁽²⁾	1,400,000 ⁽¹⁾ 84,143 ⁽³⁾	February 26, 2023 February 26, 2022
SCOTT CRYER Chief Financial Officer	5,960 1,254 ⁽²⁾	351,669 ⁽¹⁾ 60,000 ⁽³⁾	February 26, 2023 February 26, 2022
JONATHAN FLEISCHER Executive Vice President	2,881 125 ⁽²⁾	170,000 ⁽¹⁾ 6,000 ⁽³⁾	February 26, 2023 February 26, 2022

Notes:

(1) Based on a per Unit price of \$59.00 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. Kenney, Mr. Cryer and Mr. Fleischer in consideration of their agreement to extend the settlement date of RURs granted to each of them in February 2016.
- (3) Based on a per Unit price of \$47.84 determined in accordance with the RUR Plan. Amounts are rounded to the nearest whole RUR.
- (4) Mr. Kenney was appointed President on November 14, 2018 and Chief Executive Officer on March 27, 2019.

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 NEO 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 NEO 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 or EVP Contract, which are further described below. See "**Significant Terms of Executive Employment Agreements**".

New Actions/Decisions or Policies

In 2019, in accordance with the RUR Plan, the Human Resources and Compensation Committee extended the settlement date by 3 years of RURs granted in 2016 (the "**2016 RUR Grant**") for purposes of further aligning the long-term interests of participants and Trust 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 2016 RUR Grant from February 2019 to February 2022 equal to twenty percent (20%) of the original value of their 2016 RUR Grant.

In 2020, in accordance with the RUR Plan, the Human Resources and Compensation Committee extended the settlement date by 3 years of RURs granted in 2017 (the "**2017 RUR Grant**") for purposes of further aligning the long-term interests of participants and Unitholders by facilitating the continued holding of the their respective RUR grants. In consideration of their long-term commitment to CAPREIT, additional RURs were granted to those participants who agreed to extend the settlement date of their 2017 RUR Grant from February 2020 to February 2023 equal to twenty percent (20%) of the original value of their 2017 RUR Grant.

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 and to the NEO's individual performance, as well as company-wide and departmental objectives; (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 or EVP 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.

Engagement of Independent Compensation Consultant

In 2019, CAPREIT did not engage a compensation consultant to advise on executive or board compensation.

Performance Graph

The following graph compares the total cumulative Unitholder return for \$100 invested in Units on December 31, 2014 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, 2019 and as a percentage of market capitalization for the five (5) years ended December 31, 2019 are shown below:

	2015	2016	2017	2018	2019
Total Compensation of the NEOs⁽¹⁾	\$6,265	\$6,091	\$4,290	\$3,461	\$5,109
NFFO	\$200,027	\$231,808	\$250,474	\$289,335	\$339,121
Total Compensation of the NEOs as a percentage of NFFO	3.13%	2.63%	1.71%	1.20%	1.51%

Total Compensation of the NEOs as a percentage of market capitalization (as at December 31 of each year)	0.18%	0.14%	0.08%	0.05%	0.06%
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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 2019. For comparison purposes, the compensation information from 2017 and 2018 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 (\$)			
MARK KENNEY⁽¹⁰⁾ President and Chief Executive Officer	2019	694,149	1,484,143 ⁽¹⁾	-	828,625 ⁽⁴⁾	-	-	178,899 ⁽⁷⁾⁽¹¹⁾	3,185,816
	2018	446,304	601,668 ⁽²⁾	-	528,622 ⁽⁵⁾	-	-	56,324 ⁽⁸⁾	1,632,918
	2017	442,503	641,768 ⁽³⁾	-	500,310 ⁽⁶⁾	-	-	55,938 ⁽⁹⁾	1,640,561
SCOTT CRYER Chief Financial Officer	2019	349,449	411,669 ⁽¹⁾	-	351,669 ⁽⁴⁾	-	-	124,882 ⁽⁷⁾⁽¹¹⁾	1,237,669
	2018	318,237	390,161 ⁽²⁾	-	354,650 ⁽⁵⁾	-	-	45,933 ⁽⁸⁾	1,108,981
	2017	312,000	342,565 ⁽³⁾	-	303,690 ⁽⁶⁾	-	-	45,658 ⁽⁹⁾	1,003,913
JONATHAN FLEISCHER Executive Vice President	2019	282,961	176,000 ⁽¹⁾	-	170,000 ⁽⁴⁾	-	-	56,613 ⁽⁷⁾⁽¹¹⁾	662,075
	2018	260,003	195,000 ⁽²⁾	-	195,000 ⁽⁵⁾	-	-	30,685 ⁽⁸⁾	680,688
	2017	256,339	175,000 ⁽³⁾	-	191,250 ⁽⁶⁾	-	-	30,450 ⁽⁹⁾	653,039

Notes:

- (1) Represents 23,728 RURs issued to Mr. Kenney and 5,960 RURs issued to Mr. Cryer and 2,881 RURs issued to Mr. Fleischer on February 26, 2020. 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 \$59.00. 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 \$57.79. Represents also an additional 1,759 RURs issued to Mr. Kenney

for a value of \$84,143 and an additional 1,254 RURs issued to Mr. Cryer for a value of \$60,000 and an additional 125 RURs issued to Mr. Fleischer for a value of \$6,000 on February 26, 2019. These additional RURs were granted to Mr. Kenney, Mr. Cryer and Mr. Fleischer as they agreed to extend the settlement date of the 2016 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 \$47.84. See “Compensation Discussion & Analysis – New Actions/Decisions or Policies”.

- (2) Represents 7,413 RURs issued to Mr. Cryer and 11,050 RURs issued to Mr. Kenney on February 26, 2019. 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 \$47.84. 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 \$48.82. Represents also an additional 977 RURs issued to Mr. Cryer for a value of \$35,511 and an additional 2,010 RURs issued to Mr. Kenney for a value of \$73,046 on February 27, 2018. These additional RURs were granted to Mr. Cryer and Mr. Kenney as they agreed to extend the settlement date of the 2015 RUR Grant and 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 \$35.35. See “Compensation Discussion & Analysis – New Actions/Decisions or Policies”.
- (3) Represents 8,355 RURs issued to Mr. Cryer and 13,764 RURs issued to Mr. Kenney on February 27, 2018. 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 \$36.35. 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 \$35.35. Represents also an additional 1,214 RURs issued to Mr. Cryer for a value of \$38,884 and an additional 4,417 RURs issued to Mr. Kenney for a value of \$141,477 on February 28, 2017. These additional RURs were granted to Mr. Cryer and Mr. Kenney as they agreed to extend the settlement date of the 2014 RUR Grant and 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 \$35.15. See “Compensation Discussion & Analysis – New Actions/Decisions or Policies”.
- (4) This bonus was earned in respect of the 2019 financial year and paid in February 2020.
- (5) This bonus was earned in respect of the 2018 financial year and paid in February 2019.
- (6) This bonus was earned in respect of the 2017 financial year and paid in February 2018.
- (7) Represents the total value of perquisites including car allowance of \$18,000 and Executive RRSP contribution of \$22,324 for Mr. Kenney. Represents total value of perquisites, including car allowance of \$18,000, and Executive RRSP contribution of \$15,918 for Mr. Cryer. Represents total value of perquisites, including car allowance of \$14,354, and Executive RRSP contribution of \$13,005 for Mr. Fleischer. 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 2019 were immaterial.
- (8) Represents the total value of perquisites including car allowance of \$18,000 and Executive RRSP contribution of \$15,606 for Mr. Cryer. Represents total value of perquisites, including car allowance of \$18,000, and Executive RRSP contribution of \$21,886 for Mr. Kenney. Represents total value of perquisites, including car allowance of \$12,000, and Executive RRSP contribution of \$12,750 for Mr. Fleischer. 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 2018 were immaterial.
- (9) Represents the total value of perquisites including car allowance of \$18,000 and Executive RRSP contribution of \$15,300 for Mr. Cryer. Represents total value of perquisites, including car allowance of \$18,000, and Executive RRSP contribution of \$21,457 for Mr. Kenney. Represents total value of perquisites, including car allowance of \$12,000, and Executive RRSP contribution of \$12,500 for Mr. Fleischer. 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 2017 were immaterial.
- (10) Mr. Kenney was appointed President on November 14, 2018 and Chief Executive Officer on March 27, 2019.
- (11) On December 10, 2019, options of ERES at an exercise price of \$4.65 were granted as follows: 150,000 options to Mr. Kenney; 100,000 options to Mr. Cryer and 30,000 options to Mr. Fleischer. One third of the options vest each year for 3 years, and the options expire on December 9, 2029. 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 3.26%, a risk-free rate of 1.61% and a volatility of 25%. The NEOs were granted these options in relation to their role with CAPREIT, which acts as an asset manager to ERES.

Narrative Discussion

Significant Terms of Executive Employment Agreements

The executive contracts for Mr. Kenney and Mr. Cryer (the “**Executive Contracts**”) 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 and Executive Vice President Contract (the “**EVP Contract**”) between CAPREIT and Mr. Fleischer, as applicable.

Long-term incentive awards for NEOs are governed by the terms of their Executive Contracts and EVP Contract, as applicable. 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**”.

As used below, 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.

The significant terms of each Executive Contract and the EVP Contract are summarized below.

	Messrs. Kenney and Cryer Executive Contract	Mr. Fleischer EVP Contract
Term	Indefinite	Indefinite
Termination without cause, with notice	• CAPREIT may terminate the Executive Contracts without cause by giving written notice to such effect to the executive, and providing the executive with a working notice period, or pay in lieu thereof, in any combination, of thirty (30) months (the “Executive Notice Period”). • During the Executive Notice Period, the executive shall receive an amount equal to their base salary, plus the average annual bonus awarded to the executive in respect of the two (2) most recent calendar years receding the date the notice of termination is received (the “Termination Payments”). • As Mr. Kenney has not yet received at least two (2) annual bonus payments, Mr. Kenney would receive 120% of his base salary. • Any RURs or long-term incentives/equity granted to Mr. Kenney or successor incentive securities that may be introduced by CAPREIT from time to time, but have not yet vested, shall be accelerated and vest upon Mr. Kenney’s last day of employment with CAPREIT.	• CAPREIT may terminate the EVP Contract without cause by giving written notice to such effect to the executive and providing the executive with a working notice period, or pay in lieu thereof, in any combination of eighteen (18) months (the “EVP Notice Period”). • During the EVP Notice Period, the executive shall receive an amount equal to their base salary, plus the plus the average annual bonus awarded to the executive in respect of the two (2) most recent calendar years receding the date the notice of termination is received (the “EVP Termination Payments”). • CAPREIT shall maintain all health and dental benefits to which Mr. Fleischer is entitled pursuant to his EVP Contract for the EVP Notice Period
Termination without cause, without notice	• In lieu of the Executive Notice Period, CAPREIT may elect to immediately terminate the Executive Contracts upon payment to the executive of a lump sum equal to the total Termination Payments. • At the option of the executive, any lump sum payment payable may be paid in instalments until the full amount is paid.	• In lieu of the EVP Notice Period, CAPREIT may elect to immediately terminate the Executive Contracts upon payment to the executive of a lump sum equal to the total EVP Termination Payments. • At the option of the executive, any lump sum payment payable may be paid in instalments until the full amount is paid.
Resignation by executive	• In the event Mr. Kenney delivers a notice of resignation (the “Notice of Resignation”), he will be entitled to receive, over a twenty-four (24) month period payable in quarterly instalments, an amount equal to the sum of: (i) twenty-four (24) months of the amount paid or payable as base salary at the time the Notice of Resignation is provided; plus (ii) either (x) a bonus equal to the sum of his annual bonus in respect of the two (2) calendar years preceding the date the Notice of Resignation was delivered, or (y) if at least two (2) bonus payments have not yet been received, 120% of his base salary. • Any RURs or long-term incentives or equity granted to Mr. Kenney, but not yet vested, shall be accelerated and vest upon the last day of employment with CAPREIT.	• Six (6) months’ notice of the executive’s resignation must be given to CAPREIT. After such time, CAPREIT shall have no further obligations under the Executive Contract or CAPREIT’s employee benefit plans.

	Messrs. Kenney and Cryer Executive Contract	Mr. Fleischer EVP Contract
Termination in the event of a change of control	- Each executive may elect to terminate his respective Executive Contract, for any reason, exercisable for a period of six (6) months following the date of the change of control (the "Change of Control Election"), which termination shall be effective thirty (30) days after the date that the executive services notice of such election. - Mr. Kenney is entitled to receive a severance payment in the amount equal to the Termination Payments. - Mr. Cryer is entitled to receive a severance payment in the amount equal to three (3) times the sum of: (i) his base salary paid during the previous twelve (12) months, plus (ii) the average bonus awarded to the executive during the previous two (2) years, as well as maintenance of benefits for a period of thirty-six (36) months from the date of termination. - If an executive elects to terminate their Executive Contract pursuant to the Change of Control Election, any RURs or long-term incentives granted to the executive, but not yet vested, shall be accelerated and vest upon the executive's last day of employment with CAPREIT.	- Mr. Fleischer may elect to terminate his EVP Contract for any Good Reason at any time following a change of control, which termination shall be effective thirty (30) days after the date of serving notice of such election. - Mr. Fleischer may elect to terminate his EVP Contract, for any reason following a change of control, exercisable for thirty (30) days following the EVP becoming aware of the change of control, which termination shall be effective thirty (30) days after the date of serving notice of such election. - In the event of termination pursuant to a change of control, Mr. Fleischer is entitled to receive a severance payment in the amount equal to two (2) times the sum of (i) his base salary paid or payable during the previous twelve (12) month period, and (ii) the average of any annual bonus awarded in respect of the two (2) previous calendar years. - CAPREIT shall maintain all health and dental benefits to which Mr. Fleischer is entitled pursuant to his EVP Contract for a period of twenty-four (24) months.
Non-Competition, Non-Solicitation and Confidentiality	Each Executive Contract contains certain customary non-competition, non-solicitation and confidentiality provisions in favour of CAPREIT.	Mr. Fleischer's EVP Contract 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. 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, company-wide or departmental 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.

Under his Executive Contract, Mr. Kenney is entitled to receive the maximum amount allowable to be contributed under the *Income Tax Act* (Canada) to his registered retirement savings plan.

INCENTIVE PLAN AWARDS

Outstanding Unit-based Awards and Option-based Awards

The following table sets forth a summary of the Unit-based awards and Option-based awards for each NEO outstanding as at December 31, 2019.

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⁾ (\$)
MARK KENNEY President and Chief Executive Officer ⁽²⁾	-	-	-	-	50,671	2,686,070	5,784,292
SCOTT CRYER Chief Financial Officer	-	-	-	-	31,706	1,680,735	2,252,660
JONATHAN FLEISCHER Executive Vice President	-	-	-	-	15,495	821,390	63,400

Notes:

- (1) Value based on the closing price of Units on the TSX on December 31, 2019.
- (2) Mr. Kenney was appointed President on November 14, 2018 and Chief Executive Officer on March 27, 2019.

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 ⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
MARK KENNEY President and Chief Executive Officer ⁽¹⁾	-	995,770	828,625
SCOTT CRYER Chief Financial Officer	-	604,073	351,669
JONATHAN FLEISCHER Executive Vice President	-	55,691	170,000

Notes:

- (1) Mr. Kenney was appointed President on November 14, 2018 and Chief Executive Officer on March 27, 2019.
- (2) Represents 12,680, 20,675 and 1,169 RUR grant units which vested in February 2019 for Mr. Cryer, Mr. Kenney and Mr. Fleischer, respectively.

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. Subject to the terms of an Executive Contract, 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. Subject to the terms of an Executive Contract, if a Participant is terminated for cause or resigns, unvested RURs (and Distribution RURs) accrued thereon will be forfeited. See "**Significant Terms of Executive Employment Agreements**".

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 Trust Unitholder or participant approval, except in certain limited circumstances: (i) amendments to increase the aggregate number of Units reserved for issuance under all of CAPREIT's equity incentive plans; (ii) amendments to extend eligibility to participate in the RUR Plan; (iii) amendments to the definition of Market Price under the RUR Plan; (iv) amendments which may permit equity-based awards granted under the RUR Plan to be transferable or assignable other than for normal estate settlement purposes; (v) amendments that modify the amendment provision of the RUR Plan itself; and (vi) amendments required to be approved by Trust Unitholders under applicable law (including rules of the TSX). The trustees may amend the RUR Plan without Trust 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 (v) 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 April 7, 2020, 611,472 RURs have been issued and are outstanding under the RUR Plan to Participants; the Units issuable under such grants constitute 0.36% 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, EUPP and DUP.

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 Trust Unitholder approval, except in certain limited circumstances, which are substantially similar to those listed in the RUR Plan, as described above; except that Trust 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 Trust 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 April 7, 2020, 404,088 Units have been issued and are outstanding under the EUPP, constituting 0.24% 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, EUPP and DUP.

Deferred Unit Plan

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

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. For Mr. Kenney's retirement benefit, see “Compensation Discussion and Analysis– Elements of Executive Compensation”.	No longer eligible effective date of termination.	Eligible for severance or lump sum severance payment (for amounts, see “Significant Terms of Executive Employment Agreements”).	Eligible for severance or lump sum severance payment (for amounts, see “Significant Terms of Executive Employment Agreements”).
Annual Incentive (Bonus)	Receive pro-rated payment based on proportion of financial year completed as of the date of death or retirement. For Mr. Kenney's retirement benefit, see “Compensation Discussion and Analysis– Elements of Executive Compensation”.	No longer eligible effective date of termination.	Eligible for severance or lump sum severance payment (for amounts, see “Significant Terms of Executive Employment Agreements”).	Eligible for severance or lump sum severance payment (for amounts, see “Significant Terms of Executive Employment Agreements”).

Plan	Death, Retirement or Resignation	Termination With Cause	Termination Without Cause	Termination Without Cause Following a Change-In-Control
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, other than with respect to Mr. Kenney, who is entitled to automatic vesting. 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, other than with respect to Mr. Kenney who is entitled to automatic acceleration of vesting. The Board or the Human Resources and Compensation Committee, as applicable, retains discretion to accelerate vesting.	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. Under the terms of Messrs. Kenney and Cryer's employment agreements, if such executive elects to terminate his employment within six (6) months of a change of control, vesting of RURs are accelerated.
Benefits	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 (for amounts, see "Significant Terms of Executive Employment Agreements").	Eligible for severance or lump sum severance payment (for amounts, see "Significant Terms of Executive Employment Agreements").
Perquisites	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 (for amounts, see "Significant Terms of Executive Employment Agreements").	Eligible for severance or lump sum severance payment (for amounts, see "Significant Terms of Executive Employment Agreements").

The following table provides details pertaining to the estimated incremental payments from CAPREIT to each of the NEOs under the termination scenarios, assuming termination on December 31, 2019.

Name	Death or Retirement (\$)	Termination With Cause (\$)	Termination Without Cause (\$) ⁽¹⁾	Termination Without Cause Following a Change-In-Control (\$) ⁽¹⁾
MARK KENNEY President and Chief Executive Officer ⁽²⁾⁽³⁾	700,000 Death or 3,161,111 retirement/resignation	Nil	3,951,389	3,951,389
SCOTT CRYER Chief Financial Officer	350,181	Nil	1,870,094	2,244,113
JONATHAN FLEISCHER Executive Vice President	283,500	Nil	1,273,063	1,527,675

Notes:

- (1) Includes benefits premiums and car allowance.
- (2) Mr. Kenney was appointed President on November 14, 2018 and Chief Executive Officer on March 27, 2019.

- (3) For Mr. Kenney's entitlement under his Executive Contract dated March 27, 2019, please refer to "Significant Terms of Executive Employment Agreements".

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 2019

Name	Fees Earned (\$)	Unit-Based Awards ⁽¹⁾ (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
HAROLD BURKE	88,750	42,500	-	-	-	-	131,250
GINA CODY	27,361	170,000	-	-	-	-	197,361
DAVID EHRLICH ⁽²⁾	-	-	-	-	-	-	-
PAUL HARRIS ⁽⁴⁾	-	90,082	-	-	-	-	90,082
MARK KENNEY ⁽³⁾	-	-	-	-	-	-	-
POONAM PURI ⁽⁵⁾	-	93,028	-	-	-	-	93,028
JAMIE SCHWARTZ	-	170,000	-	-	-	-	170,000
MICHAEL STEIN	100,000	170,000	-	-	-	-	270,000
STANLEY SWARTZMAN ⁽⁶⁾	29,431	76,972	-	-	-	-	106,403
ELAINE TODRES	67,500	85,000	-	-	-	-	152,500
TOTAL	313,042	897,582	-	-	-	-	1,210,624

Notes:

- (1) Represents 3,259 Deferred Units issued each to Dr. Cody, Messrs. Schwartz and Stein, and 1,733 and 1,629 and 815 and 1,792 and 1,524 Deferred Units to Ms. Puri, Dr. Todres, Messrs. Burke, Harris and Swartzman, respectively. 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, until November 1, 2017, Mr. Ehrlich was employed by CAPREIT in connection with the services provided by CAPREIT and IRES Fund Management, to IRES REIT. On November 1, 2017, Mr. Ehrlich was appointed President and Chief Executive Officer of CAPREIT and ceased to be President and Chief Executive Officer of CAPREIT on November 14, 2018 and December 31, 2018, respectively. Mr. Ehrlich did not stand for re-election to the Board and ceased his role as trustee as of June 13, 2019.
- (3) Mr. Kenney was appointed to the Board on March 27, 2019.
- (4) Mr. Harris passed away on July 11, 2019.
- (5) Ms. Puri was elected to the Board on June 13, 2019.
- (6) Mr. Swartzman did not stand for re-election to the Board and ceased his role as trustee as of June 13, 2019.

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 2019, 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, \$55,444. Pursuant to the DUP, each non-executive trustee in 2019 was entitled to elect to receive up to one hundred percent (100%) of his or her Board compensation (equating to up to \$85,000), 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 or her Board compensation, such trustee's annual compensation for 2019 (including the impact of Deferred Units issued and matched by CAPREIT), would amount to \$170,000.

The following table provides a description of the 2019 trustee fee schedule.

Compensation Element	Compensation Value (\$)
Member Annual Retainer	\$85,000
Chair Annual Retainer (premium)	\$100,000
Audit Committee, Investment Committee, Human Resources and Compensation Committee, and Governance and Nominating Committee Chair (premium)	\$25,000

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 April 7, 2020 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/RUR	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 ⁽³⁾	Met or Exceeded Ownership Guidelines?
HAROLD BURKE	-	29,833	29,833	1,266,411	14.90 times annual retainer	Yes
GINA CODY	23,000	11,315	34,315	1,456,672	17.14 times annual retainer	Yes
MARK KENNEY ⁽⁴⁾	203,635	186,173	389,808	16,547,350	20.68 times base salary	Yes

Name of Trustee	Number of Units Beneficially Owned, or Controlled or Directed, Directly or Indirectly ⁽¹⁾ (#)	Number of Units allocated from DUP/RUR	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 ⁽³⁾	Met or Exceeded Ownership Guidelines?
POONAM PURI ⁽⁵⁾	-	2,777	2,777	117,884	1.39 times annual retainer	No
JAMIE SCHWARTZ	175	6,825	7,000	297,150	3.50 times annual retainer	Yes
MICHAEL STEIN	376,405	76,690	453,095	19,233,883	226.28 times annual retainer	Yes
ELAINE TODRES	3,000	28,863	31,863	1,352,584	15.91 times annual retainer	Yes
RENÉ TREMBLAY ⁽⁶⁾	-	1,026	1,026	43,554	0.51 times annual retainer	No

Notes:

- (1) Individual trustees have furnished information as to Units beneficially owned, or controlled or directed, directly or indirectly by them.
- (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 April 7, 2020 by the closing price of the Units on the TSX on such date.
- (3) Trustees are required to own or acquire such number of Units or Deferred Units (and RURs in the case of Mr. Kenney) having a value equal to 3 times their annual compensation.
- (4) Mr. Kenney joined the Board as of March 27, 2019.
- (5) Ms. Puri was elected to the Board on June 13, 2019 and is in the process of meeting her Unit ownership requirements.
- (6) Mr. Tremblay was appointed to the Board on January 1, 2020 and is in the process of meeting his Unit ownership requirements.

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 or her 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 2019 was one hundred percent (100%) of the participant’s Board compensation in respect of 2019. 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 Trust 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 or her 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 or her 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 or her 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, 2019, the number of Deferred Units (including fractional Deferred Units) to be credited to a participant as of any particular Award Date 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 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 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 Trust Unitholder approval, except in certain limited circumstances, which are substantially similar to those listed in the RUR Plan, as described above; except that Trust 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 Trust 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 or her 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 or her Deferred Unit account not redeemed at the end of the five-year period to the next five-year period.

As of April 7, 2020, a total of 303,877 Units have been settled under the DUP (representing approximately 0.18% of the issued and outstanding Units at such date) and a further 157,329 Units are issuable under the DUP (representing approximately 0.09% 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 April 7, 2020 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, 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 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	22,952	6,881	1,266,411
GINA CODY	10,883	432	480,322
MARK KENNEY ⁽³⁾	-	-	-
POONAM PURI ⁽⁴⁾	2,759	18	117,884
JAMIE SCHWARTZ	6,652	173	289,721
MICHAEL STEIN	58,863	17,827	3,255,491
ELAINE TODRES	25,522	3,341	1,225,234
RENÉ TREMBLAY ⁽⁵⁾	1,026	-	43,554
TOTAL	128,657	28,672	6,678,617

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 April 7, 2020 by the closing price of the Units on the TSX on such date.
- (3) Mr. Kenney was appointed to the Board on March 27, 2019.
- (4) Ms. Puri was elected to the Board on June 13, 2019.
- (5) Mr. Tremblay was appointed to the Board on January 1, 2020.

Outstanding Unit-based Awards and Option-based Awards

The following table sets forth Deferred Units issued in previous years to trustees as of December 31, 2019.

Name	Unit-Based Awards		
	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⁾ (\$)
HAROLD BURKE	-	-	1,558,070
GINA CODY	-	-	542,027
PAUL HARRIS ⁽⁴⁾	-	-	-
MARK KENNEY ⁽²⁾	-	-	-
POONAM PURI ⁽³⁾	-	-	92,237
JAMIE SCHWARTZ	-	-	332,532
MICHAEL STEIN	-	-	3,985,928
STANLEY SWARTZMAN ⁽⁵⁾	-	-	-
ELAINE TODRES	-	-	1,493,504

Notes:

- (1) Value based on closing price of the Units on the TSX on December 31, 2019.
- (2) Mr. Kenney was appointed to the Board on March 27, 2019.
- (3) Poonam Puri was elected to the Board on June 13, 2019.
- (4) Mr. Harris passed away on July 11, 2019.
- (5) Mr. Swartzman did not stand for re-election to the Board and ceased his role as trustee as of June 13, 2019.

Narrative Discussion

The above-mentioned units were issued pursuant to CAPREIT's DUP (see "Deferred Unit Plan").

INDEBTEDNESS OF TRUSTEES AND EXECUTIVE OFFICERS

There is no indebtedness incurred to CAPREIT by any of its trustees or executive officers.

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:

- Board Mandate
- 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 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 Board currently consists of eight (8) trustees. As of April 7, 2020, the trustees were: Harold Burke, Gina Cody, Mark Kenney, Poonam Puri, Jamie Schwartz, Michael Stein, Elaine Todres and René Tremblay.

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	Kenney	Puri	Schwartz	Stein	Todres	Tremblay
Enterprise Leadership		X	X	X	X	X	X	X
Management Experience	X	X	X	X	X	X	X	X
Board Experience	X	X	X	X		X	X	X
Legal/Tax	X			X				
Real Estate	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
Financial Acumen	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
Enterprise Risk Management	X	X	X	X	X	X	X	X
Client Engagement	X	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, following the Meeting, seven (7) of the trustees, constituting a majority of the Board, will be independent under the CSA Governance Rules. Mark Kenney is considered not to be independent.

Interlocking Directorships, Director Overboarding and Other Board Memberships

The Board is conscious of governance principles and best practices relating to interlocking directorships (i.e., 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. Kenney as its nominee to be a director of IRES REIT. Mr. Kenney is also the President and Chief Executive Officer and a trustee of CAPREIT.

Pursuant to its rights under an investor rights agreement in respect to ERES, CAPREIT has appointed Harold Burke, Gina Cody and Michael Stein as its nominees to be trustees of ERES. Messrs. Burke and Stein and Dr. Cody are also trustees of CAPREIT.

As of April 7, 2020, other than the interlocks with respect to IRES REIT and ERES, there are no common public board memberships involving the trustees of CAPREIT.

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 April 7, 2020:

Name of Trustees	Name of Reporting Issuer of which Trustee is a director or trustee and position	Exchange
HAROLD BURKE	• ERES, Trustee	• TSX VentureExchange
GINA CODY	• ERES, Trustee	• TSX VentureExchange
MARK KENNEY	• IRES REIT, Director	• Euronext DublinExchange
MICHAEL STEIN	• McEwen Mining Inc., Director • Cliffside Capital Ltd., Director • FirstService Corporation, Director • ERES, Trustee	• TSX and New York Stock Exchange • TSX VentureExchange • TSX and NASDAQ • TSX VentureExchange
RENÉ TREMBLAY	• Cominar Real Estate Investment Trust	• TSX

As of April 7, 2020, 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 Trust Unitholders' interests.

Meetings of Trustees

The following table shows meeting attendance records for all trustees in 2019:

Name of Trustee	Board	Audit Committee	Governance and Nominating Committee	Human Resources and Compensation Committee	Investment Committee
HAROLD BURKE	12/12	6/6	4/4	N/A	N/A
GINA CODY ⁽¹⁾	12/12	3/3	4/4	2/2	6/6
MARK KENNEY	12/12	N/A	N/A	N/A	N/A
POONAM PURI ⁽²⁾	7/7	3/3	3/3	N/A	N/A
JAMIE SCHWARTZ	11/12	6/6	N/A	4/4	6/6
MICHAEL STEIN	11/12	N/A	N/A	N/A	N/A
ELAINE TODRES ⁽³⁾	12/12	N/A	1/1	4/4	N/A
RENE TREMBLAY ⁽⁴⁾	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Dr. Cody was a member of the Audit Committee until June 2019; Dr. Cody became a member of the Human Resources

- and Compensation Committee after June 2019.
- (2) Ms. Puri became a member of the board of trustees, and joined the Audit Committee and Governance and Nominating Committee, effective June 2019.
 - (3) Dr. Todres was a member of the Governance and Nominating Committee until June 2019.
 - (4) Mr. Tremblay joined the board of trustees effective January 1, 2020.

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 quarterly 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 2019, the Audit Committee, Human Resources and Compensation Committee, Governance and Nominating Committee and Investment 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	4	4
Investment Committee	6	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 the objectives of Trust Unitholders. 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 April 7, 2020, the Audit Committee of CAPREIT consists of the following three (3) trustees: Harold Burke, Poonam Puri, and Jamie Schwartz. Harold Burke serves as Chair of the Audit Committee.

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 27, 2020 (the "**Annual Information Form**"), 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, 2019, 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 or her 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 April 7, 2020, the Human Resources and Compensation Committee of CAPREIT consists of the following three (3) trustees: Gina Cody, Jamie Schwartz, 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, 2019, 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 or her 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 April 7, 2020, the Governance and Nominating Committee of CAPREIT consists of the following three (3) trustees: Gina Cody, Harold Burke, and Poonam Puri. Gina Cody 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, 2019, the Governance and Nominating Committee met four (4) 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 April 7, 2020, the Investment Committee of CAPREIT consists of the following four (4) trustees: Gina Cody, Poonam Puri, Jamie Schwartz, Elaine Todres and René Tremblay. Mr. Tremblay joined the Investment Committee when he was appointed to the CAPREIT board on January 1, 2020. Gina Cody serves as Chair of the Investment Committee.

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**".

During the year ended December 31, 2019, the Investment Committee met six (6) times.

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, enterprise risk management and client engagement. 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 or her 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 Trust 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 Trust 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 Trust Unitholders or until a successor is appointed or he or she 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:

- providing overall leadership to enhance the effectiveness and performance of the Board, the committees of the Board, and individual trustees of the Board;
- fostering ethical and responsible decision making by the Board, the committees of the Board and individual trustees of the Board;
- 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 that the duties and responsibilities of the committees of the Board are carried out in accordance with the charters of such committees;
- assisting the committees of the Board in bringing their recommendations forward to the Board for consideration;
- ensuring proper flow of information to the Board and reviewing adequacy and timing of documentary materials in support of management's proposals;
- creating a cooperative atmosphere where individual trustees of the Board are encouraged to openly discuss, debate and question matters requiring their attention in a constructive and productive fashion;
- ensuring that the independent trustees of the Board meet in a separate in camera session, as deemed necessary or advisable by the Board;
- 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 ensure the Board meets according to its regular schedule and otherwise as required; chair every Board meeting and encourage free and open discussion at meetings; chair every meeting of Trust 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

Position descriptions for the Chairs of the Audit Committee, the Human Resources and Compensation Committee, the Governance and Nominating Committee and the Investment Committee, 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 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 Trust Unitholders each year. The Chair serves for a term expiring following the next annual meeting of Trust 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 Trust Unitholders and respond to such questions from Trust 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 27, 2020, 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 Trust 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 Trust 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:

- providing leadership to enable the Human Resources and Compensation Committee to effectively carry out its duties and responsibilities as described in the charter of the Human Resources and Compensation Committee, and as may otherwise be appropriate;
- 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 the Human Resources and Compensation Committee meets as necessary or appropriate to fulfill its mandate;
- 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;
- overseeing the assessment of the performance of the Human Resources and Compensation Committee;
- 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 Trust 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 Trust 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:

- providing leadership to enable the Governance and Nominating Committee to effectively carry out its duties and responsibilities as described in the charter of the Governance and Nominating Committee, and as may otherwise be appropriate;
- 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 the Governance and Nominating Committee meets as necessary or appropriate to fulfill its mandate;
- 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;
- overseeing the assessment of the performance of the Governance and Nominating Committee;
- 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 Trust 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 Trust 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 provide leadership to enable the Investment Committee to act effectively in carrying out its duties and responsibilities as described in the Investment Committee charter and as otherwise may be appropriate; ensure that there is an effective relationship between management and the members of the Investment Committee; ensure that external advisors retained by the Investment Committee are appropriately qualified and independent; encourage free and open discussion at meetings of the committee; report to the Board on behalf of the Investment Committee; attend every meeting of Trust Unitholders and respond to such questions from Trust Unitholders as may be put to the Chair of the Investment Committee; carry out other duties as requested by the Board, depending on need and circumstances; and ensure that the conduct of the Investment Committee provides adequate time for serious discussion of relevant issues.

The mandate of the Chair is reviewed and considered 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.

As part of its formal trustee education program, CAPREIT provides trustees with the following education:

- At each quarterly meeting of the Board, the President and Chief Executive Officer, Chief Operating 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 and the Chief Operating Officer also provide 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.

In addition, in 2019, trustees participated in the following:

WHO PARTICIPATED	EDUCATION ACTIVITY
Full Board of Trustees	Management Presentation: Strategic Planning Session
Full Board of Trustees	Macroeconomics; presented by Benjamin Tal: Deputy Chief Economist of CIBC World Markets Inc.
Full Board of Trustees	ESG Benchmarking; presented by GRESB
Full Board of Trustees	Management Presentation: CSA staff notice re climate-related disclosure
Full Board of Trustees	Management Presentation: Environmental and Social Responsibility
Full Board of Trustees	Management Presentation: Detailed review of acquisitions and due diligence process
Full Board of Trustees	Management Presentation: Property Management in the Netherlands; presented by CanLiving B.V.
Full Board of Trustees	Two-day tour of the Dutch assets managed by CAPREIT
Audit Committee	The role of external audit and internal audit, best practices and current trends; presented by PriceWaterhouseCoopers
Human Resources and Compensation Committee	Presentation: Diversity and Inclusion in Recruitment
Harold Burke Elaine Todres	Governance in a Volatile Market; presented by the Institute of Corporate Directors

In addition, all Trustees are currently members of the Institute of Corporate Directors. Mr. Burke, Ms. Puri and Dr. Todres have completed their Director Education Programs at the Rotman School of Management, and carry the ICD.D designation.

Ms. Puri is a Full Professor of Law at Osgoode Hall Law School. Ms. Puri has lectured on the following topics:

- Speaker, Responsible Business Enterprise: Canadian Perspectives, University College London Faculty of Law (July 2, 2019);
- Keynote Address: “Becoming a Next Generation Governance Organization – Balancing Risks and Ethics in an Age of Accountability and Transparency” Governance Professionals of Canada 2019 Annual Conference Next Generation Governance: Resilience, Agility and Innovation (August 2019);
- Co-Chair of Conference: “Advising the Public Company Board of Directors” Osgoode Professional Development (October 22, 2019); and
- Speaker on Directors Duties to Stakeholders at the Northwind 16th Annual Pension Fund Invitational Forum (November 2019).

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;
- financial and operational risk from the impact of pandemic;
- 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;
- risk related to management of personal and confidential information; 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.

Assessments

The Board has a formal process in place for the annual evaluation and review of its own performance and that of its committees and its trustees. 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 2019 financial year was completed in February, 2020. In connection with this assessment, the trustees participated in a review process overseen by the Chair of the Governance and Nominating Committee to assess the performance of the Board (including the Chair of the Board) and its

committees (including the Chairs of each of the committees), which included a trustee self-assessment and peer review evaluation. The trustees complete confidential questionnaires 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. The assessment culminates in a formal report by the Chair of the Governance and Nominating Committee and to the full Board. The Chair of the Governance and Nominating Committee discussed the report with the trustees 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 2019 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 and not in CAPREIT's best interest 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. Diversity and Board renewal will be supported through other mechanisms, including the Diversity Policy (as explained below), designed to address the needs of CAPREIT. 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".

Board Diversity Policies

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, regional and industry experience, geographic knowledge and location, as well as gender, ethnicity, age, disability, sexual orientation, and other factors which reflect the diversity of CAPREIT's stakeholders, including customers and employees and the changing demographics of the communities in which CAPREIT operates.

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; and

- consider the level of representation of women on the Board when making recommendations for nominees to the Board and in general with regard to succession planning for the Board.

CAPREIT's Governance and Nominating Committee ensures that the Diversity Policy is effectively implemented by:

- completing annual evaluations and assessments of individual board members, as well as board committees and the Board as a whole, to identify strengths and areas for improvement;
- developing and maintaining a trustee skills matrix that identifies the skills, experience and expertise required for the Board along with potential areas for growth and improvement with regard to the future needs of CAPREIT based on its strategic plans;
- developing 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 needs on the Board; and
- if appropriate in the circumstances, engage qualified independent external advisors to assist the Governance and Nominating Committee and the Board in conducting searches for candidates that aligns with the goals of the Diversity Policy, as noted above. Any external advisor engaged to assist in identifying candidates for appointment to the Board will be specifically directed to include diverse candidates generally, and multiple female candidates in particular.

The Diversity Policy was adopted in February 2020. CAPREIT will track the annual and cumulative progress of CAPREIT in achieving the objectives of the Diversity Policy in 2020 and beyond. The Governance and Nominating Committee will measure the effectiveness of the Diversity Policy on an annual basis by considering 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.

Commitment to Diversity 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 Diversity on the Board and in Executive Officer Positions

In furtherance of CAPREIT's commitment to maintaining a diverse Board, the Board has established a target such that one-third (1/3) of the trustees on the Board will be women or men.

CAPREIT is also committed to ensuring that diversity and inclusion is reflected in senior management positions. As such, the Human Resources and Compensation Committee has regard to the need to foster and promote diversity among members of the executive and senior management teams with respect to attributes such as gender, ethnicity, age, disability, sexual orientation and other factors as identified in the Diversity Policy or that may be representative of the changing demographics of the communities in which CAPREIT operates.

Diversity on the Board and in Executive Officer Positions

As of April 7, 2020, there are three women on CAPREIT's Board (representing approximately 37.5% of the total number of trustees), no aboriginal persons, two trustees identify as a member of a visible minority (representing approximately 25% of the total number of trustees) and none of our trustees self-identify as a person with a disability.

As of April 7, 2020, three of eleven, or 27%, 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, none self-identify as an aboriginal person, two identify as members of visible minorities (representing approximately 18.1% of senior executive management) and none self-identify as a person with a disability.

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, 2019, the policy limit for such insurance coverage applicable to CAPREIT was \$35 million per occurrence with a \$75,000 deductible (\$125,000 for securities related claims) and \$55 million for trustees and officers per occurrence with no deductible. The premium (excluding applicable taxes) paid by CAPREIT for the period ending December 31, 2019 was \$185,330.

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.

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, 2019, 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 27, 2020, 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, 2019, together with the report of the auditors thereon, will be presented to Trust 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. Trust 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 7th day of April, 2020.

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

(Signed) MARK KENNEY
President and Chief Executive Officer

APPENDIX 1: BOARD MANDATE

CANADIAN APARTMENT PROPERTIES REAL ESTATE INVESTMENT TRUST BOARD MANDATE

1. Purpose

The amended and restated declaration of trust dated May 24, 2017 (the “**Declaration of Trust**”) for Canadian Apartment Properties Real Estate Investment Trust (“**CAPREIT**”) stipulates that the trustees (the “**Trustees**”) of CAPREIT have power, control and authority over the assets of CAPREIT and over the affairs of CAPREIT. The objectives of CAPREIT are contained in CAPREIT’s Declaration of Trust. In achieving these objectives, the Trustees are subject to the investment guidelines and operating policies set out in the Declaration of Trust. For purposes of this Mandate, “CAPREIT” refers to Canadian Apartment Properties Real Estate Investment Trust together with its subsidiaries and controlled entities, excluding European Residential Real Estate Investment Trust (“**ERES**”) and ERES’ subsidiaries.

2. Procedure and Organization

The operations of CAPREIT are subject to the control of the Trustees and the Declaration of Trust. The Trustees may delegate any of their powers to committees of Trustees and allow any person to operate the real properties of CAPREIT. The Trustees, however, retain all other responsibilities and duties to themselves including appointing officers of CAPREIT, constituting committees of the Trustees and those other responsibilities and duties that the Trustees cannot delegate as expressly set out in the Declaration of Trust.

3. Duties and Responsibilities

As noted above, the Trustees are responsible for the stewardship of CAPREIT. In fulfilling their responsibilities and duties, the Trustees shall exercise their power and carry out their functions honestly, in good faith and in the best interests of CAPREIT and its unitholders and in connection therewith they must exercise that degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Trustees’ principal responsibilities and duties fall into a number of categories which are outlined below.

Declaration of Trust

The Trustees shall be responsible for exercising their powers or taking whatever actions as may be necessary or desirable in order to carry out the provisions of the Declaration of Trust and ensuring that the exercise of such powers or taking of such actions is not inconsistent with the provisions of the Declaration of Trust.

Strategic Planning

Strategic Plans and Objectives

At least annually, the board of Trustees of CAPREIT (the “**Board**”) shall review and, if advisable, adopt and approve a strategic planning process and a strategic plan for CAPREIT. In discharging this responsibility, the Board shall review the plan in light of management’s assessment of CAPREIT’s broad strategic objectives and values, emerging trends, the competitive environment, the opportunities for the business of CAPREIT, risk issues and significant business practices and products. In this regard, the Board will:

1. Approve long-term strategies;
2. Review and approve, on an annual basis if appropriate, management's strategic and operational plans so that they are consistent with long-term goals;
3. Review and approve CAPREIT's financial objectives, plans and actions;
4. Approve significant acquisitions, sales of assets or units, and material financing arrangements;
5. Review and approve CAPREIT's distribution policy and approve the timing and payment of distributions;
6. Set targets and budgets against which to measure executive performance and the performance of CAPREIT;
7. Satisfy itself of the appropriateness of all executive and trustee compensation matters and that a portion of executive compensation is linked appropriately to the performance of CAPREIT;
8. Appoint the Chief Executive Officer, and, at least on an annual basis, establish performance criteria for, and evaluate the performance of, the Chief Executive Officer;
9. Establish and review, at least on an annual basis, a succession plan for the Chief Executive Officer; and
10. Satisfy itself that a process is in place with respect to the appointment, development, evaluation and succession of senior management.

Business and Capital Plans

At least annually, the Board shall review and, if advisable, approve CAPREIT's annual business and capital plans as well as policies and processes generated by management relating to the authorization of major investments and significant allocation of capital.

Monitoring and Assessment Criteria

At least annually, the Board shall review management's implementation of CAPREIT's strategic, business and capital plans. The Board shall review and, if advisable, approve any material amendments to, or variances from, these plans and shall, from time to time, determine the appropriate criteria against which to evaluate performance, and set strategic goals and objectives within this context.

Risk Management

General

At least annually, the Board shall review reports provided by management of principal risks associated with CAPREIT's business and operations, review the implementation by management of appropriate systems to manage these risks, and review reports by management relating to the operation of, and any material deficiencies in, these systems.

Verification of Controls

The Board shall verify that internal, financial, non-financial and business control and management information systems have been established by management. The Board shall continuously oversee CAPREIT's financial reporting and disclosure obligations in accordance with applicable law, approve

CAPREIT's financial statements, management's discussion and analysis and related releases, and oversee CAPREIT's compliance with applicable audit, accounting and reporting requirements, including in the areas of internal control over financial reporting and disclosure controls and procedures.

Oversight of Management

General

At least annually, the Board shall review CAPREIT's approach to executive compensation and trustee compensation and assessment.

Succession Review

At least annually, the Board shall review the succession plans of CAPREIT for the Chair, Chief Executive Officer and other executive officers, including the appointment, training and monitoring of such persons.

Integrity of Senior Management

The Board shall, to the extent feasible, oversee senior management and satisfy itself as to the integrity of the Chief Executive Officer and other executive officers of CAPREIT and that the Chief Executive Officer and other senior officers strive to create a culture of integrity throughout CAPREIT.

Corporate Governance

General

At least annually, the Board shall review CAPREIT's approach to corporate governance.

Trustee Independence

At least annually, the Board shall review Trustee independence standards established by the Board and the Board's ability to act independently from management in fulfilling its duties.

Ethics Reporting

The Board has adopted a written Code of Business Ethics and Conduct (the "Code") applicable to Trustees, officers and employees of CAPREIT. At least annually, the Board shall review compliance with, or material deficiencies from, the Code and approve changes it considers appropriate. The Board shall review any complaints received under the Code.

Board Mandate Review

At least every five years, the Board shall review and assess the adequacy of its Mandate to ensure compliance with any rules of regulations promulgated by any regulatory body and approve any modifications to this Mandate as considered advisable.

Communications

General

The Board has adopted a Disclosure Policy for CAPREIT. On an annual basis, the Board shall review CAPREIT's overall Disclosure Policy, including measures for receiving feedback from CAPREIT's stakeholders, and management's compliance with such policy. The Board shall, if advisable, approve material changes to CAPREIT's Disclosure Policy.

Unitholders

CAPREIT shall endeavor to keep its unitholders informed of its progress through disclosures required by applicable securities laws, including annual and interim financial statements and periodic press releases. Trustees and management shall be available to meet with CAPREIT's unitholders at the annual meeting and respond to questions at that time.

4. Composition

Each Trustee must have an understanding of CAPREIT's principal operational and financial objectives, plans and strategies, and financial position and performance. Trustees who experience a significant change in their personal circumstances that is reasonably likely to affect the performance of their duties as Trustees are expected to advise the Chair of the Board.

Chair of the Board

The Chair of the Board shall be an independent Trustee, unless the Board determines that it is inappropriate to require the Chair to be independent. If the Board determines that it would be inappropriate to require the Chair of the Board to be independent, then the independent Trustees shall select from among their number a Trustee who will act as "Lead Trustee" and who will assume responsibility for providing leadership to enhance the effectiveness and independence of the Board. The Chair, if independent, or the Lead Trustee if the Chair is not independent, shall act as the effective leader of the Board and ensure that the Board's agenda will enable it to successfully carry out its duties.

Residency

A majority of the trustees must be persons who are resident in Canada for purposes of the *Income Tax Act* (Canada) and the regulations thereunder, as replaced or amended from time to time. Trustees who propose to become non-residents of Canada shall advise the Board as soon as reasonably practicable.

5. Meetings

The Board will meet at least once in each quarter, with additional meetings held as deemed advisable. The Chair is primarily responsible for the agenda and for supervising the conduct of the meeting. Any Trustee may propose the inclusion of items on the agenda, request the presence of, or a report by any member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting. Meetings of the Board shall be conducted in accordance with CAPREIT's Declaration of Trust.

Secretary and Minutes

The Corporate Secretary, his or her designate or any other person the Board requests shall act as secretary of Board meetings. Minutes of Board meetings shall be recorded and maintained by the Corporate Secretary and subsequently presented to the Board for approval.

Meetings Without Management

The independent members of the Board shall hold regularly scheduled meetings, or portions of regularly scheduled meetings, at which non-independent Trustees and members of management are not present.

Trustees' Responsibilities

Each Trustee is expected to attend all meetings of the Board and any committee of which he or she is a member. Trustees will be expected to have read and considered the materials sent to them in advance of each meeting and to actively participate in the meetings.

Access to Management and Outside Advisors

The Board shall have unrestricted access to management and employees of CAPREIT. The Board shall have the authority to retain and terminate external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective reasonable compensation of these advisors without consulting or obtaining the approval of any officer of CAPREIT. CAPREIT shall provide appropriate funding, as determined by the Board, for the services of these advisors.

Service on Other Boards

Trustees may serve on the boards of other public companies so long as these commitments do not materially interfere and are compatible with their ability to fulfill their duties as a member of the Board. Trustees must advise the Chair in advance of accepting an invitation to serve on the board of another public company.

6. Trustee Development and Evaluation

Each new Trustee shall participate in an initial orientation program to be established by the Board and each Trustee shall participate in CAPREIT's continuing trustee development programs to be coordinated by the Governance and Nominating Committee. At least annually, the Board shall review CAPREIT's initial orientation program and continuing trustee development programs.

7. No Rights Created

This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Board, assisted by its committees, directs the affairs of CAPREIT. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of CAPREIT's Declaration of Trust, it is not intended to establish any legally binding obligations.

Approved on November 13, 2019.