



**CANADIAN APARTMENT
PROPERTIES • REIT**

ANNUAL INFORMATION FORM

For the year ended December 31, 2025

Dated March 25, 2026

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**ANNUAL INFORMATION FORM
CANADIAN APARTMENT PROPERTIES
REAL ESTATE INVESTMENT TRUST**

(Information as at December 31, 2025, unless otherwise indicated)

1- FORWARD-LOOKING INFORMATION

Certain statements contained, or contained in documents incorporated by reference, in this Annual Information Form of Canadian Apartment Properties Real Estate Investment Trust ("**CAPREIT**") constitute forward-looking information within the meaning of applicable securities laws. Forward-looking information may relate to CAPREIT's future outlook and anticipated events or results and may include statements regarding the future financial position, business strategy, budgets, litigation, occupancy rates, rental rates, productivity, projected costs, capital investments, development and development opportunities, financial results, taxes, plans, and objectives of, or involving, CAPREIT. Particularly, statements regarding CAPREIT's future results, performance, achievements, prospects, costs, opportunities, and financial outlook, including those relating to acquisition, disposition, and capital investment strategies and the real estate industry generally, are forward-looking statements. In some cases, forward-looking information can be identified by terms such as "may", "will", "would", "should", "could", "likely", "expect", "plan", "anticipate", "believe", "intend", "estimate", "forecast", "predict", "potential", "project", "budget", "continue", or the negative thereof, or other similar expressions concerning matters that are not historical facts. Forward-looking statements are based on certain factors and assumptions regarding expected growth, results of operations, performance, and business prospects and opportunities. In addition, certain specific assumptions were made in preparing forward-looking information, including: that the Canadian and Dutch economies will generally experience growth, which, however, may be adversely impacted by the geopolitical risks, global economy, inflation and elevated interest rates; potential health crises and their direct or indirect impacts on the business of CAPREIT, including CAPREIT's ability to enforce leases, perform capital expenditure work, increase rents, and apply for above guideline increases; obtain financings at favourable interest rates; that Canada Mortgage and Housing Corporation ("**CMHC**") mortgage insurance will continue to be available and that a sufficient number of lenders will participate in the CMHC-insured mortgage program to ensure competitive rates; that the Canadian capital markets will continue to provide CAPREIT with access to equity and/or debt at reasonable rates; that vacancy rates for CAPREIT properties will be consistent with historical norms; that rental rates on renewals will grow; that rental rates on turnovers will grow; that the difference between in-place and market-based rents will be reduced upon such turnovers and renewals; that CAPREIT will effectively manage price pressures relating to its energy usage; and, with respect to CAPREIT's financial outlook regarding capital investments, assumptions respecting projected costs of construction and materials, availability of trades, the cost and availability of financing, CAPREIT's investment priorities, the properties in which investments will be made, the composition of the property portfolio, the impact and scope of certain commitments and contingencies, and the projected return on investment in respect of specific capital investments. Although the forward-looking statements contained in this Annual Information Form are based on assumptions and information that is currently available to management, which are subject to change, management believes these statements have been prepared on a reasonable basis, reflecting CAPREIT's best estimates and judgements. However, there can be no assurance actual results, terms, or timing will be consistent with these forward-looking statements, and they may prove to be incorrect. Forward-looking statements necessarily involve known and unknown risks and uncertainties, many of which are beyond CAPREIT's control, that may cause CAPREIT's or the industry's actual results, performance, achievements, prospects, and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, risks related to: rent control and residential tenancy regulations, general economic conditions, leasing risk, competition for residents, privacy, cyber security and data governance risks, availability and cost of debt, acquisitions and dispositions, valuation risk, liquidity and Unit (as defined below) price volatility, catastrophic events, climate change, taxation-related risks (including certain tax liabilities and contingencies), energy costs, environmental matters, vendor management and

third-party service providers, operating risk, talent management and human resources shortages, public health crises, other regulatory compliance risks, litigation risk, CAPREIT's investment in European Residential Real Estate Investment Trust ("**ERES**") (including the risk of failure to obtain necessary approvals or satisfy (or obtain a waiver of) the conditions to closing the ERES Transaction (as defined below) or the occurrence of any event, change or other circumstance that could give rise to the termination of the arrangement agreement for the ERES Transaction), potential conflicts of interest, investment restrictions, lack of diversification of investment assets, geographic concentration, illiquidity of real property, capital investments, dependence on key personnel, property development, adequacy of insurance and captive insurance, controls over disclosures and financial reporting, the nature of Trust Units (as defined below), dilution, distributions, and foreign operations and currency risks. There can be no assurance that the expectations of CAPREIT's management will prove to be correct. For a detailed discussion of risk factors, refer to the "Risk Factors" section of this Annual Information Form. Subject to applicable law, CAPREIT does not undertake any obligation to publicly update or revise any forward-looking information.

2 - NOTE REGARDING FINANCIAL INFORMATION

Financial data included in this Annual Information Form has been prepared in accordance with IFRS Accounting Standards ("**IFRS**") as set out in Part I of the CPA Canada Handbook. This Annual Information Form should be read in conjunction with CAPREIT's management discussion and analysis of the results of operations and financial condition for the year ended December 31, 2025, incorporated herein by reference, and CAPREIT's audited consolidated annual financial statements for the year ended December 31, 2025, each of which is publicly available at www.sedarplus.ca under CAPREIT's profile.

In this Annual Information Form, all references to "\$" or "Canadian dollars" mean the lawful currency of Canada, all references to "USD", "US\$", "U.S. dollars", or "United States dollars" mean the lawful currency of the United States, and all references to "euro" or "€" mean the lawful currency of the European Union.

3 - NON-IFRS MEASURES

In this Annual Information Form, CAPREIT also discloses and discusses certain financial measures not recognized under IFRS, which do not have standard meanings prescribed by IFRS. These include Funds From Operations ("**FFO**"), Adjusted Cash Flow from Operations ("**ACFO**"), and Net Asset Value ("**NAV**") (together, the "**non-IFRS measures**"). These non-IFRS measures are further defined and discussed below. Since these measures are not recognized under IFRS, they may not be comparable to similar measures reported by other issuers. CAPREIT presents 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 or cash flows from operating activities determined in accordance with IFRS as indicators of CAPREIT's performance or the sustainability of its distributions.

FFO is a measure of operating performance based on the funds generated by the business before reinvestment or provision for other capital needs. Management considers FFO to be an important measure of CAPREIT's operating performance. Fair value adjustments, gains or losses on dispositions, and other non-cash items do not necessarily provide an accurate picture of CAPREIT's past or recurring operating performance. FFO as presented is in accordance with the recommendations of the Real Property Association of Canada ("**REALPAC**"), with the exception of (i) the adjustment for gains or losses on fair value through profit or loss marketable securities, (ii) the adjustment for amortization of property, plant, and equipment and right-of-use asset, (iii) accelerated amortization on unit-based compensation, (iv) tax related to ERES dispositions and Dutch tax authority audits, and (v) the exclusion of the effects of certain items that are not indicative of CAPREIT's long term operating performance. These items include reorganization, senior management termination and retirement costs, net loss (gain) on derecognition of debt, enterprise resource planning implementation costs, and unit-based compensation amortization recovery relating to ERES unit option forfeitures. It may not, however, be comparable to similar measures presented by other

real estate investment trusts or companies in similar or different industries. As it is an operating performance metric, no adjustment is made to FFO for capital expenditures.

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

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

4 - TRUST STRUCTURE

4.1 Overview

CAPREIT is an "open-end" real estate investment trust created and governed by a declaration of trust dated February 3, 1997, under the laws of the Province of Ontario, as amended and restated from time to time, including most recently on June 1, 2022 (the "**Declaration of Trust**").

Although CAPREIT qualifies as a "mutual fund trust" as defined in the *Income Tax Act* (Canada) (the "**Tax Act**"), CAPREIT is not a "mutual fund" as defined by applicable securities legislation.

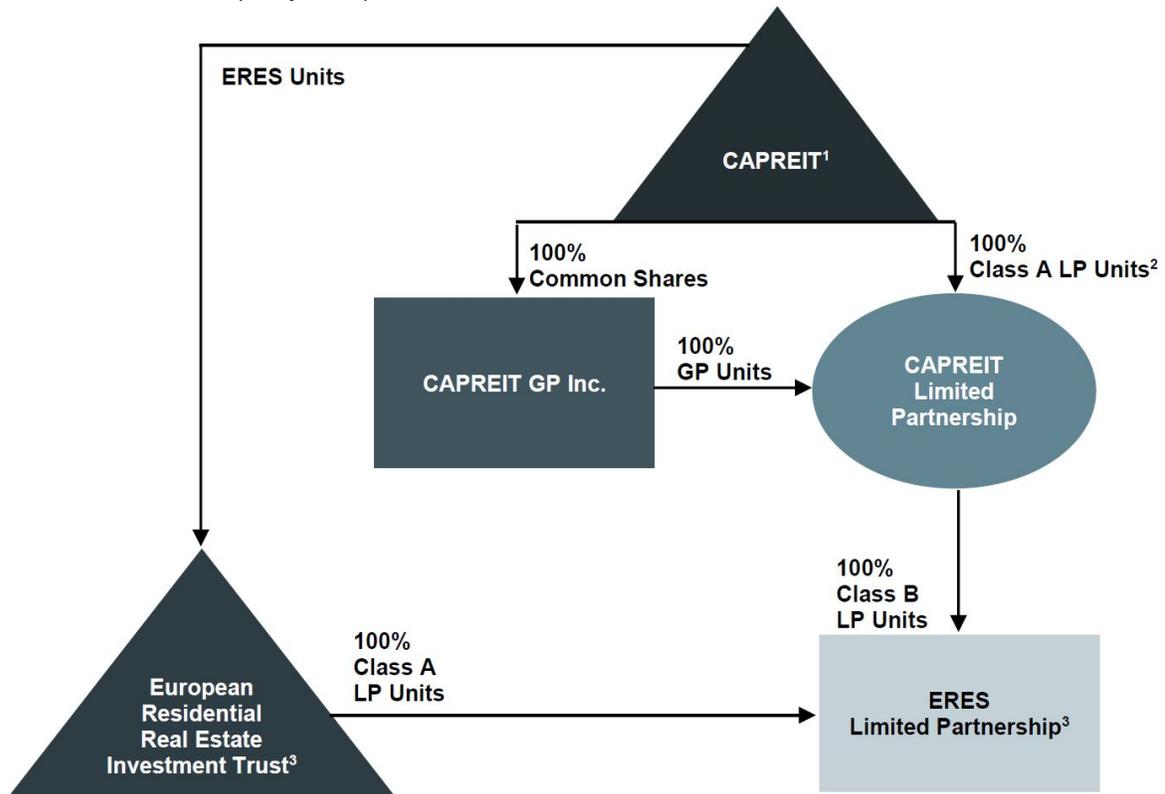
The head and registered office of CAPREIT is located at 11 Church Street, Suite 401, Toronto, Ontario, M5E 1W1.

CAPREIT Limited Partnership ("**CAPLP**"), a subsidiary of CAPREIT, is a limited partnership established and existing under the laws of the Province of Manitoba pursuant to a limited partnership agreement dated June 26, 2007, as amended, including most recently on June 22, 2020, among CAPREIT GP Inc., CAPREIT and other limited partners from time to time. CAPREIT GP Inc., a company incorporated under the laws of the Province of Ontario on June 21, 2007, is the general partner of CAPLP and CAPREIT is the sole shareholder of CAPREIT GP Inc. CAPLP is CAPREIT's only material subsidiary.

CAPREIT is authorized to issue three classes of trust units, being units of CAPREIT (the "**Units**"), preferred units of CAPREIT (the "**Preferred Units**"), and special voting units of CAPREIT (the "**Special Voting Units**") and together with the Units and Preferred Units, the "**Trust Units**"). For more information on the Trust Units, please see "Trust Units" under "Description of Capital Structure and Governing Policies".

As at December 31, 2025, CAPREIT primarily owns interests in multi-unit residential rental properties, including apartments and townhomes located in and near major urban centres across Canada and, through ERES, in the Netherlands. CAPREIT owns approximately 45,500 residential apartment suites and townhomes (excluding approximately 400 suites classified as assets held for sale), that are well-located across Canada and, to a lesser extent, the Netherlands as of December 31, 2025. The investment policies and operations of CAPREIT are governed by its Declaration of Trust and are subject to the control and direction of its trustees, a majority of whom must at all times be "independent" (as defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**")).

4.2 Structure Chart (Simplified)



- 1 As at the date of this Annual Information Form, CAPREIT indirectly holds all of its Canadian real estate beneficially through CAPLP, which holds legal title to such real estate directly (through nominee companies) or indirectly through other subsidiaries. CAPREIT owns, directly or indirectly, a 100% interest in all such nominee companies and subsidiaries.
- 2 While CAPREIT owns 100% of the Class A LP Units of CAPLP, certain vendors from whom CAPREIT acquired certain property interests hold as of December 31, 2025, in the aggregate, 1,444,809 of the Class B limited partnership units ("**CAPLP Class B LP Units**") of CAPLP (which represent 100% of the total outstanding CAPLP Class B LP Units and approximately 1% of the total outstanding Trust Units). The CAPLP Class B LP Units are exchangeable by the applicable holder into Units on a 1-to-1 basis.
- 3 CAPREIT directly holds 10,197,000 trust units ("**ERES Units**") of ERES, an "open-end" real estate investment trust created and governed by a declaration of trust last amended as of January 7, 2025 under the laws of the Province of Ontario, and indirectly, through CAPLP, holds 100% of the 142,040,821 issued and outstanding Class B limited partnership units ("**ERES Class B LP Units**") of ERES Limited Partnership ("**ERES LP**"), a limited partnership established and existing under the laws of the Province of Ontario, which represent, in the aggregate, approximately a 65% interest in ERES. Please refer to "Recent Developments" section under the "Three Year Development" section of the Annual Information Form for more information on the ERES Transaction (as defined below).

5 - INTERPRETATION

CAPREIT owns all of its property interests, owes all of its mortgage debt and debt obligations, and carries on its activities, either directly or indirectly through CAPLP and its subsidiaries. For simplicity, and unless the context otherwise requires, terms used in this Annual Information Form refer to CAPREIT's activities as a whole. Accordingly, in this Annual Information Form, unless the context otherwise requires, references to CAPREIT include CAPLP and its subsidiaries. Unless otherwise specified, references to CAPREIT's business, properties or portfolios, and operations refer to the activities of CAPREIT and its subsidiaries as a whole, including CAPLP, CAPREIT's ownership of and investment in properties indirectly through CAPLP and other subsidiaries, and CAPREIT's activities through its indirect interest in CAPLP, respectively.

For purposes of this Annual Information Form, "**Trust Unitholders**" means collectively, holders of Units (the "**Unitholders**"), holders of Special Voting Units (the "**Special Unitholders**"), and holders of Preferred Units (the "**Preferred Unitholders**").

6 - THREE YEAR DEVELOPMENTS

Normal Course Issuer Bid

On March 20, 2026, CAPREIT announced that the Toronto Stock Exchange ("**TSX**") had approved its notice of intention to make a normal course issuer bid for its Units (the "**2026 NCIB**") as appropriate opportunities arise from time to time. Pursuant to the notice, CAPREIT is permitted to acquire (for cancellation) over the 12-month period from March 25, 2026 to March 24, 2027 up to 15,317,849 Units (representing 10% of the then outstanding Units after deducting Units held by insiders) on the open market through the facilities of the TSX, other designated exchanges, and/or alternative Canadian trading systems. In connection with the 2026 NCIB, CAPREIT entered into an automatic purchase plan with its designated broker to allow for purchases of Units during certain pre-determined black-out periods, subject to certain parameters as to price and number of Units.

On March 20, 2025, CAPREIT announced that the TSX had approved its notice of intention to make a normal course issuer bid for its Units (the "**2025 NCIB**") as appropriate opportunities arise from time to time. Pursuant to the notice, CAPREIT was permitted to acquire (for cancellation) over the 12-month period from March 25, 2025 to March 24, 2026 up to 16,047,885 Units (representing 10% of the then outstanding Units after deducting Units held by insiders) on the open market through the facilities of the TSX, other designated exchanges, and/or alternative Canadian trading systems. In connection with the 2025 NCIB, CAPREIT entered into an automatic purchase plan with its designated broker to allow for purchases of Units during certain pre-determined black-out periods, subject to certain parameters as to price and number of Units. CAPREIT acquired 7,722,391 Units under the 2025 NCIB during the 12-month period ended March 24, 2026.

At-the-Market Program

On May 15, 2025, CAPREIT filed a prospectus supplement to the final base shelf prospectus of CAPREIT dated May 15, 2025, which establishes an at-the-market distribution program (the "**ATM Program**"). Under the ATM Program, CAPREIT may issue Units up to an aggregate sale price of \$300.0 million from treasury to the public from time to time, at its discretion. The ATM Program is designed to provide CAPREIT with additional financing flexibility, should it be required in the future. The ATM Program will allow CAPREIT to cost-effectively raise equity, from time to time, when favourable market conditions exist, providing CAPREIT with added financial flexibility to execute on its capital allocation strategy.

CAPREIT intends to use the net proceeds from the ATM Program, if any, for future acquisitions, repayment of indebtedness, and for general trust purposes.

In connection with the establishment of the ATM Program, CAPREIT entered into an equity distribution agreement dated May 15, 2025 (the "**Equity Distribution Agreement**") with TD Securities Inc. (the "**Agent**"). Any Units sold in the ATM Program will be distributed through the TSX or any other permitted marketplace at the market prices prevailing at the time of sale. The volume and timing of distributions under the ATM Program, if any, will be determined at CAPREIT's sole discretion. There is no certainty that any Units will be offered or sold under the ATM Program. The ATM Program will be effective until June 15, 2027, unless terminated prior to such date by CAPREIT or otherwise in accordance with the terms of the Equity Distribution Agreement.

Given that Units sold in the ATM Program, if any, will be distributed at the market prices prevailing at the time of sale, prices may vary among purchasers during the period of the distribution. Distributions of Units through the ATM Program, if any, will be made pursuant to the terms of the Equity Distribution Agreement. As at the date of this Annual Information Form, no Units have been sold under the ATM Program.

Special distributions

On December 15, 2025, CAPREIT announced that it had declared a special non-cash distribution of \$0.90 per Unit, which was paid in Units of CAPREIT (the "**Additional Units**") on December 31, 2025 to Unitholders of record at the close of business on December 31, 2025 (the "**2025 Special Distribution**"). The 2025 Special Distribution was made to distribute to Unitholders a portion of the capital gain realized by CAPREIT from transactions completed during the twelve-month period ending December 31, 2025.

Immediately after the payment of the 2025 Special Distribution, the issued and outstanding Units of CAPREIT, including the Additional Units, were consolidated such that the aggregate number of issued and outstanding Units immediately following the 2025 Special Distribution was the same as the aggregate number of issued and outstanding Units of CAPREIT immediately before the 2025 Special Distribution.

In connection with the sales in ERES that closed during 2025, the Board of Trustees of ERES declared a special distribution to the Unitholders of ERES of €0.90 per ERES Unit and ERES Class B LP Unit on September 15, 2025, payable in cash. The 2025 ERES special distribution was payable to Unitholders of record at the close of business on September 22, 2025, with payment on September 25, 2025.

Property Acquisitions and Dispositions

Acquisitions Completed During the Year Ended December 31, 2025

(\$ Thousands)

Acquisition Date	Suite Count	Region	Fair Value of Investment Properties	Gross Purchase Price⁽¹⁾
January 28, 2025	41	Vancouver, BC	\$ 18,107	\$ 18,226
February 4, 2025	240	Edmonton, AB	79,400	79,400
April 11, 2025	102	Montréal, QC	39,293	39,725
May 29, 2025	37	Vancouver, BC	14,618	14,753
July 10, 2025	30	Vancouver, BC	12,871	13,000
August 11, 2025	121	Montréal, QC	54,500	54,500
September 2, 2025	31	Vancouver, BC	14,028	13,953
September 12, 2025	320	Regina, SK	73,241	76,350
October 7, 2025	162	London, ON	55,658	56,200
November 24, 2025	60	Victoria, BC	16,404	16,500
November 24, 2025	38	Victoria, BC	9,365	9,500
December 2, 2025	35	Vancouver, BC	12,186	12,500
December 11, 2025	51	Vancouver, BC	34,429	35,000
December 15, 2025	187	Regina, SK	40,374	41,000
December 15, 2025	436	Laval, QC	176,894	178,000
Total	1,891		\$ 651,368	\$ 658,607
Transaction costs			\$ 9,826	
Total acquisition costs			\$ 661,194	

⁽¹⁾ The gross purchase price is the amount stated in the purchase and sale agreement and comprises the fair value of investment properties being acquired and, as applicable, the fair value adjustment of mortgages payable assumed by CAPREIT. The gross purchase price excludes transaction costs and customary adjustments.

Acquisitions Completed During the Year Ended December 31, 2024

(\$ Thousands)

Acquisition Date	Suite Count	Region	Fair Value of Investment Properties	Gross Purchase Price ⁽¹⁾
March 18, 2024	291	London, ON	\$ 126,195	\$ 130,000
June 14, 2024	68	Halifax, NS	29,420	29,420
June 24, 2024	178	Edmonton, AB	74,262	79,333
July 8, 2024	54	Ottawa, ON	20,893	21,000
July 29, 2024	144	Ottawa, ON	77,946	78,500
July 29, 2024	173	Vancouver, BC	131,316	137,000
July 31, 2024	64	Vancouver, BC	42,218	42,218
November 26, 2024	253	Montréal, QC	101,571	104,275
November 29, 2024	61	Toronto, ON	47,597	48,000
Total	1,286		\$ 651,418	\$ 669,746
Transaction costs			\$ 13,601	
Total acquisition costs			\$ 665,019	

⁽¹⁾ The gross purchase price is the amount stated in the purchase and sale agreement and comprises the fair value of investment properties being acquired and, as applicable, the fair value adjustment of mortgages payable assumed by CAPREIT. The gross purchase price excludes transaction costs and customary adjustments.

Acquisitions Completed During the Year Ended December 31, 2023

(\$ Thousands)

Acquisition Date	Suite Count	Region	Fair Value of Investment Properties	Gross Purchase Price ⁽¹⁾
February 27, 2023	143	Ottawa, ON	\$ 55,310	\$ 61,000
April 12, 2023	89	Edmonton, AB	25,547	27,225
May 16, 2023	93	Langley, BC	53,700	53,700
June 1, 2023	52	Dartmouth, NS	20,400	20,400
June 22, 2023	92	Langley, BC	50,953	50,953
November 27, 2023	48	Esquimalt, BC	22,500	22,500
December 19, 2023	114	Vancouver, BC	68,000	68,000
Total	631		\$ 296,410	\$ 303,778
Transaction costs			\$ 3,038	
Total acquisition costs			\$ 299,448	

⁽¹⁾ The gross purchase price is the amount stated in the purchase and sale agreement and comprises the fair value of investment properties being acquired and, as applicable, the fair value adjustment of mortgages payable assumed by CAPREIT. The gross purchase price excludes transaction costs and customary adjustments.

Dispositions Completed During the Year Ended December 31, 2025

The table below summarizes the dispositions of investment properties (including investment properties previously classified as assets held for sale) completed during the year ended December 31, 2025.

(\$ Thousands)

Disposition Date	Suite or Site Count	Region	Fair Value of Investment Properties	Gross Sale Price ⁽¹⁾
January 20, 2025	138	Charlottetown, PEI	\$ 21,765	\$ 23,000
January 22, 2025 ⁽²⁾	242	Brampton, ON	73,120	73,811
January 27, 2025 ⁽²⁾	20	The Netherlands	7,764	7,764
January 31, 2025 ⁽³⁾	176	Medicine Hat, AB	12,500	12,500
February 10, 2025 ⁽²⁾	717	Montréal, QC	103,750	103,750
February 12, 2025 ⁽²⁾⁽⁴⁾	259	The Netherlands	75,487	75,487
February 19, 2025	93	Orangeville, ON	30,500	30,500
February 25, 2025 ⁽²⁾⁽⁵⁾	—	Montréal, QC	9,000	9,000
March 4, 2025 ⁽²⁾	32	The Netherlands	12,953	12,953
March 31, 2025	104	The Netherlands	39,221	39,221
April 15, 2025 ⁽³⁾	357	Moncton, NB	12,500	12,500
May 30, 2025	56	Summerside, PEI	9,200	9,200
Q2 2025 ⁽⁶⁾	2	The Netherlands	1,354	1,354
July 31, 2025 ⁽⁵⁾	—	Belgium	38,756	38,756
August 19, 2025	59	London, ON	11,800	11,800
August 21, 2025	309	Edmonton, AB	70,450	70,700
September 5, 2025 ⁽⁵⁾	—	Germany	11,041	11,041
September 10, 2025 ⁽⁷⁾	471	North Vancouver, BC	54,180	54,180
September 15, 2025 ⁽²⁾⁽⁴⁾	1,446	The Netherlands	557,555	557,555
September 23, 2025 ⁽²⁾	110	The Netherlands	35,101	35,101
Q3 2025 ⁽⁶⁾	3	The Netherlands	1,992	1,992
November 27, 2025 ⁽⁸⁾	2	London, ON	367	367
Q4 2025 ⁽⁶⁾	4	The Netherlands	2,281	2,281
Total	4,600		\$ 1,192,637	\$ 1,194,813

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

⁽²⁾ Previously included in assets held for sale.

⁽³⁾ Relates to the remaining manufactured home community ("MHC") properties that were classified as assets held for sale as at December 31, 2024.

⁽⁴⁾ Represents disposition of multiple residential properties.

⁽⁵⁾ Represents disposition of an office property.

⁽⁶⁾ Represents dispositions of multiple single residential suites.

⁽⁷⁾ Excludes the fair value of the right-of-use asset associated with this property.

⁽⁸⁾ Represents two townhomes.

In addition, between January 1, 2026 and the date of this Annual Information Form, CAPREIT completed the following dispositions:

(\$ Thousands)

Disposition Date	Site Count	Region	Gross Sale Price ⁽¹⁾
January 15, 2026	33	The Netherlands	\$ 16,267
March 2, 2026	108	Charlottetown, PEI	28,000
Total	141		\$ 44,267

⁽¹⁾ The gross sale price is the amount stated in the purchase and sale agreement and comprises the fair value of investment properties being disposed of and, as applicable, the fair value adjustment of VTB mortgages receivable issued by CAPREIT to the purchases. The gross sale price excludes transaction costs and customary adjustments.

Dispositions Completed During the Year Ended December 31, 2024

On December 16, 2024, CAPREIT disposed of substantially all of the MHC portfolio for a gross sale price of \$715 million. Excluding transaction costs, the disposition was satisfied through \$575 million in cash and the issuance of a VTB mortgage receivable with a principal amount of \$140 million.

(\$ Thousands)

Disposition Date	Suite or Site Count	Region	Fair Value of Investment Properties	Gross Sale Price ⁽¹⁾
January 15, 2024 ⁽²⁾	32	Victoria, BC	\$ 12,289	\$ 12,289
March 6, 2024 ⁽²⁾	240	Québec City, QC	33,206	36,275
March 27, 2024	54	Langley, BC	18,535	18,535
March 27, 2024	54	Langley, BC	16,465	16,465
Q1 2024 ⁽³⁾	24	The Netherlands	11,109	11,109
May 15, 2024 ⁽²⁾	79	Burnaby, BC	32,715	33,000
June 18, 2024	66	The Netherlands	20,848	20,848
June 24, 2024	44	Maple Ridge, BC	17,300	18,500
Q2 2024 ⁽³⁾	53	The Netherlands	20,911	20,911
July 15, 2024 ⁽²⁾⁽⁴⁾	464	The Netherlands	149,957	149,957
July 15, 2024 ⁽⁵⁾	—	The Netherlands	1,638	1,638
August 1, 2024 ⁽²⁾	138	Toronto, ON	37,750	37,750
August 8, 2024 ⁽⁶⁾	—	Halifax, NS	1,950	1,950
August 16, 2024 ⁽²⁾	214	Québec City, QC	35,650	35,650
September 4, 2024	42	Cornwall, PEI	8,010	8,010
September 11, 2024	370	Toronto, ON	122,751	133,000
September 13, 2024 ⁽⁷⁾	—	Germany	13,046	13,046
Q3 2024 ⁽³⁾	3	The Netherlands	1,388	1,388
October 3, 2024 ⁽²⁾	110	Newmarket, ON	33,450	33,450
December 2, 2024 ⁽²⁾⁽⁸⁾	232	The Netherlands	64,484	64,484
December 13, 2024	25	The Netherlands	6,669	6,669
December 16, 2024 ⁽²⁾⁽⁹⁾	2,947	The Netherlands	1,055,964	1,055,964
December 16, 2024 ⁽²⁾⁽¹⁰⁾	11,605	Various	681,202	709,587
December 30, 2024	63	The Netherlands	21,127	21,127
Total	16,859		\$ 2,418,414	\$ 2,461,602

- ⁽¹⁾ The gross sale price is the amount stated in the purchase and sale agreement and comprises the fair value of investment properties being disposed of and, as applicable, the fair value adjustment of mortgages payable assumed by the purchaser and VTB mortgages receivable issued by CAPREIT to the purchaser. The gross sale price excludes transaction costs and customary adjustments.
- ⁽²⁾ Previously included in assets held for sale.
- ⁽³⁾ Represents dispositions of multiple single residential suites in several properties.
- ⁽⁴⁾ Represents disposition of 19 residential properties.
- ⁽⁵⁾ Represents disposition of an office building that was part of a residential property.
- ⁽⁶⁾ Represents disposition of land adjacent to an existing residential building owned by CAPREIT.
- ⁽⁷⁾ Represents disposition of a commercial building.
- ⁽⁸⁾ Represents disposition of seven residential properties.
- ⁽⁹⁾ Represents disposition of 86 residential properties.
- ⁽¹⁰⁾ The gross sale price of \$715,000 was allocated between investment properties, MHC home inventory, and property, plant, and equipment ("**PP&E**"). The fair value of investment properties and gross sale price shown excludes \$5,078 allocated to MHC home inventory and \$335 allocated to PP&E.

Dispositions Completed During the Year Ended December 31, 2023

(\$ Thousands)

Disposition Date	Suite Count	Region	Fair Value of Investment Properties	Gross Sale Price⁽¹⁾
January 25, 2023 ⁽²⁾	1,150	Ottawa, ON	\$ 132,342	\$ 136,250
March 1, 2023	46	Wingham, ON	250	250
March 6, 2023 ⁽³⁾	—	Montréal, QC	17,250	17,250
May 11, 2023	180	Longueuil, QC	27,787	27,787
May 16, 2023	60	Charlottetown, PEI	9,400	9,400
June 5, 2023	162	Longueuil, QC	24,048	25,000
June 8, 2023	393	Montréal, QC	68,900	68,900
June 30, 2023	217	Windsor, ON	8,250	8,250
Q2 2023 ⁽⁴⁾	1	The Netherlands	588	588
August 15, 2023 ⁽²⁾	111	Charlottetown, PEI	11,963	11,963
August 15, 2023 ⁽²⁾	73	Montréal, QC	12,600	12,600
August 21, 2023 ⁽²⁾	12	Charlottetown, PEI	1,300	1,300
August 22, 2023	180	Montréal, QC	32,500	32,500
August 30, 2023	9	Charlottetown, PEI	950	950
Q3 2023 ⁽⁴⁾	3	The Netherlands	1,486	1,486
November 8, 2023 ⁽²⁾	263	Calgary, AB	53,880	53,880
November 9, 2023	78	Québec City, QC	8,640	8,640
November 30, 2023 ⁽²⁾	21	Charlottetown, PEI	1,650	1,650
Q4 2023 ⁽⁴⁾	10	The Netherlands	5,429	5,429
Total	2,969		\$ 419,213	\$ 424,073

- ⁽¹⁾ The gross sale price is the amount stated in the purchase and sale agreement prior to working capital adjustments and transaction costs, whereas the fair value of investment properties and assets held for sale takes into account the fair value adjustment of mortgages assumed by the purchaser on certain dispositions.
- ⁽²⁾ Previously included in assets held for sale. The disposition on January 25, 2023 related to CAPREIT's 50% interest in 1,150 apartment suites which were previously under joint arrangement.
- ⁽³⁾ Represents disposition of a parking lot site adjacent to an existing multi-residential building owned by CAPREIT.
- ⁽⁴⁾ Represents dispositions of multiple single residential suites in several properties.

Other Developments

(i) Canadian derivative contracts

From time to time, CAPREIT enters into derivative contracts to hedge its credit facilities and mortgages payable to the extent they provide CAPREIT with favorable interest savings and mitigate foreign currency risk.

(iii) Acquisition and Operating Facility

Effective February 28, 2025, CAPREIT amended its credit facility agreement relating to the Acquisition and Operating Facility (as defined below in Section 7.12) to, among other things: (i) reduce the maximum principal amount of the Acquisition and Operating Facility from \$600 million to \$200 million, (ii) increase the accordion option from \$200 million to \$400 million, which allows CAPREIT to increase the principal amount of the Acquisition and Operating Facility by an amount up to \$400 million upon the satisfaction of conditions set out in the credit facility agreement, including the request of CAPREIT and the consent of applicable lenders, (iii) extend the maturity date from December 19, 2025 to February 28, 2028, and (iv) to reduce the minimum borrowing base required to be maintained by CAPREIT, as determined in accordance with the credit facility agreement, from \$2.5 billion to \$1 billion.

Subsequently, on July 9, 2025, CAPREIT further amended the credit facility agreement to temporarily increase the maximum principal amount of the Acquisition and Operating Facility from \$200 million to \$400 million for the period from July 9, 2025 to September 30, 2025 (inclusive). Once such period ended, the maximum principal amount automatically reverted back to \$200 million. As of December 12, 2025, the credit facility agreement was again amended, to increase the maximum principal amount of the Acquisition and Operating Facility to \$400 million, using \$200 million of the \$400 million accordion option, maturing on February 28, 2028. In addition, CAPREIT also obtained a temporary increase on the borrowing capacity for the period from December 12, 2025 to April 30, 2026 such that the maximum principal amount during that period is \$500 million.

Recent Developments

(i) ERES Transaction

On March 2, 2026, CAPREIT and ERES announced that they had entered into an agreement pursuant to which an affiliate of CAPREIT will acquire all of the issued and outstanding units of ERES not already owned by CAPREIT for cash consideration of \$1.19 per ERES Unit (the “**ERES Transaction**”). Completion of the ERES Transaction requires approval by two thirds of the votes cast by holders of units of ERES and holders of the special voting units of ERES, voting together as a single class, as well as the approval of a simple majority of votes cast by minority ERES unitholders (which excludes CAPREIT and its affiliates). The ERES Transaction does not require the approval of holders of CAPREIT Units. ERES expects to hold a special meeting of ERES unitholders to consider and vote on the ERES Transaction in April 2026. If approved by unitholders, the ERES Transaction is expected to close in the second quarter of 2026, subject to the waiver or satisfaction of conditions customary for transactions of this nature, including, among others, court approval.

7 - DESCRIPTION OF THE BUSINESS

7.1 Summary

The objectives of CAPREIT are to (i) focus on maximizing occupancy and responsibly growing occupied average monthly rent ("**Occupied AMR**") in accordance with local conditions in each of its markets; (ii) upgrade the quality and diversification of the property portfolio through repositioning and capital recycling initiatives to grow earnings and cash flow potential; (iii) invest capital and adopt leading-edge technologies and solutions to enhance environmental and operational efficiencies, risk management, and to help ensure life safety and satisfaction of residents; and (iv) maintain strong financial management and a conservative and well-balanced capital structure to increase FFO per unit and NAV per unit, and provide long-term, stable, and growing cash distributions for Unitholders.

7.2 The Residential Real Estate Market

The Multi-Unit Residential Real Estate Market

CAPREIT's real property portfolio is comprised primarily of direct and indirect interests in income-producing multi-unit residential properties in Canada and, to a lesser extent, the Netherlands. Properties consist of well-located low-rise and high-rise apartment buildings, and townhome complexes in or near urban centres. This particular type of real estate differs significantly from the commercial real estate investment market particularly because of the following:

- residential tenancy agreements tend to have terms of one year or less, thereby allowing for more frequent changes to rental rates;
- in certain provinces of Canada, residents are subject to annual guideline rent increases (see "Risk Factors – Rent Control and Residential Tenancy Regulations");
- cash flow for each property is generated by a diverse resident base. The temporary loss of any one of these residents through turnover or exposure to bad debt from any one of these residents, will have no significant effect on CAPREIT's overall income stream;
- the demand for residential rental accommodation is more consistent and stable due to the current housing affordability gap;
- the costs necessary to attract and retain residential tenants are generally lower and much more predictable than in the case of commercial tenancies, regardless of the stage of the business cycle; and
- the value of residential properties has historically been less susceptible to economic business cycles than other classes of income producing real estate.

While the characteristics detailed above mitigate the detrimental effects of severe cyclical swings in the real estate industry, the residential market is not completely immune to supply and demand imbalances, nor variances in general economic conditions (see "Risk Factors").

7.3 Competition

Competition for Real Property Investments

CAPREIT competes for suitable real property investments with private and public companies, institutions (both Canadian and foreign), and other real estate investment trusts which are seeking, or which may seek in the future, real property investments similar to those sought by CAPREIT. A number of these investors may have greater financial resources than those of CAPREIT, or operate without the investment or operating restrictions of CAPREIT or according to more flexible conditions. An increase in the availability of investment funds and an increase in interest in real property investments could increase competition for real property investments, thereby increasing purchase prices and reducing the acquisition yield.

Management has demonstrated an ability to locate and complete property purchases at accretive purchase prices. There is a risk that continuing competition for the acquisition of apartments and townhomes may prohibitively increase purchase prices.

Ownership of apartment buildings is diverse and very fragmented. CAPREIT believes there are acquisition opportunities as a result of the fragmented market and opportunities to enhance income through the application of professional management practices and gaining efficiencies of scale.

Competition for Residents

The real estate business is competitive. Numerous other developers, managers, and owners of properties or residential units compete with CAPREIT in seeking residents. The resulting competition for residents could have an adverse effect on CAPREIT's ability to lease suites in its properties and on the rents charged.

CAPREIT's strong regional sales teams, in collaboration with the marketing and revenue management teams, execute innovative, data-driven leasing and retention strategies aimed at attracting residents and supporting occupancy across the portfolio. These strategies are continuously adapted to reflect local market conditions. In addition, CAPREIT's lease administration system improves control of rent-setting by suite, while CAPREIT's resident portal system increases resident service. While ensuring the needs of its residents are met, CAPREIT also carefully monitors operating costs to ensure it is delivering services to residents both efficiently and cost effectively. CAPREIT strives to capture potential economies of scale and cost synergies arising from past growth.

7.4 Owned Properties

Types of Property Interests

CAPREIT's investments in its Canadian property portfolio reflect different forms of property interests, including fee simple and leasehold interests.

As at December 31, 2025, 97% of CAPREIT's Canadian investments in its apartment and townhome property portfolio, based on total Canadian residential suites, are in the form of fee simple, representing freehold ownership of the properties subject only to typical encumbrances that run with the property, including mortgages (December 31, 2024 – 96%).

Leasehold interests consist of operating leasehold interests, land leasehold interests, and an air rights leasehold interest. As at December 31, 2025, leasehold interests represented 3% of CAPREIT's investment properties, based on total Canadian residential suites (December 31, 2024 – 4%).

Each operating leasehold interest is a lease for an original 35-year term to operate the property and the rent for the entire lease term was fully paid at the time the leasehold interest was acquired. The leases mature in 2034 and 2037. CAPREIT has the option to acquire fee simple interests in the properties exercisable between the 26th and 35th year of the respective leases. The option prices vary by property and by the year in which the option is exercised. If CAPREIT elects to exercise any option prior to the maturity of the lease term, CAPREIT would be entitled to receive a *pro rata* amount of the prepaid original rent based on the remaining lease term. In addition, under certain circumstances, the option price may be reduced by a portion of certain capital expenditures incurred during the final ten years of the lease term.

With respect to land leasehold interests and an air rights leasehold interest, CAPREIT has acquired a residential building on each of the locations. CAPREIT must pay rent on a regular basis for its use of the land or air rights. CAPREIT's land and air rights leasehold interests mature between 2068 and 2072. CAPREIT does not have the right to acquire the land and air rights or to extend the lease term upon maturity of the respective leases.

Portfolio Diversification

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

The tables that follow provide certain additional information relating to CAPREIT's diversification by geographic region and property type in Canada.

Canadian Portfolio by Geography

As at December 31,	2025	% ⁽¹⁾	2024	% ⁽¹⁾
Residential Suites	Number of Suites		Number of Suites	
Ontario				
Greater Toronto Area	16,248	36.2	16,582	36.3
London / Kitchener / Waterloo	4,206	9.4	4,104	9.0
Ottawa	1,683	3.7	1,683	3.7
	22,137	49.3	22,369	49.0
Québec				
Greater Montréal Region	7,454	16.6	7,948	17.4
Québec City	2,681	6.0	2,245	4.9
	10,135	22.6	10,193	22.3
British Columbia				
Greater Vancouver Area ⁽²⁾	3,718	8.3	4,048	8.9
Victoria and Other British Columbia	2,231	5.0	2,133	4.7
	5,949	13.3	6,181	13.5
Nova Scotia				
Halifax	3,408	7.6	3,408	7.5
Alberta				
Calgary	1,512	3.4	1,512	3.3
Edmonton	806	1.8	875	1.9
	2,318	5.2	2,387	5.2
Prince Edward Island				
Charlottetown	188	0.4	382	0.8
Saskatchewan				
Regina	741	1.6	234	0.5
Total residential suites	44,876	100.0	45,154	98.8
MHC Sites				
Total MHC sites	—	—	533	1.2
Total suites and sites⁽³⁾	44,876	100.0	45,687	100.0

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

⁽²⁾ As at December 31, 2025, 86 suites were temporarily unavailable for occupancy as a result of a fire at one of the properties and are excluded from the portfolio suite count. These suites are unrelated to the suites added through acquisitions completed during the quarter.

⁽³⁾ As at December 31, 2025, includes nil suites classified as assets held for sale (December 31, 2024 – 1,492 suites and MHC sites).

7.5 Portfolio Average Monthly Rents and Occupancy by Geography

The following table summarizes certain aspects of CAPREIT's Canadian properties on a property-by-property basis. Occupied AMR is defined as actual residential rents divided by the total number of occupied suites or sites in the property, and does not include revenues from parking, laundry, or other sources. Same Property AMR and occupancy includes all properties held as at December 31, 2024 but excludes properties disposed of as at December 31, 2025.

Total and Same Property Canadian Portfolio: Occupied AMR and Occupancy by Geography

As at December 31,	Total Portfolio				Same Property			
	2025		2024		2025		2024	
	Occupied AMR	Occ. %	Occupied AMR	Occ. %	Occupied AMR	Occ. %	Occupied AMR	Occ. %
Residential Suites								
Ontario								
Greater Toronto Area	\$ 1,844	98.0	\$ 1,782	98.3	\$ 1,844	98.0	\$ 1,783	98.4
London / Kitchener / Waterloo	1,474	97.5	1,391	98.2	1,452	97.4	1,396	98.2
Ottawa	2,022	98.8	1,942	99.5	2,022	98.8	1,942	99.5
	\$ 1,788	97.9	\$ 1,723	98.4	\$ 1,786	97.9	\$ 1,724	98.4
Québec								
Greater Montréal Region	\$ 1,461	96.5	\$ 1,328	96.1	\$ 1,442	96.5	\$ 1,373	96.2
Québec City	1,572	97.2	1,397	98.4	1,478	96.7	1,397	98.4
	\$ 1,490	96.7	\$ 1,343	96.6	\$ 1,450	96.5	\$ 1,379	96.7
British Columbia								
Greater Vancouver Area	\$ 1,973	97.0	\$ 1,918	97.2	\$ 1,974	97.0	\$ 1,926	97.4
Victoria and Other British Columbia	1,735	96.7	1,694	97.4	1,751	96.6	1,694	97.4
	\$ 1,884	96.9	\$ 1,841	97.3	\$ 1,890	96.8	\$ 1,839	97.4
Nova Scotia								
Halifax	\$ 1,713	97.4	\$ 1,648	95.5	\$ 1,713	97.4	\$ 1,648	95.5
Alberta								
Calgary	\$ 1,581	96.0	\$ 1,536	97.0	\$ 1,581	96.0	\$ 1,536	97.0
Edmonton	1,844	97.1	1,659	95.9	1,820	95.9	1,794	96.5
	\$ 1,674	96.4	\$ 1,581	96.6	\$ 1,646	96.0	\$ 1,606	96.9
Prince Edward Island								
Charlottetown	\$ 1,501	90.4	\$ 1,301	98.4	\$ 1,501	90.4	\$ 1,471	99.5
Saskatchewan								
Regina	\$ 1,567	93.5	\$ 1,372	94.0	\$ 1,449	94.9	\$ 1,372	94.0
Total Canadian residential suites	\$ 1,718	97.3	\$ 1,636	97.5	\$ 1,711	97.3	\$ 1,649	97.6
MHC Sites								
Total MHC sites	\$ —	—	\$ 444	87.8	\$ —	—	\$ —	—
Total Canadian portfolio	\$ 1,718	97.3	\$ 1,623	97.4	\$ 1,711	97.3	\$ 1,649	97.6

7.6 Cyclical Nature of the Business

CAPREIT's operations are affected by seasonal cycles and, as such, operating performance in one quarter may not be indicative of potential operating performance in any other quarter of the year. The first and fourth quarters of each year tend to generate weaker performance due to increased energy consumption during the winter months. There may be periods where actual distributions declared may exceed ACFO due to weaker performance in certain periods from seasonal fluctuations, regional market volatility, or from year to year based on the timing of property capital investments and the impact of acquisitions. These shortfalls are funded, if necessary, with CAPREIT's Acquisition and Operating Facility (as defined below).

7.7 Property Capital Improvements and Investments

Part of CAPREIT's strategy includes modernizing CAPREIT's asset base by targeting the purchase of more modern, recently built or brand-new properties in key growth markets. These properties typically generate higher rents, require less ongoing maintenance and capital spending, and strengthen the overall long-term diversification of CAPREIT's portfolio.

Prior to acquisition, CAPREIT obtains a building condition audit conducted by an independent professional engineering consulting firm in respect of each of its properties for the purposes of evaluating the condition and structural integrity of each building and major building and operating components and systems, as well as identifying and assessing the cost of deficiencies that are the subject of any outstanding or likely work orders and/or deferred maintenance items. The investments identified by these audits are estimated at the time of acquisition and included in the acquisition analysis to ensure the transaction is expected to be accretive to Unitholders and are funded periodically over several years from mortgage advances or refinancings and equity financings. These investments identified may include energy-efficiency and sustainability investments that are aligned with CAPREIT's strategy below.

For the year ended December 31, 2025, CAPREIT made property and capital investments (excluding head office assets and development) of \$226.8 million, as compared to \$229.7 million for the year ended December 31, 2024.

Non-Discretionary and Discretionary Property Capital Investments

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

Non-Discretionary Property Capital Investments are those investments management believes are essential for the safety of residents and to ensure the structural integrity of its properties. These investments may enhance the applicable property's operating effectiveness, including its profitability, through increases in revenues or reductions in costs over the long term. Included in non-discretionary capital expenditures are building improvements, including items such as roof, structural, balcony, sidewalks, windows, brick, electrical, and life and safety. Management uses its professional judgement to include other capital expenditure categories that could impact the safety of residents.

Discretionary Property Capital Investments are capital expenditures made to the property that are not essential to the operation of the business in the short term. These investments may enhance the property's operating effectiveness, including its profitability, through increases in revenues or reductions of

costs over the long term. Included in discretionary capital expenditures are items such as suite and common area improvements, energy-saving, resiliency and water efficiency initiatives, equipment, boilers, and elevators and risers.

A breakdown of property capital investments (excluding head office assets and development) is summarized by category below:

Property Capital Investments by Category

Year Ended December 31, 2025							
(\$ Thousands)	Canadian Portfolio		The Netherlands Portfolio		Total Portfolio	% of Total	
Non-discretionary property capital investments:							
Building improvements	\$	57,724	\$	1,250	\$	58,974	26.0
Life and safety		3,709		39		3,748	1.7
	\$	61,433	\$	1,289	\$	62,722	27.7
Discretionary property capital investments:							
Suite improvements	\$	77,877	\$	2,156	\$	80,033	35.3
Common area		28,969		107		29,076	12.8
Energy-saving, resiliency and water efficiency initiatives		30,754		2,142		32,896	14.5
Equipment		10,715		—		10,715	4.7
Elevators and risers		9,279		2		9,281	4.1
Other		2,075		—		2,075	0.9
	\$	159,669	\$	4,407	\$	164,076	72.3
Total ⁽¹⁾	\$	221,102	\$	5,696	\$	226,798	100.0

⁽¹⁾ Includes assets held for sale, but excludes development costs of \$7,442 for the year ended December 31, 2025.

Year Ended December 31, 2024

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

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

Capital Investment Strategy

CAPREIT's capital investment strategy over the long term will continue to:

- make accretive acquisitions of both recently constructed or legacy properties;
- invest in building improvement programs to extend the useful economic life of CAPREIT's properties, re-position the portfolio or newly-acquired assets, complete value-enhancing capital investments and improve life safety and resident service;
- direct discretionary capital investments at properties and initiatives, including technological, greenhouse gas ("**GHG**")-reducing, and energy-saving initiatives, where management expects to generate additional accretive returns and improve long-term cash flow potential as an outcome of the improvements; and
- focus on initiatives that are low-carbon and/or incorporate renewable energy, energy efficient, and sustainable, including high-efficiency heating, ventilation, and air conditioning ("**HVAC**") equipment, building automation systems ("**BAS**"), light-emitting diode ("**LED**") lighting fixtures, in-suite smart thermostats, and other emerging technologies that will reduce energy use, reduce GHG emissions, and enable CAPREIT to concentrate efforts on resource conservation and carbon emissions reduction.

7.8 Environmental

CAPREIT is exposed to potential liability in respect of environmental hazards or under various environmental laws and regulations (see "Risk Factors – Environmental Matters") accordingly management has developed environmental policies, procedures, and practices to protect the environment and minimize CAPREIT's risks and liabilities.

Pursuant to the Declaration of Trust, unless determined otherwise by the board of trustees of CAPREIT (the "**Board of Trustees**" or the "**Board**"), it is CAPREIT's operating policy to obtain environmental assessments, conducted by a qualified independent environmental engineering consulting firm, as an integral component of pre-acquisition due diligence. Where an environmental assessment results in recommendations for further investigation, it is CAPREIT's standard practice to undertake these additional investigations through qualified independent environmental professional engineers until any identified issue is fully understood and/or resolved. CAPREIT also follows this practice for the acquisition of development land and the redevelopment of existing properties. Environmental assessments are also reviewed and updated in advance of financing or refinancing, to fulfill any development requirements, and general due diligence of any property to assess for any changes in the environmental condition of a property or environmental legislation that may affect the compliance of a property with new legislated standards. The environmental assessments which CAPREIT has obtained to date with respect to its properties have not revealed any potential environmental liability that management believes could have a material adverse effect on CAPREIT.

7.9 Sustainable Investment

Management believes that CAPREIT can reduce its operational impact on the environment, while improving its long-term financial performance, through integrating responsible investment strategies and sustainable practices into every aspect of the business, including optimizing energy and water consumption at CAPREIT's buildings, providing employees and residents with conservation and waste diversion tools, and implementing sustainability practices across its portfolio.

One of CAPREIT's strategies is to assess the application of energy-efficient, GHG-reducing, and sustainable initiatives at all existing properties, every newly acquired property promptly upon acquisition, and new development builds where feasible. These sustainability initiatives, with favourable payback periods, may include, but are not limited to:

- Installation of advanced BAS to better control equipment performance and resident comfort;
- Deep energy retrofits with heat recovery/heat pump technology;
- Installation of high-efficiency chillers with heat recovery technology;
- In-suite smart thermostats for electrically heated buildings;
- Installation of efficient LED and lighting technology in suites and common areas with occupancy and light harvesting controls;
- Installation of renewable energy power sources;
- Optimization of electricity and water consumption by way of sub-metering;
- Upgrading existing HVAC equipment;
- Installation of charging stations for electric vehicles; and
- Installation of intelligent water pumping systems to further reduce electricity use.

Many of these systems are then remotely monitored by CAPREIT, allowing for optimal temperatures for residents' comfort with minimal energy waste. Each of these initiatives requires an initial capital investment by CAPREIT but has resulted in decreases in energy usage and operational costs.

CAPREIT has also implemented a suite-submetering program for electricity and water, installing individual meters in suite, in parts of its property portfolio where possible. Upon lease turnover, new rental agreements include metered utility billing payable by the resident, which acts as the strongest incentive to reduce energy and water consumption by residents.

Expenditures on energy-saving, resiliency, and water efficiency initiatives were approximately \$32.9 million in 2025, \$16.9 million in 2024, and \$34.1 million in 2023. The following summary chart provides further detail on CAPREIT's expenditures on energy-saving and water efficiency initiatives in each of 2025, 2024, and 2023. Management estimates that approximately 43,021 in 2025, 48,254 in 2024, and 46,628 in 2023 suites and sites in Canada and the Netherlands, or approximately 85% in 2025, 74% in 2024, and 73% in 2023 of the suites and sites in CAPREIT's portfolio, were impacted by these expenditures.

Expenditures on Energy-Saving, Resiliency, and Water Efficiency Initiatives by Category (in millions)	2025	2024	2023
Heating Systems	\$ 18.0	\$ 10.8	\$ 14.7
Generators	4.4	3.7	6.1
Lighting Program	1.6	0.5	0.4
Make-up Air Units	2.2	0.6	7.0
Cooling Systems	3.3	0.2	1.5
Water Savings	1.2	0.2	0.9
Ventilation Systems, Renewable Energy, and Other Investments	2.2	0.9	3.5
Total	\$ 32.9	\$ 16.9	\$ 34.1

Reducing Water Consumption

Similar to the strategy for reducing energy consumption, CAPREIT also promptly installs a variety of water-efficient equipment at every newly acquired property as applicable, as previously owned properties have already been modernized. Such initiatives include the use of next-generation, ultra-high-efficient toilets, low-flow showerheads and faucets using aerators, as well as high-efficiency laundry facilities. Additionally, CAPREIT's commitment to reduction of water consumption continues with mature properties whereby equipment has been upgraded more than once when newer and cost-effective technology has allowed even greater reduction in water usage. Inspections are conducted on a regular basis to check for leaks and change faulty devices. The total amounts spent on such expenditures for the 2025, 2024, and 2023 fiscal years are as set out in the chart above.

Improving Waste Management

Waste-management is also a key element of CAPREIT's operational focus which expands across all levels of its business mandate. Beginning in 2007, CAPREIT implemented a waste diversion strategy and expanded recycling initiatives across its properties. Management believes this strategy is effective to improve its waste diversion efforts and reduce the volume of waste going to landfills. CAPREIT's waste management strategy includes providing recycling and composting solutions to its residents through signage, training, and installing garbage compactors to reduce the number of bin pickups, ensuring there are no pre-existing contaminations prior to property acquisitions, and revitalizing existing residential properties to facilitate greater urban density, which ultimately reduces pollution.

7.10 Divestitures

As a component of CAPREIT's strategy, CAPREIT monitors its portfolio and, from time to time, identifies certain non-core properties for divestiture. The funds from these divestitures are typically used to acquire additional strategic assets better suited to CAPREIT's portfolio composition and property management objectives, to retire existing debt, or to fund CAPREIT's NCIB program. For the year ended December 31, 2025, CAPREIT disposed of 2,620 suites or sites in Canada for a total gross sale price of \$411.3 million (excluding disposition costs and customary adjustments). Furthermore, CAPREIT disposed of 1,980 suites in Europe for a total gross sale price of \$783.5 million (excluding disposition costs and customary adjustments).

Please see "Three Year Developments – Property Acquisitions and Dispositions."

7.11 Mortgage Financing

CAPREIT takes a conservative approach and actively manages its mortgage portfolio to reduce interest costs while ensuring it is not overly exposed to interest rate volatility risk. Management takes a portfolio approach to its mortgage debt, proactively staggering maturities to reduce risk while navigating the current interest rate environment. CAPREIT is required to comply with limitations on its debt contained in the Declaration of Trust and under the terms of its other borrowing agreements. As at December 31, 2025, CAPREIT was in compliance in all material respects with the debt restrictions under the Declaration of Trust and under the terms of its borrowing agreements.

As at December 31, 2025, the weighted average effective interest rate on outstanding mortgage indebtedness for CAPREIT's Canadian portfolio was 3.32% per annum (December 31, 2024 – 3.20% per annum).

In Canada, CAPREIT focuses on ownership of multi-unit residential real estate, which is eligible for government-backed mortgage insurance administered by CMHC. As a result, CAPREIT is able to obtain lower interest rates than are available under conventional mortgages and the overall renewal risk for mortgage refinancing is reduced as the mortgage insurance premium is transferable between CMHC

approved lenders and is effective for the full amortization period of the underlying mortgage (typically ranging between 25-35 years). As at December 31, 2025, 98.3% of CAPREIT's Canadian mortgage debt was CMHC-insured (December 31, 2024 – 97.7%).

The breakdown of CAPREIT's Canadian dollar-denominated future principal repayments, including mortgage maturities, and effective weighted average annual interest rates as at December 31, 2025 is as follows:

As at December 31, 2025					
(\$ Thousands)					
Period	Principal Amortization	Mortgage Maturities	Mortgage Balance	% of Total Mortgage Balance	Effective Weighted Average Interest Rate (%) ⁽¹⁾
2026	\$ 144,834	\$ 646,199	\$ 791,033	14.1	3.07
2027	121,488	587,728	709,216	12.6	3.31
2028	109,251	652,930	762,181	13.6	3.48
2029	88,809	547,117	635,926	11.3	3.30
2030	71,363	571,267	642,630	11.4	3.13
2031-2036	125,706	1,950,712	2,076,418	37.0	3.42
	\$ 661,451	\$ 4,955,953	\$ 5,617,404	100.0 %	3.32 %
Less: Prepaid CMHC premiums			\$ (104,686)		
Less: Deferred financing costs			(18,685)		
Less: Fair value adjustments			(21,865)		
Total			\$ 5,472,168		
Weighted average term to maturity (years)			4.5		

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

7.12 Credit Facilities

(i) Acquisition and Operating Facility

Effective December 12, 2025, CAPREIT (excluding ERES) amended its acquisition and operating facility (the “**Acquisition and Operating Facility**”) to exercise \$200 million of the existing \$400 million accordion option, increasing the maximum borrowing capacity from \$200 million to \$400 million. The facility is provided by a Canadian chartered bank and matures on February 28, 2028. In addition, CAPREIT received lender approval to temporarily increase the maximum borrowing capacity from \$400 million to \$500 million until April 30, 2026 (inclusive), after which the maximum automatically reduces to \$400 million on May 1, 2026 in accordance with its terms. Following the December 12, 2025 amendment, \$200 million of the original accordion capacity remains available, subject to satisfaction of the conditions in the governing agreement, including lender consent. The Acquisition and Operating Facility is secured by, among other things, fixed charge debentures on certain of CAPREIT's properties, and floating charge debentures on the bulk of CAPREIT's properties. In each case, such debentures are subordinate to the charges securing CAPREIT's mortgage financing. The interest rate on the Acquisition and Operating Facility is determined by interest rates based on the prime rate, the Canadian Overnight Repo Rate Average “**CORRA**”), Euro Interbank Offered Rate (“**EURIBOR**”), US base rate and Term Secured Overnight Financing Rate (“**SOFR**”) on advances utilized during the year.

(ii) Greenhouse Gas ("**GHG**") Reduction Facility

CAPLP entered into a credit agreement dated as of March 26, 2024, pursuant to which the lender will make available a \$70 million unsecured non-revolving construction and term credit facility to CAPLP for purposes of financing a portion of the costs related to the design, construction, implementation, and commissioning of proposed energy efficiency projects on certain of CAPLP's properties (the "**GHG Reduction Facility**"). The GHG Reduction Facility has a maturity date of the earlier of twenty (20) years after the completion of the financed projects and twenty five (25) years after the date of the agreement.

The table below summarizes CAPREIT's (excluding ERES's) bank indebtedness position as at December 31, 2025 and December 31, 2024:

(\$ Thousands)			
As at December 31, 2025	Acquisition and Operating Facility	GHG Reduction Facility	Total
Maximum borrowing capacity	\$ 500,000 ⁽¹⁾	\$ 70,000	\$ 570,000
Canadian dollar borrowings	\$ (7,602)	\$ (17,338)	\$ (24,940)
USD borrowings	(307,084) ⁽²⁾	N/A	(307,084)
Euro borrowings	—	N/A	—
Less: Total borrowings	\$ (314,686)	\$ (17,338)	\$ (332,024)
Less: Letters of credit	(3,343)	N/A	(3,343)
Available borrowing capacity	\$ 181,971	\$ 52,662	\$ 234,633
Weighted average interest rate including interest rate swaps	3.65 %	3.00 %	3.61 %

⁽¹⁾ Includes temporary increase of \$100,000 in borrowing capacity which matures on April 30, 2026.

⁽²⁾ As at December 31, 2025, CAPREIT has USD borrowings totalling US\$224,014 that bear interest at the SOFR plus a margin of 1.45%, excluding the impact of cross-currency interest rate ("CCIR") swaps.

(\$ Thousands)			
As at December 31, 2024	Acquisition and Operating Facility	GHG Reduction Facility	Total
Maximum borrowing capacity	\$ 600,000	\$ 70,000	\$ 670,000
Canadian dollar borrowings	\$ —	\$ (5,019)	\$ (5,019)
USD borrowings	(95,280) ⁽¹⁾	N/A	(95,280)
Euro borrowings	—	N/A	—
Less: Total borrowings	\$ (95,280)	\$ (5,019)	\$ (100,299)
Less: Letters of credit	(4,428)	N/A	(4,428)
Available borrowing capacity	\$ 500,292	\$ 64,981	\$ 565,273
Weighted average interest rate including interest rate swaps	4.58 %	3.00 %	4.50 %

⁽¹⁾ Pursuant to the terms of the Acquisition and Operating Facility, the USD borrowings were netted against cash and cash equivalents on the consolidated balance sheets.

7.13 Employees

As of December 31, 2025, CAPREIT employed 847 individuals in various capacities at CAPREIT's head and regional offices and on-site at its properties (December 31, 2024 - 893 individuals).

7.14 Foreign Operations

ERES Transactions

On March 29, 2019, CAPREIT completed the reverse take-over of European Commercial Real Estate Investment Trust, a TSX Venture Exchange listed issuer at the time of the reverse take-over. The continuing entity adopted the name European Residential Real Estate Investment Trust. The ERES Units are listed on the TSX under the symbol "ERE.UN".

On March 29, 2019, CAPREIT and CAPLP also entered into an asset management agreement with ERES, as amended and restated on March 26, 2020, (the "**Asset Management Agreement**"), whereby CAPLP assumed the role of asset manager of ERES. In this role, CAPLP provides the services of a senior management team, advises the trustees of ERES on strategic matters and, among other things, generally advises ERES with respect to investor relations, payment of distributions, and the structuring of acquisitions, dispositions, and other transactions.

On March 29, 2019, CAPREIT and CAPLP entered into a services agreement with ERES, whereby CAPREIT and CAPLP agreed to provide administrative, legal, financial, marketing, payroll, treasury, and various other services to ERES and ERES' affiliates (the "**Additional Services Agreement**").

ERESM European Residential Management B.V., CAPREIT's wholly-owned Dutch subsidiary (formerly known as CANLiving B.V.), ceased providing property management services to ERES effective January 15, 2025.

CAPREIT currently holds an approximate 65% interest in ERES, assuming the exchange of all outstanding ERES Class B LP Units for ERES Units, through the beneficial ownership of, or control or direction over, more than 142.0 million ERES Class B LP Units and 10.2 million ERES Units.

7.15 Environmental, Social, and Governance Strategy Integration and Oversight

CAPREIT continues to review and refine its Environmental, Social, and Governance ("**ESG**") strategy in an effort to elevate the quality of life for residents and enhance the performance of our portfolio. CAPREIT's overarching commitments include ensuring that its buildings and services meet the highest achievable standards, fostering a culture where diversity, equity, and inclusion are foundational, and ultimately integrating ESG practices across CAPREIT's operations to build safe, resilient, and sustainable communities, which, in turn, deliver stable returns. These commitments allow CAPREIT to better demonstrate its environmental responsibility, attract and retain the best people in the business in which it operates, build strong relationships with its residents and the communities in which they live, adopt best practice programs in corporate governance, monitor its progress on ESG priorities, and maintain open and transparent communication with its investors and other stakeholders. Please see CAPREIT's annual ESG Report on CAPREIT's website at www.capreit.ca for more information on CAPREIT's ESG strategy, its commitments and priority areas, and its plan to move forward.

CAPREIT focuses on several ESG-specific deliverables. Through building in-house ESG subject matter expertise, CAPREIT empowers its people to be advocates and enablers of ESG transparency and performance, to develop and monitor cross-functional policies, carry out ongoing stakeholder engagements, establish frameworks, platforms, and practices to deliver investment-grade data, identify and monitor its progress, and build standardized and comprehensive ESG disclosures. In relation to CAPREIT's ongoing commitment to ESG integration and performance, management continues to support submission to the Global Real Estate Sustainability Benchmark ("**GRESB**"), the results of which will inform future cycles of improvement and the evolution of CAPREIT's strategy going forward. CAPREIT will continue to focus on releasing annual ESG Reports while aligning closely with the Canadian Sustainability Disclosure Standards.

Pursuant to the Board of Trustees' mandate, the Board of Trustees shall oversee and monitor CAPREIT's policies and practices related to its ESG program, including management of climate-related risks and opportunities, and alignment of the ESG strategy with CAPREIT's overall business strategy. The Board of Trustees shall satisfy itself that CAPREIT has developed and implemented appropriate ESG standards in the conduct of its operations. At least annually, the Board of Trustees shall review CAPREIT's ESG reporting and verify compliance with any applicable legal and regulatory requirements related to ESG disclosures. The Audit Committee, the Human Resources and Compensation Committee, the Governance and Nominating Committee, and the Investment Committee have responsibilities related to ESG laid out in their respective charters, as detailed below.

Pursuant to the charter of the Audit Committee, the members of the Audit Committee must satisfy themselves that adequate procedures and controls are in place for the review of the metrics, key performance indicators, and other quantitative data included in CAPREIT's public disclosures relating to ESG reporting.

Pursuant to the charter of the Human Resources and Compensation Committee, the Human Resources and Compensation Committee is responsible for the periodic review of CAPREIT's policies and programs in place related to human resources planning, leadership and career development, diversity, equity, and inclusion, health and safety, and succession planning for executives, and, where appropriate, is responsible for ensuring that such policies and programs are consistent with CAPREIT's overall business plan and strategy, including its ESG strategy as it relates to human capital and culture.

Pursuant to the charter of the Governance and Nominating Committee, the Governance and Nominating Committee shall review CAPREIT's Diversity, Refreshment, and Renewal Policy at least annually and take into consideration the Diversity, Refreshment, and Renewal Policy when establishing qualifications for potential trustees and officers. In addition, the charter provides that the Governance and Nominating Committee shall review, assess, and make recommendations, on a periodic basis, regarding the Board of Trustees' level of ESG education and expertise; and shall review CAPREIT's public disclosure related to its corporate governance.

Pursuant to the charter of the Investment Committee, the Investment Committee shall review all proposed investments prior to approval for alignment with CAPREIT's ESG program and strategy.

CAPREIT's Chief Financial Officer has direct authority over ESG at the executive level, and oversees CAPREIT's internal ESG team, which is led by the Senior Vice President, Corporate Affairs. The ESG team ensures CAPREIT's ESG strategy is translated into departmental action plans and budgets. The team also supports internal and external sustainability reporting, including CAPREIT's annual ESG Report and ESG benchmarks such as the GRESB submission. The ESG team organized educational sessions and provided updates to the Board of Trustees and management in 2025, and enables Board-level awareness of ESG/climate change-related matters at CAPREIT through updates from each of the committees.

7.16 Intangible Properties

CAPREIT has established procedures to protect the trade-marks which are material to the business carried on by CAPREIT, including the trade-marks CAPREIT™ and Canadian Apartment Properties Real Estate Investment Trust™ and the design marks associated with those trade-marks. CAPREIT owns a number of domain names, including www.caprent.com and www.capreit.ca. The domain names are used in connection with CAPREIT's online presence. The registrations for CAPREIT's trade-marks and domain names are renewable. Procedures are in place to ensure timely renewals.

7.17 Captive Insurance Company

On November 27, 2020, CAPLP incorporated as a wholly-owned subsidiary Residential Properties Insurance Limited ("**RPIL**"), a Barbados corporation. RPIL is certified and registered as a Class 1 insurance company in Barbados to insure certain risks related to CAPREIT and its subsidiaries. Effective as of March 5, 2021, RPIL reinsures the first \$10 million per claim under CAPREIT's property insurance program, and the first \$2 million per claim under CAPREIT's general liability insurance program, pursuant to a reinsurance agreement with a licensed Canadian insurance company. Pursuant to the reinsurance agreement, RPIL's aggregate liability for claims made on an annual basis is limited to \$25 million.

7.18 Risk Factors

There are certain risks inherent in an investment in the Trust Units and in the activities of CAPREIT. The following is a description of the principal risks in CAPREIT's business, defined as either those that could have a significant impact on CAPREIT if they were to occur or those that are significant to CAPREIT's day-to-day operations. Investors should carefully consider the following risks and the information contained in the "Risks and Uncertainties" section of the MD&A before investing in the Trust Units.

Rent Control and Residential Tenancy Regulations

Multi-unit residential rental properties are subject to rent control legislation in specific provinces in Canada. Each province in which CAPREIT operates maintains distinct regulations with respect to tenants' and landlords' rights and obligations. The legislation in various degrees imposes restrictions on the ability of a landlord to increase rents above an annually prescribed guideline or requires the landlord to give tenants sufficient notice prior to an increase in rent, or restricts the frequency of rent increases permitted during the year. The annual rent increase guidelines as per applicable legislation attempt to link the annual rent increases to some measure of the change in the cost of living index over the previous year. The legislation also, in most cases, provides for a mechanism to ensure rents can be increased above the guideline increases in extraordinary circumstances. As a result of rent controls, CAPREIT may incur property capital investments in the future that will not be fully recoverable from rents charged to residents. The lack of availability of affordable housing and related housing policy and regulations is continuing to increase in prominence as a topic of concern at the various levels of government. Accordingly, through different approaches, governments may enact policy, or amend legislation in a manner that may have a material adverse effect on the ability of CAPREIT to grow or maintain the historical level of cash flow from its properties. In addition, laws and regulations providing for compliance with various housing matters involving tenant evictions, work orders, health and safety issues, or fire and maintenance standards, etc., may become more stringent in the future. CAPREIT may incur increased operating costs and capital investments as part of its compliance with any such additional government legislation and regulations relating to housing matters, which may have an adverse effect on net operating income and cash flow.

Certain provinces of Canada have enacted residential tenancy legislation which imposes, among other things, rent control guidelines that limit CAPREIT's ability to raise rental rates at its properties. However, Alberta and Saskatchewan have not placed a statutory ceiling on rent increases, despite limiting the frequency with which increases can be implemented. Limits on CAPREIT's ability to raise rental rates at its properties may adversely affect CAPREIT's ability to increase income from its properties. In addition to limiting CAPREIT's ability to raise rental rates, residential tenancy legislation in various provinces provides certain rights to tenants, while imposing obligations upon landlords. Residential tenancy legislation in British Columbia, Ontario and Québec, for example, prescribes certain stringent procedures which must be followed by a landlord in order to terminate a residential tenancy. As certain proceedings may need to be brought before the applicable administrative body governing residential tenancies as appointed under a province's residential tenancy legislation, it may take several months to terminate a residential lease, even where the tenant's rent is in arrears.

Further, residential tenancy legislation in certain provinces provides tenants with the right to bring certain claims to the applicable administrative body seeking an order to, among other things, compel a landlord to comply with health, safety, housing, and maintenance standards. As a result, CAPREIT may, in the future, incur capital expenditures which may not be fully recoverable from tenants. The inability to fully recover substantial capital expenditures from tenants may have an adverse impact on CAPREIT's financial conditions and results of operations and decrease the amount of cash available for distributions.

Residential tenancy legislation may be subject to further regulations or may be amended, repealed, or enforced, or new legislation may be enacted, in a manner which will materially adversely affect the ability of CAPREIT to maintain the historical level of earnings through its properties.

In the Netherlands, where CAPREIT's subsidiary ERES owns residential properties, the residential rental market has been regulated by the government for more than half a century through tenancy law. The Dutch government makes adjustments to the system from time to time in accordance with market developments and the balance of supply and demand. Current, proposed, or future rental regulations in the Netherlands may have an impact on operations in the Netherlands rental market.

General Economic Conditions

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

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

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

Leasing Risk

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

Competition for Residents

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

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

Privacy, Cyber Security, and Data Governance Risks

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

As technology continues to become more sophisticated and complex, governments are responding with stricter legislation, requiring higher levels of data protection. In Canada, CAPREIT is subject to federal and provincial privacy, anti-spam, and data protection laws. In Europe, CAPREIT and its Dutch subsidiaries are required to comply with the General Data Protection Regulation ("GDPR") passed by the European Union (the "EU"). Under the GDPR, CAPREIT and its subsidiaries are classified as either data processors, sub-processors, or controllers, based on their function with regards to the processing of

personal data in the EU. Controllers and sub-processors may share liability, to varying degrees, in the event of a breach. Non-compliance with either of the Canadian or European laws would also expose CAPREIT and/or its subsidiaries to numerous risks, including the risk of incurring penalties from regulators, as well as reputational damage.

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

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

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

Availability and Cost of Debt

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

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

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

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

Acquisitions and Dispositions

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

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

CAPREIT regularly considers and undertakes strategic property dispositions in order to recycle its capital and improve its portfolio composition, with the goal of improving the risk and return profile of its cash flows. Failure to execute on dispositions may inhibit CAPREIT's ability to fund other strategic priorities. In addition, failure to receive appropriate pricing on dispositions may adversely impact CAPREIT's ability to

redeploy the capital and replace the disposition cash flows. Failure to dispose of certain assets not aligned with CAPREIT's investment criteria may adversely affect its operations and financial performance.

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

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

Valuation Risk

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

Liquidity and Unit Price Volatility

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

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

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

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

Catastrophic Events

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

Climate Change

Climate change presents a multi-faceted risk for CAPREIT, considering its investment in and management of real estate assets in multiple geographical territories. Climate-related risks refer to the potential for climate change to create adverse consequences for human or ecological systems, including impacts on people, livelihoods, health and well-being, economic, social, and cultural assets and investments, infrastructure, services provision, ecosystems, and species. Following the framework from the Task Force on Climate-related Financial Disclosures, and using the principles set out in the voluntary Canadian Sustainability Disclosure Standard 2, Climate-related Disclosures ("**CSDS 2**"), CAPREIT separates its climate change-related risks into two categories: (i) risks related to the physical impacts of climate change; and (ii) risks related to the transition to a lower-carbon economy.

An increase in the frequency and magnitude of physical climate-related risks such as extreme heat, extreme wind, floods, extreme cold, wildfires, freeze-thaw cycles, and drought in certain locales can lead to increases in capital expenditure, repairs and maintenance ("**R&M**"), interruptions to business operations, loss of rental revenue, and impacts on resident satisfaction and CAPREIT's reputation. Ongoing operating expenses such as energy and water costs can potentially be impacted by extreme weather over time, and the anticipation of more frequent and severe weather events may have an adverse effect on insurance premiums. Investment properties affected by significant changes to historical weather patterns could experience negative pressure on their valuations.

In 2025, CAPREIT undertook a scenario analysis exercise to assess its exposure to physical climate hazards including extreme heat, extreme wind, floods, extreme cold, wildfires, freeze-thaw cycles, and drought in both a scenario aligned with our current warming trajectory and a higher-temperature scenario, over a short (2030), medium (2040), and long (2050) time horizon. The exercise involves assessing the different ways physical climate hazards could impact CAPREIT's business and the associated financial impacts, and will contribute to advancing CAPREIT's internal coordination of resilience and adaptation efforts. As part of this exercise, management will review the estimated financial impacts of physical climate risks.

In addition to physical climate risks, transitioning to a low-carbon economy will drive extensive regulatory, market, and technology changes to address mitigation and adaptation requirements related to climate change. Regulatory changes may include the introduction of policies related to carbon pricing, a shift to low-emission energy sources, the adoption of energy efficiency measures and technology, mandatory climate-related disclosures, and changes to building codes to require climate resiliency and mitigation features. Market changes may include adjustments in the goods and services purchased by CAPREIT, as well as shifts in the preferences of residents for energy efficient apartments. Technological

advancements such as energy efficient HVAC equipment, renewable energy and storage, and EV charging infrastructure may continue to enable the real estate industry to reduce energy intensities and greenhouse gas emissions.

CAPREIT’s ability to create long-term business value for the organization and its stakeholders depends, in part, on identifying and managing climate-related financial risks, including transition risks, and implementing effective strategies to mitigate or adapt to those risks.

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

The tables below summarize climate-related risks that could have a material financial impact on CAPREIT and the associated potential impacts on CAPREIT's business.

CATEGORY	Hazards	Potential Risks	Potential Financial Impacts
PHYSICAL RISKS			
Acute	<ul style="list-style-type: none"> • Extreme wind • Extreme precipitation • Riverine flood • Wildfire 	<ul style="list-style-type: none"> • Loose object hazards • Damage to façade, roof, windows, doors, equipment, or seals • Local power outages • Water ingress restricting building access and/or damaging equipment, building interiors, or structural elements • Health risks from poor indoor and outdoor air quality • Excess strain on HVAC systems • Property destruction • Water supply disruption • Operational disruption 	<ul style="list-style-type: none"> • Reputational effects of poor resident experiences • Unforeseen expenses for envelope and equipment repairs, upgrades, and replacements • Lost rental revenue if residents are displaced
Chronic	<ul style="list-style-type: none"> • Extreme heat • Coastal flooding • Extreme cold • Freeze-thaw cycles • Drought 	<ul style="list-style-type: none"> • Health risks to residents • Excess strain on HVAC systems • Higher cooling, energy or water costs • Damage to façade, roof, windows, doors, equipment, seals, or foundation • Local power outages • Burst pipes or water mains • Operational disruption 	<ul style="list-style-type: none"> • Reputational effects of poor resident experiences • Increased expenses for envelope and equipment repairs, upgrades, and replacements • Increase in operational expenses • Lost rental revenue if residents are displaced • Reduced asset value

CATEGORY	Potential Risks	Potential Financial Risks
TRANSITION RISKS		
Regulatory	<ul style="list-style-type: none"> • Carbon pricing and related uncertainty • Emergence of climate-related disclosure requirements • Mandatory adoption of energy efficiency or carbon reduction measures and/or limits • Changes to building codes to adapt to climate resiliency and mitigation • New regulatory cooling requirements • New regulatory stormwater backup valve requirements 	<ul style="list-style-type: none"> • Uncertainty in planning and budgeting processes • Unforeseen expenses for equipment upgrade and replacement • Reputational effects of non-compliance or lagging performance • Risks from non-compliance, including litigation and stakeholder pressure
Market	<ul style="list-style-type: none"> • Adjustments in goods and services purchased by CAPREIT • Changes in the requirements/preferences of residents 	<ul style="list-style-type: none"> • Loss of asset market/customer appeal • Supply chain disruption or unintended partner changes • Reduced asset value
Technology	<ul style="list-style-type: none"> • Transition to renewable sources of energy, battery storage, and energy efficiency equipment 	<ul style="list-style-type: none"> • Increase in expenses and capital investment
Reputational	<ul style="list-style-type: none"> • Reputational impacts from lack of proper investment strategy and operational management plan (i.e., absence of performance/reduction targets) to address climate change 	<ul style="list-style-type: none"> • Increased scrutiny from investors and stakeholders • Negative impact on our ability to raise funds via debt and/or equity, as well as on related investment returns and investor sentiment

CAPREIT will continue refining its understanding of climate-related financial risks and the mitigation, adaptation, and resilience measures that will be implemented in response. CAPREIT will use the findings of its scenario analysis focused on physical climate-related risks to further support data-driven decision-making across risk management, capital planning, investments, acquisitions, and operations. These collaborative efforts are intended to enhance value creation and facilitate the effective execution of CAPREIT's strategic objectives. CAPREIT is committed to periodically updating and advancing its approach to climate-related risk assessment, ensuring that its processes and insights remain current and responsive to evolving environmental and market conditions.

Taxation-Related Risks

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

If CAPREIT ceases to qualify as a "mutual fund trust" or "registered investment" under the Tax Act, and Trust Units cease to be listed on a designated stock exchange for purposes of the Tax Act, Trust Units will cease to be qualified investments for trusts governed by designated savings plans. CAPREIT will endeavour to ensure Trust Units continue to be qualified investments for trusts governed by the designated savings plans; however, there can be no assurance that this will be so. The Tax Act imposes

penalties for the acquisition or holding of non-qualified investments by such trusts. Unitholders should consult their own tax advisors in this regard, including as to whether Trust Units are "prohibited investments" for trusts governed by registered retirement savings plans, registered retirement income funds, registered disability savings plans, registered education savings plans, first home savings accounts, and tax-free savings accounts.

There are rules under the Tax Act (the "**SIFT Rules**") that apply to specified investment flow-through trusts or partnerships ("**SIFTs**"), and their beneficiaries or partners. Under the SIFT Rules, certain distributions will not be deductible in computing the SIFT's taxable income and the SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. The SIFT Rules do not apply to certain real estate investment trusts that satisfy a number of technical tests relating to the nature of the revenue and investments of the trust for the particular taxation year (the "**REIT Exemption**"). Although CAPREIT expects to qualify for the REIT Exemption throughout 2026 and in future years, there can be no assurance that CAPREIT will not be subject to the SIFT Rules. If the SIFT Rules apply, the impact to Unitholders will depend in part on the status of the Unitholder, and in part on the amount of income distributed, constituting "non-portfolio earnings", which would not be deductible by CAPREIT in computing its income in a particular year. To the extent that CAPREIT does not qualify for the REIT Exemption, CAPREIT will consider alternative measures, including restructuring, assuming that these measures are in the best interests of its Unitholders, to qualify for the REIT Exemption in the following year.

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

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

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

There can be no assurance that the tax laws and treaties of the foreign jurisdictions in which foreign subsidiaries operate will not be changed in a manner that adversely affects CAPREIT or its Trust Unitholders. In addition, such foreign subsidiaries may, from time to time, have prior taxation years audited by foreign tax authorities and may be reassessed additional tax as a result. To date, certain foreign subsidiaries of CAPREIT have been reassessed for prior taxation years, and the reassessments are subject to ongoing discussions with the tax authorities. Any such changes or potential tax liabilities may adversely affect the taxes payable, including withholding taxes, the effective tax rate in the jurisdictions in which the foreign subsidiaries operate, and the portion of distributions which would be income for Canadian income tax purposes. Any such changes may have a material adverse effect on Unitholders' returns.

Energy Costs

As a significant part of CAPREIT's operating expenses is attributable to energy and energy-related charges and fees, fluctuations in the price of energy, and any related charges and fees (including transportation costs, commodity taxes, carbon taxes, and other forms of carbon pricing) can have a material impact on the performance of CAPREIT, its ability to pay distributions, and the value of its Units.

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

Environmental Matters

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

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

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

Vendor Management and Third-Party Service Providers

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

Operating Risk

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

Talent Management and Human Resource Shortages

CAPREIT relies on qualified staff to manage its buildings, service residents, and provide back-office support. Any failure to effectively attract and retain talented and experienced employees, to maintain a positive company culture, and to establish adequate succession planning and retention strategies could result in a lack of requisite knowledge, skill, and experience. This could erode CAPREIT's competitive position or result in increased costs and competition for, or high turnover of, employees. In addition, CAPREIT is currently monitoring the impacts of a series of immigration policy changes that tightened rules for temporary residents as this may increase front-line staff attrition in the near future. Any of the foregoing could negatively affect CAPREIT's ability to operate its business and execute its strategies, which, in turn, could adversely affect its reputation, operations, or financial performance. A shortage of available and qualified employees may impact CAPREIT's service delivery, the overall resident experience, and lead to upward pressure on wages.

Public Health Crises

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

Other Regulatory Compliance Risks

CAPREIT is subject to a wide variety of laws and regulations across all jurisdictions, and faces risks associated with legal and regulatory changes and litigation. Critical areas of CAPREIT's regulatory landscape include rental regulations, tax regulations, health and safety regulations, environmental regulations, privacy laws, anti-spam laws, human rights laws, securities laws, anti-bribery and corruption laws, and ESG regulations. If CAPREIT or its advisors fail to monitor and become aware of changes in applicable laws and regulations or if CAPREIT fails to comply with these changes in an appropriate and

timely manner, it could result in fines and penalties, litigation, or other significant costs, as well as significant time and effort to remediate any violations. In addition, such violations could result in reputational damage to CAPREIT both from an operating and an investment perspective.

Litigation Risk

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

CAPREIT's Investment in ERES

CAPREIT currently holds an approximately 65% interest in ERES assuming the exchange of all outstanding ERES Class B LP Units for ERES Units, through its beneficial ownership of, or the control or direction over, more than 142.0 million ERES Class B LP Units and 10.2 million ERES Units. The trading price of ERES Units may be volatile, including as a result of transactions that may be completed by ERES, and subject to fluctuations due to market conditions and other factors, which are often unrelated to operating results or underlying asset values and which are beyond CAPREIT's control. Fluctuations in the market price and valuations of CAPREIT's holdings in ERES may affect the price of the Units. In addition, there is a risk of failure to obtain necessary approvals or satisfy (or obtain a waiver of) the conditions to closing the ERES Transaction or the occurrence of any event, change or other circumstance that could give rise to the termination of the arrangement agreement for the ERES Transaction.

Potential Conflicts of Interest

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

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

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

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

Investment Restrictions

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

Lack of Diversification of Investment Assets

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

Geographic Concentration

The portfolio is currently weighted with 48.3% of the overall portfolio (by number of suites) in Ontario (35.4% in the GTA). Accordingly, CAPREIT's market value of its properties and its performance are particularly sensitive to economic conditions in, and regulatory changes affecting, Ontario and, in particular, the GTA.

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

Illiquidity of Real Property

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

Capital Investments

For prudent management of its property portfolio, CAPREIT makes significant property capital investments throughout the period of ownership of its properties (for example, to upgrade and maintain building structures, balconies, parking garages, and electrical and mechanical systems). See "Property Capital Improvements and Investments". CAPREIT has prepared building condition reports and has committed to a multi-year property capital investment plan. CAPREIT must continuously monitor its properties to ensure appropriate and timely capital repairs and replacements are carried out in accordance with its property capital investment programs. CAPREIT requires sufficient capital to carry out its planned property capital investment and repair and refurbishment programs to upgrade its properties, especially at older properties, or it risks being exposed to operating business risks arising from structural failure, electrical or mechanical breakdowns, fire or water damage, etc., which may result in significant loss of earnings to CAPREIT. Unexpected and emergency capital expenditures can negatively impact CAPREIT's liquidity position. A significant increase in capital investment requirements, or difficulty in securing financing or the availability of financing on reasonable terms, could adversely impact the cash available to CAPREIT and its ability to make distributions to Unitholders.

Dependence on Key Personnel

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

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

Property Development

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

Adequacy of Insurance and Captive Insurance

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

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

Controls Over Disclosures and Financial Reporting

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

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

Nature of CAPREIT Trust Units

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

Dilution

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

Distributions

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

Foreign Operations and Currency Risks

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

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

8 - DESCRIPTION OF CAPITAL STRUCTURE AND GOVERNING POLICIES

8.1 General

CAPREIT is an unincorporated "open-end" real estate investment trust created pursuant to the Declaration of Trust and governed by the laws of the Province of Ontario.

8.2 Trust Units

The Declaration of Trust authorizes the issuance of three classes of trust units, described and designated as Trust Units. The aggregate number of Units and Special Voting Units which CAPREIT may issue is unlimited. The aggregate number of Preferred Units which CAPREIT may issue is limited to 25,840,600. There have not been any Preferred Units issuances to date. The Declaration of Trust provides that the Board of Trustees may create additional classes of units of CAPREIT having such attributes as may be ascribed from time to time provided that, other than Preferred Units, in no event, shall any such additional class of units contain any rights, terms, or conditions which are more favourable than the rights terms and conditions attaching to the Units and Special Voting Units outstanding as at the date of this Annual Information Form.

As at December 31, 2025, there were 153,884,443 Units outstanding, and a further 1,337,297 Units are issuable pursuant to CAPREIT's Unit incentive plans, which as of December 31, 2025 consisted of an Employee Unit Purchase Plan, Deferred Unit Plan, and Restricted Unit Rights Plan (excluding ERES). As at December 31, 2025, there were 1,444,809 Special Voting Units issued and outstanding, and there were no Preferred Units issued and outstanding. In addition, as at December 31, 2025, there were 1,444,809 CAPLP Class B LP Units outstanding, which are exchangeable into Units on a 1-to-1 basis.

Units

Each Unit represents a Unitholder's proportionate undivided beneficial interest in CAPREIT, subject to the rights of Preferred Unitholders. No Unit has any preference or priority over another. No Unitholder has or is deemed to have any right of ownership in any of the assets of CAPREIT. Each Unit confers the right to one vote at any meeting of Unitholders, except at a meeting of Preferred Unitholders in specified circumstances, and, subject to the rights of Preferred Unitholders, to participate *pro rata* in any distributions by CAPREIT and, in the event of termination of CAPREIT, in the net assets of CAPREIT remaining after satisfaction of the rights of Preferred Unitholders and all liabilities. Units will be issued in registered form and are transferable. Issued and outstanding Units may be subdivided or consolidated from time to time by the Board of Trustees without Unitholder approval. No certificates or interests for fractional Units will be issued or credited, as applicable, and fractional Units will not entitle the holders thereof to vote.

Preferred Units

Preferred Units may be issued from time to time in one or more series, and the Board of Trustees may fix from time to time before such issue the number of Preferred Units which is to comprise each series and the designation, rights, privileges, restrictions, and conditions attaching to each series of Preferred Units and the currency thereof, including, without limiting the generality of the foregoing, any voting rights, the rate or amount of distributions (which may be cumulative or non-cumulative and variable or fixed) or the method of calculating distributions, the dates of payment thereof, the terms and conditions of redemption, purchase, and conversion, if any, any rights on the liquidation, dissolution, or winding-up of CAPREIT, and any sinking fund or other provisions. No Preferred Unitholder has or is deemed to have any right of ownership in any of the assets of CAPREIT. Preferred Units will be issued in registered form and are transferable. Issued and outstanding Preferred Units may be subdivided or consolidated from time to time by the Board of Trustees without Preferred Unitholder approval. No certificates or interests for fractional

Preferred Units will be issued or credited, as applicable, and fractional Preferred Units will not entitle the holders thereof to vote.

The Preferred Units of each series shall, with respect to the payment of distributions (other than distributions paid solely through the distribution of additional Units) and the distribution of assets of CAPREIT or return of capital in the event of the liquidation, dissolution, or winding-up of CAPREIT, whether voluntary or involuntary, or any other return of capital or distribution of assets of CAPREIT among its Unitholders for the purpose of winding-up its affairs, be entitled to preference over the Units, and over any other security of CAPREIT ranking by their terms junior to the Preferred Units.

Special Voting Units

Holders of Special Voting Units are not entitled to any share of or interest in the distributions or net assets of CAPREIT. Special Voting Units may be issued in series and may only be issued in connection with or in relation to securities of any trust, limited partnership, or corporation other than CAPREIT that are convertible or exchangeable directly for Units without the payment of additional consideration thereof (the "**Exchangeable Securities**") and shall be automatically cancelled on the issuance of Units on exercise, conversion, or cancellation of Exchangeable Securities. Subject to the restrictions set forth in the Declaration of Trust, each holder of Special Voting Units is entitled to a number of votes at all meetings of Unitholders or in respect of any written resolution of Unitholders equal to the number of Units into which the Exchangeable Securities 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, and cancelled). Holders of Special Voting Units are not entitled to any distributions of any nature whatsoever from CAPREIT nor do they have any legal or beneficial interests in any assets of CAPREIT on termination or winding-up of CAPREIT.

8.3 Meetings of Trust Unitholders

The Declaration of Trust provides that meetings of Trust Unitholders entitled to vote must be called and held for the appointment, election, or removal of trustees; the appointment or removal of the auditors of CAPREIT; the approval of amendments to the Declaration of Trust (except as described under "**Amendments to Declaration of Trust**" and except for any amendment resulting from or in connection with the issuance of any new series of Preferred Units or the conversion or reclassification of one series of Preferred Units into another series); provided that Preferred Unitholders shall not be entitled to vote on any amendment which directly or indirectly adds, removes, or changes any of the rights, privileges, restrictions, and conditions in respect of the Units; and further provided that any amendment which directly or indirectly adds, removes, or changes in an adverse manner any of the rights, privileges, restrictions, and conditions in respect of any series of Preferred Units cannot occur without the affirmative vote of at least two-thirds of the votes cast at a duly called and held meeting of the Preferred Unitholders of that series or those series so affected, except for in connection with the issuance of any new series of Preferred Units or the conversion or reclassification of one series of Preferred Unit into another series, including the amendment of any right with respect to any outstanding Units or Preferred Units to reduce the amount payable thereon upon termination of CAPREIT or to diminish or eliminate any voting rights pertaining thereto, the amendment of the duration or termination provisions of CAPREIT and the amendment of the powers, duties, obligations, liabilities, or indemnification of the trustees; the sale or transfer of the assets of CAPREIT as an entirety or substantially as an entirety other than as part of an internal reorganization of the assets of CAPREIT as approved by the Board of Trustees; and the termination of CAPREIT.

The annual meeting of the Trust Unitholders entitled to vote will be held at such time and place and/or by such form of telephonic, electronic, virtual, or other communication method, as the Board of Trustees shall prescribe for the purpose of electing trustees, appointing the auditors of CAPREIT and transacting such other business as the Board of Trustees may determine or as may properly be brought before the meeting. The annual meeting of Trust Unitholders entitled to vote shall be held after delivery to the Trust Unitholders of the annual report and, in any event, within 180 days after the end of each fiscal

year of CAPREIT, or such later date (not later than fifteen months after holding the last preceding annual meeting of the Trust Unitholders entitled to vote) as the Board of Trustees may determine is in the best interests of the Trust Unitholders, subject to the receipt of all applicable regulatory approvals.

A meeting of Trust Unitholders may be convened at any time and for any purpose by the Board of Trustees and must be convened, except in certain circumstances, if requisitioned by the holders of not less than 5% of the Trust Units then outstanding by a written requisition. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Trust Unitholders have the right to obtain a list of Trust Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the *Canada Business Corporations Act*.

Trust Unitholders entitled to vote at a meeting may attend and vote at all meetings of Trust Unitholders either in person or by electronic means, as applicable, or by proxy and a proxy need not be a Trust Unitholder. Unitholders and Special Unitholders shall be entitled to vote at all meetings of Trust Unitholders, except at a class meeting of the Preferred Unitholders.

8.4 Purchases of Units and Preferred Units

Provided the holder thereof agrees or the terms of the Units or Preferred Units so provide, CAPREIT may from time to time purchase for cancellation Units or Preferred Units in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies.

8.5 Take-over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid is made for Units or Special Voting Units, within the meaning of the *Securities Act* (Ontario) and not less than 90% of the Units (or Special Voting Units, if the take-over bid is made for Special Voting Units), other than Units (or Special Voting Units, if the take-over bid is made for Special Voting Units) held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror, are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units (or Special Voting Units, if the take-over bid is made for Special Voting Units) held by Unitholders who did not accept the offer either at the election of such Unitholders, on the terms offered by the offeror or at the fair value of such Unitholders' Units (or Special Voting Units, if the take-over bid is made for Special Voting Units) determined in accordance with the procedures set out in the Declaration of Trust. The take-over bid provisions of the Declaration of Trust shall apply *mutatis mutandis* to any series of Preferred Units that is the subject of a take-over bid (whether or not the Preferred Units are voting securities or equity securities for the purposes of the *Securities Act* (Ontario)).

8.6 Issuance of Trust Units

CAPREIT may issue new Trust Units from time to time. Trust Unitholders do not have any preemptive rights whereby additional Trust Units proposed to be issued are first offered to existing Trust Unitholders. Special Voting Units shall only be issued in connection with the issuance of Exchangeable Securities. In certain instances, CAPREIT may also issue new Trust Units as consideration for the acquisition of new properties or assets.

8.7 Right of Redemption

Units are redeemable at any time on demand by the holders thereof upon delivery to CAPREIT of (i) the certificate or certificates representing such Units to be redeemed or (ii) written instructions as to the number of Units to be redeemed, accompanied by a duly completed and properly executed notice requesting redemption. A Unitholder not otherwise holding a registered Unit certificate that wishes to exercise the redemption right will be required to obtain a redemption notice form from the Unitholder's

investment dealer who will be required to deliver the completed redemption notice form to CAPREIT and to the Canadian Depository for Securities Limited ("**CDS**"). No form or manner of completion or execution shall be sufficient unless the same is in all respects reasonably acceptable to the Board of Trustees and is accompanied by any further evidence that the Board of Trustees may reasonably require with respect to the identity, capacity, or authority of the person giving such notice.

Upon receipt of the redemption request by CAPREIT, all rights to and under the Units tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive a price per Unit (the "**Redemption Price**") equal to the lesser of (i) 90% of the "market price" of the Units on the principal market on which the Units are quoted for trading during the ten trading day period ending on the date on which the Units are surrendered to CAPREIT for redemption; and (ii) the "closing market price" of the Units on the principal market on which the Units are quoted for trading on the date that the Units are surrendered to CAPREIT for redemption.

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

The aggregate cash Redemption Price payable by CAPREIT in respect of any Units surrendered for redemption during any calendar month shall be satisfied by way of a cash payment on the last day of the following month; provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that (i) the total amount payable by CAPREIT in respect of such Units and all other Units tendered for redemption in the same calendar month shall not exceed \$50,000, provided that such limitation may be waived at the discretion of the Board of Trustees; (ii) at the time such Units are tendered for redemption the outstanding Units of CAPREIT shall be listed for trading on a stock exchange or traded or quoted on any other market which the Board of Trustees considers, in its sole discretion, provides representative fair market value prices for the Units; or (iii) the normal trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which Units are quoted for trading) on the date that the Units are tendered for redemption or for more than five trading days during the ten day trading period commencing immediately after the date on which the Units are tendered for redemption.

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the foregoing limitations, then the Redemption Price for such Units shall be satisfied by the distribution *in specie* of certain securities issued or held by CAPREIT or a subsidiary of CAPREIT, as determined by the Board of Trustees and, subject to any applicable regulatory approvals. No fractional securities owned by CAPREIT (the "**Securities**") will be distributed and where a number of Securities to be received by a Unitholder includes a fraction, such number shall be rounded to the next lowest whole number. CAPREIT shall be entitled to all income paid or accrued and unpaid on the Securities on or before the date of the

distribution *in specie*. The holders of Securities will be subject to the provisions of all material agreements that relate to such Securities.

8.8 Limitation on Non-Resident Ownership

At no time may non-residents of Canada (within the meaning of the Tax Act) be the beneficial owners of more than 49% of the Units or Preferred Units, on a basic or fully-diluted basis (and for greater certainty, including Units into which Exchangeable Securities may be converted or exchanged), and the Board of Trustees shall inform the transfer agent and registrar of this restriction. The transfer agent and registrar, at the request of CAPREIT, shall require declarations as to the jurisdictions in which beneficial owners of Units or Preferred Units are resident. If the transfer agent and registrar becomes aware, as a result of requiring such declarations as to beneficial ownership, that the beneficial owners of 49% of the Units or Preferred Units (on a basic or fully-diluted basis, including Units into which Exchangeable Securities may be converted or exchanged) are, or may be, non-residents or that such a situation is imminent, the transfer agent and registrar will advise the Board of Trustees and, upon receiving direction from the Board of Trustees, may make a public announcement thereof and shall not accept a subscription for Units or Preferred Units from or issue or register a transfer of Units to a person unless the person provides a declaration that the person is not a non-resident and does not hold such Units or Preferred Units for the benefit of non-residents. If, notwithstanding the foregoing, the transfer agent and registrar determines that more than 49% of the Units or Preferred Units (on a basic or fully-diluted basis, including Units, Preferred Units into which Exchangeable Securities may be converted or exchanged) are held by non-residents, the transfer agent and registrar upon receiving direction and a suitable indemnity from the Board of Trustees, may send a notice to non-resident holders of the Units, Preferred Units, or Exchangeable Securities, chosen in inverse order to the order of acquisition or registration or in such manner as the Board of Trustees may consider equitable and practicable, requiring them to sell their Units, Preferred Units or Exchangeable Securities or a portion thereof within a specified period of not more than 30 days. If the Unitholders or Preferred Unitholders receiving such notice have not sold the specified number of Units, Preferred Units, or Exchangeable Securities or provided the Board of Trustees with satisfactory evidence that they are not non-residents within such period, the transfer agent and registrar may on behalf of such unitholders sell such Units, Preferred Units, or Exchangeable Securities and, in the interim, shall suspend the voting and distribution rights attached to such Units, Preferred Units, or Exchangeable Securities (other than the right to receive the net proceeds from the sale). Upon such sale or conversion, the affected holders shall cease to be Unitholders, Preferred Unitholders, or holders of Exchangeable Securities and their rights shall be limited to receiving the net proceeds of sale upon surrender of the certificate, if any, representing such securities.

8.9 Amendments to Declaration of Trust

The Declaration of Trust may be amended or altered from time to time. Certain amendments require approval by at least two-thirds of the votes cast at a meeting of the Trust Unitholders called for such purpose by Trust Unitholders entitled to vote thereon. Other amendments to the Declaration of Trust require approval by a majority of the votes cast at a meeting of the Trust Unitholders called for such purpose by Trust Unitholders entitled to vote thereon.

The Board of Trustees may, without the approval of the Trust Unitholders, make certain amendments to the Declaration of Trust, including:

- amendments for the purpose of ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Board of Trustees or over CAPREIT, its status as a "mutual fund trust", a

"registered investment" or, if applicable, a "real estate investment trust" under the Tax Act or the distribution of Trust Units;

- amendments which, in the opinion of the Board of Trustees, provide additional protection for the Trust Unitholders;
- amendments, which in the opinion of the Board of Trustees, are necessary or desirable to remove any conflicts or inconsistencies in the Declaration of Trust;
- amendments of a minor or clerical nature or to correct typographical mistakes, ambiguities, or manifest omissions or errors, which amendments in the opinion of the Board of Trustees are necessary or desirable and not prejudicial to the Trust Unitholders;
- such amendments to the Declaration of Trust as the Board of Trustees in its discretion deems necessary or desirable as a result of changes in taxation laws or accounting standards from time to time which may affect CAPREIT, Trust Unitholders, or annuitants under a plan of which a Trust Unitholder acts as a trustee or carrier;
- amendments, which in the opinion of the Board of Trustees, are not prejudicial to Trust Unitholders and are necessary or desirable (which, for greater certainty, exclude amendments in respect of which a Trust Unitholder vote is specifically otherwise required); and
- amendments, which in the opinion of the Board of Trustees, are necessary or desirable to enable CAPREIT to issue Trust Units for which the purchase price is payable on an instalment basis, as permitted pursuant to section 5.4 (Consideration of Units) of the Declaration of Trust.

8.10 Term of CAPREIT and Sale of Substantially All Assets

CAPREIT has been established for an indefinite term. Pursuant to the Declaration of Trust, termination of CAPREIT or the sale or transfer of the assets of CAPREIT as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of CAPREIT as approved by the Board of Trustees) requires approval by at least two-thirds of the votes cast at a meeting of the Trust Unitholders entitled to vote thereon.

8.11 Unitholders' Rights Plan

CAPREIT has established an amended and restated Unitholders' rights plan agreement (the "**Rights Plan**"). The Rights Plan utilizes the mechanism of a permitted bid (a "**Permitted Bid**") (as hereinafter described) to ensure that a person seeking control of CAPREIT gives Unitholders and the Board of Trustees sufficient time to evaluate the bid, negotiate with the initial bidder and encourage competing bids to emerge. The purpose of the Rights Plan is to protect Unitholders by requiring all potential bidders to comply with the conditions specified in the Permitted Bid provisions or risk being subject to the dilutive features of the Rights Plan. Generally, to qualify as a Permitted Bid, a bid must be made to all Unitholders and must be open for 105 days after the bid is made or such shorter period that a take-over bid (that is not exempt from the requirements of Division 5: Bid Mechanics of Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids* ("**MI 62-104**")) must remain open for deposits of securities thereunder, in the applicable circumstances at such time, pursuant to MI 62-104. If more than 50% of the Units held by Independent Unitholders (as hereinafter defined) are deposited or tendered to the bid and not withdrawn, the bidder may take up and pay for such Units. The take-over bid must then be extended for a further period of ten days on the same terms to allow those Unitholders who did not initially tender their Units to tender to the take-over bid if they so choose. Thus, there is no coercion to tender during the initial 105-day period, or such shorter period as permitted by MI 62-104, because the bid must be open for acceptance for at least a further ten days after the expiry of the initial tender period. The intention of the Rights Plan is to make it impractical for any person to acquire more than 20% of the outstanding Units without the approval of the Board of Trustees, except pursuant to the Permitted Bid procedures or pursuant to certain other

exemptions outlined below. Management believes that the Rights Plan, taken as a whole, should not be an unreasonable obstacle to a serious bidder willing to make a bona fide and financially fair offer open to all Unitholders while permitting the Board of Trustees to fully consider the bidder's offer and, if appropriate, investigate and pursue alternatives.

The terms of the Rights Plan were established on a basis that takes account of concerns previously expressed by institutional investors with respect to certain of the provisions of such plans. The provisions of the Rights Plan relating to portfolio managers are designed to prevent the triggering of the Rights Plan by virtue of the customary activities of such persons (see "**Portfolio Managers**" below).

Summary

The following is a summary of the principal terms of the Rights Plan. The provisions of the Rights Plan shall apply *mutatis mutandis* to Special Voting Units and any series of Preferred Units that are the subject of a take-over bid.

Term

At CAPREIT's 2025 Annual and Special Meeting of Unitholders and Special Unitholders held on June 3, 2025, Unitholders reconfirmed and approved the Rights Plan. The Rights Plan must be reconfirmed and approved by a resolution passed by a majority of the votes cast by Independent Trust Unitholders who vote in respect of such reconfirmation and approval at a meeting of Trust Unitholders to be held not later than the date of CAPREIT's 2028 annual meeting of Trust Unitholders (or any adjournment or postponement thereof) and thereafter at such meeting to be held, *mutatis mutandis*, every three years thereafter.

Issue of Rights

One right (a "**Right**") has been issued in respect of each Trust Unit outstanding at the Record Time (as defined in the Rights Plan) and one Right has and will be issued in respect of each Trust Unit issued after the Record Time and prior to the Separation Time (as defined below). The initial exercise price of each Right is: (i) until the Separation Time, an amount equal to three times the Market Price (as defined in the Rights Plan), from time to time per Trust Unit and (ii) from and after the Separation Time, an amount equal to three times the Market Price, as at the Separation Time, per Trust Unit, subject to appropriate anti-dilution adjustments.

Rights Exercise Privilege

The Rights will separate from the Trust Units to which they are attached and will become exercisable at the time (the "**Separation Time**") that is ten trading days after the earlier of: (i) a person having acquired, or (ii) the commencement or announcement date in respect of a take-over bid to acquire, 20% or more of the Trust Units of CAPREIT, other than by an acquisition pursuant to a Permitted Bid.

The acquisition by a person (an "**Acquiring Person**"), including persons acting in concert, of 20% or more of the Trust Units of CAPREIT, other than by way of a Permitted Bid in certain circumstances, is referred to as a "**Flip-in Event**". Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the first date of public announcement by CAPREIT or an Acquiring Person that an Acquiring Person has become such, will become void upon the occurrence of a Flip-in Event.

The issue of the Rights is not initially dilutive. Upon a Flip-in Event occurring and the Rights separating from the attached Trust Units, reported earnings per Trust Unit on a fully diluted or non-diluted basis may be affected. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

Certificates and Transferability

Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on the certificates for Trust Units (or by a legend included in the registration record of book-entry form Trust Units) and will not be transferable separately from the attached Trust Units. From and after the Separation Time, the Rights will be evidenced by Rights certificates or by book-entry form registration, which will be transferable and traded separately from the Trust Units.

Permitted Bid Requirements

The requirements of a Permitted Bid include the following:

- The take-over bid must be made by way of a take-over bid circular.
- The take-over bid must be made to all holders of Trust Units (or instalment receipts related to Trust Units, if any), other than the bidder.
- The take-over bid must contain, and the provisions for the take-up and payment for securities tendered or deposited thereunder must be subject to, an irrevocable and unqualified condition that no securities shall be taken up or paid for pursuant to the take-over bid prior to the close of business on a date which is not less than 105 days following the date of the take-over bid or such shorter period that a take-over bid (that is not exempt from the requirements of Division 5: Bid Mechanics of MI 62-104) must remain open for deposits of securities thereunder, in the applicable circumstances at such time, pursuant to MI 62-104.
- The take-over bid must contain irrevocable and unqualified provisions that securities may be deposited pursuant to the take-over bid at any time prior to the close of business on the date of first take-up or payment for securities and that all securities deposited pursuant to the take-over bid may be withdrawn, unless restricted by law, at any time prior to the close of business on such date.
- The take-over bid must contain, and the provisions for take-up and payment for securities tendered or deposited thereunder shall be subject to, an irrevocable and unqualified condition that no securities shall be taken up or paid for pursuant to the take-over bid unless, at such date, more than 50% of the outstanding Trust Units held by Independent Trust Unitholders (defined below), determined as at the close of business on the date of first take-up or payment for securities under the take-over bid, have been deposited or tendered to the take-over bid and not withdrawn.
- The take-over bid must contain an irrevocable and unqualified provision that in the event that more than 50% of the Trust Units held by Trust Unitholders other than the bidder, its affiliates and persons acting jointly or in concert with the bidder (the "**Independent Trust Unitholders**") are deposited to the take-over bid and not withdrawn as at the close of business on the date of first take-up or payment for securities under the take-over bid, the offeror will make a public announcement of that fact and the take-over bid will remain open for deposits and tenders of securities for not less than ten days from the date of such public announcement.

The Rights Plan allows a competing Permitted Bid (a "**Competing Permitted Bid**") to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid (other than the requirements set out in clause (ii) of that definition in the Rights Plan) and contain, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified provision that no Trust Units will be taken up or paid for pursuant to the take-over bid prior to the close of business on the date that is no earlier than the minimum number of days such take-over bid must remain open for deposits of securities thereunder pursuant to MI 62-104 after the date of the take-over bid constituting the Competing Permitted Bid.

Waiver and Redemption

The Board of Trustees acting in good faith may, with the consent of the Trust Unitholders (or instalment receipts related to Trust Units, if any), prior to a Flip-in Event, waive the dilutive effects of the Rights Plan in respect of a particular Flip-in Event. At any time prior to the occurrence of a Flip-in Event, the Board of Trustees may, at their option, redeem all, but not less than all, of the then outstanding Rights at a price of \$0.00001 each.

Waiver of Inadvertent Flip-in Event

The Board of Trustees acting in good faith may, in respect of any Flip-in Event, waive the application of the Rights Plan to that Flip-in Event, provided that (i) the Board of Trustees have determined that the Acquiring Person became an Acquiring Person by inadvertence and without any intent or knowledge that it would become an Acquiring Person, and (ii) such Acquiring Person has reduced its beneficial ownership of Trust Units (or instalment receipts related to Trust Units, if any) such that at the time of waiver it is no longer an Acquiring Person.

Portfolio Managers

The provisions of the Rights Plan relating to portfolio managers are designed to prevent the occurrence of a Flip-in Event solely by virtue of the customary activities of such managers, including trust companies and other persons, where a substantial portion of the ordinary business of such person is the management of funds for unaffiliated investors, so long as any such person does not propose to make a take-over bid either alone or jointly with others.

Supplement and Amendments

CAPREIT is authorized to make amendments to the Rights Plan to correct any clerical or typographical error or, subject to certain exceptions, which are required to maintain the validity of the Rights Plan as a result of any changes in law or regulation.

General

Until a Right is exercised, the holders thereof, as such, will have no rights as a Trust Unitholder.

9 - INVESTMENT RESTRICTIONS AND OPERATING POLICIES

9.1 Investment Restrictions

The Declaration of Trust provides for certain restrictions on investments which may be made by CAPREIT. The assets of CAPREIT may be invested only in accordance with the following restrictions:

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

paying a tax under the registered investment provisions of the Tax Act imposed for exceeding certain investment limits;

- (iii) CAPREIT may, directly or indirectly, make such investments, do all such things and carry out all such activities as are necessary or desirable in connection with the conduct of its activities provided they are not otherwise specifically prohibited under the Declaration of Trust;
- (iv) CAPREIT may invest in freehold, leasehold, or other interests in property (real, personal, moveable or immovable);
- (v) CAPREIT may make its investments and conduct its activities directly or indirectly through an investment in one or more persons on such terms as the Board of Trustees may from time to time determine;
- (vi) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province of Canada, short-term government debt securities, or money market instruments of, or guaranteed by, a Canadian bank listed on Schedule I to the *Bank Act* (Canada) maturing prior to one year from the date of issue, CAPREIT may not hold securities other than securities of a person:
 - (A) acquired in connection with the carrying on, directly or indirectly, of CAPREIT's activities or the holding of its assets; or
 - (B) which focuses its activities primarily on Focus Activities and ancillary activities;
- (vii) CAPREIT shall not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
- (viii) CAPREIT shall not acquire any interest in a single real property if, after giving effect to the proposed acquisition, the cost to CAPREIT of such acquisition (net of the amount of acquisition debt) will exceed 20% of CAPREIT's Adjusted Unitholders' Equity (as defined in the Declaration of Trust);
- (ix) CAPREIT may invest in operating businesses;
- (x) CAPREIT may invest in mortgages and mortgage bonds (including a participating or convertible mortgage) where the aggregate amount of such investments after giving effect to the proposed investment, will not exceed 20% of the Adjusted Unitholders' Equity; and
- (xi) notwithstanding any other provision of the Declaration of Trust but subject always to (b) above, CAPREIT may make investments not otherwise permitted under the Declaration of Trust, provided the aggregate amount of such investments (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred by CAPREIT and secured by a mortgage on such property) will not exceed 20% of the Adjusted Unitholders' Equity of CAPREIT after giving effect to the proposed investment.

9.2 Operating Policies

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

- (i) CAPREIT shall not purchase, sell, market, or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof, the term "hedging" shall have the meaning ascribed thereto by National Instrument 81-102 – *Mutual Funds*, as amended from time to time;
- (ii) (i) any written instrument creating an obligation which is or includes the granting by CAPREIT of a mortgage, and (ii) to the extent the Board of Trustees determines to be practicable and consistent with its fiduciary duty to act in the best interests of the Trust Unitholders, any written instrument which is, in the judgement of the Board of Trustees, a material obligation shall contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of the trustees, Trust Unitholders, annuitants under a plan of which a Trust Unitholder acts as a trustee or carrier, or officers, employees, or agents of CAPREIT, but that only property of CAPREIT or a specific portion thereof shall be bound; CAPREIT, however, is not required, but shall use all reasonable efforts, to comply with this requirement in respect of obligations assumed by CAPREIT upon the acquisition of real property;
- (iii) CAPREIT shall not incur or assume any indebtedness if, after giving effect to the incurring or assumption of the indebtedness, the total indebtedness of CAPREIT (including the amount then advanced under the credit facilities) would be more than 70% of the Gross Book Value (as defined in the Declaration of Trust), unless a majority of the trustees, in their discretion, determine that the maximum amount of indebtedness shall be based on the appraised value of the real properties of CAPREIT. For the purposes of this subparagraph, "indebtedness" means (without duplication) on a consolidated basis:
 - (i) any obligation of CAPREIT for borrowed money (other than under the CAPREIT's credit facilities),
 - (ii) any obligation of CAPREIT (other than under CAPREIT's credit facilities) incurred in connection with the acquisition of property, assets, or businesses other than the amount of future income tax liability arising out of indirect acquisitions,
 - (iii) any obligation of CAPREIT issued or assumed as the deferred purchase price of property, and
 - (iv) any capital lease obligation of CAPREIT;provided that (A) for the purposes of (i) through (iv), an obligation (other than convertible debentures) will constitute indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of CAPREIT in accordance with generally accepted accounting principles, (B) obligations referred to in clauses (i) through (iii) exclude trade accounts payable, security deposits, distributions payable to Unitholders or Preferred Unitholders, contingent liabilities and accrued liabilities arising in the ordinary course, and (C) convertible debentures will constitute indebtedness to the extent of the principal amount thereof outstanding;
- (iv) CAPREIT shall obtain an independent appraisal of each real property that it intends to acquire;

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

9.3 Amendments to Investment Restrictions and Operating Policies

Pursuant to the Declaration of Trust, all of the investment restrictions set out under the headings "Investment Restrictions" and the operating policies set out under the heading "Operating Policies" may be amended only with the affirmative vote of at least two-thirds of the votes cast at a meeting of Trust Unitholders duly called and held by Trust Unitholders entitled to vote thereon, except for amendments, which in the opinion of the Board of Trustees, are not prejudicial to Trust Unitholders and are necessary or desirable (which, for greater certainty, exclude amendments in respect of which a Trust Unitholder vote is specifically otherwise required).

10 - DISTRIBUTIONS

10.1 Distribution Policy

The following outlines the distribution policy of CAPREIT solely (and does not include the distribution policy of ERES or any other CAPREIT subsidiary) as contained in the Declaration of Trust.

Distributions are determined by the Board of Trustees. All declared distributions are payable on or about the 15th day of each month with the exception of any special distribution which is payable as determined by the Board of Trustees. Distributions may be adjusted for amounts paid in prior periods. Unitholders of record at the close of business on the distribution record date in respect of a month shall be entitled to receive proportionately any distribution declared payable by the Board of Trustees for such month, subject to the preferential entitlements of Preferred Unitholders.

Distributions are made in cash or Units pursuant to any distribution reinvestment plan or Unit purchase plan.

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

The cost for Canadian tax purposes of Units or Preferred Units held by a Canadian resident Unitholder or Preferred Unitholder will generally be reduced by the non-taxable portion of distributions made to the Unitholder or Preferred Unitholder, as applicable, other than the non-taxable portion of certain capital gains. A Unitholder or Preferred Unitholder will generally realize a capital gain to the extent that the Unitholder's or Preferred Unitholder's tax cost of his or her Units or Preferred Units, as applicable, would

otherwise be a negative amount. Unitholders and Preferred Unitholders should seek advice from their respective tax advisors with respect to any specific tax matters.

10.2 Cash Distributions

The following table summarizes CAPREIT's (excluding ERES') annualized distribution (the "**Annualized Distribution**") for the last three years as at December 31, 2025. In determining the amount of monthly cash distributions, the Board of Trustees relies upon cash flow information and management forecasts and budgets.

Distribution Period	Monthly Distribution per Unit	Total
January 2023 – December 2023	\$0.1208	\$1.450
Total 2023 Distributions per Unit		\$1.450
January 2024 – July 2024	\$0.1208	\$0.846
August 2024 – December 2024	\$0.1250	\$0.625
Total 2024 Distributions per Unit		\$1.471
January 2025	\$0.1250	\$0.125
February 2025 – December 2025	\$0.1292	\$1.421
Total 2025 Distributions per Unit		\$1.546

10.3 Distribution Reinvestment Plan

CAPREIT has established a distribution reinvestment plan ("**DRIP**"). Under the DRIP, a participant may purchase additional Units with the cash distributions paid on the eligible Units which are registered in the name of the participant or held in a participant's account maintained pursuant to the DRIP. The price at which Units will be purchased with cash distributions will be the weighted average of the trading price for Units of CAPREIT on the TSX for the five trading days immediately preceding the relevant distribution date. No commissions, service charges, or brokerage fees are payable by participants in connection with the DRIP. Full investment of participants' funds is possible under the DRIP because the DRIP permits fractions of Units as well as whole Units to be purchased and held for participants. Distributions in respect of whole Units and fractions of Units acquired under the DRIP will be held by the agent for the DRIP for the participants' account and automatically invested under the DRIP in additional Units. For the year ended December 31, 2025, the average participation rate in the DRIP was approximately 2.5% of Trust Units outstanding and distributions declared on awards outstanding under the unit-based compensation plans, as compared to 2.4% for the year ended December 31, 2024.

11 - MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of results of operations and financial position of CAPREIT for the year ended December 31, 2025 is incorporated herein by reference.

12 - MARKET FOR SECURITIES

Trading Price and Volume

Units of CAPREIT are listed and posted for trading on the TSX under the symbol "CAR.UN". As at December 31, 2025, there were 153,884,443 Units issued and outstanding. The following table indicates the high and low trading price and the volume of the Units traded on the TSX on a monthly basis for the year ended December 31, 2025:

Date	High	Low	Volume Traded
January	\$43.74	\$39.71	11,002,352
February	\$42.35	\$38.92	16,017,201
March	\$43.90	\$39.87	11,419,257
April	\$43.24	\$37.28	10,128,792
May	\$45.34	\$41.18	8,417,338
June	\$45.48	\$43.18	7,821,309
July	\$46.29	\$43.75	7,808,812
August	\$44.25	\$40.49	8,491,149
September	\$43.27	\$39.55	9,658,409
October	\$40.88	\$37.97	9,028,613
November	\$39.58	\$36.78	11,609,425
December	\$38.01	\$35.32	16,727,917

13 - MANAGEMENT OF CAPREIT, TRUSTEES, AND EXECUTIVE OFFICERS

13.1 General

The investment policies and operations of CAPREIT are subject to the control and direction of the trustees, a majority of whom must be independent trustees (as defined in NI 58-101). All of the trustees of CAPREIT are independent, other than Mr. Kenney, as President and Chief Executive Officer of CAPREIT. Trustees hold office for a term ending following the annual meeting subsequent to the annual meeting at which they were elected by Trust Unitholders entitled to vote.

13.2 Trustees and Executive Officers

As at December 31, 2025, the name, province of residence, office held with CAPREIT, principal occupations held during the preceding five years and the period during which each trustee or executive officer has served are as follows:

Name and Place of Residence	Office	Principal Occupations during preceding five years	Year first became a Trustee or Executive Officer	Number of Units, Deferred Units, RURs, and PURs beneficially owned, controlled, or directed, directly or indirectly as at December 31, 2025 ⁽¹⁾
Lori-Ann Beausoleil ⁽⁵⁾ Mississauga, Ontario, Canada	Trustee	Governance Educator, Corporate Director, Strategic Advisor, and retired Partner of PricewaterhouseCoopers LLP ("PwC")	2021	850 Units 12,648 Deferred Units
Dr. Gina Parvaneh Cody Toronto, Ontario, Canada	Trustee	Corporate Director	2017	48,347 Units 38,637 Deferred Units
Gervais Levasseur ⁽⁴⁾⁽⁵⁾ Dollard-des-Ormeaux, Québec, Canada	Trustee	Corporate Director	2022	13,007 Deferred Units
Francine Moore ⁽⁵⁾ Kingston, Ontario, Canada	Trustee	Corporate Director and former President of Homestead Land Holdings Limited	2025	962 Units 770 Deferred Units
Ken Silver ⁽⁴⁾⁽⁵⁾ Toronto, Ontario, Canada	Trustee	Corporate Director and former President and CEO of CT Real Estate Investment Trust	2022	13,007 Deferred Units
Jennifer Stoddart ⁽²⁾⁽³⁾ Westmount, Québec, Canada	Trustee	Corporate Director and Former Strategic Advisor at Fasken LLP	2023	5,899 Deferred Units
Dr. Elaine Todres ⁽²⁾⁽³⁾ Toronto, Ontario, Canada	Trustee	Chief Executive Officer of Todres Leadership Counsel (a consultancy company)	2013	2,000 Units 37,509 Deferred Units
René Tremblay ⁽³⁾⁽⁴⁾ Montréal, Québec, Canada	Trustee	Corporate Director	2020	24,000 Units 25,070 Deferred Units
David Wesik ⁽²⁾⁽⁴⁾ Vancouver, British Columbia, Canada	Trustee	President and Founder of Third Space Properties	2024	5,500 Units 6,223 Deferred Units
Mark Kenney Newmarket, Ontario, Canada	President, Chief Executive Officer, and Trustee	President and Chief Executive Officer of CAPREIT and Chief Executive Officer of ERES	2019	288,375 Units 310,485 RURs 51,359 PURs
Stephen Co Toronto, Ontario, Canada	Chief Financial Officer	Chief Financial Officer of CAPREIT and former Interim Chief Financial Officer and Vice President, Accounting, CAPREIT and former Chief Financial Officer, ERES	2022	5,431 Units 38,680 RURs 11,239 PURs

Name and Place of Residence	Office	Principal Occupations during preceding five years	Year first became a Trustee or Executive Officer	Number of Units, Deferred Units, RURs, and PURs beneficially owned, controlled, or directed, directly or indirectly as at December 31, 2025 ⁽¹⁾
Julian Schonfeldt ⁽⁶⁾ Toronto, Ontario, Canada	Chief Investment Officer	Chief Investment Officer of CAPREIT and former Managing Director in the Real Estate Group at RBC Capital Markets	2022	30,633 RURs 11,778 PURs
Nick Savino Toronto, Ontario, Canada	Senior Vice President, Operations	Senior Vice President, Operations and former Vice President of Operations Services of CAPREIT and Executive Director, Non-Housing Profit Division at The DMS Group	2024	1,382 Units 8,082 RURs

⁽¹⁾ Individual trustees and executive officers have furnished information as to Units beneficially owned, or controlled or directed, directly or indirectly, by them.

⁽²⁾ Member of Human Resources and Compensation Committee.

⁽³⁾ Member of the Governance and Nominating Committee.

⁽⁴⁾ Member of Investment Committee.

⁽⁵⁾ Member of Audit Committee.

⁽⁶⁾ Mr. Schonfeldt ceased to be an employee of CAPREIT on February 23, 2026.

Based on information provided by such persons, as of December 31, 2025, the trustees and executive officers of CAPREIT, as a group, beneficially owned, or controlled or directed, directly or indirectly, an aggregate of 991,873 Units, deferred unit ("**Deferred Units**"), restricted unit rights ("**RURs**"), and performance unit rights ("**PURs**") of CAPREIT, representing approximately 0.6% of CAPREIT's issued and outstanding Units and CAPREIT's unit-based compensation financial liabilities (excluding ERES).

The nature and extent of the experience of the trustees and executive officers of CAPREIT in the real estate industry and their principal occupations during the last five years and their current public board memberships are as follows.

Lori-Ann Beausoleil, FCPA, FCA is a corporate director and a retired Partner of PwC. Over her 35-year career at PwC, Ms. Beausoleil held various leadership positions including National Leader – Compliance, Ethics, and Governance, Real Estate Leader, National Forensic Services Leader, and a member of PwC's Deals Leadership Team. She currently is a Board member, Governance and Corporate Responsibility Committee Chair, and Audit Committee member of Metro Inc. (TSX:MRU); Lead Director, Board member, and Audit Committee Chair of Brookfield Real Estate Income Trust Inc. (a private U.S. real estate investment trust); and Board member and Audit Committee Chair of GO Residential Real Estate Investment Trust (TSX:GO.U). Ms. Beausoleil is also a member of the Canadian Chartered Professional Accountants and the Chartered Professional Accountants of Ontario and is a CPA Ontario Fellow. She holds a Bachelor of Commerce degree from the University of Toronto.

Dr. Gina Parvaneh Cody, C.M., F.C.A.E., has over 30 years experience as a professional engineer, corporate executive, and principal shareholder of a national engineering firm, providing services to some of Canada's largest real estate investment trusts, financial institutions, builders, and developers. Dr. Cody is also the benefactor and namesake of the Gina Cody School of Engineering and Computer Science at Concordia University in Montreal, the first engineering faculty in Canada, and one of the first internationally, to be named after a woman. In 2025, Dr. Cody was appointed as Chancellor of Concordia University. Previously, Dr. Cody was the Executive Chair of CCI Group Inc. ("**CCI**"). Under her tenure, CCI was recognized as one of Canada's Best Managed Companies, through Canada's leading business awards

program. Dr. Cody was also named one of Canada's Top Women Entrepreneurs by Profit Magazine in 2010 and 2011. Dr. Cody is a member of the Order of Montreal and the Order of Canada and was named one of the Top 25 Women of Influence in Canada in 2020. Dr. Cody holds a Masters and a PhD in Building Engineering from Concordia University. She is the first woman awarded a PhD in Building Engineering in Canada. Dr. Cody was awarded an honorary doctorate in engineering in 2022 by the University of Sherbrooke, and she was awarded an honorary doctorate in engineering in 2025 by the University of Waterloo. In 2025, she also received the King Charles III Coronation Medal, and she was appointed as Honorary Colonel of the 34th Combat Engineer Regiment of the Canadian Armed Forces. In addition to her role as Chair of CAPREIT, Dr. Cody is the Chair of the Board of Trustees of ERES (TSX:ERE.UN) and a director of Sienna Senior Living Inc. (TSX:SIA.TO).

Gervais Levasseur, CPA, CA, is a corporate director and executive with over 40 years of experience in the real estate industry and extensive involvement in corporate strategy. Mr. Levasseur has spent most of his career at Ivanhoé Cambridge, an international real estate investment, development and management firm and subsidiary of the Caisse de dépôt et placement du Québec. As a result of a merger with certain other real estate companies in 2010, Ivanhoé Cambridge became an investor and manager of industrial and logistics, residential, office, and retail properties with a presence in 20 countries. After departing Ivanhoé Cambridge, from 2015 to 2022, he was an independent strategic planning and management consultant. During his tenure at Ivanhoé Cambridge, Mr. Levasseur was Executive Vice-President and Chief Financial Officer from 1992 to 2014. Mr. Levasseur began his career at KPMG Canada, after which he went on to serve as Chief Accountant and Controller at CN Real Estate and then as Controller at AtkinsRéalis. Mr. Levasseur has served on the Board of Directors Real Estate of the Fonds de solidarité FTQ, a major development capital fund, since 2018. Among his responsibilities at the Fonds de solidarité FTQ, Mr. Levasseur serves as the Chair of the Real Estate Audit Committee. In 2025, Mr. Levasseur was named on the Investment Committee-Development Capital (industries, aerospace, infrastructure and transportation, entertainment, consumer goods, agri-food and health) of the Fonds de solidarité FTQ. Mr. Levasseur is also a trustee, the Chair of the Audit Committee, and the former Chair of the Investment Committee of ERES (TSX:ERE.UN). Mr. Levasseur earned an accounting degree from HEC Montréal and holds the designation of Chartered Professional Accountant from the Ordre des comptables professionnels agréés du Québec.

Francine Moore, CPA, CA, ICD.D, has over 25 years of experience in the real estate industry. Ms. Moore was the President of Homestead Land Holdings Limited from 2001 until her retirement in January 2025. Prior to that, Ms. Moore was the Chief Financial Officer of Homestead Land Holdings Limited from 1997 to 2001. Prior to joining Homestead Land Holdings Limited, Ms. Moore was the Director of Finance of Strathcona Paper Company, a Division of Roman Corporation Limited and Manager at Thorne, Ernst and Whinney. She previously served two terms on the board of REALPAC, was a member of the Mayor's Task Force on Housing, City of Kingston, and served on the Kingston General Hospital Audit Committee. She is a member of the Chartered Professional Accountants of Ontario and holds the Institute of Corporate Directors, Director Designation (ICD.D) from the Institute of Corporate Directors. She also holds a Bachelor of Business Administration degree from York University.

Ken Silver has more than 40 years of experience in retail and commercial real estate, and in the retail industry. Mr. Silver was President and Chief Executive Officer of CT Real Estate Investment Trust ("**CT REIT**") (TSX:CRT.UN) from CT REIT's initial public offering in 2013 until his retirement in 2022. Previously, Mr. Silver was Senior Vice President, Corporate Strategy and Real Estate for Canadian Tire Corporation Limited and President, Canadian Tire Real Estate Limited. Mr. Silver has previously served on the boards of York University, York University Development Corporation, CT REIT, the Real Property Association of Canada, Build Toronto and Eva's Initiatives for Homeless Youth. Mr. Silver holds a Bachelor of Arts (Honours) degree from Queen's University, a Master of Business Administration degree from McGill University and has completed the Directors Education Program at the Institute of Corporate Directors at the University of Toronto.

Jennifer Stoddart was a strategic advisor in the Privacy and Cybersecurity Group at Fasken LLP from 2018 to 2023. From 2020 to 2023, Ms. Stoddart chaired the Expert Panel on “Vulnerable Connections: Public Safety in the Digital Age” Report for the Council of Canadian Academies. Ms. Stoddart was the Privacy Commissioner of Canada from 2003 to 2013. Previously, she was the Chair of the Commission d'accès à l'information du Québec from 2000 to 2003. She has also held positions on the Human Rights Commissions of Canada and Québec. Ms. Stoddart was named an Officer of the Order of Canada “for her international leadership in privacy rights and for her exemplary public service as the Privacy Commissioner of Canada”, as well as a Chevalier of the Order of Québec. The Québec Bar has recognized her with the distinction of *Advocatus Emeritus* and the Christine Tourigny Award of Merit, and the Université du Québec à Montréal awarded her the Prix Reconnaissance for her commitment to Canadians' privacy rights. She has twice been named as one of the Top 25 most influential lawyers in the justice system and legal professions in Canada by Canadian Lawyer magazine. In addition, she has received honorary doctorates from the University of Ottawa and McGill University. Ms. Stoddart has been a member of the Committee on the responsible conduct of research, reporting to the Chief Scientist of Québec, a member of the board of directors of Génome Québec and a Visiting Scholar at the Centre of Genomics and Policy of the McGill University Faculty of Medicine. From 2016 to 2022, she was Honorary Lieutenant Colonel and Honorary Colonel of the 34th Combat Engineer Regiment. She has been a mentor with the Women's Executive Network (WXN). She has contributed to the McGill University law faculty mentorship program. She is also the co-author of the book *Quebec Women: A History*.

Dr. Elaine Todres, ICD.D, has had a distinguished career in government, the not-for-profit sector, and the volunteer community. After completing 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, to 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 governance, strategy, leadership, and organizational transformation. 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 from August 2005 to February 2014. Dr. Todres is a Gold Medalist in Economics and Political Science from the University of Winnipeg. She was awarded the National Woman of Achievement Award of Hadassah Wizo of Canada, the Gold Medal from the Canadian Centre for Human Rights and Race Relations, and the President's Award from the Canadian Public Personnel Management Association. Dr. Todres is a noted speaker on diversity, inclusion, and corporate governance. Dr. Todres holds the Institute of Corporate Directors, Director Designation (ICD.D) from the Institute of Corporate Directors.

René Tremblay 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. From 2010 to 2017, Mr. Tremblay was the President of Taubman Asia, part of Taubman Centers, a leader in the shopping center industry, where he was responsible for driving Taubman's shopping center expansion in the Asia-Pacific region. He 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 Chair of the board of trustees of Cominar REIT and as Chair of the real estate group of Caisse de dépôt et placement du Québec - one of the largest diversified real estate portfolios in the world.

David Wesik is President and Founder of Third Space Properties, a real estate development and management company based in Vancouver. In his role as President, Mr. Wesik is responsible for strategic vision, growth, and overall performance at Third Space while ensuring the company's broader impact is a positive one. Prior to Third Space, he held the role of Executive Vice President at Wesgroup Properties, one of Western Canada's largest privately owned real estate companies. As part of the executive leadership team at Wesgroup, he was active in creating and implementing company strategy with a focus

on acquisitions, development, asset management, and finance. Mr. Wesik has over 15 years of extensive experience in the residential and commercial real estate industry in Metro Vancouver. He has negotiated and completed over \$1 billion in transactions and worked on over 40 development projects during his career. Mr. Wesik holds a Bachelor of Arts (Honours) degree from Western University (formerly, the University of Western Ontario) and is a Chartered Financial Analyst Charterholder from the CFA Institute.

Mark Kenney joined CAPREIT (TSX:CAR.UN) in 1998 and was appointed as the President and Chief Executive Officer of CAPREIT in March 2019. He is also a member of the Board of Trustees. Prior to this appointment, Mr. Kenney held the position of President and Chief Operating Officer of CAPREIT. Mr. Kenney is also the Chief Executive Officer and a trustee of ERES (TSX:ERE.UN) (CAPREIT holds an approximate 65% interest in ERES). Mr. Kenney has over 30 years of experience in the multi-family sector, having worked previously at Realstar Management Partnership, Greenwin Property Management, and Tridel Group of Companies. In 2022, Mr. Kenney joined the Board of REALPAC and, in 2023, became a member of the REALPAC Human Resources Committee. In addition, he is a founding member of the Canadian Rental Housing Providers for Affordable Housing (Foraffordable.ca). Mr. Kenney is also a Board member of Longhouse Capital Advisory, which he joined in 2023. His extensive background includes serving as the past Co-Chair of REALPAC Apartment Owners Committee in 2022, the Director and Chair of the Federation of Rental Providers of Ontario from 2009 to 2017, and earlier, as a director of the Greater Toronto Apartment Association from 1998 to 2009. Mr. Kenney is a frequent contributor to BNN Bloomberg and is a regular speaker at the Real Estate Forums across Canada and at the Banff Forum. He is also a member of the Canadian Chamber of Commerce Housing and Development Strategy Council. Recently, Mr. Kenney became a member of Ontario Global 100. Mr. Kenney is a former Advisor to 23:32 Capital Inc., and a former non-executive director of Irish Residential Properties REIT plc (Euronext Dublin: IRES). He is also the Executive Producer of the documentary film "Shelter", which won numerous accolades. Mr. Kenney holds a Bachelor of Economics degree from Carleton University.

Stephen Co, CPA, CA, CFA, joined CAPREIT in 2011 and is currently the Chief Financial Officer. Prior to this appointment, Mr. Co held the position of Vice President, Accounting and was the Chief Financial Officer of ERES (TSX:ERE.UN) from January 2021 to August 11, 2022. Previously, Stephen worked at PwC in its assurance practice servicing clients in the real estate sector. He holds a Bachelor of Business Administration degree from the University of Toronto, a Chartered Professional Accountant (CPA, CA) designation, and is also a Chartered Financial Analyst (CFA) Charterholder.

Nick Savino joined CAPREIT in December 2021 as Vice President, Operations Services. He was appointed Senior Vice President, Operations in September 2024. A seasoned real estate professional, he has held key leadership roles across private and public sectors, including housing operations and non-profit housing. Prior to joining CAPREIT, he was Director and Vice President of Non-Profit Housing organizations, as well as Manager of Housing Operations at Housing York Inc., where he played an integral role in overseeing housing portfolios and driving operational excellence. He also held the position of Executive Director of the Non-Profit Housing Division at The DMS Group. In addition to his corporate leadership roles, Mr. Savino was a Board Member of the Ontario Non-Profit Housing Association, contributing to the strategic direction and advocacy efforts for affordable housing across Ontario. More recently, he joined an affordable housing organization and sits on their Board as a volunteer Director, with a mandate of providing affordable housing for seniors. He holds a Property Management diploma from George Brown College and is a Certified Property Manager through the Real Estate Institute of Canada. He is also a Chartered Member of the Chartered Institute of Housing Canada and a LEED Green Associate.

13.3 Trustees

The Declaration of Trust provides that the assets and operations of CAPREIT will be subject to the control and authority of a minimum of seven and a maximum of eleven trustees. The number of trustees within such minimum and maximum numbers may be changed by the Trust Unitholders or, if authorized by the Trust Unitholders, by the Board of Trustees, provided that the Board of Trustees may not, between

meetings of Trust Unitholders entitled to vote, appoint an additional trustee if, after such appointment, the total number of trustees would be greater than one and one-third times the number of trustees in office immediately following the last annual meeting of Trust Unitholders entitled to vote. The Board of Trustees may increase or decrease, from time to time, the number of trustees. The size of the Board of Trustees is currently fixed at ten trustees and there are currently ten trustees on the Board of Trustees. A majority of the trustees are required to be independent of the management of CAPREIT. A vacancy occurring among the trustees may be filled by resolution of the remaining trustees or by the Trust Unitholders at a meeting of the Trust Unitholders entitled to vote. A trustee elected or appointed to fill a vacancy shall hold office for the remaining term of the trustee he or she is succeeding.

All of the trustees are elected annually by resolution passed by a majority of the votes cast at a meeting of the Trust Unitholders entitled to vote.

The Declaration of Trust provides for the appointment by the Board of Trustees of an Audit Committee, Human Resources and Compensation Committee, Governance and Nominating Committee, and Investment Committee. A trustee may be removed with or without cause by two-thirds of the votes in the aggregate cast at a meeting called for that purpose of Trust Unitholders entitled to vote thereon or by the written consent of Trust Unitholders holding in the aggregate not less than two-thirds of the outstanding Trust Units entitled to vote thereon or with cause by the resolution passed by an affirmative vote of not less than two-thirds of the remaining trustees.

The standard of care and duties of the trustees provided in the Declaration of Trust are similar to those imposed on a director of a corporation governed by the *Canada Business Corporations Act*. Accordingly, each trustee is required to exercise the powers and discharge the duties of his or her office honestly, in good faith, and in the best interests of CAPREIT and the Trust Unitholders and, in connection therewith, to exercise that degree of care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances.

13.4 Cease Trade Orders, Bankruptcies, Penalties, and Sanctions

Corporate Cease Trade Orders or Bankruptcies

No trustee or executive officer of CAPREIT, nor any personal holding company of any such person, is, as at the date of this Annual Information Form or within the ten years before the date of this Annual Information Form has been, a director, trustee, chief executive officer, or chief financial officer of any company (including CAPREIT) that, (i) while that person was acting in that capacity was the subject of a cease trade or similar 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; or (ii) after that person ceased to act in that capacity was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days, and which resulted from an event that occurred while the person was acting in that capacity.

No trustee or executive officer of CAPREIT or, to the knowledge of CAPREIT, a Trust Unitholder holding a sufficient number of Trust Units of CAPREIT to affect materially the control of CAPREIT, nor any personal holding company of any such person, (i) is as of the date of this Annual Information Form or has been within ten years before the date of this Annual Information Form, a director, trustee, or executive officer of a company (including CAPREIT) that while that person was acting in such 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 (ii) has within the ten years before the date of this Annual Information Form become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been 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 such director, trustee, or officer.

Penalties or Sanctions

No trustee or executive officer of CAPREIT or, to the knowledge of CAPREIT, a Trust Unitholder holding a sufficient number of Trust Units to affect materially the control of CAPREIT, nor any personal holding company of any such person, has (i) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or entered into a settlement agreement with a Canadian securities regulatory authority; or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13.5 Conflict of Interest Restrictions and Provisions

The Declaration of Trust contains "conflict of interest" provisions that serve to protect Trust Unitholders without creating undue limitations on CAPREIT. Given that the trustees are engaged in a wide range of real estate and other activities, the Declaration of Trust contains provisions, similar to those contained in the Canada Business Corporations Act, that require each trustee to disclose to CAPREIT any interest in a material contract or transaction or proposed material contract or transaction with CAPREIT (including a contract or transaction involving the making or disposition of any investment in real property or a joint venture arrangement) or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with CAPREIT. Such disclosure is required to be made at the first meeting at which a proposed contract or transaction is considered. In the event that a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by the trustees, a trustee is required to disclose in writing to CAPREIT or request to have entered into the minutes of meetings of the Board of Trustees the nature and extent of his interest forthwith after the trustee becomes aware of the contract or transaction or proposed contract or transaction. In any case, a trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating primarily to his or her remuneration as a trustee, officer, employee, or agent of CAPREIT or any affiliate of CAPREIT or one for indemnity under the provisions of the Declaration of Trust or the purchase of liability insurance.

Pursuant to CAPREIT's Governance Guidelines, in circumstances where a trustee has a significant, ongoing conflict, and where such personal or outside interest, relationship, or responsibility may significantly impede the trustee's ability to carry out his or her fiduciary responsibility to CAPREIT, the trustee shall be required to offer a letter of resignation to the Board of Trustees. The Board of Trustees will, in consultation with the Governance and Nominating Committee, determine whether or not to accept such letter of resignation, based on the circumstances of the conflict.

CAPREIT has also adopted a Code of Business Ethics and Conduct, which provides a framework of guidelines and principles to govern and encourage ethical and professional behaviour in conducting its business. The Code of Business Ethics and Conduct applies to all trustees, officers, and employees of CAPREIT and provides guidelines for identifying and reporting conflicts of interest or potential conflicts of interest.

13.6 Independent Trustee Matters

The following matters require the approval of at least a majority of the independent trustees to become effective:

- the entering into of an arrangement in which a Non-Independent Trustee (as defined in the Declaration of Trust) or an officer of CAPREIT has a material interest;

- the enforcement of any agreement entered into by CAPREIT with a Non-Independent Trustee (as defined in the Declaration of Trust) or an officer of CAPREIT or an affiliate or associate of such party;
- the grant of options under any Unit option plan or any rights to participate in any other long term incentive plans adopted by CAPREIT;
- the demolition of all or substantially all of a property owned by CAPREIT;
- to increase the number of trustees by no more than one-third in accordance with Section 2.1 of the Declaration of Trust and to appoint trustees to fill the vacancies so created; or
- to recommend to Trust Unitholders that the number of trustees be increased, where a vote of Trust Unitholders thereon is required, and to nominate individuals as trustees to fill the vacancies so created.

13.7 Audit Committee

The Audit Committee must consist of at least three trustees, all of whom must be independent and financially literate, as those terms are defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), subject to any applicable exceptions in NI 52-110. The Audit Committee assists the trustees in fulfilling their oversight responsibilities in respect of CAPREIT's accounting and reporting practices.

Pursuant to its charter, a copy of which is attached hereto as Appendix "A", the Audit Committee is responsible for the review of the consolidated financial statements, accounting policies, and reporting procedures of CAPREIT. The Audit Committee is responsible for selecting, evaluating, and recommending to the Board of Trustees the appointment and compensation of the external auditor and overseeing the work of the external auditor and CAPREIT's Senior Director, Internal Audit.

The Audit Committee reviews CAPREIT's quarterly and annual consolidated financial statements and other required financial documents or documents that contain financial disclosure (such as press releases), reviews with management and the external auditors the state of internal controls, and makes appropriate reports thereon to the Board of Trustees. The Audit Committee has unrestricted access to the senior management of CAPREIT and to CAPREIT's external auditor, who regularly attends the Audit Committee meetings.

The Audit Committee must also satisfy itself that adequate procedures and controls are in place for the review of the metrics, key performance indicators, and other quantitative data included in CAPREIT's public disclosure relating to ESG reporting.

As at the date of this Annual Information Form, the Audit Committee consists of the following members: Lori-Ann Beausoleil, Gervais Levasseur, Francine Moore, and Ken Silver. Gervais Levasseur serves as Chair of the Audit Committee. All members of the Audit Committee are independent and financially literate, as those terms are defined in NI 52-110. The following is a brief summary of the education or experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as a member of the Audit Committee, including any education or experience that has provided the member with an understanding of the accounting principles used by CAPREIT to prepare its annual and quarterly consolidated financial statements.

Name of Audit Committee Member	Relevant Education and Experience
Lori-Ann Beausoleil	<ul style="list-style-type: none"> • Retired PwC partner • 35 years of experience focused in the real estate industry leading a variety of advisory and accounting mandates covering risk, regulatory compliance, audit investigations, governance, finance effectiveness, financial reporting, financial controls, and internal audit • Former National Leader – Compliance, Ethics, and Governance and a Real Estate Advisory Partner at PwC • Served as PwC's National Forensic Services Leader, a member of PwC's Deals Leadership Team, and the National Leader for PwC's Canadian Real Estate practice • Director on the board, member of the Audit Committee, and Chair of the Governance and Corporate Responsibility Committee of Metro Inc. (TSX/MRU) • Lead Director and Audit Committee Chair of Brookfield Real Estate Income Trust Inc. (private REIT) • Director and Audit Committee Chair of Go Residential Real Estate Investment Trust (TSX:GO.U) • Fellow Chartered Professional Accountant, Fellow Chartered Accountant • Holds a Bachelor of Commerce from the University of Toronto • Former Chair of the Accounting Program at George Brown College • Former member of the Dean's Council at the Ted Rogers School of Management at Toronto Metropolitan University
Gervais Levasseur	<ul style="list-style-type: none"> • Former Executive Vice-President and Chief Financial Officer at Ivanhoé Cambridge • 40 years of experience in the real estate industry • Former Chief Accountant and Controller at CN Real Estate • Former Controller at AtkinsRéalis • Director on the board of Real Estate of Fonds de Solidarité FTQ and chair of their Audit Committee • Holds an accounting degree from HEC Montréal • Holds the designation of CPA, CA from the Ordre des comptables professionnels agréés (CPA) du Québec
Francine Moore	<ul style="list-style-type: none"> • Over 25 years of experience in the real estate industry. • Former President of Homestead Land Holdings Limited from 2001 until January 2025. • Former Chief Financial Officer of Homestead Land Holdings Limited from 1997 to 2001. • Former Director of Finance of Strathcona Paper Company, a Division of Roman Corporation Limited and Manager at Thorne, Ernst and Whinney. • Previously served on the Kingston General Hospital Audit Committee. • Member of the Chartered Professional Accountants of Ontario. • Holds a Bachelor of Business Administration degree from York University.
Ken Silver	<ul style="list-style-type: none"> • Former President and Chief Executive Officer of CT REIT (TSX:CRT.UN) • More than 40 years of experience in retail and commercial real estate, and in the retail industry • Former SVP, Corporate Strategy and Real Estate for Canadian Tire Corporation Limited • Former President, Canadian Tire Real Estate Limited • Previously served on the boards of York University, York University Development Corporation, CT REIT, the Real Property Association of Canada, Build Toronto, and Eva's Initiatives for Homeless Youth • Holds a Bachelor of Arts (Honours) degree from Queen's University and a Master of Business Administration degree from McGill University • Completed the Directors Education Program at the Institute of Corporate Directors at the University of Toronto

Further to CAPREIT's Audit Committee Charter, the Audit Committee has adopted specific policies and procedures for the engagement of non-audit services provided by its external auditor. The Audit Committee must pre-approve all engagements (and fees related thereto) for non-audit services.

Each year the Auditor will provide the Audit Committee with a report of the known or anticipated audit, audit-related, tax, and other non-audit services together with an estimate of the fees for such services. The Audit Committee will review the fees and scope of such services so as to avoid any question as to the compatibility of such services with the Auditor's independence. Each quarter, the Auditor will provide the Audit Committee with a report of the audit, audit-related, tax, and other non-audit services provided together with the actual fees incurred. Any changes to the estimate of services to be provided and fees attributable to such services will be discussed quarterly, and if necessary, revised. In no event will the Auditor be permitted to charge contingent fees or receive commissions on its services.

The Audit Committee is responsible for monitoring CAPREIT's external auditor and ensuring that the external auditor is and remains independent of management. For a description of the external auditor service fees see section 19 below.

13.8 Human Resources and Compensation Committee

The Declaration of Trust requires the creation of a Human Resources and Compensation Committee, consisting of at least three trustees, to review matters relating to human resources, including compensation of trustees and officers of CAPREIT. All of the members of the Human Resources and Compensation Committee must at all times be "independent", as this term is defined in NI 58-101.

As at the date of this Annual Information Form, the members of the Human Resources and Compensation Committee are as follows: Jennifer Stoddart, Dr. Elaine Todres, and David Wesik. Dr. Elaine Todres serves as Chair of the Human Resources and Compensation Committee.

13.9 Governance and Nominating Committee

The Declaration of Trust requires the creation of a Governance and Nominating Committee, consisting of at least three trustees, to review matters relating to the governance of CAPREIT including the nomination of trustees. All of the members of the Governance and Nominating Committee must at all times be "independent", as this term is defined in NI 58-101.

As at the date of this Annual Information Form, the members of the Governance and Nominating Committee are as follows: Jennifer Stoddart, Dr. Elaine Todres, and René Tremblay. René Tremblay serves as Chair of the Governance and Nominating Committee.

13.10 Investment Committee

The Declaration of Trust provides that the trustees shall appoint from among their number an Investment Committee consisting of at least three trustees. A majority of the members of the Investment Committee must have had at least five years of substantial experience in the real estate industry. In addition, a majority of the members of the Investment Committee must be "independent", as this term is defined in NI 58-101. Pursuant to the Declaration of Trust, the duties of the Investment Committee are to, unless delegated by the Board of Trustees to officers of CAPREIT: (i) review all investment and financing proposals for CAPREIT; (ii) where the approval of the Board of Trustees is required, recommend to the Board of Trustees approval or rejection of proposed transactions by CAPREIT (including acquisitions and dispositions of investments by CAPREIT); (iii) where the approval of the Investment Committee is required, approve or reject proposed transactions by CAPREIT (including acquisitions and dispositions of investments by CAPREIT); and (iv) approve all proposed borrowings and the assumption or granting of any mortgage or other security interest in real property. Certain of these duties have been delegated by the Board of Trustees to officers of CAPREIT from time to time, subject to the needs of CAPREIT.

As at the date of this Annual Information Form, the members of the Investment Committee are as follows: Gervais Levasseur, Ken Silver, René Tremblay, and David Wesik. René Tremblay serves as Chair of the Investment Committee.

14 - LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Management of CAPREIT is not aware of any litigation outstanding, threatened or pending as at the date of this Annual Information Form by or against it or relating to its business which would be material to CAPREIT's financial condition or results of operations.

During the year ended December 31, 2025, no penalties or sanctions were imposed against CAPREIT by a court relating to securities legislation or by a securities regulatory authority, no other penalties or sanctions were imposed by a court or regulatory body against CAPREIT that would likely be considered important to a reasonable investor in making an investment decision, and CAPREIT entered into no settlement agreements before a court relating to securities legislation or with a securities regulatory authority which would be material to CAPREIT's financial condition or results of operations.

15 - INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described elsewhere in this Annual Information Form, there are no material interests, direct or indirect, of any of CAPREIT's trustees or executive officers, any Trust Unitholders that beneficially owns, or controls or directs (directly or indirectly), more than 10% of any class or series of CAPREIT's outstanding Trust Units, or any associate or affiliate of any of the foregoing persons, in any transaction within the three years before the date of this Annual Information Form that has materially affected or is reasonably expected to materially affect CAPREIT.

16 - TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Units is Computershare Trust Company of Canada at its principal offices in Toronto, Ontario.

17 - MATERIAL CONTRACTS

See "Description of Capital Structure and Governing Policies" in relation to the Declaration of Trust and Unitholders' Rights Plan.

18 - INTEREST OF EXPERTS

Ernst & Young LLP ("**EY**") was appointed CAPREIT's auditor effective May 15, 2023. EY has prepared an independent auditor's report dated February 12, 2026 in respect of CAPREIT's consolidated annual financial statements with accompanying notes as at and for the year ended December 31, 2025. EY has advised that they are independent with respect to CAPREIT in the context of the CPA Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

19 - EXTERNAL AUDITOR FEES

The following chart summarizes the fees for services provided by the external auditors to CAPREIT, excluding fees for services provided to ERES, which are disclosed by ERES in its current annual information form, for the fiscal years 2025 and 2024.

(\$ Thousands)

Nature of Fees	2025	2024
Audit fees: Includes fees billed for audit and review services in respect of the annual and quarterly consolidated financial statements, consultations regarding financial accounting and reporting for the financial statements under audit, prospectuses filed during the respective years, and other regulatory filings.	\$ 1,261	\$ 1,190
Audit-related fees: Includes fees billed for other compliance-related matters not included under "Audit fees".	37	37
Tax-related fees:		
• Compliance. Includes fees billed for tax compliance and the review of tax returns.	—	—
• Consulting. Includes tax fees billed for tax planning and tax advisory services.	—	—
All other fees: Includes fees billed for all other services other than those presented in the categories of audit fees, audit-related fees, and tax fees, including other advisory services.	93	90
Total	\$ 1,391	\$ 1,317

The Audit Committee considered and agreed that the above fees are compatible with maintaining the independence of CAPREIT's auditors. Further, the Audit Committee determined that, in order to ensure the continued independence of the auditors, only limited non-audit related services will be provided to CAPREIT by CAPREIT's external auditors and in such case, only with the prior approval of the Audit Committee.

20 - ADDITIONAL INFORMATION

Additional information, including trustee and officer remuneration and indebtedness, principal holders of CAPREIT's securities and securities authorized for issuance under equity compensation plans is contained in CAPREIT's information circular for its most recent annual meeting of Unitholders and Special Unitholders which involved the election of trustees. Additional information, including CAPREIT's consolidated audited annual financial statements and management's discussion and analysis for the year ended December 31, 2025, may be found on SEDAR+ at www.sedarplus.ca under CAPREIT's profile.

The information contained on any websites referenced in this Annual Information Form are not intended to be included in or incorporated by reference into this Annual Information Form.

APPENDIX "A"

CANADIAN APARTMENT PROPERTIES REAL ESTATE INVESTMENT TRUST

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF TRUSTEES

Section 1 Purpose

The Audit Committee (the "**Committee**") is a committee of the Trustees (the "**Trustees**") of Canadian Apartment Properties Real Estate Investment Trust (the "**Trust**"). The Committee and its chair (the "**Chair**") are appointed by the Board of Trustees (the "**Board of Trustees**" or the "**Board**") for the purpose of assisting the Trustees in fulfilling their oversight responsibilities by monitoring: (i) the quality and integrity of the Trust's financial reporting and related disclosures; (ii) specific elements of risk management (including financial risk management); and (iii) the performance of internal and external audit processes. The Committee will primarily fulfill this role by carrying out the activities enumerated in this Charter. The Committee is, however, independent of the Trustees and the Trust, and in carrying out its role of assisting the Trustees in fulfilling their oversight responsibilities, the Committee shall have the ability to determine its own agenda and any additional activities that the Committee shall carry out.

Section 2 Composition

The Committee is comprised of not less than three Trustees, each of whom is, and must at all times be, independent and financially literate within the meaning of applicable Canadian securities laws, and at least one such Trustee shall be designated as the "audit committee financial expert". The members of the Committee, and its Chair, shall be appointed by the Trustees on an annual basis or until their successors are duly appointed. A majority of the members of the Committee must be Canadian residents.

Section 3 Limitations on Committee's Duties

In contributing to the Committee's discharge of its duties under this Charter, each member of the Committee shall be obliged only to exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which the Trustees are subject.

It is not the duty of the Committee to prepare financial statements or ensure their accuracy or absence of errors and omissions, to plan or conduct audits, to determine that the financial statements are complete and accurate and in accordance with Canadian generally accepted accounting principles, to conduct investigations, or to assure compliance with laws and regulations or the Trust's internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor. Nothing contained in this Charter is intended to make the Committee liable for any non-compliance by the Trust with applicable laws or regulations.

Members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, (iii) representations made by management as to the non-audit services provided to the Trust by the external auditor, (iv) financial statements of the Trust represented to them by a member of management or in a written report of the external auditors to present fairly the financial position of the Trust in accordance with Canadian generally accepted accounting principles, and

(v) any report of a lawyer, accountant, auditor, engineer, appraiser, or other person whose profession lends credibility to a statement made by any such person.

Section 4 Function

The primary function of the Audit Committee is to assist the Board of Trustees in fulfilling their roles as Trustees of the Trust by:

- (a) selecting, evaluating, and recommending to the Board the appointment and compensation of the Trust's external auditor;
- (b) overseeing the work of the external auditor, including the resolution of disagreements between the external auditor and management;
- (c) establishing pre-approval processes for all non-audit services to be provided to the Trust by the Trust's external auditor;
- (d) reviewing and approving the annual and interim financial statements, related management discussion and analysis ("**MD&A**"), and annual and interim earnings press releases before such information is publicly disclosed to determine whether they are complete and consistent with the information known to the Committee members about the Trust and its operations;
- (e) satisfying themselves that adequate procedures and controls are in place for the review of the Trust's public disclosure of financial information, including any information extracted or derived from its financial statements, and including periodically assessing the adequacy of such procedures;
- (f) satisfying themselves that adequate procedures and controls are in place for the review of the metrics, key performance indicators, and other quantitative data included in the Trust's public disclosures relating to environmental, social, and governance reporting;
- (g) satisfying themselves that there are adequate procedures in place for the receipt, retention, and treatment of complaints received by the Trust regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of the Trust of concerns regarding questionable accounting or auditing matters and including the review of the Trust's Ethical Reporting Policy;
- (h) reviewing and approving a hiring policy as established by management for any proposed hiring of a current or former partner or employee of the current and former external auditor of the Trust;
- (i) reviewing and approving any proposed succession plan, hiring, or removal of the Trust's head of internal audit (the "**Head of Internal Audit**"), as may be recommended to the Audit Committee by management; and
- (j) overseeing the work of the Internal Audit function and confirming the function's independence on an annual basis.

The Audit Committee should primarily fulfill these responsibilities by carrying out the activities enumerated in this Charter.

Section 5 Composition of the Committee and Meetings

- (1) The Audit Committee must be constituted as required under National Instrument 52-110 Audit Committees, as it may be amended from time to time ("**NI 52-110**").
- (2) All members of the Committee must (except to the extent permitted by NI 52-110) be free from any direct or indirect relationship with the Trust that, in the opinion of the Board, would reasonably interfere with the exercise of his or her independent judgement as a member of the Committee.
- (3) All members of the Committee must (except to the extent permitted by NI 52-110) be financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Trust's financial statements).
- (4) At least one member of the Committee shall be designated as the "audit committee financial expert" and shall have "accounting or related financial management expertise", in each case, as such qualification is interpreted by the Board in its business judgement.
- (5) The members of the Committee shall be elected by the Board on an annual basis or until their successors shall be duly appointed. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.
- (6) Any member of the Audit Committee may be removed or replaced at any time by the Board of Trustees and shall cease to be a member of the Audit Committee on ceasing to be a Trustee. The Board of Trustees may fill vacancies on the Audit Committee by election from among the Board of Trustees. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all of its powers so long as a quorum remains.
- (7) The Committee shall meet at least four times annually, or more frequently as circumstances require.
- (8) The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Trust with senior employees, officers and the external auditor of the Trust, and others as they consider appropriate.
- (9) In order to foster open communication, the Committee or its Chair shall meet at least annually with management and the external auditor in separate sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. In addition, the Committee or its Chair should meet with management quarterly in connection with the Trust's annual and interim financial statements.
- (10) Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall determine by resolution.
- (11) Meetings of the Audit Committee shall be held from time to time and at such place as any member of the Committee shall determine upon reasonable notice to each of its members, which shall not be less than 48 hours. The notice period may be waived by all members of the Committee. Each of the Chair of the Board and the external auditor, and the Chief Executive Officer, the Chief Financial

Officer, or the Secretary of the Trust, shall be entitled to request that any member of the Committee to call a meeting.

- (12) The Committee shall determine any desired agenda items.

Section 6 Activities

The Audit Committee shall, in addition to the matters described in Section 1 and Section 4:

- (1) Review and recommend to the Board changes to this Charter as considered appropriate from time to time.
- (2) Regularly update the Board about Committee activities and make appropriate recommendations.
- (3) Review the public disclosure regarding the Audit Committee required by NI 52-110.
- (4) Review and discuss, on an annual basis, with the external auditor all significant relationships they have with the Trust to assess their independence.
- (5) Review and recommend the execution of the external auditor's engagement letter.
- (6) Outline reporting requirements to the Board.
- (7) Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls, and other steps that management has taken to control such risks, and the completeness and accuracy of the financial statements, including the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
- (8) Review with the Trust's internal legal counsel, any legal matters that could have a significant impact on the Trust's financial statements.
- (9) Periodically obtain updates from management, internal legal counsel, and others, as appropriate, regarding compliance with matters such as debt covenants, taxation, and security related laws, rules, and regulations that could have a significant impact on the Trust's financial reporting and disclosure requirements. Be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements.
- (10) Be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements.
- (11) Review correspondence and findings of any examinations by regulatory agencies.
- (12) Arrange for the external auditor to be available to the Committee and the Board of Trustees as needed.
- (13) Review the integrity of the financial reporting processes, both internal and external, in consultation with the external auditor.
- (14) Consider the external auditor's judgements about the quality, transparency, and appropriateness, not just the acceptability, of the Trust's accounting principles and financial disclosure practices, as applied in its financial reporting, including the degree of aggressiveness or conservatism of its accounting principles and underlying estimates, and whether those principles are common practices or are minority practices.

- (15) Review all material balance sheet issues paying particular attention to judgemental areas and complex and/or unusual transactions, material contingent obligations (including those associated with material acquisitions or dispositions), and material related party transactions.
- (16) Consider proposed major changes to the Trust's accounting principles and practices.
- (17) Review with management and the external auditor the Trust's accounting policies and any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with management, the ramification of their use and the external auditor's preferred treatment and any other material communications with management with respect thereto. Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves, and estimates that may have a material impact on financing reporting.
- (18) If considered appropriate, establish separate systems of reporting to the Committee by each of management and the external auditor.
- (19) Review the scope and plans of the external auditor's annual audit and quarterly reviews. The Committee may authorize the external auditor to perform supplemental reviews or audits as the Committee may deem desirable.
- (20) Following completion of the annual audit and, if applicable, quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.
- (21) Where there are significant unsettled issues between management and the external auditor that do not affect the audited financial statements, the Committee shall seek to ensure that there is an agreed course of action leading to the resolution of such matters.
- (22) Review the system in place to seek to ensure that the financial statements, MD&A, and other financial information disseminated to governmental organizations and the public satisfy applicable laws, rules, and regulations.
- (23) Review with the external auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.
- (24) Review activities, organizational structure, and qualifications of the Chief Financial Officer and the staff in the financial reporting area and to ensure matters related to succession planning are raised for consideration by the Board of Trustees.
- (25) Review management's program of risk assessment and steps taken to address significant financial risks or exposures of all types, including insurance coverage and tax compliance.
- (26) Review and approve the Internal Audit Charter.
- (27) Review and approve the annual work plan of the Internal Audit function.
- (28) Receive and review reports from the Head of Internal Audit regarding the status of the work plan and any control issues, which may arise. At a minimum, quarterly reports shall be provided.

- (29) Arrange for the Head of Internal Audit to be available to the Committee and the Board of Trustees as needed.
- (30) Provide input to management to support the performance evaluation and remuneration of the Head of Internal Audit.

Section 7 General Matters

- (1) The Committee is authorized to retain independent counsel, accountants, consultants, and any other professionals ("**Advisors**") it deems necessary to carry out its duties, and the Committee shall have the authority to determine the compensation of and to cause the Trust to pay any such Advisors.
- (2) The Committee is authorized to communicate directly with the external (and, if applicable, internal) auditors as it sees fit.
- (3) If considered appropriate by it, the Committee is authorized to conduct or authorize investigations into any matters within the Committee's scope of responsibilities, and to perform any other activities as the Committee or the Board deems necessary or appropriate.
- (4) Review the public disclosure regarding the Committee required from time to time by applicable Canadian securities laws, including:
 - (i) the Charter of the Committee;
 - (ii) the composition of the Committee;
 - (iii) the relevant education and experience of each member of the Committee;
 - (iv) the external auditor services and fees; and
 - (v) such other matters as the Trust is required to disclose concerning the Committee.
- (5) Review in advance, and approve, the hiring and appointment of the Trust's senior financial executives.
- (6) Perform any other activities as the Committee or the Trustees deems necessary or appropriate.
- (7) The Committee is a committee of the Board of Trustees and is not and shall not be deemed to be an agent of the Trust's unitholders for any purpose whatsoever. The Board of Trustees may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to securityholders of the Trust or to any other liability whatsoever.
