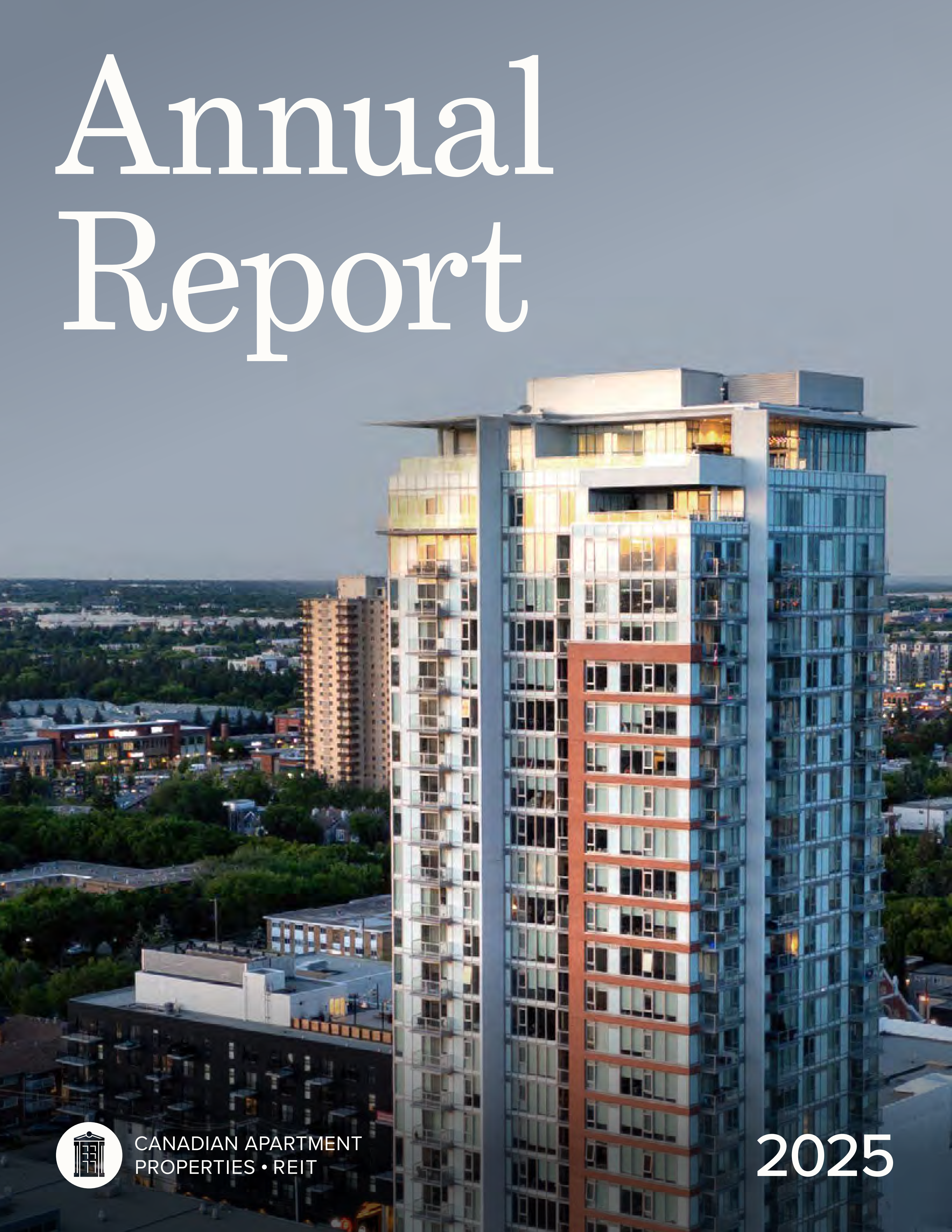
Annual Report



CANADIAN APARTMENT PROPERTIES • REIT

2025

CAPREIT is Canada's largest publicly-traded provider of quality rental housing.

Canadian Apartment Properties Real Estate Investment Trust (CAPREIT) is an unincorporated, open-end real estate investment trust, listed on the Toronto Stock Exchange under the symbol CAR.UN.

As of December 31, 2025, CAPREIT owns approximately 45,000 residential apartment suites and townhomes that are well-located across Canada. CAPREIT's concentration on the Canadian residential real estate market is aimed at producing solid year-over-year income growth in a portfolio with stable occupancy. In addition, CAPREIT mitigates risk through demographic diversification by operating properties across the value add and recently constructed categories, as well as through geographic diversification.

Cover Image: MacLaren, Edmonton, AB

[1] See Section I - "Non-IFRS Measures" and Section VI - "Non-IFRS Measures" of Management's Discussion & Analysis (the MD&A) included in CAPREIT's 2025 Annual Report.

[2] This report is to be read in conjunction with the MD&A in CAPREIT's 2025 Annual Report, which includes definitions and explanations of defined terms. In particular, this report is to be read in conjunction with the "Forward-Looking Disclaimer" in Section I of the MD&A in CAPREIT's 2025 Annual Report.

A Strong & Diversified Canadian Portfolio

45,000
Residential Suites in Canada

97.3%
Canadian Residential Occupancy

$1,718
Canadian Residential Occupied AMR

Note: Excludes 1,029 suites owned in the Netherlands, of which 410 are classified as assets held for sale as at December 31, 2025. Allocation for Canadian residential apartment portfolio by fair value as at December 31, 2025.

$14.7B Total Portfolio Fair Value

39.3% Total Debt to Gross Book Value[1]

$56.41 NAV per Unit (Diluted)[1]

$2.54 FFO per Unit (Diluted)[1]

60.8% FFO Payout Ratio[1]

$1.55 Annualized Distribution per Unit

To elevate the quality of life for residents and enhance value for Unitholders, CAPREIT is guided by four key strategic objectives.

Focus

on maximizing occupancy and responsibly growing Occupied AMR in accordance with local conditions in each of its markets.

Upgrade

the quality and diversification of the property portfolio through repositioning and capital recycling initiatives to grow earnings and cash flow potential.

Invest

capital and adopt leading-edge technologies and solutions to enhance environmental and operational efficiencies, risk management, and to help ensure life safety and satisfaction of residents.

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.

Market
Laval, QC

Selected Financial Highlights

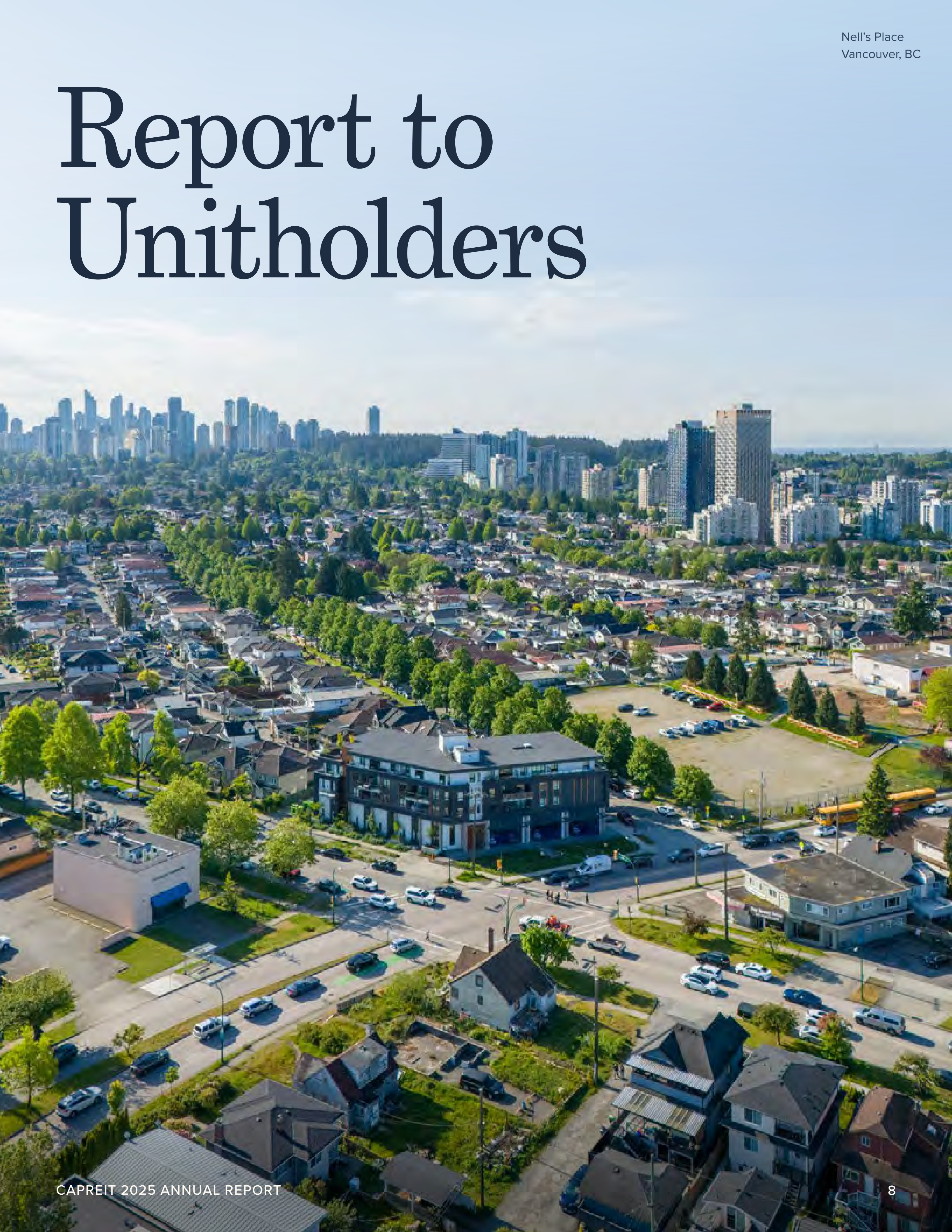
AS AT	DECEMBER 31, 2025	DECEMBER 31, 2024
Total Portfolio Performance and Other Measures		
Number of suites and sites	45,905	48,696
Investment properties fair value (000s)	$ 14,732,478	$ 14,868,362
Assets held for sale (000s)	$ 141,392	$ 307,460
Occupied AMR		
Canadian Residential Portfolio	$ 1,718	$ 1,636
The Netherlands Residential Portfolio	€ 1,349	€ 1,222
Occupancy		
Canadian Residential Portfolio	97.3%	97.5%
The Netherlands Residential Portfolio	90.6%	94.6%
Total Portfolio	97.1%	97.2%

	THREE MONTHS ENDED DECEMBER 31		YEAR ENDED DECEMBER 31	
	2025	2024	2025	2024
Financial Performance				
Operating revenues (000s)	$ 243,298	$ 276,361	$ 1,003,364	$ 1,112,742
NOI (000s)	$ 158,067	$ 177,942	$ 653,711	$ 730,654
NOI margin	65.0%	64.4%	65.2%	65.7%
Same property NOI (000s)	$ 144,595	$ 137,744	$ 579,360	$ 553,389
Same property NOI margin	64.4%	63.1%	64.7%	64.2%
Net income (loss) (000s)	$ 88,405	$ (48,813)	$ 197,051	$ 292,742
FFO per unit – diluted[1]	$ 0.632	$ 0.622	$ 2.541	$ 2.534
Distributions per unit	$ 0.388	$ 0.375	$ 1.546	$ 1.471
FFO payout ratio[1]	61.3%	59.8%	60.8%	57.9%

AS AT	DECEMBER 31, 2025	DECEMBER 31, 2024
Financing Metrics and Liquidity		
Total debt to gross book value[1]	39.3%	38.4%
Weighted average mortgage effective interest rate	3.30%	3.11%
Weighted average mortgage term (years)	4.4	4.8
Debt service coverage ratio (times)[1]	1.9x	1.9x
Interest coverage ratio (times)[1]	3.4x	3.3x
Cash and cash equivalents (000s)	$ 33,176	$ 136,243
Available borrowing capacity – Acquisition and Operating Facility (000s)	$ 181,971	$ 500,292
Capital		
Unitholders' equity (000s)	$ 8,761,196	$ 9,027,312
Net asset value (000s)[1]	$ 8,809,579	$ 9,042,068
Total number of units – diluted (000s)	156,180	162,927
Net asset value per unit – diluted[1]	$ 56.41	$ 55.50

Note: See "Performance Measures" in Section II of the MD&A in CAPREIT's 2025 Annual Report for additional information on selected financial highlights.

Report to Unitholders



Nell's Place
Vancouver, BC

At CAPREIT, our strategy is simple – at our core, we are a provider of high-quality and safe rental apartments across Canada.

In 2025, we made significant progress on transforming our business back to these roots by completing $2 billion in gross transaction volume.

We focused on strengthening our Canadian portfolio by selling properties that no longer meet our performance standards, and using the proceeds to purchase prime-located, well-built real estate assets that offer superior economic returns. We also made substantial divestments from our non-strategic ownership interests outside of Canada, while demonstrating conviction in our optimized and well-diversified portfolio within Canada by buying back Trust Units at meaningful discounts to intrinsic valuation.

As the Canadian multi-residential market experiences a transitory period of recalibrating fundamentals, we continue to believe in our mission, our strategy, our portfolio, and our team. At CAPREIT, we remain firmly committed to enhancing the value of our business, improving the living experience of our residents, and generating higher returns for our Unitholders – and we achieved these objectives in 2025.

Reallocating Capital to Strengthen Performance

Our rental apartment portfolio in Canada originated around 30 years ago, and it has grown to approximately 45,000 residential suites located coast to coast. Over time, however, certain buildings migrated into a category that we consider to be non-core, based on the qualitative and quantitative risk and return factors that we use to evaluate expected property-level performance. In 2025, we met our disposition target by selling more than $400 million of these Canadian assets, which had higher capital expenditure characteristics, lower return profiles, greater affordability challenges, or other attributes that no longer align with our strategic criteria.

Importantly, these dispositions included $113 million that we were pleased to transfer to local non-profit organizations, such as the City of Montréal's affordable housing initiative, which is dedicated to preserving the affordability of those homes indefinitely. We also completed the sale of a property in North Vancouver to Nch'ḵay̓ Development Corporation, the economic development group of the Squamish Nation, for $54 million. We were honoured to take part in this impactful collaboration, which not only ensures the continuation of high-quality living for residents, but also supports the growth of First Nations representation and economic leadership in Canada's housing sector.

We also divested, on a consolidated basis, more than $780 million of our ancillary interests in Europe, which we held through our 65% ownership of European Residential REIT (ERES). As a result of these dispositions, CAPREIT received a special cash distribution from ERES of approximately $223 million. We were proud to repatriate this capital back home for investment in the Canadian market, while reducing our ancillary holdings to just 2% of our consolidated portfolio as of year end, down from 6% at the start of 2025. ERES has additionally sold or entered into agreements to sell another $141 million of European properties so far in 2026, further increasing CAPREIT's Canadian portfolio concentration and sharpening its strategic focus.

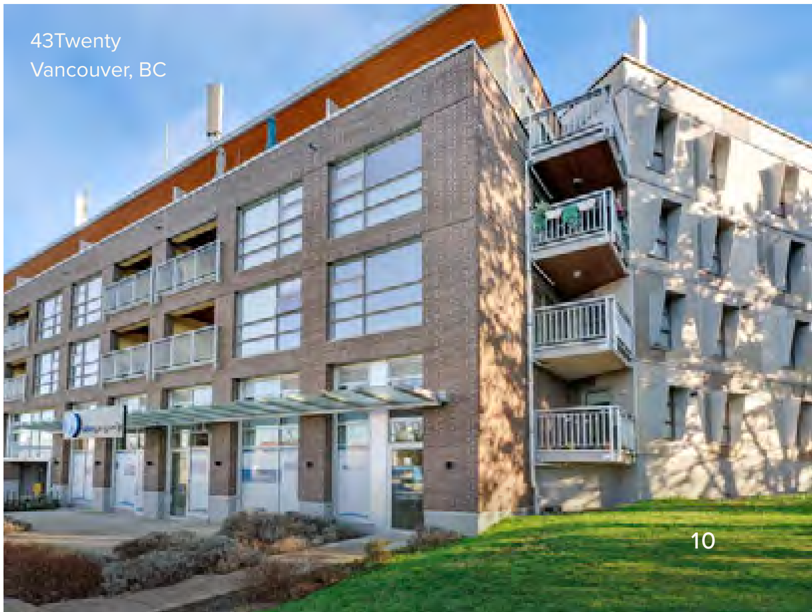
$113M

Sold to Non-Profit Organizations and Initiatives

$54M

Sold to the Squamish Nation

Glo2
Montréal, QC



43Twenty
Vancouver, BC

Buying prime-located, well-built, high-performing real estate

In 2025, we deployed nearly $660 million into the purchase of 15 strategically aligned properties located in some of the most sought-after neighbourhoods in key markets across Canada. These assets offer low capital investment requirements, high cash returns in excess of our portfolio average, and desirable locations that are unparalleled in their respective regions.

The transactions were completed at compelling price points, with strong economic yields that boost the cash flow generating potential of our portfolio. In addition, our recently constructed acquisitions were purchased at pricing well below replacement cost, while increasing our exposure to this newer segment to 19% of our consolidated asset base. By investing in these high-quality, well-maintained properties, and divesting from off-strategy, under-performing buildings, we enhanced the performance of our mid-market apartment portfolio, and reinforced our commitment to providing safe and comfortable homes for Canadians. We also continue to prioritize affordability, with 1,775 suites rented as of December 31, 2025, through participation in programs providing subsidized community housing in partnership with community or social housing groups.

79% Value Add

19% Recently Constructed

2% Ancillary

Enhancing Value: Investing in Canadian Rental Housing

WATCH VIDEO →

AVA
Montréal, QC

Market
Laval, QC

Investing in our NCIB to generate higher returns for Unitholders

Real estate is a long-term holding, and we operate with a long-term vision for our future. Alongside that, we have been capitalizing on the public-private market disconnect to enhance earnings for Unitholders through our Normal Course Issuer Bid (NCIB) program. In 2025, we invested $294 million to repurchase 7.2 million Trust Units at a weighted average price of $41 per unit, which represents a sizeable discount to our NAV per unit of $56 as of December 31, 2025. This tool has effectively allowed us to invest in our strategically positioned portfolio at an implied capitalization rate significantly above current market levels for comparable assets. Moreover, this pillar of our strategy has increased Unitholder returns amid pervasive capital market headwinds, and we have been leveraging this accretive opportunity since 2022, with a total spend of $960 million to date. We will continue to actively balance this avenue for capital deployment in conjunction with other available paths to value creation, subject to market conditions and our array of strategic priorities.

$960M
Total NCIB Spend Since 2022

21.9M
Trust Units Purchased Since 2022

$44
Weighted Average Purchase Price Per Unit (2022–2025)

Market
Laval, QC

$411M

Non-core Dispositions in Canada in 2025

$784M

Property Dispositions in Europe in 2025

$659M

Strategic Canadian Acquisitions in 2025

$294M

NCIB Investment in 2025


Market
Laval, QC

REPORT TO UNITHOLDERS

Optimizing Operations Across the Organization

We are proud of the strides we made in 2025 across the organization to optimize our operational strategy. This has been a principal objective for CAPREIT, and one that is especially vital given a shift in dynamics in the multi-residential landscape. Our seasoned, disciplined, and adaptable property management model has played an increasingly crucial role in sustaining our performance and adding value in this evolving operating environment. Most prominently, we have refined our leasing and retention strategies to ensure we continue to offer competitive pricing and mitigate vacancy for the delivery of stable rent growth, while also deepening our focus on prudent cost reduction and procurement governance.

These concerted efforts enabled us to achieve operational results that we are pleased to report. Our Canadian residential same property occupancies remained above market average at 97.3% as of December 31, 2025, across which average rent grew by 3.8% to $1,711 per month. This drove a 3.9% increase in total operating revenues for the same property portfolio, to $896 million for the year ended December 31, 2025, up from $862 million in 2024. The increase was not only attributable to our locally tailored, methodical approach to rent growth, but also the substantial value embedded in our long-standing legacy portfolio.

On the expense side, same property costs grew by 2.5% in 2025; however, excluding realty taxes and utilities, other operating costs decreased by 0.2% compared to the prior year. This was primarily due to lower repair and maintenance expenses, driven by enhancements to CAPREIT's controllable cost management and procurement governance, including more robust sourcing and tendering processes.

Collectively, these gains drove an expansion in our same property NOI margin of 50 basis points to 64.7% for the year ended December 31, 2025, underscoring the effectiveness of our agile and resilient operational strategy, as well as the enduring demand for professionally managed rental housing.

"In 2025, we were extremely focused on optimizing every aspect of our business – encompassing initiatives for sustainable revenue growth, prudent cost reduction, and enhanced procurement governance. This work has been rigorous, and deeply collaborative, and it reflects the unwavering commitment of our people. CAPREIT has never had a stronger, more capable team in place to achieve our goals. Their expertise, dedication, and alignment to our strategy continue to be our greatest advantage."

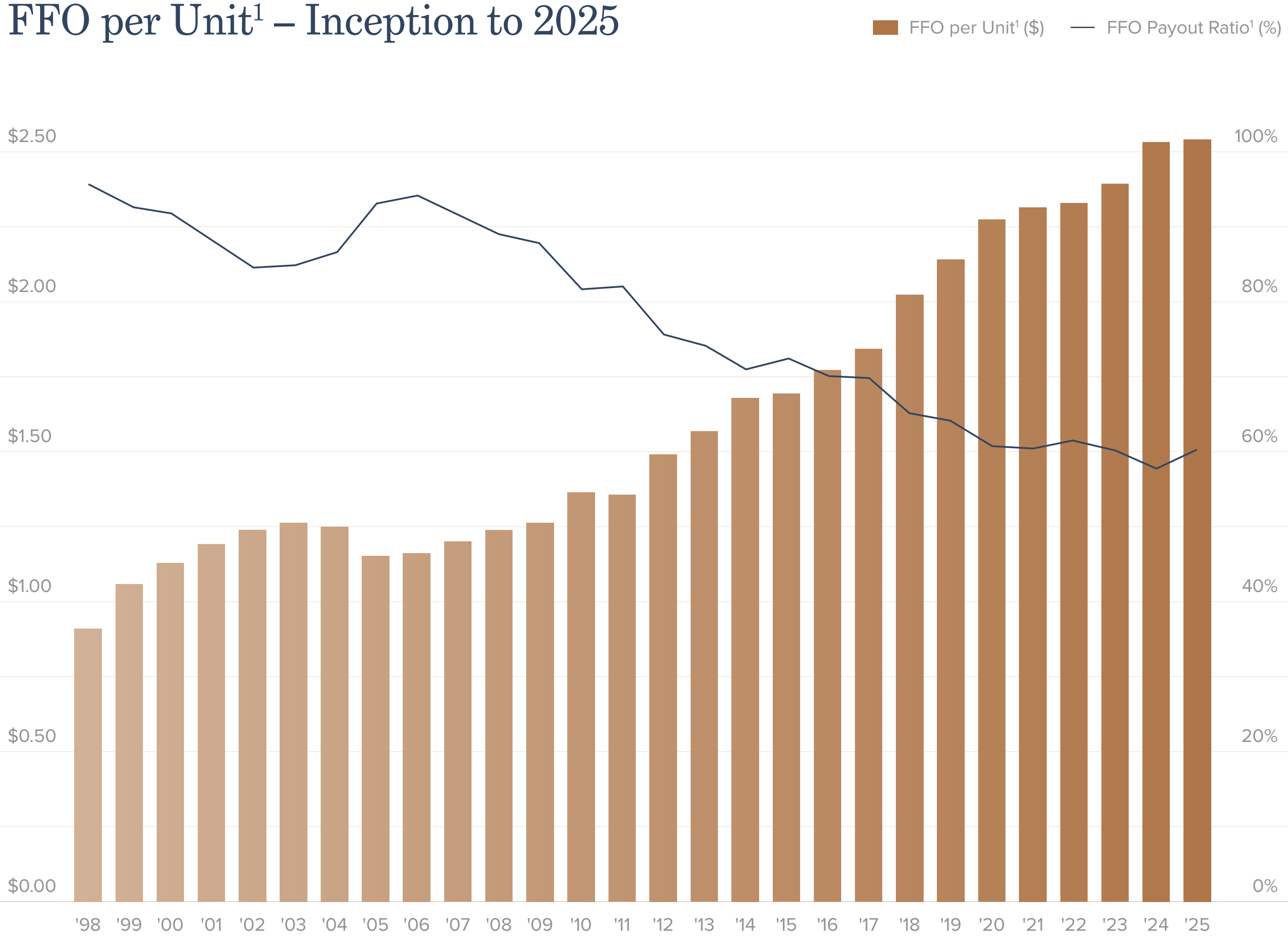
– MARK KENNEY,
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Our Strategy is Focused on Earnings and Cash Flow

We realized FFO per unit (diluted) of $2.541 for the year ended December 31, 2025, which represents an increase of 0.3% compared to 2024. This was largely due to lower interest costs associated with active debt management, and accretive NCIB repurchases. Earnings growth was partially offset by net disposition activity and elevated vacancies, particularly in Europe with the wind-down of ERES – a byproduct of our portfolio transformation.

Our FFO payout ratio was 60.8% in 2025, including a 3% increase in our distribution rate to $1.55 per unit annualized, effective for our distribution declaration in February 2025. Notably, since our initial public offering, our monthly cash distributions have grown by 117%, and Unitholders have received a compound annual total return of 10% as of December 31, 2025.

FFO per Unit[1] – Inception to 2025



Committed to cash flow generation

We are not only concentrating on earnings growth – we are just as equally focused on increasing cash flow generation, which we view as a key driver of long-term value enhancement. Our portfolio repositioning program recycles capital from low- to high-cash-yielding properties, and our rigorous property management seeks to thoughtfully minimize discretionary spending, while not compromising on safety, quality, energy-efficiency, or service standards. These two initiatives have reduced our capital expenditure as a percentage of NOI to 37% in 2025, down from the prior ten-year average of 46%, which is in addition to the decrease in other operating costs highlighted earlier. Moving forward, we will continue to prioritize strong, steady cash flow growth, which we consider critical to maintaining stability across varying market conditions, and central to building long-term value.

MacLaren
Edmonton, AB

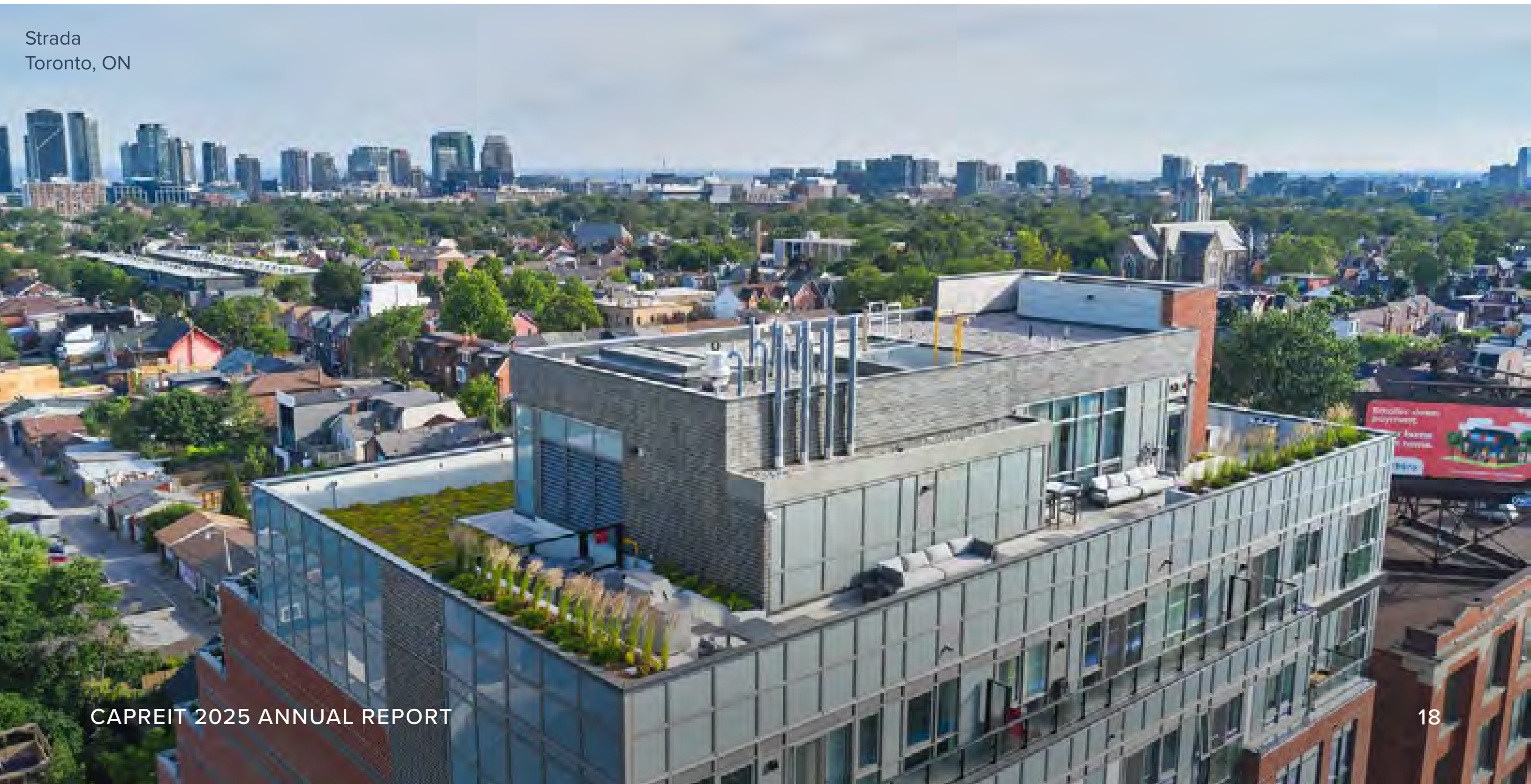
Preserving Our Conservative Financial Structure

Our debt financing strategy is an integral component of our capital allocation program, and we actively manage this in tandem with our other strategic ambitions. We have one of the most resilient financial positions in our peer group, with a total debt to gross book value ratio on target at 39% as of December 31, 2025. For our mortgage debt, CAPREIT strategically leverages CMHC insurance to get access to stable financing at lower interest rates than would be available with conventional mortgage financing or other forms of debt, with approximately 98% of our Canadian mortgages CMHC-insured. We systematically stagger the maturities of these Canadian mortgages, which have a remaining weighted average term of 4.5 years and no more than 13% coming due in any single year. Furthermore, all our interest costs in Canada are fixed, with a weighted average effective interest rate of 3.3% annually. We also have ample supplemental liquidity, with $188 million in cash and capacity on our Acquisition and Operating Facility, a further $200 million available via an accordion option, and $1.4 billion of investment properties unencumbered by mortgages. This robust and flexible financial structure ensures we can continue to act swiftly and decisively on attractive market opportunities that emerge.

$188M
Cash and Credit Facility Capacity

$200M
Unused Accordion Option for Additional Capacity

$1.4B
Investment Properties Unencumbered by Mortgages


Strada
Toronto, ON

A Letter from Gina

On behalf of the Board of Trustees, I am pleased to reflect on another year of remarkable progress. In 2025, the organization advanced its strategic transformation with momentum, purpose, and a clear view to strengthening CAPREIT's position as Canada's leading provider of high-quality rental housing. Through measured execution, we streamlined our business, enhanced the performance of our Canadian portfolio, and delivered higher earnings for our Unitholders.

These achievements underscore the steady success of CAPREIT's multi-year strategic plan. Based on that roadmap, we continued to reshape our asset mix in 2025, divesting from non-strategic holdings and reinvesting in well-constructed, prime-located Canadian properties, while also demonstrating confidence in our outlook through meaningful utilization of the NCIB. Internally, we optimized organizational efficiency and reinforced our governance and operations, ensuring that our business remains sharp and future ready. As a testament to that, we ranked 12th in the Globe and Mail's 2025 ranking of Canada's corporate boards, affirming the strength of our governance framework, and had our people-first culture of commitment, collaboration, and care recognized by CAPREIT's recent certification as a 2025 Mercer Best Employer in Canada.

The Board is proud of the significant work completed to date, and confident in the management team we have in place to guide CAPREIT in its coming chapters. With a fine-tuned portfolio of apartment properties across Canada, a robust financial position, and an experienced leadership team dedicated to diligent strategic execution, CAPREIT is well-equipped to continue navigating a changing landscape and seizing accretive opportunities as they arise.

Looking forward, the Board reaffirms its commitment to supporting management and the strategy in place to generate positive, stable returns for our Unitholders, while upholding CAPREIT's long-standing values of quality, service, and safety.

Dr. Gina Parvaneh Cody
Chair of the Board of Trustees

> "In 2025, the organization advanced its strategic transformation with momentum, purpose, and a clear view to strengthening CAPREIT's position as Canada's leading provider of high-quality rental housing."

A Letter from Mark

The Canadian multi-residential sector is experiencing a short-term shift in supply-demand dynamics that has driven a moderate softening in current rental market conditions, adding to persistent capital market headwinds impacting the industry. These circumstances have allowed us to test the agility of our business and strategy, the expertise of our team, and the real quality of our competitively priced, professionally managed portfolio – and with that, I am proud of our robust operational performance in 2025.

We also made considerable progress on our capital recycling mandate, advancing our transition back to a simplified Canadian multi-residential platform, underpinned by a firm conviction in where CAPREIT can generate the strongest returns. Given the majority of our off-strategy divestments are now complete, we are moving ahead with greater clarity and a better business, backed by a more focused portfolio, improved operating efficiency, and enhanced cash flow generating potential.

As we enter this next phase, further strengthening of our cash flow performance will remain a chief objective. This overarching ambition forms the foundation for each of our strategic initiatives, shaping both our investment decisions and long-term priorities, and it is integrated throughout all levels of the organization.

On that note, I would like to acknowledge the exceptional talent we have at CAPREIT – the dedication, collective effort, and shared vision of our people across the country have been instrumental in our delivery of solid strategic, operational, and financial outcomes in 2025.

On behalf of the entire CAPREIT team, I extend our sincere appreciation to all stakeholders for their ongoing trust and support. We look forward to further enhancing the living experience of our residents, improving the communities in which we operate, and creating value for our Unitholders in 2026.

Mark Kenney
President and Chief Executive Officer

"The dedication, collective effort, and shared vision of our people across the country have been instrumental in our delivery of solid strategic, operational, and financial outcomes in 2025."

Financial Reporting

AVA
Montréal, QC

Financial Reporting Table of Contents

Management's Discussion and Analysis

Consolidated Annual Financial Statements

Management's Discussion and Analysis

SECTION I: OVERVIEW AND DISCLAIMER

Basis of Presentation

The following Management's Discussion and Analysis ("MD&A") of Canadian Apartment Properties Real Estate Investment Trust's ("CAPREIT") results of operations and financial condition for the three months and year ended December 31, 2025, dated February 12, 2026, should be read in conjunction with CAPREIT's consolidated annual financial statements for the year ended December 31, 2025. CAPREIT and its subsidiaries are collectively referred to as "CAPREIT" in the MD&A. The results reported in CAPREIT's MD&A are on a consolidated basis including the full results of any subsidiaries. Information contained on CAPREIT's website or in other documents referred to in this MD&A is not incorporated by reference into, and should not be considered part of, this MD&A unless expressly stated otherwise. Additional information about CAPREIT, including the most recently filed Annual Information Form ("AIF"), is available on SEDAR+ at www.sedarplus.ca.

Forward-Looking Disclaimer

Certain statements contained in this MD&A and Report to Unitholders constitute forward-looking information within the meaning of applicable securities laws. Forward-looking information may relate to CAPREIT's future outlook and anticipated events or results and may include statements regarding the future financial position, business strategy, budgets, litigation, occupancy rates, rental rates, productivity, projected costs, capital investments, development and development opportunities, financial results, taxes, plans and objectives of, or involving, CAPREIT. Particularly, statements regarding CAPREIT's future results, performance, achievements, prospects, costs, opportunities and financial outlook, including those relating to acquisition, disposition and capital investment strategies and the real estate industry generally, are forward-looking statements. In some cases, forward-looking information can be identified by terms such as "may", "will", "would", "should", "could", "likely", "expect", "plan", "anticipate", "believe", "intend", "estimate", "forecast", "predict", "potential", "project", "budget", "continue" or the negative thereof, or other similar expressions concerning matters that are not historical facts. Forward-looking statements are based on certain factors and assumptions regarding expected growth, results of operations, performance, and business prospects and opportunities. In addition, certain specific assumptions were made in preparing forward-looking information, including: that the Canadian and Dutch economies will generally experience growth, which, however, may be adversely impacted by the geopolitical risks, global economy, inflation and elevated interest rates; potential health crises and their direct or indirect impacts on the business of CAPREIT, including CAPREIT's ability to enforce leases, perform capital expenditure work, increase rents and apply for above guideline increases ("AGIs"); obtain financings at favourable interest rates; that Canada Mortgage and Housing Corporation ("CMHC") mortgage insurance will continue to be available and that a sufficient number of lenders will participate in the CMHC-insured mortgage program to ensure competitive rates; that the Canadian capital markets will continue to provide CAPREIT with access to equity and/or debt at reasonable rates; that vacancy rates for CAPREIT properties will be consistent with historical norms; that rental rates on renewals will grow; that rental rates on turnovers will grow; that the difference between in-place and market-based rents will be reduced upon such turnovers and renewals; that CAPREIT will effectively manage price pressures relating to its energy usage; and, with respect to CAPREIT's financial outlook regarding capital investments, assumptions respecting projected costs of construction and materials, availability of trades, the cost and availability of financing, CAPREIT's investment priorities, the properties in which investments will be made, the composition of the property portfolio, 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 MD&A and Report to Unitholders are based on assumptions and information that is currently available to management, which are subject to change, management believes these statements have been prepared on a reasonable basis, reflecting CAPREIT's best estimates and 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 price volatility of units of CAPREIT ("Trust Units"), 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"), 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, 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 Risks and Uncertainties in Section VII of this MD&A. Subject to applicable law, CAPREIT does not undertake any obligation to publicly update or revise any forward-looking information.

Non-IFRS Measures

CAPREIT prepares and releases audited consolidated annual financial statements in accordance with IFRS Accounting Standards ("IFRS"). In this MD&A, earnings releases, investor presentations, and investor conference calls, CAPREIT discloses measures not recognized under IFRS which do not have standard meanings prescribed by IFRS. These include Funds From Operations ("FFO"), Adjusted Cash Flow from Operations ("ACFO"), Adjusted Cash Generated from Operating Activities, Net Asset Value ("NAV"), Total Debt, Gross Book Value, and Adjusted Earnings Before Interest, Tax, Depreciation, Amortization, and Fair Value ("Adjusted EBITDAFV") (the "Non-IFRS Financial Measures"), as well as diluted FFO per unit, diluted NAV per unit, FFO payout ratio, ACFO payout ratio, Total Debt to Gross Book Value, Debt Service Coverage Ratio, and Interest Coverage Ratio (the "Non-IFRS Ratios" and together with the Non-IFRS Financial Measures, the "Non-IFRS Measures"). Since these measures and related per unit amounts are not recognized under IFRS, they may not be comparable to similar measures reported by other issuers. CAPREIT presents Non-IFRS Measures because management believes Non-IFRS Measures are relevant measures of the ability of CAPREIT to earn revenue and to evaluate its performance, financial condition, and cash flows. These Non-IFRS Measures have been assessed for compliance with National Instrument 52-112 and a reconciliation of these Non-IFRS Measures to the comparable IFRS measures, along with further definitions and discussion, is provided in Section VI under Non-IFRS Measures. The Non-IFRS Measures should not be construed as alternatives to net income or cash flows from operating activities determined in accordance with IFRS as indicators of CAPREIT's performance or the sustainability of CAPREIT's distributions.

Overview

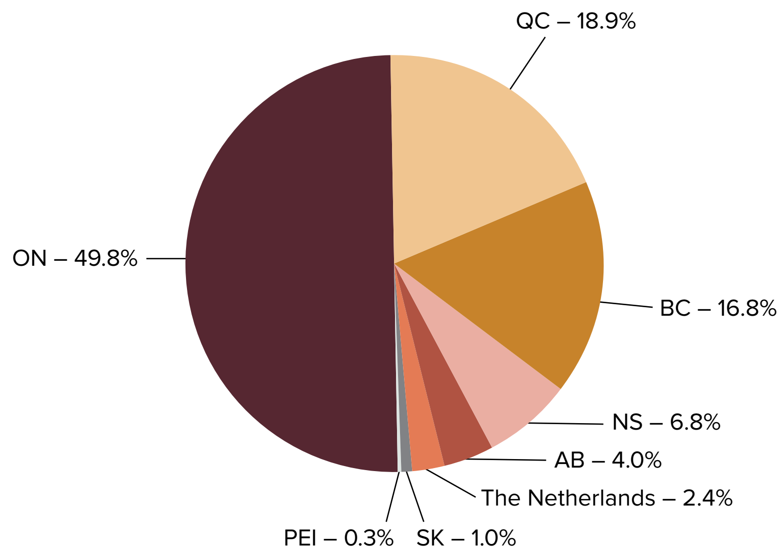
CAPREIT is Canada's largest publicly-traded provider of quality rental housing. CAPREIT owns approximately 45,500 residential apartment suites and townhomes (excluding approximately 400 suites classified as assets held for sale), that are well-located across Canada and, to a lesser extent, the Netherlands as of December 31, 2025.

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

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

The following chart shows the investment properties allocation by region based on the fair value of CAPREIT's investment properties (excluding assets held for sale) as at December 31, 2025. For a detailed discussion of CAPREIT's investment properties, refer to Section IV under Investment Properties.

Property Allocation by Region
(Excluding Assets Held for Sale)



Property Portfolio

Types of Property Interests

As at December 31, 2025, CAPREIT's investments in its property portfolio reflect different forms of property interests, including: Apartments and Townhomes, Operating Leasehold Interests, and Land Leasehold Interests.

Portfolio Diversification

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

Portfolio by Geography

As at	**December 31, 2025**		December 31, 2024	
Residential Suites	**Number of Suites**	**%[1]**	Number of Suites	%[1]
Ontario				
Greater Toronto Area	**16,248**	**35.4**	16,582	34.0
London / Kitchener / Waterloo	**4,206**	**9.2**	4,104	8.4
Ottawa	**1,683**	**3.7**	1,683	3.5
	22,137	**48.3**	22,369	45.9
Québec				
Greater Montréal Region	**7,454**	**16.2**	7,948	16.3
Québec City	**2,681**	**5.8**	2,245	4.6
	10,135	**22.0**	10,193	20.9
British Columbia				
Greater Vancouver Area[2]	**3,718**	**8.1**	4,048	8.3
Victoria and Other British Columbia	**2,231**	**4.9**	2,133	4.4
	5,949	**13.0**	6,181	12.7
Nova Scotia				
Halifax	**3,408**	**7.4**	3,408	7.0
Alberta				
Calgary	**1,512**	**3.3**	1,512	3.1
Edmonton	**806**	**1.8**	875	1.8
	2,318	**5.1**	2,387	4.9
Prince Edward Island				
Charlottetown	**188**	**0.4**	382	0.8
Saskatchewan				
Regina	**741**	**1.6**	234	0.5
Total Canadian residential suites	**44,876**	**97.8**	45,154	92.7
MHC Sites				
Total MHC sites	**–**	**–**	533	1.1
Total Canadian portfolio[3]	**44,876**	**97.8**	45,687	93.8
Europe				
The Netherlands residential portfolio[4]	**1,029**	**2.2**	3,009	6.2
Total portfolio	**45,905**	**100.0**	48,696	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 in Canada (December 31, 2024 – 1,492 suites and manufactured home community ("MHC") sites).

(4) As at December 31, 2025, includes 410 suites classified as assets held for sale in Europe (December 31, 2024 – 311 suites).

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

Objectives and Business Strategy

CAPREIT's objectives are to:

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

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

Customer Service	CAPREIT is focused on people. We strive to be the housing provider of choice by providing residents with a safe, comfortable, and enjoyable living environment. CAPREIT takes a hands-on approach to managing its properties, emphasizing open and frequent communications to ensure residents' needs are met, with the objective of maintaining a high level of resident satisfaction, as well as increasing and maintaining occupancy. Numerous initiatives and partnerships, such as newsletters, social events, resident gardens, resident committees, and more, are aimed at building a true sense of community. CAPREIT's sales, marketing, and customer experience teams continue to execute on strategies to help attract and retain residents and adapt to changing conditions in each of its local markets. In addition, the Resident Portal enhances service transparency, facilitates seamless communication, and streamlines maintenance requests, ensuring residents have access to the resources they need. CAPREIT also monitors resident satisfaction through annual surveys, community conversations, and real-time feedback channels, allowing for continuous improvement. These efforts, combined with CAPREIT's lease administration system, improve control of rent-setting by suite, increase resident service, and enhance the overall profile and satisfaction of its resident base.
Cost Management	While ensuring the needs of its residents are met, CAPREIT also carefully monitors operating costs in order to deliver services to residents both efficiently and cost-effectively. CAPREIT strives to capture potential economies of scale and cost synergies generated by the size and geographic allocation of its property portfolio. CAPREIT's enterprise-wide procurement system streamlines and centralizes purchasing controls, policies, and procedures, and is obtaining the most economical pricing through competitive sourcing contracts, improved pricing, and enhanced operating efficiencies.
Optimizing the Portfolio	CAPREIT aims to continuously improve the quality of its portfolio and earnings through a variety of initiatives, including accretive acquisitions of well-located and high-performing Canadian apartment properties, and dispositions of certain older, non-core properties, in accordance with its strategic criteria and market opportunities. CAPREIT seeks to enhance the portfolio's geographic exposure by increasing its concentration in attractive, high-growth Canadian regions with strong long-term market fundamentals. Its repositioning program also aims to increase earnings, reduce risk, and diversify its resident base. The funds from its non-core divestitures are primarily used to acquire additional, well-located, and high-performing properties that are in line with CAPREIT's current strategy, to pay down debt or for other strategic or general trust purposes, depending on market conditions and the most accretive avenue for capital deployment. Management believes the continued reinvestment of capital is a fundamental component of its value-creation strategy, and underpins its ability to maximize the earnings and cash flow potential of its property portfolio and drive increasingly strong long-term performance.

Capital Investments	CAPREIT is committed to improving its operating performance by investing capital in projects that will sustain or enhance the portfolio's rental income-generating potential. CAPREIT continues to invest in innovative technology solutions that enhance productivity, as well as in environment-friendly, energy-saving, resiliency, and water efficiency initiatives that improve earnings while reducing the portfolio's environmental footprint. CAPREIT completes a review of its portfolio and revises its long-term capital investment plan on an annual basis, which enables management to ensure capital investments extend the useful economic life of CAPREIT's properties, enhance their environmental resilience, improve life safety, maximize earnings, and improve the long-term cash flow potential of its portfolio.
Environmental, Social, and Governance ("ESG")	CAPREIT continues to review and refine its ESG strategy in an effort to elevate the quality of life for residents and to 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 our operations to build safe, resilient, and sustainable communities, which, in turn, deliver stable returns. These commitments enable 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 investors and other stakeholders. For more information on CAPREIT's ESG strategy, see the 2024 ESG Report, which was issued in May 2025.
Financial Management	CAPREIT takes a conservative approach to financial management and strives to minimize its exposure to interest rate volatility by proactively managing its mortgage debt portfolio to fix and, where possible, reduce average interest rates, stagger maturity dates, and effectively manage the average term to maturity. In addition, CAPREIT strives to maintain a conservative overall liquidity position and achieve an optimal balance in its capital resource requirements between debt and equity.

SECTION II: PORTFOLIO OVERVIEW

Key Performance Indicators

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

Occupancy – Through a focused, hands-on approach, CAPREIT strives to achieve optimal occupancies depending on market conditions in each of the geographic regions where it operates.

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

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

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

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

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

NAV per unit – Management believes that this measure reflects the residual value of CAPREIT to its Unitholders as at the reporting date and is therefore used by management to evaluate the net asset value attributable to Unitholders, and changes thereon based on the execution of CAPREIT's strategy.

Performance Measures

The following tables present an overview of certain IFRS and Non-IFRS Measures of CAPREIT as at December 31, 2025 and December 31, 2024 and for the three months and years ended December 31, 2025 and December 31, 2024. Management believes these measures are useful in assessing CAPREIT's operating and financial performance in relation to its objectives and business strategy.

As at	December 31, 2025	December 31, 2024
Total Portfolio Performance and Other Measures		
Number of suites and sites[1]	**45,905**	48,696
Investment properties fair value[2] (000s)	**$ 14,732,478**	$ 14,868,362
Assets held for sale (000s)	**$ 141,392**	$ 307,460
Occupied AMR[1]		
Canadian Residential Portfolio[3]	**$ 1,718**	$ 1,636
The Netherlands Residential Portfolio	**€ 1,349**	€ 1,222
Occupancy[1]		
Canadian Residential Portfolio[3]	**97.3%**	97.5%
The Netherlands Residential Portfolio	**90.6%**	94.6%
Total Portfolio[4]	**97.1%**	97.2%

(1) As at December 31, 2025, includes 410 suites in Europe classified as assets held for sale (December 31, 2024 – 1,803 suites and sites in Canada and Europe), but excludes commercial suites.

(2) Investment properties exclude assets held for sale, as applicable.

(3) Excludes MHC sites.

(4) Includes MHC sites, as applicable.

	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	**2025**	2024
Financial Performance				
Operating revenues (000s)	**$ 243,298**	$ 276,361	**$ 1,003,364**	$ 1,112,742
NOI (000s)	**$ 158,067**	$ 177,942	**$ 653,711**	$ 730,654
NOI margin	**65.0%**	64.4%	**65.2%**	65.7%
Same property NOI (000s)	**$ 144,595**	$ 137,744	**$ 579,360**	$ 553,389
Same property NOI margin	**64.4%**	63.1%	**64.7%**	64.2%
Net income (loss) (000s)	**$ 88,405**	$ (48,813)	**$ 197,051**	$ 292,742
FFO per unit – diluted[1]	**$ 0.632**	$ 0.622	**$ 2.541**	$ 2.534
Distributions per unit	**$ 0.388**	$ 0.375	**$ 1.546**	$ 1.471
FFO payout ratio[1]	**61.3%**	59.8%	**60.8%**	57.9%

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

As at	December 31, 2025	December 31, 2024
Financing Metrics and Liquidity		
Total debt to gross book value[1]	**39.3%**	38.4%
Weighted average mortgage effective interest rate	**3.30%**	3.11%
Weighted average mortgage term (years)	**4.4**	4.8
Debt service coverage ratio (times)[1][2]	**1.9x**	1.9x
Interest coverage ratio (times)[1][2]	**3.4x**	3.3x
Cash and cash equivalents (000s)[3]	**$ 33,176**	$ 136,243
Available borrowing capacity – Acquisition and Operating Facility (000s)[4]	**$ 181,971**	$ 500,292
Capital		
Unitholders' equity (000s)	**$ 8,761,196**	$ 9,027,312
Net asset value (000s)[1]	**$ 8,809,579**	$ 9,042,068
Total number of units – diluted (000s)[5]	**156,180**	162,927
Net asset value per unit – diluted[1]	**$ 56.41**	$ 55.50

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

(2) Based on the trailing four quarters.

(3) Consists of $6,238 and $26,938 in Canada and Europe, respectively (December 31, 2024 – $122,941 and $13,302, respectively).

(4) Excludes unused accordion option of $200,000 (December 31, 2024 – $200,000). As at December 31, 2025, includes a temporary increase of $100,000 which matures on April 30, 2026.

(5) Consists of Trust Units, which are classified as Unitholders' Equity, as well as Exchangeable LP Units, deferred units ("DUs"), restricted unit rights ("RURs"), and performance unit rights ("PURs"), which are classified as liabilities. See Section VI – Unit Calculations, Distributions, Non-IFRS Measures, and Other Information for details.

Summary of Q4 and Year End 2025 Results of Operations

Strategic Initiatives Update

- For the three months ended December 31, 2025, CAPREIT acquired seven properties with 969 suites in Canada for a total gross purchase price of $348.7 million (excluding transaction costs and customary adjustments). For the year ended December 31, 2025, CAPREIT acquired 15 properties with 1,891 suites in Canada for a total gross purchase price of $658.6 million (excluding transaction costs and customary adjustments).
- For the three months ended December 31, 2025, CAPREIT disposed of two townhomes in Canada and four single residential suites located in the Netherlands. The gross sale price was $2.7 million, consisting of $0.4 million in Canada and $2.3 million in Europe (excluding transaction costs and customary adjustments).
- Including the above dispositions, for the year ended December 31, 2025, CAPREIT disposed of 4,600 suites and sites for a total gross sale price of $1.2 billion, consisting of $411.3 million in Canada and $783.5 million in Europe (excluding transaction costs and customary adjustments). CAPREIT achieved the disposition target of $400 million of non-core Canadian properties during 2025.
- In addition to the completed dispositions, ERES has announced that it has entered into agreements to sell four properties consisting of 410 residential suites in the Netherlands for approximately $141.4 million (excluding transaction costs and other customary adjustments). One of the four properties was sold subsequent to the year ended December 31, 2025, in January 2026, and completion of the remaining announced dispositions is anticipated between March 2026 and April 2026, subject to the satisfaction of closing conditions. There can be no assurance that all requirements for closing will be obtained, satisfied or waived.
- The announced dispositions by ERES represent attractive transaction values for the individual assets and support ERES's ongoing sale process for its remaining portfolio. ERES is continuing to work on a sale process for the remaining portfolio and has retained a financial advisor. There can be no assurance that this process will result in the successful completion of the sale of any portion of the remaining portfolio or that such sales will be completed at, or above, reported IFRS fair value. Transaction expenses, taxes, wind-up costs, and other costs and expenses (which could be significant) will be deducted from the proceeds of any sales. These efforts are being advanced in parallel with certain structural and outstanding tax matters, including the previously disclosed reassessment of certain subsidiaries by the Dutch tax authority. These reassessments are subject to ongoing discussions that may extend over a prolonged period, and actual amounts reassessed may differ significantly from what is currently estimated. It is also possible that additional subsidiaries could be subject to reassessments, which ERES is actively monitoring and managing in consultation with its advisors.
- During the three months ended December 31, 2025, CAPREIT purchased and cancelled approximately 2.5 million Trust Units under the Normal Course Issuer Bid ("NCIB") program, at a weighted average purchase price of $38.20 per Trust Unit, for a total cost of $94.1 million (excluding the federal 2% tax on repurchases of Trust Units). During the year ended December 31, 2025, CAPREIT purchased and cancelled approximately 7.2 million Trust Units under the NCIB program, at a weighted average purchase price of $41.09 per Trust Unit, for a total cost of $294.1 million (excluding the federal 2% tax on repurchases of Trust Units).
- On December 15, 2025, CAPREIT declared a special non-cash distribution of $0.90 per Trust Unit, payable in Trust Units on December 31, 2025 to Unitholders of record on December 31, 2025 (the "2025 Special Distribution"). The 2025 Special Distribution was made to distribute to Unitholders a portion of the net capital gain realized by CAPREIT from transactions completed during the year ended December 31, 2025. Immediately following the issuance of these Trust Units, the Trust Units were consolidated such that each Unitholder held the same number of Trust Units after the consolidation of the Trust Units as each Unitholder held prior to the 2025 Special Distribution.

Operating Results

- On turnovers and renewals, monthly residential rents for the three months and year ended December 31, 2025 increased by 2.6% and 3.4%, respectively, for the Canadian residential portfolio, compared to 6.2% and 5.8%, respectively, for the three months and year ended December 31, 2024.
- Same Property Occupied AMR for the Canadian residential portfolio as at December 31, 2025 increased by 3.8% compared to December 31, 2024, while same property occupancy for the Canadian residential portfolio decreased to 97.3% (December 31, 2024 – 97.6%).
- NOI for the same property portfolio increased by 5.0% and 4.7%, respectively, for the three months and year ended December 31, 2025 compared to the same periods last year. In addition, NOI margin for the same property portfolio increased to 64.4%, up 1.3 percentage point, for the three months ended December 31, 2025, and increased to 64.7%, up 0.5 percentage point, for the year ended December 31, 2025 compared to the same periods last year.
- Diluted FFO per unit increased by 1.6% and 0.3%, respectively, for the three months and year ended December 31, 2025 compared to the same periods last year. Gains to diluted FFO per unit in the current year primarily resulted from reduced interest expense on credit facilities and mortgages payable and accretive Trust Unit purchases and cancellations through the NCIB program. In contrast, FFO growth was negatively impacted by lower NOI due to dispositions. Higher vacancies also impacted performance versus prior year periods, including increasingly elevated vacancy in the Netherlands arising from ERES's disposition program, which strategically holds more suites vacant each month in order to maximize sale value.

Balance Sheet Highlights

- As at December 31, 2025, CAPREIT's financial position remains strong, with approximately $188.2 million of available Canadian liquidity, comprising $6.2 million of Canadian cash and cash equivalents and $182.0 million of available capacity on its Acquisition and Operating Facility, including a $100 million temporary increase in borrowing capacity which matures on April 30, 2026, but excluding the $200 million unused accordion option.
- For the year ended December 31, 2025, CAPREIT has completed financings totalling $428.6 million, with a weighted average interest rate of 3.57% per annum and a weighted average term to maturity of 5.3 years.
- For the year ended December 31, 2025, the overall carrying value of investment properties (excluding assets held for sale) decreased by $135.9 million due to transfers to assets held for sale of $728.1 million, dispositions of $292.9 million, fair value loss of $80.5 million, and derecognition of right-of-use asset of $12.5 million, partially offset by acquisitions of $661.2 million, property capital investments of $232.8 million, and foreign currency translation adjustment of $84.1 million.
- Diluted NAV per unit as at December 31, 2025 increased to $56.41 from $55.50 as at December 31, 2024, primarily due to the effects of accretive purchases of Trust Units for cancellation through the NCIB program.

Subsequent Events

- Subsequent to year end, CAPREIT disposed of an additional 33 suites in the Netherlands for a total gross sale price of $16.3 million (excluding transaction costs and customary adjustments), which was classified as asset held for sale as at December 31, 2025.

SECTION III: OPERATIONAL AND FINANCIAL RESULTS

Occupied Average Monthly Rents and Occupancy

Occupied AMR is defined as actual residential rents divided by the total number of occupied suites or sites in the property, and does not include revenues from parking, laundry, or other sources. Same property Occupied AMR and occupancy include all properties held as at December 31, 2024, but exclude properties disposed of or held for sale as at December 31, 2025.

Occupied AMR and Occupancy by Geography

	Total Portfolio[1]				Same Property			
As at December 31,	**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
The Netherlands								
The Netherlands residential portfolio	**€ 1,349**	**90.6**	€ 1,222	94.6	**€ 1,458**	**89.3**	€ 1,377	93.9
Total portfolio		**97.1**		97.2		**97.2**		97.5

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

The rate of growth in total portfolio Occupied AMR has been primarily driven by (i) new acquisitions completed over the past 12 months; and (ii) same property operational growth. The rate of growth in same property Occupied AMR has been primarily due to (i) rental increases on turnover in the rental markets of most provinces across the Canadian portfolio; and (ii) rental increases on renewals.

Occupancy for the total portfolio as at December 31, 2025 decreased by 0.1 percentage points to 97.1% compared to December 31, 2024. Occupancy for the total Canadian residential portfolio as at December 31, 2025 decreased by 0.2 percentage points to 97.3% compared to December 31, 2024, given recent short-term fluctuations in residential market dynamics. Occupancy for the Netherlands total portfolio as at December 31, 2025 decreased by 4.0 percentage points to 90.6% compared to December 31, 2024, predominantly due to ERES's disposition program, with a number of suites strategically kept vacant each month after residents end their lease in order to maximize sale value.

The weighted average gross rent per square foot for total Canadian residential suites was approximately $2.05 as at December 31, 2025, having increased from $1.98 as at December 31, 2024.

Annual Rental Guidelines as per Rental Board

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

	2026[1]	**2025**[2]	2024[3]
Ontario	2.1%	**2.5%**	2.5%
British Columbia	2.3%	**3.0%**	3.5%

(1) Ontario and British Columbia have capped the rental guideline increases at 2.1% and 2.3%, respectively, in line with the Ontario and British Columbia Price Indices at the time of announcement of the 2026 annual rental guidelines.

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

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

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

Suite Turnovers and Lease Renewals – Total Residential Portfolio

The tables below summarize the changes in the monthly rent due to suite turnovers and lease renewals in the Canadian and the Netherlands residential portfolios for the three months and years ended December 31, 2025 and December 31, 2024.

Canadian Residential Portfolio

As at December 31, 2025, approximately 73% (December 31, 2024 – 77%) of the occupied suites in the Canadian residential portfolio have residents who have been in the suite for two years or longer, with the balance in the suite for less than two years.

For the Three Months Ended December 31,	**2025**		2024	
	Change in Monthly Rent	**Turnovers and Renewals of Suites**[1]	Change in Monthly Rent	Turnovers and Renewals of Suites[1]
	%	**%**	%	%
Suite turnovers[2]	**1.5**	**4.2**	13.6	3.3
Lease renewals	**3.1**	**11.2**	4.0	12.0
Weighted average of turnovers and renewals	**2.6**		6.2	

[1] Percentage of suites turned over or renewed during the period is based on the total weighted average number of residential suites held during the period.

[2] The table below summarizes the changes in monthly rent from suite turnovers, by lease tenure, for the three months ended December 31, 2025 and December 31, 2024.

For the Three Months Ended December 31,	**2025**		2024	
	Change in Monthly Rent	**Turnovers**[3]	Change in Monthly Rent	Turnovers[3]
Lease Tenure	**%**	**%**	%	%
Less than two years	**(8.3)**	**45.8**	0.2	47.8
Two years or longer	**11.1**	**54.2**	29.7	52.2
Change in monthly rent on suite turnovers	**1.5**		13.6	

[3] Turnover percentages by lease tenure are calculated as the number of suite turnovers within each tenure category divided by the total number of suite turnovers during the period.

For the Year Ended December 31,	**2025**		2024	
	Change in Monthly Rent	**Turnovers and Renewals of Suites**[1]	Change in Monthly Rent	Turnovers and Renewals of Suites[1]
	%	**%**	%	%
Suite turnovers[2]	**4.2**	**18.4**	18.8	13.6
Lease renewals	**3.2**	**85.2**	3.6	90.5
Weighted average of turnovers and renewals	**3.4**		5.8	

[1] Percentage of suites turned over or renewed during the year is based on the total weighted average number of residential suites held during the year.

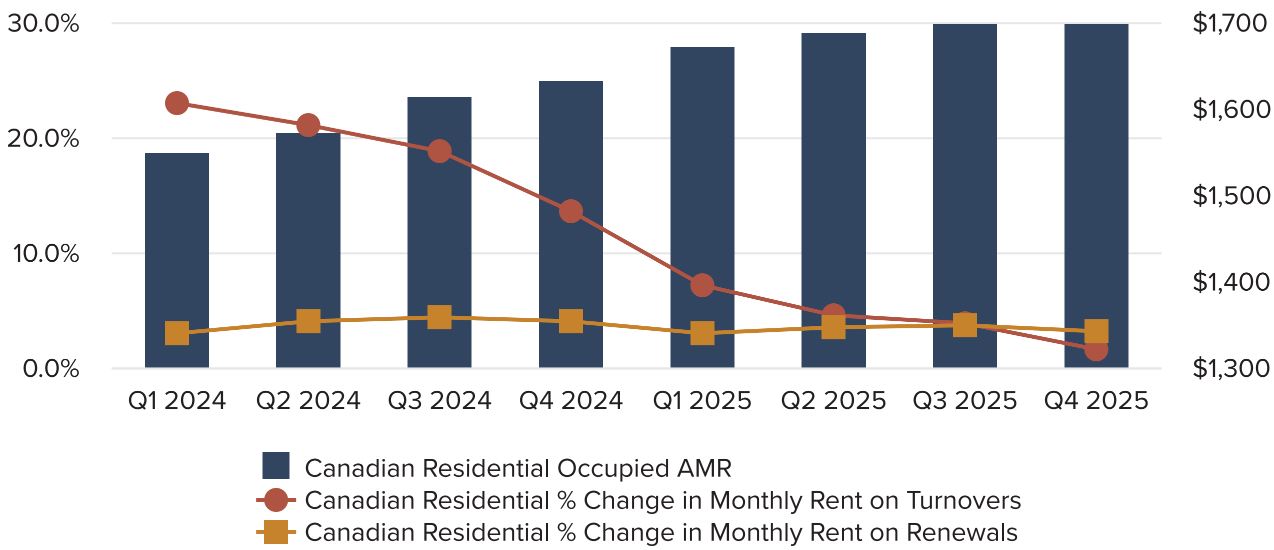
[2] The table below summarizes the changes in monthly rent from suite turnovers, by lease tenure, for the year ended December 31, 2025 and December 31, 2024.

For the Year Ended December 31,	**2025**		2024	
	Change in Monthly Rent	**Turnovers**[3]	Change in Monthly Rent	Turnovers[3]
Lease Tenure	**%**	**%**	%	%
Less than two years	**(6.3)**	**48.0**	6.0	49.5
Two years or longer	**16.0**	**52.0**	34.7	50.5
Change in monthly rent on suite turnovers	**4.2**		18.8	

[3] Turnover percentages by lease tenure are calculated as the number of suite turnovers within each tenure category divided by the total number of suite turnovers during the period.

Change in monthly rent on suite turnovers has decreased over the last few quarters, while lease renewals remain stable due to rent controls in certain provinces. The following graph illustrates the change in monthly rent on turnovers and renewals, as well as Occupied AMR (excluding MHC sites), for the trailing eight quarters.

Change in Monthly Rent and Occupied AMR



The Netherlands Residential Portfolio

For the Three Months Ended December 31,	**2025**		2024	
	Change in Monthly Rent	**Turnovers and Renewals of Suites**[1]	Change in Monthly Rent	Turnovers and Renewals of Suites[1]
	%	**%**	%	%
Suite turnovers[2]	**(1.7)**	**4.1**	8.9	1.3
Lease renewals	**–**	**–**	–	–
Weighted average of turnovers and renewals	**(1.7)**		8.9	

[1] Percentage of suites turned over during the period is based on the total weighted average number of the Netherlands residential suites held during the period.

[2] On turnover, rents decreased by 2.3% on 3.6% of the Netherlands same property residential portfolio for the three months ended December 31, 2025 compared to an increase of 10.9% on 2.6% of the Netherlands same property residential portfolio for the three months ended December 31, 2024. Same property residential portfolio for turnover purposes includes all properties continuously owned since December 31, 2023, and excludes properties and suites disposed of or held for sale as at December 31, 2025.

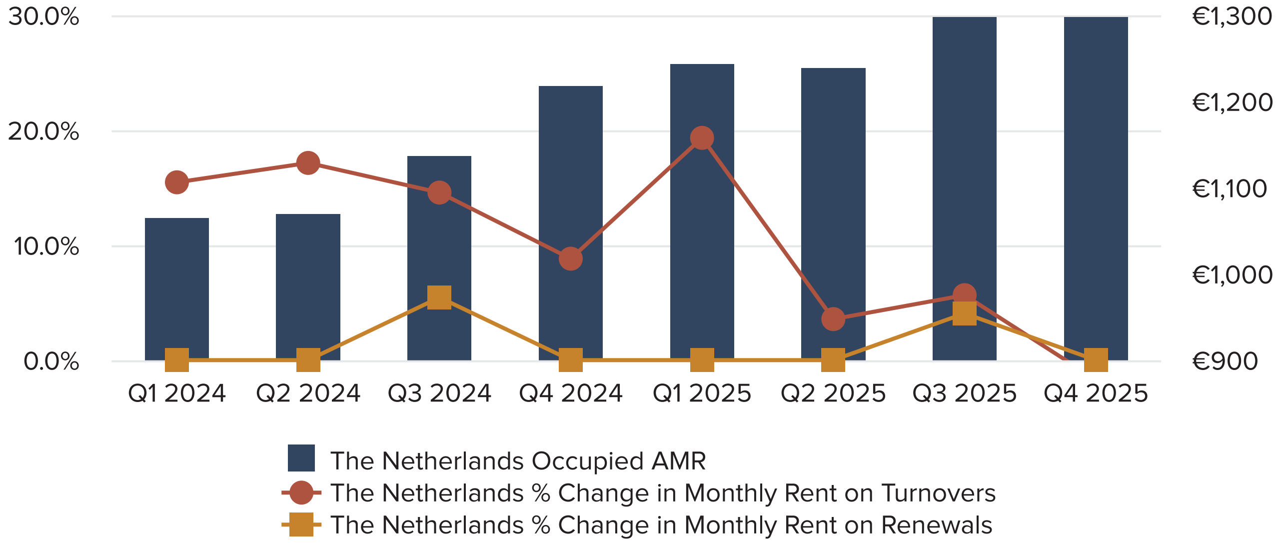
For the Year Ended December 31,	**2025**		2024	
	Change in Monthly Rent	**Turnovers and Renewals of Suites**[1]	Change in Monthly Rent	Turnovers and Renewals of Suites[1]
	%	**%**	%	%
Suite turnovers[2]	**7.2**	**5.8**	14.9	7.7
Lease renewals	**4.1**	**85.2**	5.5	94.0
Weighted average of turnovers and renewals	**4.5**		6.2	

[1] Percentage of suites turned over during the year is based on the total weighted average number of the Netherlands residential suites held during the year.

[2] On turnover, rents increased by 11.4% on 11.4% of the Netherlands same property residential portfolio for the year ended December 31, 2025 compared to an increase of 8.1% on 11.3% of the Netherlands same property residential portfolio for the year ended December 31, 2024. Same property residential portfolio for turnover purposes includes all properties continuously owned since December 31, 2023, and excludes properties and suites disposed of or held for sale as at December 31, 2025.

Change in monthly rent on suite turnovers has decreased over the last few quarters, while lease renewals show moderate increases during the annual renewal month. The following graph illustrates the change in monthly rent on turnovers and renewals, as well as Occupied AMR, for the trailing eight quarters.

Change in Monthly Rent and Occupied AMR



Tenant Inducements and Expected Credit Losses – Total Portfolio

($ Thousands)	Three Months Ended December 31,				Year Ended December 31,			
	2025	**%[1]**	2024	%[1]	**2025**	**%[1]**	2024	%[1]
New tenant inducements granted – residential	**$ 3,071**		$ 1,792		**$ 11,806**		$ 3,640	
New tenant inducements granted – commercial	**–**		59		**122**		65	
Total new tenant inducements granted	**$ 3,071**		$ 1,851		**$ 11,928**		$ 3,705	
Amortization of tenant inducements granted[2]	**$ 2,781**	**1.1**	$ 774	0.3	**$ 8,691**	**0.9**	$ 2,093	0.2
Expected credit losses	**$ 2,743**	**1.1**	$ 1,885	0.7	**$ 8,703**	**0.9**	$ 6,413	0.6
Operating Revenues	**$ 243,298**		$ 276,361		**$ 1,003,364**		$ 1,112,742	

(1) As a percentage of total operating revenues.

(2) Amortization of tenant inducements granted is determined by taking the total value of the inducements granted and spreading it evenly over the term of the respective leases.

For the three months and year ended December 31, 2025, tenant inducements granted increased across several regions, with the most significant rises in Ontario, British Columbia, and Québec. These higher levels of inducements reflect CAPREIT's continued strategy to support occupancy levels and maintain competitiveness within key markets. Expected credit losses also increased year-over-year, driven primarily by higher provisions in Ontario, British Columbia, and the Netherlands. These increases were largely attributable to resident-specific factors. CAPREIT continues to actively monitor these trends closely across all regions and is implementing measures to mitigate the impact on overall portfolio quality.

Results of Operations

The table below summarizes revenue from investment properties by region for the three months and years ended December 31, 2025 and December 31, 2024. Revenue is composed of residential, commercial, and ancillary revenue.

Total Operating Revenues by Geography

	Three Months Ended December 31,				Year Ended December 31,			
	2025		2024		**2025**		2024	
($ Thousands)	**Revenue**	**%**	Revenue	%	**Revenue**	**%**	Revenue	%
Residential Suites								
Ontario								
Greater Toronto Area	**$ 93,729**	**38.6**	$ 93,039	33.8	**$ 375,767**	**37.3**	$ 376,933	33.8
London / Kitchener / Waterloo	**18,457**	**7.6**	17,285	6.3	**72,159**	**7.2**	66,479	6.0
Ottawa	**10,318**	**4.2**	10,029	3.6	**41,036**	**4.1**	36,267	3.3
	$ 122,504	**50.4**	$ 120,353	43.7	**$ 488,962**	**48.6**	$ 479,679	43.1
Québec								
Greater Montréal Region	**$ 35,269**	**14.5**	$ 33,199	12.0	**$ 136,270**	**13.6**	$ 128,757	11.6
Québec City	**10,397**	**4.3**	10,181	3.7	**41,296**	**4.1**	41,553	3.7
	$ 45,666	**18.8**	$ 43,380	15.7	**$ 177,566**	**17.7**	$ 170,310	15.3
British Columbia								
Greater Vancouver Area	**$ 21,513**	**8.8**	$ 23,766	8.6	**$ 94,939**	**9.5**	$ 90,825	8.2
Victoria and Other British Columbia	**11,884**	**4.9**	11,455	4.1	**46,745**	**4.7**	45,262	4.1
	$ 33,397	**13.7**	$ 35,221	12.7	**$ 141,684**	**14.2**	$ 136,087	12.3
Nova Scotia								
Halifax	**$ 18,021**	**7.4**	$ 17,323	6.3	**$ 70,925**	**7.1**	$ 67,313	6.0
Alberta								
Calgary	**$ 8,238**	**3.4**	$ 8,084	2.9	**$ 32,883**	**3.3**	$ 31,388	2.8
Edmonton	**4,608**	**1.9**	4,576	1.7	**21,304**	**2.1**	15,492	1.4
	$ 12,846	**5.3**	$ 12,660	4.6	**$ 54,187**	**5.4**	$ 46,880	4.2
Prince Edward Island								
Charlottetown	**$ 766**	**0.3**	$ 1,478	0.5	**$ 3,627**	**0.4**	$ 6,405	0.6
Saskatchewan								
Regina	**$ 2,551**	**1.0**	$ 924	0.3	**$ 5,721**	**0.6**	$ 3,601	0.3
Total Canadian residential suites	**$ 235,751**	**96.9**	$ 231,339	83.8	**$ 942,672**	**94.0**	$ 910,275	81.8
MHC Sites								
Total MHC sites	**$ –**	**–**	$ 14,218	5.1	**$ 550**	**–**	$ 64,753	5.8
Total Canadian portfolio[1]	**$ 235,751**	**96.9**	$ 245,557	88.9	**$ 943,222**	**94.0**	$ 975,028	87.6
Europe								
The Netherlands[2]	**$ 7,547**	**3.1**	$ 28,819	10.4	**$ 54,924**	**5.5**	$ 127,989	11.5
Other Europe[3]	**–**	**–**	1,985	0.7	**5,218**	**0.5**	9,725	0.9
	$ 7,547	**3.1**	$ 30,804	11.1	**$ 60,142**	**6.0**	$ 137,714	12.4
Total Portfolio	**$ 243,298**	**100.0**	$ 276,361	100.0	**$ 1,003,364**	**100.0**	$ 1,112,742	100.0

(1) Includes revenues for Canadian commercial properties of $5,624 and $23,370 for the three months and year ended December 31, 2025, respectively (three months and year ended December 31, 2024 – $5,998 and $23,677, respectively).

(2) In € thousands, €4,659 and €35,057 for the three months and year ended December 31, 2025, respectively (three months and year ended December 31, 2024 – €19,312 and €86,402, respectively).

(3) Comprised of ERES's revenues for the commercial properties located in Germany and Belgium, which were disposed of on September 5, 2025 and July 31, 2025, respectively. In € thousands, €nil and €3,364, respectively, for the three months and year ended December 31, 2025, respectively (three months and year ended December 31, 2024 – €1,329 and €6,566, respectively).

Net Operating Income

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

Management believes same property NOI is a key indicator of operating performance of properties fully owned by CAPREIT in the current and prior year comparative periods. Same properties for the three months and year ended December 31, 2025 are defined as all properties owned by CAPREIT continuously since December 31, 2023, and therefore do not take into account the impact on performance of acquisitions or dispositions completed during 2024 and 2025, or properties that are classified as held for sale as at December 31, 2025. Same property NOI is calculated in accordance with the accounting policies used to prepare total NOI as presented in the consolidated statements of net income and comprehensive income.

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

($ Thousands)	Total NOI			Same Property NOI		
For the Three Months Ended December 31,	**2025**	2024	%[1]	**2025**	2024	%[1]
Operating Revenues						
Rental revenues	**$ 230,636**	$ 263,267	(12.4)	**$ 212,633**	$ 207,396	2.5
Other[2]	**12,662**	13,094	(3.3)	**11,775**	10,979	7.3
Total operating revenues	**$ 243,298**	$ 276,361	(12.0)	**$ 224,408**	$ 218,375	2.8
Operating Expenses						
Realty taxes	**$ (24,518)**	$ (25,320)	(3.2)	**$ (22,543)**	$ (21,503)	4.8
Utilities	**(16,803)**	(18,210)	(7.7)	**(16,348)**	(15,735)	3.9
Other[3]	**(43,910)**	(54,889)	(20.0)	**(40,922)**	(43,393)	(5.7)
Total operating expenses	**$ (85,231)**	$ (98,419)	(13.4)	**$ (79,813)**	$ (80,631)	(1.0)
NOI	**$ 158,067**	$ 177,942	(11.2)	**$ 144,595**	$ 137,744	5.0
NOI margin	**65.0%**	64.4%		**64.4%**	63.1%	

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

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

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

($ Thousands)	Total NOI			Same Property NOI		
For the Year Ended December 31,	**2025**	2024	%[1]	**2025**	2024	%[1]
Operating Revenues						
Rental revenues	**$ 953,248**	$ 1,059,382	(10.0)	**$ 849,908**	$ 818,507	3.8
Other[2]	**50,116**	53,360	(6.1)	**45,945**	43,687	5.2
Total operating revenues	**$ 1,003,364**	$ 1,112,742	(9.8)	**$ 895,853**	$ 862,194	3.9
Operating Expenses						
Realty taxes	**$ (99,232)**	$ (100,657)	(1.4)	**$ (90,256)**	$ (85,373)	5.7
Utilities	**(68,301)**	(72,340)	(5.6)	**(64,186)**	(61,012)	5.2
Other[3]	**(182,120)**	(209,091)	(12.9)	**(162,051)**	(162,420)	(0.2)
Total operating expenses	**$ (349,653)**	$ (382,088)	(8.5)	**$ (316,493)**	$ (308,805)	2.5
NOI	**$ 653,711**	$ 730,654	(10.5)	**$ 579,360**	$ 553,389	4.7
NOI margin	**65.2%**	65.7%		**64.7%**	64.2%	

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

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

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

The following table reconciles same property NOI and NOI from acquisitions, dispositions, and assets held for sale to total NOI for the three months and years ended December 31, 2025 and December 31, 2024:

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	**2025**	2024
Same property NOI	**$ 144,595**	$ 137,744	**$ 579,360**	$ 553,389
NOI from acquisitions	**11,280**	5,768	**36,455**	12,187
NOI from dispositions and assets held for sale	**2,192**	34,430	**37,896**	165,078
Total NOI	**$ 158,067**	$ 177,942	**$ 653,711**	$ 730,654

Operating Revenues

For the three months ended December 31, 2025, same property operating revenues increased by $6.0 million, primarily driven by increases in monthly rents on turnovers and renewals. Total operating revenues decreased by $33.1 million during the same period, mainly due to lost revenue from dispositions and assets held for sale as at December 31, 2025 totalling $47.2 million, primarily due to the MHC and ERES portfolio dispositions in 2024, partially offset by revenue generated from acquisitions totalling $8.1 million and operational growth of $6.0 million on the same property operating portfolio as at December 31, 2025.

For the year ended December 31, 2025, same property operating revenues increased by $33.7 million, primarily driven by increases in monthly rents on turnovers and renewals. Total operating revenues decreased by $109.4 million during the same period, mainly due to lost revenue from dispositions and assets held for sale as at December 31, 2025 totalling $179.0 million, primarily due to MHC and ERES portfolio dispositions in 2024, partially offset by revenue generated from acquisitions totalling $35.9 million and operational growth of $33.7 million on the same property operating portfolio as at December 31, 2025.

Operating Expenses

Realty Taxes

For the three months and year ended December 31, 2025, realty taxes for the total property portfolio decreased compared to the same periods in the prior year, primarily due to dispositions in 2024 and 2025, partially offset by acquisitions.

For the three months and year ended December 31, 2025, realty taxes for the same property portfolio increased compared to the same periods in the prior year, primarily due to increases in assessed property values and realty tax costs in certain municipalities within the provinces of Ontario, Québec, and British Columbia.

Utilities

CAPREIT's utility costs can be highly variable from year to year depending on energy consumption and rates. The tables below summarize CAPREIT's utility costs by type for the three months and years ended December 31, 2025 and December 31, 2024.

($ Thousands)	Total Utilities			Same Property Utilities[1]		
For the Three Months Ended December 31,	**2025**	2024	%[2]	**2025**	2024	%[2]
Electricity	**$ (6,001)**	$ (6,213)	(3.4)	**$ (5,914)**	$ (5,602)	5.6
Natural gas	**(4,282)**	(4,907)	(12.7)	**(4,169)**	(4,380)	(4.8)
Water	**(6,520)**	(7,090)	(8.0)	**(6,265)**	(5,753)	8.9
Total	**$ (16,803)**	$ (18,210)	(7.7)	**$ (16,348)**	$ (15,735)	3.9

(1) Same property results exclude performance of acquisitions and dispositions completed during 2024 and 2025, or properties that are classified as held for sale as at December 31, 2025. For the three months ended December 31, 2025, total utility costs from acquisitions and dispositions completed during 2025 and 2024 were $(455) (for the three months ended December 31, 2024 – $(2,475)).

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

For the three months ended December 31, 2025, same property electricity costs increased year-over-year, mainly due to higher electricity rates and colder weather in Québec. In addition, total and same property natural gas costs decreased year-over-year, mainly due to the federal carbon tax removal that came into effect on April 1, 2025. Furthermore, same property water costs increased year-over-year, mainly due to higher water rates in British Columbia and Ontario.

($ Thousands)	Total Utilities			Same Property Utilities[1]		
For the Year Ended December 31,	**2025**	2024	%[2]	**2025**	2024	%[2]
Electricity	**$ (24,203)**	$ (23,428)	3.3	**$ (22,839)**	$ (20,705)	10.3
Natural gas	**(18,065)**	(18,684)	(3.3)	**(16,800)**	(16,782)	0.1
Water	**(26,033)**	(30,228)	(13.9)	**(24,547)**	(23,525)	4.3
Total	**$ (68,301)**	$ (72,340)	(5.6)	**$ (64,186)**	$ (61,012)	5.2

(1) Same property results exclude performance of acquisitions and dispositions completed during 2024 and 2025, or properties that are classified as held for sale as at December 31, 2025. For the year ended December 31, 2025, total utility costs from acquisitions and dispositions completed during 2025 and 2024 were $(4,115) (for the year ended December 31, 2024 – $(11,328)).

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

For the year ended December 31, 2025, total and same property electricity costs increased year-over-year, mainly due to increased consumption driven by colder weather in Ontario and Québec during the first quarter of 2025, and higher electricity rates in Ontario. In addition, total property portfolio water costs decreased year-over-year, mainly due to the MHC portfolio disposition in 2024. Same property portfolio water costs increased year-over-year, mainly due to higher water rates in British Columbia and Ontario.

As at December 31, 2025, Canadian residents who pay their electricity charges directly, through sub-metering or direct metering, represented approximately three-quarters of the total residential portfolio in Canada. Additional suites have sub-metering or direct metering in place, for which the cost of electricity is currently borne by CAPREIT and will be assumed by new residents upon turnover. CAPREIT will continue to evaluate implementing sub-metering in the remaining suites. Sub-metering lowers utility consumption, resulting in a smaller environmental impact, lower operating expenses, and lower inflation exposure. For more information on CAPREIT's energy management, and water and waste management efforts, see the Asset Management section and Property Operations section, respectively, of the 2024 ESG Report.

As at December 31, 2025, Dutch residents who pay their utility charges directly represented 100% of the total 1,029 suites in the Netherlands.

Other Operating Expenses

For the three months and year ended December 31, 2025, other operating expenses for the total property portfolio decreased by $11.0 million and $27.0 million, respectively, or 20.0% and 12.9%, respectively, compared to the same period last year, primarily due to net disposition activity.

For the three months ended December 31, 2025, other operating expenses for the same property portfolio decreased by $2.5 million, or 5.7%, compared to the same period last year, primarily due to the following:

- lower R&M of $2.7 million resulting from prudent cost control and enhanced procurement governance, including sourcing and tendering processes, and the absence of the elevated R&M costs incurred last year in Québec and Ontario, as well as lower on-site costs of $0.4 million;
- partially offset by higher advertising costs of $0.5 million across most Canadian regions to combat vacancy pressures amid current rental market conditions; and
- higher expected credit losses of $0.8 million mainly due to delays in regulatory processes in Ontario and elevated past due balances in the Netherlands in the fourth quarter of 2025.

For the year ended December 31, 2025, other operating expenses for the same property portfolio decreased by $0.4 million, or 0.2%, compared to the same period last year, primarily due to the following:

- lower R&M of $3.8 million primarily due to same reasons as described above;
- partially offset by higher expected credit losses of $2.0 million due to delays in regulatory processes in Ontario, as well as factors such as the rising cost of living and elevated past due balances not being cleared by prior residents across most Canadian regions and to a lesser extent in the Netherlands; and
- higher advertising costs of $1.7 million due to the same reason described above.

NOI by Region

The following tables summarize the total portfolio NOI and NOI margins by region for the three months and years ended December 31, 2025 and December 31, 2024:

For the Three Months Ended December 31,	**2025**			2024			**Increase (Decrease)**
($ Thousands)	**NOI**	**NOI %[1]**	**NOI Margin (%)**	NOI	NOI %[1]	NOI Margin (%)	**NOI Change (%)**
Residential Suites							
Ontario							
Greater Toronto Area	**$ 61,081**	**38.6**	**65.2**	$ 58,672	32.9	63.1	**4.1**
London / Kitchener / Waterloo	**11,857**	**7.5**	**64.2**	10,682	6.0	61.8	**11.0**
Ottawa	**7,484**	**4.7**	**72.5**	7,081	4.0	70.6	**5.7**
	$ 80,422	**50.8**	**65.6**	$ 76,435	42.9	63.5	**5.2**
Québec							
Greater Montréal Region	**$ 20,597**	**13.0**	**58.4**	$ 19,051	10.7	57.4	**8.1**
Québec City	**6,636**	**4.2**	**63.8**	6,165	3.5	60.6	**7.6**
	$ 27,233	**17.2**	**59.6**	$ 25,216	14.2	58.1	**8.0**
British Columbia							
Greater Vancouver Area	**$ 15,341**	**9.7**	**71.3**	$ 16,723	9.4	70.4	**(8.3)**
Victoria and Other British Columbia	**8,569**	**5.4**	**72.1**	8,236	4.6	71.9	**4.0**
	$ 23,910	**15.1**	**71.6**	$ 24,959	14.0	70.9	**(4.2)**
Nova Scotia							
Halifax	**$ 11,317**	**7.2**	**62.8**	$ 10,330	5.8	59.6	**9.6**
Alberta							
Calgary	**$ 4,870**	**3.1**	**59.1**	$ 4,635	2.6	57.3	**5.1**
Edmonton	**2,803**	**1.8**	**60.8**	2,652	1.5	58.0	**5.7**
	$ 7,673	**4.9**	**59.7**	$ 7,287	4.1	57.6	**5.3**
Prince Edward Island							
Charlottetown	**$ 344**	**0.2**	**44.9**	$ 642	0.4	43.4	**(46.4)**
Saskatchewan							
Regina	**$ 1,552**	**1.0**	**60.8**	$ 472	0.3	51.1	**228.8**
Total Canadian residential suites	**$ 152,451**	**96.4**	**64.7**	$ 145,341	81.7	62.8	**4.9**
MHC sites							
MHC sites	**$ –**	**–**	**–**	$ 8,600	4.8	60.5	**(100.0)**
Total Canadian portfolio[2]	**$ 152,451**	**96.4**	**64.7**	$ 153,941	86.5	62.7	**(1.0)**
Europe							
The Netherlands[3]	**$ 5,616**	**3.6**	**74.4**	$ 22,583	12.7	78.4	**(75.1)**
Other Europe[4]	**–**	**–**	**–**	1,418	0.8	71.4	**(100.0)**
Total Europe portfolio	**$ 5,616**	**3.6**	**74.4**	$ 24,001	13.5	77.9	**(76.6)**
Total portfolio	**$ 158,067**	**100.0**	**65.0**	$ 177,942	100.0	64.4	**(11.2)**

(1) Represents percentage of the portfolio by NOI.

(2) Includes Canadian residential and commercial NOI.

(3) In € thousands, NOI of €3,466 and NOI margin of 74.4% for the three months ended December 31, 2025 compared to NOI of €15,070 and NOI margin of 78.0% for the three months ended December 31, 2024.

(4) Comprised of NOI for the commercial properties located in Germany and Belgium, which were disposed of on September 5, 2025 and July 31, 2025, respectively. In € thousands, NOI of €950 and NOI margin of 71.5% for the three months ended December 31, 2024.

For the Year Ended December 31,	2025			2024			Increase (Decrease)
($ Thousands)	NOI	NOI %[1]	NOI Margin (%)	NOI	NOI %[1]	NOI Margin (%)	NOI Change (%)
Residential Suites							
Ontario							
Greater Toronto Area	**$ 244,485**	**37.1**	**65.1**	$ 241,942	32.9	64.2	**1.1**
London / Kitchener / Waterloo	**46,761**	**7.2**	**64.8**	41,347	5.7	62.2	**13.1**
Ottawa	**29,230**	**4.5**	**71.2**	25,426	3.5	70.1	**15.0**
	$ 320,476	**48.8**	**65.5**	$ 308,715	42.1	64.4	**3.8**
Québec							
Greater Montréal Region	**$ 80,087**	**12.3**	**58.8**	$ 76,618	10.4	59.5	**4.5**
Québec City	**25,963**	**4.0**	**62.9**	25,309	3.5	60.9	**2.6**
	$ 106,050	**16.3**	**59.7**	$ 101,927	13.9	59.8	**4.0**
British Columbia							
Greater Vancouver Area	**$ 68,798**	**10.5**	**72.5**	$ 65,709	9.0	72.3	**4.7**
Victoria and Other British Columbia	**33,677**	**5.2**	**72.0**	32,667	4.5	72.2	**3.1**
	$ 102,475	**15.7**	**72.3**	$ 98,376	13.5	72.3	**4.2**
Nova Scotia							
Halifax	**$ 43,812**	**6.7**	**61.8**	$ 40,732	5.6	60.5	**7.6**
Alberta							
Calgary	**$ 19,569**	**3.0**	**59.5**	$ 18,385	2.5	58.6	**6.4**
Edmonton	**12,459**	**1.9**	**58.5**	9,169	1.3	59.2	**35.9**
	$ 32,028	**4.9**	**59.1**	$ 27,554	3.8	58.8	**16.2**
Prince Edward Island							
Charlottetown	**$ 1,764**	**0.3**	**48.6**	$ 2,980	0.4	46.5	**(40.8)**
Saskatchewan							
Regina	**$ 3,408**	**0.5**	**59.6**	$ 1,890	0.3	52.5	**80.3**
Total Canadian residential suites	**$ 610,013**	**93.2**	**64.7**	$ 582,174	79.6	64.0	**4.8**
MHC Sites							
MHC sites	**$ 394**	**0.1**	**71.6**	$ 40,544	5.6	62.6	**(99.0)**
Total Canadian portfolio[2]	**$ 610,407**	**93.3**	**64.7**	$ 622,718	85.2	63.9	**(2.0)**
Europe							
The Netherlands[3]	**$ 39,706**	**6.1**	**72.3**	$ 100,553	13.8	78.6	**(60.5)**
Other Europe[4]	**3,598**	**0.6**	**69.0**	7,383	1.0	75.9	**(51.3)**
Total Europe portfolio	**$ 43,304**	**6.7**	**72.0**	$ 107,936	14.8	78.4	**(59.9)**
Total portfolio	**$ 653,711**	**100.0**	**65.2**	$ 730,654	100.0	65.7	**(10.5)**

(1) Represents percentage of the portfolio by NOI.

(2) Includes Canadian residential and commercial NOI.

(3) In € thousands, NOI of €25,376 and NOI margin of 72.4% for the year ended December 31, 2025 compared to NOI of €67,880 and NOI margin of 78.6% for the year ended December 31, 2024.

(4) Comprised of NOI from the commercial properties located in Germany and Belgium, which were disposed of on September 5, 2025 and July 31, 2025, respectively. In € thousands, NOI of €2,322 and NOI margin of 69.0% for the year ended December 31, 2025 compared to NOI of €4,987 and NOI margin of 76.0% for the year ended December 31, 2024.

Same Property NOI by Region

Same property NOI by region includes all properties held continuously since December 31, 2023, and therefore does not take into account the impact on performance of acquisitions or dispositions completed during 2024 and 2025, or properties that are classified as held for sale as at December 31, 2025. Same property NOI is calculated in accordance with the accounting policies used to prepare total NOI as presented in the consolidated statements of net income and comprehensive income. The following tables summarize the same property NOI and NOI margins by region for the three months and years ended December 31, 2025 and December 31, 2024:

For the Three Months Ended December 31,	2025		2024		Increase (Decrease)
($ Thousands)	**Same Property NOI**	**NOI Margin (%)**	Same Property NOI	NOI Margin (%)	**NOI Change (%)**
Residential Suites					
Ontario					
Greater Toronto Area	**$ 60,590**	**65.1**	$ 57,334	63.0	**5.7**
London / Kitchener / Waterloo	**9,611**	**62.1**	9,093	60.8	**5.7**
Ottawa	**6,327**	**72.4**	6,027	70.8	**5.0**
	$ 76,528	**65.3**	$ 72,454	63.3	**5.6**
Québec					
Greater Montréal Region	**$ 18,322**	**57.6**	$ 17,353	57.4	**5.6**
Québec City[1]	**6,636**	**63.8**	6,165	60.6	**7.6**
	$ 24,958	**59.1**	$ 23,518	58.2	**6.1**
British Columbia[2]					
Greater Vancouver Area	**$ 13,315**	**71.5**	$ 13,222	70.9	**0.7**
Victoria and Other British Columbia	**8,440**	**72.1**	8,236	71.9	**2.5**
	$ 21,755	**71.7**	$ 21,458	71.3	**1.4**
Nova Scotia					
Halifax[1]	**$ 11,049**	**62.8**	$ 10,063	59.5	**9.8**
Alberta					
Calgary	**$ 4,870**	**59.1**	$ 4,635	57.3	**5.1**
Edmonton[3]	**1,185**	**59.8**	1,041	53.8	**13.8**
	$ 6,055	**59.3**	$ 5,676	56.7	**6.7**
Prince Edward Island					
Charlottetown[4]	**$ 344**	**44.9**	$ 411	49.5	**(16.3)**
Saskatchewan					
Regina[5]	**$ 614**	**62.8**	$ 472	51.1	**30.1**
Total Canadian residential suites same property[6]	**$ 141,303**	**64.4**	$ 134,052	62.7	**5.4**
The Netherlands					
The Netherlands same property[7]	**$ 3,292**	**65.5**	$ 3,692	78.6	**(10.8)**
Total same property	**$ 144,595**	**64.4**	$ 137,744	63.1	**5.0**
Same property suites	**42,404**		42,404		

(1) Higher NOI margin compared to last year due to increased operating revenue from higher monthly rents on turnovers and renewals and lower R&M, partially offset by higher realty taxes.

(2) Slightly higher NOI margin compared to last year due to lower insurance costs, partially offset by higher realty taxes. NOI change percentage is below Canadian total due to lower operating revenue growth.

(3) Higher NOI margin compared to last year due to increased operating revenue from higher monthly rents on turnovers and renewals, lower R&M, and lower insurance costs.

(4) Lower NOI margin compared to last year due to lower operating revenue as suites are intentionally held vacant to promote value maximization for a future disposition.

(5) Higher NOI margin compared to last year due to increased operating revenue from higher monthly rents on turnovers and renewals, lower R&M, and lower wages.

(6) Includes Canadian residential and commercial NOI.

(7) In € thousands, NOI of €2,028 and NOI margin of 65.4% for the three months ended December 31, 2025 compared to NOI of €2,474 and NOI margin of 78.6% for the three months ended December 31, 2024. Lower NOI margin compared to last year primarily due to higher R&M costs and realty taxes, along with lost rent on suites intentionally held vacant to promote value maximization in the context of ERES's disposition strategy.

For the Year Ended December 31,	2025		2024		Increase (Decrease)
($ Thousands)	**Same Property NOI**	**NOI Margin (%)**	Same Property NOI	NOI Margin (%)	**NOI Change (%)**
Residential Suites					
Ontario					
Greater Toronto Area	**$ 242,175**	**65.0**	$ 231,608	64.2	**4.6**
London / Kitchener / Waterloo[1]	**39,728**	**63.8**	36,314	61.4	**9.4**
Ottawa	**24,810**	**71.2**	23,559	70.0	**5.3**
	$ 306,713	**65.3**	$ 291,481	64.3	**5.2**
Québec					
Greater Montréal Region[2]	**$ 73,024**	**58.3**	$ 71,144	59.8	**2.6**
Québec City[3]	**25,955**	**62.9**	24,079	61.1	**7.8**
	$ 98,979	**59.4**	$ 95,223	60.1	**3.9**
British Columbia[4]					
Greater Vancouver Area	**$ 54,717**	**72.2**	$ 53,103	72.0	**3.0**
Victoria and Other British Columbia	**33,557**	**72.1**	32,643	72.2	**2.8**
	$ 88,274	**72.2**	$ 85,746	72.1	**2.9**
Nova Scotia					
Halifax	**$ 42,703**	**61.7**	$ 40,147	60.4	**6.4**
Alberta					
Calgary	**$ 19,569**	**59.5**	$ 18,363	58.5	**6.6**
Edmonton[3]	**4,625**	**59.2**	4,324	57.5	**7.0**
	$ 24,194	**59.5**	$ 22,687	58.3	**6.6**
Prince Edward Island					
Charlottetown[5]	**$ 1,551**	**48.4**	$ 1,588	47.9	**(2.3)**
Saskatchewan					
Regina[6]	**$ 2,196**	**57.1**	$ 1,890	52.5	**16.2**
Total Canadian residential suites same property[7]	**$ 564,610**	**64.5**	$ 538,762	63.9	**4.8**
The Netherlands					
The Netherlands same property[8]	**$ 14,750**	**72.2**	$ 14,627	77.0	**0.8**
Total same property	**$ 579,360**	**64.7**	$ 553,389	64.2	**4.7**
Same property suites	**42,404**		42,404		

(1) Higher NOI margin compared to last year due to increased operating revenue from higher monthly rents on turnovers and renewals and lower R&M, partially offset by higher realty taxes.

(2) Lower NOI margin compared to last year due to higher R&M, higher utilities costs, and higher realty taxes.

(3) Higher NOI margin compared to last year due to increased operating revenue from higher monthly rents on turnovers and renewals.

(4) Slightly higher NOI margin compared to last year due to increased operating revenue from higher monthly rents on turnovers and renewals, partially offset by higher realty taxes and utilities costs. NOI change percentage is below Canadian total due to lower operating revenue growth.

(5) Slightly higher NOI margin compared to last year due to lower insurance costs, offset by lower operating revenue, as suites are intentionally held vacant to promote value maximization for a future disposition, and higher wages and benefits.

(6) Higher NOI margin compared to last year due to increased operating revenue from higher monthly rents on turnovers and renewals, and lower realty taxes.

(7) Includes Canadian residential and commercial NOI.

(8) In € thousands, NOI of €9,366 and NOI margin of 72.3% for the year ended December 31, 2025 compared to NOI of €9,868 and NOI margin of 77.0% for the year ended December 31, 2024.

Net Income (Loss) and Comprehensive Income (Loss)

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	**2025**	2024
Operating revenues				
Revenue from investment properties	**$ 243,298**	$ 276,361	**$ 1,003,364**	$ 1,112,742
Operating expenses				
Property operating costs	**(60,713)**	(73,099)	**(250,421)**	(281,431)
Realty taxes	**(24,518)**	(25,320)	**(99,232)**	(100,657)
Total operating expenses	**(85,231)**	(98,419)	**(349,653)**	(382,088)
Net operating income	**158,067**	177,942	**653,711**	730,654
Other income	**3,279**	1,579	**13,902**	7,384
Trust expenses	**(10,121)**	(14,056)	**(54,989)**	(58,624)
Unit-based compensation amortization recovery (expense):				
Unit-based compensation amortization expense	**(2,597)**	(2,423)	**(11,378)**	(8,590)
Unit-based compensation amortization recovery relating to ERES unit option forfeitures	**1,106**	–	**1,856**	2,284
Total unit-based compensation amortization expense, net	**(1,491)**	(2,423)	**(9,522)**	(6,306)
Financing-related costs:				
Interest expense on debt and other financing costs	**(47,475)**	(53,958)	**(191,013)**	(220,162)
Interest expense on Exchangeable LP Units	**(559)**	(618)	**(2,233)**	(2,429)
Net gain (loss) on derecognition of debt	**(7)**	(3,322)	**(4,493)**	3,012
Total financing-related costs, net	**(48,041)**	(57,898)	**(197,739)**	(219,579)
Fair value adjustments of investment properties	**(15,536)**	(97,419)	**(84,690)**	58,486
Fair value adjustments of financial instruments	**6,012**	51,830	**(19,871)**	(5,994)
Gain (loss) on non-controlling interest	**3,317**	(61,363)	**(39,656)**	(118,526)
Gain (loss) on foreign currency translation	**3,743**	(24,624)	**(4,034)**	(26,782)
Transaction costs and other activities	**(11,553)**	(9,762)	**(42,588)**	(28,532)
Net income (loss) before income taxes	**87,676**	(36,194)	**214,524**	332,181
Current income tax expense	**(900)**	(6,585)	**(18,816)**	(15,713)
Deferred income tax recovery (expense)	**1,629**	(6,034)	**1,343**	(23,726)
Total current income tax expense and deferred income tax recovery (expense), net	**729**	(12,619)	**(17,473)**	(39,439)
Net income (loss)	**$ 88,405**	$ (48,813)	**$ 197,051**	$ 292,742
Other comprehensive income (loss), including items that may be reclassified subsequently to net income				
Gain (loss) on foreign currency translation, net of taxes	**$ (6,220)**	$ (10,614)	**$ 60,451**	$ 21,759
Gain (loss) on investments held at fair value through other comprehensive income (loss)	**(218)**	(25)	**(25)**	332
Other comprehensive income (loss)	**$ (6,438)**	$ (10,639)	**$ 60,426**	$ 22,091
Comprehensive income (loss)	**$ 81,967**	$ (59,452)	**$ 257,477**	$ 314,833

Other Income

Other income comprises interest income from vendor takeback ("VTB") mortgages receivable, interest income, investment income, and profit from sale of MHC home inventory. Other income earned is not necessarily of a recurring nature and may vary year-over-year depending on factors such as principal balances outstanding on VTB mortgages receivable and dividends declared on investments.

The table below summarizes other income for the three months and years ended December 31, 2025 and December 31, 2024:

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	**2025**	2024
Interest income from VTB mortgages receivable	**$ 2,774**	$ 836	**$ 10,890**	$ 2,228
Interest income	**230**	368	**1,887**	1,155
Investment income[(1)]	**275**	278	**1,125**	3,583
Profit from sale of MHC home inventory	**–**	97	**–**	418
Total	**$ 3,279**	$ 1,579	**$ 13,902**	$ 7,384

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

Trust Expenses

Trust expenses include costs directly attributable to head office, such as salaries and benefits, trustee fees, professional fees for audit, tax, legal and advisory services, trustees' and officers' insurance premiums, providing property and asset management services, and other general and administrative expenses, net of amounts allocated to property operating expenses for properties owned by CAPREIT. Trust expenses include costs related to the generation of asset management and services fees to ERES (a related party to CAPREIT).

($ Thousands)	Three Months Ended December 31,				Year Ended December 31,			
	2025	**%[(1)]**	2024	%[(1)]	**2025**	**%[(1)]**	2024	%[(1)]
Trust Expenses (excluding reorganization costs)	**$ (10,021)**	**4.1**	$ (12,567)	4.5	**$ (47,024)**	**4.7**	$ (51,951)	4.7
Reorganization costs	**(100)**	**0.0**	(1,489)	0.5	**(7,965)**	**0.8**	(6,673)	0.6
Total Trust Expenses	**$ (10,121)**	**4.1**	$ (14,056)	5.0	**$ (54,989)**	**5.5**	$ (58,624)	5.3
Operating Revenues	**$ 243,298**		$ 276,361		**$ 1,003,364**		$ 1,112,742	

(1) As a percentage of total operating revenues.

During the three months and years ended December 31, 2025 and December 31, 2024, reorganization costs were incurred as part of an internal optimization of the organizational structure, reflecting the transformation of our portfolio through strategic initiatives to sell non-core legacy properties and to align with CAPREIT's current business strategy and operating environment. In addition, for the three months and year ended December 31, 2025, costs related to the closure of the property management platform in the Netherlands are included in reorganization costs. ERES transferred property management services for its residential portfolio to a third party, effective January 15, 2025. Trust expenses excluding reorganization costs decreased to $10.0 million and $47.0 million, respectively, for the three months and year ended December 31, 2025, compared to $12.6 million and $52.0 million, respectively, for the three months and year ended December 31, 2024. For the three months and year ended December 31, 2025, the year-over-year decrease was primarily attributable to lower salaries and benefits.

Unit-based Compensation Amortization Expense

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

The table below summarizes the unit-based amortization expense for the three months and years ended December 31, 2025 and December 31, 2024:

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	**2025**	2024
RURs[1]	**$ (1,645)**	$ (1,874)	**$ (6,361)**	$ (6,563)
DUs	**(465)**	(358)	**(1,695)**	(1,305)
PURs	**(332)**	(146)	**(1,239)**	(146)
EUPP	**(155)**	(130)	**(476)**	(523)
ERES RURs[2]	**–**	(53)	**(1,618)**	(185)
ERES unit options	**–**	138	**11**	132
Unit-based compensation amortization expense	**(2,597)**	(2,423)	**(11,378)**	(8,590)
Unit-based compensation amortization recovery relating to ERES unit option forfeitures[3]	**1,106**	–	**1,856**	2,284
Total unit-based compensation amortization expense, net	**$ (1,491)**	$ (2,423)	**$ (9,522)**	$ (6,306)

(1) Includes $nil and $(234) for the three months and year ended December 31, 2025, respectively, relating to accelerated vesting of previously granted RURs (three months and year ended December 31, 2024 – $(309)).

(2) Includes accelerated vesting of ERES RURs that vested on January 7, 2025 and May 20, 2025 totalling $nil and $(1,402), respectively, for the three months and year ended December 31, 2025 (three months and year ended December 31, 2024 – $nil).

(3) Relates to forfeitures of previously granted ERES unit options upon restructuring, trustee retirement and senior management termination.

Financing-Related Costs

For the three months and year ended December 31, 2025, interest expense on debt and other financing costs decreased by $6.5 million and $29.1 million, respectively, compared to the three months and year ended December 31, 2024, primarily due to a change in financing strategy resulting in less CMHC premium amortization and the reduction in credit facility balances with net proceeds received from dispositions.

Interest expense on debt and other financing costs includes amortization of CMHC premiums. Amortization of CMHC premiums may be subject to a certain degree of fluctuation from period to period as a result of CMHC premium write-offs which occur upon the refinancing of a mortgage, as well as accelerated CMHC amortization expense for mortgages that management intends to fully refinance or discharge within the year, excluding property dispositions. These write-offs and accelerated CMHC amortization expense may fluctuate depending on the timing and amount of mortgages coming due. For further details, refer to Liquidity and Financial Condition in Section V.

Interest expense on Exchangeable LP Units represents distributions paid and payable on Exchangeable LP Units outstanding. For the three months and year ended December 31, 2025, interest expense on Exchangeable LP Units totalled $0.6 million and $2.2 million, respectively, and decreased marginally compared to the prior year comparative periods due to the exchange of 202,377 Exchangeable LP Units into Trust Units during the first quarter of 2025, partially offset by the distribution increase that became effective for the February 2025 distribution.

For the three months and year ended December 31, 2025, net loss on derecognition of debt totalled $nil and $4.5 million, respectively, and primarily relates to mortgage settlement costs on dispositions.

Fair Value Adjustments of Investment Properties

CAPREIT recorded a fair value loss on investment properties of $15.5 million for the three months ended December 31, 2025, resulting from capitalization rate ("cap rate") expansion in the Canadian portfolio, partially offset by higher forecasted NOI in the Canadian portfolio.

CAPREIT recorded a fair value loss on investment properties of $84.7 million for the year ended December 31, 2025, primarily due to a fair value adjustment in the European portfolio resulting from the prevailing market conditions and cap rate expansion in the Canadian portfolio, partially offset by higher forecasted NOI in the Canadian portfolio.

Fair Value Adjustments of Financial Instruments

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

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

The table below summarizes the fair value adjustments of financial instruments for the three months and years ended December 31, 2025 and December 31, 2024:

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	**2025**	2024
Fair value adjustments of Exchangeable LP units	**$ 5,534**	$ 20,359	**$ 8,414**	$ 10,163
Fair value adjustments of investments	**216**	(31)	**672**	(22,020)
Fair value adjustments of derivative financial instruments	**(1,801)**	25,199	**(32,605)**	4,625
Unit-based compensation remeasurement gain	**2,063**	6,303	**3,648**	1,238
Fair value adjustments of financial instruments	**$ 6,012**	$ 51,830	**$ (19,871)**	$ (5,994)

Loss on Non-Controlling Interest

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"). 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.

As a result of ERES's closed dispositions in 2025, ERES terminated its regular monthly distribution effective September 2025. The final monthly distribution was for the month of August 2025 and was paid on September 15, 2025.

For the three months and year ended December 31, 2025, CAPREIT recorded a gain of $3.3 million and a loss of $39.7 million, respectively, on ERES Units held by non-controlling unitholders. This includes interest expense to ERES non-controlling unitholders of $nil and $127.0 million, respectively, for the three months and year ended December 31, 2025, including $nil and $121.9 million, respectively, of interest expense on the 2025 ERES Special Distribution. The remaining change relates to the mark-to-market gain of $3.3 million and $87.4 million, respectively, due to fluctuations in ERES's unit redemption price as defined in the ERES DOT for the three months and year ended December 31, 2025.

Gain (Loss) on Foreign Currency Translation

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

For the three months and year ended December 31, 2025, CAPREIT recorded a gain of $3.7 million and a loss of $4.0 million on foreign currency translation, respectively, primarily due to CAPREIT's USD borrowings, euro cash balances, and movements in the USD and euro relative to the Canadian dollar during the periods (for more information, see Section VI – Other Information).

Transaction Costs and Other Activities

The table below summarizes transaction costs and other activities for the three months and years ended December 31, 2025 and December 31, 2024:

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	**2025**	2024
Transaction costs and other adjustments on dispositions, net	**$ (5,684)**	$ (5,079)	**$ (25,373)**	$ (16,175)
Amortization of property, plant and equipment ("PP&E") and right-of-use asset	**(1,827)**	(1,660)	**(6,413)**	(6,363)
Enterprise resource planning ("ERP") implementation costs[1]	**(2,024)**	(3,023)	**(8,289)**	(5,914)
Fair value gain (loss) on transfer of other assets to investment properties	**–**	–	**–**	(80)
Other[2]	**(2,018)**	–	**(2,513)**	–
Total	**$ (11,553)**	$ (9,762)	**$ (42,588)**	$ (28,532)

[1] Includes licensing and consulting costs, and salaries and benefits.

[2] Consists of costs relating to the Dutch tax authority audits.

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

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

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

Current income tax expense is attributed to CAPREIT's European portfolio where CAPREIT operates through foreign legal entities that may be taxable in local jurisdictions.

For the three months and year ended December 31, 2025, current income tax expense includes taxes attributable to dispositions in CAPREIT's European portfolio of $0.2 million and $1.7 million, respectively, and amounts related to the Dutch tax authority reassessments of $0.1 million and $12.2 million, respectively. The reassessed Dutch subsidiaries have objected to the reassessments. The reassessments are subject to ongoing discussions with the Dutch tax authority that may extend over a prolonged period. No final decision has yet been received; additional Dutch subsidiaries could be reassessed; and actual amounts reassessed may differ significantly from what is currently estimated.

Current income tax expense, net of tax related to ERES dispositions and Dutch tax authority reassessments, decreased by $1.2 million and $4.1 million for the three months and year ended December 31, 2025, respectively, compared to the same periods last year, reflecting the continued reduction of CAPREIT's European portfolio in 2024 and 2025.

Deferred income tax recovery (expense) is attributed to CAPREIT's European portfolio and will vary significantly year-over-year depending on the fair value of the European investment properties relative to the respective tax cost base. For the three months and year ended December 31, 2025, deferred income tax recovery was $1.6 million and $1.3 million, respectively, mainly attributable to the derecognition of deferred tax assets, partially offset by the net fair value losses recorded on CAPREIT's European investment properties, as well as the disposition of the ERES subsidiaries. For the three months and year ended December 31, 2024, deferred income tax expense was $6.0 million and $23.7 million, respectively, mainly attributable to the fair value adjustments recorded on CAPREIT's European investment properties.

Other Comprehensive Income (Loss)

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

SECTION IV: INVESTMENT PROPERTIES

Investment Properties

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

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

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

A summary of the fair values of CAPREIT's investment properties and changes, along with key market assumptions, is presented in the following table. For the year ended December 31, 2025, there was a $135.9 million decrease in overall carrying value due to transfers to assets held for sale, dispositions, derecognition of a right-of-use asset and fair value adjustments, partially offset by acquisitions, property capital investments, and foreign currency translation adjustments.

Investment Properties by Geography

	Dec. 31, 2024	Carrying Value Change Due To					Dec. 31, 2025	Dec. 31, 2025	Dec. 31, 2024
($ Millions)	Fair Value	Acquisitions	Transfers, Dispositions and Derecognition[1]	Property Capital Investments[2]	Fair Value Adjustments	Foreign Currency Translation	Fair Value	Cap Rates[3]	Cap Rates[3]
Greater Toronto Area	$ 5,576	$ –	$ (30)	$ 92	$ 17	$ –	$ 5,655	4.43%	4.35%
Other Ontario	1,640	57	(12)	22	(28)	–	1,679	4.71%	4.59%
Québec	2,425	277	–	58	27	–	2,787	4.60%	4.56%
British Columbia	2,422	133	(67)	31	(46)	–	2,473	4.28%	4.18%
Nova Scotia	977	–	–	19	1	–	997	4.76%	4.69%
Alberta	565	80	(70)	5	9	–	589	5.03%	5.10%
Saskatchewan	38	114	–	–	2	–	154	5.66%	5.95%
Prince Edward Island	70	–	(31)	–	1	–	40	5.22%	5.36%
Subtotal	$ 13,713	$ 661	$ (210)	$ 227	$ (17)	$ –	$ 14,374	4.53%	4.45%
Europe	1,155	–	(824)	6	(63)	84	358	4.84%	4.45%
Total	$ 14,868	$ 661	$ (1,034)	$ 233	$ (80)	$ 84	$ 14,732	4.54%	4.45%

(1) Includes $728.1 million transferred to assets held for sale, $292.9 million of dispositions and $12.5 million of derecognition of a right-of-use asset during the year ended December 31, 2025.

(2) Represents property capital investments and capitalized direct leasing costs during the year ended December 31, 2025.

(3) Weighted average capitalization rates exclude investment properties acquired during the fourth quarter of 2025 for capitalization rates as at December 31, 2025 and exclude investment properties acquired during the fourth quarter of 2024 for capitalization rates as at December 31, 2024; and implied capitalization rates on operating and land leasehold interests. See note 4 to the accompanying consolidated annual financial statements for further valuation assumption details. Capitalization rates for Europe represent the implied capitalization rates for these properties.

Current regulatory and macroeconomic developments have impacted overall market activity, and while market activity has recently started to increase, these developments continue to result in limited reliable market metrics, such as capitalization rates. As such, the fair values of CAPREIT's investment properties are subject to significant change, and such changes may be material. Management is applying, to the greatest extent practicable, prudence and sound judgement in its basis for fair valuing the investment properties in the current unpredictable environment.

Acquisitions of Investment Properties

The table below summarizes the investment property acquisitions since January 1, 2025, which have contributed to the operating results as from their acquisition dates.

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.

There were no acquisitions completed in the Netherlands during the year ended December 31, 2025.

Dispositions of Investment Properties

The table below summarizes the dispositions of investment properties (including investment properties previously classified as assets held for sale) completed since January 1, 2025.

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 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.

The table below summarizes the disposition of a property, which was classified as asset held for sale as at year end, completed subsequent to December 31, 2025:

($ Thousands) Disposition Date	Suite Count	Region	Gross Sale Price[1]
January 15, 2026	33	The Netherlands	$ 16,267
Total	**33**		**$ 16,267**

[1] Gross sale price is the amount stated in the purchase and sale agreement and excludes transaction costs and customary adjustments.

Property Capital Investments

Discretionary and Non-Discretionary Property Capital Investments

Management does not differentiate between maintenance and value-enhancing property capital investments. Maintenance property capital investments are generally not clearly identifiable, nor do they have a common definition, and it 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 the properties. These investments may enhance the property's operating effectiveness, including its profitability, through increases in revenues or reductions in costs over the long term. Included in non-discretionary capital expenditures are items such as building improvements, including 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 in costs over the long term. Included in discretionary capital expenditures are items such as suite and common area improvements, energy-saving, resiliency and water efficiency initiatives, equipment, boilers, and elevators and risers.

Property Capital Investments by Category

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

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

Energy-saving, resiliency and water efficiency initiatives, and suite and common area improvement costs generally tend to increase NOI more quickly compared to other capital investment categories. A breakdown of property capital investments (including assets held for sale as applicable, but excluding development costs) is summarized by category on the next page for the years ended December 31, 2025 and December 31, 2024.

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.

Actual costs incurred may vary from period to period depending on the nature and timing of property capital investments. Discretionary property capital investments are not essential to the operation of the business in the short term. In addition, projects are impacted by variable costs, supply chain issues and inflationary pressures, which affect financial viability and total return.

SECTION V: CAPITAL STRUCTURE AND FINANCIAL CONDITION

Capital Structure

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

As at December 31, 2025, CAPREIT is in compliance with all the investment and debt restrictions, and financial covenants contained in the DOT, Credit Facilities, and mortgage financing agreements. The total capital managed by CAPREIT and the results of compliance with some of the key covenants and liquidity metrics are summarized in the following tables:

($ Thousands) As at	**December 31, 2025**	December 31, 2024
Unitholders' equity	**$ 8,761,196**	$ 9,027,312
Exchangeable LP Units	**53,270**	70,220
Mortgages payable – non-current	**4,856,580**	5,343,549
Mortgages payable – current	**777,021**	644,320
Credit facilities payable	**331,250**	4,145
Total capital	**$ 14,779,317**	$ 15,089,546

As at	Threshold	**December 31, 2025**	December 31, 2024
Total Debt to Gross Book Value[(1)]	Maximum 62.5%	**39.3%**	38.4%
Mortgages Payable to Gross Book Value[(1)]		**37.1%**	38.3%

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

For the 12 Months Ended		**December 31, 2025**	December 31, 2024
Debt service coverage ratio (times)[(1)(2)]	Minimum 1.4	**1.9x**	1.9x
Interest coverage ratio (times)[(1)(2)]	Minimum 1.65	**3.4x**	3.3x
FFO payout ratio[(1)]	Maximum 100%	**60.8%**	57.9%

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

(2) For the trailing 12 months ended.

Liquidity and Financial Condition

Liquidity and Capital Resources

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

i) CAPREIT's business continues to be stable and is expected to generate sufficient ACFO on an annual basis to fund the current level of distributions.

ii) CAPREIT's Canadian borrowing capacity as at December 31, 2025 remains strong with $182.0 million available on its Acquisition and Operating Facility (including a temporary increase of $100 million which matures on April 30, 2026), in addition to an unused accordion option to increase the credit facility limit by up to $200 million.

iii) CAPREIT's cash and cash equivalents as at December 31, 2025 totalled $33.2 million, consisting of $6.2 million in Canada and $27.0 million in Europe.

As at December 31, 2025, CAPREIT had approximately $1.4 billion of investment properties (excluding assets held for sale, as applicable) that are unencumbered by mortgages. Of these investment properties, approximately $483.7 million are Canadian investment properties which secure the Acquisition and Operating Facility. Certain CAPREIT Canadian investment properties carry a negative pledge against the ERES Credit Facility, with a carrying value totalling $311.6 million.

The working capital deficiency, as presented on CAPREIT's consolidated balance sheets as at December 31, 2025, and defined as current assets less current liabilities, is funded through the Credit Facilities and refinancing of mortgages as they mature. Management conducts a liquidity forecast on a regular basis, which includes refinancing of mortgages, property capital investments, potential acquisitions, and potential dispositions, to monitor the available capacity.

As at December 31, 2025, CAPREIT's credit facilities consist of the $500 million Acquisition and Operating Facility (including the $100 million temporary increase), which can be borrowed in Canadian dollars, USD or euros; the $70 million GHG Reduction Facility; and the €20 million ERES Credit Facility.

Acquisition and Operating Facility

On February 28, 2025, CAPREIT amended the Acquisition and Operating Facility to decrease the maximum borrowing capacity on the Acquisition and Operating Facility from $600 million to $200 million, excluding an accordion option of $400 million, with a maturity date of February 28, 2028.

On July 9, 2025, CAPREIT received approval from its lender to temporarily increase the maximum borrowing capacity on the Acquisition and Operating Facility from $200 million to $400 million until September 30, 2025 (inclusive). CAPREIT strategically increased the borrowing capacity temporarily to fund acquisitions, capital investments, and other general trust purposes in anticipation of proceeds in the third quarter of 2025 from the special distribution from ERES that was first announced on April 2, 2025 and which was declared on September 15, 2025. Effective October 1, 2025, the maximum borrowing capacity on the Acquisition and Operating Facility reverted back to $200 million.

On December 12, 2025, CAPREIT amended the Acquisition and Operating Facility to increase the maximum borrowing capacity on the Acquisition and Operating Facility from $200 million to $400 million, using $200 million of the $400 million accordion option, maturing on February 28, 2028. In addition, CAPREIT received approval from its lender to temporarily increase the maximum borrowing capacity on the Acquisition and Operating Facility from $400 million to $500 million until April 30, 2026 (inclusive). CAPREIT strategically increased the borrowing capacity temporarily to fund acquisitions completed in December 2025. Proceeds from future top-up mortgage financings are expected to be used to partially repay amounts drawn on the Acquisition and Operating Facility in the first half of 2026.

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

($ Thousands) As at	December 31, 2025	December 31, 2024
Maximum borrowing capacity[1]	**$ 500,000**	$ 600,000
Unused accordion option[2]	**$ 200,000**	$ 200,000
Interest rate:		
Canadian dollar borrowings[3]	**CORRA + 1.65% or Canadian Prime Rate + 0.35%**	CORRA + 1.65% or Canadian Prime Rate + 0.35%
USD borrowings[4]	**SOFR + 1.45%**	SOFR + 1.45%
Euro borrowings[5]	**EURIBOR + 1.35%**	EURIBOR + 1.35%
Maturity date	**February 28, 2028**	December 19, 2025

(1) As at December 31, 2025, includes temporary increase of $100,000 in borrowing capacity which matures on April 30, 2026.

(2) An accordion option is available to increase the credit facility limit upon satisfaction of conditions set out in the agreement and the consent of applicable lenders.

(3) On April 11, 2024, the interest rate on Canadian dollar borrowings changed from Canadian Dollar Offered Rate ("CDOR") to the Canadian Overnight Repo Rate Average ("CORRA") as the benchmark interest rate for Canadian dollar borrowings of one month or longer, which does not have a material impact on the effective interest rate on Canadian dollar borrowings.

(4) SOFR stands for Secured Overnight Financing Rate.

(5) EURIBOR stands for Euro Interbank Offered Rate.

GHG Reduction Facility

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

ERES Credit Facility

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

(€ Thousands) As at	**December 31, 2025**	December 31, 2024
Maximum borrowing capacity[1]	**€ 20,000**	€ 125,000
Accordion option	**€ 25,000**	€ 25,000
Interest rate:		
Canadian dollar borrowings[2]	**CORRA + 1.65%**	CORRA + 1.65%
USD borrowings	**SOFR + 1.45%**	SOFR + 1.45%
Euro borrowings	**EURIBOR + 1.35%**	EURIBOR + 1.35%
Maturity date[3]	**June 14, 2027**	June 14, 2027

(1) On June 23, 2025, ERES amended the ERES Credit Facility to reduce the maximum borrowing capacity from €125,000 to €20,000. With the reduced availability, the number of lenders has been reduced from three Canadian chartered banks to one Canadian chartered bank, and the tangible net worth covenant has been amended from a minimum of €375,000 to €100,000.

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

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

The tables below summarize the amounts available and drawn under the respective credit facilities as at December 31, 2025 and December 31, 2024:

($ Thousands) As at December 31, 2025	**Acquisition and Operating Facility**	**GHG Reduction Facility**	**ERES Credit Facility**	**Total**
Maximum borrowing capacity	**$ 500,000[1]**	**$ 70,000**	**$ 32,187**	**$ 602,187**
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**	**$ 32,187**	**$ 266,820**
Weighted average interest rate including interest rate swaps	**3.65%**	**3.00%**	**N/A**	**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 CCIR swaps.

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

Mortgages Payable

The table below summarizes the type of mortgages payable included in CAPREIT's capital structure and the overall interest rates and terms to maturity as at December 31, 2025 and December 31, 2024:

As at	**December 31, 2025**	December 31, 2024
Percentage of CMHC-insured mortgages[1]	**98.3%**	97.7%
Percentage of fixed-rate mortgages[2]	**100.0%**	99.8%
Weighted average mortgage effective interest rate[3]	**3.30%**	3.11%
Weighted average mortgage term to maturity (years)[4]	**4.4**	4.8

(1) Excludes European financings.

(2) After taking into consideration interest rate swaps where hedge accounting is not being applied. Excludes one-to-six-month short-term extensions.

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

(4) The mortgages on the Canadian and European properties have a weighted average term to maturity of 4.5 years and 1.7 years, respectively, as at December 31, 2025 (December 31, 2024 – 5.0 years and 2.5 years, respectively).

CAPREIT is in compliance with all financial covenants on mortgages payable for the years ended December 31, 2025 and December 31, 2024.

The table below summarizes the financings and repayments and associated weighted average interest rates closed during the year ended December 31, 2025. The table excludes mortgages assumed by CAPREIT upon acquisition of investment properties and mortgages assumed by the purchaser upon disposition of investment properties.

($ Thousands)	Original Mortgage Amounts[1]	Weighted Average Original Stated Interest Rate[2]	New/ Renewed Mortgage Amounts	Weighted Average New Interest Rate[3]	Weighted Average Term on New/Renewed Mortgages (Years)	Net Top-Up Financing (Repayment) Amounts[4]
Canadian Portfolio						
First Quarter	$ 137,132	2.21%	$ 68,670	3.58%	5.0	$ (68,462)
Second Quarter	4,236	3.22%	–	–	–	(4,236)
Third Quarter	106,843	1.84%	120,572	3.62%	5.0	13,729
Fourth Quarter	235,323	2.51%	190,211	3.48%	5.7	(45,112)
Acquisitions	–	–	49,186	3.74%	5.0	49,186
Total and Weighted Average	$ 483,534	2.28%	$ 428,639	3.57%	5.3	$ (54,895)
ERES Portfolio						
First Quarter	$ 135,823	1.61%	$ –	–	–	$ (135,823)
Second Quarter	878	1.23%	–	–	–	(878)
Third Quarter	250,019	2.07%	–	–	–	(250,019)
Fourth Quarter	–	–	–	–	–	–
Total and Weighted Average	$ 386,720	1.91%	$ –	–	–	$ (386,720)
Grand Total and Weighted Average	$ 870,254	2.12%	$ 428,639	3.57%	5.3	$ (441,615)

(1) Includes $448,886 of mortgages that matured, $16,865 of mortgages that were repaid early and $404,503 of mortgages associated with property dispositions during the year ended December 31, 2025.

(2) Excludes one-to-six-month short-term extensions, where applicable.

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

(4) Includes $404,503 of mortgages discharged due to property dispositions during the year ended December 31, 2025.

As a strategy, CAPREIT leverages CMHC insurance to get access to stable financing at lower interest rates than would be available with conventional mortgage financing or other forms of debt. The premiums associated with the initial mortgage financing along with any additional premiums on future expected mortgage renewals or refinancing are analyzed to ensure the all-in cost of CMHC financing continues to be CAPREIT's most cost-effective form of debt.

CMHC premiums are amortized over the amortization period of the underlying mortgage loans when incurred. If CAPREIT fully refinances or discharges an existing mortgage, any unamortized prepaid CMHC premiums and fees associated with the existing mortgages on that property will be written off in the period in which full refinancing or discharge occurs. CAPREIT accelerates the amortization for prepaid CMHC premiums for mortgages that management intends to fully refinance within the year, from the date the decision is made to refinance to the date the mortgage is due to be refinanced. During the three months and year ended December 31, 2025, CMHC amortization expense including net write-offs of CMHC premiums on refinancing or discharge of mortgages amounted to $1.5 million and $6.1 million, respectively, excluding CMHC write-offs relating to dispositions. CMHC amortization expense incurred during the three months and year ended December 31, 2025 was lower than the CMHC amortization expense incurred during the three months and year ended December 31, 2024, due to the financing strategy shift from maximizing top-up to support liquidity needs to prioritizing the utilization of the full useful life of the CMHC Certificate of Insurance ("COI").

The table below summarizes the CMHC amortization expense, including write-offs except those relating to dispositions, for the trailing eight quarters.

($ Thousands)	**Q4 25**	**Q3 25**	**Q2 25**	**Q1 25**	Q4 24	Q3 24	Q2 24	Q1 24
Amortization of CMHC premiums and fees	**$ (1,517)**	$ (1,550)	$ (1,529)	$ (1,539)	$ (1,576)	$ (1,646)	$ (3,459)	$ (3,399)

For 2026, CMHC amortization expense, including write-offs except those relating to dispositions, is expected to be in the range of $6.5 million to $7.0 million.

The breakdown of CAPREIT's Canadian dollar-denominated future principal repayments, including mortgage maturities, and effective weighted average 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.

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

As at December 31, 2025 ($ Thousands) **Period**		**Mortgage Balance ($)**		**Mortgage Balance (€)**[1]	**% of Total Mortgage Balance**	**Effective Weighted Average Interest Rate (%)**[2]
2027	$	**101,391**	€	**63,000**	**62.7**	**2.69**
2028		**60,396**		**37,528**	**37.3**	**3.29**
	$	**161,787**	€	**100,528**	**100.0%**	**2.91%**
Less: Deferred financing costs		**(354)**				
Total	$	**161,433**				
Weighted average term to maturity (years)		**1.7**				

(1) Included in mortgages payable are non-amortizing mortgages.

(2) Effective weighted average interest rates for maturing mortgages only. It includes the amortization of deferred financing costs, fair value adjustments, and the effect of IR swaps.

Unitholders' Equity, Exchangeable LP Units, and Units Awarded under Unit-based Compensation Plans

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

Units outstanding (excluding ERES) as at December 31, 2025 and December 31, 2024 are as follows:

(Thousands of units) As at	**December 31, 2025**	December 31, 2024
Trust Units	**153,884**	160,546
Exchangeable LP Units	**1,445**	1,647
DUs	**153**	154
RURs	**624**	550
PURs	**74**	30
Total number of units outstanding – diluted	**156,180**	162,927
Ownership by trustees, officers and other senior management	**0.6%**	0.5%

Normal Course Issuer Bid

In March 2025, CAPREIT received the Toronto Stock Exchange's ("TSX") acceptance of its notice of intention to proceed with the 2025–2026 NCIB following expiry of the previous NCIB on March 24, 2025 ("2024–2025 NCIB"). Pursuant to the notice, CAPREIT may purchase up to 16,047,885 of its Trust Units, representing approximately 10% of the public float of its Trust Units at the time of TSX approval, during the 12-month period commencing March 25, 2025 and ending March 24, 2026. Under the NCIB, other than purchases made under the block purchase exemption, CAPREIT may purchase up to 130,561 Trust Units on the TSX during any trading day, which represents approximately 25% of 522,247 Trust Units, being the average daily trading volume on the TSX for the most recently completed six calendar months prior to the TSX's acceptance of the notice of intention to proceed with an NCIB. Any Trust Units purchased under the NCIB will be cancelled.

In March 2024, CAPREIT received the TSX's acceptance of its notice of intention to proceed with an NCIB, following expiry of the previous NCIB on March 23, 2024. Pursuant to the notice, CAPREIT may purchase up to 16,724,759 of its Trust Units, representing approximately 10% of the public float of its Trust Units at the time of TSX approval, during the 12-month period commencing March 25, 2024 and ending March 24, 2025. Under the NCIB, other than purchases made under the block purchase exemption, CAPREIT may purchase up to 89,460 Trust Units on the TSX during any trading day, which represents approximately 25% of 357,842 Trust Units, being the average daily trading volume on the TSX for the most recently completed six calendar months prior to the TSX's acceptance of the notice of intention to proceed with an NCIB. Any Trust Units purchased under the NCIB will be cancelled.

The tables below summarize the NCIB activity for the years ended December 31, 2025 and December 31, 2024, based on the settlement date of purchases.

For the Year Ended December 31, 2025	**Weighted Average Purchase Price per Trust Unit**	**Total Cost of Trust Units Purchased and Cancelled ($ Thousands)**	**Number of Trust Units Purchased and Cancelled**	**2025–2026 NCIB Remaining Limit**
Beginning Limit				**16,047,885**
First Quarter 2025[(1)(2)]	**$ 42.79**	**$ 25,504**	**595,990**	**15,563,695**
Second Quarter 2025[(2)]	**42.43**	**146,361**	**3,449,258**	**12,114,437**
Third Quarter 2025[(2)]	**43.36**	**28,135**	**648,944**	**11,465,493**
Fourth Quarter 2025[(2)]	**38.20**	**94,057**	**2,462,006**	**9,003,487**
Total	**$ 41.09**	**$ 294,057**	**7,156,198**	**9,003,487**

(1) 111,800 Trust Units were purchased and cancelled under the 2024–2025 NCIB and 484,190 Trust Units were purchased and cancelled under the 2025–2026 NCIB.

(2) The total cost presented and the weighted average purchase price per Trust Unit include commissions. This excludes a net aggregate amount of $6,501 relating to the federal 2% tax on repurchases of Trust Units as well as other NCIB transaction costs.

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

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

(2) The total cost presented and the weighted average purchase price per Trust Unit include commissions. This excludes a net aggregate amount of $6,589 relating to the federal 2% tax on repurchases of Trust Units as well as other NCIB transaction costs.

Unitholder Taxation

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

On December 15, 2025, CAPREIT announced that it had declared a special non-cash distribution of $0.90 per Trust Unit, which was paid in Trust Units of CAPREIT (the "2025 Additional Trust Units") on December 31, 2025 to Unitholders of record at the close of business on December 31, 2025.

On December 16, 2024, CAPREIT announced that it had declared a special non-cash distribution of $1.18 per Trust Unit, which was paid in Trust Units of CAPREIT (the "2024 Additional Trust Units") on December 31, 2024 to Unitholders of record at the close of business on December 31, 2024 (the "2024 Special Distribution").

The 2025 Special Distribution and 2024 Special Distribution (together, the "Special Distributions") were made to distribute to Unitholders a portion of the net capital gain realized by CAPREIT from transactions completed during the years ended December 31, 2025 and December 31, 2024.

Immediately after the payments of the Special Distributions, the issued and outstanding Trust Units of CAPREIT, including the 2025 Additional Trust Units and 2024 Additional Trust Units, were consolidated such that the aggregate number of issued and outstanding Units immediately following the Special Distributions were the same as the aggregate number of issued and outstanding Trust Units of CAPREIT immediately before the Special Distributions as at December 31, 2025 and December 31, 2024.

Refer to Section VI – Unit Calculations and Distributions for further information.

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

Unit Calculations and Distributions

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

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

Outstanding Number of Units

(Thousands)

As at	**December 31, 2025**	**%[1]**	December 31, 2024	%[1]
Trust Units	**153,884**	**98.6**	160,546	98.6
Exchangeable LP Units[2]	**1,445**	**0.9**	1,647	1.0
DUs[3]	**153**	**0.1**	154	0.1
Basic number of units	**155,482**	**99.6**	162,347	99.7
Plus:				
RURs[3]	**624**	**0.4**	550	0.3
PURs[3]	**74**	**0.0**	30	0.0
Diluted number of units	**156,180**	**100.0**	162,927	100.0

(1) Represents percentage of total diluted units.

(2) See note 17 to the accompanying consolidated annual financial statements for details on Exchangeable LP Units.

(3) See notes 13 and 18 to the accompanying consolidated annual financial statements for details of CAPREIT's unit-based compensation plans.

Weighted Average Number of Units

(Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	**2025**	2024
Trust Units	**155,114**	165,326	**157,651**	166,782
Exchangeable LP Units[1]	**1,445**	1,647	**1,458**	1,647
DUs[2]	**141**	147	**145**	143
Basic number of units	**156,700**	167,120	**159,254**	168,572
Plus:				
RURs[2]	**620**	592	**614**	580
PURs[2]	**74**	30	**67**	8
Diluted number of units	**157,394**	167,742	**159,935**	169,160

(1) See note 17 to the accompanying consolidated annual financial statements for details on Exchangeable LP Units.

(2) See notes 13 and 18 to the accompanying consolidated annual financial statements for details of CAPREIT's unit-based compensation plans.

DRIP and Net Distributions Paid

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	**2025**	2024
Distributions declared on Trust Units	**$ 60,143**	$ 61,494	**$ 243,684**	$ 244,665
Distributions declared on Exchangeable LP Units	**559**	618	**2,233**	2,429
Distributions declared on awards outstanding under unit-based compensation plans[1]	**321**	276	**1,274**	1,052
Total distributions declared	**$ 61,023**	$ 62,388	**$ 247,191**	$ 248,146
Less:				
Distributions declared on Trust Units reinvested	**$ (1,144)**	$ (1,161)	**$ (4,906)**	$ (4,808)
Distributions declared on unit awards reinvested[1]	**(321)**	(276)	**(1,274)**	(1,052)
Net distributions paid in cash[2]	**$ 59,558**	$ 60,951	**$ 241,011**	$ 242,286
Percentage of distributions reinvested	**2.4%**	2.3%	**2.5%**	2.4%

(1) Comprises non-cash distributions related to the DUP and the RUR Plan (see notes 13 and 18 to CAPREIT's accompanying consolidated annual financial statements for a discussion of these plans).

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

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

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

The table in the DRIP and Net Distributions Paid section above excludes the Special Distributions.

The table below summarizes the Special Distributions issued as at December 31, 2025 and December 31, 2024:

As at	**December 31, 2025**	December 31, 2024
Special non-cash distribution per Trust Unit	**$ 0.90**	$ 1.18
Number of Trust Units on record at the close of business	**153,884,443**	160,545,918
Special non-cash distribution declared (000s)	**$ 138,496**	$ 189,444
Issue price per Trust Unit	**$ 36.87**	$ 42.63
Number of Trust Units issued pursuant to the Special Distributions	**3,756,333**	4,443,917
Number of Trust Units consolidated immediately following the Special Distributions	**(3,756,333)**	(4,443,917)

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

As required by National Policy 41-201, "Income Trusts and Other Indirect Offerings", the following table quantifies cash generated from operating activities net of interest expense included in cash used in financing activities for the three months and years ended December 31, 2025 and December 31, 2024:

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	**2025**	2024
Cash provided by operating activities	**$ 174,665**	$ 181,555	**$ 568,824**	$ 648,845
Adjustments:				
Interest paid on mortgages and credit facilities	**(42,076)**	(49,726)	**(171,831)**	(197,773)
Adjusted Cash Generated from Operating Activities	**$ 132,589**	$ 131,829	**$ 396,993**	$ 451,072

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

As required by National Policy 41-201, "Income Trusts and Other Indirect Offerings", the following table outlines the differences between Adjusted Cash Generated from Operating Activities and total distributions declared, in accordance with the guidelines, for the three months and years ended December 31, 2025 and December 31, 2024:

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	**2025**	2024
Adjusted Cash Generated from Operating Activities	**$ 132,589**	$ 131,829	**$ 396,993**	$ 451,072
Total distributions declared	**61,023**	62,388	**247,191**	248,146
Excess of Adjusted Cash Generated from Operating Activities over total distributions declared	**$ 71,566**	$ 69,441	**$ 149,802**	$ 202,926

For the three months and year ended December 31, 2025, CAPREIT's Adjusted Cash Generated from Operating Activities exceeded distributions declared by $71.6 million and $149.8 million, respectively (for the three months and year ended December 31, 2024 – $69.4 million and $202.9 million, respectively). As per OSC Staff Notice 51-724, if distributions are in excess of Adjusted Cash Generated from Operating Activities, then it represents a return of capital, rather than a return on capital, since they represent cash payments in excess of cash generated from CAPREIT's continuing operations during the period. Management believes, should this occur, that there is adequate overall liquidity to fund excess distributions over Adjusted Cash Generated from Operating Activities on an annual basis through cash and cash equivalents on hand and, if necessary, the Acquisition and Operating Facility.

As required by National Policy 41-201, "Income Trusts and Other Indirect Offerings", the following table outlines the differences between net income (loss) and total distributions declared, in accordance with the guidelines, for the three months and years ended December 31, 2025 and December 31, 2024:

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	**2025**	2024
Net income (loss)	**$ 88,405**	$ (48,813)	**$ 197,051**	$ 292,742
Total distributions declared	**61,023**	62,388	**247,191**	248,146
Excess (shortfall) of net income over total distributions declared	**$ 27,382**	$ (111,201)	**$ (50,140)**	$ 44,596

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

Non-IFRS Measures

Funds From Operations

FFO is a measure of operating performance based on the funds generated by the business before reinvestment or provision for other capital needs. Management considers FFO to be an important measure of CAPREIT's operating performance. Fair value adjustments, gains or losses on dispositions, and other non-cash items do not necessarily provide an accurate picture of CAPREIT's past or recurring operating performance. FFO as presented is in accordance with the recommendations of the Real Property Association of Canada ("REALPAC"), with the exception of (i) the adjustment for gains or losses on fair value through profit or loss ("FVTPL") marketable securities, (ii) the adjustment for amortization of PP&E and right-of-use asset, (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, ERP 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. For further information on CAPREIT's total property capital investments, refer to Property Capital Investments in Section IV. See discussions under Foreign Currency Information in Section VI for additional information on hedging instruments currently in place. FFO is not a measure of the sustainability of distributions.

A reconciliation of net income (loss) to FFO is as follows for the three months and years ended December 31, 2025 and December 31, 2024:

($ Thousands, except per unit amounts)	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	**2025**	2024
Net income (loss)	**$ 88,405**	$ (48,813)	**$ 197,051**	$ 292,742
Adjustments:				
Fair value adjustments of investment properties	**15,536**	97,419	**84,690**	(58,486)
Fair value adjustments of financial instruments	**(6,012)**	(51,830)	**19,871**	5,994
Interest expense on Exchangeable LP Units	**559**	618	**2,233**	2,429
Loss (gain) on non-controlling interest	**(3,317)**	61,363	**39,656**	118,526
FFO impact attributable to ERES Units held by non-controlling unitholders[(1)]	**(816)**	(4,336)	**(7,276)**	(18,736)
Deferred income tax expense (recovery)	**(1,629)**	6,034	**(1,343)**	23,726
Loss (gain) on foreign currency translation	**(3,743)**	24,624	**4,034**	26,782
Transaction costs and other activities[(2)]	**11,553**	9,762	**42,588**	28,532
Tax related to ERES dispositions and Dutch tax authority audits[(3)]	**219**	4,664	**13,900**	6,726
Net loss (gain) on derecognition of debt	**7**	3,322	**4,493**	(3,012)
Lease principal repayments	**(258)**	(333)	**(1,254)**	(1,281)
Reorganization, senior management termination and retirement costs[(4)]	**100**	1,798	**9,601**	6,982
Unit-based compensation amortization recovery relating to ERES unit option forfeitures[(5)]	**(1,106)**	–	**(1,856)**	(2,284)
FFO	**$ 99,498**	$ 104,292	**$ 406,388**	$ 428,640
Weighted average number of units (000s) – diluted	**157,394**	167,742	**159,935**	169,160
Total distributions declared	**$ 61,023**	$ 62,388	**$ 247,191**	$ 248,146
FFO per unit – diluted[(6)]	**$ 0.632**	$ 0.622	**$ 2.541**	$ 2.534
FFO payout ratio[(7)]	**61.3%**	59.8%	**60.8%**	57.9%

(1) For the three months and year ended December 31, 2025, the adjustment is based on applying the 35% weighted average ownership held by ERES non-controlling unitholders (for the three months and year ended December 31, 2024 – 35%).

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

(3) Included in current income tax expense in the statement of net income and comprehensive income.

(4) For the three months and year ended December 31, 2025, includes $100 and $7,965 of reorganization costs (for the three months and year ended December 31, 2024 – $1,489 and $6,673). For the three months and year ended December 31, 2025, includes $nil and $234, respectively, of accelerated vesting of previously granted CAPREIT unit-based compensation (for the three months and year ended December 31, 2024 – $309) and $nil and $1,402, respectively, of accelerated vesting of ERES RURs that vested on May 20, 2025 and January 7, 2025 (for the three months and year ended December 31, 2024 – $nil).

(5) Relates to forfeitures of previously granted ERES unit options upon restructuring, trustee retirement, and senior management termination.

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

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

FFO may be subject to a certain degree of fluctuation from period to period as a result of CMHC premium write-offs which occur upon the refinancing of a mortgage, as well as accelerated CMHC amortization expense for mortgages that management intends to fully refinance or discharge within the year, excluding property dispositions. These write-offs and accelerated CMHC amortization expense are not added back to FFO and as a result, may cause fluctuation depending on the timing and amount of mortgages coming due. For further details, refer to Liquidity and Financial Condition in Section V.

Contributing to FFO are fees earned from ERES on the portion of ERES Units held by non-controlling unitholders totalling $0.2 million and $1.4 million, respectively, for the three months and year ended December 31, 2025 compared to $1.1 million and $4.9 million, respectively, for the three months and year ended December 31, 2024. These fees comprise asset management fees, property management fees, service fees, and interest income earned on the promissory note from ERES. Asset management fees are lower due to a smaller ERES portfolio following property dispositions. Property management fees were also lower as CAPREIT is no longer ERES's property manager since January 15, 2025. Refer to the Related Party Transactions section for further details.

For the three months and year ended December 31, 2025, FFO decreased by $4.8 million and $22.3 million, respectively, or 4.6% and 5.2%, respectively, compared to the same periods last year, primarily due to lost NOI from disposed properties, partially offset by lower interest expense on credit facilities payable and mortgages payable.

For the three months and year ended December 31, 2025, diluted FFO per unit increased by 1.6% and 0.3%, respectively, compared to the same periods last year, primarily due to lower interest expense on credit facilities payable and mortgages payable, as well as the impact of Trust Units purchased and cancelled through the NCIB program, which reduced the overall weighted average Units outstanding by approximately 6.2% and 5.5%, respectively, partially offset by lost NOI from disposed properties.

Comparing total distributions declared to FFO, the FFO payout ratio for the three months and year ended December 31, 2025 increased to 61.3% compared to 59.8%, and 60.8% compared to 57.9%, respectively, for the same periods last year, primarily due to lower FFO.

Adjusted Cash Flows From Operations and Distributions Declared

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

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

The following table reconciles cash provided by operating activities to ACFO for the three months and years ended December 31, 2025 and December 31, 2024:

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	**2025**	2024
Cash provided by operating activities	**$ 174,665**	$ 181,555	**$ 568,824**	$ 648,845
Adjustments:				
Interest paid on mortgages payable and credit facilities payable	**(42,076)**	(49,726)	**(171,831)**	(197,773)
Actual non-discretionary property capital investments	**(16,947)**	(26,272)	**(62,722)**	(68,881)
Capitalized direct leasing costs	**(203)**	(1,502)	**(1,188)**	(4,112)
Amortization and write-offs of other financing costs(1)	**(4,112)**	(5,213)	**(19,271)**	(23,809)
Investment and interest income received	**4,705**	911	**7,842**	5,931
Net ACFO impact attributed to ERES Units held by non-controlling unitholders(2)	**130**	(2,828)	**(3,849)**	(15,126)
Lease payments	**(731)**	(1,628)	**(5,277)**	(6,304)
ACFO	**$ 115,431**	$ 95,297	**$ 312,528**	$ 338,771
Total distributions declared	**61,023**	62,388	**247,191**	248,146
Excess ACFO over distributions declared	**$ 54,408**	$ 32,909	**$ 65,337**	$ 90,625
ACFO payout ratio(3)	**52.9%**	65.5%	**79.1%**	73.2%

(1) For the three months and year ended December 31, 2025, includes $(4,102) and $(16,777), respectively, of amortization and write-offs of CMHC premiums, deferred financing costs, fair value adjustments, and deferred loan costs (for the three months and year ended December 31, 2024 – $(4,166) and $(18,836), respectively). In addition, for the three months and year ended December 31, 2025, includes $(10) and $(2,494), respectively, of write-offs of CMHC premiums and deferred financing costs on dispositions (for the three months and year ended December 31, 2024 – $(1,047) and $(4,973), respectively).

(2) For the three months and year ended December 31, 2025, the adjustment is based on applying the 35% weighted average ownership held by ERES non-controlling unitholders (for the three months and year ended December 31, 2024 – 35%).

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

For the three months ended December 31, 2025, the ACFO payout ratio decreased primarily due to reduced non-discretionary capital expenditures and additional interest income received from the VTB mortgages receivable.

For the year ended December 31, 2025, the ACFO payout ratio increased primarily due to lost NOI from net disposition activities contributing to lower cash provided by operating activities and the timing of working capital movements.

Total Debt and Total Debt Ratios

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

A reconciliation for Total Debt and Gross Book Value as at December 31, 2025 and December 31, 2024 is as follows:

($ Thousands) As at	December 31, 2025	December 31, 2024
Mortgages payable – non-current	$ 4,856,580	$ 5,343,549
Mortgages payable – current	777,021	644,320
Total mortgages payable	5,633,601	5,987,869
Credit facilities payable – non-current	331,250	4,145
Total Debt	$ 5,964,851	$ 5,992,014
Total Assets	$ 15,132,363	$ 15,576,093
Add: Accumulated amortization of PP&E	45,104	43,164
Gross Book Value[(1)]	$ 15,177,467	$ 15,619,257
Total Debt to Gross Book Value[(2)]	39.3%	38.4%
Total Mortgages Payable to Gross Book Value[(3)]	37.1%	38.3%

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

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

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

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

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

A reconciliation of net income to Adjusted EBITDAFV for the years ended December 31, 2025 and December 31, 2024 is as follows:

($ Thousands) For the Years Ended	December 31, 2025	December 31, 2024
Net income	$ 197,051	$ 292,742
Adjustments:		
Interest expense on debt and other financing costs	191,013	220,162
Interest expense on Exchangeable LP Units	2,233	2,429
Total current income tax expense and deferred income tax expense (recovery), net	17,473	39,439
Amortization of PP&E and right-of-use asset	6,413	6,363
Total unit-based compensation amortization expense, net	9,522	6,306
EUPP unit-based compensation expense	(476)	(523)
Fair value adjustments of investment properties	84,690	(58,486)
Fair value adjustments of financial instruments	19,871	5,994
Net loss (gain) on derecognition of debt	4,493	(3,012)
Loss on non-controlling interest	39,656	118,526
Loss on foreign currency translation	4,034	26,782
Transaction costs and other adjustments on dispositions and other	36,175	22,169
Adjusted EBITDAFV	$ 612,148	$ 678,891

Debt Service Coverage Ratio

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

($ Thousands) For the Years Ended	**December 31, 2025**	December 31, 2024
Contractual interest on mortgages payable[(1)(2)(3)]	**$ 165,178**	$ 171,254
Amortization of deferred financing costs and fair value adjustments on mortgages payable[(1)(3)]	**9,723**	8,025
Contractual interest on Credit Facilities payable, net[(2)]	**5,035**	25,049
Amortization of deferred financing costs on Credit Facilities payable	**919**	731
Mortgage principal repayments[(1)]	**148,180**	153,237
Debt service payments	**$ 329,035**	$ 358,296
Adjusted EBITDAFV	**$ 612,148**	$ 678,891
Debt service coverage ratio (times)	**1.9x**	1.9x

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

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

(3) Net of capitalized interest expense.

Interest Coverage Ratio

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

($ Thousands) For the Years Ended	**December 31, 2025**	December 31, 2024
Contractual interest on mortgages payable[(1)(2)(3)]	**$ 165,178**	$ 171,254
Amortization of deferred financing costs and fair value adjustments on mortgages payable[(1)(3)]	**9,723**	8,025
Contractual interest on Credit Facilities payable, net[(2)]	**5,035**	25,049
Amortization of deferred financing costs on Credit Facilities payable	**919**	731
Interest expense	**$ 180,855**	$ 205,059
Adjusted EBITDAFV	**$ 612,148**	$ 678,891
Interest coverage ratio (times)	**3.4x**	3.3x

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

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

(3) Net of capitalized interest expense.

Net Asset Value

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

A reconciliation of Unitholders' equity to NAV as at December 31, 2025 and December 31, 2024 is as follows:

($ Thousands, except per unit amounts) As at	**December 31, 2025**	December 31, 2024
Unitholders' equity	**$ 8,761,196**	$ 9,027,312
Adjustments:		
Exchangeable LP Units	**53,270**	70,220
Unit-based compensation financial liabilities excluding ERES RURs and ERES Unit options	**23,826**	23,701
Deferred income tax liability	**4,140**	32,076
Deferred income tax asset	**–**	(11,793)
Derivative financial assets – non-current	**–**	(8,813)
Derivative financial assets – current	**(1,878)**	(10,263)
Derivative financial liabilities – current	**2,739**	3,684
Adjustment to ERES non-controlling interest[1]	**(33,714)**	(84,056)
NAV	**$ 8,809,579**	$ 9,042,068
Diluted number of units	**156,180**	162,927
NAV per unit – diluted[2]	**$ 56.41**	$ 55.50

[1] CAPREIT accounts for the non-controlling interest in ERES as a liability, measured at the redemption amount, as defined by the ERES DOT, of ERES's units not owned by CAPREIT. The adjustment is made so that the non-controlling interest in ERES is measured at ERES's disclosed NAV, rather than the redemption amount. The table below summarizes the calculation of the adjustment to ERES non-controlling interest as at December 31, 2025 and December 31, 2024:

($ Thousands) As at	**December 31, 2025**	December 31, 2024
ERES's NAV	**€ 209,986**	€ 486,259
Ownership by ERES non-controlling interest	**35%**	35%
Closing foreign exchange rate	**1.60937**	1.49288
Impact to NAV due to ERES's non-controlling unitholders	**$ 118,281**	$ 254,074
Less: ERES Units held by non-controlling unitholders	**84,567**	170,018
Adjustment to ERES non-controlling interest	**$ 33,714**	$ 84,056

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

Other Information

Selected Consolidated Quarterly Information

	Q4 25	**Q3 25**	**Q2 25**	**Q1 25**	Q4 24	Q3 24	Q2 24	Q1 24
Canadian residential Occupied AMR[(1)(2)]	**$ 1,718**	$ 1,709	$ 1,693	$ 1,677	$ 1,636	$ 1,617	$ 1,577	$ 1,552
The Netherlands Occupied AMR[(2)]	**€ 1,349**	€ 1,349	€ 1,245	€ 1,248	€ 1,222	€ 1,141	€ 1,072	€ 1,068
Operating revenues (000s)	**$ 243,298**	$ 252,321	$ 254,434	$ 253,311	$ 276,361	$ 282,439	$ 278,126	$ 275,816
NOI (000s)	**$ 158,067**	$ 167,823	$ 169,802	$ 158,019	$ 177,942	$ 189,382	$ 186,281	$ 177,049
NOI Margin	**65.0%**	66.5%	66.7%	62.4%	64.4%	67.1%	67.0%	64.2%
Net income (loss) (000s)	**$ 88,405**	$ 26,186	$ 74,475	$ 7,985	$ (48,813)	$ 47,370	$ 112,072	$ 182,113
FFO (000s)[(3)]	**$ 99,498**	$ 105,305	$ 106,208	$ 95,377	$ 104,292	$ 111,833	$ 109,145	$ 103,370
FFO per unit – diluted[(3)]	**$ 0.632**	$ 0.663	$ 0.661	$ 0.585	$ 0.622	$ 0.659	$ 0.644	$ 0.609
FFO payout ratio[(3)]	**61.3%**	58.6%	58.5%	65.4%	59.8%	56.2%	56.2%	59.5%
Total debt to gross book value[(2)(3)]	**39.3%**	37.7%	38.5%	37.7%	38.4%	40.9%	41.5%	41.8%
NAV per unit – diluted[(2)(3)]	**$ 56.41**	$ 56.07	$ 56.14	$ 55.56	$ 55.50	$ 55.78	$ 55.05	$ 54.79
Weighted average number of units (000s) – diluted	**157,394**	158,731	160,711	162,981	167,742	169,586	169,527	169,796

(1) Excludes MHC sites.

(2) As at period end.

(3) Non-IFRS Measures are reconciled with IFRS reported amounts in the respective quarterly SEDAR+ filings. These measures are not defined by IFRS, do not have standard meanings, and may not be comparable with other industries or companies (see Section I – Non-IFRS Measures).

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

Selected Consolidated Financial Information

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

($ Thousands, except per Unit amounts) Year Ended December 31,	2025	2024	2023
Income Statement			
Operating revenues	**$ 1,003,364**	$ 1,112,742	$ 1,065,317
Net income (loss)	**$ 197,051**	$ 292,742	$ (411,574)
Distributions			
Distributions declared on Trust Units[1]	**$ 243,684**	$ 244,665	$ 243,282
Distributions per Trust Unit	**$ 1.546**	$ 1.471	$ 1.450
Balance Sheet			
Investment properties[2]	**$ 14,732,478**	$ 14,868,362	$ 16,532,096
Total assets	**$ 15,132,363**	$ 15,576,093	$ 16,968,640
Mortgages payable[3]	**$ 5,633,601**	$ 5,987,869	$ 6,653,988
Credit facilities payable	**$ 331,250**	$ 4,145	$ 405,133
Total non-current financial liabilities[4]	**$ 5,199,413**	$ 5,359,999	$ 6,418,820

(1) Distributions declared exclude the special non-cash distributions. Refer to note 18 of the accompanying consolidated annual financial statements for further information.

(2) Investment properties exclude $141,392 of assets held for sale as at December 31, 2025 (December 31, 2024 – $307,460, December 31, 2023 – $45,850).

(3) Mortgages payable exclude $nil of liabilities related to assets held for sale as at December 31, 2025 (December 31, 2024 – $nil, December 31, 2023 – $23,706).

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

CAPREIT's year-over-year changes in operating revenues and net income (loss) were primarily driven by property dispositions, vacancies, and expected credit losses, partially offset by operational growth and contributions from property acquisitions. In addition, net income (loss), investment properties, and total assets were impacted by the year-over-year changes in the fair values of investment properties. Distributions declared on Trust Units decreased from 2024 to 2025 as a result of CAPREIT's purchase of Trust Units in 2024 and 2025 under the NCIB program, despite increases in distributions per Trust Unit in August 2024 and February 2025. Year-over-year changes in mortgages payable, credit facilities payable, and total non-current financial liabilities were primarily driven by the timing of property acquisitions and dispositions, the continued repayment of mortgage debt, and the drawdown and repayment activity on credit facilities. Refer to the various sections of this MD&A for further information on CAPREIT's key financial and operational performance.

Foreign Currency Information

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

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

As at	December 31, 2025	December 31, 2024
Canadian dollar per euro (closing rate at period end)	$ 1.60937	$ 1.49288
Canadian dollar per USD (closing rate at period end)	1.37082	1.43722

	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	2025	2024
Canadian dollar per euro (average rate during the period)	$ 1.62288	$ 1.49253	$ 1.57858	$ 1.48213
Canadian dollar per USD (average rate during the period)	1.39416	1.39949	1.39754	1.37009

European Foreign Exchange Exposure

The majority of CAPREIT's foreign currency transactions are denominated in euros. Between December 31, 2024 and December 31, 2025, the euro strengthened against the Canadian dollar from a closing price of $1.49288 per euro to $1.60937 per euro.

The following table summarizes CAPREIT's net foreign investments exposure and its associated derivative financial instruments related to the euro as at December 31, 2025 and December 31, 2024. CAPREIT uses derivative financial instruments to minimize its exposure to fluctuations in foreign exchange rates.

(€ Thousands) As at	December 31, 2025	December 31, 2024
ERES assets	€ 241,240	€ 800,674
ERES assets held for sale	87,856	64,700
CAPREIT's euro cash	694	78,944
Total foreign assets	€ 329,790	€ 944,318
ERES liabilities (excluding intercompany transactions)	€ 121,024	€ 381,710
Total foreign liabilities	€ 121,024	€ 381,710
Net foreign equity[1]	€ 208,766	€ 562,608
Net foreign equity (excluding non-controlling interest)	€ 135,316	€ 393,326
Less: cross-currency swaps[2]	105,000	278,818
Net European foreign exchange exposure (excluding non-controlling interest)	€ 30,316	€ 114,508

(1) As at December 31, 2025, net foreign equity includes €208,072 (December 31, 2024 – €483,664) relating to ERES, in which CAPREIT has a 65% (December 31, 2024 – 65%) interest.

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

Related Party Transactions

A summary of related party transactions can be found in note 27 to CAPREIT's consolidated annual financial statements for the year ended December 31, 2025. Transactions with ERES are described below.

Asset Management Agreement

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

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

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

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

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

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

Property Management Agreement

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

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

Services Agreement

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

Pipeline Agreement

CAPREIT entered into a pipeline agreement with ERES (the "Pipeline Agreement"), most recently extended on March 24, 2023, pursuant to which, for the period ending March 29, 2025, CAPREIT made up to $265.5 million (€165.0 million) (the "Total Commitment") available to acquire properties that would comply with ERES's investment policy, would not contravene the investment policy of CAPREIT, and which ERES wished to purchase but was unable to do so (a "Suitable Property Investment"). Once any part of the Total Commitment had been repaid, that part of the Total Commitment would be available for reuse under the terms of the Pipeline Agreement.

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

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

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

There were no acquisitions made pursuant to the Pipeline Agreement during the years ended December 31, 2025 and December 31, 2024. The Pipeline Agreement expired on March 28, 2025 and has not been extended.

Promissory Notes

On October 28, 2021, as an alternative to the Pipeline Agreement, the CAPREIT Board of Trustees approved the provision of up to $265.5 million (€165.0 million) in funding to ERES via promissory note arrangements, carrying an interest rate as agreed upon by CAPREIT and ERES on drawn amounts, for terms of up to six months, with the ability to fully repay prior to maturity, without penalty, and extend beyond, if required.

There were no new promissory notes issued and outstanding to CAPREIT during the years ended December 31, 2025 and December 31, 2024.

Other Transactions with ERES

The table below summarizes fees charged to and interest income earned from ERES for the three months and years ended December 31, 2025 and December 31, 2024, including non-recoverable taxes which must be remitted to the government:

($ Thousands)	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	**2025**	2024
Asset management fees	**$ 494**	$ 1,847	**$ 3,351**	$ 8,187
Property management fees[1]	**–**	1,130	**122**	4,995
Service fees	**127**	171	**516**	725
Total	**$ 621**	$ 3,148	**$ 3,989**	$ 13,907

[1] ERES transferred property management services for its residential portfolio in the Netherlands to a third party effective January 15, 2025.

During the three months and year ended December 31, 2025, ERES declared a total of $nil and $232.7 million, respectively, in distributions on ERES Units and interest on Class B Limited Partnership units ("ERES Class B LP Units") to CAPREIT (three months and year ended December 31, 2024 – $234.1 million and $254.3 million, respectively), including $nil and $9.5 million, respectively, from regular monthly distributions (three months and year ended December 31, 2024 – $6.8 million and $27.0 million) and $nil and $223.2 million, respectively, from the ERES Special Distribution (three months and year ended December 31, 2024 – $227.3 million).

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

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

Accounting Policies and Critical Accounting Estimates, Assumptions, and Judgements

Summary of Material Accounting Policies

A summary of material accounting policies can be found in note 2 to CAPREIT's consolidated annual financial statements for the year ended December 31, 2025.

Critical Accounting Estimates, Assumptions, and Judgements

A summary of critical accounting estimates, assumptions, and judgements can be found in note 3 to CAPREIT's consolidated annual financial statements for the year ended December 31, 2025.

Controls and Procedures

Disclosure Controls and Procedures

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

As at December 31, 2025, CAPREIT's executive officers, with the assistance of management, evaluated the effectiveness of the disclosure controls and procedures in accordance with the rules adopted by the Canadian Securities Administrators under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, and based on that evaluation concluded that the design and operation of the disclosure controls and procedures were effective as at December 31, 2025.

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

Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. As at December 31, 2025, CAPREIT's executive officers, with the assistance of management, assessed the effectiveness of the internal controls over financial reporting using the criteria set forth in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 2013 and, based on that assessment, determined that the internal controls over financial reporting were designed and operating effectively as at December 31, 2025.

CAPREIT did not make any changes to the design of internal controls over financial reporting in 2025 that have materially affected, or are reasonably likely to materially affect, the internal controls over financial reporting.

Risks and Uncertainties

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

Rent Control and Residential Tenancy Regulations

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

In the Netherlands, the residential rental market is regulated by the government through national tenancy law, and the Dutch government periodically updates the regulatory framework in response to market conditions and the balance of supply and demand. Current, proposed or future rental regulations in the Netherlands may affect the amount of rent that landlords are permitted to charge for residential rental suites. As a result, changes to the regulatory environment may impact rental growth and operating performance.

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

General Economic Conditions

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

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

The global economy may face increasing uncertainty due to trade protectionism, elevated interest rates, geopolitical uncertainty and disputes, international conflict, and other political and economic events around the world, which could potentially impact international and domestic supply chains, Canadian trade, and the Canadian and global 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 revenues and, consequently, its ability to meet its obligations and pay distributions. In addition, any increase in the supply of available rental accommodation in the markets in which CAPREIT operates or may operate could have an adverse effect on CAPREIT.

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

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

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 Credit Facility. CAPREIT is subject to the risks associated with debt financing, including the risk that CAPREIT may be unable to make interest or principal payments or meet loan covenants, the risk that defaults under a loan could result in cross-defaults or other lender rights or remedies under other loans, and the risk that existing indebtedness may not be able to be refinanced or that the terms of such refinancing may not be as favourable as the terms of existing indebtedness or expectations of future interest rates. In such circumstances, CAPREIT could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing, and its ability to make property capital investments and distributions to Unitholders could be adversely affected.

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

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

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

Acquisitions and Dispositions

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

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

CAPREIT regularly considers and undertakes strategic property dispositions in order to recycle its capital and improve its portfolio composition, with the goal of improving the risk and return profile of its cash flows. Failure to execute on dispositions may inhibit CAPREIT's ability to fund other strategic priorities. 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 Trust Units are listed on the TSX. There can be no assurance that an active trading market in the Trust Units will be sustained.

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

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

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

Catastrophic Events

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

Climate Change

Climate change presents a multi-faceted risk for CAPREIT, considering its investment in and management of real estate assets in multiple geographical territories. Climate-related risks refer to the potential for climate change to create adverse consequences for human or ecological systems, including impacts on people, livelihoods, health and well-being, economic, social, and cultural assets and investments, infrastructure, services provision, ecosystems, and species. Following the framework from the Task Force on Climate-related Financial Disclosures ("TCFD") 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, cyclones, floods, extreme cold, wildfires, freeze-thaw cycles, and drought in certain locales can lead to increases in capital expenditure, 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, cyclones, 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 heating, ventilation, and air conditioning ("HVAC") equipment, renewable energy and storage, and electric vehicle 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. A lack of investment strategy and operational management plan concerning climate change may have an adverse effect on CAPREIT's ability to raise funds via debt and/or equity markets, as well as related investment returns and sentiment.

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	• Extreme wind • Extreme precipitation • Riverine flood • Wildfire	• Loose object hazards • Damage to façade, roof, windows or 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	• Reputational effects of poor resident experiences • Unforeseen expenses for envelope and equipment repairs, upgrades, and replacements • Lost rental revenue if residents are displaced
Chronic	• Extreme heat • Coastal flooding • Extreme cold • Freeze-thaw cycles • Drought	• Health risks to residents • Excess strain on HVAC systems • Higher cooling, energy or water costs • Damage to façade, roof, windows or doors, equipment, seals, foundation • Local power outages • Burst pipes or water mains • Operational disruption	• 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	• 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	• 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	• Adjustments in goods and services purchased by CAPREIT • Changes in the requirements/preferences of residents	• Loss of asset market/customer appeal • Supply chain disruption or unintended partner changes • Reduced asset value
Technology	• Transition to renewable sources of energy, battery storage, and energy efficiency equipment	• Increase in expenses and capital investment
Reputational	• Reputational impacts from lack of proper investment strategy and operational management plan (i.e., absence of performance/reduction targets) to address climate change	• 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 Trust Units. The impact of such fluctuations could be exacerbated if such energy costs cannot be hedged.

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

Environmental Matters

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

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

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

Vendor Management and Third-Party Service Providers

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

Operating Risk

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

Talent Management and Human Resource Shortages

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

Public Health Crises

Public health crises relating to any virus, flu, epidemic, pandemic or any other similar disease or illness (each a "Health Crisis") could adversely impact CAPREIT, including through: (a) a general or acute decline in economic activity in the countries and regions in which CAPREIT's properties and investments are located; (b) increased unemployment; (c) reduced immigration; (d) closure of college and university campuses; (e) household consolidation (young adults moving back in with their parents); (f) supply shortages; (g) temporary service disruptions due to illness; (h) CAPREIT or government-imposed isolation programs and restrictions on the movement of personnel, and other mobility restrictions and quarantine measures; (i) increased government regulation; (j) inability to access governmental programs or processes on a timely basis; (k) efficacy of governmental relief efforts; and (l) 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. For further details, see Related Party Transactions in Section VI. The trading price of ERES Units may be volatile, including as a result of transactions that may be completed by ERES, and subject to fluctuations due to market conditions and other factors, which are often unrelated to operating results or underlying asset values and which are beyond CAPREIT's control. Fluctuations in the market price and valuations of CAPREIT's holdings in ERES may affect the price of the Trust Units.

Potential Conflicts of Interest

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

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

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

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

Investment Restrictions

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

Lack of Diversification of Investment Assets

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

Geographic Concentration

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

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

Illiquidity of Real Property

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

Capital Investments

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

Dependence on Key Personnel

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

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

Property Development

CAPREIT, from time to time, engages in development, redevelopment, and major renovation activities with respect to certain properties. It is subject to certain risks, including the availability and timely receipt of zoning, occupancy, land use, and other regulatory and governmental approvals. This could result in substantial unanticipated delays or costs and could negatively impact the financial performance of CAPREIT. 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

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

Dilution

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

Distributions

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

Foreign Operations and Currency Risks

In connection with CAPREIT's investment in and management of ERES, the Dutch real estate market differs from the Canadian environment and CAPREIT's experience and expertise in managing Canadian properties may not apply perfectly to a foreign operation. 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.

Commitments and Contingencies

A summary of commitments and contingencies can be found in note 29 to CAPREIT's consolidated annual financial statements for the year ended December 31, 2025.

Subsequent Events

A summary of subsequent events can be found in note 32 to CAPREIT's consolidated annual financial statements for the year ended December 31, 2025.

Outlook

CAPREIT, along with the broader multi-residential rental sector in Canada, has been experiencing a transitory period of recalibrating fundamentals driven by a recent shift in supply-demand dynamics. After years of unprecedented population growth and a persistent undersupply of housing stock, these trends have temporarily reversed. Government policy changes to tighten immigration targets halted a trajectory of rapid demographic expansion, and this is coinciding with a finite influx of new supply deliveries in many of Canada's large markets. Affordability pressures, a rising unemployment rate, and macroeconomic uncertainty have further strained the landscape. These factors have resulted in a moderate softening in current rental market conditions, adding to prolonged capital market headwinds impacting the industry. However, with housing starts notably down across Canada and population growth expected to readjust and stabilize at a sustainable level, the long-term outlook for the multi-family rental market remains constructive. Until such market forces inflect, with resilient demand for high-quality, professionally managed, affordable apartment properties, CAPREIT is well-positioned to continue delivering positive returns for Unitholders.

The unique composition of CAPREIT's portfolio is core to this testament. Anchored by predominantly regulated, mid-market assets, complemented by a select exposure to newer, prime-located rental apartments in key regions, the platform produces a largely stable pattern of revenue growth. This is underpinned by significant mark-to-market value that is embedded throughout the portfolio, which provides a buffer against the effects of rental market swings. The Canadian portfolio is also diversified geographically and demographically, which offers additional protection from localized headwinds and other idiosyncratic risks.

Importantly, the financial endurance of the portfolio is being upheld by a disciplined and agile property management strategy. This has played an increasingly vital role in sustaining performance and adding value in an evolving operating environment. In response to fluctuating market conditions, CAPREIT continues to refine its leasing and retention strategies to ensure it offers competitive pricing while mitigating vacancy pressures for the delivery of steady rent growth. On the expense side, a heightened focus on prudent cost reduction, procurement governance, and innovation has been deeply integrated throughout all levels of the organization, further supporting continued same property margin expansion.

This short-term phase characterizing the Canadian multi-family market today has ultimately afforded CAPREIT the opportunity to test the resilience of its business and strategy, the expertise of its team, and the real quality of its portfolio, and this exercise has ensured that our operations remain sharp and future-ready. Looking ahead, CAPREIT is well-equipped to continue navigating the prevailing market climate, with robust longer-term fundamentals expected to reclaim the state of the residential rental industry in Canada. In the meantime, CAPREIT will remain focused on the diligent execution of its current strategy, prioritizing disciplined capital allocation, advancing operational improvements, and sustaining financial strength in 2026.

Management's Responsibility for the Consolidated Annual Financial Statements

The accompanying consolidated annual financial statements and information included in this Annual Report have been prepared by the management of Canadian Apartment Properties Real Estate Investment Trust ("CAPREIT") in accordance with IFRS Accounting Standards ("IFRS") and include amounts based on management's informed judgements and estimates. Management is responsible for the integrity and objectivity of these consolidated annual financial statements. The financial information presented elsewhere in this Annual Report is consistent with that in the consolidated annual financial statements in all material respects.

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

As at December 31, 2025, CAPREIT's President and Chief Executive Officer and Chief Financial Officer evaluated, or caused an evaluation under their direct supervision, of the design and operating effectiveness of CAPREIT's internal controls over financial reporting (as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings) and, based on that evaluation, determined that CAPREIT's internal controls over financial reporting were appropriately designed and operating effectively.

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

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

/s/Mark Kenney

Mark Kenney
President and Chief
Executive Officer

/s/Stephen Co

Stephen Co
Chief Financial Officer

Toronto, Ontario
February 12, 2026

Independent auditor's report

To the Unitholders of
Canadian Apartment Properties Real Estate Investment Trust

Opinion

We have audited the consolidated financial statements of **Canadian Apartment Properties Real Estate Investment Trust** and its subsidiaries [the "Trust"], which comprise the consolidated balance sheets as at December 31, 2025 and 2024, and the consolidated statements of net income and comprehensive income, consolidated statements of unitholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Trust as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards ["IFRS"].

Basis for opinion

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

Key audit matters

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

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

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Valuation of investment properties</td></tr>
<tr><td>
The Trust’s investment property portfolio has a fair value of $14,732 million, which represents 97% of total assets as at December 31, 2025.
The Trust’s portfolio consists of Canadian and European properties, with the European interests held through the Trust’s 65% interest in European Residential Real Estate Investment Trust.
Throughout the year, the Trust had approximately one third of its Canadian investment properties appraised by a qualified external appraiser. The Trust obtains external appraisals for a cross-section of investment properties that represent different geographical locations across Canada. The remainder of the Canadian portfolio was appraised by the Trust’s internal valuations team, consisting of individuals with specialized industry experience in real estate valuations. The fair values of all properties in the Trust’s European residential portfolio were determined by a qualified external appraiser.
For Apartments and Townhomes within the Canadian portfolio, the Trust utilizes the direct income capitalization [“DC”] method. Under the DC method, capitalization rates are applied to normalized net operating income [“NOI”] representing market-based NOI assumptions. The most significant assumption is the capitalization rate for each property. For Apartments and Townhomes within the European portfolio, the Trust utilizes both the discounted cash flow [“DCF”] method and the DC method, as well as available market information. Under the DCF method, discount rates are applied to the forecasted cash flows reflecting market-based NOI assumptions. The most significant assumptions are the forecasted cash flows, the discount rate applied over the term of the cash flows, and the capitalization rate used to determine the terminal value of the investment properties.
Note 2d), 3i) and 4 of the consolidated financial statements describe the accounting policy for the Trust’s investment properties; the critical accounting estimates, assumptions, and judgements in relation to the valuation of investment properties; and describe the valuation methods used and the key assumptions. Additionally, note 4 summarizes the sensitivity of the
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With the assistance of our real estate valuation specialists, we obtained an understanding of the valuation process, evaluated the appropriateness of the underlying valuation methodology, and performed the following audit procedures, among others:

We assessed the competence, capability, and objectivity of management’s internal valuations team, and any third-party appraisers engaged, by considering the qualifications and expertise of the individuals involved in the preparation and review of the valuations.
We selected a sample of properties where either the fair value change from prior year or significant assumptions fell outside our expectations, based on our understanding of the geographical real estate market for the specific asset type. For this sample of investment properties, we evaluated the significant assumptions by comparison to the expected real estate market benchmark range for similar assets and tenancies, in similar locations. We also considered whether there were any additional asset-specific characteristics that may impact the significant assumptions utilized and that these were appropriately considered in the overall assessment of fair value. We performed a look-back analysis to assess the accuracy of management’s historical fair value estimates through comparison to transactions to acquire and dispose of interests in investment properties completed by the Trust during the year.
We evaluated the Trust’s related accounting policies and disclosures in the consolidated financial statements to assess appropriateness and conformity with IFRS.

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Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
fair value of investment properties to a change in capitalization rates and a change in normalized NOI. The valuation of the Trust's investment property portfolio is a key audit matter given the inherently subjective nature of significant assumptions including capitalization rates, discount rates, normalized NOI and forecasted cash flows. These assumptions are influenced by property-specific characteristics including location, type, size and quality of the properties and tenancy agreements.	

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
February 12, 2026

Consolidated Balance Sheets

(In thousands of Canadian dollars)

As at	Note	**December 31, 2025**	December 31, 2024
Non-current assets			
Investment properties	4	**$ 14,732,478**	$ 14,868,362
Vendor takeback mortgages receivable	8	**139,394**	130,161
Derivative financial assets	9	**–**	8,813
Deferred income tax asset	12	**–**	11,793
Other assets	10	**26,715**	29,474
Total non-current assets		**14,898,587**	15,048,603
Current assets			
Cash and cash equivalents		**33,176**	136,243
Amounts receivable		**16,758**	17,384
Derivative financial assets	9	**1,878**	10,263
Other assets	10	**40,572**	56,140
Assets held for sale	7	**141,392**	307,460
Total current assets		**233,776**	527,490
Total assets		**$ 15,132,363**	$ 15,576,093
Non-current liabilities			
Debt	11	**$ 5,187,830**	$ 5,347,694
Deferred income tax liability	12	**4,140**	32,076
Unit-based compensation financial liabilities	13	**11,583**	12,305
Other liabilities	14	**32,011**	45,462
Total non-current liabilities		**5,235,564**	5,437,537
Current liabilities			
Debt	11	**777,021**	644,320
ERES Units held by non-controlling unitholders	15	**84,567**	170,018
Accounts payable and accrued liabilities	16	**90,306**	101,760
Exchangeable LP Units	17	**53,270**	70,220
Unit-based compensation financial liabilities	13	**12,245**	12,326
Derivative financial liabilities	9	**2,739**	3,684
Other liabilities	14	**115,455**	108,916
Total current liabilities		**1,135,603**	1,111,244
Total liabilities		**$ 6,371,167**	$ 6,548,781
Unitholders' equity			
Unit capital		**$ 4,190,499**	$ 4,226,115
Retained earnings		**4,500,722**	4,791,648
Accumulated other comprehensive income		**69,975**	9,549
Total unitholders' equity		**$ 8,761,196**	$ 9,027,312
Total liabilities and unitholders' equity		**$ 15,132,363**	$ 15,576,093

See accompanying notes to the consolidated annual financial statements.

Approved on behalf of the Board of Trustees

/s/Dr. Gina Parvaneh Cody

Dr. Gina Parvaneh Cody
Trustee

/s/Mark Kenney

Mark Kenney
Trustee

Consolidated Statements of Net Income and Comprehensive Income

(In thousands of Canadian dollars)

For the Year Ended December 31,	Note	2025	2024
Operating revenues			
Revenue from investment properties	20	**$ 1,003,364**	$ 1,112,742
Operating expenses			
Property operating costs		**(250,421)**	(281,431)
Realty taxes		**(99,232)**	(100,657)
Total operating expenses		**(349,653)**	(382,088)
Net operating income		**653,711**	730,654
Other income	21	**13,902**	7,384
Trust expenses	22	**(54,989)**	(58,624)
Unit-based compensation amortization recovery (expense):			
Unit-based compensation amortization expense	13	**(11,378)**	(8,590)
Unit-based compensation amortization recovery relating to ERES unit option forfeitures	13	**1,856**	2,284
Total unit-based compensation amortization expense, net		**(9,522)**	(6,306)
Financing-related costs:			
Interest expense on debt and other financing costs	23	**(191,013)**	(220,162)
Interest expense on Exchangeable LP Units		**(2,233)**	(2,429)
Net gain (loss) on derecognition of debt		**(4,493)**	3,012
Total financing-related costs, net		**(197,739)**	(219,579)
Fair value adjustments of investment properties	4, 7	**(84,690)**	58,486
Fair value adjustments of financial instruments	24	**(19,871)**	(5,994)
Loss on non-controlling interest	15	**(39,656)**	(118,526)
Loss on foreign currency translation		**(4,034)**	(26,782)
Transaction costs and other activities	25	**(42,588)**	(28,532)
Net income before income taxes		**214,524**	332,181
Current income tax expense	12	**(18,816)**	(15,713)
Deferred income tax recovery (expense)	12	**1,343**	(23,726)
Total current income tax expense and deferred income tax recovery (expense), net	12	**(17,473)**	(39,439)
Net income		**$ 197,051**	$ 292,742
Other comprehensive income, including items that may be reclassified subsequently to net income			
Gain on foreign currency translation, net of taxes		**$ 60,451**	$ 21,759
Gain (loss) on investments held at fair value through other comprehensive income (loss)		**(25)**	332
Other comprehensive income		**$ 60,426**	$ 22,091
Comprehensive income		**$ 257,477**	$ 314,833

See accompanying notes to the consolidated annual financial statements.

Consolidated Statements of Unitholders' Equity

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

	Note	Number of Trust Units	Unit Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Unitholders' equity, January 1, 2025		**160,545,918**	**$ 4,226,115**	**$ 4,791,648**	**$ 9,549**	**$ 9,027,312**
Unit capital						
Distribution Reinvestment Plan		**119,761**	**4,905**	**–**	**–**	**4,905**
Deferred Units	13	**43,043**	**1,915**	**–**	**–**	**1,915**
Restricted Unit Rights	13	**62,467**	**2,541**	**–**	**–**	**2,541**
Employee Unit Purchase Plan		**67,075**	**2,752**	**–**	**–**	**2,752**
Exchangeable LP Units exchanged	17	**202,377**	**8,536**	**–**	**–**	**8,536**
Issuance of Trust Units pursuant to special non-cash distribution	18	**3,756,333**	**138,496**	**–**	**–**	**138,496**
Cancellation of Trust Units under NCIB and other	18	**(7,156,198)**	**(194,761)**	**(105,797)**	**–**	**(300,558)**
Net income and other comprehensive income						
Net income		**–**	**–**	**197,051**	**–**	**197,051**
Other comprehensive income		**–**	**–**	**–**	**60,426**	**60,426**
Distributions on Trust Units						
Distributions declared and paid	19	**–**	**–**	**(223,807)**	**–**	**(223,807)**
Distributions payable	19	**–**	**–**	**(19,877)**	**–**	**(19,877)**
Consolidation of Trust Units issued pursuant to special non-cash distribution	18	**(3,756,333)**	**–**	**(138,496)**	**–**	**(138,496)**
Unitholders' equity, December 31, 2025		**153,884,443**	**$ 4,190,499**	**$ 4,500,722**	**$ 69,975**	**$ 8,761,196**

	Note	Number of Trust Units	Unit Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Unitholders' equity, January 1, 2024		167,614,292	$ 4,227,156	$ 5,063,981	$ (12,542)	$ 9,278,595
Unit capital						
Distribution Reinvestment Plan		101,639	4,886	–	–	4,886
Deferred Units	13	8,100	456	–	–	456
Restricted Unit Rights	13	79,571	3,729	–	–	3,729
Employee Unit Purchase Plan		67,095	3,216	–	–	3,216
Issuance of Trust Units pursuant to special non-cash distribution	18	4,443,917	189,444	–	–	189,444
Cancellation of Trust Units under NCIB and other	18	(7,324,779)	(202,772)	(130,966)	–	(333,738)
Net income and other comprehensive income						
Net income		–	–	292,742	–	292,742
Other comprehensive income		–	–	–	22,091	22,091
Distributions on Trust Units						
Distributions declared and paid		–	–	(224,597)	–	(224,597)
Distributions payable		–	–	(20,068)	–	(20,068)
Consolidation of Trust Units issued pursuant to special non-cash distribution	18	(4,443,917)	–	(189,444)	–	(189,444)
Unitholders' equity, December 31, 2024		160,545,918	$ 4,226,115	$ 4,791,648	$ 9,549	$ 9,027,312

See accompanying notes to the consolidated annual financial statements.

Consolidated Statements of Cash Flows

(In thousands of Canadian dollars)

For the Year Ended December 31,	Note	2025	2024
Cash provided by (used in):			
Operating activities			
Net income		**$ 197,051**	$ 292,742
Items related to operating activities not affecting cash:			
Fair value adjustments of investment properties	4, 7	**84,690**	(58,486)
Fair value adjustments of financial instruments	24	**19,871**	5,994
Mark-to-market gain on ERES Units held by non-controlling unitholders	15	**(87,391)**	(18,634)
Total unit-based compensation amortization expense, net		**9,522**	6,306
Other adjustments	26	**30,369**	69,575
Changes in non-cash operating assets and liabilities	26	**3,828**	406
Items related to investing activities		**(13,902)**	(5,797)
Items related to financing activities	26	**324,786**	356,739
Cash provided by operating activities		**568,824**	648,845
Investing activities			
Capital investments	26	**(241,587)**	(249,808)
Net disbursements on acquisitions of investment properties	5	**(476,623)**	(332,638)
Acquisition of investments		**(14,091)**	(13,293)
Net proceeds on dispositions of investment properties	6	**1,149,824**	2,135,419
Disposition of investments		**15,030**	151,478
Proceeds from settlement of VTB mortgage receivable		**–**	45,830
Investment and interest income received		**7,842**	5,931
Change in restricted funds		**1,308**	(487)
Cash provided by investing activities		**441,703**	1,742,432
Financing activities			
Borrowings	11	**833,262**	887,928
Principal repayments	7, 11	**(148,180)**	(153,237)
Lump-sum repayments	7, 11	**(947,270)**	(2,093,290)
Financing costs and CMHC premiums paid	11	**(4,106)**	(18,878)
Refunds (deposits) related to financing activities		**(266)**	840
Interest paid on mortgages and credit facilities		**(171,831)**	(197,773)
Debt settlement costs paid		**(2,003)**	(4,086)
Purchase and cancellation of Trust Units	18	**(300,646)**	(327,149)
Distributions paid to Unitholders	26	**(238,970)**	(239,964)
Net proceeds on issuance of Trust Units	26	**2,276**	2,904
Special interest paid to ERES non-controlling unitholders	15	**(121,890)**	(122,617)
Interest paid to ERES non-controlling unitholders		**(6,197)**	(12,413)
Interest paid to Exchangeable LP unitholders		**(2,252)**	(2,422)
Lease payments		**(5,277)**	(6,304)
Cash used in financing activities		**(1,113,350)**	(2,286,461)
Changes in cash and cash equivalents during the year		**(102,823)**	104,816
Gain (loss) on foreign currency translation		**(244)**	1,899
Cash and cash equivalents, beginning of the year		**136,243**	29,528
Cash and cash equivalents, end of the year		**$ 33,176**	$ 136,243

See accompanying notes to the consolidated annual financial statements.

Notes to Consolidated Annual Financial Statements

December 31, 2025
(All amounts in thousands of Canadian dollars, except unit and per unit amounts, or unless otherwise stated)

1. Organization of the Trust

As at December 31, 2025, Canadian Apartment Properties Real Estate Investment Trust ("CAPREIT") owns and manages interests in multi-unit residential rental properties principally located in and near major urban centres across Canada. CAPREIT's net assets and operating results are substantially derived from income-producing real estate located in Canada, where it is also domiciled, and to a lesser extent in Europe.

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

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

As at December 31, 2025, CAPREIT directly and indirectly holds a 65% (December 31, 2024 – 65%) ownership of publicly-traded European Residential Real Estate Investment Trust ("ERES"), which operates in the Netherlands, with the remaining 35% (December 31, 2024 – 35%) held by non-controlling unitholders. CAPREIT owns publicly-traded units of ERES ("ERES Units") and Class B Limited Partnership units ("ERES Class B LP Units") of ERES Limited Partnership, a subsidiary of ERES. ERES Class B LP Units are exchangeable, on a one-for-one basis, for ERES Units at the option of the holder and have economic and voting rights through special voting units of ERES that are equivalent, in all material respects, to ERES Units.

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

2. Summary of Material Accounting Policies

a) *Statement of Compliance*

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

These consolidated annual financial statements were approved by CAPREIT's Board of Trustees on February 12, 2026.

b) *Basis of Presentation*

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

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

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

Certain 2024 comparative figures have been restated to conform with the current year presentation.

c) Principles of Consolidation

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

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

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

d) Investment Properties

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

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

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

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

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

e) Investment Property Acquisitions

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

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

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

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

f) Presentation of Assets Classified as Held for Sale

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

g) Financial Instruments

Financial assets and financial liabilities

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

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

Classification of financial instruments

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

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

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

Cash and cash equivalents and restricted funds

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

Amounts receivable

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

VTB mortgages receivable

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

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

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

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

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

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

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

h) Mortgages Payable and Credit Facilities Payable

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

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

i) ERES Units Held by Non-controlling Unitholders

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

j) Exchangeable LP Units

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

k) Trust Units

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

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

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

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

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

l) Unit-based Compensation and Incentive Plans

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

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

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

(1) For definitions of these plans, refer to note 13.

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

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

m) Consolidated Statements of Cash Flows

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

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

n) Leases

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

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

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

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

o) Revenue Recognition

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

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

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

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

p) Income Taxes

CAPREIT is taxed as a mutual fund trust for income tax purposes and intends, at the discretion of the Board of Trustees, to distribute its taxable income each year to Unitholders to such an extent that it would not be liable for income tax under Part I of the Income Tax Act (Canada) ("Tax Act"). Accordingly, no provision for current income taxes payable is required, with the exception of income earned by subsidiaries that reside in foreign jurisdictions, as discussed below. For a comprehensive discussion of CAPREIT's liability for tax purposes, see note 12.

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

CAPREIT has foreign operating subsidiaries 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 foreign operating jurisdictions. Income taxes may be paid where activities carried on by the foreign subsidiaries are considered to be taxable in those countries.

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

CAPREIT and its subsidiaries are subject to the income tax laws in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes as the determination of tax liabilities and assets involves uncertainties in the interpretation of complex tax regulations. In addition, from time to time, tax authorities in various jurisdictions may examine and challenge CAPREIT's filing positions. CAPREIT sets up a provision for uncertain tax positions where it believes it is probable that a liability will result based on its review of the tax positions under discussion, audit, dispute or appeal with tax authorities.

q) Foreign Currency Translation

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

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

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

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

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

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

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

r) Future Accounting Policy Changes

Amendments to IFRS 9 and IFRS 7, Financial Instruments: Disclosures ("IFRS 7")
In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7. The amendments clarify the timing of recognition and derecognition for a financial asset or financial liability, including clarifying that a financial liability is derecognized on the settlement date. Further, the amendments introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date, if specific conditions are met. In addition, the amendments clarify the classification of financial assets with features linked to environmental, social, and corporate governance. The amendments also require additional disclosures for financial instruments with contingent features and investments in equity instruments classified at FVOCI.

IFRS 9 and IFRS 7 amendments will be effective for reporting periods beginning on or after January 1, 2026, with earlier adoption permitted. IFRS 9 and IFRS 7 amendments have not been early adopted by CAPREIT. The amendments are expected to impact the timing of derecognition of financial liabilities paid by cheques but the impact is not expected to be material. In addition, CAPREIT's policy will be to derecognize financial liabilities settled using an electronic payment system before the settlement date, where applicable.

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

IFRS 18 and the amendments to the other standards will become effective for reporting periods beginning on or after January 1, 2027, with earlier adoption permitted, and will be applied retrospectively. IFRS 18 and the related amendments have not been early adopted by CAPREIT. IFRS 18 and the amendments to the other standards are not expected to impact the recognition or measurement of the items included in the consolidated financial statements but are expected to impact the presentation of CAPREIT's statement of profit or loss and statement of cash flows, as well as introducing applicable management-defined performance measures into the consolidated financial statements. CAPREIT is currently assessing the impacts of IFRS 18 and the amendments to the other standards.

3. Critical Accounting Estimates, Assumptions and Judgements

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

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

i) Valuation of Investment Properties

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

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

ii) Valuation of Financial Instruments

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

4. Investment Properties

The table below summarizes the activities included in investment properties for the years ended December 31, 2025 and December 31, 2024.

Continuity of Investment Properties

For the Year Ended December 31,	Note	**2025**	2024
Balance of investment properties, beginning of the year		**$ 14,868,362**	$ 16,532,096
Additions (deductions):			
Acquisitions	5	**661,194**	665,019
Property capital investments		**231,659**	236,267
Capitalized direct leasing costs		**1,188**	802
Transfers from other assets		**–**	932
Dispositions[1]	6	**(292,907)**	(281,747)
Derecognition of right-of-use asset[2]		**(12,503)**	–
Transfers to assets held for sale[3]	7	**(728,130)**	(2,408,511)
Fair value adjustments		**(80,494)**	66,216
Foreign currency translation adjustments		**84,109**	57,288
Balance of investment properties, end of the year		**$ 14,732,478**	$ 14,868,362

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

(2) On September 10, 2025, CAPREIT disposed of a property with a land leasehold interest. As a result, CAPREIT derecognized the associated right-of-use asset and lease liability.

(3) For the year ended December 31, 2025, transfers included $728,130 of investment properties from Europe (year ended December 31, 2024 – $1,033,400 of investment properties from Canada and $1,375,111 of investment properties from Europe).

Valuation Basis

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

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

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

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

Current regulatory and macroeconomic developments have impacted overall market activity, and while market activity has recently started to increase, these developments continue to result in limited reliable market metrics, such as capitalization rates. As such, the fair values of CAPREIT's investment properties are subject to significant change, and such changes may be material.

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

a) Apartments and Townhomes (excluding Operating Leasehold Interests and Land Leasehold Interests)

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

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

b) Operating Leasehold Interests

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

c) Options to Purchase the Related Operating Leasehold Interests

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

d) Land Leasehold Interests

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

A summary of the market assumptions and ranges used in the valuation of Canadian and European apartments and townhomes (as applicable), along with their fair values, is presented below as at December 31, 2025 and December 31, 2024:

As at December 31, 2025

Type of Interest	Fair Value	Rate Type	Min.	Max.	Weighted Average
Apartments and townhomes – Canada[(1)]	**$ 13,759,735**	Capitalization rate	**3.66%**	**6.60%**	**4.53%**
Apartments – Europe[(2)]	**357,602**	Discount rate	**7.00%**	**10.35%**	**9.25%**
		Terminal capitalization rate	**4.75%**	**8.56%**	**6.00%**

(1) Includes Canadian commercial operations, but excludes apartments and townhomes acquired during the three months ended December 31, 2025 totalling $345,310. Also excludes operating leasehold interests, land leasehold interests, and right-of-use assets totalling $269,831.

(2) Includes European commercial operations.

As at December 31, 2024

Type of Interest	Fair Value	Rate Type	Min.	Max.	Weighted Average
Apartments and townhomes – Canada[(1)]	$ 13,208,823	Capitalization rate	3.52%	6.60%	4.45%
Apartments and townhomes – Europe[(2)]	1,155,489	Discount rate	6.95%	8.95%	8.20%
		Terminal capitalization rate	4.75%	8.80%	5.63%

(1) Includes Canadian commercial operations, but excludes apartments and townhomes acquired during the three months ended December 31, 2024 totalling $149,168. Also excludes operating leasehold interests, land leasehold interests, and right-of-use assets totalling $354,882.

(2) Includes European commercial operations. Rates exclude one commercial property owned in Belgium, valued by a third-party appraiser using the DC method.

As at December 31, 2025, the fair value of operating leasehold interests was $91,370 (December 31, 2024 – $96,440), the fair value of land leasehold interests was $147,400 (December 31, 2024 – $214,280), and the fair value of right-of-use assets included in investment properties was $31,061 (December 31, 2024 – $44,162).

The table below summarizes the impact of changes in the capitalization rate on the fair value of CAPREIT's investment properties as at December 31, 2025:

As at December 31, 2025 **Change in Capitalization Rate**[1]	**Change in Fair Value of Investment Properties**
(0.50)%	**$ 1,818,690**
(0.25)%	**856,002**
+0.25%	**(766,239)**
+0.50%	**(1,456,151)**

[1] For operating leasehold interests, land leasehold interests, and European properties, CAPREIT applies discount rates to determine the fair value of these properties. However, for the purposes of the above sensitivity analysis, CAPREIT has utilized the implied capitalization rates for operating leasehold interests, land leasehold interests, apartments and townhomes acquired during the three months ended December 31, 2025, and European properties to determine the impact on fair value of the total portfolio.

A 1% increase in normalized NOI would result in an increase in fair value of investment properties of $146,999. A 1% decrease in normalized NOI would result in a decrease in fair value of investment properties of $147,029.

5. Acquisitions of Investment Properties

The tables below summarize the investment property acquisitions completed during the years ended December 31, 2025 and December 31, 2024, which have contributed to the operating results as from their acquisition dates.

Year Ended December 31, 2025

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.

Year Ended December 31, 2024

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.

Net Disbursements on Acquisitions of Investment Properties

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

For the Year Ended December 31,	**2025**	2024
Acquired properties	**$ (661,194)**	$ (665,019)
Fair value of mortgages payable assumed	**187,395**	329,142
Change in deposit on acquisitions	**751**	(870)
Change in investment properties included in accounts payable and accrued liabilities	**(3,575)**	4,109
Net disbursements	**$ (476,623)**	$ (332,638)

6. Dispositions of Investment Properties

The tables below summarize the dispositions of investment properties (including investment properties previously classified as assets held for sale) completed during the years ended December 31, 2025 and December 31, 2024.

Year Ended December 31, 2025

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 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. Refer to note 4 for further information.

(8) Represents two townhomes.

Year Ended December 31, 2024

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.

Net Proceeds on Dispositions of Investment Properties

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

For the Year Ended December 31,	**2025**	2024
Fair value of disposed investment properties	**$ 292,907**	$ 281,747
Fair value of disposed assets held for sale	**899,730**	2,136,667
Fair value of VTB mortgages receivable	**(3,831)**	(129,689)
Fair value of mortgages payable assumed by purchasers on dispositions[1]	**–**	(107,365)
Closing costs and other adjustments	**(25,373)**	(15,077)
Deferred income tax liability assumed by purchaser	**(16,564)**	(33,999)
Working capital adjustments	**2,955**	3,135
Net proceeds	**$ 1,149,824**	$ 2,135,419

[1] Includes mortgages payable previously classified as liabilities related to assets held for sale, as applicable. Refer to note 7 for further information.

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

As at December 31, 2025, CAPREIT classified certain properties in the Netherlands as assets held for sale totalling $141,392. Management had committed to a plan to sell these assets, and the sales were considered to be highly probable as at December 31, 2025. There were no mortgages or other liabilities related to assets held for sale as at December 31, 2025.

As at December 31, 2024, CAPREIT classified certain properties in Canada and the Netherlands as assets held for sale totalling $307,460. Management had committed to a plan to sell these assets, and the sales were considered to be highly probable as at December 31, 2024. There were no mortgages or other liabilities related to assets held for sale as at December 31, 2024.

The tables below summarize the activities included in assets held for sale and liabilities related to assets held for sale for the years ended December 31, 2025 and December 31, 2024.

Assets Held for Sale

For the Year Ended December 31,	Note	**2025**	2024
Balance, beginning of the year		**$ 307,460**	$ 45,850
Additions (deductions):			
Transfers from investment properties[(1)]	4	**728,130**	2,408,511
Property capital investments		**2,581**	5,609
Dispositions of investment properties	6	**(899,730)**	(2,136,667)
Fair value adjustments		**(4,196)**	(7,730)
Foreign currency translation adjustments		**7,147**	(8,113)
Balance, end of the year[(2)]		**$ 141,392**	$ 307,460

(1) For the year ended December 31, 2025, transfers included $728,130 of investment properties from Europe (year ended December 31, 2024 – $1,033,400 of investment properties from Canada and $1,375,111 of investment properties from Europe).

(2) As at December 31, 2025, consists of $141,392 from Europe (December 31, 2024 – $210,871 from Canada and $96,589 from Europe).

Liabilities Related to Assets Held for Sale

For the Year Ended December 31,	Note	**2025**	2024
Balance, beginning of the year		**$ –**	$ 23,706
Additions (deductions):			
Transfers from debt	11	**–**	7,842
Transfer from deferred income tax liability		**18,479**	34,290
Principal repayments		**–**	(203)
Lump-sum repayments		**–**	(2,930)
Carrying amount of mortgages assumed by purchaser upon disposition of investment properties		**–**	(29,349)
Amortization and write-offs of deferred financing costs and prepaid CMHC premiums, and net change in fair value and other adjustments		**–**	934
Remeasurement of deferred income tax liability		**(2,146)**	–
Deferred income tax liability assumed by purchaser		**(16,564)**	(33,999)
Foreign currency translation adjustments		**231**	(291)
Balance, end of the year		**$ –**	$ –

8. Vendor Takeback Mortgages Receivable

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

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

On January 20, 2025, CAPREIT issued a $5,066 VTB mortgage receivable at a fair value of $3,831 on issuance date, in connection with the disposition of an investment property. The VTB mortgage receivable is non-interest-bearing, with a maturity date of January 20, 2030. Principal payments are payable annually, with the remainder payable on the maturity date.

The VTB mortgages receivable are second-ranking mortgages based on the terms of the respective agreements.

As at December 31, 2025, the carrying amount of VTB mortgages receivable was $139,394 (December 31, 2024 – $130,161).

9. Derivative Financial Instruments

CAPREIT has certain derivative financial instruments in place, namely interest rate ("IR") swaps, cross-currency ("CC") swaps, and cross-currency interest rate ("CCIR") swaps. These derivative contracts, for which hedge accounting is not being applied, are summarized in the following tables as at December 31, 2025 and December 31, 2024:

As at December 31, 2025 Type of Instrument	Notional Amount		Year of Maturity	Weighted Average Receiving Leg Rate	Weighted Average Paying Leg Rate	Derivative Financial Asset		Derivative Financial Liability	
Current									
CC swap[1]	**$**	**65,120**	**2026**	**N/A**	**N/A**	**$**	**713**	**$**	**–**
CCIR swap[2]	**$**	**105,795**	**2026**	**1.33%**	**1.30%**		**1,165**		**–**
CCIR swaps[3][4]	**US$**	**224,014**	**2026**	**SOFR + 1.45%**	**3.62%**		**–**		**(2,739)**
Total						**$**	**1,878**	**$**	**(2,739)**

(1) Euro equivalent of €40,000.

(2) Euro equivalent of €65,000.

(3) One-month CCIR swaps with Canadian dollar equivalent of $310,000.

(4) SOFR stands for Secured Overnight Financing Rate.

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

(1) EURIBOR stands for Euro Interbank Offered Rate.

(2) Euro equivalent of €278,818.

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

10. Other Assets

As at	December 31, 2025	December 31, 2024
Other non-current assets		
PP&E[1]	$ 50,400	$ 51,595
Accumulated amortization of PP&E	(45,104)	(43,164)
PP&E, net of accumulated amortization	5,296	8,431
Right-of-use asset, net of accumulated amortization and other[2]	2,834	3,655
Investments	18,585	17,388
Total	$ 26,715	$ 29,474
Other current assets		
Prepaid expenses and other	$ 21,002	$ 33,986
Restricted funds	9,965	11,273
Investments	8,603	10,517
VTB mortgage interest receivable	1,002	364
Total	$ 40,572	$ 56,140

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

(2) Right-of-use asset, net of accumulated amortization of $4,119 (December 31, 2024 – $3,500).

11. Debt

Continuity of Total Debt

For the Year Ended December 31, 2025	Mortgages Payable	Credit Facilities Payable	Total Debt
Balance, beginning of the year	$ 5,987,869	$ 4,145	$ 5,992,014
Add:			
Borrowings[1]	213,157	620,105	833,262
Less:			
Principal repayments	(148,180)	–	(148,180)
Lump-sum repayments[1][2]	(654,772)	(292,498)	(947,270)
Financing costs and CMHC premiums paid	(3,315)	(791)	(4,106)
Non-cash adjustments:			
Fair value of mortgages assumed upon property acquisitions	187,395	–	187,395
Amortization and write-off of deferred financing costs, prepaid CMHC premiums, and fair value adjustments	18,352	919	19,271
Foreign currency translation adjustments	33,095	(630)	32,465
Balance, end of the year	$ 5,633,601	$ 331,250	$ 5,964,851
Less: Current portion	777,021	–	777,021
Total non-current portion	$ 4,856,580	$ 331,250	$ 5,187,830

(1) Excludes non-cash mortgage renewals of $215,482.

(2) Includes $404,503 of mortgages discharged due to property dispositions.

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

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

(2) Includes $752,552 of mortgages discharged due to property dispositions.

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

Mortgages Payable

As at[1]	**December 31, 2025**	December 31, 2024
Weighted average effective interest rate	**3.30%**	3.11%
Maturity date	**2026 – 2036**	2025 – 2036
Investment properties pledged as security on mortgages	**$ 13,369,887**	$ 13,623,232
Investment properties not pledged as security on mortgages	**$ 1,362,591**	$ 1,245,130

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

Future principal repayments as at December 31, 2025 for the years indicated are as follows:

As at December 31, 2025	Principal Amount	% of Total Principal
2026	**$ 791,033**	**13.7**
2027	**810,607**	**14.0**
2028	**822,577**	**14.2**
2029	**635,926**	**11.0**
2030	**642,630**	**11.1**
2031 – 2036	**2,076,418**	**36.0**
Total principal	**$ 5,779,191**	**100.0**
Less: Prepaid CMHC premiums	**(104,686)**	
Less: Deferred financing costs	**(19,039)**	
Less: Fair value adjustments	**(21,865)**	
Total mortgages payable	**$ 5,633,601**	

Credit Facilities Payable

Acquisition and Operating Facility

CAPREIT entered into a credit facility agreement (the "Acquisition and Operating Facility") in 2021 that can be drawn in Canadian dollars, US dollars ("USD"), and euros. The Acquisition and Operating Facility is secured by fixed charge debentures on certain of CAPREIT's properties and floating charge debentures on most of CAPREIT's properties. In each case, such debentures are subordinate to the charges securing CAPREIT's mortgage financing.

On February 28, 2025, CAPREIT amended the Acquisition and Operating Facility to decrease the maximum borrowing capacity on the Acquisition and Operating Facility from $600,000 to $200,000, excluding an accordion option of $400,000, with a maturity date of February 28, 2028.

On July 9, 2025, CAPREIT received approval from its lender to temporarily increase the maximum borrowing capacity on the Acquisition and Operating Facility from $200,000 to $400,000 until September 30, 2025 (inclusive). Effective October 1, 2025, the maximum borrowing capacity on the Acquisition and Operating Facility reverted back to $200,000.

On December 12, 2025, CAPREIT amended the Acquisition and Operating Facility to increase the maximum borrowing capacity on the Acquisition and Operating Facility from $200,000 to $400,000, using $200,000 of the $400,000 accordion option, maturing on February 28, 2028. In addition, CAPREIT received approval from its lender to temporarily increase the maximum borrowing capacity on the Acquisition and Operating Facility from $400,000 to $500,000 until April 30, 2026 (inclusive).

As at December 31, 2025, certain Canadian investment properties secure the Acquisition and Operating Facility, with a carrying value totalling $483,686 (December 31, 2024 – $601,334).

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

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

As at	**December 31, 2025**	December 31, 2024
Maximum borrowing capacity[1]	**$ 500,000**	$ 600,000
Unused accordion option[2]	**$ 200,000**	$ 200,000
Interest rate:		
Canadian dollar borrowings[3]	**CORRA + 1.65% or Canadian Prime Rate + 0.35%**	CORRA + 1.65% or Canadian Prime Rate + 0.35%
USD borrowings	**SOFR + 1.45%**	SOFR + 1.45%
Euro borrowings	**EURIBOR + 1.35%**	EURIBOR + 1.35%
Maturity date	**February 28, 2028**	December 19, 2025

(1) As at December 31, 2025, includes temporary increase of $100,000 in borrowing capacity which matures on April 30, 2026.

(2) An accordion option is available to increase the credit facility limit upon satisfaction of conditions set out in the agreement and the consent of applicable lenders.

(3) On April 11, 2024, the interest rate on Canadian dollar borrowings changed from Canadian Dollar Offered Rate ("CDOR") to the Canadian Overnight Repo Rate Average ("CORRA") as the benchmark interest rate for Canadian dollar borrowings of one month or longer, which does not have a material impact on the effective interest rate on Canadian dollar borrowings.

Greenhouse Gas ("GHG") Reduction Facility

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

ERES Revolving Credit Facility ("ERES Credit Facility")

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

As at	December 31, 2025	December 31, 2024
Maximum borrowing capacity[1]	**€ 20,000**	€ 125,000
Accordion option	**€ 25,000**	€ 25,000
Interest rate:		
Canadian dollar borrowings[2]	**CORRA + 1.65%**	CORRA + 1.65%
USD borrowings	**SOFR + 1.45%**	SOFR + 1.45%
Euro borrowings	**EURIBOR + 1.35%**	EURIBOR + 1.35%
Maturity date[3]	**June 14, 2027**	June 14, 2027

(1) On June 23, 2025, ERES amended the ERES Credit Facility to reduce the maximum borrowing capacity from €125,000 to €20,000. With the reduced availability, the number of lenders has been reduced from three Canadian chartered banks to one Canadian chartered bank, and the tangible net worth covenant has been amended from a minimum of €375,000 to €100,000.

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

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

The ERES Credit Facility is subject to certain financial covenants and a negative pledge provided by a subsidiary of CAPREIT under which a pool of Canadian investment properties must remain unencumbered. As at December 31, 2025, a total of $311,630 (December 31, 2024 – $281,916) of CAPREIT Canadian investment properties carried a negative pledge against the ERES Credit Facility. A subsidiary of CAPREIT also provides a guarantee on the ERES Credit Facility.

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

The tables below summarize the amounts available and drawn under the respective Credit Facilities as at December 31, 2025 and December 31, 2024:

As at December 31, 2025	Acquisition and Operating Facility	GHG Reduction Facility	ERES Credit Facility	Total
Maximum borrowing capacity	**$ 500,000[1]**	**$ 70,000**	**$ 32,187**	**$ 602,187**
Canadian 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**	**$ 32,187**	**$ 266,820**
Weighted average interest rate including interest rate swaps	**3.65%**	**3.00%**	**N/A**	**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 CCIR swaps.

As at December 31, 2025	Acquisition and Operating Facility	GHG Reduction Facility	ERES Credit Facility	Total
Maximum borrowing capacity	$ 600,000	$ 70,000	$ 186,610	$ 856,610
Canadian dollar borrowings	$ –	$ (5,019)	$ –	$ (5,019)
USD borrowings	(95,280)[1]	N/A	–	(95,280)
Euro borrowings	–	N/A	–	–
Less: Total borrowings	$ (95,280)	$ (5,019)	$ –	$ (100,299)
Less: Letters of credit	(4,428)	N/A	–	(4,428)
Available borrowing capacity	$ 500,292	$ 64,981	$ 186,610	$ 751,883
Weighted average interest rate including interest rate swaps	4.58%	3.00%	N/A	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.

12. Income Taxes

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

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

For the Year Ended December 31,		**2025**		2024
Net income before income taxes	**$**	**214,524**	$	332,181
Amounts not subject to taxation[1]		**(258,908)**		(214,794)
Income (loss) in foreign subsidiary entities		**(44,384)**		117,387
Tax recovery (expense) calculated at the Dutch corporate tax rate of 25.8%		**11,452**		(30,286)
Increase (decrease) resulting from:				
Effect of different tax rates in countries in which CAPREIT operates		**(4,034)**		(1,216)
Effect of unrecognized deferred income tax assets		**(12,279)**		(4,949)
Provision for Dutch tax authority audits		**(12,204)**		(3,207)
Other adjustments		**(408)**		219
Total current income tax expense and deferred income tax (recovery) expense, net	**$**	**(17,473)**	$	(39,439)

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

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

For the Year Ended December 31,		**2025**		2024
Current income tax expense[1]	**$**	**(18,816)**	$	(15,713)
Deferred income tax (recovery) expense		**1,343**		(23,726)
Total current income tax expense and deferred income tax (recovery) expense, net	**$**	**(17,473)**	$	(39,439)

(1) Includes current income tax expense of approximately $(13,900) related to ERES dispositions and Dutch tax authority audits for the year ended December 31, 2025 (year ended December 31, 2024 – $(6,726)).

The deferred income tax liability of $4,140 (December 31, 2024 – $32,076) is primarily related to the difference in the tax and book basis of investment properties. The deferred income tax asset is $nil as at December 31, 2025. As at December 31, 2024, the deferred income tax asset was $11,793, which related to the difference in the tax and book basis of investment properties, as well as losses carried forward.

As at December 31, 2025, CAPREIT has total non-capital loss carry-forwards of $29,542 (December 31, 2024 – $32,185). Of these losses, $18,262 (December 31, 2024 – $28,254) are in respect of Dutch subsidiaries that, starting on January 1, 2022, have no expiry period but the utilization is subject to annual limits. The remaining losses of $11,280 (December 31, 2024 – $3,931) are in respect of German subsidiaries and have no expiry period but the utilization is subject to annual limits. As at December 31, 2025, CAPREIT has not recognized a deferred income tax asset for a deductible temporary difference of $72,967 (December 31, 2024 – $44,073) as it does not expect this difference to reverse in the foreseeable future.

CAPREIT's deferred income tax liability of $4,140 as at December 31, 2025 excludes an additional potential income tax liability of $22,576, which could be triggered upon the disposal of specific assets in Europe. This incremental liability has not been recognized as it qualified for the initial recognition exemption under IAS 12.

In addition, CAPREIT and its subsidiaries may, from time to time, have prior taxation years audited by tax authorities, and may be reassessed additional tax as a result. To date, reassessments have been received in respect of certain Dutch subsidiaries. As at December 31, 2025, CAPREIT has recorded a total provision of $15,411 for the estimated impact related to Dutch tax authority audits, of which $12,204 was included in current income tax expense for the year ended December 31, 2025 and the remainder was recorded in the prior year. The reassessed Dutch subsidiaries have objected to the reassessments. These reassessments are subject to ongoing discussions with the Dutch tax authority that may extend over a prolonged period. No final decision has yet been received, additional Dutch subsidiaries could be reassessed, and actual amounts reassessed may differ significantly from what is currently estimated.

13. Unit-based Compensation Financial Liabilities

Units of CAPREIT ("Trust Units") are issuable pursuant to CAPREIT's unit-based compensation plans, namely the Employee Unit Purchase Plan ("EUPP"), the Deferred Unit Plan ("DUP"), and the Restricted Unit Rights Plan ("RUR Plan"). The DUP provides for the issuance of deferred units ("DUs"). The RUR Plan provides for the issuance of restricted unit rights ("RURs") and performance unit rights ("PURs"). As at December 31, 2025, the maximum number of Trust Units issuable under CAPREIT's unit-based compensation plans (excluding ERES) is 11,500,000 (December 31, 2024 – 11,500,000). The maximum number of Trust Units available for future issuance under these unit-based compensation plan agreements as at December 31, 2025 is 1,337,297 (December 31, 2024 – 1,626,592).

ERES Units are issuable pursuant to ERES's Unit Options Plan ("ERES UOP") and ERES's Restricted Unit Rights Plan ("ERES RUR Plan"). The maximum number of unit options and ERES restricted unit rights ("ERES RURs") that may be reserved under the ERES's unit-based compensation plans is 10% of the outstanding ERES Units (including ERES Class B LP Units). As at December 31, 2025, the maximum number of ERES unit options and ERES RURs allowable for future issuance under ERES's unit-based compensation plans is 22,139,742 (December 31, 2024 – 21,236,942).

The tables below summarize the activity of CAPREIT's unit-based compensation plans (excluding EUPP) and ERES's unit-based compensation plans for the years ended December 31, 2025 and December 31, 2024:

CAPREIT's Unit-based Compensation Plans (excluding EUPP)

Year Ended December 31, 2025 (Number of units)	**DUs**	**RURs**	**PURs**	**Total CAPREIT[1]**
Unit rights outstanding as at January 1, 2025	**154,409**	**550,422**	**29,729**	**734,560**
Activity during the year				
Granted	**35,848**	**124,354**	**42,156**	**202,358**
Settled in Trust Units	**(43,043)**	**(62,467)**	**–**	**(105,510)**
Cancelled or forfeited	**(1)**	**(11,317)**	**–**	**(11,318)**
Distributions reinvested	**5,557**	**23,132**	**2,491**	**31,180**
Unit rights outstanding as at December 31, 2025	**152,770**	**624,124**	**74,376**	**851,270**

(1) Excludes units from the EUPP, ERES UOP, and ERES RUR Plan.

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

(1) Excludes units from the EUPP, ERES UOP, and ERES RUR Plan.

ERES's Unit-based Compensation Plans

Year Ended December 31, 2025 (Number of units)	**ERES Unit options**	**ERES RURs**	**Total ERES**
Unit options and unit rights outstanding as at January 1, 2024	**1,765,734**	**402,460**	**2,168,194**
Activity during the year			
Granted[1]	**–**	**337,805**	**337,805**
Exercised or settled in ERES Units	**–**	**(747,869)**	**(747,869)**
Cancelled or forfeited	**(1,170,734)**	**–**	**(1,170,734)**
Distributions reinvested	**–**	**7,604**	**7,604**
Unit options and unit rights outstanding as at December 31, 2025	**595,000**	**–**	**595,000**

(1) The ERES Board approved the ERES RURs granted during the three months ended June 30, 2025 to vest immediately. In addition, the ERES Board approved the outstanding RURs from the beginning of the year to vest immediately on January 7, 2025.

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

(1) Includes 113,750 ERES RURs issued as a result of the ERES special distribution declared and paid in December 2024. Refer to note 15 for further information.

The table below summarizes the change in the total unit-based compensation financial liabilities for the years ended December 31, 2025 and December 31, 2024, including the settlement of such liabilities through the Trust Units and ERES Units.

For the Year Ended December 31,	**2025**	2024
Total unit-based compensation financial liabilities, beginning of the year	**$ 24,631**	$ 23,423
Unit-based compensation amortization expense, excluding ERES unit option forfeitures[1]	**11,378**	8,590
Unit-based compensation amortization recovery relating to ERES unit option forfeitures[2]	**(1,856)**	(2,284)
Unit-based compensation remeasurement gain	**(3,648)**	(1,238)
Settlement of unit-based compensation awards for Trust Units	**(4,932)**	(4,497)
Settlement of unit-based compensation awards for ERES Units	**(1,845)**	–
Foreign currency translation adjustments and other	**100**	637
Total unit-based compensation financial liabilities, end of the year	**$ 23,828**	$ 24,631

(1) For the year ended December 31, 2025, includes $234 of accelerated vesting of previously granted CAPREIT unit-based compensation (for the year ended December 31, 2024 – $309) and $1,402 of accelerated vesting of ERES RURs (for the year ended December 31, 2024 – $nil).

(2) Relates to forfeitures of previously granted ERES unit options upon restructuring, trustee retirement, and senior management termination.

The table below summarizes the non-current and current unit-based compensation financial liabilities for each plan as at December 31, 2025 and December 31, 2024:

As at	**December 31, 2025**	December 31, 2024
Non-current		
RURs	**$ 10,949**	$ 11,890
PURs	**634**	112
ERES RURs	**–**	303
	$ 11,583	$ 12,305
Current		
DUs	**$ 5,633**	$ 6,583
RURs	**6,610**	5,116
ERES unit options	**2**	627
	$ 12,245	$ 12,326
Total unit-based compensation financial liabilities	**$ 23,828**	$ 24,631

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

As at December 31, 2025, 0.6% (December 31, 2024 – 0.5%) of all Trust Units outstanding and CAPREIT's unit-based compensation financial liabilities (excluding ERES) were held by trustees, officers, and other senior management of CAPREIT.

a) DUP

Effective June 1, 2022, CAPREIT has amended and restated the DUP, such that the DUP gives the non-executive trustees the obligation to receive 50% of their annual retainer in the form of DUs and the right to receive up to 100% of their annual retainer in the form of DUs, in lieu of cash on a dollar for dollar basis, with the balance paid in cash. On May 8, 2025, the DUP was amended to allow Board Committee Chair fees to be paid, in full or in part, in the form of DUs instead of cash, effective from July 1, 2025.

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

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

For the Year Ended	**December 31, 2025**			December 31, 2024		
	Weighted Average Issue Price	**Fair Value per Unit**	**Number of Units**	Weighted Average Issue Price	Fair Value per Unit	Number of Units
Outstanding, beginning of the year	**$ 46.66**	**$ 42.63**	**154,409**	$ 46.07	$ 48.80	133,840
Granted	**40.71**	**–**	**35,848**	46.57	–	24,251
Distributions reinvested	**40.93**	**–**	**5,557**	47.27	–	4,418
Settled, cancelled or forfeited	**32.32**	**–**	**(43,044)**	37.39	–	(8,100)
Outstanding, end of the year	**$ 49.14**	**$ 36.87**	**152,770**	$ 46.66	$ 42.63	154,409

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

b) RUR Plan

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

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

RURs Granted Under the RUR Plan

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

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

For the Year Ended	**December 31, 2025**			December 31, 2024		
	Weighted Average Issue Price	**Fair Value per Unit**	**Number of Units**	Weighted Average Issue Price	Fair Value per Unit	Number of Units
Outstanding, beginning of the year	**$ 49.94**	**$ 42.63**	**550,422**	$ 49.63	$ 48.80	473,131
Granted	**39.80**	**–**	**124,354**	48.11	–	145,242
Distributions reinvested	**40.93**	**–**	**23,132**	47.23	–	17,731
Settled, cancelled or forfeited	**48.43**	**–**	**(73,784)**	44.53	–	(85,682)
Outstanding, end of the year	**$ 47.77**	**$ 36.87**	**624,124**	$ 49.94	$ 42.63	550,422

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

PURs Granted Under the RUR Plan

PURs are subject to certain internal measures of performance. PUR grants will vest based on the following performance metrics: 50% is subject to a performance hurdle over three-year funds from operations ("FFO") per unit growth, and 50% is subject to a relative total Unitholder return ("RTUR") performance hurdle over a performance period where vesting is dependent upon CAPREIT's RTUR performance in comparison to a group of peer companies. The fair value of the RTUR performance hurdle is determined using a Monte Carlo simulation at period end while the fair value of the FFO per unit growth performance hurdle is determined based on the closing price of the Trust Units on the TSX on the last trading day on which the Trust Units traded as of the reporting date.

The PURs earn notional distributions in respect of each distribution paid on PURs commencing from the grant date, and such notional distributions are used to calculate additional PURs ("Distribution PURs"), which are accrued for the benefit of the Participants. The Distribution PURs are credited to the holders of PURs only when the underlying PURs on which the Distribution PURs are earned become vested. Distribution PURs are issued and valued using the same valuation methods as PURs.

The table below summarizes the PURs granted and their corresponding fair value on the respective grant dates:

For the Year Ended December 31,	**2025**	2024
Fair value of PURs granted	**$ 1,590**	$ 1,694
Number of PURs granted	**42,156**	29,491

c) EUPP

The EUPP grants all employees the right to receive an additional amount equal to 20% of the Trust Units they acquire, paid in the form of additional Trust Units. This additional amount is expensed as compensation on issuance of the Trust Units. During the year ended December 31, 2025, 67,075 Trust Units (year ended December 31, 2024 – 67,095 Trust Units) were issued pursuant to the EUPP. During the year ended December 31, 2025, the 20% top-up amount contributed by CAPREIT was $476 and was included in unit-based amortization expense (year ended December 31, 2024 – $523).

14. Other Liabilities

As at	December 31, 2025	December 31, 2024
Other non-current liabilities		
Non-current lease liabilities[1]	**$ 31,352**	$ 44,803
Other	**659**	659
Total	**$ 32,011**	$ 45,462
Other current liabilities		
Security deposits	**$ 42,283**	$ 46,206
Deferred revenue and other	**19,392**	18,749
Mortgage and Credit Facilities interest payable	**14,749**	15,107
Distributions payable to Unitholders	**19,877**	20,068
Interest payable to ERES non-controlling unitholders[2]	**–**	1,045
Current tax liability	**5,548**	5,314
Liabilities relating to Dutch tax authority audits	**13,606**	2,427
Total	**$ 115,455**	$ 108,916

(1) On September 10, 2025, CAPREIT disposed of a property with a land leasehold interest. As a result, CAPREIT derecognized the associated right-of-use asset and lease liability. Refer to note 4 and note 6 for further information.

(2) As a result of ERES's closed dispositions in 2025, ERES terminated its regular monthly distribution effective September 2025. The final monthly distribution was for the month of August 2025 and was paid on September 15, 2025.

15. ERES Units Held by Non-Controlling Unitholders

The ERES Units held by non-controlling unitholders are classified as equity on ERES's consolidated balance sheets but are classified as a liability on CAPREIT's consolidated balance sheets. ERES Units are redeemable at any time, in whole or in part, by the Unitholders. As at December 31, 2025, non-controlling unitholders held 35% (December 31, 2024 – 35%) of total ERES Units and ERES Class B LP Units.

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

In connection with the sales in ERES that closed during 2025, as disclosed in note 6, 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"). 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.

As a result of ERES's closed dispositions in 2025, ERES terminated its regular monthly distribution effective September 2025. The final monthly distribution was for the month of August 2025 and was paid on September 15, 2025.

The table below summarizes the activity of ERES Units held by non-controlling unitholders for the years ended December 31, 2025 and December 31, 2024:

For the Year Ended December 31,	2025	2024
Balance of ERES Units held by non-controlling unitholders, beginning of the year	**$ 170,018**	$ 186,522
Mark-to-market gain on ERES Units[1]	**(87,391)**	(18,634)
Interest expense to ERES non-controlling unitholders	**5,157**	14,543
Special interest expense to ERES non-controlling unitholders	**121,890**	122,617
Loss on non-controlling interest	**$ 39,656**	$ 118,526
Add: Settlement of ERES RURs	**1,845**	–
Less: Interest paid to ERES non-controlling unitholders[2]	**(5,062)**	(12,413)
Less: Special interest paid to ERES non-controlling unitholders[2]	**(121,890)**	(122,617)
Balance of ERES Units held by non-controlling unitholders, end of the year	**$ 84,567**	$ 170,018

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

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

16. Accounts Payable and Accrued Liabilities

As at	December 31, 2025	December 31, 2024
Accounts payable	$ 27,406	$ 23,909
Accrued liabilities	62,900	77,851
Total	$ 90,306	$ 101,760

17. Exchangeable LP Units

Exchangeable LP Units are entitled to distributions equivalent to distributions on Trust Units, and are exchangeable for Trust Units on a one-for-one basis, at any time at the option of the holder. Exchangeable LP Units are not eligible for the DRIP. An equivalent number of special voting units ("Special Voting Units") were issued at the same time as the Exchangeable LP Units. The holders of these Special Voting Units have no entitlement to any share of or interest in the distributions or net assets of CAPREIT. Through Special Voting Units, holders of Exchangeable LP Units are entitled to an equivalent number of votes at all meetings of Unitholders or in respect of any written resolution of Unitholders equal to the number of Exchangeable LP Units held. The carrying value of the Exchangeable LP Units is measured at their fair value, which is based on the closing price of the Trust Units on the TSX. The tables below summarize the activity of the Exchangeable LP Units for the years ended December 31, 2025 and December 31, 2024:

For the Year Ended December 31,	2025	2024
Exchangeable LP Units issued and outstanding, beginning of the year	1,647,186	1,647,186
Exchangeable LP Units exchanged for Trust Units	(202,377)	–
Exchangeable LP Units issued and outstanding, end of the year	1,444,809	1,647,186

For the Year Ended December 31,	2025	2024
Balance of Exchangeable LP Units, beginning of the year	$ 70,220	$ 80,383
Fair value adjustments of Exchangeable LP units	(8,414)	(10,163)
Exchangeable LP Units exchanged for Trust Units	(8,536)	–
Balance of Exchangeable LP Units, end of the year	$ 53,270	$ 70,220

18. Unitholders' Equity

All Trust Units outstanding are fully paid, have no par value and are voting Trust Units. The authorized capital of CAPREIT consists of an unlimited number of Trust Units, an unlimited number of Special Voting Units, and 25,840,600 preferred units ("Preferred Units"). As at December 31, 2025 and December 31, 2024, no Preferred Units were issued and outstanding. Trust Units represent Unitholders' proportionate undivided beneficial interest in CAPREIT. No Trust Unit has any preference or priority over another. No Unitholder has or is deemed to have any right of ownership in any of the assets of CAPREIT. Each Trust Unit confers the right to one vote at any meeting of Unitholders and to participate pro rata in any distributions declared by CAPREIT and, in the event of termination of CAPREIT, in the net assets of CAPREIT remaining after satisfaction of all liabilities. Units will be issued in registered form and are transferable. Issued and outstanding units may be subdivided or consolidated from time to time by the trustees without Unitholder approval. No certificates for fractional units will be issued and fractional units will not entitle the holders thereof to vote.

a) DRIP

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

b) EUPP

During the year ended December 31, 2025, 67,075 Trust Units (year ended December 31, 2024 – 67,095 Trust Units) were issued pursuant to the EUPP. See note 13 for further details on the EUPP.

c) DUP

During the year ended December 31, 2025, 43,044 DUs were settled or cancelled, out of which 43,043 DUs were settled for an equivalent number of Trust Units and the remaining DU was cancelled. During the year ended December 31, 2024, 8,100 DUs were settled for an equivalent number of Trust Units. See note 13 for further details on the DUP.

d) RUR Plan

During the year ended December 31, 2025, 73,784 RUR units were settled or cancelled, out of which 62,467 RUR units were settled for an equivalent number of Trust Units and the remaining RUR units were cancelled or forfeited. During the year ended December 31, 2024, 85,682 RUR units were settled or cancelled, out of which 79,571 RUR units were settled for an equivalent number of Trust Units and the remaining RUR units were cancelled or forfeited. See note 13 for further details on the RUR Plan.

e) Normal Course Issuer Bid ("NCIB")

In March 2025, CAPREIT received the TSX's acceptance of its notice of intention to proceed with an NCIB ("2025-2026 NCIB"), following expiry of the previous NCIB on March 24, 2025 ("2024-2025 NCIB"). Pursuant to the notice, CAPREIT may purchase up to 16,047,885 of its Trust Units, representing approximately 10% of the public float of its Trust Units at the time of TSX approval, during the 12-month period commencing March 25, 2025 and ending March 24, 2026. Under the NCIB, other than purchases made under the block purchase exemption, CAPREIT may purchase up to 130,561 Trust Units on the TSX during any trading day, which represents approximately 25% of 522,247 Trust Units, being the average daily trading volume on the TSX for the most recently completed six calendar months prior to the TSX's acceptance of the notice of intention to proceed with an NCIB. Any Trust Units purchased under the NCIB will be cancelled.

In March 2024, CAPREIT received the TSX's acceptance of its notice of intention to proceed with an NCIB, following expiry of the previous NCIB on March 23, 2024. Pursuant to the notice, CAPREIT may purchase up to 16,724,759 of its Trust Units, representing approximately 10% of the public float of its Trust Units at the time of TSX approval, during the 12-month period commencing March 25, 2024 and ending March 24, 2025. Under the NCIB, other than purchases made under the block purchase exemption, CAPREIT may purchase up to 89,460 Trust Units on the TSX during any trading day, which represents approximately 25% of 357,842 Trust Units, being the average daily trading volume on the TSX for the most recently completed six calendar months prior to the TSX's acceptance of the notice of intention to proceed with an NCIB. Any Trust Units purchased under the NCIB will be cancelled.

The table below summarizes the NCIB activity for the years ended December 31, 2025 and December 31, 2024. The excess of the purchase price over the weighted average historical Trust Unit issuance price was recorded as a reduction to retained earnings.

For the Year Ended December 31,	**2025**	2024
Total cost of Trust Units purchased and cancelled under the NCIB[1]	**$ 294,057**	$ 327,149
Number of Trust Units purchased and cancelled under the NCIB	**7,156,198**	7,324,779
Weighted average purchase price per Trust Unit[1]	**$ 41.09**	$ 44.66

[1] For the year ended December 31, 2025, the total cost presented and the weighted average purchase price per Trust Unit include commissions. This excludes a net aggregate amount of $6,501 relating to the federal 2% tax on repurchases of Trust Units as well as other NCIB transaction costs (for the year ended December 31, 2024 – $6,589).

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

On December 15, 2025, CAPREIT announced that it had declared a special non-cash distribution of $0.90 per Trust Unit, which was paid in Trust Units of CAPREIT (the "2025 Additional Trust Units") on December 31, 2025 to Unitholders of record at the close of business on December 31, 2025 (the "2025 Special Distribution").

On December 16, 2024, CAPREIT announced that it had declared a special non-cash distribution of $1.18 per Trust Unit, which was paid in Trust Units of CAPREIT (the "2024 Additional Trust Units") on December 31, 2024 to Unitholders of record at the close of business on December 31, 2024 (the "2024 Special Distribution").

The 2025 Special Distribution and 2024 Special Distribution (together, the "Special Distributions") were made to distribute to Unitholders a portion of the net capital gain realized by CAPREIT from transactions completed during the years ended December 31, 2025 and December 31, 2024.

Immediately after the payments of the Special Distributions, the issued and outstanding Trust Units of CAPREIT, including the 2025 Additional Trust Units and 2024 Additional Trust Units, were consolidated such that the aggregate number of issued and outstanding Units immediately following the Special Distributions were the same as the aggregate number of issued and outstanding Trust Units of CAPREIT immediately before the Special Distributions as at December 31, 2025 and December 31, 2024.

The issuance of Trust Units pursuant to the Special Distributions was recorded to Unit Capital in accordance with IAS 32, with a corresponding reduction to retained earnings as a result of the CAPREIT Special Distribution declared.

The table below summarizes the Special Distributions issued as at December 31, 2025 and December 31, 2024:

As at	December 31, 2025	December 31, 2024
Special non-cash distribution per Trust Unit	**$ 0.90**	$ 1.18
Number of Trust Units on record at the close of business	**153,884,443**	160,545,918
Special non-cash distribution declared	**$ 138,496**	$ 189,444
Issue price per Trust Unit	**$ 36.87**	$ 42.63
Number of Trust Units issued pursuant to the Special Distributions	**3,756,333**	4,443,917
Number of Trust Units consolidated immediately following the Special Distributions	**(3,756,333)**	(4,443,917)

g) Base Shelf Prospectus

On May 15, 2025, CAPREIT renewed its base shelf prospectus that was set to expire in June 2025. The renewed base shelf prospectus is valid for a 25-month period from May 15, 2025 to June 15, 2027, during which CAPREIT may offer Trust Units, subscription receipts, debt securities or any combination thereof. Any issue of securities under the base shelf prospectus will require the filing of a prospectus supplement that will include specific terms of the securities being offered.

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

On May 15, 2025, CAPREIT filed a prospectus supplement to renew its ATM Program that allows CAPREIT, at its sole discretion, to issue Trust Units up to an aggregate sale price of $300,000 from treasury to the public from time to time, directly on the TSX or on other marketplaces on which the Trust Units are listed or quoted in Canada or where the Trust Units are traded in Canada, at prevailing market prices.

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

The ATM Program is being established pursuant to a prospectus supplement dated May 15, 2025 to CAPREIT's base shelf prospectus dated May 15, 2025, both of which have been filed with securities regulatory authorities in each of the provinces of Canada. CAPREIT's previous at-the-market equity program, which commenced on February 22, 2024, ceased upon the establishment of the renewed ATM Program.

During the year ended December 31, 2025, no Trust Units were issued under the ATM Program (year ended December 31, 2024 – nil).

19. Distributions on Trust Units

CAPREIT pays monthly distributions to its Unitholders in accordance with its DOT. Distributions declared by its Board of Trustees are payable monthly, on or about the 15th day of the following month.

On February 13, 2025, the Board of Trustees approved an increase in monthly distributions from $0.125 to $0.1292 per Trust Unit, or from $1.50 to $1.55 per Trust Unit on an annualized basis. The increase was effective with the February 2025 distribution payable on March 17, 2025 to Unitholders of record as at February 28, 2025.

On August 7, 2024, the Board of Trustees approved an increase in monthly distributions from $0.1208 to $0.125 per Trust Unit, or from $1.45 to $1.50 per Trust Unit on an annualized basis. The increase was effective with the August 2024 distribution payable on September 16, 2024 to Unitholders of record as at August 30, 2024.

For the Year Ended December 31,	2025	2024
Distributions declared on Trust Units[1]	$ 243,684	$ 244,665
Distributions per Trust Unit	$ 1.5460	$ 1.4708

[1] Distributions declared exclude the special non-cash distributions. Refer to note 18 f) for further information.

20. Revenue from Contracts with Customers

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

The table below summarizes the non-lease component earned from residents and miscellaneous revenues for the years ended December 31, 2025 and December 31, 2024:

For the Year Ended December 31,	2025	2024
Non-lease component earned from residents	$ 177,743	$ 199,114
Miscellaneous revenues	22,044	25,072

21. Other Income

For the Year Ended December 31,	2025	2024
Interest income from VTB mortgages receivable	$ 10,890	$ 2,228
Interest income	1,887	1,155
Investment income[1]	1,125	3,583
Profit from sale of MHC home inventory	–	418
Total	$ 13,902	$ 7,384

[1] For the year ended December 31, 2024, investment income included $2,533 of semi-annual dividends from Irish Residential Properties REIT plc.

22. Trust Expenses

For the Year Ended December 31,	2025	2024
Trust expenses (excluding reorganization costs)	$ (47,024)	$ (51,951)
Reorganization costs	(7,965)	(6,673)
Total Trust expenses	$ (54,989)	$ (58,624)

23. Interest Expense on Debt and Other Financing Costs

For the Year Ended December 31,	2025	2024
Contractual interest on mortgages payable[1][2][3]	$ (165,178)	$ (171,254)
Amortization of deferred financing costs and fair value adjustments on mortgages payable[1][3]	(9,723)	(8,025)
Amortization of CMHC premiums and fees on mortgages payable[1][3]	(6,135)	(10,080)
Contractual interest on Credit Facilities payable, net[2]	(5,035)	(25,049)
Amortization of deferred financing costs on Credit Facilities payable	(919)	(731)
Interest on land and air rights lease liability	(4,023)	(5,023)
Total	$ (191,013)	$ (220,162)

[1] Includes mortgages payable related to assets held for sale, as applicable.

[2] Includes net CCIR and IR swap interest, offsetting contractual interest.

[3] Net of capitalized interest expense.

24. Fair Value Adjustments of Financial Instruments

For the Year Ended December 31,		2025		2024
Fair value adjustments of Exchangeable LP Units	**$**	**8,414**	$	10,163
Fair value adjustments of investments		**672**		(22,020)
Fair value adjustments of derivative financial instruments		**(32,605)**		4,625
Unit-based compensation remeasurement gain		**3,648**		1,238
Fair value adjustments of financial instruments	**$**	**(19,871)**	$	(5,994)

25. Transaction Costs and Other Activities

For the Year Ended December 31,		2025		2024
Transaction costs and other adjustments on dispositions, net	**$**	**(25,373)**	$	(16,175)
Amortization of PP&E and right-of-use asset		**(6,413)**		(6,363)
Enterprise resource planning implementation costs[1]		**(8,289)**		(5,914)
Fair value gain (loss) on transfer of other assets to investment properties		**–**		(80)
Other[2]		**(2,513)**		–
Total	**$**	**(42,588)**	$	(28,532)

[1] Includes licensing and consulting costs, and salaries and benefits.

[2] Consists of costs relating to the Dutch tax authority audits.

26. Supplemental Cash Flow Information

a) Other Adjustments

For the Year Ended December 31,		2025		2024
Closing costs and other adjustments	**$**	**25,373**	$	15,077
Amortization of PP&E and right-of-use asset		**6,413**		6,363
Straight-line rent adjustment		**(1,673)**		(48)
Deferred income tax expense (recovery)		**(1,343)**		23,726
Unrealized foreign currency loss		**1,599**		24,377
Fair value loss on transfer of other assets to investment properties		**–**		80
Other adjustments	**$**	**30,369**	$	69,575

b) Changes in Non-cash Operating Assets and Liabilities

For the Year Ended December 31,		2025		2024
Prepaid expenses and other	**$**	**12,319**	$	(17,845)
Amounts receivable		**3,632**		(2,226)
Deposits		**1,611**		550
Accounts payable, accrued liabilities, and other		**6,382**		(7,975)
Derivative financial instruments		**(15,768)**		29,039
Security deposits		**(4,488)**		(4,379)
Current tax liability		**140**		3,242
Changes in non-cash operating assets and liabilities	**$**	**3,828**	$	406

c) Items Related to Financing Activities

For the Year Ended December 31,		2025		2024
Interest expense on debt and other financing costs	**$**	**191,013**	$	220,162
Interest expense on Exchangeable LP Units		**2,233**		2,429
Special interest expense on ERES non-controlling unitholders		**121,890**		122,617
Interest expense to ERES non-controlling unitholders		**5,157**		14,543
Net loss (gain) on derecognition of debt		**4,493**		(3,012)
Items related to financing activities	**$**	**324,786**	$	356,739

d) Capital Investments

For the Year Ended December 31,	2025	2024
Property capital investments (investment properties and assets held for sale)	**$ (234,240)**	$ (241,876)
Capitalized direct leasing costs	**(1,188)**	–
Capitalized interest expense	**1,260**	–
PP&E investments	**(2,701)**	(3,197)
Sale of PP&E	**–**	335
Change in capital investments included in working capital	**(4,718)**	(5,070)
Net disbursements	**$ (241,587)**	$ (249,808)

e) Distributions Paid to Unitholders

For the Year Ended December 31,	2025	2024
Distributions declared to Unitholders	**$ (243,684)**	$ (244,665)
Add: Distributions payable to Unitholders at beginning of the year	**(20,068)**	(20,253)
Less: Distributions payable to Unitholders at end of the year	**19,877**	20,068
Less: Distributions to participants in the CAPREIT DRIP	**4,905**	4,886
Cash disbursements to Unitholders	**$ (238,970)**	$ (239,964)

f) Net Proceeds on Issuance of Trust Units

For the Year Ended December 31,	2025	2024
Issuance of Trust Units	**$ 15,744**	$ 7,401
Settlement of unit-based compensation awards for Trust Units	**(4,932)**	(4,497)
Conversion of Exchangeable LP Units to Trust Units	**(8,536)**	–
Net proceeds	**$ 2,276**	$ 2,904

27. Related Party Transactions

Transactions with Key Management Personnel

Certain key management personnel participate in the RUR Plan and trustees currently participate in the DUP. Pursuant to employee contracts, key management personnel are entitled to termination benefits that provide for payments of up to 36 months of benefits (based on base salary, bonus, and other benefits), depending on cause.

Key management personnel and trustee compensation expense included in the consolidated statements of net income and comprehensive income comprises:

For the Year Ended December 31,	2025	2024
Cash compensation and short-term benefits	**$ (5,447)**	$ (5,156)
Unit-based compensation – amortization	**(6,524)**	(4,743)
	(11,971)	(9,899)
Unit-based compensation – fair value remeasurement	**3,564**	2,836
Total compensation expense	**$ (8,407)**	$ (7,063)

28. Segmented Information

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

	For the Year Ended December 31, 2025			
Selected consolidated statements of net income and comprehensive income items	**Canada**	**Europe**	**Unallocated Items**	**Consolidated Financial Statements**
Revenue from investment properties	**$ 943,222**	**$ 60,142**	**$ –**	**$ 1,003,364**
Operating expenses	**(332,815)**	**(16,838)**	**–**	**(349,653)**
Net operating income	**$ 610,407**	**$ 43,304**	**$ –**	**$ 653,711**
Fair value adjustments of investment properties(1)	**$ (18,074)**	**$ (66,616)**	**$ –**	**$ (84,690)**
Effective interest on mortgages payable(2)(3)	**(172,157)**	**(8,879)**	**–**	**(181,036)**
Other(4)	**–**	**–**	**(190,934)**	**(190,934)**
Net income (loss)	**$ 420,176**	**$ (32,191)**	**$ (190,934)**	**$ 197,051**

(1) For the year ended December 31, 2025, includes $(189) and $(4,007) fair value adjustments from assets held for sale in Canada and Europe, respectively.

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

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

(4) Consists primarily of loss on non-controlling interest, trust expenses, loss on foreign currency translation, transaction costs and other activities, fair value adjustments of financial instruments, current income tax expense, and deferred income tax recovery (expense).

	For the Year Ended December 31, 2024			
Selected consolidated statements of net income and comprehensive income items	Canada	Europe	Unallocated Items	Consolidated Financial Statements
Revenue from investment properties	$ 975,028	$ 137,714	$ –	$ 1,112,742
Operating expenses	(352,310)	(29,778)	–	(382,088)
Net operating income	$ 622,718	$ 107,936	$ –	$ 730,654
Fair value adjustments of investment properties(1)	$ (34,381)	$ 92,867	$ –	$ 58,486
Effective interest on mortgages payable(2)(3)	(161,553)	(27,806)	–	(189,359)
Other(4)	–	–	(307,039)	(307,039)
Net income (loss)	$ 426,784	$ 172,997	$ (307,039)	$ 292,742

(1) For the year ended December 31, 2024, includes $(6,524) and $(1,206) of fair value adjustments from assets held for sale in Canada and Europe, respectively.

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

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

(4) Consists primarily of loss on non-controlling interest, trust expenses, loss on foreign currency translation, transaction costs and other activities, fair value adjustments of financial instruments, current income tax expense, and deferred income tax recovery (expense).

	As at December 31, 2025			
Selected consolidated balance sheet items	**Canada**	**Europe**	**Unallocated Items**	**Consolidated Financial Statements**
Investment properties	**$ 14,374,876**	**$ 357,602**	**$ –**	**$ 14,732,478**
Assets held for sale	**–**	**141,392**	**–**	**141,392**
Other(1)	**–**	**–**	**258,493**	**258,493**
Total assets	**$ 14,374,876**	**$ 498,994**	**$ 258,493**	**$ 15,132,363**
Mortgages payable	**$ 5,472,168**	**$ 161,433**	**$ –**	**$ 5,633,601**
Other(2)	**–**	**–**	**737,566**	**737,566**
Total liabilities	**$ 5,472,168**	**$ 161,433**	**$ 737,566**	**$ 6,371,167**

(1) Consists primarily of VTB mortgages receivable, cash and cash equivalents, and other assets.

(2) Consists primarily of ERES Units held by non-controlling unitholders, other liabilities, accounts payable and accrued liabilities, and Exchangeable LP Units.

	As at December 31, 2024			
Selected consolidated balance sheet items	Canada	Europe	Unallocated Items	Consolidated Financial Statements
Investment properties	$ 13,712,873	$ 1,155,489	$ –	$ 14,868,362
Assets held for sale	210,871	96,589	–	307,460
Other(1)	–	–	400,271	400,271
Total assets	$ 13,923,744	$ 1,252,078	$ 400,271	$ 15,576,093
Mortgages payable	$ 5,474,298	$ 513,571	$ –	$ 5,987,869
Other(2)	–	–	560,912	560,912
Total liabilities	$ 5,474,298	$ 513,571	$ 560,912	$ 6,548,781

(1) Consists primarily of VTB mortgages receivable, cash and cash equivalents, and other assets.

(2) Consists primarily of ERES Units held by non-controlling unitholders, other liabilities, accounts payable and accrued liabilities, and Exchangeable LP Units.

29. Commitments and Contingencies

Property-related Commitments

Commitments primarily related to improvements and other expenditures in investment properties of $28,711 are outstanding as at December 31, 2025 (December 31, 2024 – $32,691).

Contingencies

CAPREIT and its subsidiaries are contingently liable under guarantees provided to certain lenders in the event of default, and with respect to litigation and claims that arise from time to time in the ordinary course of business and from CAPREIT and its subsidiaries' dispositions. Matters relating to litigation and claims are generally covered by insurance, or have been provided for where appropriate. With respect to provisions related to uncertain tax positions, refer to note 12.

30. Fair Value of Financial Instruments and Investment Properties, and Risk Management

a) Fair Value of Financial Instruments and Investment Properties

The fair value of CAPREIT's financial assets and liabilities, except as noted below and elsewhere in the consolidated annual financial statements, approximates their carrying amount due to the short-term and variable rate nature of these instruments.

As at December 31, 2025, the fair value of CAPREIT's mortgages payable, excluding liabilities related to assets held for sale, is estimated to be $5,584,860 (December 31, 2024 – $5,855,497). The difference between the carrying amount and the fair value of mortgages payable is due to changes in interest rates and foreign exchange rates since the dates the individual mortgages payable were financed, and the impact of the passage of time on the primarily fixed rate nature of CAPREIT's mortgages payable. The fair value of the mortgages payable is based on discounted future cash flows using rates that reflect current rates for similar financial instruments with similar durations, terms, and conditions, which are considered Level 2 inputs (as described below). As at December 31, 2025, the principal outstanding on CAPREIT's mortgages payable is $5,779,191 (December 31, 2024 – $6,141,060) as shown in note 11. As at December 31, 2025, the fair value of CAPREIT's Credit Facilities payable is estimated to approximate its total net borrowings of $332,024 (December 31, 2024 – $5,019).

CAPREIT has classified and disclosed the fair value for each class of financial instrument based on the fair value hierarchy in accordance with IFRS 13, Fair Value Measurement ("IFRS 13"). The fair value hierarchy distinguishes between market value data obtained from independent sources and CAPREIT's own assumptions on market value. The hierarchy levels are defined below:

Level 1 – Inputs based on quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs based on factors other than quoted prices included in Level 1, which may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates and yield curves that are observable at commonly quoted intervals; and

Level 3 – Inputs that are unobservable for the asset or liability, and are typically based on CAPREIT's own assumptions as there is little, if any, related market activity.

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

The following tables present CAPREIT's estimates of assets and liabilities measured at fair value on a recurring basis based on information available to management as at December 31, 2025 and December 31, 2024, and aggregated by the level in the fair value hierarchy within which those measurements fall. These estimates are not necessarily indicative of the amounts CAPREIT could ultimately realize.

As at December 31, 2025	Level 1 Quoted Prices in Active Markets for Identical Assets and Liabilities	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs
Recurring measurements			
Assets			
Investment properties	**$ –**	**$ –**	**$ 14,732,478**
Assets held for sale	**–**	**–**	**141,392**
Investments held at FVTPL	**3,554**	**–**	**–**
Investments held at FVOCI	**–**	**14,212**	**–**
Derivative financial assets	**–**	**1,878**	**–**
Liabilities			
Derivative financial liabilities	**–**	**(2,739)**	**–**
ERES Units held by non-controlling unitholders	**–**	**(84,567)**	**–**
Unit-based compensation financial liabilities	**–**	**(23,828)**	**–**
Exchangeable LP Units	**–**	**(53,270)**	**–**

As at December 31, 2024	Level 1 Quoted Prices in Active Markets for Identical Assets and Liabilities	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs
Recurring measurements			
Assets			
Investment properties	$ –	$ –	$ 14,868,362
Assets held for sale	–	–	307,460
Investments held at FVTPL	2,364	–	–
Investments held at FVOCI	–	15,623	–
Derivative financial assets	–	19,076	–
Liabilities			
Derivative financial liabilities	–	(3,684)	–
ERES Units held by non-controlling unitholders	–	(170,018)	–
Unit-based compensation financial liabilities	–	(24,631)	–
Exchangeable LP Units	–	(70,220)	–

Although CAPREIT has determined that the majority of the inputs used to value its derivatives falls within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by CAPREIT. As at December 31, 2025 and December 31, 2024, CAPREIT has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustment is not significant to the overall valuation of the derivative. As a result, CAPREIT has determined that the derivative valuations in their entirety should be classified as Level 2 of the fair value hierarchy. For assets and liabilities measured at fair value as at December 31, 2025 and December 31, 2024, there were no transfers between Level 1, Level 2, and Level 3 during the periods.

b) Risk Management

The main risks arising from CAPREIT's financial instruments are interest rate, liquidity, credit, foreign currency, and price risks. CAPREIT's approach to managing these risks is summarized as follows:

Interest Rate Risk
CAPREIT is subject to the risks associated with debt financing, including the risk that mortgages and Credit Facilities will not be able to be refinanced on terms at least as favourable as those of the existing indebtedness. In addition, interest on CAPREIT's Credit Facilities is subject to floating interest rates. CAPREIT is also subject to the risks associated with changes in interest rates or different financing arrangements from the hedging derivative assumptions, which may cause volatility in earnings.

As at December 31, 2025, the Acquisition and Operating Facility was borrowed at a floating rate for a total gross amount of $314,686 (excluding deferred financing costs). There were no borrowings on the ERES Credit Facility as at December 31, 2025. A 100 basis points increase or decrease in interest rates would decrease or increase annualized net income and equity by $3,147. The sensitivity analysis represents the parallel interest rate shift of the Canadian prime rate, CORRA, SOFR, and EURIBOR benchmark rates.

As at December 31, 2025, CAPREIT had a total of $646,199 in fixed rate mortgages payable that will reach the end of their term during 2026. Assuming all these mortgages are refinanced or renewed at a 100 basis points increase or decrease in interest rates, CAPREIT's annualized net income and equity would decrease or increase by $6,462, respectively.

As at December 31, 2025, a 100 basis points increase or decrease in interest rates would decrease or increase annualized net income and equity by $2 in relation to CAPREIT's CC and/or IR swaps. The sensitivity analysis represents the parallel interest rate shift of the SOFR and EURIBOR forward rates.

CAPREIT's objective in managing interest rate risk is to minimize the volatility of interest expenses due to fluctuations in market interest rates. As at December 31, 2025, interest rate risk has been minimized, as 100.0% (excluding one-to-six-month short-term extensions) (December 31, 2024 – 99.3%) of the mortgages payable are financed at fixed interest rates, with maturities staggered over a number of years. Taking into consideration interest rate swaps where hedge accounting has not been applied, 100.0% of the mortgages payable are financed at synthetically fixed interest rates (December 31, 2024 – 99.8%). These figures exclude liabilities related to assets held for sale, as applicable.

Liquidity Risk
Liquidity risk is the risk that CAPREIT may encounter difficulties in accessing capital and refinancing its financial obligations as they come due. As at December 31, 2025, approximately 98.3% of CAPREIT's Canadian mortgages are CMHC-insured, which reduces the risk in refinancing mortgages. CAPREIT's overall risk for mortgage refinancings is further reduced as the unamortized mortgage insurance premiums are transferable between approved lenders and are effective for the full amortization period of the underlying mortgages, ranging between 25 and 40 years. To mitigate the risk associated with the refinancing of maturing debt, CAPREIT staggers the maturity dates of its mortgage portfolio over a number of years.

In addition, CAPREIT manages its overall liquidity risk by maintaining sufficient available Credit Facilities and unencumbered assets to fund its ongoing operational and capital commitments, distributions to Unitholders, and provide for future growth in its business. As at December 31, 2025, CAPREIT had a borrowing capacity under the Acquisition and Operating Facility and GHG Reduction Facility in the aggregate amount of $234,633 (December 31, 2024 – $565,273), excluding borrowing capacity under the ERES Credit Facility.

The working capital deficiency, as presented on CAPREIT's consolidated balance sheets as at December 31, 2025, and defined as current assets less current liabilities, is funded through the Credit Facilities and refinancing of mortgages as they mature. Management conducts a liquidity forecast on a regular basis, which includes refinancing of mortgages, property capital investments, potential acquisitions, and potential dispositions, to monitor the available capacity.

The contractual maturities and repayment obligations of CAPREIT's financial liabilities as at December 31, 2025 are as follows:

	2026	2027	2028	2029	2030	2031 Onwards
Mortgages payable	$ 791,033	$ 810,607	$ 822,577	$ 635,926	$ 642,630	$ 2,076,418
Credit Facilities payable	–	–	314,686	–	–	17,338
Mortgage interest	161,789	138,954	117,264	91,130	73,334	141,344
Credit Facilities interest(1)	16,482	16,482	3,102	716	775	10,264
Other liabilities(2)	186,369	–	–	–	–	–
Derivative financial liabilities	2,739	–	–	–	–	–
ERES Units held by non-controlling unitholders	84,567	–	–	–	–	–
Lease liabilities	2,915	2,949	2,148	2,148	2,148	69,433
	$ 1,245,894	$ 968,992	$ 1,259,777	$ 729,920	$ 718,887	$ 2,314,979

(1) Based on current Credit Facilities payable balance outstanding and in-place interest rates as at December 31, 2025.

(2) Related to accounts payable and accrued liabilities and other current liabilities (excluding deferred revenue and other).

Credit Risk

Credit risk is the risk that: (i) counterparties to contractual financial obligations will default and (ii) the possibility that CAPREIT's residents may experience financial difficulty and may not be able to meet their rental obligations.

CAPREIT monitors its risk exposure regarding obligations with counterparties through the regular assessment of counterparties' credit positions.

CAPREIT mitigates the risk of credit loss with respect to residents by evaluating the creditworthiness of new residents, obtaining security deposits wherever permitted by legislation and geographically diversifying its portfolio.

CAPREIT monitors its collection experience on a monthly basis and ensures that a stringent policy is adopted to provide for all past due amounts. The maximum exposure to credit risk at the reporting date is the carrying value of the tenant receivables.

CAPREIT mitigates the risk of credit loss with respect to the borrowers of the VTB mortgages receivable by ensuring that adequate collateral has been obtained for the VTB mortgages receivable. The VTB mortgages receivable are secured by the properties that were sold to the borrowers.

Foreign Currency Risk

Foreign currency risk is the financial risk exposure to unanticipated changes in the exchange rate between two currencies. CAPREIT is exposed to foreign currency risk as CAPREIT's functional and presentation currency is Canadian dollars while the functional currency of ERES and CAPREIT's subsidiaries in the Netherlands is the euro.

CAPREIT manages and mitigates the exposure to foreign currency risk on its investments in subsidiaries in the Netherlands with its CC swaps and EURIBOR borrowings. The loss on foreign currency translation relating to ERES and CAPREIT's subsidiaries in the Netherlands is recognized in other comprehensive income. The mark-to-market on the CC swaps and foreign exchange translation on the SOFR and EURIBOR borrowings are recognized in the consolidated statements of net income and comprehensive income.

Price Risk

Price risk is the risk that fluctuations in the price of investments will affect the net income, other comprehensive income, or the value of investments held at FVTPL and investments held at FVOCI. CAPREIT is exposed to price risk from its investments. CAPREIT limits price risk by monitoring publicly available information related to its investments to ensure risk levels are within established levels of risk tolerance.

31. Capital Management

CAPREIT defines capital as the aggregate of Unitholders' equity, Exchangeable LP Units, mortgages payable, liabilities related to assets held for sale, and Credit Facilities payable. CAPREIT's objectives when managing capital are to safeguard its ability to continue to fund its distributions to Unitholders, meet its repayment obligations under its mortgages payable and Credit Facilities, and ensure sufficient funds are available to meet capital commitments. Capital adequacy is monitored against investment and debt restrictions contained in CAPREIT's DOT and Credit Facilities.

CAPREIT's Credit Facilities (see note 11) require compliance with certain financial covenants. In addition, borrowings must not exceed the borrowing base, calculated at a predefined percentage of the market value of the properties.

In the short term, CAPREIT utilizes the Acquisition and Operating Facility to finance its capital investments, which may include acquisitions. In the long term, retained earnings are utilized and equity issuances, mortgage financings and refinancings, including "top-ups", and the GHG Reduction Facility are put in place to finance the cumulative capital investments in the property portfolio and ensure that the sources of financing better reflect the long-term useful lives of the underlying investments.

The total capital managed by CAPREIT is as follows:

As at	**December 31, 2025**	December 31, 2024
Unitholders' equity	**$ 8,761,196**	$ 9,027,312
Exchangeable LP Units	**53,270**	70,220
Mortgages payable – non-current	**4,856,580**	5,343,549
Mortgages payable – current	**777,021**	644,320
Credit Facilities payable	**331,250**	4,145
Total capital	**$ 14,779,317**	$ 15,089,546

CAPREIT's Acquisition and Operating Facility contains the following financial covenants: (i) total debt-to-gross book value of CAPREIT's total assets shall be less than 62.50%; (ii) FFO payout ratio shall not exceed 100% based on the trailing four quarters (FFO shall be calculated in accordance with the recommendations of the Real Property Association of Canada ("REALPAC") and will be subject to the adjustments disclosed in the most recent annual report and such other adjustments as may be agreed with the lender); (iii) maintain a minimum tangible net worth of the sum of $5,000,000 and 75% of the net cash proceeds received in connection with any issuance or sale of equity by CAPREIT after June 18, 2021; (iv) maintain a minimum debt service coverage ratio of 1.40; and (v) maintain a minimum interest coverage ratio of 1.65. As at December 31, 2025, CAPREIT is in compliance with its financial covenants included in the Acquisition and Operating Facility and the GHG Reduction Facility. In addition, CAPREIT is required to comply with certain financial covenants stipulated in its mortgage financing agreements. As at December 31, 2025, CAPREIT is in compliance with all mortgage financial covenants.

CAPREIT's subsidiary, ERES, is subject to various financial covenants contained in the ERES Credit Facility. As at December 31, 2025, ERES is in compliance with its financial covenants included in the ERES Credit Facility. In addition, ERES is required to comply with certain financial covenants stipulated in its mortgage financing agreements. As at December 31, 2025, ERES is in compliance with all mortgage financial covenants.

32. Subsequent Events

The table below summarizes the disposition of a property, which was classified as asset held for sale as at year end, completed subsequent to December 31, 2025:

Disposition Date	Suite Count	Region	Gross Sale Price[(1)]
January 15, 2026	33	The Netherlands	$ 16,267
Total	**33**		**$ 16,267**

(1) Gross sale price is the amount stated in the purchase and sale agreement and excludes transaction costs and customary adjustments.

Unitholders' Information

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Senior Management

Mark Kenney
President and
Chief Executive Officer

Stephen Co
Chief Financial Officer

Archna Sharma
Executive Vice President,
Risk, Compliance, and People

Nick Savino
Senior Vice President,
Operations

Elise Lenser
Senior Vice President,
Legal and Corporate Secretary

Board of Trustees

Investor Information

Analysts, Unitholders and others seeking financial data should visit CAPREIT's website at www.capreit.ca or contact:

Nicole Dolan
Investor Relations
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E-mail: ir@capreit.net

Registrar and Transfer Agent

Computershare Trust Company
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Tel: 1-800-564-6253
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Auditor

Ernst & Young LLP

Stock Exchange Listing

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

(1) Member of the Human Resources and Compensation Committee
(2) Member of the Investment Committee
(3) Member of the Governance and Nominating Committee
(4) Member of the Audit Committee

CANADIAN APARTMENT PROPERTIES • REIT

CANADIAN APARTMENT
PROPERTIES REIT (CAPREIT)

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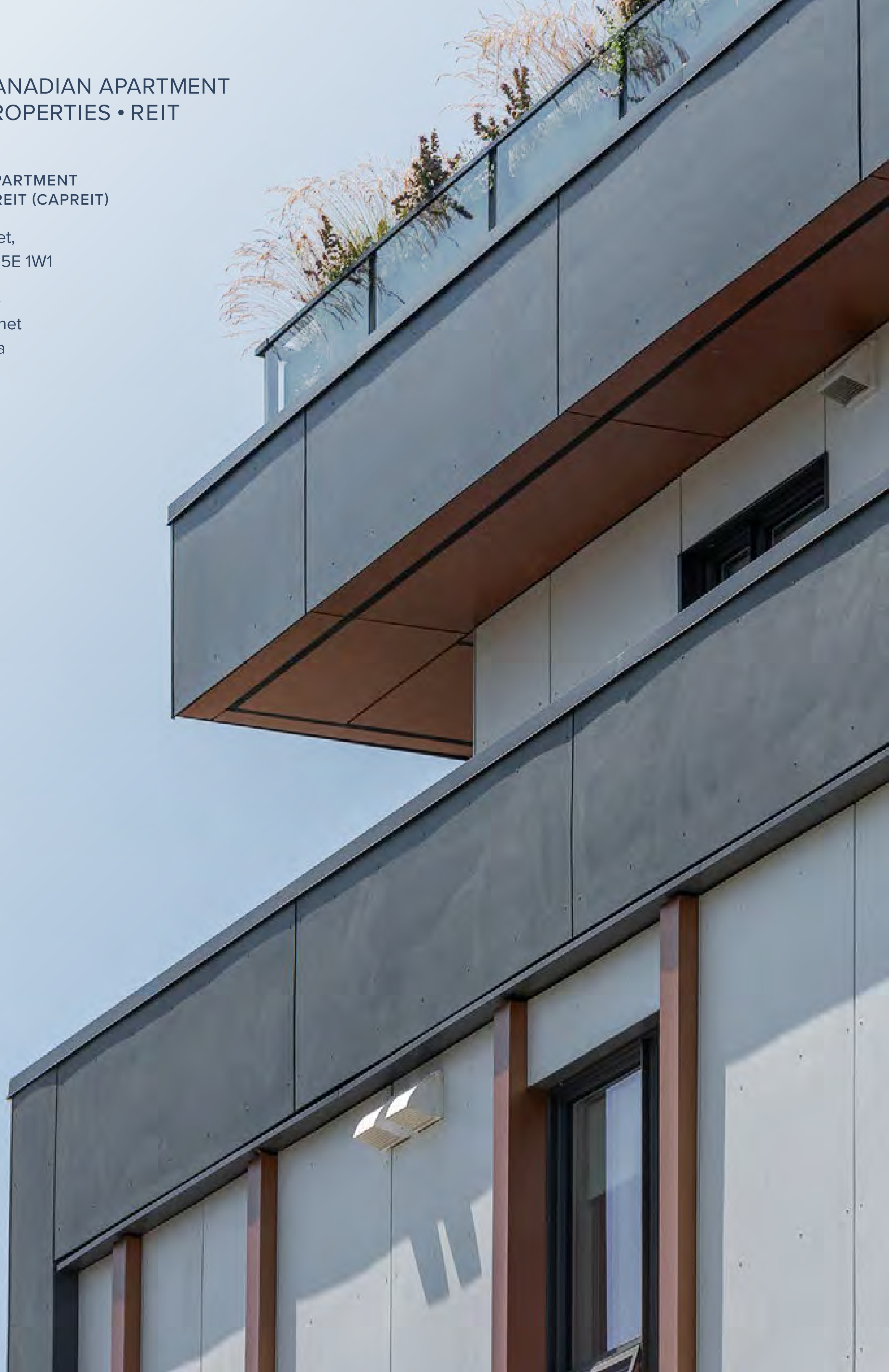

Nell's Place
Vancouver, BC