CANADIAN APARTMENT PROPERTIES • REIT

2025 Environmental, Social, and Governance Reporting Methodology

Contents

1. Background

This document details the methodologies used by Canadian Apartment Properties Real Estate Investment Trust (CAPREIT) to measure the energy and water consumption, greenhouse gas (GHG) emissions, waste generated, and affordable housing reported for its Canadian real estate portfolio in its 2025 Environmental, Social and Governance Report (ESG Report) for the reporting year, January 1, 2025 to December 31, 2025 (Fiscal 2025).

2. Energy and Water Consumption, and Greenhouse Gas Emissions

2.1 Background

CAPREIT has a third party to assist with the measurement and reporting of energy use, water consumption, and GHG emissions for the Canadian real estate portfolio following the guidance of the GHG Protocol[1]. The methodology includes reporting of Scope 3 emissions with coverage of three categories of CAPREIT's Scope 3 emissions: Category 1 (purchased goods and services) emissions related to water use, Category 3 (fuel and energy related activities not included in Scope 1 or 2) emissions related to transmission and distribution (T&D) losses for electricity consumed at CAPREIT properties, and Category 13 (downstream leased assets) emissions related to tenant utilities outside CAPREIT's operational control. These emissions have been calculated following the guidance of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard[2].

2.2 Organization Boundaries

Organizational boundaries define the approach to determining ownership or control over the energy and emissions reported for the property portfolio.

CAPREIT applies the operational control approach for the purposes of emissions reporting, defined as follows in the GHG Protocol:

> *A company has operational control over an operation if the former or one of its subsidiaries has the full authority to introduce and implement its operating policies at the operation. Under the operational control approach, a company accounts for 100% of emissions from operations over which it or one of its subsidiaries has operational control.*

2.2.1 Determining Responsibility for Emissions

Per the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, for reporting emissions from leased assets, the responsibility for emissions associated with leased assets depends on the economic substance of the lease (capital or operating) and the choice of

[1] The GHG Protocol – A Corporate Accounting and Reporting Standard, Revised Edition (World Resources Institute, 2004).
[2] Corporate Value Chain (Scope 3) Accounting and Reporting Standard: Supplement to the GHG Protocol Corporate Accounting and Reporting Standard (World Resources Institute, 2011).

organizational boundary approach (financial control, equity share, or operational control). Under the operational control approach, responsibility for emissions associated with space with an operating lease is defined as follows:

> *Lessor does not have operational control, therefore emissions associated with fuel combustion and use of purchased electricity are scope 3 (Downstream leased assets).*
>
> *Some companies may be able to demonstrate that they do have operational control over an asset leased to another company under an operating lease, especially when operational control is not perceived by the lessee. In this case, the lessor may report emissions from fuel combustion as scope 1 and emissions from the use of purchased electricity as scope 2 as long as the decision is disclosed and justified in the public report.*

For the purposes of CAPREIT's GHG reporting, common-area utility data (owner-controlled spaces) is reported as Scope 1 and 2. In cases where CAPREIT pays whole-building utility bills, and where sub-meter data is available to separate tenant electricity use from base-building / common area electricity, tenant use is reported as Scope 3, Category 13. Where only bulk-metered, whole-building utility data is available, fuel and electricity use are reported as Scope 1 and 2. Where tenants pay for electricity directly to the utility provider, CAPREIT does not have access to data for in-suite consumption. These Scope 3 tenant emissions are estimated as per the estimation approach outlined in Section 2.6.4.

2.3 Operational Boundaries

CAPREIT's emissions reporting includes Scope 1, 2 and 3 emissions resulting from the operation of CAPREIT properties. CAPREIT's Canadian portfolio consists of multi-unit residential (residential) properties, and commercial retail properties existing as part of a CAPREIT residential complex.

2.3.1 Scope 1 – Direct Emissions

Scope 1 emissions are emissions generated at properties that are under CAPREIT's operational control. This includes fuel consumption for space heating, water heating and, in some cases, cooking. Natural gas and heating oil consumption and emissions are reported.

2.3.2 Scope 2 – Energy Indirect Emissions

Scope 2 emissions are emissions from purchased electricity that is consumed at properties under CAPREIT's operational control but generated elsewhere. This also includes thermal energy supplied through district energy systems.

2.3.3 Scope 3 – Value Chain Indirect Emissions

Scope 3 emissions are reported at properties where CAPREIT has operational control in respect of certain electricity and water consumption.

For electricity consumption, CAPREIT reports emissions related to electricity T&D losses under Scope 3, Category 3 (fuel- and energy-related activities not included in Scope 1 or 2) at all properties with in-scope (owner-controlled) electricity use.

CAPREIT also reports emissions related to water consumption at properties where CAPREIT has operational control (Category 1: purchased goods and services) and tenant-controlled electricity (Category 13: downstream leased assets).

2.3.4 Manufactured Home Communities (MHCs)

At MHCs, residents own their respective homes, which exist on land CAPREIT owns and leases. Since CAPREIT does not have ownership of the homes, emissions related to energy use in these homes are not considered to fall under the definition of "downstream leased assets" and are therefore out of scope. CAPREIT reports Scope 2 and Scope 3 Category 1 emissions related to utilities in its control at MHCs, which generally include street lighting and some water use.

During Fiscal 2025, CAPREIT sold the remainder of its MHC portfolio, after selling the majority of the MHC portfolio in Fiscal 2024.

2.3.5 Inventory Exclusions

Of the relevant emissions applicable to CAPREIT, the following sources are not included in reporting for Fiscal 2025:

2.3.5.1 Fugitive emissions from refrigerants

Fugitive refrigerant emissions are not disclosed, as chiller specification and refrigerant data is not readily available.

2.3.5.2 Scope 3 emissions

Scope 3 emissions from purchased goods and services (apart from municipal water), capital goods, life-cycle fuel- and energy-related activities (apart from electricity T&D losses), upstream T&D of purchased products, waste generated in operations, business travel, employee commuting, and upstream leased assets are outside of the scope of CAPREIT's ESG Report as reliable data cannot currently be obtained. Many of these categories are expected to be immaterial. Other Scope 3 emission sources such as downstream T&D, downstream emissions related to sold products, franchises, and investments are also excluded as they are either not relevant for CAPREIT, do not exist for its type of business, or cannot be obtained.

Scope 3, Category 13 emissions for downstream leased assets are reported where tenant-controlled utility data is available via sub-metering. At many residential properties, tenants pay for utilities directly. The associated Scope 3, Category 13 emissions are estimated according to the methodology described in Section 2.6.4.

2.3.5.3 European Residential Real Estate Investment Trust (ERES)

CAPREIT's methodology and the ESG Report focus exclusively on CAPREIT's properties located in Canada. Sites owned and managed by ERES, which comprised approximately 2% of CAPREIT's aggregate suites as at December 31, 2025, are outside of the scope of CAPREIT's ESG Report. CAPREIT held an approximate 65% interest in ERES as at December 31, 2025.

2.3.5.4 Leased Offices

CAPREIT offices located in buildings that are not owned by CAPREIT are excluded from emissions reporting. Operational emissions related to these offices are expected to be immaterial[3] with respect to CAPREIT's Scope 1 and 2 emissions.

2.3.5.5 Other Excluded Properties

Certain CAPREIT-managed properties with no property owner-controlled utilities have been excluded. In addition, properties acquired in Q4 of Fiscal 2025 were excluded due to limited data availability at the time of reporting. The list of excluded properties is below.

Property Name	City	Province
2344 Longard Plaza	Halifax	NS
1814 Shore Road	London	ON
2050 Kains Road	London	ON
180 Croft Street	Victoria	BC
477 Superior Street	Victoria	BC
1016 East 8th Avenue	Vancouver	BC
4502 Rupert Street	Vancouver	BC
1251 - 1281 McEachern Drive	Regina	SK
1291 McEachern Drive	Regina	SK
3440 Boul. St-Elzéar O.	Laval	QC
5960 Little Pine Loop	Regina	SK

[3] CAPREIT has estimated excluded corporate office GHG emissions to be on the order of 0.1% of total Scope 1 and 2 emissions.

2.4 Comparison to Historical Years

2.4.1 Base Year and Prior Year Recalculation Policy

CAPREIT uses a base year of 2019 for GHG accounting. This base year was chosen because 2019 was the most recent year with normal, pre-COVID operations, providing an accurate and representative reference point.

For the 2025 ESG Report, CAPREIT has adopted a policy that data for base year and prior periods is restated in respect of current year acquisitions and dispositions and the below stated factors, only when a restatement for such activities would result in a change in the reported amount of total GHG emissions by more than 5% compared to previously reported totals.

To do this comparison, CAPREIT prepared utility use and emissions for the base year (2019) and prior year (2024) from the perspective of the 2025 reporting year[4], in keeping with the GHG Protocol, to account for the following factors:

1. Property acquisitions and dispositions by CAPREIT.
2. Properties or accounts owned in the base year but previously excluded from scope.
3. Corrections to historical data based on availability of more accurate information.
4. Changes to emission factors.

Utility use, emissions and 'effective' number of suites were all adjusted proportionately for the period of ownership in the reporting year.

When comparing the base year (2019) and prior year (2024) emission totals calculated for the 2025 reporting year against values reported in the 2024 ESG Report, the change in total GHG emissions was below the 5% significance threshold. Therefore, no restatements to 2019 and 2024 data were made for the 2025 ESG Report.

[4] Acquisitions and dispositions were adjusted using the Same year Pro rata approach in accordance with Appendix E of the GHG Protocol Corporate Accounting and Reporting Standard Revised Edition (World Resources Institute, 2005), whereby properties owned for only part of 2025 were included in all historical years for the same period.

2.4.2 Treatment of Scope 2 Electricity Emission Factors

Electricity emission factors vary over time as the generation mix throughout Canada changes. Environment and Climate Change Canada (ECCC) publishes a '*National Inventory Report*' (NIR) each year. CAPREIT relied upon the latest available NIR as of December 31, 2025 (the 2025 NIR)[5]. The 2025 NIR contains annual location-based electricity emission factors reflecting the electricity generation mix in each year from 2005 to 2023.

Emissions for 2025 are calculated using the 2023 emission factors from the 2025 NIR which represent the most recent emission factors available. Per the base year and prior year recalculation policy outlined in Section 2.4.1, emissions for 2019 and 2024 were not restated from the 2024 ESG Report and are based on emission factors in the 2024 NIR.

Note that water emission factors are based on electricity emission factors.

Since CAPREIT has not purchased any contractual instruments to reduce market-based Scope 2 emissions and residual mix grid emissions rates are not available in Canada, market-based emissions are not disclosed. See Section 2.8 for more information on the emission factors.

2.4.3 Reporting Normalized Results

To understand how the portfolio performed with respect to energy use and GHG emissions, a detailed variance analysis is performed to determine 'normalized' results as compared to the previous year.

Only properties owned by CAPREIT from January 2024 to December 2025 are included in the normalized results.

For 2024 to 2025 comparisons, utility use and emissions data for 2024 are normalized to reflect 2025 weather conditions. To do so, linear regression models are developed for 2024 consumption for each individual utility account as a function of heating degree hours (for accounts providing heating energy) and cooling degree hours (for accounts providing cooling energy), using hourly weather data from Environment Canada for the closest weather station to each property.

2025 weather data is applied to the 2024 models to calculate, in effect, what consumption in historical years would have been had the properties experienced 2025 weather. The difference between the actual 2024 consumption and the consumption modeled using 2025 weather provides a reasonable estimate of the impact of changes in weather on energy and emissions.

[5] National Inventory Report 1990-2023: Greenhouse Gas Sources and Sinks in Canada (ECCC, 2025).

2.5 Data Sources

The primary activity data for calculation of emissions for CAPREIT is property utility consumption, i.e. heating fuel (natural gas, oil, or propane), electricity and water use. CAPREIT records this activity data based on utility bills, including remittance statements from residential utility sub-metering providers. Electricity T&D loss emissions are also calculated using the billed electricity consumption.

Utility bill data records from CAPREIT's accounting system are validated by comparing billed costs to expected rates and billed usage to expected usage based on historical trends and weather. Significant variances between actual and projected consumption are reviewed, investigated, and corrected if needed.

2.6 Utility Data Estimation

2.6.1 Unavailable Utility Bill Data – Owner-Paid Utilities

Best efforts are made to collect actual utility consumption data for all properties and utility accounts. Utility bills for some time periods may not be available in certain scenarios, in which cases utility consumption is estimated.

2.6.2 Historical months

Per the base year and prior year recalculation policy outlined in Section 2.4.1, CAPREIT may be required to report base year and comparative year emissions for properties acquired after the base year. Where historical (pre-acquisition) utility data is not available, consumption is estimated based on a linear regression of available utility data and actual weather data. These estimations are based on building-specific utility consumption data, and account for known external factors and their expected impacts. As each new utility bill is received, models are checked for their ability to predict recent billed consumption and therefore are expected to estimate missing utility bill data with high accuracy.

Where utility consumption for a particular utility account does not demonstrate significant seasonality, recent average historical consumption is used to estimate any missing utility bill data. At many properties, sub-metered tenant energy use is included in the utility data compiled by CAPREIT and is therefore estimated according to the same methodology.

2.6.3 Missing months during CAPREIT's period of ownership

Where utility bill data is not available for certain months due to lags in data collection and the timing of compiling data for the ESG Report, an estimate for such missing months is generated as described above.

2.6.4 Tenant Direct-Billed Utilities

In cases where CAPREIT tenants' in-suite electricity use is sub-metered (downstream of a main meter, paid by CAPREIT), CAPREIT reports the associated sub-metered tenant emissions as Scope 3, category 13 emissions.

However, at properties where tenants are billed directly for utilities by the utility provider, CAPREIT does not generally have access to tenant utility data. To ensure complete coverage of reported tenant electricity, CAPREIT estimates electricity usage of tenants at these properties using the average per-suite electricity use intensity of sub-metered tenants in CAPREIT properties, as computed for each calendar year.

2.7 Purchased Renewable Natural Gas

CAPREIT has three properties that have contracts with the natural gas vendor to purchase renewable natural gas (RNG). RNG is natural gas produced from biomass sources, such as landfill or wastewater gas capture. Carbon dioxide released from biomass combustion originates from atmospheric carbon dioxide. Similar to carbon offsets, RNG contracts give the purchaser the right to claim the environmental benefit of a certain quantity of RNG supplied to the natural gas grid. As a result, in addition to reported Scope 1, 2, and 3 totals, CAPREIT separately reports a quantity of biogenic carbon dioxide (CO_2). Methane (CH_4) and nitrous oxide (N_2O) generated from combustion of RNG are reported as Scope 1.

2.8 Emission Factors

Emissions for the 2025 reporting year were calculated using emission factors from the 2025 National Inventory Report (NIR) published by Environment and Climate Change Canada. Emission factors in the 2025 NIR use the Global Warming Potentials published in the Intergovernmental Panel on Climate Change's (IPCC's) Fourth Assessment Report[6] (i.e. including emission factors of 28 for methane (CH_4) and 265 for nitrous oxide (N_2O)).

Since Prince Edward Island (PEI) imports most of its electricity from New Brunswick, the electricity emission factor for New Brunswick has been applied for properties located in PEI.

CAPREIT has approximated the energy intensity of upstream water extraction and treatment per cubic meter of water used, based on information presented in the listed reference. Using this energy intensity, together with the GHG emissions intensity of electricity generation provincially, an emission factor of tCO_2e per cubic meter of water used has been derived.

The water emission factor accounts for embedded wastewater, including its energy portion, to provide a conservative estimate of the total embodied energy associated with municipal water use. While IPCC guidance addresses emissions from wastewater treatment, it does not account for the energy inputs. Since the reported embedded energy value is distinct from Scope 3, Category 5 (wastewater), aligning it with Scope 3, Category 1 emission factors is considered reasonable.

The emission factors used for determining 2019, 2024, and 2025 emissions are summarized in the following table.

[6] Climate Change 2007: Synthesis Report, Fourth Assessment (IPCC, 2007).

Emission Source	Province	Emission Factor (gCO_2/unit)			Unit	Emission Factor Source
		2019	2024	2025		
Electricity	AB	630.0	470.0	424.1	kWh	National Inventory Report 1990-2023: Greenhouse Gas Sources and Sinks in Canada (Environment and Climate Change Canada, 2025)
	BC	20.2	13.5	16.5		
	NB	290.0	330.0	225.6		
	NS	690.0	660.0	543.5		
	ON	26.0	35.0	54.0		
	PE	290.0	330.0	225.6		
	QC	1.2	1.2	1.5		
	SK	670.0	630.0	594.6		
Natural Gas	AB	1,972.3			m^3	National Inventory Report 1990-2023: Greenhouse Gas Sources and Sinks in Canada (Environment and Climate Change Canada, 2023)
	BC	1,976.7				
	NB	1,929.3				
	NS	1,929.3				
	ON	1,931.1				
	PE	1,929.3				
	QC	1,936.2				
	SK	1,930.2				
Oil	BC	2,761.9			L	National Inventory Report 1990-2023: Greenhouse Gas Sources and Sinks in Canada (Environment and Climate Change Canada, 2025)
	NB					
	PE					
Propane	NB	1,544.3			L	National Inventory Report 1990-2023: Greenhouse Gas Sources and Sinks in Canada (Environment and Climate Change Canada, 2025)
	PE					
Thermal (Hot Water)	BC (River District Energy)	197,244.0			MWh	Provided by River District Energy
	BC	302,110.9				ESPM Technical Reference, August 2024, Figure 3
Water	AB	803.9	599.7	541.1	m^3	National Inventory Report 1990-2023: Greenhouse Gas Sources and Sinks in Canada (Environment and Climate Change Canada, 2025) and Greenhouse Gas and Energy Co-Benefits of Water Conservation (Water Sustainability Project, 2009)
	BC	25.8	17.2	21.1		
	NB	370.0	421.1	287.9		
	NS	880.4	842.2	693.5		
	ON	33.2	44.7	69.0		
	PE	370.0	421.1	287.9		
	QC	1.5	1.5	2.0		
	SK	854.9	803.9	758.8		

Note that emission factors for 2024 and 2019 are based on the 2024 NIR since, as outlined in Section 2.4.1, emissions for those years were not restated from the 2024 ESG report which used emission factors from the 2024 NIR.

Emission factors for T&D losses are derived from the difference between the generation and consumption intensities as presented in the 2025 NIR. Consumption intensities, as calculated in the 2025 NIR, account for unallocated energy and sulphur hexafluoride (SF_6) emissions. This unallocated energy encompasses transmission line losses, metering discrepancies, and other losses.

Province	Electricity Consumption Intensity (gCO_2e/kWh)			Electricity T&D Factor (gCO_2e/kWh)		
	2019	2024	2025	2019	2024	2025
AB	647.0	486.6	437.8	17.0	16.6	13.7
BC	22.0	14.5	17.9	1.8	1.0	1.4
NB	302.8	348.7	233.6	12.8	18.7	8.0
NS	736.1	704.2	580.7	46.1	44.2	37.2
ON	29.2	38.1	59.0	3.2	3.1	4.9
PE	302.8	348.7	233.6	12.8	18.7	8.0
QC	1.6	1.7	1.9	0.4	0.5	0.4
SK	718.5	666.7	631.1	48.5	36.7	36.4

Conversion factors used to convert standard energy units to ekWh for non-electricity energy soruces are outlined in the following table.

Utility	Standard Unit	Multiplier to Convert to ekWh	Source
Natural Gas	m^3	10.675	ENERGY STAR Portfolio Manager Technical Reference, Thermal Energy Conversion
Oil	L	10.72	National Inventory Report (NIR) Part 2: Table A4-2 (Other Oil)
Propane	L	7.1094	Derived by third party
Thermal	MWh	1,000	-

3. Waste

3.1 Data Coverage

CAPREIT has engaged a third party waste services coordinator (the Coordinator) to assist with the measurement and reporting of waste generated for 44% of its Canadian real estate portfolio, mixed-use rental properties only[7]. CAPREIT engages the Coordinator for sites where municipal services are not provided. The Coordinator may also be engaged for sites where waste volumes exceed municipal tolerances or where special pick-ups may be required at certain times of the year.

Acquisitions and dispositions are included for the period of CAPREIT's ownership. CAPREIT properties that are not managed by the Coordinator are excluded. The waste data that is collected refers to non-hazardous waste only.

3.2 Data Collection and Measurement

For the purposes of data measurement, all front-end bins[8] and totes[9] are assumed to be full at the time of pick-up. The categories of waste that are used in waste data collection and calculations are as follows:

- All compacted[10] and loose[11] bins
- All contaminated[12] loads that have been dumped and recorded as waste
- All bulk[13] items that have been dumped and recorded as waste

The categories that are used for data collection for waste diverted from landfill are organics and recyclables.

[7] Based on "mixed-use rental properties" only, as defined by GRESB, the Global Real Estate Sustainability Benchmark. Mixed-use refers to Office/Residential. During Fiscal 2025, CAPREIT sold the remainder of its MHC portfolio, after selling the majority of the MHC portfolio in Fiscal 2024.
[8] Front-end bin refers to a front-end static container designed for storing and collecting waste and recyclables, typically used by businesses and commercial establishments, that is emptied by a front-end loading truck.
[9] Tote refers to a portable container, often a wheeled bin or a large plastic container, used for storing and collecting waste materials.
[10] Compacted waste refers to waste that is compressed (compacted) by a compactor at the site.
[11] Loose waste refers to garbage collected in black bags.
[12] Contamination: Non-recyclable materials are put in the recycling bin. Contamination rates vary by municipalities and regions.
[13] Bulk refers to large items such as furniture, mattresses, and other items not allowed in waste bins.

The waste data is then calculated using the following criteria:

- Number of pick-ups
- Stream type: (e.g.) waste, cardboard, organics
- Industry weight by stream type[14]
- Container type / size
- Number of containers per stream type

3.3 Data Quality

There are several haulers in each region and each of them are vetted by the Coordinator prior to working at CAPREIT properties. The vetting process includes the review of corporate policies, environmental and occupational health and safety policies and processes, declaration of ethics, workers compensation and certificates of insurance and licenses/permits.

The haulers' acceptable materials list and downstream processes for waste and recycling are also evaluated. To align with the best practices in waste collection, data analysis and reporting for CAPREIT, the Coordinator works closely with the Circular Innovations Council and has certified waste auditors on its staff. CAPREIT reviews the Coordinator's monthly data to reconcile the waste generated, the amount paid for the services rendered and any extra services charged to ensure accuracy.

[14] The standard of weights by stream are provided by the coordinator and have been estimated based on historical experience in residential audits in which the coordinator participated.

4. Affordable Housing

CAPREIT measures the number of suites (excluding MHCs) that have rents at affordable levels based on guidance provided by Canada Mortgage and Housing Corporation (CMHC) for its MLI Select financing product. For this purpose, CMHC defines an affordable housing unit as one where rent is less than 30% of household pre-tax income in the particular city or town. CMHC provides household pre-tax income figures for each province and territory and various urban and rural centres based on 2023 income data. For purposes of its analysis, CAPREIT adjusted CMHC's 2023 income data for the various urban centres for Consumer Price Index inflation from 2023 to 2025. To determine affordability, CAPREIT compared the rent as of December 31, 2025, for each of its suites to the adjusted CMHC income data for the urban centre that is closest to the particular suite.