CANADIAN APARTMENT PROPERTIES
REAL ESTATE INVESTMENT TRUST
NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS
TO BE HELD ON MAY 19, 2010

NOTICE IS HEREBY GIVEN THAT the Annual and Special Meeting (the "**Meeting**") of the holders (the "**Unitholders**") of units (the "**Units**") and special voting units (the "**Special Voting Units**") of Canadian Apartment Properties Real Estate Investment Trust (the "**Trust**") will be held at One King West Hotel — Residence, 1 King Street West, Toronto, Ontario, M5H 1A1 on May 19, 2010 at the hour of 4:30 p.m. (Toronto time) for the following purposes:

1. to receive the audited consolidated financial statements of the Trust for the financial year ended December 31, 2009, together with the auditors' report thereon;

2. to elect the trustees of the Trust;

3. to re-appoint the auditor of the Trust and authorize the trustees to fix the remuneration to be paid to the auditor;

4. to consider and, if thought fit, to approve an ordinary resolution reconfirming the Unitholders' Rights Plan Agreement, as set forth in Schedule "B" of the annexed Management Information Circular;

5. to consider and, if thought fit, to approve an ordinary resolution ratifying and approving a Restricted Unit Rights Plan, as set forth in Schedule "C" of the annexed Management Information Circular;

6. to consider and, if thought fit, to approve an ordinary resolution approving an amendment to the Employee Unit Purchase Plan to allow participation by the Trust's President and Chief Executive Officer and Chief Financial Officer; and

7. to transact such further or other business as may properly come before the Meeting or any adjournments or postponements thereof.

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

If you are unable to attend the Meeting in person, kindly sign and return the enclosed form of proxy and deposit it with the Trust's transfer agent for the Units, Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, or to the head office of the Trust, 11 Church Street, Suite 401, Toronto, Ontario M5E 1W1, not later than 4:30 p.m. (Toronto time) on May 17, 2010 or, if the Meeting is adjourned or postponed, prior to 4:30 p.m. (Toronto time) on the second business day before any adjournment or postponement of the Meeting.

DATED at Toronto, Ontario this 16th day of April, 2010.

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

(Signed) THOMAS SCHWARTZ

President and Chief Executive Officer

CANADIAN APARTMENT PROPERTIES
REAL ESTATE INVESTMENT TRUST

CAPREIT

ANNUAL AND SPECIAL MEETING
OF UNITHOLDERS
MANAGEMENT INFORMATION CIRCULAR

April 16, 2010

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SOLICITATION OF PROXIES

This management information circular (the "**Circular**") is furnished in connection with the solicitation by and on behalf of the management of Canadian Apartment Properties Real Estate Investment Trust (the "**Trust**") of proxies to be used at the annual and special meeting (the "**Meeting**") of the holders (the "**Unitholders**") of the units (the "**Units**") and the special voting units (the "**Special Voting Units**") of the Trust to be held on the 19th day of May, 2010, at the time and place and for the purposes set forth in the notice of meeting (the "**Notice of Meeting**") accompanying this Circular and at any adjournment(s) or postponement(s) thereof. It is expected that the solicitation will be primarily by mail. The costs of the solicitation will be borne by the Trust. All information in this Circular is given as of April 1, 2010 unless otherwise indicated.

APPOINTMENT OF PROXIES

A form of proxy is enclosed and, if it is not your intention to be present in person at the Meeting, you are asked to complete and return the form of proxy in the envelope provided. The proxy must be executed by the Unitholder or the attorney of such Unitholder, duly authorized in writing. Proxies to be used at the Meeting must be deposited with the Trust's transfer agent, Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, or the head office of the Trust, 11 Church Street, Suite 401, Toronto, Ontario M5E 1W1, not later than 4:30 p.m. (Toronto time) on May 17, 2010 or, if the Meeting is adjourned or postponed, prior to 4:30 p.m. (Toronto time) on the second business day before any adjournment(s) or postponement(s) of the Meeting.

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

Non-Registered Unitholders

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

(i) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Unitholder deals with in respect of the Units (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or

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

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

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

(i) be given (typically by a facsimile, stamped signature) a form of proxy **which has already been signed by the Intermediary**, which is restricted as to the number of Units beneficially owned by the Non-Registered Unitholder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Unitholder when submitting the proxy. In this case, the Non-Registered Unitholder who wishes to submit a proxy should otherwise properly complete the form of proxy and **deliver it to the Trust c/o Computershare Investor Services Inc.** as provided above; or

(ii) more typically, be given a voting instruction form **which is not signed by the Intermediary**, and which, when properly completed and signed by the Non-Registered Unitholder and **returned to the Intermediary or its designated service company**, will constitute voting instructions (often called a "proxy authorization form") which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regularly printed proxy form accompanied by a page of instructions which contains a removable label containing a bar code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Unitholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

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

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

EXERCISE OF DISCRETION BY PROXIES

The Units and Special Voting Units represented by any proxy received by management will be voted or withheld from voting by the persons named in the enclosed form of proxy in accordance with the direction of the Unitholder appointing them. In the absence of any direction to the contrary, it is intended that the Units and Special Voting Units represented by proxies received by management will be voted on any ballot "for": (i) the election of the trustees; (ii) the re-appointment of the auditor of the Trust; (iii) the reconfirmation of the Unitholders' Rights Plan Agreement; (iv) the adoption of a Restricted Unit Rights Plan; and (v) the amendment of the Employee Unit Purchase Plan to allow participation by the Trust's President and Chief Executive Officer and Chief Financial Officer, all as described in this Circular.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to matters not specifically mentioned in the Notice of Meeting but which may properly come before the Meeting or any adjournment(s) or postponement(s) thereof and with respect to amendments to or variations of matters identified in the Notice of Meeting. As at April 1, 2010, management knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting and routine matters incidental to the conduct of the Meeting. If any further or other business is properly brought before the Meeting, it is intended that the persons appointed as proxy will vote on such other business in such manner as such persons then consider to be proper.

AUTHORIZED CAPITAL, VOTING UNITS AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Trust consists of an unlimited number of Units and an unlimited number of Special Voting Units. As at April 1, 2010, 68,923,123 Units and 411,311 Special Voting Units were issued and outstanding. CAPREIT Limited Partnership ("**CAPLP**"), a subsidiary of the Trust, has issued 411,311 Class B Units, which are exchangeable into 411,311 Units on a one-for-one basis pursuant to the terms of an exchange agreement dated July 9, 2007 between the Trust and CAPLP. Accordingly, throughout this Circular whenever reference is made to the outstanding Units, such reference assumes that the 411,311 Units issuable on the exchange of the CAPLP Class B Units have been so issued.

A holder of Units is entitled to one (1) vote in respect of each matter to be voted upon at the Meeting for each Unit registered in his or her name as at the close of business on April 14, 2010 (the "**Record Date**"), except to the extent that any Unitholder transfers any of his or her Units prior to the Meeting. In such case, a transferee of those Units shall be entitled to vote at the Meeting if he or she produces properly endorsed certificates for such Units or otherwise establishes that he or she owns the Units and has demanded not later than ten (10) days before the Meeting that his or her name be included in the list of Unitholders eligible to vote at the Meeting.

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

To the knowledge of the trustees and officers of the Trust, as at April 1, 2010, no person or company beneficially owns, or controls or directs, directly or indirectly, Units or Special Voting Units carrying more than ten percent (10%) of the voting rights attached to any class of voting securities of the Trust.

QUORUM

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

MATTERS REQUIRING UNITHOLDER APPROVAL

1. Election of Trustees

The Trust's Declaration of Trust provides for a flexible number of trustees, subject to a minimum of seven (7) and a maximum of eleven (11). Unitholders have authorized the board of trustees to increase or decrease, from time to time, the number of trustees within the limits prescribed by the Declaration of Trust, provided that the trustees may not appoint an additional trustee if, after such appointment, the total number of trustees would be greater than one and one-third (1 1/3) times the number of trustees in office immediately following the last annual meeting of Unitholders.

The number of trustees is currently fixed at nine (9). However, the board of trustees has resolved to decrease such number to seven (7) trustees, which number will be sufficient to satisfy the Trust's needs at this time and provides Unitholders with an appropriate governance structure. **It is intended that on any resolution or ballot that may be called for relating to the election of the trustees, the Units and Special Voting Units represented by proxies in favour of management nominees will be voted in favour of the election, separately, of each of Harold Burke, Paul Harris, Edwin F. Hawken, Thomas Schwartz, Michael Stein, Stanley Swartzman and David Williams as a trustee of the Trust, unless a Unitholder has specified in his or her proxy that his or her Units or Special Voting Units are to be withheld from voting on the election of trustees.** Management does not contemplate that any of the proposed nominees will be unable to serve as a trustee, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised to vote the Units or Special Voting Units represented by such proxies for the election of such other person or persons as trustees nominated in accordance with the Declaration of Trust and the best judgment of the management nominees. The Trust has been informed by each nominee that he is willing to stand for election and to serve as a trustee.

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

The following table sets forth the name and residence of each of the nominees, whether each nominee is an "independent" trustee (as that term is defined in National Instrument 52-110 — Audit Committees ("**NI 52-110**")), their respective principal occupations, the year each of them became a trustee, and information as to voting securities of the Trust beneficially owned, or controlled or directed, directly or indirectly, by each of them as at April 1, 2010.

					Units Beneficially Owned, or Controlled or Directed, Directly or Indirectly, as of April 1, 2010[1]		
Nominee as Trustee and Place of Residence	**Position Presently Held with the Trust**	**Independent Trustee (Yes or No)**	**Principal Occupation**	**Trustee Since**	**#**	**$**	**%**
HAROLD BURKE [2] Toronto, Ontario, Canada	N/A	Yes	Principal, Dundee Real Estate Asset Management (a real estate management firm)	N/A	100	1,448	0.0001%
PAUL HARRIS[3] .... Montréal, Québec, Canada	Trustee	Yes	Partner, Davies, Ward, Phillips & Vineberg LLP (a law firm)	1998	35,000	506,800	0.05%
EDWIN F. HAWKEN[3][4] .. Toronto, Ontario, Canada	Trustee	Yes	Corporate Director	2004	55,551	804,378	0.08%
THOMAS SCHWARTZ...... Toronto, Ontario, Canada	President and Chief Executive Officer and a Trustee	No	President and Chief Executive Officer of the Trust	1997	2,290,188	33,161,922	3.32%
MICHAEL STEIN[6] .... Toronto, Ontario, Canada	Chairman of the Trust and a Trustee	No	Chairman and Chief Executive Officer of MPI Group Inc. (a real estate investment and development firm)	1997	534,906	7,745,439	0.78%
STANLEY SWARTZMAN[4][5]........... Toronto, Ontario, Canada	Lead Trustee	Yes	Corporate Director	1997	104,021	1,506,224	0.15%
DAVID WILLIAMS[3][5] .... Toronto, Ontario, Canada	Trustee	Yes	Corporate Director	2002	49,975	723,638	0.07%

Notes:

(1) Individual trustees have furnished information as to Units beneficially owned, or controlled or directed, directly or indirectly, by them. The column entitled "#" indicates the number of Units owned, controlled or directed, directly or indirectly by each nominee; the column entitled "$" indicates the estimated market value of Units owned, or controlled or directed, directly or indirectly, by each nominee, as determined by multiplying the number of Units owned, or controlled or directed, directly or indirectly by each nominee by the closing price of the Units on the Toronto Stock Exchange on April 1, 2010; and the column entitled "%" indicates as a percentage of the issued and outstanding Units of the Trust, the number of Units owned, or controlled or directed, directly or indirectly, by each nominee. The number of Units includes LTIP and SELTIP Units, as applicable. Each of the non-executive trustees also holds Deferred Units pursuant to the Deferred Unit Plan (as defined below) (see "Deferred Unit Plan Summary"). Mr. Burke has not previously served as a trustee and holds no Deferred Units. Mr. Schwartz has also been awarded 25,408 RURs in respect of the 2009 financial year, subject to Unitholder adoption of the RUR Plan at the Meeting (see "Special Business – Adoption of Restricted Unit Rights Plan"). In addition, Mr. Harris holds 20,000 options which are not included in the total number of Units. Percentages represent, as a percentage of the outstanding Units (including Special Voting Units) of the Trust, the number of Units beneficially owned, or controlled or directed, directly or indirectly, by each trustee.

(2) Mr. Burke is expected to become a member of the Audit Committee upon his election as a trustee.

(3) Member of the Compensation and Governance Committee.

(4) Member of the Investment Committee.

(5) Member of the Audit Committee.

(6) Mr. Stein was a director of Moneysworth & Best Shoe Care Inc. ("**Moneysworth**") between 1997 and 2000. Moneysworth filed for voluntary assignment into bankruptcy on July 11, 2000 under the *Bankruptcy and Insolvency Act* (Canada) and was subject to a cease trade order by the Ontario Securities Commission on July 21, 2000. Such cease trade order is still active.

Experience of Trustee Nominees

The nature and extent of the experience of the trustees of the Trust in the real estate industry, their principal occupations during the last five (5) years and their current public board memberships are as follows.

Harold Burke, CA, ICD.D (Age: 63) is a Principal at Dundee Real Estate Asset Management, a division of Dundee Realty Corporation, which he joined in July 2008. Mr. Burke has more than 30 years of professional practice in the tax area, at PricewaterhouseCoopers LLP, its predecessor, Coopers & Lybrand LLP, and another major Canadian accounting firm. Mr. Burke is recognized as a specialist in the area of real estate-related financial services as well as in domestic and international taxation issues. While a senior partner at PricewaterhouseCoopers, Mr. Burke advised a diverse domestic and foreign clientele many of which were public, private and institutional, on a variety of matters including mergers and acquisitions, capital markets financing and investment structuring. He is a Chartered Accountant and holds the Institute of Corporate Directors, Institute-Certified Director Designation, ICD.D.

Paul Harris (Age: 58) has been a senior partner in the law firm of Davies Ward Phillips & Vineberg LLP since 1984. Mr. Harris' current directorships include the Montreal Alouettes Football Club.

Edwin F. Hawken (Age: 70) is Chairman of Danier Leather Inc., a publicly traded specialty apparel leather retailer. He was Chief Executive Officer and a Director of Commcorp Financial Services Inc. from 1991 to 1997. From 1987 to 1991, Mr. Hawken was a Senior Vice President of CIBC and President of CIBC Leasing Inc.

Thomas Schwartz (Age: 61) graduated as a Chartered Accountant in 1975 and went on to pursue a career in real estate development. Mr. Schwartz, along with a partner, founded Intraurban Projects in 1976 to specialize in the development of new housing projects in mature communities. Intraurban has built and developed over 2,500 housing units serving all market segments from luxury to affordable. Mr. Schwartz, through York Heritage Properties and Intraurban Projects, has participated in the development, construction, and management of over 600,000 sq. ft. of office, commercial and retail space. Mr. Schwartz is active in industry and government affairs. He has served on the Board of Directors of the Greater Toronto Home Builders Association, the City of Toronto's Housing Action Committee, the Board of Directors of the Ontario New Home Warranty Program, as a Director of Kehilla Residential Consultants, and Chairman of the Board of Directors of the Federation of Rental-Housing Providers of Ontario. Mr. Schwartz is currently on the Board of Trustees of Chartwell Seniors Housing REIT and is a member of the Schulich School of Business Advisory Council – Program in Real Estate and Infrastructure.

Michael Stein (Age: 59) has been Chairman and Chief Executive Officer of MPI Group Inc., a company engaged in real estate investment and development, since 1994. Mr. Stein has also held the position of Chairman and Chief Executive Officer of MICC Properties Inc., a company engaged in real estate investment and development, since 1987. Mr. Stein has also been a director of Minera Andes Inc., a TSX-listed company, since February 23, 2009. Between 1978 and 1987, Mr. Stein held progressively senior positions, ultimately holding the position of Executive Vice President responsible for operations, with The Mortgage Insurance Co. of Canada. Mr. Stein was a director of Moneysworth & Best Shoe Care Inc. ("**Moneysworth**") between 1997 and 2000. Moneysworth filed for voluntary assignment into bankruptcy on July 11, 2000, under the *Bankruptcy and Insolvency Act* (Canada) and was subject to a cease trade order by the Ontario Securities Commission on July 21, 2000, which is still active. Between 2000 and 2006, Mr. Stein was also a member of the Board of Directors of Goldcorp Inc., a public natural resource company the shares of which are listed on the Toronto Stock Exchange ("**TSX**") and New York Stock Exchange. Mr. Stein is a graduate engineer and holds a master of business administration in finance and international business from Columbia University in New York.

Stanley Swartzman (Age: 70) was Executive Vice President of Loblaw Properties Limited, the company responsible for all Canadian real estate and development matters for Loblaw Companies Limited, from 1997 to 1999. From 1983 to 1996, Mr. Swartzman was President of IPCF Properties Inc., the company which was previously responsible for real estate and development matters for Loblaw Companies Limited in Ontario and Eastern Canada. Since July 2008, Mr. Swartzman has served as a director of GT Canada Capital Corporation and is the Chairman of its investment committee. Mr. Swartzman was formerly a director of Centre Fund Corporation and served on its audit committee.

David Williams (Age: 68) was the former President and Chief Executive Officer of the Ontario Workplace Safety and Insurance Board. Prior to that, Mr. Williams held senior executive and finance roles with George Weston Limited and Loblaw Companies Limited, including a term as Chief Financial Officer of Loblaw Companies Limited. Mr. Williams also serves as Chair of the Board of Directors of Shoppers Drug Mart Corporation. He also serves as a Lead Independent Director of Aastra Technologies Limited and a director of Toronto Hydro-Electric System Limited. Mr. Williams is a graduate of the ICD Corporate Governance College.

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

Area of expertise	**Burke**	**Harris**	**Hawken**	**Schwartz**	**Stein**	**Swartzman**	**Williams**
Enterprise Leadership	✓	✓	✓	✓	✓	✓	✓
Management experience	✓	✓	✓	✓	✓	✓	✓
Board experience	–	✓	✓	✓	✓	✓	✓
Legal and/or real estate experience	✓	✓	✓	✓	✓	✓	✓
Financial acumen	✓	✓	✓	✓	✓	✓	✓

2. Appointment of Auditor

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

3. Special Business – Reconfirmation of Unitholders' Rights Plan Agreement

At the time of its initial public offering, the Trust adopted a rights plan (the "**Original Rights Plan**"), which became effective on May 21, 1997. The Original Rights Plan was reconfirmed by Unitholders at the Trust's annual and special meeting of Unitholders held on June 6, 2000. This reconfirmation permitted the Original Rights Plan to continue in effect until the end of its five (5) year term, being May 21, 2002. Prior to, and in anticipation of the expiry of, the Original Rights Plan, and to bring the Original Rights Plan in line with "new generation" rights plans in Canada which address many current corporate governance concerns, the Trust adopted a new Unitholders' Rights Plan Agreement dated as of May 3, 2002, which was reconfirmed and amended by Unitholders at the 2005 annual and special meeting of Unitholders, as of May 26, 2005, and which was reconfirmed again at the annual and special meeting of Unitholders, as of May 23, 2007 (as amended and restated, the "**Rights Plan**"). The Rights Plan has a five (5) year term, which will expire on the fifth anniversary of its effective date, being May 21, 2012, and is subject to reconfirmation by Unitholders after three (3) years. As such, Unitholders are being asked to approve an ordinary resolution reconfirming the Rights Plan at the Meeting.

The Rights Plan utilizes the mechanism of the Permitted Bid (as defined in Schedule "A" hereto) to ensure that a person seeking control of the Trust gives Unitholders and the trustees sufficient time to evaluate the bid, negotiate with the initial bidder and encourage competing bids to emerge.

The purpose of the Rights Plan is to protect Unitholders by requiring all potential bidders to comply with the conditions specified in the Permitted Bid provisions or risk being subject to the dilutive features of the Rights Plan. Generally, to qualify as a Permitted Bid, a bid must be made to all Unitholders and must be open for sixty (60) days after the bid is made. If more than fifty percent (50%) of the Units held by Independent Unitholders (as defined in Schedule "A" hereto) are deposited or tendered to the bid and not withdrawn, the bidder may take up and pay for such Units. The takeover bid must then be extended for a further period of ten (10) days on the same terms to allow those Unitholders who did not initially tender their Units to tender to the takeover bid if they so choose. Thus, there is no coercion to tender during the initial sixty (60) day period because the bid must be open for acceptance for at least ten (10) days after the expiry of the initial tender period. The Rights Plan will likely make it impractical for any person to acquire more than twenty percent (20%) of the outstanding Units without the approval of the trustees, except pursuant to the Permitted Bid procedures or pursuant to certain other exemptions, as outlined below. Management believes that the Rights Plan, taken as a whole, should not be an unreasonable obstacle to a serious bidder willing to make a bona fide and financially fair offer open to all Unitholders.

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

A summary of the Rights Plan is set forth in Schedule "A" to this Circular.

Approval Required

The text of the ordinary resolution reconfirming the Rights Plan is set forth in Schedule "B" to this Circular. To be effective, this resolution must be passed by a simple majority of the votes cast by Unitholders, present or represented by proxy, at the Meeting. **The persons named in the enclosed form of proxy intend to vote at the Meeting in favour of this resolution, unless the Unitholder has specified in the form of proxy that such Unitholder's Units or Special Voting Units are to be voted against the resolution.**

4. Special Business – Adoption of Restricted Unit Rights Plan

Unitholders are being asked to approve the adoption of a Restricted Unit Rights Plan (the "**RUR Plan**"), an equity incentive compensation plan which is for the benefit of officers and employees of the Trust as well as of any affiliate (as such term is defined in the *Securities Act* (Ontario)) of the Trust that may be designated by the board of trustees, subject to the approval of the TSX.

Rationale

After a full review by the Compensation and Governance Committee, in consultation with Mercer (Canada) Limited ("**Mercer**"), the trustees have determined to adopt the RUR Plan, which, if adopted by Unitholders, will be the primary plan through which long-term incentive compensation will be awarded. Subject to the adoption of the RUR Plan by Unitholders, the trustees have also determined to suspend the granting of additional awards under the Trust's existing long-term incentive plans, namely the Long-Term Incentive Plan (the "**LTIP**") and the Senior Executive Long-Term Incentive Plan (the "**SELTIP**"), at this time. The proposed RUR Plan was determined to be a more appropriate long-term incentive plan for the Trust at this time for the following reasons: (1) "whole unit plans" such as the proposed RUR Plan, where the value of each notional unit (i.e. a restricted unit right) is equal to the whole value of the underlying trust unit and therefore fluctuates with any change in the trust unit value, are more typical among real estate investment trusts; (2) the proposed RUR Plan is expected to be less dilutive to Unitholders than the LTIP and the SELTIP in the long term; and (3) it is appropriate to move away from loans-based equity compensation plans at this time due, in part, to the impact such plans have to the Trust's financial statements, including in respect of the magnitude of the outstanding loans, relative to plans such as the RUR Plan. Although the trustees intend to immediately suspend the granting of additional awards under the LTIP and the SELTIP, including in respect of the 2009 financial year, both plans will remain in effect and the terms of outstanding awards will remain unchanged.

Description of the RUR Plan

The purpose of the proposed RUR Plan is to provide its participants with additional incentive and to further align the interest of its participants with Unitholders through the use of restricted unit rights ("**RURs**") which, upon vesting, are exercisable for Units. Settlement of vested RURs and accumulated Distribution RURs (as defined below) thereon shall be by issuance of Units from treasury.

Participants will be issued RURs which, upon vesting, will entitle the holder to exercise each RUR for one (1) Unit. Units issuable under the RUR Plan are included in the number of Units issuable under all incentive compensation plans of the Trust, which is currently set at 6,000,000 Units. As at April 1, 2010, the maximum available for issuance under all equity compensation plans of the Trust was 763,396 Units, constituting 1.11% of the Trust's currently outstanding Units. The maximum number of Units issuable to Insiders (as such term is defined in the RUR Plan) under the RUR Plan, or when combined with any other Unit incentive compensation plan, may not exceed ten percent (10%) of the Units issued and outstanding. The maximum number of Units which may be issued to Insiders under the RUR Plan, or when combined with any other previously-established or proposed Unit incentive compensation plan, within any one (1) year period, may not exceed ten percent (10%) of the Units issued and outstanding. **RURs are not Units and participants in the RUR Plan have no right to vote or receive cash distributions paid to Unitholders.**

The RUR Plan will be administered by the board of trustees or, if delegated by the board of trustees, the Compensation and Governance Committee of the board of trustees, either of which may delegate administration of the RUR Plan to an administrator.

Upon and subject to the vesting of RURs, participants will be entitled to receive additional RURs ("**Distribution RURs**") in respect of each distribution paid on Units commencing from the award date. On each distribution date on Units, the Trust will accumulate and accrue for the benefit of the participant, such number of Distribution RURs that are economically equivalent to the aggregate value of the distribution that the participant would have received had the participant held Units represented by all such RURs and Distribution RURs at the distribution date. Distribution RURs are not credited to the participant until the underlying RURs upon which such Distribution RURs are earned become vested. Distribution RURs will be held in an accrual account maintained by the Trust until such time. All Distribution RURs vest at the same time as the original grant of RURs upon which the Distribution RURs accumulate. If, and to the extent that, any underlying RURs are forfeited by a participant, the Distribution RURs accumulated and accrued in respect thereof shall also be forfeited by the participant.

Subject to certain exceptions, RURs granted under the RUR Plan (and Distribution RURs accrued thereon) vest in the entirety on the third anniversary of each grant date. Unvested RURs (and Distribution RURs accrued thereon) are fully forfeitable unless and until such RURs become vested. If a participant is terminated for cause, unvested RURs and Distribution RURs accrued thereon will be forfeited. If a participant resigns, unvested RURs (and Distribution RURs accrued thereon) are forfeited without further compensation. Notwithstanding the foregoing, the board of trustees or the Compensation and Governance Committee, as applicable, retains discretion to accelerate vesting of unvested RURs and Distribution RURs accrued thereon.

If a participant ceases to be employed by the Trust by reason of retirement or termination without cause on a date prior to the vesting of any RUR awards, such unvested RURs, and any Distribution RURs credited in respect thereof, shall vest, on a *pro rata* basis, based on the number of years since the original grant. The *pro rata* vesting provisions are subject to the discretion of the board of trustees or the Compensation and Governance Committee, as applicable, to accelerate the vesting of any unvested RURs (including Distribution RURs accrued thereon) in the event of the retirement or termination without cause of a participant.

In the event of the death or disability of a participant, the participant's estate, or in the event of disability, the participant or the participant's legal guardian may elect within 120 days of such event to accelerate vesting of the all of the participant's RURs (and Distribution RURs accrued thereon).

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

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

To further align the long-term interests of participants and Unitholders, participants may be entitled to elect to defer settlement of vested RURs and, subject to acceptance of such election by the board of trustees or the Compensation and Governance Committee, as applicable, may receive additional consideration for agreeing to delay settlement for a specified period of time. The board of trustees or Compensation and Governance Committee, as applicable, will determine the appropriate parameters for any deferrals prior to the vesting of the initial RUR awards.

The RUR Plan provides that the number of RURs credited to participants, the grant dates and any other terms and conditions of RURs covered by any grant shall be determined in the discretion of the board of trustees or Compensation and Governance Committee, as applicable, in accordance with the Trust's compensation policy from time to time.

The trustees intend, in respect of any given financial year, to grant participants RURs based on the prior year's financial performance of the Trust in respect of that year and the participant's performance measured against pre-determined objectives (see "Compensation Discussion and Analysis – Elements of Executive Compensation and – Annual Performance Awards"). Participants are awarded a cash amount under the RUR Plan, which is then converted to RURs based on the volume weighted average price of all Units traded on the TSX for the five (5) immediately preceding trading days. Certain employment agreements provide the right to participate in the Trust's equity compensation plans; however, participation by the individual in the RUR Plan is voluntary.

The trustees may, from time to time, subject to applicable securities laws and requisite regulatory or other approvals, amend, suspend or terminate the RUR Plan, in whole or in part, without Unitholder or participant approval. The trustees may, from time to time, amend the terms of grants of RURs without Unitholder approval, except that if any such amendment materially adversely affects the rights of a participant with respect to a grant of RURs, that participant's written consent is required. Further, the trustees may not amend provisions relating to the grants of RURs in the event of a change of control, as described above, on or after the date of such change of control. The board of trustees or the Compensation and Governance Committee, as applicable, may make all other amendments to the RUR Plan without Unitholder approval, including but not limited to the following: the addition or change to the vesting provisions of RURs or the RUR Plan; and a change to the termination provisions of RURs or the RUR Plan. Notwithstanding the foregoing, certain amendments to the RUR Plan require Unitholder approval, including but not limited to the following: any increase in the aggregate number of Units reserved for issuance under all equity incentive compensation plans of the Trust; any expansion of who may participate in the RUR Plan; and any amendments required to be approved by Unitholders under applicable law, including the rules of the TSX.

As at April 1, 2010, 69,552 RURs have been granted under the RUR Plan to employees and officers of the Trust; the Units issuable under such grants constitute 0.10% of the Trust's currently outstanding Units. All such grants are subject to Unitholder adoption of the RUR Plan at the Meeting. Individual grants of RURs to officers of the Trust under the RUR Plan, as at April 1, 2010, are listed below:

Officer	**Number of RURs Granted[(1)]**
THOMAS SCHWARTZ, President and Chief Executive Officer	25,408
RICHARD J. SMITH, Chief Financial Officer	2,484
MARK KENNEY, Chief Operating Officer	11,710
MARIA AMARAL, Senior Vice President, Finance	6,884

Notes:

(1) Amounts rounded to the nearest whole RUR.

Accounting Treatment of the RUR Plan and Impact of International Financial Reporting Standards

Compensation expense under the proposed RUR Plan will not be calculated with reference to a Black-Scholes option pricing model. Instead, compensation expense will be calculated by multiplying the number of RURs issued by the per Unit market price. Under GAAP, the value of the RUR awards would be amortized to compensation expense on a straight-line basis over the vesting period of three (3) years and no fair value re-measurement would be required.

Under International Financial Reporting Standards ("**IFRS**"), the initial value of unit-based awards must be amortized to compensation expense over the vesting period. Consistent with current GAAP, the value of Units issued under the RUR Plan will be amortized on a straight-line basis due to the "cliff vesting" structure of the RUR Plan, however, under our current interpretation of IFRS, it is expected that these Units will be required to be accounted for as financial obligations and re-measured at fair value on a quarterly basis, until such time at which they are settled by the issuance of treasury Units.

Approval Required

The text of the ordinary resolution approving the adoption of the RUR Plan is set forth in Schedule "C" to this Circular. To be effective, this resolution must be passed by a simple majority of the votes cast by Unitholders, present or represented by proxy, at the Meeting. **The persons named in the enclosed form of proxy intend to vote at the Meeting in favour of this resolution, unless the Unitholder has specified in the form of proxy that such Unitholder's Units or Special Voting Units are to be voted against the resolution.**

5. Special Business – Amendment of Employee Unit Purchase Plan

The Trust has adopted an Employee Unit Purchase Plan (the "**EUPP**") that is available to certain full-time employees and senior officers of the Trust. Under the terms of the EUPP, each participant is entitled to acquire a number of Units up to a maximum of five percent (5%) of his or her respective annual salary from payroll deductions. A participant may not assign, transfer or dispose of his or her interest in the EUPP. Units issuable under the EUPP will be issued at the weighted average trading price of the Units on the TSX for the five (5) trading days immediately preceding the date of issue. In addition, participants receive an additional amount equal to ten percent (10%) of the Units purchased pursuant to the EUPP, which amount is automatically paid in the form of additional Units at the time of purchase of Units. Units issuable under the EUPP are included in the number of Units issuable under all incentive compensation plans of the Trust, which is currently set at 6,000,000 Units. As at April 1, 2010, the maximum number of Units available for issuance under all equity compensation plans of the Trust was 763,396 Units, constituting 1.11% of the Trust's currently outstanding Units. As at April 1, 2010, 83,063 Units had been issued under the EUPP, constituting 0.12% of the Trust's currently outstanding Units. No Units of the Trust shall be issued under the EUPP if such issuance would result in the majority of the Units to be allocated under the EUPP being or becoming issuable to Insiders (as such term is defined in the EUPP) or if the EUPP, together with all other previously established or proposed Unit incentive compensation plans, could result, at any time in (i) the issuance to Insiders, within a one (1) year period, of a number of Units exceeding ten percent (10%) of the outstanding issue; (ii) the issuance to Insiders, at any time, of a number of Units exceeding ten percent (10%) of the outstanding issue; or (iii) the number of Units which may be issued or reserved for issuance, within a one (1) year period, under the EUPP and any other Unit incentive compensation plans to any single employee exceeding five percent (5%) of the outstanding issue.

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

The purpose of the EUPP is to advance the interests of the Trust and Unitholders by facilitating and encouraging employees and senior officers of the Trust and its subsidiaries to purchase Units. The EUPP provides that the Administrators, which includes the Compensation and Governance Committee (and which is further defined in the EUPP), shall determine which "Employees" may participate in the EUPP, so long as any such "Employee" has completed six (6) full months of service with the Trust. Presently, the definition of "Employee" in the EUPP excludes the President and Chief Executive Officer as well as the Chief Financial Officer, with the result that neither can purchase Units under the EUPP.

Consistent with the objective of facilitating the further alignment of the President and Chief Executive Officer's and Chief Financial Officer's interests with those of Unitholders, and in consideration of the intended suspension of granting of additional awards under the LTIP and the SELTIP, the Compensation and Governance Committee has recommended, and the board of trustees has approved, an amendment to the EUPP to allow participation by the President and Chief Executive Officer and the Chief Financial Officer.

The Trust reserves the right to amend or terminate the EUPP at any time. Unitholder approval will not be required for certain amendments, including but not limited to: amendments to the EUPP, including amendments of a housekeeping nature; and amendments to the terms and conditions of Units purchased or rights and interests acquired under the EUPP. Notwithstanding the foregoing, Unitholder approval is required for the following types of amendments: an increase in the number of Units reserved for issuance or a change from a fixed maximum number of Units to a fixed maximum percentage; the extension of eligibility to participate in the EUPP; amendments that allow for the transfer or assignment of Units or rights or interests acquired under the EUPP other than in accordance with existing provisions; and amendments required to be approved by Unitholders under applicable law, including the rules of the TSX. As the EUPP provides that Unitholder approval is required for certain amendments for the purpose of extending eligibility to participate in the EUPP, Unitholder approval is required to amend the definition of "Employee" so that it no longer excludes participation by the Chief Executive Officer and the Chief Financial Officer.

Approval Required

The text of the ordinary resolution approving the amendment of the EUPP is set forth in Schedule "D" to this Circular. To be effective, this resolution must be passed by a simple majority of the votes cast by Unitholders, present or represented by proxy, at the Meeting. **The persons named in the enclosed form of proxy intend to vote at the Meeting in favour of this resolution, unless the Unitholder has specified in the form of proxy that such Unitholder's Units or Special Voting Units are to be voted against the resolution.**

COMPENSATION DISCUSSION & ANALYSIS

Compensation Discussion and Analysis

Year in Review/Executive Summary

Notwithstanding the tightened global credit markets and weakened economic fundamentals in Canada experienced in 2009, the Trust has continued to achieve key financial and strategic objectives. The Compensation and Governance Committee (as defined below) recognizes the significant achievements of the Trust's key objectives in 2009 including:

Portfolio Performance

- Operating Revenues — Annual operating revenues increased by 3.3%, due to acquisitions, higher average monthly rents and stable occupancies.

- Average Monthly Rents — Average monthly rents rose 1.0% as at December 31, 2009, with steady increases in all markets except Alberta, despite a slight decrease in overall occupancy to 98.0% from 98.5%.

- Net Operating Income ("**NOI**") — Annual NOI increased 3.5% (1.4% on a stabilized portfolio basis).

- NOI margin, occupancy levels and bad debt levels remained stable.

- The Trust has generated sixteen consecutive quarters of stable or improved year-over-year NOI growth for stabilized properties.

Operating Performance

- Normalized Funds From Operations ("**NFFO**") — NFFO for the year ended December 31, 2009 increased 2.9% to $83.4 million ($1.263 per Unit) compared to $81.0 million ($1.238 per Unit) in 2008, generating an improved NFFO payout ratio of 88.5% compared to 89.8% in 2008.

Liquidity and Leverage

- Debt to Gross Book Value — Total debt to gross book value as at December 31, 2009 remained conservative at 62.75%.

- Debt Financings and Mortgage Renewals — The Trust achieved its debt financing and mortgage refinancing targets for 2009. Mortgage refinancings totaled $304.6 million in 2009, consisting of renewals of existing mortgages of $182.0 million and additional top up financings of $122.6 million. New financings were completed for a weighted average term of 7.1 years and at a weighted average interest rate of 3.95%, which is significantly below the weighted average interest rate for the mortgages that matured in 2009 of 5.22%.

- Interest and Debt Coverage — Stable interest coverage and debt coverage ratios of 2.06 and 1.28 times, respectively, were achieved in 2009.

The Declaration of Trust requires the creation of a Compensation and Governance Committee (the "**Compensation and Governance Committee**"), consisting of at least three (3) trustees, to review the governance of the Trust and the compensation offered to officers of the Trust. All of the members of the Compensation and Governance Committee are unrelated and "independent" (as that term is defined in NI 52-110). As of April 1, 2010, the Compensation and Governance

Committee of the Trust consists of the following trustees: Paul Harris, Edwin F. Hawken and David Williams. David Williams serves as Chairman of the Compensation and Governance Committee.

The Compensation and Governance Committee assists the board of trustees in fulfilling its governance responsibilities for the Trust's human resource principles and policies. As part of its mandate, the Compensation and Governance Committee reviews the Trust's compensation principles and policies annually and reports to the board of trustees on the Trust's executive compensation.

In 2009 the Compensation and Governance Committee:

- reviewed reports from its compensation advisor pertaining to the Trust's compensation levels and programs for the President and Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Senior Vice President, Finance;

- reviewed the performance of the Trust relative to its annual and long-term objectives and relative to its executive compensation comparator group;

- reviewed and made recommendations to the board of trustees on the compensation of the President and Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Senior Vice President, Finance;

- reviewed reports from its compensation advisor with respect to the Trust's long-term equity compensation plans and made recommendations to the board of trustees respecting such plans; and

- reviewed the succession plan for certain of the Trust's senior executives.

The Compensation and Governance Committee also reviewed and approved the Compensation Discussion and Analysis included in this Circular. For the purposes of this Circular, the named executive officers (as that term is defined in Form 51-102F6 — Statement of Executive Compensation ("NI 51-102F6")) include Messrs. Schwartz, Smith and Kenney and Ms. Amaral (each, an "**NEO**" and together, the "**NEOs**"). In addition, Mr. Bharucha, the Trust's former Chief Financial Officer who retired in September, 2009, is also an NEO as defined in NI 51-102F6.

To better align the interests of management of the Trust with the interests of Unitholders, the compensation paid to the NEOs consists of a base salary supplemented by such performance incentives as may be determined by the board of trustees. The base salary and performance incentives paid to Messrs. Schwartz, Smith and Kenney and Ms. Amaral are governed by the terms of their employment agreements, as amended, dated January 1, 2005 in the cases of Messrs. Schwartz and Kenney and Ms. Amaral and dated September 30, 2009 in the case of Mr. Smith (the "**Executive Contracts**") as more fully described under "Significant Terms of Executive Employment Agreements".

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

(i) retaining executives who are critical to the success of the Trust and the enhancement of Unitholder value;

(ii) providing fair and competitive compensation; and

(iii) balancing the interests of management and Unitholders of the Trust.

Compensation Policy/Objectives of the Trust's Executive Compensation Program

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

The executive compensation programs (as more fully described below), in the Compensation and Governance Committee's view, provide executives with an appropriate and competitively balanced mix of guaranteed cash (base salary), and performance-based (short-term; annual and long-term; equity) incentive compensation.

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

The following discussion of executive compensation pertains to the NEOs, Messrs. Schwartz, Smith and Kenney and Ms. Amaral.

Elements of Executive Compensation

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

Compensation Element[(1)]	**How it is Paid**	**What it is Designed to Reward**
Base Salary	Cash	• Determined by assessment of the executive's performance • Rewards skills, knowledge and experience • Reflects the level of responsibility and the expected contribution of the executive
Annual Incentive (Bonus)	Cash (following financial year end)	• Rewards financial and strategic achievement as set out in the Trust's annual business plan • Rewards individual contribution to the Trust's overall performance • Award is based on how the Trust and the executive performed against pre-determined objectives
LTIP[(2)]	Trust Units (instalment receipts)	• Rewards contribution to the long-term performance of the Trust • Aligns participants' interests with Unitholders and provides additional incentive for participants to increase Unitholder value by increasing long-term equity participation • Award is based on how the Trust and each respective participant performed against pre-determined objectives
SELTIP[(2)]	Trust Units (instalment receipts)	• Rewards selected senior executive's (currently only the President and Chief Executive Officer participates) contribution to the long-term performance of the Trust • Aligns participants' interests with Unitholders and provides additional incentive for participants to increase Unitholder value by increasing long-term equity participation • Encourages the retention of the selected participants • Award is based on how the Trust and each respective participant performed against pre-determined objectives
RUR Plan[(3)]	Restricted Unit Rights exercisable for Trust Units upon vesting	• Rewards contribution to the long-term performance of the Trust • Aligns participants' interests with Unitholders and provides additional incentive for participants to increase Unitholder value by increasing long-term equity participation • Award is based on how the Trust and the respective participant performed against pre-determined objectives
Other Elements of Compensation		
Executive RRSP	Cash	• Executive RRSP (excluding President and Chief Executive Officer and Chief Financial Officer who do not participate) • Discretionary award equal to a maximum of 5% of the respective executive's base salary, subject to RRSP limits • Award is intended to provide a portion of the respective executive's retirement savings
Perquisites	Cash Insurance premium paid to insurance provider	• Automobile allowance • Other health benefits consistent with those of all other employees and comparable to peer organizations

Notes:

(1) The Trust adopted a Unit Option Plan on May 21, 1997 (the "**Unit Option Plan**"). As at April 1, 2010, a total of 2,138,000 options have been granted under the Unit Option Plan of which 1,750,800 have been exercised or cancelled and 387,200 remain outstanding and unexercised as at such date (representing approximately 0.56% of the number of issued and outstanding Units as of such date). Since 2002, no options have been awarded under the Unit Option Plan and the trustees' current policy is not to award any options under the Unit Option Plan, subject to the terms of the President and Chief Executive Officer's employment agreement (See "Significant Terms of Executive Employment Agreements").

(2) If adoption of the proposed RUR Plan is approved by Unitholders at the Meeting, the trustees intend to immediately suspend the granting of additional awards under the LTIP and the SELTIP. No LTIP or SELTIP awards were granted in respect of the 2009 financial year.

(3) Adoption is subject to the approval of Unitholders at the Meeting (See "Special Business – Adoption of Restricted Unit Rights Plan").

Unit Ownership Requirement

As part of the Trust's objective to align the interests of trustees and senior executives of the Trust with Unitholders, in November, 2006, the board of trustees instituted a requirement that all trustees including the President and Chief Executive Officer of the Trust acquire, over a maximum period of three (3) years, such number of Units having a value equal to three (3) times his annual compensation. The President and Chief Executive Officer and the current trustees of the Trust have met or exceeded this ownership guideline. While executive officers of the Trust, other than the President and Chief Executive Officer, are not subject to these requirements, to further align the interests of management of the Trust with those of Unitholders, the Trust strongly encourages its officers and employees to invest in the Trust on a go forward basis.

The following table summarizes the number of Units beneficially owned, or controlled or directed, directly or indirectly, as of April 1, 2010, by each executive officer of the Trust, the dollar value of such Units and the percentage of the Trust's issued and outstanding Units beneficially owned, or controlled or directed, directly or indirectly, by each executive officer.

Name of Executive Officer	Number of Units Beneficially Owned, or Controlled or Directed, Directly or Indirectly(1)	Dollar Value of Units Beneficially Owned, or Controlled or Directed, Directly or Indirectly(2) ($)	Units Beneficially Owned, or Controlled or Directed, Directly or Indirectly, as a Percentage of Outstanding Units(3)
THOMAS SCHWARTZ President and Chief Executive Officer	2,290,188	33,161,922	3.32%
RICHARD J. SMITH Chief Financial Officer	Nil	Nil	Nil
MICHAEL STEIN Chairman	534,906	7,745,439	0.78%
MARK KENNEY Chief Operating Officer	228,944	3,315,109	0.33%
MARIA AMARAL Senior Vice President, Finance	182,168	2,637,793	0.26%
TOTAL	**3,236,206**	**46,860,263**	**4.69%**

Notes:

(1) Individual executive officers have furnished information as to Units beneficially owned, or controlled or directed, directly or indirectly, by them. The number of Units includes LTIP and SELTIP Units, as applicable. In addition, Messrs. Schwartz, Smith and Kenney and Ms. Amaral were granted 25,408, 2,484, 11,710 and 6,884 RURs, respectively, subject to Unitholder adoption of the RUR Plan at the Meeting (See "Special Business – Adoption of Restricted Unit Rights Plan"). Michael Stein also holds 9,979 Deferred Units.

(2) Dollar amounts represent the estimated market value of Units beneficially owned, or controlled or directed, directly or indirectly by each executive officer, as determined by multiplying the number of Units beneficially owned, or controlled or directed, directly or indirectly, by such executive officer as of April 1, 2010 by the closing price of the Units on the TSX on such date.

(3) Percentages represent, as a percentage of the issued and outstanding Units (including Special Voting Units) of the Trust, the number of Units beneficially owned, or controlled or directed, directly or indirectly, by each executive officer.

Targeted Pay Positioning and Mix

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

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

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

Annual Performance Awards

The maximum annual incentive compensation (bonus) level for the President and Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer is one hundred percent (100%) of base salary. The maximum annual incentive compensation level for the Senior Vice President, Finance is seventy-five percent (75%) of base salary.

In light of the achievements of the Trust as set out in the section entitled "Year In Review/Executive Summary" and the strong executive performance reviews (in which executives achieved their individual functional and departmental objectives) the Trust paid out annual incentives to the NEOs. Further, in view of the President and Chief Executive Officer's decision to forego an increase to the maximum annual incentive (bonus) level in excess of one hundred percent (100%) of base salary, specifically in the amount of one hundred and fifty percent (150%) to two hundred percent (200%) of base salary, as was suggested by Mercer, the Compensation and Governance Committee made the decision to increase the President and Chief Executive Officer's base salary to $650,000.

Annual incentive compensation for all NEOs for the 2009 financial year was determined based upon seventy percent (70%) quantitative and thirty percent (30%) qualitative measures as follows.

Performance Measurement Category	**Specific Measures**
Quantitative - Corporate (Financial) (70%)	• NFFO per Unit
Qualitative (30%)	• Compensation and Governance Committee/President and Chief Executive Officer assessment • Departmental objectives

The quantitative component for all NEOs' compensation is based on the financial performance of the Trust, as measured by NFFO per Unit achieved against a pre-determined target. For the year ended 2009, the Compensation and Governance Committee set the NFFO per Unit threshold achievement level equal to $1.24 (the actual NFFO per Unit achieved in the year ended 2008). The executive bonus potential linked to the threshold level of performance was forty percent (40%) of the maximum corporate incentive component. The Compensation and Governance Committee applied a linear payout curve to the corporate incentive component of the annual bonus potential for all NEOs, increasing such payment by fifteen percent (15%) for each additional $0.01 increase in NFFO per Unit such that the maximum (one hundred percent (100%)) payment being payable where NFFO per Unit equaled $1.28. For the year ended 2009, the Trust achieved NFFO per Unit equal to $1.26, translating into a corporate incentive component equal to seventy percent (70%) of the maximum achievable amount.

The Trust calculates NFFO by excluding from Funds From Operations the effect of the change in fair value of hedging instruments and the effect of certain non-recurring items in order to facilitate better comparability to the prior year. The Compensation and Governance Committee applied a linear payout curve to the corporate incentive component for all NEOs, resulting in a consistent sharing ratio of twenty-four percent (24%) of incremental NFFO between Unitholders and NEOs. NFFO is a non-GAAP measure which the Trust believes is a relevant evaluator of its operating performance and the primary indicator with respect to the sustainability of its distributions. In calculating NFFO, the Trust does not include gains resulting from the sale of investment properties of the Trust.

The qualitative component for all NEOs is based on performance against specific objectives established for each of the NEOs, based on the President and Chief Executive Officer's recommendations and subject to the trustees' approval. The Compensation and Governance Committee has determined that the President and Chief Executive Officer's qualitative performance should be strongly oriented towards increasing NFFO. The following qualitative criteria were used to determine the short-term incentive for the President and Chief Executive Officer for the 2009 financial year: rebuilding and upgrading the management team, specifically in the accounting and finance department, information technology department, human resources department and legal services department; successful operational management including in relation to a garage collapse in Québec and other significant corporate matters; successful implementation of systems and control processes throughout the Trust to ensure compliance with Multilateral Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*; and completion of work in preparation for the adoption of IFRS effective January 1, 2011. The qualitative criteria used to determine the short-term incentives for the other NEOs were satisfied.

In determining annual incentive compensation for each of the NEOs, discretion may be applied, if appropriate, to decrease the annual incentive compensation to be awarded. The Compensation and Governance Committee arrives at a formulaic award for each NEO (representing the maximum payout) using the additive short-term incentive formula (Corporate (Financial) + Qualitative) and then may, in consultation with the President and Chief Executive Officer, decrease the payout for certain NEOs, as deemed appropriate. For the 2009 financial year, such discretion was not applied.

Long-Term Incentive Awards

Long-term incentive awards for NEOs are granted annually at the discretion of the Compensation and Governance Committee, which determines the individual award based on the NEOs' annual performance and the achievement of the Trust's annual specified performance levels established by the Compensation and Governance Committee.

Long-term incentive awards for NEOs are governed by the terms of their Executive Contracts. Please refer to the section entitled "Significant Terms of Executive Employment Agreements" for the details of the NEO long-term incentive award arrangements.

With regard to long-term compensation awards made in respect of the year ended 2009, grants of RURs were made, conditional on Unitholder adoption of the RUR Plan at the Meeting. Such RURs were awarded based on the financial performance of the Trust, as measured by NFFO per Unit achieved against a pre-determined target. For the year ended 2009, the Compensation and Governance Committee established the NFFO Unit threshold achievement level equal to $1.25 ($0.01 higher than the threshold NFFO per Unit to achieve the minimum threshold for an annual bonus compensation incentive award) for an award equal to forty percent (40%) of the NEOs' maximum annual incentive compensation. The Compensation and Governance Committee applied a linear payout curve to the long-term incentive compensation awards under the RUR Plan to NEOs, increasing such awards by fifteen percent (15%) for each additional $0.01 increase in NFFO such that the maximum (one hundred percent (100%)) award would be granted where NFFO per Unit equaled $1.29. As the Trust achieved NFFO per Unit in 2009 of $1.26, NEOs were awarded RURs equal to fifty-five percent (55%) of their maximum incentive compensation.

The table below shows all RURs granted to the NEOs in respect of the 2009 financial year. All such RURs are subject to adoption of the RUR Plan by Unitholders at the Meeting (see "Special Business – Adoption of Restricted Unit Rights Plan").

Name	**Number of RURs[(1)]**	**Total Value**	**Last Day of Grant Period**
THOMAS SCHWARTZ	25,408	$358,000	February 24, 2013
RICHARD J. SMITH	2,484	$35,000	February 24, 2013
MARK KENNEY	11,710	$165,000	February 24, 2013
MARIA AMARAL	6,884	$97,000	February 24, 2013

Note:

(1) Based on a per Unit price of $14.09 determined in accordance with the RUR Plan. Amounts are rounded to the nearest whole RUR.

New Actions/Decisions or Policies

As discussed above, if the RUR Plan is adopted by Unitholders at the Meeting, the trustees intend to immediately suspend the granting of additional awards under the LTIP and the SELTIP. The trustees have determined to suspend the granting of additional awards under the LTIP and the SELTIP at this time in order to offer compensation plans that are more typical among real estate investment trusts, to offer a compensation plan that is expected to be less dilutive than the LTIP and the SELTIP in the long term, and to move away from loans-based equity compensation plans.

In 2009, the Compensation and Governance Committee retained and received the benefit and advice of qualified executive compensation consultants to assist it in carrying out its mandate. The Compensation and Governance Committee retained Mercer to provide advice and counsel on executive compensation matters including:

- updating of the 2008 review of executive compensation levels for the NEOs;
- validation of the executive compensation comparator group for fiscal 2009;
- providing compensation benchmark analysis of the organizations included in the 2009 executive compensation comparator group;
- providing a brief review of the Trust's total Unitholder return relative to the 2009 executive compensation comparator group;
- proposing modifications to the compensation levels and executive compensation programs to ensure market competitiveness; and
- assisting in the preparation of the Trust's Compensation Discussion and Analysis section included in this Circular.

Decisions made by the Compensation and Governance Committee, however, are the responsibility of the committee and may reflect factors and considerations other than the information and recommendations provided by Mercer.

In 2009, Mercer did not provide any services other than as disclosed in this Circular. The table below provides a schedule of the fees paid to Mercer in fiscal 2009.

Consulting Engagement	**Consulting Engagement**	**Fees Paid Consultants**
MERCER	Executive and Board Compensation	$ 88,558

Executive Compensation Benchmark Analysis

In 2009, Mercer composed, and the Compensation and Governance Committee approved, the following set of organizations from which to benchmark the Trust's executive compensation levels. Such set of organizations is composed of thirteen (13) Canadian publicly-traded real estate investment trusts and real estate management and development organizations. Organizations were included in the 2009 comparator group in consideration of their industry relevance.

- Boardwalk REIT
- Canadian REIT
- Calloway REIT
- Chartwell Seniors Housing REIT
- Cominar REIT
- Dundee REIT
- First Capital Realty Inc.
- H&R REIT
- InnVest REIT
- Morguard Corp
- Morguard REIT
- Melcor Development Ltd.
- RioCan REIT

The table below provides the key descriptive statistics of the 2009 executive compensation benchmark group at the time the review was initiated and the comparator organizations were selected. All information in the table below is derived directly from Mercer's executive compensation report.

All Values in $CDN millions	**Trust**	**2009 Executive Compensation Comparator Group**			
Industry	Residential Real Estate	Real Estate Management and Development Organizations (both REIT's and Corporations)			
Location	Toronto, Canada	Canada			
		25th Percentile	50th Percentile	75th Percentile	Average
Revenue[(1)]	$ 322	$ 235	$ 412	$ 612	$ 424
Total Assets[(1)]	$ 2,243	$ 1,669	$ 2,196	$ 3,720	$ 2,692
Market Capitalization[(2)]	$ 841	$ 238	$ 631	$ 1,223	$ 845

Notes:

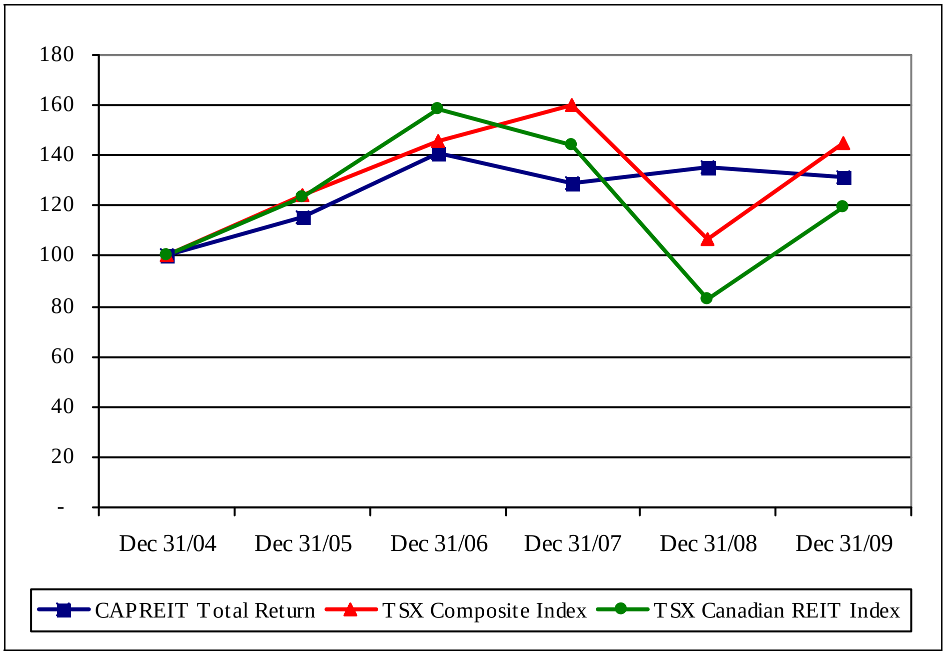
(1) Revenue and Total Assets reflect most recently reported statistics as at May 6, 2009 (the date when the executive compensation review was updated).

(2) Market Capitalization at March 31, 2009.

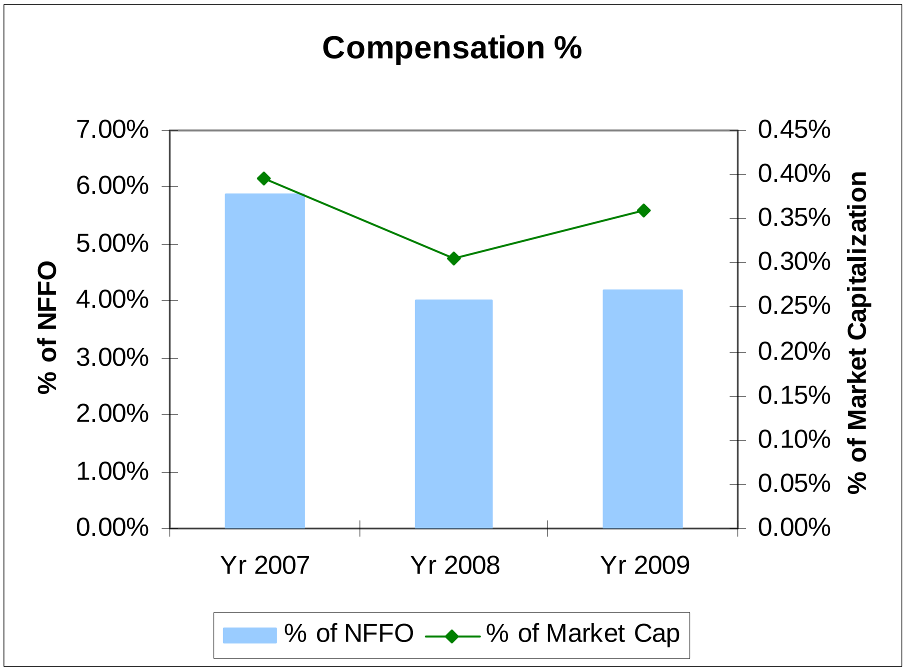
As part of the executive compensation review process of the Trust, the President and Chief Executive Officer of the Trust submitted a proposal to the Compensation and Governance Committee as to the 2009 compensation adjustments for the NEOs. The proposal considered prior executive performance, each NEO's role in contributing to the Trust's long-term success and the comparator benchmark analysis and proposed adjustments to compensation arrangements submitted by Mercer. Total direct compensation was determined by the Compensation and Governance Committee to be generally consistent with the comparative group entities by position.

Performance Graph

The following graph compares the total cumulative Unitholder return for $100 invested in Units on December 31, 2004, with the cumulative total return of the TSX Composite Index and the TSX Canadian REIT Index during the five (5) most recently completed financial years of the Trust.



Compensation for the Trust's NEOs is not linked directly to Total Shareholders Return ("**TSR**"), and as such does not necessarily move in line with relative TSR performance. In addition, TSR performance does not always adequately reflect the Trust's investment or operating strategy or the achievement by the Trust of its objectives, which include a strong balance sheet, conservative financing strategy and long-term approach to real estate investment. It is the view of the Trust that compensation delivered to the NEOs versus performance, as measured by NFFO, is a more meaningful illustration of the Trust's pay for performance policy (see the supplementary exhibit below).



The Trust's NEO compensation is heavily linked to the success of the Trust's generation of NFFO for Unitholders. The value attributed to the unit-based awards for both the LTIP and SELTIP plans are those recorded per financial statements using the Black-Scholes option pricing model, which represents the fair value of the grants awarded (see "Incentive Plan Awards" for details of the LTIP and SELTIP).

Compensation expense under the RUR Plan, if adopted by Unitholders at Meeting, will not be calculated with reference to the Black-Scholes option pricing method, but will be calculated by multiplying the number of RURs issued by the per Unit market price. Total compensation in respect of the 2009 financial year used in the previous graph assumes adoption of the RUR Plan by Unitholders at the Meeting.

In 2007, the board of trustees approved the conversion of all the outstanding LTIP Units to the SELTIP for each of the President and Chief Executive Officer and the then Chief Financial Officer and Secretary in order to enhance the executives' linkage to long-term performance through higher Unit holdings. The conversion of the LTIP instalment receipts from ten (10) years to thirty (30) years resulted in an additional fair value amount for these grants. This additional fair value, combined with the fair value of the special grants made to the President and Chief Executive Officer and the then Chief Financial Officer and Secretary, in connection with the creation of the SELTIP in 2007, resulted in one-time incremental long-term compensation amount of approximately $.75 million. If the proposed RUR Plan is adopted at the Meeting, the trustees intend to suspend the granting of additional awards under the SELTIP.

SUMMARY COMPENSATION TABLE

The following table sets forth a summary of the compensation earned by each NEO of the Trust in 2009. For comparison purposes, the compensation information from 2007 and 2008 for each NEO, who was also an NEO in 2007 and 2008, is set out below in the new summary compensation table.

					Non-equity Incentive Plan Compensation ($)				
Name and Principal Position	**Year**	**Salary ($)**	**Unit-based Awards[1] ($)**	**Option-based Awards ($)**	**Annual Incentive Plans**	**Long-Term Incentive Plans**	**Pension Value ($)**	**All Other Compensation ($)**	**Total Compensation ($)**
THOMAS SCHWARTZ[2]	2009	650,000	479,692[3]	—	513,500[8]	—	—	—	1,643,192
President and Chief	2008	590,000	315,666[4]	—	590,000[9]	—	—	—	1,495,666
Executive Officer	2007	562,393	428,260[5]	—	534,273[10]	—	—	—	
			76,551[6]					—	
			279,248[7]					268,257[11]	2,148,982
YAZDI BHARUCHA[12]	2009[13]	242,846	51,650[14]	—	145,048[8]	—	—	—	439,544
Former Chief Financial	2008	287,000	63,133[4]	—	287,000[9]	—		—	637,133
Officer	2007	273,162	85,652[5]	—	259,504[10]	—		—	
			337,139[6]					66,403[11]	1,021,860
RICHARD J. SMITH[15]	2009	55,769	35,000[16]	—	49,375[8]	—	—	5,627[17]	145,771
Chief Financial Officer									
MARK KENNEY[18]	2009	300,000	165,000[16]	—	237,000[8]			41,116[19]	743,116
Chief Operating Officer	2008	270,000	60,322[4]	—	270,000[9]	—	—	39,417[20]	639,739
	2007	257,094	86,296[5]	—	244,239[10]	—	—	38,608[21]	626,237
MARIA AMARAL[22]	2009	235,000	97,000[16]	—	139,238[8]	—	—	37,137[19]	508,375
Senior Vice President,	2008	225,000	37,701[4]	—	169,000[9]	—	—	35,954[20]	467,655
Finance	2007	214,245	53,935[5]		152,650[10]	—	—	35,275[21]	456,105

Notes:

(1) Includes RURs granted February 24, 2010 under the RUR Plan, the adoption of which is subject to the approval of Unitholders at the Meeting. Subject to certain exceptions, RURs vest in their entirety and are exercisable for Units on a one-for-one basis on the third anniversary of the grant date (See “Special Business – Adoption of Restricted Unit Rights Plan”). No compensation expense in respect of these RUR grants has been recognized in the financial statements for the year ended December 31, 2009.

(2) Mr. Schwartz is President and Chief Executive Officer of the Trust and a trustee. Mr. Schwartz does not receive compensation for his services as trustee.

(3) 70,683 Units were issued on November 19, 2009 to Mr. Schwartz under the LTIP pursuant to his exercise of a portion of his Entitlement (as hereinafter defined) to purchase Units under the terms of his employment contract with the Trust (see “Significant Terms of Executive Employment Agreements”). The amount represents the grant date fair value of the Units using the Black-Scholes option pricing model. Units are subject to vesting provisions as follows: one-third of the Units issued vested on the date of issue, November 19, 2009; one-third will vest on November 19, 2010; and one-third will vest on November 19, 2011. Monthly distributions received on these Units are applied towards the payment of interest and remaining instalments. Key assumptions used in the Black-Scholes valuation were a dividend yield of 7.94%, a risk-free rate of 3.78%, a volatility of 19.00%, a three-year vesting period and a ten-year term. See “Indebtedness of Trustees and Executive Officers” for amounts outstanding on these LTIP Units. Includes 25,408 RURs issued to Mr. Schwartz on February 24, 2010 at a price of $14.09 per RUR, subject to adoption of the RUR Plan by Unitholders at the Meeting. Subject to certain exceptions, RURs vest in their entirety on the third anniversary of the grant date (see “Special Business – Adoption of Restricted Unit Rights Plan”).

(4) Units were issued on March 10, 2009 under the LTIP. The amount represents the grant date fair value of the Units using the Black-Scholes option pricing model. Units are subject to vesting provisions as follows: one-third of the Units issued vested on the date of grant, March 10, 2009; one-third vested on March 10, 2010; and one-third will vest on March 10, 2011. Monthly distributions received on these Units are applied towards the payment of interest and remaining instalments. Key assumptions used in the Black-Scholes valuation were a dividend yield of 8.45%, a risk-free rate of 2.99%, a volatility of 12.00%, a three-year vesting period and a ten-year term. See “Indebtedness of Trustees and Executive Officers” for amounts outstanding on these LTIP Units.

(5) Units were issued on February 29, 2008 under the LTIP. The amount represents the grant date fair value of the Units using the Black-Scholes option pricing model. Units are subject to vesting provisions as follows: one-third of the Units issued vested on the date of grant, February 29, 2008; one-third vested on February 29, 2009; and one-third vested on February 28, 2010. Monthly distributions received on these Units are applied towards the payment of interest and remaining instalments. Key assumptions used in the Black-Scholes valuation were a dividend yield of 6.71%, a risk-free rate of 3.70%, a volatility of 12.00%, a three-year vesting period and a ten-year term. See “Indebtedness of Trustees and Executive Officers” for amounts outstanding on these LTIP Units.

(6) Units were issued on August 21, 2007 under the SELTIP. The amount represents the grant date fair value of the Units using the Black-Scholes option pricing model. Units are subject to vesting provisions as follows: one-third of the Units issued vested on the date of grant, August 21, 2008; one-third vested on August 21, 2008; and one-third vested on August 21, 2009. Monthly distributions received on these Units are applied towards the payment of interest and remaining instalments. Key assumptions used in the Black-Scholes valuation were a dividend yield of 6.10%, a risk-free rate of 4.46%, a volatility of 12.00%, a three-year vesting period and a thirty-year term. See “Indebtedness of Trustees and Executive Officers” for amounts outstanding on these SELTIP Units.

(7) Units were issued on August 21, 2007 under the LTIP. The amount represents the grant date fair value of the Units using the Black-Scholes option pricing model. Units are subject to vesting provisions as follows: one-third of the Units issued vested on the date of grant, August 21, 2008; one-third vested on August 21, 2008; and one-third vested on August 21, 2009. Monthly distributions received on these Units are applied towards the payment of interest and remaining instalments. Key assumptions used in the Black-Scholes valuation were a dividend yield of 6.10%, a risk-free rate of 4.38%, a volatility of 12.00%, a three-year vesting period and a ten-year term. See “Indebtedness of Trustees and Executive Officers” for amounts outstanding on these LTIP Units.

(8) This bonus was earned in respect of the 2009 financial year and paid in March, 2010.

(9) This bonus was earned in respect of the 2008 financial year and paid in March, 2009.

(10) This bonus was earned in respect of the 2007 financial year and paid in February, 2008.

(11) On August 21, 2007, a total of 672,084 Units, which were originally issued to the LTIP, were transferred to the SELTIP. This amount represents the additional fair value of the Units using the Black-Scholes option pricing model for converting the instalment receipts maturity date from 10 years to 30 years.

(12) Yazdi Bharucha, former Chief Financial Officer, retired in September, 2009 and, thus, did not serve as NEO for part of the 2009 financial year.

(13) The annualized compensation for Yazdi Bharucha (including RURs) would have been $646,580 had he served as NEO for the entire 2009 financial year.

(14) 30,000 Units were issued to Mr. Bharucha on November 19, 2009 pursuant to the transfer of a portion of Mr. Schwartz’s Entitlement and the exercise thereof by Mr. Bharucha (See “Significant Terms of Executive Employment Agreements”). The amount represents the grant date fair value of the Units using the Black-Scholes option pricing model. Units are subject to vesting provisions as follows: one-third of the Units issued vested on the date of issue, November 19, 2009; one-third will vest on November 19, 2010; and one-third will vest on November 19, 2011. Monthly distributions received on these Units are applied towards the payment of interest and remaining instalments. Key assumptions used in the Black-Scholes valuation were a dividend yield of 7.94%, a risk-free rate of 3.78%, a volatility of 19.00%, a three-year vesting period and a ten-year term. See “Indebtedness of Trustees and Executive Officers” for amounts outstanding on these LTIP Units.

(15) The annualized compensation to Richard J. Smith, who was appointed Chief Financial Officer in September, 2009 and, thus, did not serve as NEO for part of the 2009 financial year, would have been $585,000. Mr. Smith was not an NEO in 2007 or 2008, therefore comparative information for all three (3) years has not been provided.

(16) Represents 2,282 RURs issued to Mr. Smith; 11,710 RURs issued to Mr. Kenney; and 6,884 RURs issued to Ms. Amaral; in each case on February 24, 2010 at a price of $14.09 per RUR, subject to adoption of the RUR Plan by Unitholders at the Meeting. Subject to certain exceptions, RURs vest in their entirety on the third anniversary of the grant date (see “Special Business – Adoption of Restricted Unit Rights Plan”).

(17) Represents total value of perquisites including car allowance of $4,568.

(18) Mark Kenney was appointed Chief Operating Officer in November, 2008. Prior to that, he held the position of Vice President, Operations.

(19) Represents total value of perquisites including car allowance of $18,000 and Executive RRSP contribution of $15,000 for Mark Kenney and $11,750 for Maria Amaral.

(20) Represents total value of perquisites including car allowance of $18,000 and Executive RRSP contribution of $13,500 for Mark Kenney and $11,250 for Maria Amaral.

(21) Represents total value of perquisites including car allowance of $18,000 and Executive RRSP contribution of $12,855 for Mark Kenney and $10,720 for Maria Amaral.

(22) Maria Amaral was appointed Senior Vice President, Finance in August, 2009. Prior to that, Ms. Amaral held the position of Vice President, Finance.

Narrative Discussion

Significant Terms of Executive Employment Agreements

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

Long-term incentive awards for NEOs are governed by the terms of their Executive Contracts. Under his original Executive Contract dated January 1, 2005, Mr. Schwartz was entitled, subject to the trustees' approval, to purchase up to 500,000 Units (increased by three percent (3%) multiplied by the number of new Units issued by the Trust from time to time) (the "**Entitlement**") pursuant to the LTIP during the period from January 1, 2005 until the fifth anniversary thereof. Mr. Schwartz was entitled to exercise all or any part of the Entitlement at any time or times from the January 1, 2005 (the "**Commencement Date**") until the earliest to occur of (a) a notice of non-extension being delivered pursuant to his Executive Contract; (b) a notice being delivered pursuant to the termination provisions of his Executive Contract; and (c) the Trust electing to terminate his Executive Contract upon his disability, pursuant to his Executive Contract. For the year ended December 31, 2009, Mr. Schwartz was entitled to purchase 100,683 Units. In September 2009, the Compensation and Governance Committee approved the transfer by Mr. Schwartz of a portion of his Entitlement to purchase 30,000 Units to Mr. Bharucha, the former Chief Financial Officer. On November 19, 2009, Mr. Schwartz purchased 70,683 Units and Mr. Bharucha purchased 30,000 Units, collectively representing the balance of the Units Mr. Schwartz was entitled to purchase pursuant the Entitlement. As a result, the Trust's obligation to Mr. Schwartz in connection with the Entitlement has been fully satisfied. In February 2010, Mr. Schwartz's Executive Contract was amended to provide that during its term, Mr. Schwartz will be awarded options to acquire three percent (3%) of the number of Units issued by the Trust pursuant to any equity offering or acquisition transaction (not including pursuant to any compensation arrangements) at the market price of the Units at the time of completion of each such treasury issuance, in accordance with the terms of the Unit Option Plan, as amended from time to time. Each of the NEOs is entitled to participate in the Trust's current incentive compensation plans.

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

Each of the Executive Contracts are for a one (1) year term (with the exception of Mr. Smith's Executive Contract, which has an initial term of approximately three (3) years), with one (1) year automatic renewals and may be terminated by the Trust at any time for cause or by the executive upon six (6) months' prior notice.

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

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

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

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

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

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

Executive Registered Retirement Savings Plan

The Trust has established an Executive Registered Retirement Savings Plan (the "**Plan**") for key senior management, excluding the President and Chief Executive Officer and the Chief Financial Officer. The Plan contributions for the year are equal to five percent (5%) of the executive's base salary, subject to applicable *Income Tax Act* (Canada) limitations. However, there are no guarantees that contributions will be made in any particular year or that any contributions which are made will equal any specific amount. Without limiting the generality of the foregoing, the making of contributions or the level thereof in any given year may depend on the Trust's and/or individual performance in that year.

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

INCENTIVE PLAN AWARDS

Outstanding Unit-based Awards and Option-based Awards

Name	Option Based Awards				Unit Based Awards[1]		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value of In-The-Money Unexercised Options ($)[2]	Number of Units That Have Not Vested (#)	Market Value of Unit-Based Awards That Have Not Vested ($)[2]	Outstanding Amount In Respect of Unit-Based Awards That Have Not Vested ($)[4]
THOMAS SCHWARTZ	—	—	—	—	247,122	3,474,535	3,143,336
YAZDI BHARUCHA[3]	—	—	—	—	60,000	843,600	764,889
RICHARD J. SMITH[5]	—	—	—	—	—	—	—
MARK KENNEY	27,500	14.10	November 14, 2011	—	40,000	562,400	507,274
MARIA AMARAL	18,200 37,000 <u>40,000</u> 95,200	11.85 14.10 13.25	December 17, 2010 November 14, 2011 November 17, 2012	40,222 — <u>32,400</u> 72,622	25,000	351,500	317,046

Notes:

(1) This table does not include awards in connection with the 2009 financial year. See section entitled "Annual Performance Awards" for details regarding awards made in connection with the 2009 financial year.

(2) Value based on closing price of Units on the TSX as of December 31, 2009.

(3) Yazdi Bharucha, former Chief Financial Officer, retired in September, 2009.

(4) As at December 31, 2009.

(5) Richard J. Smith was appointed Chief Financial Officer in September, 2009. For Mr. Smith's awards in connection with the 2009 financial year, see table directly below.

Incentive Plan Awards — Value Vested or Earned During the Year

Name	Option-Based Awards — Value Vested During the Year ($)	Unit-Based Awards — Value Vested or Earned During the Year ($)[1][2]	Outstanding Amount In Respect of Unit-Based Awards that have Vested During the Year ($)[1][3]	Non-Equity Incentive Plan Compensation-Value Earned During the Year ($)[4]
THOMAS SCHWARTZ	—	3,875,391	4,048,127	513,500
YAZDI BHARUCHA[5]	—	1,188,780	1,383,437	145,048
RICHARD J. SMITH	—	35,000	—	49,375
MARK KENNEY	—	692,600	609,199	237,000
MARIA AMARAL	—	426,750	380,749	139,238

Notes:

(1) Includes vested LTIP and SELTIP awards granted in respect of financial years prior to 2009 and RURs granted February 24, 2010 in respect of the 2009 financial year, subject to adoption of the RUR Plan by Unitholders at the Meeting. Subject to certain exceptions, RURs vest in their entirety and are exercisable for Units on a one-for-one basis on the third anniversary of the grant date (See "Special Business – Adoption of Restricted Unit Rights Plan").

(2) Value based on closing price of Units on the TSX on the vesting date for LTIP and SELTIP awards granted in respect of financial years prior to 2009.

(3) As at December 31, 2009 for vesting of LTIP and SELTIP awards granted in respect of financial years prior to 2009.

(4) This bonus was earned in respect of the 2009 financial year and paid in March, 2010.

(5) Yazdi Bharucha, former Chief Financial Officer, retired in September, 2009.

Narrative Discussion

Equity Based Incentive Plans

The following table provides a brief description of the Trust's current long-term incentive programs.

Compensation Component[1]	Incentive Type	Applies To	Period	Other Provisions
LTIP[2]	CAPREIT Units (instalment receipts)	Associate Vice Presidents and above	The purchase price of the Units is payable in instalments, with an initial instalment of 5% paid in cash on the date of issuance. The balance represented by instalment receipts is due over a term not exceeding 10 years. One-third vest on the date of grant and one-third of the initial grant vest on the following two anniversaries.	Participants are required to pay interest at a ten-year fixed rate based on the Trust's fixed borrowing rate for long-term mortgage financing, and are required to apply cash distributions received by them on these Units towards the payment of interest and remaining instalments. The instalment receipts are non-recourse to the participants and are secured by the Units as well as the distributions on the Units.
SELTIP[2]	CAPREIT Units (instalment receipts)	President and Chief Executive Officer and Chief Financial Officer	The purchase price of the Units is payable in instalments, with an initial instalment of 5% paid in cash on the date of issuance. The balance represented by instalment receipts is due over a term not exceeding 30 years. One-third vest on the date of grant and one-third of the initial grant vest on the following two anniversaries.	Participants are required to pay interest at a thirty-year fixed rate based on the Trust's fixed borrowing rate for long-term mortgage financing and are required to apply cash distributions received by them on these Units toward the payment of interest and principal instalments until the tenth anniversary of issuance. Following the tenth anniversary, cash distributions shall be applied to pay interest only and any excess shall be distributed to the SELTIP participants. The instalment receipts are non-recourse to the participants and are secured by the Units as well as the distributions on the Units.

Compensation Component[1]	Incentive Type	Applies To	Period	Other Provisions
RUR Plan[3] (proposed)	RURs exercisable for Units upon vesting.	Officers and employees of the Trust as well as any affiliate (as such term is defined in the *Securities Act* (Ontario)) of the Trust that may be designated.	Subject to certain exceptions, RURs (and Distribution RURs) vest in the entirety on the third anniversary of each grant date. Participants may be entitled to defer settlement of vested RURs (and Distribution RURs). Unvested RURs and Distribution RURs accrued thereon are forfeited in the event of termination for cause**.**	On each distribution date, the Trust accumulates and accrues for the benefit of participants such number of Distribution RURs economically equivalent to the aggregate value of the distribution that the participant would have received had the participant held the Units represented by all such RURs and Distribution RURs at the distribution date. If a participant ceases to be employed by reason of retirement or termination without cause on a date prior to vesting, such unvested RURs, and any Distribution RURs credited in respect thereof, shall vest on a *pro rata* basis based on the number of years since the original grant. In the event of death or disability of a participant, or if there is a change of control, vesting may be accelerated. The Compensation and Governance Committee retains the discretionary authority to accelerate vesting.

Notes:

(1) The Trust adopted a Unit Option Plan. However, the trustees' current policy is not to make any further incentive compensation awards under this plan, except as provided for pursuant to the President and Chief Executive Officer's employment agreement (see "Significant Terms of Executive Employment Agreements").

(2) If the proposed RUR Plan is adopted by Unitholders at the Meeting, the trustees intend to immediately suspend the granting of additional awards under the LTIP and the SELTIP.

(3) Subject to adoption by Unitholders at the Meeting (See "Special Business – Adoption of Restricted Unit Rights Plan").

Long-Term Incentive Plan

The Trust has established a LTIP, which is available to certain trustees, officers and employees of the Trust. The objective of the LTIP is to encourage increased long-term equity participation in the Trust by such individuals. The Compensation and Governance Committee of the board of trustees may award LTIP Units, subject to the attainment of specified performance objectives to individuals eligible to participate. Issued LTIP Units are included in the 6,000,000 cap on the number of Units issuable under all equity incentive compensation plans of the Trust.

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

Participants are required to pay interest at a ten (10) year fixed rate based on the Trust's fixed borrowing rate for long-term mortgage financing (4.48% for awards granted in 2009; 4.65% for awards granted for 2008 and 4.88% and 4.56% for awards granted for 2007), and are required to apply cash distributions received by them on these Units towards the payment of interest and remaining instalments. Participants may pre-pay any remaining instalments at their discretion.

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

The LTIP provides that upon a change of control, as defined in the LTIP, a participant may elect that the unvested portion of any LTIP Units held by the Custodian, as defined in the LTIP, for the benefit of such participant shall vest immediately.

The LTIP provides restrictions on a participant's ability to transfer instalment receipts or Units registered in the name of the Custodian. The LTIP can be amended by the board of trustees, in accordance with applicable legislation and subject to any required regulatory approval, without Unitholder approval, except in certain limited circumstances as more fully described in the LTIP.

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

As of April 1, 2010, a total of 1,672,927 Units have been issued under the LTIP (representing approximately 2.43% of the issued and outstanding Units at such date).

Trustees participate in the Deferred Unit Plan (the "**DUP**") and, accordingly, the trustees' current policy is not to award LTIP Units to trustees. See "Trustee Compensation – Deferred Unit Plan".

Upon adoption of the RUR Plan by Unitholders at the Meeting, the trustees' current intention is to immediately suspend the granting of awards under the LTIP. No LTIP awards were made in respect of the 2009 financial year.

Senior Executive Long-Term Incentive Plan

The Trust has established a SELTIP that is available to the President and Chief Executive Officer and Chief Financial Officer of the Trust and such other persons as the Compensation and Governance Committee of the Trust may from time to time direct. The SELTIP is intended to facilitate long-term ownership of Units by such individuals, to provide them with additional incentives by increasing their interest, as owners, in the Trust, and encourage such individuals to remain with the Trust. Issued SELTIP Units are included in the 6,000,000 cap on the number of Units issuable under all equity incentive compensation plans of the Trust.

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

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

The SELTIP provides that upon a change of control, as defined in the SELTIP, a participant may elect that the unvested portion of any SELTIP Units held by the Custodian, as defined in the SELTIP, for the benefit of such participant shall vest immediately.

The SELTIP provides restrictions on a participant's ability to transfer instalment receipts or Units registered in the name of the Custodian. The SELTIP can be amended by the board of trustees, in accordance with applicable legislation and subject to any required regulatory approval, without Unitholder approval, except in certain limited circumstances as more fully described in the SELTIP.

As of April 1, 2010, a total of 817,914 Units have been issued under the SELTIP (representing approximately 1.19% of the issued and outstanding Units at such date). No awards under the SELTIP were made in respect of the 2009 financial year.

Upon adoption of the RUR Plan by Unitholders at the Meeting, the trustees' current intention is to immediately suspend the granting of awards under the SELTIP.

Unit Option Plan

The trust adopted a Unit Option Plan on May 21, 1997. Participation in the Unit Option Plan is restricted to (i) trustees, officers and employees of the Trust, (ii) persons or companies engaged to provide ongoing management or consulting services for the Trust, and (iii) personal holding companies or family trusts of any persons referred to in (i) and (ii), all as approved by the Compensation and Governance Committee. Options have a maximum term of ten (10) years and are exercisable at a price not less than the closing price of the Units on the TSX on the last trading day on which the Units traded prior to the date of that grant. No participant shall hold options entitling him or her to acquire more than five percent (5%) of the aggregate number of Units, on a non-diluted basis, outstanding from time to time. Non-executive trustees shall not hold options entitling the non-executive trustee to acquire, together with all Units issuable to non-executive trustees under the incentive plans (including any Units underlying options granted pursuant to the Unit Option Plan), more than 0.5% of the aggregate number of Units, on a non-diluted basis, outstanding from time to time. The Unit Option Plan can be amended by the board of trustees, subject to applicable law, without Unitholder approval, except in certain limited circumstances as more fully described in the Unit Option Plan.

The following table sets forth information related to options exercised by the NEOs during the 2009 financial year and financial year end option values.

Name	**Securities Acquired on Exercise (#)**	**Aggregate Value Realized ($)**	**Unexercised Options at Financial Year End (#)(1)**	**Value of Unexercised In-The-Money Options at Financial Year-End ($)**
MARK KENNEY	Nil	Nil	27,500	Nil
MARIA AMARAL	Nil	Nil	95,200	72,622

Note:

(1) All options held by the NEOs are exercisable.

As at April 1, 2010, a total of 2,138,000 options have been granted under the Unit Option Plan, of which 1,750,800 have been exercised or cancelled and 387,200 remain outstanding and unexercised as at such date (representing approximately 0.56% of the number of outstanding Units as of such date). All participants under the Unit Option Plan must predisclose securities transactions.

The trustees' current policy is not to award any further options under the Unit Option Plan, except as provided for pursuant to the President and Chief Executive Officer's employment agreement (See "Significant Terms of Executive Employment Agreements"). Options have not been awarded under the Unit Option Plan since 2002.

Units issuable under the Unit Option Plan are included in the 6,000,000 cap on the number of Units issuable under all equity incentive compensation plans of the Trust.

PENSION PLAN BENEFITS

The Trust has not established a defined contribution pension plan.

TERMINATION AND CHANGE OF CONTROL BENEFITS

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

Plan	Death, Retirement or Resignation	Termination With Cause	Termination Without Cause	Termination Without Cause Following a Change-In-Control
Base Salary	No longer eligible effective date of death, retirement or resignation	No longer eligible effective date of termination	Eligible for severance or lump sum severance payment (30 months)	Eligible for severance or lump sum severance payment (36 months)
Annual Incentive (Bonus)	Receive pro-rated payment based on proportion of financial year completed as of the date of death or retirement.	No longer eligible, effective date of termination.	Eligible for severance or lump sum severance payment (30 months pro-rated on prior 2 year average annual incentive award).	Eligible for severance or lump sum severance payment (36 months pro-rated on prior 2 year average annual incentive award).
Unit Option Plan	Option(s) granted to such participant may be exercised only before the earlier of the termination of the option and one calendar year from the date of such event. No defined incremental benefit.			
LTIP	Subject to the discretion of the board of trustees, in the event of death, payment of remaining instalments shall be accelerated; subject to the discretion of the board of trustees, in the event of voluntary resignation or retirement, payment of instalments shall be accelerated.	Subject to the discretion of the board of trustees, payment of remaining instalments shall be accelerated.	Subject to the discretion of the board of trustees, payment of remaining instalments shall be accelerated.	Subject to the Instalment Receipt Agreement or any employment agreement, a participant may elect that the unvested portion of any Units beneficially owned under the LTIP shall vest immediately, subject to the completion of the change of control.
SELTIP	Subject to the discretion of the board of trustees, in the event of death, payment of remaining instalments shall be accelerated; subject to the discretion of the board of trustees, in the event of voluntary resignation or retirement, payment of instalments shall remain due and payable on date on which they would otherwise be payable.	Subject to the discretion of the board of trustees, payment of remaining instalments shall be accelerated.	Subject to the discretion of the board of trustees, payment of remaining instalments shall be accelerated.	Subject to the Instalment Receipt Agreement or any employment agreement, a participant may elect that the unvested portion of any Units beneficially owned under the SELTIP shall vest immediately, subject to the completion of the change of control.
RUR Plan(1)	In the event of death, vesting of RURs may be accelerated; in the event of retirement, *pro rata* vesting of RURs occurs subsequent to the first anniversary of the grant date; in the event of resignation, no vesting of unvested RURs occurs. The board of trustees or the Compensation and Governance Committee, as applicable, retains discretion to accelerate vesting.	No vesting of unvested RURs occurs. The board of trustees or the Compensation and Governance Committee, as applicable, retains discretion to accelerate vesting.	*Pro rata* vesting of RURs occurs subsequent to the first anniversary of the grant date. The board of trustees or the Compensation and Governance Committee, as applicable, retains discretion to accelerate vesting.	Subject to the terms of any employment agreement, if termination occurs within two (2) years, vesting of RURs is accelerated.
Benefits	No longer eligible effective date of death, retirement or resignation.	No longer eligible effective date of termination.	Benefits continue through severance period or a lump sum payment in lieu thereof (30 months) and Trust will continue to pay premiums.	Benefits continue through severance period or a lump sum payment in lieu thereof (36 months) and Trust will continue to pay premiums.
Perquisites	No longer eligible effective date of death, retirement or resignation.	No longer eligible effective date of termination.	Perquisites continue through severance period (30 months) and the Trust will continue to pay car allowance.	Perquisites continue through severance period (36 months) and the Trust will continue to pay car allowance.

Note:

(1) Adoption is subject to the approval by Unitholders at the Meeting (See "Special Business – Adoption of Restricted Unit Rights Plan").

The following table provides details pertaining to the estimated incremental payments from the Trust to each of the NEOs under each of the termination scenarios assuming termination on December 31, 2009.

Name	Death, Retirement ($)	Termination With Cause ($)	Termination Without Cause ($)	Termination Without Cause Following a Change-In-Control[(1)] ($)
THOMAS SCHWARTZ President and Chief Executive Officer	650,000	Nil	3,083,358	3,700,029
YAZDI BHARUCHA[(2)] Former Chief Financial Officer	N/A	N/A	N/A	N/A
RICHARD J. SMITH Chief Financial Officer	250,000	Nil	1,195,553	1,434,663
MARK KENNEY Chief Operating Officer	300,000	Nil	1,462,603	1,755,123
MARIA AMARAL Senior Vice President, Finance	235,000	Nil	1,048,288	1,257,945

Notes:

(1) Includes benefits premiums and car allowance.

(2) Yazdi Bharucha, former Chief Financial Officer, retired in September, 2009. Mr. Bharucha was paid a lump sum retirement amount totaling $1,484,624. In addition the Trust may pay up to $35,000 in professional service fees on behalf of Mr. Bharucha.

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

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

TRUSTEE COMPENSATION

Trustee Compensation Table

Name	Fees Earned ($)	Unit-Based Awards[(1)] ($)	Option-Based Awards ($)	Non-Equity Incentive Plan Compensation ($)	Pension Value ($)	All Other Compensation ($)	Total ($)
ROBERT D. BROWN	34,500	55,000	Nil	Nil	Nil	Nil	89,500
DINO CHIESA	27,500	55,000	Nil	Nil	Nil	20,833[(3)]	103,333
PAUL HARRIS	41,250	27,500	Nil	Nil	Nil	Nil	68,750
EDWIN F. HAWKEN	41,250	27,500	Nil	Nil	Nil	Nil	68,750
MARVIN A. SADOWSKI	27,500	55,000	Nil	Nil	Nil	Nil	82,500
THOMAS SCHWARTZ[(2)]	—	—	Nil	Nil	Nil	Nil	—
MICHAEL STEIN	47,500	55,000	Nil	Nil	Nil	Nil	102,500
STANLEY SWARTZMAN	44,500	55,000	Nil	Nil	Nil	Nil	99,500
DAVID WILLIAMS	34,500	55,000	Nil	Nil	Nil	Nil	89,500
TOTAL	**298,500**	**385,000**	**Nil**	**Nil**	**Nil**	**20,833**	**704,333**

Notes:

(1) The number of deferred units issued is determined by dividing the dollar amount by the market price (as defined in the DUP) of the Units on the grant date.

(2) Mr. Schwartz is President and Chief Executive Officer of the Trust and a trustee. Mr. Schwartz does not receive compensation for his services as trustee and does not participate in the DUP.

(3) Amount paid to Mr. Chiesa under a consulting contract that concluded in May, 2009 and was not renewed.

Narrative Discussion

During fiscal 2009, trustees received a flat annual retainer from the Trust per the schedule below. Certain trustees were also reimbursed for travel and miscellaneous expenses totaling, in the aggregate, $11,194. In 2008, the Trust adopted a DUP under which each non-executive trustee in 2009 was entitled to elect to receive up to fifty percent (50%) of his board compensation (equating to up to $27,500), in the form of Deferred Units (as defined below), in lieu of cash, which such amount shall be matched by the Trust. As a result, if a non-executive trustee elected to receive fifty percent (50%) of his board compensation, such trustee's annual compensation for 2009 (including the impact of Deferred Units issued and matched by the Trust), would amount to $82,500.

The following table provides a description of the 2009 Trustee fee schedule.

Compensation Element	**Compensation Value ($)**
Member Annual Retainer	$55,000
Chairman Annual Retainer (premium)	$20,000
Lead Trustee (premium)	$10,000
Audit Committee, Investment Committee and Compensation and Governance Committee Chair (premium)	$7,000

Currently, the Trust does not have a retirement policy for trustees.

Unit Ownership Guidelines

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

The following table summarizes the number of Units and Deferred Units owned by each trustee as at April 1, 2010 and whether each trustee has met or exceeded the ownership guidelines established by the board of trustees.

Name of Trustee	**Number of Units Beneficially Owned, or Controlled or Directed, Directly or Indirectly[(1)] (#)**	**Number of Units allocated from DUP**	**Total Number of Units, including Deferred Units**	**Dollar Value of Units Beneficially Owned, or Controlled or Directed, Directly or Indirectly and Deferred Units[(2)] ($)**	**Met or Exceeded Ownership Guidelines?**
ROBERT D. BROWN	53,309	9,979	63,288	916,410	Yes
DINO CHIESA	35,000	9,979	44,979	651,296	Yes
PAUL HARRIS	35,000	7,829	42,829	620,164	Yes
EDWIN F. HAWKEN	55,551	6,882	62,433	904,030	Yes
MARVIN A. SADOWSKI	55,100	9,979	65,079	942,344	Yes
THOMAS SCHWARTZ	2,290,188	—	2,290,188	33,161,922	Yes
MICHAEL STEIN	534,906	9,979	544,885	7,889,935	Yes
STANLEY SWARTZMAN	104,021	9,979	114,000	1,650,720	Yes
DAVID WILLIAMS	49,975	9,979	59,954	868,134	Yes

Notes:

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

(2) Dollar amounts represent the estimated market value of Units beneficially owned by each trustee, as determined by multiplying the number of Units beneficially owned by such trustee as of April 1, 2010 by the closing price of the Units on the TSX on such date.

Deferred Unit Plan

In financial year 2008, the Trust established the DUP. The purpose of the DUP is to promote a greater alignment of interests between the non-executive trustees of the Trust and the Unitholders of the Trust.

Each Eligible Person (a person who is, on the applicable Election Date (as defined in the plan), a non-executive trustee) may, subject to the conditions of the DUP, elect (in accordance with Section 5.02 of the DUP) to be a participant in the DUP. A participant may elect to be paid twenty-five percent (25%), fifty percent (50%), seventy-five percent (75%) or one hundred percent (100%) (the "**Elected Percentage**") of his board compensation (such product being herein referred to as the "**Elected Amount**"), subject to an annual maximum Elected Percentage established by the Compensation and

Governance Committee in its sole discretion and approved by the board of trustees, in the form of deferred Units ("**Deferred Units**"), in lieu of cash, provided that the Trust shall match the Elected Amount for each participant annually in the form of Deferred Units having a value on each Award Date (as defined in the plan) equal to the Market Value (as defined in the plan) on such dates. The maximum Elected Percentage for 2009 was fifty percent (50%) of the participant's board compensation in respect of 2009. Under the DUP, one (1) Deferred Unit shall be equivalent in value to one (1) Unit of the Trust. Fractional Deferred Units are permitted, but shall be rounded down to the nearest whole number of Units at the time of settlement.

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

For the year ended December 31, 2009, the number of Deferred Units (including fractional Deferred Units) to be credited to a participant as of any particular Award Date (as defined in the plan) pursuant to the DUP are to be calculated by dividing: (i) two hundred percent (200%) of the participant's Elected Amount; by (ii) the Market Value (as defined in the Plan) of a Unit on the Award Date (as defined in the Plan).

Whenever cash distributions are paid on the Units, additional Deferred Units are credited to the participant's Deferred Unit account. The number of such additional Deferred Units are calculated by dividing: (i) the amount determined by multiplying: (a) the number of Deferred Units in such participant's Deferred Unit account on the record date for the payment of such distribution by (b) the distribution paid per Unit; by (ii) the Market Value (as defined in the Plan) of a Unit on the distribution payment date for such distribution, in each case, with fractions computed to two (2) decimal places.

In no event may the rights or interests of a participant under the DUP be assigned, encumbered, pledged, transferred or alienated in any way, except to the extent that certain rights may pass to a beneficiary or legal representative upon death of a participant, by will or by the laws of succession and distribution. The DUP may be amended by the board of trustees, subject to applicable law, without Unitholder approval, except in certain limited circumstances as more fully described in the DUP.

As of April 1, 2010, a total of 75,984 Units are issuable under the DUP (representing approximately 0.11% of the issued and outstanding Units at such date).

The trustees' current policy is not to award LTIP Units to trustees. If adopted, the terms of the proposed RUR Plan do not contemplate non-executive trustee participation.

The following table summarizes the number of Units allocated to each trustee under the DUP as at April 1, 2010 and the associated dollar value. Such Units are included in the 6,000,000 cap on Units which may be issued under all of the Trust's equity incentive compensation arrangements.

Deferred Unit Plan Summary

Name of Trustee	Number of Units Allocated from Deferred Compensation(1)	Number of Units Allocated from Distributions(1)	Dollar Value of Units(2) ($)
ROBERT D. BROWN	9,336	643	144,496
DINO CHIESA	9,336	643	144,496
PAUL HARRIS	7,291	538	113,364
EDWIN F. HAWKEN	6,344	538	99,651
MARVIN A. SADOWSKI	9,336	643	144,496
THOMAS SCHWARTZ(3)	—	—	—
MICHAEL STEIN	9,336	643	144,496
STANLEY SWARTZMAN	9,336	643	144,496
DAVID WILLIAMS	9,336	643	144,496
TOTAL	**69,651**	**4,934**	**1,079,991**

TOTAL DEFERRED UNITS: 74,585(4)

Notes:

(1) Amounts are rounded to nearest whole Deferred Unit.

(2) Dollar amounts represent the estimated market value of Units beneficially owned by each trustee, as determined by multiplying the number of Units beneficially owned by such trustee as of April 1, 2010 by the closing price of the Units on the TSX on such date.

(3) Mr. Schwartz is the President and Chief Executive Officer of the Trust and therefore is not eligible to participate in the DUP.

(4) Excludes 1,399 Deferred Units issued to a former trustee.

Outstanding Unit-based Awards and Option-based Awards

The following table sets forth unexercised options and unvested LTIP Units issued in previous years to trustees as of December 31, 2009.

	Option-Based Awards				Unit-Based Awards		
Name[1]	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option-Expiration Date	Value of Unexercised In-The-Money Options ($)[2]	Number of Units That Have Not Vested (#)	Market Value of Unit-Based Awards That Have Not Vested ($)	Outstanding Amount In Respect of Unit-Based Awards That Have Not Vested ($)
Robert D. Brown	—	—	—	—	—	—	—
Paul Harris	20,000	13.73	April 14, 2012	6,600	—	—	—
Edwin F. Hawken	—	—	—	—	—	—	—
Marvin A. Sadowski	15,000 20,000 35,000	11.85 13.73	December 17, 2010 April 14, 2012	33,150 6,600 39,750	—	—	—
Michael Stein	—	—	—	—	—	—	—
Stanley Swartzman	—	—	—	—	—	—	—
David Williams	—	—	—	—	—	—	—

Notes:

(1) For information on Mr. Schwartz, see “Incentive Plan Awards”.

(2) Value based on closing price of Units on the TSX on December 31, 2009.

Incentive Plan Awards — Value Vested or Earned During the Year

The following table sets forth the value of the LTIP Units held by each trustee that vested during the 2009 financial year.

Name[1]	Option-Based Awards Value Vested During the Year ($)	Unit-Based Awards Value Vested During the Year[2] ($)	Outstanding Amount For Unit-Based Awards Vested During the Year[3] ($)	Non-Equity Incentive Plan Compensation Value Earned During the Year ($)
Robert D. Brown	—	44,333	53,984	—
Paul Harris	—	44,333	53,984	—
Edwin F. Hawken	—	44,333	53,984	—
Marvin A. Sadowski	—	44,333	53,984	—
Michael Stein	—	44,333	53,984	—
Stanley Swartzman	—	44,333	53,984	—
David Williams	—	44,333	53,984	—

Notes:

(1) For information on Mr. Schwartz, see “Incentive Plan Awards”.

(2) Value based on closing price of Units on the TSX on the vesting date.

(3) As at December 31, 2009.

Narrative Discussion

The above-mentioned options were issued pursuant to the Trust’s Unit Option Plan (see “Incentive Plan Awards — Unit Option Plan”). The above-mentioned Units were issued pursuant to the Trust’s LTIP (see “Incentive Plan Awards — Long-Term Incentive Plan”). Non-executive trustees are not permitted to hold an aggregate number of Units issued or issuable pursuant to incentive plans of the Trust or pursuant to the exercise of options under the Trust’s Unit Option Plan in excess of 0.5% of the aggregate number of Units, on a non-diluted basis, outstanding from time to time.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets out as at December 31, 2009 the number of Units to be issued upon exercise of outstanding options and rights, the weighted average exercise price of outstanding options and rights and the number of Units remaining available for future issuance under the Trust's Unit Option Plan:

Plan Category	Number of Units to be issued upon exercise of outstanding options and rights	Weighted-average exercise price of outstanding options and rights	Number of Units remaining available for future issuance under Unit Option Plan (excluding securities reflected in first column) (1)
Unit Option Plan approved by Unitholders			
Executives	122,700	$13.49	N/A
Non-Executive Trustees	55,000	$13.22	N/A
Other Senior Management	209,500	$13.44	N/A
Equity Compensation Plans not approved by Unitholders	Nil	Nil	Nil
TOTAL	**387,200**	**$13.42**	**763,396** (1)

Note:

(1) The maximum number of Units remaining available for future issuance under all equity incentive compensation plans of the Trust, including the Unit Option Plan, as at April 1, 2010, was 763,396 Units (which represents approximately 1.11% of the issued and outstanding Units at such date).

INDEBTEDNESS OF TRUSTEES AND EXECUTIVE OFFICERS

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

Aggregate Indebtedness

The following table sets forth information related to the aggregate indebtedness outstanding as at April 1, 2010 entered into in connection with purchases of Units and all other indebtedness of all executive officers, trustees, employees and former executive officers, trustees and employees of the Trust and its subsidiaries.

AGGREGATE INDEBTEDNESS		
Purpose	**To the Trust**	**To Another Entity**
LTIP and SELTIP Purchases	$35,688,490	—
Other	—	—

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

Indebtedness under the LTIP

The following table sets forth information related to indebtedness of all executive officers and trustees under the LTIP with respect to the 2009 financial year.

Name and Principal Position	Involvement of Trust	Number of LTIP Units Issued in 2009(1)	Largest Amount Outstanding During 2009 ($)	Cumulative Amount Outstanding as at April 1, 2010 ($)	Security for Indebtedness	Amount Forgiven During 2009 ($)
Securities Purchase Programs THOMAS SCHWARTZ President and Chief Executive Officer	Lender	70,683	7,812,698	7,725,163(2)	Non-recourse — security are the Units and the distributions	Nil
YAZDI BHARUCHA(3) Former Chief Financial Officer	Lender	30,000	1,443,241	1,424,934(4)	Non-recourse — security are the Units and the distributions	Nil

Name and Principal Position	Involvement of Trust	Number of LTIP Units Issued in 2009[(1)]	Largest Amount Outstanding During 2009 ($)	Cumulative Amount Outstanding as at April 1, 2010 ($)	Security for Indebtedness	Amount Forgiven During 2009 ($)
MARK KENNEY Chief Operating Officer	Lender	Nil	2,974,406	2,886,597[(5)]	Non-recourse — security are the Units and the distributions	Nil
MARIA AMARAL Senior Vice President, Finance	Lender	Nil	1,730,539	1,682,668[(6)]	Non-recourse — security are the Units and the distributions	Nil
SUB-TOTAL:		**100,683**	**13,960,884**	**13,719,362**		**Nil**
ROBERT D. BROWN Business and Policy Consultant	Lender	Nil	476,800	458,418[(7)]	Non-recourse — security are the Units and the distributions	Nil
DINO CHIESA Vice-Chair of the Trust and Chair of the Board of Directors of Canada Mortgage and Housing Corporation	Lender	Nil	476,800	458,418[(7)]	Non-recourse — security are the Units and the distributions	Nil
PAUL HARRIS Partner, Davies, Ward, Phillips & Vineberg LLP (a law firm)	Lender	Nil	476,800	458,418[(7)]	Non-recourse — security are the Units and the distributions	Nil
EDWIN F. HAWKEN Corporate Director	Lender	Nil	476,800	458,418[(7)]	Non-recourse — security are the Units and the distributions	Nil
MARVIN A. SADOWSKI Executive Vice President, Sterling Silver Development Corporation (a real estate investment company)	Lender	Nil	476,800	458,418 [(7)]	Non-recourse — security are the Units and the distributions	Nil
MICHAEL STEIN Chairman of the Trust and President and Chief Executive Officer of MPI Group Inc.	Lender	Nil	476,800	458,418[(7)]	Non-recourse — security are the Units and the distributions	Nil
STANLEY SWARTZMAN Corporate Director	Lender	Nil	476,800	458,418[(7)]	Non-recourse — security are the Units and the distributions	Nil
DAVID WILLIAMS Corporate Director	Lender	Nil	476,800	458,418[(7)]	Non-recourse — security are the Units and the distributions	Nil
SUB-TOTAL:		**Nil**	**3,814,400**	**3,667,344**		**Nil**
TOTAL		**100,683**	**17,775,284**	**17,386,706**		**Nil**

Notes:

(1) No LTIP Units were issued in respect of the 2009 financial year. During the 2009 financial year, 100,683 LTIP Units were issued in respect of the exercise of the Entitlement (as hereunder defined) of the President and Chief Executive Officer (see “Significant Terms of Executive Employment Agreements”). In respect of the 2009 financial year, long-term incentive awards were made under the RUR Plan, subject to adoption of the RUR Plan by Unitholders at the Meeting.

(2) Instalment receipts issued for ten (10) year terms on August 21, 2007 at 4.88%, February 29, 2008 at 4.65%, March 10, 2009 at 4.48% and November 19, 2009 at 4.48%.

(3) Yazdi Bharucha, former Chief Financial Officer, retired in September, 2009.

(4) Instalment receipts issued for ten (10) year terms on February 29, 2008 at 4.65%, March 10, 2009 at 4.48% and November 19, 2009 at 4.48%.

(5) Instalment receipts issued for ten (10) year terms on November 18, 2004 at 4.97%, March 14, 2005 at 4.979%, March 20, 2006 at 4.67%, March 2, 2007 at 4.56%, February 29, 2008 at 4.65% and March 10, 2009 at 4.48%.

(6) Instalment receipts issued for ten (10) year terms on March 14, 2005 at 4.979%, March 20, 2006 at 4.67%, March 2, 2007 at 4.56%, February 29, 2008 at 4.65% and March 10, 2009 at 4.48%.

(7) Instalment receipts issued for ten (10) year terms on March 14, 2005 at 4.979% and August 21, 2007 at 4.88%.

Indebtedness under the SELTIP

The following table sets forth information related to indebtedness of all executive officers and trustees under the SELTIP with respect to the 2009 financial year.

Name and Principal Position	Involvement of Trust	Number of SELTIP Units Issued with Respect to 2009	Largest Amount Outstanding During 2009 ($)	Cumulative Amount Outstanding as at April 1, 2010 ($)	Security for Indebtedness	Amount Forgiven During 2009 ($)
Securities Purchase Programs THOMAS SCHWARTZ President and Chief Executive Officer	Lender	Nil	8,954,675	8,753,798[(1)]	Non-recourse — security are the Units and the distributions	Nil
YAZDI BHARUCHA [(2)] Former Chief Financial Officer	Lender	Nil	4,120,731	4,017,270[(1)]	Non-recourse — security are the Units and the distributions	Nil
TOTAL		**Nil**	**13,075,406**	**12,771,068**		**Nil**

Notes:

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

(2) Yazdi Bharucha, former Chief Financial Officer, retired in September, 2009.

Indebtedness under the Unit Purchase Plan

The Trust has adopted a unit purchase plan (the "**Unit Purchase Plan**") with the intent of advancing the interests of the Trust and Unitholders by providing short-term loans to senior officers to encourage and assist the acquisition of Units by them. Annual specified performance objectives will be based upon the ability of the Trust to meet annual targeted performance levels established for each financial year by the Compensation and Governance Committee.

The loans made pursuant to the Unit Purchase Plan bear interest at the rate equal to the Trust's borrowing costs on its working capital credit facility from time to time, are secured by pledge of the Units purchased with the loan proceeds, and are full recourse to the NEOs personally. The loans were repaid in full on February 20, 2006.

As of April 1, 2010, a total of 423,725 Units have been issued under the Unit Purchase Plan (representing approximately 0.61% of the number of the issued and outstanding Units at such date). No new Units were issued and no new loans were granted to executives pursuant to the Unit Purchase Plan in 2008 or 2009. None of the trustees and executive officers of the Trust was indebted to the Trust in connection with the purchase of Units under the Unit Purchase Plan during the 2009 financial year and no amounts remain outstanding as at April 1, 2010.

The trustees' current policy is not to issue any further Units under the Unit Purchase Plan.

STATEMENT OF GOVERNANCE PRACTICES

General

The trustees strongly believe that sound corporate governance is essential to produce maximum benefits to those individuals and institutions that have invested in Units. Effective June 30, 2005, the Canadian Securities Administrators ("**CSA**") adopted National Policy 58-201 — Corporate Governance Guidelines (the "**Policy**") and National Instrument 58-101 — Disclosure of Corporate Governance Practices (the "**Instrument**" and together with the Policy, the "**CSA Governance Rules**"). The CSA Governance Rules have replaced the fourteen (14) corporate governance guidelines of the TSX and require that the Trust set out the mandated disclosure required under the Instrument, with reference to the "best practices" set out in the Policy. In accordance with the CSA Governance Rules, the following is a summary of the governance practices of the Trust.

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

- Code of Business Ethics and Conduct
- Whistle-blower Policy
- Audit Committee Charter
- Compensation and Governance Committee Charter
- Investment Committee Charter
- Disclosure Policy
- Insider Trading Policy
- Position descriptions for the Chairman, Lead Trustee and Chair of each board committee

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

Board of Trustees

Composition

The number of trustees is currently fixed at nine (9). As of April 1, 2010, the trustees were: Robert D. Brown, Dino Chiesa, Paul Harris, Edwin F. Hawken, Marvin A. Sadowski, Thomas Schwartz, Michael Stein, Stanley Swartzman and David Williams. The board of trustees has fixed the number of trustees to be elected at the Meeting at seven (7).

Independent and Non-Independent Trustees

Pursuant to NI 52-110, an independent trustee is one who has no direct or indirect material relationship with the Trust which could, in the view of the board of trustees, reasonably interfere with a trustee's independent judgment. The trustees have determined that six (6) of the trustees, constituting a majority of the board of trustees, will be independent under the CSA Governance Rules. Three (3) trustees, namely Michael Stein, Chairman of the Trust, Thomas Schwartz, President and Chief Executive Officer of the Trust and Dino Chiesa, Vice-Chair of the Trust, are considered not to be independent for the following reasons:

- Mr. Stein is a co-owner (together with Mr. Schwartz) of a company that provides construction management services to the Trust in connection with the Trust's property capital investment program.
- Mr. Schwartz is the President and Chief Executive Officer of the Trust and is a co-owner (together with Mr. Stein) of a company that provides construction management services to the Trust in connection with the Trust's property capital investment program. Mr. Schwartz also has an eighteen percent (18%) beneficial interest in a company which leases office space to the Trust.
- The Trust and a company owned one hundred percent (100%) beneficially by Mr. Chiesa were parties to a consulting agreement with an effective date of June 1, 2004. Such consulting agreement has expired and will not be renewed. Mr. Chiesa also manages a company with which the Trust has an agreement for the supply of suite utility meters.

The trustees, at the recommendation of the Compensation and Governance Committee, appointed Stanley Swartzman as lead trustee (the "**Lead Trustee**"). The board of the Trust currently has a Chairman who is not independent. The Lead Trustee is responsible for acting as the effective leader of the board in circumstances where it is inappropriate for the Chairman to act in that role and for ensuring that the board's agenda will enable it to successfully carry out its duties.

Other Board Memberships

The following table sets out the names of each other reporting issuer, and the exchange upon which the securities of that reporting issuer are listed, for which each of the current trustees (and nominees for trustee) of the Trust serves as a trustee or director as at April 1, 2010:

Name of Trustees	Name of Reporting Issuer of which Trustee is a director or trustee and position	Exchange
EDWIN F. HAWKEN	• Danier Leather Inc., Chairman	• TSX
THOMAS SCHWARTZ	• Chartwell Seniors Housing REIT, Trustee	• TSX
MICHAEL STEIN	• Minera Andes Inc., Director	• TSX
STANLEY SWARTZMAN	• GT Canada Capital Corporation, Director	• TSX Venture Exchange
DAVID WILLIAMS	• Shoppers Drug Mart Corporation, Chair • Aastra Technologies Limited, Lead Independent Director • Toronto Hydro-Electric Services Limited	• TSX • TSX and American Stock Exchange • Not Applicable

Meetings of Trustees

The following table shows meeting attendance records for all current trustees in 2009.

Name of Trustee	Board	Audit Committee	Compensation and Governance Committee	Investment Committee(1)
ROBERT D. BROWN	4 of 4	4 of 4	N/A	N/A
DINO CHIESA	4 of 4	N/A	N/A	—
PAUL HARRIS	4 of 4	N/A	4 of 4	N/A
EDWIN F. HAWKEN	4 of 4	N/A	4 of 4	—
MARVIN A. SADOWSKI	4 of 4	N/A	N/A	—
THOMAS SCHWARTZ	4 of 4	N/A	N/A	N/A
MICHAEL STEIN	4 of 4	N/A	N/A	N/A
STANLEY SWARTZMAN	4 of 4	4 of 4	N/A	—
DAVID WILLIAMS	4 of 4	4 of 4	4 of 4	N/A

Note:

(1) The Investment Committee did not formally meet during the year ended December 31, 2009.

Meetings of Independent Trustees

The board of trustees and the independent trustees on each of the audit committee (the "**Audit Committee**") and Compensation and Governance Committee meet at every board and committee meeting without management present. The Chair of the Audit Committee and Compensation and Governance Committee conducts their respective *in camera* sessions at meetings. For the board of trustees, the Chairman conducts these *in camera* sessions. However, to the extent that independent trustee matters are being discussed, the Lead Trustee conducts the *in camera* session.

During 2009, the Audit Committee and Compensation and Governance Committee met as follows:

Meeting	Meetings Held	Meetings Held Without Management
Audit Committee	4	4
Compensation and Governance Committee	4	4

Declaration of Trust

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

(i) the development and adoption of the Trust's strategic planning process;

(ii) the identification of the principal risks associated with the business of the Trust and the implementation of appropriate systems to manage these risks;

(iii) the appointment and evaluation of senior management;

(iv) overseeing the communications policy of the Trust;

(v) ensuring the integrity of the Trust's internal controls and management information systems;

(vi) the creation of position descriptions for the board and for the President and Chief Executive Officer;

(vii) the implementation of structures and procedures which ensure the board can function independently of management;

(viii) implementing a process for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual trustees;

(ix) reviewing the adequacy and form of compensation of trustees and ensuring it realistically reflects the responsibilities and risks involved in being a trustee; and

(x) assessing its responsibilities and performance under its mandate.

Committees of Trustees

To assist the trustees in fulfilling their governance responsibilities, the trustees have formed three (3) committees, each of which is composed of at least a majority of independent, unrelated trustees: the Audit Committee, the Compensation and Governance Committee and the investment committee (the "**Investment Committee**").

Audit Committee

The Declaration of Trust requires the creation of an Audit Committee, consisting of at least three (3) trustees, to review the consolidated financial statements of the Trust. The terms of reference for the Audit Committee require that all members be unrelated and financially literate (as defined in NI 52-110). All members of the Audit Committee are independent and financially literate, as those terms are defined in NI 52-110. As of April 1, 2010, the Audit Committee of the Trust consists of the following three (3) trustees: Robert D. Brown, Stanley Swartzman and David Williams. Robert D. Brown serves as Chairman of the Audit Committee.

For further information regarding the Audit Committee, please see Sections 12.2, 12.6 and Appendix "A" of the Trust's Annual Information Form dated March 29, 2010, which can be accessed under the Trust's profile at www.sedar.com.

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

During the year ended December 31, 2009, the Audit Committee met four (4) times.

Compensation and Governance Committee

The Declaration of Trust requires the creation of a Compensation and Governance Committee, consisting of at least three (3) trustees, to review the governance of the Trust and compensation offered to officers of the Trust. All of the members of the Compensation and Governance Committee must at all times be independent (as that term is defined in NI 52-110), and free from any relationship that, in the opinion of the board of trustees of the Trust, would interfere with the exercise of his independent judgment as a member of the Compensation and Governance Committee and each of whom should be familiar with corporate governance practices.

The Compensation and Governance Committee has the primary functions of assisting the board in fulfilling its compensation and corporate governance oversight responsibilities. The committee has specific responsibilities relating to: structuring and reviewing compensation plans; the administration of the Trust's compensation plans; reviewing the Trust's governance framework, activity and disclosure; the composition and performance of the board and its committees; reviewing compliance with the Code of Business Ethics and Conduct and Disclosure Policy; and proposing new nominees for appointment to the board, orienting new trustees and providing continuing education for existing trustees.

As of April 1, 2010, the Compensation and Governance Committee of the Trust consists of the following three (3) trustees: Paul Harris; Edwin F. Hawken; and David Williams. David Williams serves as Chairman of the Compensation and Governance Committee. The Compensation and Governance Committee is composed entirely of independent trustees.

During the year ended December 31, 2009, the Compensation and Governance Committee met four (4) times.

Investment Committee

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

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

As of April 1, 2010, the Investment Committee of the Trust consists of the following four (4) trustees: Dino Chiesa, Edwin F. Hawken, Marvin Sadowski and Stanley Swartzman. Stanley Swartzman serves as Chairman of the Investment Committee.

The Investment Committee did not formally meet during the year ended December 31, 2009.

Position Descriptions

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

The President and Chief Executive Officer

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

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

- fostering a corporate culture that promotes ethical practices and encourages individual integrity;
- maintaining a positive and ethical work climate that is conducive to attracting, retaining and motivating top-quality employees at all levels;
- developing a long-term strategy and vision for the Trust that enhances Unitholder value;
- developing an annual operating plan and financial budget that support the Trust's long-term strategy;
- strategy and implementation for major mergers, acquisitions and divestitures;

- ensuring that the day-to-day business affairs of the Trust are appropriately managed by developing and implementing processes that will ensure the achievement of the Trust's financial and operating goals and objectives;

- formulating and overseeing the implementation of major corporate policies;

- establishing a strong working relationship with the board;

- keeping the board aware of the Trust's performance and events affecting its business, including opportunities in the marketplace and adverse or positive developments;

- serving as the chief spokesperson for the Trust and establishing the Trust's communications framework and strategy;

- ensuring, in cooperation with the board, that there is an effective succession plan in place for the President and Chief Executive Officer position;

- ensuring that the Trust has an effective management team below the level of the President and Chief Executive Officer, and has an active plan for its development and succession; and

- ensuring that there is clarity of objectives and focus for all employees and ensuring that there are clear and appropriate standards and measures of performance.

The mandate is reviewed by the Compensation and Governance Committee and considered by the board for approval each year.

Chairman of Board

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

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

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

- providing appropriate information from management to enable the board and committees to exercise their accountabilities; ensuring that items requiring board/committee approval are appropriately tabled;

- ensuring proper flow of information to the board and reviewing adequacy and timing of documentary materials in support of management's proposals;

- ensuring that external advisors retained or to be retained by the board are appropriately qualified and independent; and

- ensuring that the board has access to members of senior management as may be required by the board.

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

The mandate of the Chairman is reviewed and considered by the board for approval each year.

Board Committee Chairs and Lead Trustee

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

Audit Committee

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

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

- collaborating with the President and Chief Executive Officer and other members of management, where appropriate, to develop the agenda for Audit Committee meetings;
- obtaining appropriate information from management to enable the Audit Committee to exercise their duties;
- working with the Audit Committee and management to ensure, to the greatest extent possible, that all items requiring Audit Committee approval or Audit Committee recommendations to the board are appropriately tabled;
- working with the Audit Committee and management to ensure, to the greatest extent possible, proper flow of information to the Audit Committee and reviewing adequacy and timing of required documentary materials;
- working with the Audit Committee and management to ensure, to the greatest extent possible, that external advisors retained or to be retained by the Audit Committee are appropriately qualified and independent;
- working with the Audit Committee and management to ensure, to the greatest extent possible, that the Audit Committee has access to such members of senior management as may be required;
- working with the Audit Committee and management to ensure, to the greatest extent possible, an open and frank relationship between the Committee and the internal and external auditors; and
- supporting the independence of the external auditor from management.

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

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

Compensation and Governance Committee

The Chair of the Compensation and Governance Committee is elected by the board on an annual basis at the first meeting of the board following the annual meeting of Unitholders. Unless a Chair is elected by the full board, the members of the Compensation and Governance Committee may designate a Chair by majority vote of the full committee membership. The Chair serves for a term expiring following the next annual meeting of Unitholders or until a successor is appointed or the Chair resigns.

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

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

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

Investment Committee

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

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

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

The Chair of the Investment Committee is also mandated to encourage free and open discussion at meetings of the committee; report to the board on behalf of the Investment Committee; attend every meeting of Unitholders and respond to such questions from Unitholders as may be put to the Chair of the Investment Committee; and carry out other duties as requested by the board, depending on need and circumstances.

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

Lead Trustee

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

The board of the Trust currently has a Chairman who is not "independent". The Lead Trustee is responsible for acting as the effective leader of the board in circumstances where it is inappropriate for the Chairman to act in that role and ensuring that the board's agenda will enable it to successfully carry out its duties. The Lead Trustee's key role is to work with the Chairman and ensure that the board (i) discharges its responsibilities, (ii) has structures and procedures in place to enable it to function independently of management, and (iii) clearly understands and respects the boundaries between the board and management's responsibilities.

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

The Lead Trustee's responsibilities include assisting the Chairman in managing the board by:

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

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

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

Orientation and Continuing Education

The Trust has an orientation program for new trustees under which a new trustee meets separately with each of the Chair of the board, the President and Chief Executive Officer, the Chief Financial Officer and other members of senior management. As a result of this orientation program, the new trustees become familiar with the board and individual committee policies and procedures, the Trust's current strategic plan, financial plan and capital plan, the most recent annual and quarterly report and materials relating to key business issues.

Each year the board has a strategic review meeting which includes a detailed review of risk management as it applies to all aspects of the Trust's business and third party experts advise the board and senior management regarding new developments in various areas including finance and governance matters as these developments may impact trustees and officers. In addition, at the end of each calendar year, the Trust holds meetings at which executive management and department heads have the opportunity to update the trustees on key business issues.

Nomination of Trustees

The Trust has a Compensation and Governance Committee with nominating responsibilities. The Compensation and Governance Committee is required, as necessary or appropriate, to establish qualifications for trustees and officers, and procedures for identifying possible nominees who meet these criteria. In doing so, it should consider desired competences and skills and the appropriate size of the board and analyze the current skills and competences of the board, the needs of the board of trustees when vacancies arise on the board and identify and recommend nominees who meet such needs. The Compensation and Governance Committee believes that nominees for the board of trustees should possess established skill sets in accounting, legal and/or real estate.

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

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

Ethical Business Conduct

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

The principles outlined in the code are intended to:

(i) establish a minimum standard of conduct by which all employees, trustees and officers are expected to abide;

(ii) protect the business interests of the Trust and its employees, trustees and officers;

(iii) maintain the Trust's reputation for integrity; and

(iv) facilitate compliance by the Trust employees, trustees and officers with applicable legal and regulatory obligations.

The Code of Business Ethics and Conduct addresses honesty and integrity, following the law, conflicts of interest, workplace behavior, confidentiality, privacy and protecting the Trust's assets, whistle-blower procedures, information security, disclosure controls and internal controls.

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

Compensation

The Compensation and Governance Committee reviews and recommends for board approval, the Trust's trustee compensation policy and practices. The Compensation and Governance Committee considers many factors, including whether compensation fairly reflects the responsibilities and risks involved. The Compensation and Governance Committee may retain an independent external consultant to provide data and advice to the Compensation and Governance Committee on the appropriateness of its trustee compensation policy and levels, particularly in light of the number of meetings and amount of time required to be spent by the trustees to fulfill their board and committee obligations.

President and Chief Executive Officer Compensation

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

Bonus compensation for the President and Chief Executive Officer for the 2009 year was determined based upon seventy percent (70%) quantitative and thirty percent (30%) qualitative measures as follows: (a) the seventy percent (70%) quantitative is based on NFFO per Unit achieved by the Trust; and (b) the thirty percent (30%) qualitative is based upon an assessment of the Compensation and Governance Committee and individual performance in relationship to goals established for the financial year.

Advisors and Consultants

In 2009, Mercer was engaged by the Compensation and Governance Committee to provide advice and counsel on executive compensation matters including validation of the prior (2008) executive compensation comparator group; to conduct compensation benchmark analysis and to provide a brief review of the Trust's total Unitholder return relative to the 2009 executive compensation comparator group. Mercer also assisted in the preparation of the Trust's compensation discussion and analysis included in this Circular.

Assessments

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

For the 2009 financial year, the trustees participated in a review process overseen by the Compensation and Governance Committee to assess the performance of the board and its committees, which included a trustee self-assessment and peer review evaluation. In consultation with the senior management of the Trust, the Chair of the Compensation and Governance Committee developed questionnaires for the trustees to assist in reviewing their own and each others' performance against their mandate and other criteria. The questionnaires covered a range of dimensions such as board skills, board strategy, board structure and board committees. The data obtained from the questionnaires and individual interviews conducted by the Chair of the Compensation and Governance Committee were compiled, analyzed and scored by the Chairman of the Compensation and Governance Committee, culminating in a formal report to the Compensation and Governance Committee and the full board of trustees. The Chair of the Compensation and Governance Committee discussed the overall results and individual trustee performance with the Chairman and with each respective trustee with respect to the result of the assessment of their individual performance. The report prepared by the Chairman of the Compensation and Governance Committee identifies general improvement opportunities to facilitate the greater functioning of the board and its committees.

INDEMNIFICATION OF TRUSTEES AND OFFICERS

The Trust indemnifies the trustees and officers against certain losses arising from claims against them for certain of their acts, errors or omissions as such. The Trust maintains liability insurance for its trustees and officers. The policy provides insurance for trustees and officers of the Trust in respect of certain losses arising from claims against them for certain of their acts, errors or omissions in their capacities as trustees or officers. The Trust is also insured against any loss arising out of any payment that it may be required or permitted by law to make to trustees or officers in respect of such claims. The policy limit for such insurance coverage applicable to the Trust was $30 million per occurrence with a $100,000 deductible and $40 million for trustees and officers per occurrence with no deductible. The premium paid by the Trust for the period ending December 31, 2009 was $240,513.

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

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

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For the year ended December 31, 2009, the Trust incurred construction management fees of $1,580,000 (excluding goods and services tax) (based on 4.5% of construction costs up to $20,000,000, 3.0% for the next $15,000,000 and 1.0% thereafter) in consideration for construction management services provided by a company owned by Mr. Schwartz and Mr. Stein, both of Toronto, Ontario, in connection with the Trust's property capital investment improvement program. An independent review of these fees was conducted in 2007 by Altus Helyar Cost Consulting. For the year ended December 31, 2009, the Trust incurred a minimum rent expense for head office space in the amount of $653,000 payable to a company in which Mr. Schwartz has an 18% beneficial interest. For the year ended December 31, 2009, under a consulting agreement, the Trust paid consulting fees of $20,833 (excluding goods and services tax) to a company owned by Mr. Chiesa of Toronto, Ontario; such consulting agreement expired in May 2009 and has not been renewed. The Trust has entered into an agreement with a company to supply suite sub-utility meters. This company is managed by Mr. Dino Chiesa, a trustee and officer of CAPREIT. No amounts were paid or incurred under such agreement for the year ended December 31, 2009.

INFORMATION ON THE TRUST'S AUDITOR

PricewaterhouseCoopers LLP has been the Trust's auditor since the date of the initial public offering on May 21, 1997. For the year ended December 31, 2009, PricewaterhouseCoopers LLP has advised that they are independent with respect to the Trust within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

For further information on auditor's fees, please see Section 18 of the Trust's Annual Information Form dated March 29, 2010, which can be accessed under the Trust's profile at www.sedar.com.

GENERAL

The consolidated financial statements of the Trust for the financial year ended December 31, 2009, together with the report of the auditors thereon, will be presented to Unitholders at the Meeting for their consideration.

ADDITIONAL INFORMATION

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

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

APPROVAL OF TRUSTEES

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

DATED at Toronto this 16th day of April, 2010.

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

(Signed) THOMAS SCHWARTZ
President and Chief Executive Officer

SCHEDULE "A"

SUMMARY OF UNITHOLDERS' RIGHTS PLAN AGREEMENT

The following is a summary of the principal terms of the Rights Plan.

Term

The remaining term of the Rights Plan is two (2) years, beginning May 21, 2010 (the "**Effective Date**") and ending on May 21, 2012.

Issue of Rights

On the Effective Date, one (1) right (a "**Right**") will be issued and attached to each outstanding Unit. One Right will also be issued and attached to each subsequently issued Unit and will be issued and will attach to any subsequently issued Units. The initial exercise price of each Right is $100 (the "**Exercise Price**"), subject to appropriate anti-dilution adjustments.

Rights Exercise Privilege

The Rights will separate from the Units to which they are attached and will become exercisable at the time (the "**Separation Time**") that is ten (10) trading days after the earlier of (i) a person having acquired, or (ii) the commencement or announcement date in respect of a takeover bid to acquire, twenty percent (20%) or more of the Units of the Trust, other than by an acquisition pursuant to a Permitted Bid. The acquisition by a person (an "**Acquiring Person**"), including persons acting in concert, of twenty percent (20%) or more of the Units of the Trust, other than by way of a Permitted Bid in certain circumstances, is referred to as a "**Flip-in Event**". Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the first date of public announcement by the Trust or an Acquiring Person that an Acquiring Person has become such, will become void upon the occurrence of a Flip-in Event. Ten (10) trading days after the occurrence of the Flip-in Event, the Rights (other than those held by the Acquiring Person) will permit the holder to purchase, for example, Units with a total market value of $200, on payment of $100 (i.e., at a fifty percent (50%) discount). The issue of the Rights is not initially dilutive. Upon a Flip-in Event occurring and the Rights separating from the attached Units, reported earnings per Unit on a fully diluted or non diluted basis may be affected. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

Certificates and Transferability

Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on certificates for Units and will not be transferable separately from the attached Units. From and after the Separation Time, the Rights will be evidenced by Rights certificates which will be transferable and traded separately from the Units.

Permitted Bid Requirements

The requirements of a Permitted Bid include the following:

- The takeover bid must be made by way of a takeover bid circular.

- The takeover bid must be made for all Units and to all holders of Units, other than the bidder.

- The takeover bid must contain, and the provisions for the take-up and payment for securities tendered or deposited thereunder must be subject to, an irrevocable and unqualified condition that no securities shall be taken up or paid for pursuant to the takeover bid prior to the close of business on a date which is not less than sixty (60) days following the date of the takeover bid.

- The takeover bid must contain irrevocable and unqualified provisions that, unless the takeover bid is withdrawn, securities may be deposited pursuant to the takeover bid at any time prior to the close of business on the date of first take-up or payment for securities and that all securities deposited pursuant to the takeover bid may be withdrawn at any time prior to the close of business on such date.
- The takeover bid must contain an irrevocable and unqualified condition that more than fifty percent (50%) of the outstanding Units held by Independent Unitholders (defined below), determined as at the close on business

on the date of first take-up or payment for securities under the takeover bid, must be deposited to the takeover bid and not withdrawn at the close of business on the date of first take-up or payment for securities.

- If more than fifty percent (50%) of the Units held by Unitholders other than the bidder, its affiliates and persons acting jointly or in concert with the bidder (the ''**Independent Unitholders**'') are tendered to the takeover bid and not withdrawn as at the close on business on the date of first take-up or payment for securities under the takeover bid, the offeror will make a public announcement of that fact and the takeover bid will remain open for deposits and tenders of securities for not less than ten (10) business days from the date of such public announcement.

The Rights Plan allows a competing Permitted Bid (a ''**Competing Permitted Bid**'') to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid except that, provided it is outstanding for a minimum period of thirty-five (35) days, (or such other minimum period of days as may be prescribed by applicable law in Ontario) it may expire on the same date as the Permitted Bid.

Waiver and Redemption

The trustees acting in good faith may, with the consent of the Unitholders (or instalment receipts related to Units, if any), prior to a Flip-in Event, waive the dilutive effects of the Rights Plan in respect of a particular Flip-in Event. At any time prior to the occurrence of a Flip-in Event, the trustees may, at their option, redeem all, but not less than all, of the outstanding Rights at a price of $0.001 each.

Waiver of Inadvertent Flip-in Event

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

Portfolio Managers

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

Supplement and Amendments

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

General

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

SCHEDULE “B”

RESOLUTION OF THE UNITHOLDERS OF CANADIAN APARTMENT PROPERTIES REAL ESTATE INVESTMENT TRUST – RECONFIRMATION OF UNITHOLDERS’ RIGHTS PLAN AGREEMENT

RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The Unitholders’ Rights Plan Agreement effective May 21, 2010 between the trustees of Canadian Apartment Properties Real Estate Investment Trust and Computershare Investor Services Inc., substantially as described in the Management Information Circular dated April 16, 2010 of the Trust (the “**Circular**”) which accompanied the Notice of Meeting dated April 16, 2010, and substantially as described in Schedule “A” to the Circular, be and is hereby reconfirmed.

2. Any trustee or officer of the Trust be and is hereby authorized to take all such further actions and to execute and deliver all such further instruments and documents, in the name and on behalf of the Trust as may be necessary, proper or advisable in order to carry out and give full effect to the foregoing.

SCHEDULE "C"

RESOLUTION OF THE UNITHOLDERS OF CANADIAN APARTMENT PROPERTIES REAL ESTATE INVESTMENT TRUST – ADOPTION OF RESTRICTED UNIT RIGHTS PLAN

RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The Restricted Unit Rights Plan and the grant of Restricted Unit Rights made thereunder, substantially as described in the Management Information Circular dated April 16, 2010 of the Trust which accompanied the Notice of Meeting dated April 16, 2010, be and are hereby approved.

2. The grants of 69,552 Restricted Unit Rights under the Restricted Unit Rights Plan to employees and officers of the Trust, as at April 1, 2010, including the below individual grants of Restricted Rights to officers of the Trust, as at April 1, 2010, be and hereby approved.

Officer	**Number of RURs granted (rounded to the nearest whole RUR)**
THOMAS SCHWARTZ, President and Chief Executive Officer	25,408
RICHARD J. SMITH, Chief Financial Officer	2,484
MARK KENNEY, Chief Operating Officer	11,710
MARIA AMARAL, Senior Vice President, Finance	6,884

3. Any trustee or officer of the Trust be and is hereby authorized to take all such further actions and to execute and deliver all such further instruments and documents, in the name and on behalf of the Trust as may be necessary, proper or advisable in order to carry out and give full effect to the foregoing.

SCHEDULE "D"

RESOLUTION OF THE UNITHOLDERS OF CANADIAN APARTMENT PROPERTIES – AMENDMENT OF EMPLOYEE UNIT PURCHASE PLAN

RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The following amendment to the Employee Unit Purchase Plan be and is hereby authorized and approved:

   Section 2.1(g) is deleted in its entirety and replaced with:

   "**Employee**" means an individual who is a full-time employee of the Trust or any of its subsidiaries, including for greater certainty CAPREIT Limited Partnership;

2. Any trustee or officer of the Trust be and is hereby authorized to take all such further actions and to execute and deliver all such further instruments and documents, in the name and on behalf of the Trust as may be necessary, proper or advisable in order to carry out and give full effect to the foregoing.