

**CANADIAN APARTMENT PROPERTIES REAL ESTATE INVESTMENT TRUST
AMENDED AND RESTATED DEFERRED UNIT PLAN**

**ARTICLE 1
INTERPRETATION**

1.01 Purpose

The purpose of the Canadian Apartment Properties Real Estate Investment Trust Amended and Restated Deferred Unit Plan (the “**Plan**”) is to promote a greater alignment of interests between the non-executive trustees of Canadian Apartment Properties Real Estate Investment Trust (the “**Trust**”) and the unitholders of the Trust.

1.02 Definitions

The following terms used in this Plan have the meanings set out below:

- (a) “**Applicable Withholding Taxes**” means any and all taxes and other source deductions or other amounts which the Trust is required by law to withhold from any amounts to be paid under the Plan;
- (b) “**Award Date**” means a date on which any Board Compensation is payable, being the last Business Day of each calendar quarter;
- (c) “**Board**” means the Board of Trustees of the Trust;
- (d) “**Board Compensation**” means the annual retainer payable by the Trust to a Trustee in respect of a calendar year for service on the Board (excluding any Board committee fees, attendance fees, chair fees, or additional fees and retainers), payable in equal quarterly installments on the last Business Day of each calendar quarter;
- (e) “**Business Day**” means a day on which there is trading on the Toronto Stock Exchange or such other stock exchange on which the Units are then listed and posted for trading, and if the Units are not so listed, a day that is not a Saturday or Sunday or a national legal holiday in Canada;
- (f) “**Compensation Committee**” means the Compensation and Governance Committee of the Board;
- (g) “**Declaration of Trust**” means the amended and restated declaration of trust of the Trust dated July 8, 2007 as amended, supplemented or amended and restated from time to time;
- (h) “**Deferred Unit**” means a bookkeeping entry, equivalent in value to a Unit, credited to a Participant's Deferred Unit Account in accordance with the terms and conditions of the Plan;
- (i) “**Deferred Unit Account**” has the meaning ascribed thereto in Section 7.02;
- (j) “**Elected Amount**” has the meaning ascribed thereto in Section 5.01;
- (k) “**Elected Percentage**” has the meaning ascribed thereto in Section 5.01;
- (l) “**Election Date**” means the date on which an Eligible Person files an Election Notice in accordance with Section 5.02;
- (m) “**Election Notice**” has the meaning ascribed thereto in Section 5.02;
- (n) “**Eligible Person**” means a person who is, on the applicable Election Date, a non-

executive Trustee;

- (o) **"Market Value"** at any date in respect of the Units means the volume weighted average price of all Units traded on the TSX for the five trading days immediately preceding such date (or, if such Units are not listed and posted for trading on the TSX, on such stock exchange on which such Units are listed and posted for trading as may be selected for such purpose by the Trustees). In the event that such Units are not listed and posted for trading on any stock exchange, the Market Value shall be the fair market value of such Units as determined by the Board in its sole discretion;
- (p) **"Participant"** means an Eligible Person who joins the Plan in accordance with Article 5;
- (q) **"Redemption Notice"** has the meaning ascribed thereto in Section 9.01;
- (r) **"Trustee"** means a trustee of the Trust;
- (s) **"TSX"** means the Toronto Stock Exchange;
- (t) **"Unit"** means a Unit of the Trust and such other Units as may be added thereto or substituted therefor as a result of amendments to the Declaration of Trust, reorganization or otherwise;
- (u) **"Unitholder"** means a holder of Units;
- (v) **"Voting Securities"** means the Units and the special voting units of the Trust.

ARTICLE 2 CONSTRUCTION AND INTERPRETATION

- 2.01 The effective date of the Plan is May 18, 2011, subject to the approval of the Plan by the Unitholders and the Toronto Stock Exchange.
- 2.02 All references in the Plan to currency refer to lawful currency of Canada.
- 2.03 The Plan shall be governed and interpreted in accordance with the laws of Ontario and the federal laws of Canada applicable therein.
- 2.04 If any provision of the Plan is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision thereof.
- 2.05 In the Plan, references to the masculine shall include the feminine, and references to the singular shall include the plural and vice versa, as the context requires.
- 2.06 Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions herein contained.

ARTICLE 3 GENERAL

- 3.01 The Plan shall be administered by the Compensation Committee.
- 3.02 The Compensation Committee is authorized, subject to the provisions of the Plan, to establish such rules and regulations as it deems necessary for the proper administration of the Plan, and to make such determinations and take such other actions in connection with or in relation to the Plan as it deems necessary or advisable. Each determination or action made or taken pursuant to the Plan, including interpretation of the Plan, shall be final and conclusive for all purposes and binding on all parties.
- 3.03 The Trust will be responsible for all costs relating to the administration of the Plan.

- 3.04 The Plan shall remain an unfunded obligation of the Trust and the rights of Participants under the Plan shall be general unsecured obligations of the Trust.
- 3.05 The Trust may deduct from any amount to be paid under the Plan any Applicable Withholding Taxes in such manner as the Trust determines.

ARTICLE 4 ELIGIBILITY

- 4.01 Participation in the Plan by each Eligible Person is voluntary.
- 4.02 Nothing herein contained shall be deemed to give any person the right to be retained as a Trustee.

ARTICLE 5 ELECTION

- 5.01 Each Eligible Person may, subject to the conditions stated herein, elect in accordance with Section 5.02 to be a Participant in the Plan. A Participant may elect to be paid 25%, 50%, 75% or 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 Committee in its sole discretion and approved by the Board, in the form of 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 equal to the Market Value on such dates. Notwithstanding the foregoing, the maximum Elected Percentage shall be 50% of the Participant's Board Compensation in respect of 2008; thereafter, the maximum Elected Percentage shall be established annually by the Compensation Committee in its sole discretion and approved by the Board.
- 5.02 Each Eligible Person who wishes to be a Participant shall file a notice of election in the form of Schedule A-1 hereto (the **"Election Notice"**) with the Chief Financial Officer of the Trust: (i) in the case of an existing Trustee, by December 31 in the year immediately preceding the calendar year in respect of which such election is to apply; (ii) in the case of a newly-appointed Trustee, within thirty (30) days of such appointment; and (iii) in respect of 2008, prior to March 21, 2008. If no election is made within the foregoing time frames, the Eligible Person shall be deemed to have elected to be paid his Board Compensation in cash.
- 5.03 Subject to Section 5.04 and to Section 5.05, the election of an Eligible Person to participate in the Plan shall be deemed to apply to all Board Compensation up to the Elected Amount payable subsequent to the filing of the Election Notice and in respect of the calendar year to which such notice is applicable. Each Eligible Person shall file an Election Notice in respect of each year the Eligible Person wishes to be a Participant.
- 5.04 Participants may not change their Elected Amount or terminate their Plan participation during the calendar year.
- 5.06 All Deferred Units credited under the Plan shall remain in the Deferred Unit Accounts and will be settled or forfeited, as applicable, only in accordance with the terms of the Plan.

ARTICLE 6 DEFERRED UNITS

- 6.01 Subject to Section 7.03, 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.
- 6.02 One (1) Deferred Unit shall be equivalent in value to one (1) Unit. Fractional Deferred Units are

permitted, but shall be rounded down to the nearest whole number of Units at the time of settlement.

ARTICLE 7 DEFERRED UNIT ACCOUNTS

- 7.01** The number of Deferred Units (including fractional Deferred Units) to be credited to a Participant as of any particular Award Date pursuant to this Plan will be calculated by dividing: (i) 50% of the Participant's Elected Amount (calculated by doubling the dollar amount of the Participant's Elected Amount and dividing that product by four); by (ii) the Market Value of a Unit on the Award Date.
- 7.02** An account, to be known as a **"Deferred Unit Account"**, shall be maintained by the Trust for each Participant and will be credited with Deferred Units awarded to the Participant in respect of each Award Date on which such Participant has an unrevoked Election Notice on file with the Trust.
- 7.03** Whenever cash distributions are paid on the Units, additional Deferred Units will be credited to the Participant's Deferred Unit Account. The number of such additional Deferred Units shall be calculated by dividing: (i) the amount determined by multiplying: (a) the number of Deferred Units in such Participant's Deferred Unit Account on the record date for the payment of such distribution by (b) the distribution paid per Unit; by (ii) the Market Value of a Unit on the distribution payment date for such distribution, in each case, with fractions computed to two decimal places.

ARTICLE 8 ADJUSTMENTS

- 8.01** In the event of any Unit dividend, Unit split, combination or exchange of Units, merger, consolidation, spin-off or other distribution (other than normal cash distributions) of the Trust's assets to the Unitholders, or any other change affecting the Units, the account of each Participant and the Deferred Units outstanding under the Plan shall be adjusted in such manner, if any, as the Compensation Committee may in its discretion deem appropriate to reflect the event. However, no amount will be paid to, or in respect of, a Participant under the Plan or pursuant to any other arrangement, and no additional Deferred Units will be granted to such Participant to compensate for a downward fluctuation in the price of the Units, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.

ARTICLE 9 SETTLEMENT OF DEFERRED UNITS

- 9.01** Each Participant may elect to withdraw up to 20% of the Deferred Units credited to his Deferred Unit Account by filing a written notice of redemption (a **"Redemption Notice"**) in the form of Schedule A-2 hereto with the Chief Financial Officer of the Trust. A Redemption Notice may be filed only once in any five-year period.
- 9.02** Subject to the receipt by CDS Clearing and Depository Services Inc. of the Participant's brokerage account information from the Participant or his investment advisor, the Participant shall receive: (i) in settlement of all his Deferred Units, within five (5) Business Days after the occurrence of any event causing him to cease to be a Trustee, a whole number of Units from the Trust equal to the whole number of Deferred Units then recorded in the Participant's Deferred Unit Account, net of any Applicable Withholding Taxes; or (ii) in settlement of the number of Deferred Units specified in his Redemption Notice, within five (5) Business Days after filing such Redemption Notice in accordance with Section 9.01, a whole number of Units from the Trust equal to such number of Deferred Units, net of any Applicable Withholding Taxes.
- 9.03** Upon issuance of Units in settlement of any Deferred Units, such Deferred Units shall be cancelled.

ARTICLE 10 NUMBER OF UNITS

- 10.01** A maximum of 7,000,000 Units, in aggregate, shall be issuable and reserved for issuance by the Trust under all equity incentive plans (including Units authorized for issuance upon the settlement of the Deferred Units granted under this Plan), provided, however, that: (i) at no time shall the number of Units reserved for issuance to insiders of the Trust pursuant to outstanding Deferred Units, together with the number of Units reserved for issuance to such persons pursuant to the other equity incentive plans, exceed 10% of the then outstanding Units, as calculated immediately prior to the issuance in question; (ii) the number of Units issued to insiders of the Trust pursuant to outstanding Deferred Units together with the number of Units issued to such persons pursuant to the other equity incentive plans, within any one year period, shall not exceed 10% of the then outstanding Units; and (iii) no Eligible Person shall at any time be issued Deferred Units under this Plan which would result in the non-executive trustees of the Trust collectively holding an aggregate number of Units issued or issuable pursuant to the equity incentive plans or pursuant to the exercise of options granted pursuant to 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.

ARTICLE 11 AMENDMENTS TO THE PLAN

- 11.01** Subject to Section 11.02 and applicable law (including, without limitation, the rules, regulations and policies of the TSX), the provisions of the Plan may be amended at any time and from time to time by resolution of the Board. Such amendments to the Plan include, without limitation:
- (a) minor changes of a "house-keeping nature";
 - (b) amendments which, in the opinion of the Board, are necessary or desirable to remove conflicts or inconsistencies in the Plan;
 - (c) amendments as the Board in its discretion deems necessary or desirable as a result of changes in the taxation laws from time to time; and
 - (d) a change to or the addition of any vesting provisions of Deferred Units issued pursuant to the Plan.
- 11.02** Approval of the holders of Voting Securities will not be required for amendments to the Plan or amendments to the terms and conditions of Deferred Units issued or rights or interests acquired hereunder, except for the following types of amendments or modifications:
- (a) amendments to Article 10 hereof to increase the number of Units reserved for issuance, including an increase in the fixed maximum number of Units, or a change from a fixed maximum number of Units to a fixed maximum percentage;
 - (b) amendments for the purpose of extending eligibility to participate in the Plan to persons who are not Eligible Persons as defined herein;
 - (c) amendments for the purpose of permitting Deferred Units issued or other rights or interests acquired hereunder to be transferred or assigned other than in accordance with Article 11 hereof;
 - (d) amendments to Article 10 hereof to increase the insider participation limits;
 - (e) amendments to this Article 11; and
 - (f) amendments required to be approved by holders of Voting Securities under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

ARTICLE 12 SUSPENSION AND TERMINATION

- 12.01** The Board may, in its sole discretion and without the consent of any Eligible Person (acting in his or her capacity as a participant in the Plan), suspend or terminate the Plan or any provision hereof at any time by giving written notice thereof to each Eligible Person who is a participant hereunder, provided, however that such suspension or termination may not materially adversely affect the rights already accrued under the Plan by a Participant, without the consent of the Participant.
- 12.02** Following termination of the Plan, Deferred Units previously credited to Participants shall remain outstanding and in effect and be settled subject to and in accordance with the applicable terms and conditions of the Plan in effect immediately prior to the termination.

ARTICLE 13 ASSIGNMENT

- 13.01** In no event may the rights or interests of a Participant under the Plan 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.
- 13.02** Rights and obligations under the Plan may be assigned by the Trust to a successor in the business of the Trust.

ARTICLE 14 COMPLIANCE WITH APPLICABLE LAWS

- 14.01** The administration of the Plan shall be subject to and performed in conformity with all applicable laws, regulations, orders of governmental or regulatory authorities and the requirements of any stock exchange on which the Units are listed. Each Participant shall comply with all such laws, regulations, rules, orders and requirements, and shall furnish the Trust with any and all information and undertakings, as may be required to ensure compliance therewith.

ARTICLE 15 LANGUAGE

- 13.01** Les Participants et la Fiducie ont exigé que le présent Régime ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en anglais. The Participants and the Trust have required that this Plan and all documents and notices resulting herefrom be drawn up in English.

SCHEDULE A - 1
CANADIAN APARTMENT PROPERTIES REAL ESTATE INVESTMENT TRUST
DEFERRED UNIT PLAN (THE "PLAN")

ELECTION NOTICE

All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.

Pursuant to the Plan, I hereby elect to participate in the Plan in respect of the _____ calendar year and to receive the following percentage of my Board Compensation in the form of Deferred Units in lieu of cash:

- ☐ 25%
- ☐ 50%
- ☐ 75%
- ☐ 100%

The Compensation Committee has determined that the maximum Elected Percentage in respect of the _____ calendar year shall be _____% of the Participant's Board Compensation.

I confirm that:

- (a) I have received and reviewed a copy of the terms of the Plan and agreed to be bound by them.
- (b) I recognize that when Deferred Units credited pursuant to this election are settled in accordance with the terms of the Plan, income tax and other withholdings as required will arise at that time. Upon settlement of the Deferred Units, the Trust will make all appropriate withholdings as required by law at that time.
- (c) The value of Deferred Units is based on the value of the Units of the Trust and therefore is not guaranteed.

The foregoing is only a brief outline of certain key provisions of the Plan. For more complete information, reference should be made to the text of the Plan.

Date: _____

(Name of Participant)

(Signature of Participant)

SCHEDULE A - 2

**CANADIAN APARTMENT PROPERTIES REAL ESTATE INVESTMENT TRUST
DEFERRED UNIT PLAN (THE "PLAN")**

REDEMPTION NOTICE

All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.

I hereby advise the Trust that I wish to redeem _____ of the Deferred Units credited to my Deferred Unit Account in accordance with Section 9.01 of the Plan.

Date: _____

(Name of Participant)

(Signature of Participant)

- Notes: (a) If the Redemption Notice is signed by a beneficiary or legal representative, documents providing the authority of such signature should accompany this notice.
- (b) No more than 20% of the Deferred Units credited to a Deferred Unit Account may be redeemed at one time in any 5-year period.