

NOTE: The proposed changes contained in this draft are subject to the approval of Unitholders at the annual and special meeting to be held on May 25, 2016

**CANADIAN APARTMENT PROPERTIES
REAL ESTATE INVESTMENT TRUST**

AMENDED AND RESTATED UNITHOLDERS RIGHTS PLAN AGREEMENT

DATED AS OF MAY ~~21, 2013~~ 25, 2016

BETWEEN

**THE TRUSTEES OF
CANADIAN APARTMENT PROPERTIES
REAL ESTATE INVESTMENT TRUST**

-and-

COMPUTERSHARE INVESTOR SERVICES INC.

as Rights Agent

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AMENDED AND RESTATED UNITHOLDERS RIGHTS PLAN AGREEMENT

MEMORANDUM OF AGREEMENT, dated as of May ~~21, 2013~~, 25, 2016 (amending and restating the Unitholders Rights Plan Agreement dated as of May 21, 2013), between the Trustees of Canadian Apartment Properties Real Estate Investment Trust, a real estate investment trust created under the laws of Ontario (the "Trust") and Computershare Investor Services Inc., a company incorporated under the laws of Canada (the "Rights Agent", which term shall include any successor Rights Agent hereunder);

WHEREAS ~~in order to maximize Unitholder value, this Agreement was originally entered into by~~ the trustees of the Trust (the "Trustees") ~~have determined that it is advisable for the Trustees to adopt a unitholders rights plan respecting the Trust (the "Rights Plan~~ and the Rights Agent as of May 3, 2002 and has been amended, or amended and restated, from time to time since such date (such agreement, as amended, or as amended and stated, the "Original Agreement");

AND WHEREAS ~~in order to implement the Rights Plan, the Trustees have:~~

- ~~(a) — authorized effective as at the Effective Time (as hereinafter defined) on the Effective Date (as hereinafter defined) the issuance of one Right (as hereinafter defined) in respect of each Unit (as hereinafter defined) outstanding at the Record Time (as hereinafter defined), and~~
- ~~(b) — authorized the issuance of one Right in respect of each Unit issued after the Record Time and prior to the earlier of the Separation Time (as hereinafter defined) and the Expiration Time (as hereinafter defined);~~ the Original Agreement was to be reconfirmed by Unitholders (as defined herein) at every third annual meeting of Unitholders;

AND WHEREAS the Trustees and the Rights Agent wish to effect certain amendments to update and restate the Original Agreement in its entirety to be on the terms and conditions and in the form of this agreement (the Original Agreement as so amended and restated being referred to herein as the "Agreement") to take effect immediately upon receipt of approval of the Unitholders at the annual meeting of Unitholders to be held in 2016 or any adjournment or postponement thereof;

AND WHEREAS each Right (as defined herein) entitles the holder thereof, after the Separation Time (as defined herein), to purchase securities of the Trust pursuant to the terms and subject to the conditions set forth herein;

AND WHEREAS the Trustees desire to ~~appoint~~confirm the appointment of the Rights Agent to act on behalf of the Trust and the holders of Rights, and the Rights Agent is willing to continue to so act, in connection with the issuance, transfer, exchange and replacement of Rights Certificates (as ~~hereinafter~~ defined herein), the exercise of Rights and other matters referred to herein;

~~AND WHEREAS the Trustees propose that this Agreement be in place for a period of five years, subject to this Agreement being reconfirmed by Unitholders of the Trust after three years;~~

NOW THEREFORE, in consideration of the premises and the respective covenants and agreements set forth herein, the parties hereby agree as follows:

ARTICLE 1 - INTERPRETATION

Section 1.1 Certain Definitions

For purposes of this Agreement, the following terms have the meanings indicated:

- (a) **“Acquiring Person”** shall mean any Person who is the Beneficial Owner of 20% or more of the outstanding Units (for purposes of this definition, Beneficial Ownership of instalment receipts, if any, shall be deemed to be Beneficial Ownership of the Units represented by such instalment receipts); provided, however, that the term “Acquiring Person” shall not include:
 - (i) the Trust or any Subsidiary of the Trust;
 - (ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Units of the ~~Corporation~~Trust as a result of any one or a combination of: (A) an acquisition or redemption by the Trust of Units of the Trust which, by reducing the number of Units outstanding, increases the proportionate number of Units Beneficially Owned by such Person to 20% or more of the Units of the Trust then outstanding; (B) unit acquisitions made pursuant to a Permitted Bid (“Permitted Bid Acquisitions”); (C) unit acquisitions (1) in respect of which the Board of ~~Directors~~Trustees has waived the application of Section 3.1 pursuant to subsections 5.1(b), 5.1(c), or 5.1(d); or (2) which were made pursuant to a dividend reinvestment plan of the Trust; or (3) pursuant to the receipt or exercise of rights issued by the Trust or an affiliate of the Trust to all the holders of the Units (other than holders resident in a jurisdiction where such

distribution is restricted or impracticable as a result of applicable law) to subscribe for or purchase Units or Convertible Securities, provided that such rights are acquired directly from the Trust or an affiliate of the Trust and not from any other ~~person~~ Person and provided that the Person does not thereby acquire a greater percentage of Units or instalment receipts related to Units, if any, so offered than the Person's percentage of Units or Convertible Securities ~~beneficially owned~~ Beneficially Owned immediately prior to such acquisition; or (4) pursuant to a distribution by the Trust or an affiliate of the Trust of Units or Convertible Securities made pursuant to a prospectus, provided that the Person does not thereby acquire a greater percentage of Units or Convertible Securities so offered than the Person's percentage of Units or instalment receipts related to Units, if any, ~~beneficially owned~~ Beneficially Owned immediately prior to such acquisition; or (5) pursuant to a distribution by the Trust or an affiliate of the Trust of Units or Convertible Securities by way of a private placement or a securities exchange take-over bid circular or upon the exercise by an individual employee of options granted under a unit option plan of the Trust or rights to purchase securities granted under a unit purchase plan of the Trust, provided that (i) all necessary stock exchange approvals for such private placement, unit option plan or unit purchase plan have been obtained and such private placement, unit option plan or unit purchase plan complies with the terms and conditions of such approvals and (ii) such Person does not become the Beneficial Owner of more than 25% of the Units outstanding immediately prior to the distribution, and in making this determination, the Units to be issued to such Person in the distribution shall be deemed to be held by such Person but shall not be included in the aggregate number of outstanding Units immediately prior to the distribution; or (6) pursuant to an amalgamation, merger or other statutory procedure ~~requiring unitholder approval~~ which has been approved by the Board of Trustees and the holders of Units by the requisite majority or majorities of the holders of Units at a meeting duly called and held for such purpose ("Exempt Acquisitions"); (D) the acquisition of Units upon the exercise of Convertible Securities received by such Person pursuant to a Permitted Bid Acquisition, Exempt Acquisition or a Pro Rata Acquisition (as defined below) ("Convertible Security Acquisitions"); or (E) acquisitions as a result of an event pursuant to which such Person receives or acquires Units or Convertible Securities from

the Trust or an affiliate of the Trust on the same pro rata basis as all other holders of Units of the same class, provided that such Person does not thereby acquire a greater percentage of the Units outstanding than the percentage ~~beneficially owned~~Beneficially Owned by that Person immediately prior to such acquisition (“Pro Rata Acquisitions”); provided, however, that if a Person shall become the Beneficial Owner of 20% or more of the Units of the Trust then outstanding by reason of any one or a combination of (i) unit acquisitions or redemptions by the Trust or (ii) Permitted Bid Acquisitions or (iii) Exempt Acquisitions or (iv) Convertible Security Acquisitions or (v) Pro Rata Acquisitions and, after such unit acquisitions or redemptions by the Trust or Permitted Bid Acquisitions or Exempt Acquisitions or Convertible Security Acquisitions or Pro Rata Acquisitions, such Person subsequently becomes the Beneficial Owner of more than an additional 1% of the number of Units of the Trust outstanding other than pursuant to any one or a combination of share acquisitions or redemptions of units by the Trust, Permitted Bid Acquisitions, Exempt Acquisitions, Convertible Security Acquisitions or Pro Rata Acquisitions, then as of the date of any such acquisition such Person shall become an “Acquiring Person”;

- (iii) for a period of 10 days after the Disqualification Date, any Person who becomes the Beneficial Owner of 20% or more of the outstanding Units as a result of such Person becoming disqualified from relying on clause 1.1(e)(B) solely because such Person makes or announces an intention to make a Take-over Bid, either alone, through such Person’s Affiliates or Associates or by acting jointly or in concert with any other Person. For the purposes of this definition, “Disqualification Date” means the first date of public announcement that any Person is making or intends to make a Take-over Bid, either alone, through such Person’s Affiliates or Associates or by acting jointly or in concert with any other Person;
- (iv) an underwriter or member of a banking or selling group that becomes the Beneficial Owner of 20% or more of the Units in connection with a distribution of securities by way of prospectus or private placement; or
- (v) a Person (a “Grandfathered Person”) who is the Beneficial Owner of 20% or more of the outstanding Units of the Trust as at the Record Time, provided, however, that this exception shall

not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the Record Time: (1) cease to ~~own~~Beneficially Own 20% or more of the outstanding Units or (2) become the Beneficial Owner (other than pursuant to any one or a combination of (A) unit acquisitions or redemptions by the Trust or (B) Permitted Bid Acquisitions (C) Exempt Acquisitions or (D) Convertible Security Acquisition or (E) Pro Rata Acquisitions) of additional Units constituting more than 1% of the number of Units outstanding as at the Record Time.

- (b) **“Affiliate”** when used to indicate a relationship with a corporation, means a corporation that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such corporation;
- (c) **“Agreement”** shall mean this amended and restated unitholders rights plan agreement dated as of May ~~21, 2013~~25, 2016 and as further amended or supplemented from time to time; “hereof”, “herein”, “hereto” and similar expressions mean and refer to this Agreement as a whole and not to any particular part of this Agreement;
- (d) **“Associate”** of a specified individual shall mean any individual to whom such specified individual is married or with whom such specified individual is living in a conjugal relationship, outside marriage, or any relative of such specified individual or said spouse who has the same home as such specified individual;
- (e) A Person shall be deemed the **“Beneficial Owner”** of, and to have **“Beneficial Ownership”** of, and to **“Beneficially Own”**,
 - (i) any securities as to which such Person or any of such Person’s Affiliates or Associates is the owner at law or in equity;
 - (ii) any securities as to which such Person or any of such Person’s Affiliates or Associates has, directly or indirectly, the right to ~~acquire~~become the owner at law or in equity (A) upon the exercise of any Convertible Securities, or (B) pursuant to any agreement, arrangement or understanding, in either case where such right is exercisable within a period of 60 days and whether or not on condition or the happening of any contingency (other than (1) customary agreements with and between underwriters and banking group or selling group members with respect to a distribution to the public or pursuant to a private placement of

securities, or (2) pursuant to a pledge of securities in the ordinary course of business); and

- (iii) any securities which are Beneficially Owned within the meaning of clauses 1.1(e)(i) or (ii) above by any other Person with which such Person is acting jointly or in concert;

provided, however, that a Person shall not be deemed the "Beneficial Owner", or to have "Beneficial Ownership" of, or to "Beneficially Own", any security:

- (A) where (1) the holder of such security has agreed to deposit or tender such security pursuant to a Permitted Lock-up Agreement to a Take-over Bid made by such Person or any of such Person's Affiliates or Associates or any other Person referred to in clause 1.1(e)(iii), or (2) such security has been deposited or tendered pursuant to a Take-over Bid made by such Person or any of such Person's Affiliates or Associates or any other Person referred to in clause 1.1(e)(iii), in each case until the earliest time at which any such tendered security is accepted unconditionally for payment or exchange or is taken up and paid for;
- (B) where such Person, any of such Person's Affiliates or Associates or any other Person referred to in clause 1.1(e)(iii), holds such security provided that (1) the ordinary business of any such Person (the "Investment Manager") includes the management of investment funds for others and such security is held by the Investment Manager in the ordinary course of such business in the performance of such Investment Manager's duties for the account of any other Person, including the acquisition or holding of securities for non-discretionary accounts held on behalf of a client by a broker or dealer registered under applicable securities laws, or (2) such Person (the "Trust Company") is licensed to carry on the business of a trust company under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons or in relation to other accounts and holds such security in the ordinary course of such duties for the estates of deceased or incompetent Persons or for such other accounts, or (3) such Person (the "Plan Trustee") is the administrator or

trustee of one or more pension funds or plans (each a "Plan") registered under applicable laws and holds such security for the purposes of its activity as such, or (4) such Person is a Plan or is a Person established by statute (the "Statutory Body") for purposes that include, and the ordinary business or activity of such Person includes the management of investment funds for employee benefit plans, pension plans, insurance plans (other than plans administered by insurance companies) or various public bodies, or (5) such Person is a Crown agent or agency or (6) such Person (the "Manager") is the manager or trustee of a mutual fund ("Mutual Fund") that is registered or qualified to issue its securities to investors under the securities laws of any province of Canada or the laws of the United States of America or is a Mutual Fund; provided in any of the above cases, that the Investment Manager, the Trust Company, the Plan Trustee, the Plan, the Statutory Body, the Crown agent or agency, the Manager or the Mutual Fund, as the case may be, is not then making a Take-over Bid or has not announced a current intention to make a Take-over Bid, other than an Offer to Acquire Units or other securities pursuant to a distribution by the Trust or by means of ordinary market transactions (including pre-arranged trades entered into in the ordinary course of business of such Person) executed through the facilities of a stock exchange, securities quotation system or organized over-the-counter market, alone, through its Affiliates or Associates or by acting jointly or in concert with any other Person; or

- (C) because such Person is a client of or has an account with the same Investment Manager as another Person on whose account the Investment Manager holds such security, or where such Person is a client of or has an account with the same Trust Company as another Person on whose account the Trust Company holds such security, or where such Person is a Plan and has a Plan Trustee who is also a Plan Trustee for another Plan on whose account the Plan Trustee holds such security; or
- (D) where such Person is (i) a client of an Investment Manager and such security is owned at law or in equity by the Investment Manager, or (ii) an account of a Trust

Company and such security is owned at law or in equity by the Trust Company, or (iii) a Plan and such security is owned at law or in equity by the Plan Trustee; or

- (E) where such Person is the registered holder of securities as a result of carrying on the business of or acting as a nominee of a securities depository.

For purposes of this Agreement, the percentage of Units Beneficially Owned by any Person, shall be and be deemed to be the product determined by the formula:

$$100 \times A/B$$

Where:

A = the number of votes for the election of all ~~directors~~trustees generally attaching to the Units Beneficially Owned by such Person; and

B = the number of votes for the election of all ~~directors~~trustees generally attaching to all outstanding Units.

For the purposes of the foregoing formula, where any Person is deemed to Beneficially Own unissued Units which may be acquired pursuant to Convertible Securities, such Units shall be deemed to be outstanding for the purpose of calculating the percentage of Units Beneficially Owned by such Person in both the numerator and the denominator, but no other unissued Units which may be acquired pursuant to any other outstanding Convertible Securities shall, for the purposes of that calculation, be deemed to be outstanding;

(f) "Board of Trustees" shall mean the board of trustees of the Trust duly appointed or elected from time to time in accordance with the Declaration of Trust;

(g) "Book Entry Form" means, in reference to securities, securities that have been issued and registered in uncertificated form and includes securities evidenced by an advice or other statement and securities which are maintained electronically on the records of the Trust's transfer agent but for which no certificate has been issued;

(h) "Book Entry Rights Exercise Procedures" has the meaning ascribed thereto in subsection 2.2(c);

- (i) ~~(f)~~ “**Business Day**” shall mean any day other than a Saturday, Sunday or a day that is treated as a holiday at the Trust’s principal executive office in Toronto;
- (j) ~~(g)~~ “**Canadian Dollar Equivalent**” of any amount which is expressed in U.S. dollars shall mean on any day the Canadian dollar equivalent of such amount determined by reference to the Canadian-U.S. Exchange Rate on such date;
- (k) ~~(h)~~ “**Canadian-U.S. Exchange Rate**” means, on any date, the inverse of the U.S. Canadian Exchange Rate in effect on such date;
- (l) ~~(i)~~ “**close of business**” on any given date shall mean the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the office of the transfer agent for the Units in the City of Toronto (or, after the Separation Time, the office in Toronto of the Rights Agent) closes to the public;
- (m) ~~(j)~~ “**Competing Permitted Bid**” shall mean a Take-over Bid that:
- (i) is made after a Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry of the Permitted Bid or Competing Permitted Bid;
 - (ii) satisfies all components of the definition of a Permitted Bid other than the requirements set out in clause (ii) of that definition; and
 - (iii) contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified provision that no Units will be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the date that is no earlier than the ~~later of (1) the earliest date on which Units may be taken up or paid for under any Permitted Bid or Competing Permitted Bid that is then in existence and (2) 35 days (or such other minimum period of days as may be prescribed by applicable law in Ontario)~~ minimum number of days such Take-over Bid must remain open for deposits of securities thereunder pursuant to MI 62-104 after the date of the Take-over Bid constituting the Competing Permitted Bid;
- (n) ~~(k)~~ “**controlled**” a ~~corporation~~ Person is “controlled” by another Person or two or more Persons if:
- (i) in the case of a body corporate, securities entitled to vote for the election of directors of such body corporate carrying more than

50% of the votes for the election of directors are held, directly or indirectly, by or for the benefit of the other Person or Persons and the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such body corporate; and

- (ii) ~~the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such corporation;~~ in the case of a Person which is not a body corporate, more than 50% of the voting or equity interests of such entity are held, directly or indirectly, by or for the benefit of the other Person or Persons;

and “controls”, “controlling” and “under common control with” shall be interpreted accordingly;

- (o) ~~(t)~~—“**Convertible Securities**” shall mean at any time any right (contractual or otherwise and regardless of whether such right constitutes a security) to acquire Units of the Trust or any securities from time to time (other than the Rights) carrying any exercise, conversion or exchange right pursuant to which the holder thereof may acquire Units or other securities carrying any exercise, conversion or exchange right pursuant to which the holder thereof may ultimately acquire Units (in each case, provided such right is then exercisable or exercisable within a period of 60 days from that time and whether or not on condition or the happening of any contingency or otherwise) including, at the relevant time of determination, any outstanding options for the purchase of Units issued under the Trust’s Unit option programs which are then exercisable or exercisable within a period of 60 days from that time;
- (p) ~~(m)~~—“**Co-Rights Agents**” shall have the meaning ascribed thereto in clause 4.1(a) hereof;
- (q) ~~(n)~~—“**Declaration of Trust**” shall mean the amended and restated declaration of trust of the Trust dated as of ~~May 25, 2006,~~ ●, 2016, as amended and restated from time to time;
- (r) ~~(o)~~—“**Distribution Reinvestment Acquisition**” shall mean an acquisition of Units pursuant to a Distribution Reinvestment Plan;
- (s) ~~(p)~~—“**Distribution Reinvestment Plan**” means a distribution reinvestment or other plan of the Trust made available by the Trust to

holders of its securities where such plan permits the holder to direct that some or all of:

- (i) distributions paid in respect of any Units of the Trust;
- (ii) proceeds of redemption of Units of the Trust;
- (iii) interest paid on evidences of indebtedness of the Trust; or
- (iv) optional cash payments;

be applied to the purchase from the Trust of Units;

~~(q) — “Effective Date” means May 21, 2013;~~

~~(r) — “Effective Time” shall mean 5:01 p.m. on the Effective Date;~~

~~(s)~~ (t) — “Election to Exercise” shall have the meaning ascribed thereto in clause 2.2(d) hereof;

~~(t)~~ (u) — “Exchange Act of 1934” means the *Securities Exchange Act of 1934*, as amended, of the United States of America and the rules and regulations thereunder, unless otherwise specified, as the same exist on the date hereof;

~~(u)~~ (v) — “Exempt Acquisitions” shall mean Unit acquisitions in respect of which the Trustees have waived the application of Section 3.1 hereof pursuant to the provisions of ~~subsection~~ Section subsections 5.1(b), 5.1(c) or 5.1(d) ~~were made on or prior to the Effective Date;~~

~~(v)~~ (w) — “Exercise Price” shall mean, as of any date, the price at which a holder may purchase the securities issuable upon exercise of one whole Right which, until adjustment thereof in accordance with the terms hereof, shall be ~~\$100~~; (i) until the Separation Time, an amount equal to three times the Market Price, from time to time, per Unit; and (ii) from and after the Separation Time, an amount equal to three times the Market Price, as at the Separation Time, per Unit;

~~(w)~~ (x) — “Expansion Factor” shall have the meaning ascribed thereto in clause 2.3(a) hereof;

~~(x)~~ (y) — “Expiration Time” shall mean the earlier of

- (i) the Termination Time, or

- (ii) subject to Section 5.18 hereof, the ~~close termination~~ of ~~business on the fifth anniversary~~ the annual meeting of Unitholders in the ~~date hereof~~ year 2019;
- (z) ~~(y)~~ **“Fiduciary”** shall mean a trust company registered under the trust company legislation of Canada or any province thereof or a portfolio manager registered under the securities legislation of one or more provinces of Canada;
- (aa) ~~(z)~~ **“Flip-In Event”** shall mean a transaction in or pursuant to which any Person becomes an Acquiring Person;
- (bb) ~~(aa)~~ **“holder”** shall have the meaning ascribed thereto in Section 2.8 hereof;
- (cc) ~~(bb)~~ **“Independent Unitholders”** shall mean holders of outstanding Units of the Trust excluding (i) any Acquiring Person; or (ii) any Person (other than a Person referred to in clause 1.1(e)(B)) that is making or has announced a current intention to make a Take-over Bid for Units of the Trust (including a Permitted Bid or a Competing Permitted Bid) but excluding any such Person if the Take-over Bid so announced or made by such Person has been withdrawn, terminated or expired; or (iii) any Affiliate or Associate of such Acquiring Person or a Person referred to in clause (ii); or (iv) any Person acting jointly or in concert with such Acquiring Person or a Person referred to in clause (ii); or (v) a Person who is a trustee of any employee benefit plan, unit purchase plan, deferred profit sharing plan or any similar plan or trust for the benefit of employees of the Trust or a Subsidiary of the Trust, unless the beneficiaries of the plan or trust direct the manner in which the Units are to be voted or direct whether the Units are to be tendered to a Take-over Bid;
- (dd) ~~(cc)~~ **“Market Price”** of any securities on any date of determination shall mean the average daily closing prices per unit of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Article 2 hereof shall have caused the closing prices used to determine the Market Price on any Trading Days not to be fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such closing price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in order to

make it fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The closing price of any securities on any date shall be:

- (i) the closing board lot sale price or, if such price is not available, the average of the closing bid and asked prices, for such security as reported by the principal Canadian stock exchange (as determined by the Trustees) on which such securities are listed or admitted to trading; or
- (ii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange, the last sale price or, if such price is not available, the average of the closing bid and asked prices, for such security as reported by such other securities exchange on which such securities are listed or admitted to trading, or
- (iii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange or other securities exchange, the last sale price, or if no sale takes place on such day, the average of the high bid and low asked prices for each such security in the over-the-counter market, as quoted by any reporting system then in use, or
- (iv) if on any such date none of such prices is available or the securities are not listed or admitted to trading on a Canadian stock exchange or any other securities exchange or not quoted by any such reporting system, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the securities;

provided, however, that if on any such date none of such prices is available, the closing price of such securities on such date means the fair value per unit of such securities on such date as determined in good faith by a nationally or internationally recognized investment dealer or investment banker with respect to the fair value of such securities. The Market Price shall be expressed in Canadian dollars and if initially determined in respect of any day forming part of the 20 consecutive trading day in United States dollars, such amount shall be translated into Canadian dollars at the Canadian Dollar Equivalent thereof.

Notwithstanding the foregoing, where the Trustees are satisfied that the Market Price of securities as determined herein was affected by an anticipated or actual Take-over Bid or by improper manipulation, the Trustees may, acting in good faith, determine the Market Price of securities, such determination to be based on a finding as to the price of which a holder of securities of that class could reasonably have expected to dispose of his securities immediately prior to the relevant date excluding any change in price reasonably attributable to the anticipated or actual Take-over Bid or to the improper manipulation;

(ee) ~~“MI 62-104”~~ means Multilateral Instrument 62-104, Take-Over Bids and Issuer Bids adopted by certain of the Canadian securities regulatory authorities, as it may be amended from time to time and including any successor instrument thereto (including, without limitation, National Instrument 62-104, Take-Over Bids and Issuer Bids proposed to come into force on or about May 9, 2016);

(ff) ~~(dd)~~ **“Nominee”** shall have the meaning ascribed thereto in clause 2.2(c) hereof;

(gg) ~~(ee)~~ **“Offer to Acquire”** shall include:

- (i) an offer to purchase, or a solicitation of an offer to sell, Units or Convertible Securities, and
- (ii) an acceptance of an offer to sell Units or Convertible Securities, whether or not such offer to sell has been solicited,

or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell;

(hh) ~~(ff)~~ **“Offeror”** shall mean a Person who has announced an intention to make or who is making a Take-over Bid;

(ii) ~~(gg)~~ **“Offeror’s Securities”** shall mean Units Beneficially Owned by an Offeror, any Affiliate or Associate of such Offeror and any Person acting jointly or in concert with such Offeror on the date of the Offer to Acquire;

(jj) ~~(hh)~~ **“Permissible Acquisition”** shall mean an acquisition by a Person of Units and/or Convertible Securities pursuant to:

- (i) a Distribution Reinvestment Plan;

- (ii) a Unit Compensation Arrangement, provided that such Person does not thereby acquire a greater percentage of the Units outstanding than the percentage beneficially owned by that Person immediately prior to such acquisition;
- (iii) a Unit distribution, Unit split or other event in respect of securities of the Trust of one or more particular class, classes or series pursuant to which such Person becomes the Beneficial Owner of Units on the same pro rata basis as all other holders of securities of the particular class, classes or series;
- (iv) the acquisition or the exercise by the Person of only those rights to purchase Units or Convertible Securities issued to all or substantially all the holders of Units pursuant to a bona fide rights offering or pursuant to a prospectus, provided that such Person does not thereby acquire a greater percentage of the Units outstanding than the percentage beneficially owned by that Person immediately prior to such acquisition;
- (v) a distribution by the Trust of Units or Convertible Securities made pursuant to a prospectus or by way of a private placement or pursuant to a stand-by commitment in connection with an issuance of rights by the Trust, provided that such Person does not thereby acquire a greater percentage of the Units outstanding than the percentage beneficially owned by that Person immediately prior to such acquisition; or
- (vi) the exercise of any Convertible Securities which were acquired pursuant to any of clauses (i) through (v) above.

(kk) ~~(ii)~~ **“Permitted Bid”** means a Take-over Bid made by a Person by means of a Take-over Bid circular and which also complies with the following additional provisions:

- (i) the Take-over Bid is made to all holders of record of Units (or instalment receipts related to Units, if any) and all Units underlying Convertible Securities as registered on the books of the Trust other than the Offeror;
- (ii) the Take-over Bid shall contain, and the provisions for the take-up and payment for securities tendered or deposited thereunder shall be subject to, an irrevocable and unqualified condition that no securities shall be taken up or paid for pursuant to the Take-over Bid prior to the close of business on a

date which is not less than ~~60~~105 days following the date of the Take-over Bid or such shorter period that a take-over bid (that is not exempt from the requirements of Division 5: Bid Mechanics of MI 62-104) must remain open for deposits of securities thereunder, in the applicable circumstances at such time, pursuant to MI 62-104;

- (iii) the Take-over Bid shall contain irrevocable and unqualified provisions that, ~~unless the Take-over 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 Take-over Bid may be withdrawn, unless restricted by law, at any time prior to the close of business on such date;
- (iv) the Take-over Bid shall contain, and the provisions for take-up and payment for securities tendered or deposited thereunder shall be subject to, an irrevocable and unqualified condition that no securities shall be taken up or paid for pursuant to the Take-over Bid unless, at such date, more than 50% of the outstanding Units held by Independent Unitholders, determined as at the close ~~on~~of business on the date of first take-up or payment for securities under the Take-over Bid, ~~must be~~have been deposited or tendered to the Take-over Bid and not withdrawn ~~at the close of business on the date of first take-up or payment for securities;~~ and
- (v) the Take-over Bid shall contain an irrevocable and unqualified provision that in the event that more than 50% of the then outstanding Units held by Independent Unitholders shall have been deposited to the Take-over Bid and not withdrawn as at the close on business on the date of first take-up or payment for securities under the Take-over Bid, the Offeror will make a public announcement of that fact and the Takeover Bid will remain open for deposits and tenders of securities for not less than 10 ~~Business Days~~days from the date of such public announcement;

provided that if a Take-over Bid constitutes a Competing Permitted Bid, the term "Permitted Bid" shall also mean the Competing Permitted Bid.;

- (ii) ~~(j)~~ **"Permitted Bid Acquisition"** has the meaning set forth in the definition of "Acquiring Person" herein;

(mm) ~~(kk)~~ “**Permitted Lock-up Agreement**” means an agreement (the “Lock-up Agreement”) between a Person and one or more holders of Units (each such holder herein referred to as a “Locked-up Person”) (the terms of which are publicly disclosed and a copy of which is made available to the public (including the Trust) not later than the date of the Lock-up Bid (as defined below), or if the Lock-up Bid has been made prior to the date of the Lock-up Agreement not later than the first Business Day following the date of the Lock-up Agreement) pursuant to which each Locked-up Person agrees to deposit or tender the Units or Convertible Securities held by such holder to a Take-over Bid (the “Lock-up Bid”) made by the Person or any of such Person’s Affiliates or Associates or any other Person referred to in clause 1.1(e)(iii), provided that:

- (i) the Lock-up Agreement permits the Locked-up Person to withdraw its Units~~securities~~ from the Lock-up Agreement in order to deposit or tender the Units~~securities~~ to another Take-over Bid or to support another transaction prior to the Units~~securities~~ being taken up and paid for under the Lock-up Bid at a price or value per ~~Unit~~ that exceeds the price or value ~~per Unit~~ offered under the Lock-up Bid; or
- (ii) the Lock-up Agreement permits the Locked-up Person to withdraw its Units~~securities~~ from the Lock-up Agreement in order to deposit or tender the Units~~securities~~ to another Take-over Bid or to support another transaction prior to the Units~~securities~~ being taken up and paid for under the Lock-up Bid at an offering price or value for each Unit~~security~~ that exceeds by as much as or more than a specified amount (the “Specified Amount”) the offering price for each Unit~~security~~ contained in or proposed to be contained in the Lock-up Bid and that does not by itself provide for a Specified Amount that is greater than 7% of the offering price contained in or proposed to be contained in the Lock-up Bid;

and, for greater clarity, the agreement may contain a right of first refusal or require a period of delay to give the Person who made the Lock-up Bid an opportunity to match a higher price or value in another Take-over Bid or transaction or other similar limitation on a Locked-up Person’s right to withdraw Units~~securities~~ from the agreement, so long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Units~~securities~~ during the period of the other Take-over Bid or transaction; and

- (iii) no “break-up” fees, “top-up” fees, penalties, expenses or other amounts that exceed in aggregate the greater of:
 - (A) 2.5% of the price or value of the consideration payable under the Lock-up Bid to a Locked-up Person; and
 - (B) 50% of the amount by which the price or value of the consideration received by a Locked-up Person under another Take-over Bid or transaction exceeds the price or value of the consideration that the Locked-up Person would have received under the Lock-up Bid;

shall be payable by such Locked-up Person if the Locked-up Person fails to deposit or tender ~~Units~~securities to the Lock-up Bid, or withdraws ~~Units~~securities previously tendered thereto in order to deposit or tender such ~~Units~~securities to another Take-over Bid or support another transaction.;

(nn) ~~(H)~~ “**Person**” shall mean an individual, body corporate, corporation, partnership, syndicate or other form of unincorporated association, trust, government and its agencies or instrumentalities, entity or group whether or not having legal personality and any of the foregoing acting in any derivative, representative or fiduciary capacity;

(oo) ~~(mm)~~ “**Record Date**” shall ~~mean the Effective Date~~meaning ascribed thereto in clause 2.1(a) hereof;

~~(nn)~~ “**Record Time**” shall ~~mean the Effective Time~~;

(pp) ~~(oo)~~ “**Redemption Price**” shall have the meaning ascribed thereto in clause 5.1(a) hereof;

(qq) ~~(pp)~~ “**Right**” shall mean a right to purchase a Unit, upon the terms and subject to the conditions set forth in this Agreement;

(rr) ~~(qq)~~ “**Rights Certificate**” shall have the meaning ascribed thereto and be substantially in the form provided in clause 2.2(c) hereof;

(ss) ~~(rr)~~ “**Rights Register**” shall have the meaning ascribed thereto in clause 2.6(a) hereof;

(tt) ~~(ss)~~ “**Rights Registrar**” shall have the meaning ascribed thereto in clause 2.6(a) hereof;

(uu) ~~(tt)~~ “**Securities Act (Ontario)**” shall mean the Securities Act, R.S.O. 1990, c. S.5, as amended, and the regulations thereunder, and any comparable or successor laws or regulations thereto;

(vv) ~~(uu)~~ “**Separation Time**” shall mean the earlier of:

- (i) the close of business on the tenth Trading Day after the earlier of:
 - (A) the Unit Acquisition Date; and
 - (B)
 - (1) the date of the commencement of, or first public announcement of the intent of, any Person (other than the Trust or any Subsidiary of the Trust) to commence, a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid), provided that, if any Take-over Bid referred to in this clause (B) of this definition expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of this definition, never to have been made; and
 - (2) two days following the date upon which a Permitted Bid ceases to be a Permitted Bid, or, in each case, such later Business Day as may be determined at any time or from time to time by the Board of Trustees;

(ww) ~~(vv)~~ “**Subsidiary**” of a Person means any corporation or other entity controlled by such Person;

(xx) ~~(ww)~~ “**Take-over Bid**” means an Offer to Acquire Units or Convertible Securities, where the Units subject to the Offer to Acquire, together with the Units underlying the Convertible Securities subject to the Offer to Acquire, together with the Offeror’s Securities, constitute in the aggregate 20% or more of the outstanding Units at the date of the Offer to Acquire;

(yy) ~~(xx)~~ “**Termination Time**” shall mean the time at which the right to exercise Rights shall terminate pursuant to Section 5.1 or Section 5.18 hereof;

(zz) ~~(yy)~~ “**Trading Day**”, when used with respect to any securities, shall mean a day on which the principal Canadian securities exchange on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any Canadian securities exchange, a Business Day;

- (aaa) ~~(zz)~~ “**Trustees**” shall mean the trustees of the Trust or any duly constituted and empowered committee thereof as permitted pursuant to the Declaration of Trust;
- (bbb) ~~(aaa)~~ “**Unit Acquisition Date**” shall mean the date of a public announcement (which, for purposes of this definition, shall include, without limitation, the filing of a report pursuant to Section 5.2 of MI 62-104, an early warning report filed pursuant to the *Securities Act* (Ontario), or a report filed pursuant to Section 13(d) of the Exchange Act of 1934 or any other applicable securities laws) by the Trust or an Acquiring Person of facts indicating that a Person has become an Acquiring Person;
- (ccc) ~~(bbb)~~ “**Unit Acquisition Time**” shall mean the close of business on the Unit Acquisition Date;
- (ddd) ~~(eee)~~ “**Unit Compensation Arrangement**” means a unit option, unit option plan, employee unit purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Units to one or more service providers to the Trust;
- (eee) ~~(ddd)~~ “**Unit Reduction**” means an acquisition or redemption by the Trust of Units which, by reducing the number of Units outstanding, increases the proportionate number of Units Beneficially Owned by any person to 20% or more of the Units then outstanding;
- (fff) ~~(eee)~~ “**Unitholder**” means a person whose name appears on the Rights Register; and
- (ggg) ~~(fff)~~ “**Units**” shall mean the units of the Trust, any other units of the Trust into which such units may be subdivided, consolidated, reclassified or changed, from time to time, and any other securities or voting interests of the Trust entitled to vote generally in the election of Trustees.

Section 1.2 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise specified.

Section 1.3 Headings

The division of this Agreement into Articles, Sections, clauses and subclauses and the insertion of headings, subheadings and a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

Section 1.4 Acting Jointly and in Concert

For purposes of this Agreement, and in addition to the meaning set forth in MI 62-104, a Person is acting jointly or in concert with another Person if such Person has any agreement, arrangement or understanding (whether formal or informal and whether or not in writing) with such other Person to acquire, or Offer to Acquire, any Units of the Trust (other than (A) customary agreements with and between underwriters and banking group or selling group members with respect to a distribution of securities by way of prospectus or private placement, or (B) pursuant to a pledge of securities in the ordinary course of business).

ARTICLE 2 - THE RIGHTS

Section 2.1 Issuance and Evidence of Rights

- (a) One Right has been issued effective as of 5:01 p.m. on May 21, 2002 (the "Record Time") in respect of each Unit outstanding at the Record Time and one Right has and shall be issued in respect of each Unit ~~which may be~~ issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time ~~shall be issued in accordance with the terms hereof~~. Notwithstanding the foregoing, one Right in respect of each Unit issued after the Record Time upon the exercise of rights pursuant to Convertible Securities outstanding at the Unit Acquisition Date may be issued after the Separation Time but prior to the Expiration Time.
- (b) ~~Certificates~~In the event that certificates representing Units are issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time, they shall evidence, in addition to the Units, one Right for each Unit represented thereby and shall have impressed on, printed on, written on or otherwise affixed to them, prior to the date hereof the legend set forth in the Original Agreement which legend shall be deemed amended for all purposes to read the same as the legend set forth below, and after the date hereof the following legend:

Until the Separation Time (defined in the Rights Agreement referred to below), this certificate also evidences rights of the holder described in ~~an Amended and Restated~~ an Amended and Restated Unitholders Rights Plan Agreement dated as of May ~~21, 2013~~25, 2016 (the "**Rights Agreement**"), between the Trustees of Canadian Apartment Properties Real Estate Investment Trust (the "**Trust**") and Computershare Investor Services Inc., the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of the Trust. In certain

circumstances set out in the Rights Agreement, the rights may be redeemed, may expire, may become void or may become exercisable and shall thereafter be evidenced by separate certificates and no longer evidenced by this certificate. The Trust will mail or arrange for the mailing of a copy of the Rights Agreement to the holder of this certificate without charge as soon as practicable after the receipt of a written request therefor.

Any Units issued and registered in Book Entry Form after the Record Time but prior to the earlier of the Separation Time and the Expiration Time shall evidence, in addition to the Units, one Right for each Unit represented thereby and the registration record of such Units shall include the foregoing legend, adapted accordingly as the Rights Agent may reasonably require.

Section 2.2 Initial Exercise Price; Exercise of Rights; Detachment of Rights

(a) Subject to adjustment as herein set forth, each Right will entitle the holder thereof, after the Separation Time and prior to the Expiration Time, to purchase one Unit for the Exercise Price.

(b) Until the Separation Time,

- (i) the Rights shall not be exercisable and no Right may be exercised; and
- (ii) each Right will be evidenced by the certificate for the associated Unit registered in the name of the holder thereof or by Book Entry Form registration for the associated Unit and will be transferable only together with, and will be transferred by a transfer of, such associated Unit.

(c) After the Separation Time and prior to the Expiration Time,

- (i) the Rights shall be exercisable, and
- (ii) the registration and transfer of the Rights shall be separate from and independent of Units.

Promptly following the Separation Time, the Trust will determine whether it wishes to issue Rights Certificates or whether it will maintain the Rights in Book Entry Form. In the event that the Trust determines to maintain Rights in Book Entry Form, it will put in place such alternative procedures as are reasonably directed by the Rights Agent for the Rights to be maintained in Book Entry Form (the "Book Entry Rights Exercise Procedures"), it being hereby acknowledged that such procedures shall, to the greatest extent possible, replicate in all substantive respects the procedures set

out in this Agreement with respect to the exercise of the Rights Certificates and that the procedures set out in this Agreement shall be modified only to the extent necessary, as reasonably determined by the Rights Agent, to permit the Trust to maintain the Rights in Book Entry Form. In such event, the Book Entry Rights Exercise Procedures shall be deemed to replace the procedures set out in this Agreement with respect to the exercise of Rights and all provisions of this Agreement referring to the Rights Certificates shall be applicable to Rights registered in Book Entry Form in like manner as the Rights in certificated form.

In the event that the Trust determines to issue Rights Certificates, it will prepare and the Rights Agent will mail to each holder of record of Units as of the Separation Time or who subsequently becomes a holder of record of Units upon the exercise of rights attaching to Convertible Securities outstanding at the Unit Acquisition Date (other than an Acquiring Person and any holder of record of Rights which are Beneficially Owned by such Acquiring Person (a “**Nominee**”)), at such holder’s address as shown by the records of the Trust (the Trust hereby agreeing to furnish copies of such records to the Rights Agent for this purpose),

- (x) a Rights Certificate in substantially the form of Exhibit A hereto appropriately completed, representing the number of Rights held by such holder at the Separation Time and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Trust may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, rule, regulation or judicial or administrative order or with any rule or regulation made pursuant thereto or with any rule or regulation of any self-regulatory organization, stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage; and
- (y) a statement describing the Rights.

For greater certainty, a Nominee shall be sent the materials provided for in (x) and (y) in respect of all Units held of record by it which are not Beneficially Owned by an Acquiring Person.

In order for the Trust to determine whether any Person is holding Units which are Beneficially Owned by another Person, the Trust may require such first mentioned Person to furnish such information and documentation as the Trust deems necessary.

- (d) In the event that the Trust determines to issue Rights Certificates, Rights may be exercised in whole or in part on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent:

- (i) the Rights Certificate evidencing such Rights;
- (ii) an election to exercise such Rights (an “**Election to Exercise**”) substantially in the form attached to the Rights Certificate duly completed and executed by the holder or his executors or administrators or other personal representatives or his or their legal attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Rights Agent; and
- (iii) payment by certified cheque, banker’s draft or money order payable to the order of the Rights Agent, of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be payable in respect of any transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Units in a name other than that of the holder of the Rights being exercised.

(e) ~~Upon~~In the event that the Trust determines to issue Rights Certificates, then upon receipt of a Rights Certificate, which is accompanied by (x) a completed Election to Exercise executed in accordance with clause 2.2(d)(ii) that does not indicate that such Right is null and void as provided by subsection ~~Section~~ 3.1(b) and (y) payment as set forth in clause 2.2(d)(iii), the Rights Agent (unless otherwise instructed by the Trust in the event that the Trust is of the opinion that the Rights cannot be exercised in accordance with this Agreement) will thereupon promptly

- (i) requisition from the transfer agent for the Units of the Trust certificates representing the number of Units to be purchased (the Trust hereby irrevocably authorizing its transfer agent to comply with all such requisitions);
- (ii) when appropriate and as permitted under the Declaration of Trust, requisition from the Trust the amount of cash to be paid in lieu of issuing fractional Units;
- (iii) after receipt of such Unit certificates, deliver the same to or upon the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder;
- (iv) when appropriate, after receipt, deliver such payment referred to in clause 2.2(e)(ii) to or to the order of the registered holder of such Rights Certificate; and

(v) tender to the Trust all payments received on exercise of the Rights.

(f) In case the holder of any Rights shall exercise less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised (subject to the provisions of subsection ~~Section~~ 5.5(a)) will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.

(g) The Trust covenants and agrees that it will:

- (i) take all such action as may be necessary and within its power to ensure that all securities delivered upon the exercise of Rights shall, at the time of delivery of the certificates for such securities (subject to payment of the Exercise Price), be duly and validly authorized and issued as fully paid and non-assessable,
- (ii) take all such action as may be necessary and within its power to ensure compliance with the provisions of Section 3.1 including, without limitation, all such action necessary to comply with the requirements of the *Securities Act* (Ontario), the securities laws or appropriate legislation of each of the Provinces of Canada and any other applicable law, rule or regulation, applicable to the issuance and delivery of the Rights Certificates and the issuance of any securities upon exercise of Rights,
- (iii) use reasonable efforts to cause all securities issued upon the exercise of Rights to be listed upon issuance on the stock exchanges on which the Units were traded immediately prior to the Unit Acquisition Date,
- (iv) pay when due and payable, if applicable, any and all Canadian and, if applicable, United States, federal, provincial, municipal and state transfer taxes and charges (not including any income or capital taxes of the holder or exercising holder or any liability of the Trust to withhold tax) which may be payable in respect of the original issuance or delivery of the Rights Certificates or certificates for Units to be issued upon exercise of any Rights, provided that the Trust shall not be required to pay any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for securities in a name other than that of the holder of the Rights being transferred or exercised,

- (v) cause to be reserved and kept available out of its authorized and issued Units the number of Units that, as provided in this Agreement, will from time to time be sufficient to permit the exercise in full of all outstanding Rights, and
- (vi) after the Separation Time, except as permitted by Section 5.1, not take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

Section 2.3 Adjustments to Exercise Price; Number of Rights

The Exercise Price, the number and kind of securities subject to purchase upon exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 2.3.

- (a) In the event the Trust shall at any time after the date of this Agreement,
 - (i) declare or make a distribution on its Units payable in Units (or other securities exchangeable for or convertible into or giving a right to acquire Units or other securities of the Trust) other than pursuant to any Distribution Reinvestment Plan;
 - (ii) subdivide or change the outstanding Units into a greater number of Units;
 - (iii) combine or change the outstanding Units into a smaller number of Units; or
 - (iv) issue any Units (or other securities exchangeable for or convertible into or giving a right to acquire Units or other securities of the Trust) in respect of, in lieu of or in exchange for existing Units except as otherwise provided in this Section 2.3,

the Exercise Price and the number of Rights outstanding, or, if the payment or effective date therefor shall occur after the Separation Time, the securities purchasable upon exercise of Rights shall be adjusted as of the payment or effective date in respect of such event in the manner set forth below.

If the Exercise Price and number of Rights outstanding are to be adjusted:

- (v) the Exercise Price in effect after such adjustment will be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Units (the "**Expansion Factor**") that a holder of one Unit immediately prior to such distribution,

subdivision, change, combination or issuance would hold thereafter as a result thereof; and

- (vi) each Right held prior to such adjustment will become that number of Rights equal to the Expansion Factor,

and the adjusted number of Rights will be deemed to be distributed among the Units with respect to which the original Rights were associated (if they remain outstanding) and the Units issued in respect of such distribution, subdivision, change, combination or issuance, so that each such Unit will have exactly one Right associated with it in effect following the payment or effective date of the event referred to in clause 2.3(a)(i), (ii), (iii) or (iv), as the case may be.

If the securities purchasable upon exercise of Rights are to be adjusted, the securities purchasable upon exercise of each Right after such adjustment will be the securities that a holder of the securities purchasable upon exercise of one Right immediately prior to such distribution, subdivision, change, combination or issuance would hold thereafter as a result thereof. If after the Record Time and prior to the Expiration Time, the Trust shall issue any securities of the Trust other than Units in a transaction of a type described in clauses 2.3(a)(i) or (iv), such securities shall be treated herein as nearly equivalent to Units as may be practicable and appropriate under the circumstances and the Trust and the Rights Agent agree to amend this Agreement in order to give effect thereto, and the Trust will not consolidate with, amalgamate with or into or enter into an arrangement with, any other Person unless such Person agrees to be bound by the terms of an amendment effecting such treatment.

(b) In the event the Trust shall at any time after the Record Time and prior to the Separation Time fix a record date for the issuance of rights, options or warrants to all or substantially all holders of Units entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Units (or securities convertible into or exchangeable for or carrying a right to purchase Units) at a price per Unit (or, if a security convertible into or exchangeable for or carrying a right to purchase or subscribe for Units having a conversion, exchange or exercise price, including the price required to be paid to purchase such convertible or exchangeable security or right per Unit) less than the Market Price per Unit on such record date, the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of Units outstanding on such record date, plus the number of Units that the aggregate offering price of the total number of Units so to be offered (and/or the aggregate initial conversion, exchange or exercise price of the convertible or exchangeable securities or rights so to be offered, including the price required to be paid to purchase such convertible or exchangeable securities or rights) would purchase at

such Market Price per Unit, and the denominator of which shall be the number of Units outstanding on such record date, plus the number of additional Units to be offered for subscription or purchase (or into which the convertible or exchangeable securities or rights so to be offered are initially convertible, exchangeable or exercisable).

In case such subscription price may be paid by delivery of consideration, part or all of which may be in a form other than cash, the value of such consideration shall be as determined in good faith by the Trustees, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of the Rights. Such adjustment shall be made successively whenever such a record date is fixed, and in the event that such rights or warrants are not so issued or if issued, are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to be the Exercise Price which would then be in effect if such record date had not been fixed, or to the Exercise Price which would be in effect based on the number of Units (or securities convertible into or exchangeable or exercisable for Units) actually issued upon the exercise of such rights, options or warrants, as the case may be.

For purposes of this Agreement, the granting of the right to purchase Units (whether from treasury or otherwise) pursuant to any Distribution Reinvestment Plan or Unit Compensation Arrangement (so long as such right to purchase is in no case evidenced by the delivery of rights or warrants) shall be deemed not to constitute an issue of rights, options or warrants by the Trust; provided, however, that, in all such cases, the right to purchase Units is at a price per Unit of not less than 90% of the current Market Price per Unit (determined as provided in such plans) of the Units.

(c) In the event the Trust shall at any time after the Record Time and prior to the Separation Time fix a record date for a distribution to all holders of Units of evidences of indebtedness, assets (other than cash and other than a regular periodic cash distribution or a distribution paid in Units on the liquidation of the Trust), rights, options or warrants (excluding those referred to in subsection ~~Section~~ 2.3(b) hereof), the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the Market Price per Unit on such record date, less the fair market value (as determined in good faith by the Trustees, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of Rights), on a per Unit basis, of the portion of the assets or evidences of indebtedness so to be distributed and the denominator of which shall be such Market Price per Unit. Such adjustments shall be made successively whenever such a record date is fixed, and in the event that such distribution is not so made, the Exercise Price shall be adjusted to be the Exercise Price which would have been in effect if such record date had not been fixed.

(d) Notwithstanding anything herein to the contrary, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least one percent in the Exercise Price; provided, however, that any adjustments which by reason of this subsection ~~Section~~ 2.3(d) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 2.3 shall be made to the nearest cent or to the nearest ten-thousandth of a Unit. Notwithstanding the first sentence of this subsection ~~Section~~ 2.3(d), any adjustment required by this Section 2.3 shall be made no later than the earlier of (i) three years from the date of the transaction which mandates such adjustment or (ii) the Expiration Date.

(e) In the event the Trust shall at any time after the Record Time and prior to the Separation Time issue any securities of the Trust (other than the Units), or rights, options or warrants to subscribe for or purchase any such securities of the Trust, or securities convertible into or exchangeable for any such securities of the Trust, in a transaction referred to in clause 2.3(a)(i) or (iv) above, if the Trustees acting in good faith determines that the adjustments contemplated by subsections ~~Section~~ 2.3(a), (b) and (c) above in connection with such transaction will not appropriately protect the interests of the holders of Rights, the Trustees may determine what other adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of Rights would be appropriate and, notwithstanding subsections ~~Section~~ 2.3(a), (b) and (c) above, such adjustment, rather than the adjustments contemplated by subsections ~~Section~~ Subsections 2.3(a), (b) and (c) above, shall be made. Subject to subsections ~~Section~~ 5.4(b) and (c) and subject to the approval of the stock exchange on which the Units are listed for trading at the relevant time, the Trust shall amend this Agreement as appropriate to provide for such adjustments.

(f) Each Right originally issued by the Trust subsequent to any adjustment made to the Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the number of Units purchasable from time to time hereunder upon exercise of a Right immediately prior to such issue, all subject to further adjustment as provided herein.

(g) Irrespective of any adjustment or change in the Exercise Price or the number of Units issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the Exercise Price per Unit and the number of Units which were expressed in the initial Rights Certificates issued hereunder.

(h) In any case in which this Section 2.3 shall require that any adjustment in the Exercise Price be made effective as of a record date for a specified event, the Trust may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date the number of Units and other securities of the Trust, if any, issuable upon such exercise over and above the number of Units and

other securities of the Trust, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that the Trust shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional Units (fractional or otherwise) or securities upon the occurrence of the event requiring such adjustment.

(i) Notwithstanding anything in this Section 2.3 to the contrary, the Trust shall be entitled to make such reductions in the Exercise Price, in addition to those adjustments expressly required by this Section 2.3, as and to the extent that in their good faith judgment the Trustees shall determine to be advisable in order that any

- (i) consolidation or subdivision of the Units,
- (ii) issuance (wholly or in part for cash) of Units or securities that by their terms are convertible into or exchangeable for Units,
- (iii) Unit distributions, or
- (iv) issuance of rights, options or warrants referred to in this Section 2.3,

hereafter made by the Trust to holders of its Units, shall not be taxable to such Unitholders.

Section 2.4 Date on Which Exercise is Effective

Each Person in whose name any certificate or confirmation in Book Entry Form for Units or other securities, if applicable, is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Units or other securities, if applicable, represented thereby on, and such certificate or entry shall be dated, the date upon which the Rights Certificate evidencing such Rights was duly surrendered in accordance with subsection ~~Section~~ 2.2(d) (together with a duly completed Election to Exercise) and payment of the Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the Unit transfer books of the Trust are closed, such Person shall be deemed to have become the holder of record of such Units on, and such certificate or entry shall be dated, the next succeeding Business Day on which the Unit transfer books of the Trust are open.

Section 2.5 Execution, Authentication, Delivery and Dating of Rights Certificates

Rights will be evidenced, in the case of Rights in Book Entry Form, by a statement issued under the Rights Agent's direct registration system or, alternatively, if the Trust determines to issue Rights Certificates, by the following procedures:

(a) The Rights Certificates shall be executed on behalf of the Trust by any two Trustees. The signature of any of these Trustees on the Rights Certificates may be manual or by a facsimile or email scanned copy. Rights Certificates bearing the manual or a facsimile or email scanned signatures of individuals who were at any time Trustees of the Trust shall bind the Trust, notwithstanding that such individuals or any of them have ceased to be Trustees either before or after the countersignature and delivery of such Rights Certificates.

(b) Promptly after the Trust learns of the Separation Time, the Trust will notify the Rights Agent in writing of such Separation Time and will deliver Rights Certificates executed by the Trust to the Rights Agent for countersignature, and the Rights Agent shall countersign (manually or by a facsimile or email scanned signature in a manner satisfactory to the Trust) and send such Rights Certificates to the holders of the Rights pursuant to subsection ~~Section~~ 2.2(c). No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.

(c) Each Rights Certificate shall be dated the date of countersignature thereof.

Section 2.6 Registration, Transfer and Exchange

(a) ~~The~~After the Separation Time, the Trust will cause to be kept a register (the “**Rights Register**”) in which, subject to such reasonable regulations as it may prescribe, the Trust will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed registrar for the Rights (the “**Rights Registrar**”) for the purpose of maintaining the Rights Register for the Trust and registering Rights and transfers of Rights as herein provided and the Rights Agent hereby accepts such appointment. In the event that the Rights Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times.

After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of subsection ~~Section~~ 2.6(c), the Trust will execute, and the Rights Agent will countersign, register and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder’s instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered. Alternatively, in the case of the exercise of Rights in Book Entry Form, the Rights Agent shall provide the holder or the designated transferee or transferees with one or more statements issued under the Rights Agent’s direct registration system evidencing the same aggregate number of Rights as did the direct registration system’s records for the Rights transferred or exchanged.

(b) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be the valid obligations of the Trust, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.

(c) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Trust or the Rights Agent, as the case may be, duly executed by the holder thereof or such holder's attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this Section 2.6, the Trust may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the reasonable fees and expenses of the Rights Agent) connected therewith.

Section 2.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates

(a) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Trust shall execute and the Rights Agent shall countersign and deliver in exchange therefor a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so surrendered.

(b) If there shall be delivered to the Trust and the Rights Agent prior to the Expiration Time,

- (i) evidence to their reasonable satisfaction of the destruction, loss or theft of any Rights Certificate; and
- (ii) such security and/or indemnity as may be reasonably required by them in their sole discretion to save each of them and any of their agents harmless, then, in the absence of notice to the Trust or the Rights Agent that such Rights Certificate has been acquired by a bona fide purchaser, the Trust shall execute and, upon the Trust's request, the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so destroyed, lost or stolen.

(c) As a condition to the issuance of any new Rights Certificate under this Section 2.7, the Trust may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the reasonable fees and expenses of the Rights Agent) connected therewith.

(d) Every new Rights Certificate issued pursuant to this Section 2.7 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence the contractual obligation of the Trust, whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued hereunder.

Section 2.8 Persons Deemed Owners

Prior to due presentation of a Rights Certificate (or, prior to the Separation Time, the associated Unit certificate) for registration of transfer, the Trust, the Rights Agent and any agent of the Trust or the Rights Agent may deem and treat the Person in whose name a Rights Certificate (or, prior to the Separation Time, the associated Unit certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term "holder" of any Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, the associated Unit).

Section 2.9 Delivery and Cancellation of Certificates

All Rights Certificates surrendered upon exercise or for redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Trust may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Trust may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided in this Section 2.9, except as expressly permitted by this Agreement. The Rights Agent shall, subject to applicable laws, destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Trust: [upon request.](#)

Section 2.10 Agreement of Rights Holders

Every holder of Rights, by accepting the same, consents and agrees with the Trust and the Rights Agent and with every other holder of Rights:

(a) to be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of all Rights held;

(b) that prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Unit certificate representing such Right;

(c) that after the Separation Time, the Rights Certificates will be transferable only on the Rights Register as provided herein;

(d) that prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Unit certificate) for registration of transfer, the Trust, the Rights Agent and any agent of the Trust or the Rights Agent may deem and treat the Person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Unit certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Unit certificate made by anyone other than the Trust or the Rights Agent) for all purposes whatsoever, and neither the Trust nor the Rights Agent shall be affected by any notice, to the contrary;

(e) that such holder of Rights has waived his right to receive any fractional Units or other securities upon exercise of a Right (except as provided herein and as may be permitted by the Declaration of Trust);

(f) that, subject to the provisions of Section 5.4, without the approval of any holder of Rights or Units and upon the sole authority of the Trustees, acting in good faith, this Agreement may be supplemented or amended from time to time as provided herein;

(g) that notwithstanding anything in this Agreement to the contrary, neither the Trust nor the Rights Agent shall have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation.

Section 2.11 Rights Certificate Holder not Deemed a Unitholder

No holder, as such, of any Rights or Rights Certificate shall be entitled to vote, receive distributions or be deemed for any purpose whatsoever the holder of any Unit or any other security of the Trust which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Rights Certificate be construed or deemed or confer upon the holder of any Rights or Rights Certificate, as such, any of the rights, titles, benefits or privileges of a holder of Units or any other securities of the Trust or any right to vote at any meeting of Unitholders of the Trust whether for the election of Trustees or otherwise or upon any matter submitted to holders of Units of the Trust at any meeting thereof, or to give or withhold consent to any action of the Trust, or to receive notice of any meeting or other action affecting any holder of Units or any other securities of the Trust except as expressly provided herein, or to receive distributions, distribution or

subscription rights, or otherwise, until the Right or Rights evidenced by Rights Certificates shall have been duly exercised in accordance with the terms and provisions hereof.

ARTICLE 3 - ADJUSTMENTS TO THE RIGHTS

Section 3.1 Flip-In Event

(a) Subject to subsection ~~Section~~ 3.1(b) and subsections 5.1(b), 5.1(c), 5.1(d) and 5.1(e) in the event that prior to the Expiration Time a Flip-In Event shall occur, each Right shall constitute, effective on the close of business on the tenth Trading Day after the Unit Acquisition Date (or such longer period as may be required to satisfy the requirements of the *Securities Act* (Ontario) and any comparable legislation of any other applicable jurisdiction), the right to purchase from the Trust, upon payment of the Exercise Price and otherwise exercising such Right in accordance with the terms hereof, that number of Units having an aggregate Market Price on the date of such Flip-In Event equal to twice the relevant Exercise Price for an amount in cash equal to the relevant Exercise Price (such Right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in the event that after the occurrence of such Flip-In Event, an event of a type analogous to any of the events described in Section 2.3 shall have occurred).

(b) Notwithstanding the foregoing or any other provisions of this Agreement, upon the occurrence of any Flip-In Event, any Rights that are Beneficially Owned on or after the earlier of the Separation Time and the Unit Acquisition Date by:

- (i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of any such Person acting jointly or in concert with an Acquiring Person); or
- (ii) a transferee of Rights, directly or indirectly, from an Acquiring Person (or of any Affiliate or Associate of an Acquiring Person or of any Person acting jointly or in concert with an Acquiring Person or ~~of any Associate or~~ of any Affiliate or Associate of any such Person acting jointly or in concert with an Acquiring Person) in a transfer made after the date hereof, whether or not for consideration, that the Trustees acting in good faith have determined is part of a plan, arrangement or scheme of an Acquiring Person (or an Affiliate or Associate of an Acquiring Person or of any Person acting jointly or in concert with an Acquiring Person or of an Associate or Affiliate of any such Person acting jointly or in concert with an Acquiring Person)

that has the purpose or effect of avoiding clause (i) of this subsection ~~Section~~ 3.1(b),

shall become void, and any holder of such Rights (including transferees) shall thereafter have no right to exercise such Rights under any provision of this Agreement and further shall thereafter not have any other rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise.

(c) Any Rights Certificate that represents Rights Beneficially Owned by a Person described in clause 3.1(b)(i) or (ii) or transferred to any nominee of any such Person, and any Rights Certificate issued upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, shall contain the following legend:

The Rights represented by this Rights Certificate were Beneficially Owned by a Person who was an Acquiring Person or an Affiliate or an Associate of an Acquiring Person (as such terms are defined in the Amended and Restated Unitholders Rights Plan Agreement) or who was acting jointly or in concert with an Acquiring Person or an Affiliate or Associate of any such Person acting jointly or in concert with an Acquiring Person. This Rights Certificate and the Rights represented hereby are void or shall become void in the circumstances specified in subsection ~~Section~~—3.1(b) of the Amended and Restated Unitholders Rights Plan Agreement.

provided that the Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall impose such legend only if instructed to do so by the Trust in writing or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such holder is not a Person described in such legend. The issuance of a Rights Certificate without the legend referred to in this Section 3.1(c) shall have no effect on the provisions of Section 3.1(b).

ARTICLE 4 - THE RIGHTS AGENT

Section 4.1 General

(a) The Trust hereby appoints the Rights Agent to act as agent for the Trust in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Trust may from time to time appoint such co-Rights Agents (“**Co-Rights Agents**”) as it may deem necessary or desirable, subject to the

approval of the Rights Agent. In the event the Trust appoints one or more Co-Rights Agents, the respective duties of the Rights Agent and Co-Rights Agents shall be as the Trust may determine with the approval of the Rights Agent and the Co-Rights Agent. The Trust agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder (including the fees and disbursements of any expert or advisor retained by the Rights Agent with the approval of the Trust). The Trust also agrees to indemnify the Rights Agent for and to hold it harmless against any loss, liability or expense incurred without gross negligence, bad faith or wilful misconduct on the part of the Rights Agent for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement including the costs and expenses of defending against any claim of liability, which right to indemnification will survive the termination of this Agreement or the resignation or removal of the Rights Agent.

(b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any certificate for Units or any Rights Certificate or certificate for other securities of the Trust, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

Section 4.2 Merger or Amalgamation or Change of Name of Rights Agent

(a) Any corporation into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or any corporation resulting from any merger, amalgamation, statutory arrangement or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any corporation succeeding to the shareholder or stockholder services business of the Rights Agent or any successor Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 4.4 hereof. In case at the time such successor Rights Agent succeeds to the agency created by this Agreement any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent;

and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.

(b) In case at any time the name of the Rights Agent is changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Right Certificates shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name and in all such cases such Right Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

Section 4.3 Duties of Rights Agent

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, all of which the Trust and the holders of Rights Certificates, by their acceptance thereof, shall be bound:

- (a) the Rights Agent may consult with legal counsel (who may be legal counsel for the Trust) and the opinion of such counsel will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion and the Rights Agent may also consult with such other experts as the Rights Agent shall consider necessary or appropriate to properly carry out the duties and obligations imposed under this Agreement and the Rights Agent shall be entitled to act and rely in good faith on the advice of any such expert;
- (b) whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Trust prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by a Person believed by the Rights Agent to be a Trustee and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate;
- (c) the Rights Agent delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Unit certificate or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Trust of any covenant or condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in

the exercisability of the Rights (including the Rights becoming void pursuant to subsection ~~Section~~ 3.1(b)) or any adjustment required under the provisions of Section 2.3 or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.3 describing any such adjustment); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Units to be issued pursuant to this Agreement or any Rights or as to whether any Units will, when issued, be duly and validly authorized and issued as fully paid and non-assessable;

- (d) the Trust agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement;
- (e) the Rights Agent is hereby authorized and directed to accept instructions in writing with respect to the performance of its duties hereunder from any Person believed by the Rights Agent to be a Trustee, and to apply to such Persons for advice or instructions in connection with its duties, and it shall not be liable for any action taken, omitted or suffered by it in good faith in accordance with instructions of any such Person; it is understood that instruction to the Rights Agent will, except where circumstances make it impracticable or the Rights Agent otherwise agrees, be given in writing and, where not in writing, such instructions will be confirmed in writing as soon as reasonably possible after such instructions have been given;
- (f) the Rights Agent and any shareholder or stockholder, ~~director~~trustee, officer or employee of the Rights Agent may buy, sell or deal in Units, Rights or other securities of the Trust or become pecuniarily interested in any transaction in which the Trust may be interested, or contract with or lend money to the Trust or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Trust or for any other legal entity; and
- (g) the Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, default, neglect or misconduct of

any such attorneys or agents or for any loss to the Trust resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

Section 4.4 Change of Rights Agent

The Rights Agent may resign and be discharged from its duties under this Agreement upon 60 days notice (or such lesser notice as is acceptable to the Trust) in writing mailed to the Trust and to each transfer agent of Units by registered or certified mail, and to the holders of the Rights in accordance with Section 5.9, all of which shall be at the Trust's expense. The Trust may remove the Rights Agent upon 60 days notice in writing, mailed to the Rights Agent and to each transfer agent of the Units by registered or certified mail, and to the holders of the Rights in accordance with Section 5.9, all of which shall be at the Trust's expense. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Trust will appoint a successor to the Rights Agent. If the Trust fails to make such appointment within a period of 60 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of any Rights (which holder shall, with such notice, submit such holder's Rights Certificate for inspection by the Trust), may apply to any court of competent jurisdiction for the appointment of a new Rights Agent at the Trust's expense. Any successor Rights Agent, whether appointed by the Trust or by such a court, shall be a corporation incorporated under the laws of Canada or a province thereof authorized to carry on the business of a trust company. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall, upon payment in full of any outstanding amounts owing by the Trust to the Rights Agent under this Agreement, deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Trust will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Units, and mail a notice thereof in writing to the holders of the Rights. Failure to give any notice provided for in this Section 4.4, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

Section 4.5 Compliance with Anti-Money Laundering Legislation

The Rights Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Rights Agent reasonably determines that such an act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Rights Agent reasonably determine at any time that its acting under this Agreement has resulted in it being in

non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days' prior written notice to the Trust, provided: (i) that the Rights Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Rights Agent's satisfaction within such 10 day period, then such resignation shall not be effective.

Section 4.6 Fiduciary Duties of the Trustees

Nothing contained herein shall be construed to suggest or imply that the Board of Trustees shall not be entitled to recommend that holders of Units and all Units underlying Convertible Securities reject or accept any Take-over Bid or take any other action including the commencement, prosecution, defence or settlement of any litigation and the solicitation of additional or alternative Take-over Bids or other proposals to Unitholders that the Trustees believe are necessary or appropriate in the exercise of their fiduciary duties.

Section 4.7 Privacy Legislation

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individual's personal information (collectively, "Privacy Laws") applies to obligations and activities under this Agreement. Despite any other provision of this Agreement, neither party will take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Trust will, prior to transferring or causing to be transferred personal information to the Rights Agent, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or will have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Rights Agent will use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws.

Section 4.8 Liability

Notwithstanding any other provision of this Agreement, and whether such losses or damages are foreseeable or unforeseeable, the Rights Agent shall not be liable under any circumstances whatsoever for any (i) breach by any other party of securities law or other rule of any securities regulatory authority, (ii) lost profits or (iii) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.

ARTICLE 5 -- MISCELLANEOUS

Section 5.1 Redemption and Waiver

- (a) The Trustees acting in good faith may, with the prior consent of holders of Units (or instalment receipts related to Units, if any) given in

accordance with subsection 5.1(f) or 5.1(g), as the case may be, at any time prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 has not been waived pursuant to the provisions of this Section 5.1, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of ~~\$0.001~~10.00001 per Right appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in the event that an event of the type analogous to any of the events described in Section 2.3 shall have occurred (such redemption price being herein referred to as the "Redemption Price").

- (b) The Trustees acting in good faith may, with the prior consent of the holders of Units (or instalment receipts related to Units, if any), given in accordance with subsection 5.1(f), determine, at any time prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 has not been waived pursuant to this Section 5.1, if such Flip-in Event would occur by reason of an acquisition of Units (or instalment receipts related to Units, if any) otherwise than pursuant to a Take-over Bid made by means of a ~~Take~~take-over ~~Bid~~bid circular to all holders of record of Units (or instalment receipts related to Units, if any) and otherwise than in the circumstances set forth in subsection 5.1(d), to waive the application of Section 3.1 to such Flip-in Event. In the event that the Trustees proposes such a waiver, the Trustees shall extend the Separation Time to a date subsequent to and not more than ten Business Days following the meeting of unitholders called to approve such waiver.
- (c) The Trustees acting in good faith may, prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 has not been waived under this clause, determine, upon prior written notice to the Rights Agent, to waive the application of Section 3.1 to that Flip-in Event provided that the Flip-in Event would occur by reason of a Take-over Bid made by means of a Take-over Bid circular sent to all holders of record of Units; further provided that if the Trustees waive the application of Section 3.1 to such a Flip-in Event, the Trustees shall be deemed to have waived the application of Section 3.1 to any other Flip-in Event occurring by reason of any Take-over Bid made by means of a Take-over Bid circular to all holders of record of Units which is made prior to the expiry of any Take-over Bid in respect of which a waiver is, or is deemed to have been, granted under this subsection 5.1(c).

- (d) The Trustees acting in good faith may, in respect of any Flip-in Event waive the application of Section 3.1 to that Flip-in Event, provided that both of the following conditions are satisfied:
 - (i) the Trustees ~~has~~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 pursuant to this subsection 5.1(d) it is no longer an Acquiring Person.
- (e) The Trustees shall, without further formality, be deemed to have elected to redeem the Rights at the Redemption Price on the date that a Person who has made a Permitted Bid or a Takeover Bid in respect of which the Trustees have waived, or is deemed to have waived, pursuant to subsection 5.1(c), the application of Section 3.1, takes up and pays for the Units pursuant to the terms and conditions of the Permitted Bid or Take-over Bid, as the case may be.
- (f) If a redemption of Rights pursuant to subsection 5.1(a) or a waiver of a Flip-in Event pursuant to subsection 5.1(b) is proposed at any time prior to the Separation Time, such redemption or waiver shall be submitted for approval to the holders of Units. Such approval shall be deemed to have been given if the redemption or waiver is approved by the affirmative vote of a majority of the votes cast by Independent Unitholders represented in person or by proxy at a meeting of such holders duly held in accordance with applicable laws and the Trust's by-laws.
- (g) If a redemption of Rights pursuant to subsection 5.1(a) is proposed at any time after the Separation Time, such redemption shall be submitted for approval to the holders of Rights. Such approval shall be deemed to have been given if the redemption is approved by holders of Rights by a majority of the votes cast by the holders of Rights represented in person or by proxy at and entitled to vote at a meeting of such holders. For the purposes hereof, each outstanding Right (other than Rights which are Beneficially Owned by any Person referred to in clauses (i) to (v) inclusive of the definition of Independent Unitholders) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are

provided in the Trust's by-laws with respect to meetings of unitholders of the Trust.

- (h) Where a Take-over Bid that is not a Permitted Bid is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Trustees may elect to redeem all the outstanding Rights at the Redemption Price. Notwithstanding such redemption, all of the provisions of this Agreement shall continue to apply as if the Separation Time had not occurred and it shall be deemed not to have occurred and Rights shall remain attached to the outstanding Units (or instalment receipts related to Units, if any), subject to and in accordance with the provisions of this Agreement.
- (i) If the Trustees elect or are deemed to have elected to redeem the Rights, and, in circumstances where subsection 5.1(a) is applicable, such redemption is approved by the holders of Units (or instalment receipts related to Units, if any) or the holders of Rights in accordance with subsection 5.1(f) or (g), as the case may be, the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights will be to receive the Redemption Price.
- (j) Within 10 Business Days of the Trustees electing or having been deemed to have elected to redeem the Rights or, if subsection 5.1(a) is applicable within 10 Business Days after the holders of Units or the holders of Rights have approved a redemption of Rights in accordance with subsection 5.1(f) or 5.1(g), as the case may be, the Trust shall give notice of redemption to the holders of the then outstanding Rights by mailing such notice to each such holder at its last address as it appears upon the register of the Rights Agent or, prior to the Separation Time, on the register of the transfer agent for the Units (or instalment receipts related to Units, if any). Any notice which is mailed in the manner herein provided will be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. The Trust may not redeem, acquire or purchase for value any Rights at any time in any manner other than that specifically set forth in this Section 5.1 or in connection with the purchase of Units (or instalment receipts related to Units, if any) prior to the Separation Time.
- (k) The Trust shall give prompt written notice to the Rights Agent of any waiver of the application of Section 3.1 made by the Trustees under this Section 5.1.

Section 5.2 Expiration

No Person shall have any rights whatsoever pursuant to this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in subsection ~~Section~~ 4.1(a).

Section 5.3 Issuance of New Rights Certificates

Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Trust may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by the Trustees to reflect any adjustment or change in the number or kind or class of securities purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

Section 5.4 Supplements and Amendments

(a) The Trust may make amendments to this Agreement to correct any clerical or typographical error or, subject to ~~Section~~ subsection 5.4(f), which are required to maintain the validity of this Agreement as a result of any change in any applicable legislation, rules or regulations thereunder. Notwithstanding anything in this Section 5.4 to the contrary, no such supplement or amendment shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent to such supplement or amendment.

(b) Subject to ~~Section~~ subsection 5.4(a), the Trust may, with the prior consent of the holders of Units obtained as set forth below, at any time prior to the Separation Time, amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if such action requiring such approval is authorized by the affirmative vote of a majority of the votes cast by Independent Unitholders present or represented at and entitled to be voted at a meeting of the holders of Units duly called and held in compliance with applicable laws and the Declaration of Trust.

(c) Subject to ~~Section~~ subsection 5.4(a), the Trust may, with the prior consent of the holders of Rights, at any time on or after the Separation Time, amend, vary or delete any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally), provided that no such amendment, variation or deletion shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent thereto.

(d) Any approval of the holders of Rights shall be deemed to have been given if the action requiring such approval is authorized by the affirmative votes of the holders of Rights present or represented at and entitled to be voted at a meeting of the holders of Rights and representing a majority of the votes cast in respect

thereof. For the purposes hereof, each outstanding Right (other than Rights which are void pursuant to the provisions hereof) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the Declaration of Trust with respect to meetings of unitholders of the Trust.

(e) The Trust shall be required to provide the Rights Agent with notice in writing of any such amendment, rescission or variation to this Agreement as referred to in this Section 5.4 within 5 days of effecting such amendment, rescission or variation.

(f) Any amendments made by the Trust to this Agreement pursuant to ~~Section~~subsection 5.4(a) which are required to maintain the validity of this Agreement as a result of any change in any applicable legislation, rules or regulations thereunder shall:

- (i) if made before the Separation Time, be submitted to the holders of Units at the next meeting of the unitholders of the Trust and the holders of Units may, by the majority referred to in ~~Section~~subsection 5.4(b), confirm or reject such amendment;
- (ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately following the next meeting of unitholders of the Trust and the holders of Rights may, by resolution passed by the majority referred to in ~~Section~~subsection 5.4(d), confirm or reject such amendment.

Any such amendment shall be effective from the date of the resolution of the ~~board~~Board of Trustees adopting such amendment, until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected the holders of Units or the holders of Rights or is not submitted to the holders of Units or holders or Rights as required, then such amendment shall cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights that should have been but was not held, and no subsequent resolution of the ~~board~~Board of Trustees to amend this Agreement to substantially the same effect shall be effective until confirmed by the holders of Units or holders of Rights as the case may be.

Section 5.5 Fractional Rights and Fractional Units

(a) The Trust shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights and no amount shall

be paid to the registered holders of the Rights Certificates with regard to which such fractional Rights would otherwise be issuable.

(b) The Trust shall not be required to issue fractions of Units upon exercise of the Rights or to distribute certificates which evidence fractional Units. In lieu of issuing fractional Units, the Trust shall, subject to the provisions of the Declaration of Trust, pay to the registered holders of Rights Certificates, at the time such Rights are exercised as herein provided, an amount in cash equal to the fraction of the Market Price of one Unit that the fraction of a Unit that would otherwise be issuable upon the exercise of such Right is of one whole Unit at the date of such exercise.

Section 5.6 Rights of Action

Subject to the terms of this Agreement, all rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective registered holders of the Rights. Any registered holder of any Rights, without the consent of the Rights Agent or of the registered holder of any other Rights, may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights, enforce, and may institute and maintain any suit, action or proceeding against the Trust to enforce such holder's right to exercise such holder's Rights or Rights to which such holder is entitled, in the manner provided in such holder's Rights and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of any Person subject to, this Agreement.

Section 5.7 Regulatory Approvals

Any obligation of the Trust or action or event contemplated by this Agreement shall be subject to the receipt of any requisite approval or consent from any governmental or regulatory authority having jurisdiction over the Trust, including without limitation any requisite approval of stock exchanges on which the Units are listed.

Section 5.8 Notice of Proposed Actions

In case the Trust shall propose after the Separation Time and prior to the Expiration Time:

- (a) to waive the application of Section 3.1 to a particular Flip-In Event; or
- (b) to effect the liquidation, dissolution or winding up of the Trust or the sale of all or substantially all of the Trust's assets,

then, in each such case, the Trust shall give to each holder of a Right, in accordance with Section 5.9, a notice of such proposed action, which shall specify the date on which such Flip-In Event, liquidation, dissolution, or winding up is to take place, and such notice shall be so given at least 10 Business Days prior to the date of taking of such proposed action by the Trust.

Section 5.9 Notices

Notices or demands authorized or required by this Agreement to be given or made by the Rights Agent or by the holder of any Rights to or on the Trust shall be sufficiently given or made if delivered or sent by registered or certified mail, postage prepaid, or sent by facsimile or by other similar means of recorded electronic communication, charges prepaid and confirmed in writing, addressed (until another address is filed in writing with the Rights Agent) as follows:

Canadian Apartment Properties Estate Investment Trust
11 Church Street
Suite 401
Toronto, Ontario
M5E 1W1

Telephone: (416) 861-8282
Telecopier: (416) 861-9330

Attention: President

Any notices or demands authorized or required by this Agreement to be given or made by the Trust or by the holder of any Rights to or on the Rights Agent shall be sufficiently given or made if delivered or sent by registered mail, postage prepaid, or sent by facsimile or by other similar means of recorded electronic communication, charges prepaid and confirmed in writing, addressed (until another address is filed in writing with the Trust) as follows:

Computershare Investor Services Inc.
98th Floor
100 University Avenue
Toronto, Ontario
M5J 2Y1

Telecopier: (416) 981-9800

Attention: Manager, Client Services

Notices or demands authorized or required by this Agreement to be given or made by the Trust or the Rights Agent to or on the holder of any Rights shall be

sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the registry books of the Rights' Agent or, prior to the Separation Time, on the registry books of the Trust for its Units. Any notice which is mailed or sent in the manner herein provided shall be deemed given, whether or not the holder receives the notice.

Any notice given or made in accordance with this Section 5.9 shall be deemed to have been given and to have been received on the day of delivery, if so delivered, on the third Business Day (excluding each day during which there exists any general interruption of postal service due to strike, lockout or other cause) following the mailing thereof, if so mailed, and on the day of telegraphing, telecopying or sending of the same by other means of recorded electronic communication (provided such sending is during the normal business hours of the addressee on a Business Day and if not, on the first Business Day thereafter). Each of the Trust and the Rights Agent may from time to time change its address for notice to the other given in the manner aforesaid.

Section 5.10 Declaration as to Non-Canadian Holders

If, in the opinion of the Trustees (who may rely upon the advice of counsel) any action or event contemplated by this Agreement would require compliance by the Trust with the securities laws or comparable legislation of a jurisdiction outside of Canada, the Trustees, acting in good faith, shall take such actions as they may deem appropriate to ensure that such compliance is not required, including, without limitation, establishing procedures for the issuance to an appropriate Canadian resident acting as a resident agent (a "**Resident Agent**") of Rights or securities issuable on exercise of Rights, the holding thereof in trust for the Person entitled thereto (but reserving to the Resident Agent or to the Resident Agent and the Trust, as the Trust may determine in its absolute discretion with respect thereto) and the sale thereof and remittance of the proceeds of such sale, if any, to the persons entitled thereto. In no event shall the Trust or the Rights Agent be required to issue or deliver Rights or securities issuable on exercise of Rights to persons who are citizens, residents or nationals of any jurisdiction other than Canada, in which such issue or delivery would be unlawful without registration of the relevant Persons or securities for such purposes.

Section 5.11 Costs of Enforcement

The Trust agrees that if the Trust fails to fulfil any of its obligations pursuant to this Agreement, then the Trust will reimburse the holder of any Rights for the costs and expenses (including legal fees) incurred by such holder to enforce his rights pursuant thereto in any action, suit or proceeding in which a court of competent jurisdiction in a final non-appealable judgment has rendered judgment in favour of the holder.

Section 5.12 Successors

All the covenants and provisions of this Agreement by or for the benefit of the Trust or the Rights Agent shall bind and enure to the benefit of their respective successors and assigns hereunder.

Section 5.13 Benefits of this Agreement

Nothing in this Agreement shall be construed to give to any Person other than the Trust, the Rights Agent and the holders of the Rights any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Trust, the Rights Agent and the holders of the Rights.

Section 5.14 Governing Law

This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of Ontario and for all purposes shall be governed by and construed in accordance with the laws of such province applicable to contracts to be made and performed entirely within such Province.

Section 5.15 Language

Les parties aux présentes ont exigé que la présente convention ainsi que tous les documents et avis qui s’y rattachent et/ou qui en découleront soient rédigés en langue anglaise. The parties hereto have required that this Agreement and all documents and notices related thereto and/or resulting therefrom be drawn up in the English language.

Section 5.16 Severability

If any Section, clause, term or provision hereof or the application thereof to any circumstance or any right hereunder shall, in any jurisdiction and to any extent, be invalid or unenforceable such Section, clause, term or provision or such right shall be ineffective only as to such jurisdiction and to the extent of such invalidity or unenforceability in such jurisdiction without invalidating or rendering unenforceable or ineffective the remaining Sections, clauses, terms and provisions hereof or rights hereunder in such jurisdiction or the application of such Section, clause, term or provision or rights hereunder in any other jurisdiction or to circumstances other than those as to which it is specifically held invalid or unenforceable.

Section 5.17 Effective Date

~~This Agreement is~~ Upon being confirmed and approved by a resolution passed by a majority of the votes cast by Independent Unitholders who vote in respect of confirmation and approval of this Agreement at the Trust’s 2016 annual meeting of Unitholders or at any adjournment or postponement thereof, this Agreement shall be effective and in full force and effect in accordance with its terms from and after ~~the Effective Date~~ such confirmation and approval and amends, restates and replaces in its entirety the Original Agreement.

Section 5.18 Re-confirmation After Three Years

~~If this~~This Agreement ~~is not~~must be reconfirmed and approved by a resolution passed by a majority of the votes cast by Independent Unitholders ~~present or voting by proxy~~ who vote in respect of such reconfirmation ~~of this Agreement and approval~~ at a meeting of ~~unitholders~~Unitholders to be held not later than the date ~~on which~~of the ~~2016~~Trust's 2019 annual meeting of Unitholders ~~of the Trust terminates,~~(or any adjournment or postponement thereof) and thereafter at such meeting to be held, mutatis mutandis, every three years thereafter. If this Agreement is not so reconfirmed and approved or is not presented for reconfirmation and approval at any such meeting (or at any postponement or adjournment thereof) this Agreement and all outstanding Rights shall terminate and be void and of no further force and effect on and from the close of business on that date which is the earlier of the date of termination of the meeting called to consider the reconfirmation and approval of this Agreement and the date of termination of the ~~2016~~ annual meeting of ~~Unitholders~~holders of Units in the ~~Trust,~~applicable year; provided that no Flip-In Event which has not been waived pursuant to Section 5.1 has occurred prior to the date upon which this Agreement would otherwise terminate pursuant to this Section 5.18.

Section 5.19 Determination and Actions by the Trustees

The Trustees shall, upon the advice of outside counsel, have the exclusive power and authority to administer and amend this Agreement in accordance with the terms hereof and to exercise all rights and powers specifically granted to the Trustees or the Trust as may be necessary or advisable in the administration of this Agreement.

Section 5.20 Time of the Essence

Time shall be of the essence in this Agreement.

Section 5.21 Personal Liability

The obligations of the Trust hereunder are not personally binding upon any Trustee, any registered or beneficial holder of Units or any annuitant under a plan of which a registered or beneficial holder of Units acts as trustee or carrier, and resort shall not be had to, nor shall recourse or satisfaction be sought from, any of the foregoing, but the property of the Trust only shall be bound by such obligations. Any obligation of the Trust set out in this Agreement shall to the extent necessary to give effect to such obligation be deemed to constitute, subject to the provisions of the previous sentence, an obligation of the Trustees in their capacity as trustees of the Trust.

Section 5.22 Execution In Counterparts

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

~~(Signed) "Michael Stein"~~ 

Michael Stein, as trustee of Canadian Apartment Properties Real Estate Investment Trust


~~(Signed) "Thomas Schwartz"~~ 

Thomas Schwartz, as trustee of Canadian Apartment Properties Real Estate Investment Trust

COMPUTERSHARE INVESTOR SERVICES INC.

By: ~~(Signed) "Eric Caramacion"~~ 

Professional, Client Services

By: ~~(Signed) "Paul Keyes"~~ 

Professional, Client Services

EXHIBIT A

CANADIAN APARTMENT PROPERTIES REAL ESTATE INVESTMENT TRUST

AMENDED AND RESTATED UNITHOLDERS RIGHTS PLAN AGREEMENT

(Form of Rights Certificate)

Certificate No. _____ Rights _____

THE RIGHTS ARE SUBJECT TO TERMINATION, AT THE OPTION OF THE TRUST, ON THE TERMS SET FORTH IN THE AMENDED AND RESTATED UNITHOLDERS RIGHTS PLAN AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN SUBSECTION 3.1(b) OF THE AMENDED AND RESTATED UNITHOLDERS RIGHTS PLAN AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR CERTAIN RELATED PARTIES OR TRANSFEREES OF AN ACQUIRING PERSON OR CERTAIN RELATED PARTIES MAY BECOME VOID.

Rights Certificate

This certifies that _____ or registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Amended and Restated Unitholders Rights Plan Agreement dated as of the ~~21st~~ 25th day of May, ~~2013~~ 2016 as the same may be amended or supplemented from time to time (the "**Rights Agreement**") between the Trustees of CANADIAN APARTMENT PROPERTIES REAL ESTATE INVESTMENT TRUST (the "**Trust**"), a trust created under the laws of the Province of Ontario and COMPUTERSHARE INVESTOR SERVICES INC., a company incorporated under the laws of Canada (the "**Rights Agent**") (which term shall include any successor Rights Agent under the Rights Agreement), to purchase from the Trust at any time after the Separation Time (as such term is defined in the Rights Agreement) and prior to the Expiration Time (as such term is defined in the Rights Agreement), one fully paid unit of the Trust (a "**Unit**") at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate with the Form of Election to Exercise (in the form provided hereinafter) duly executed and submitted to the Rights Agent at its principal office in the City of Toronto. The Exercise Price shall be ~~\$100~~ an amount equal to three times the Market Price per Right and shall be subject to adjustment in certain events as provided in the Rights Agreement.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations,

duties and immunities thereunder of the Rights Agent, the Trust and the holders of the Rights Certificates. Copies of the Rights Agreement are on file at the registered office of the Trust.

This Rights Certificate, with or without other Rights Certificates, upon surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Rights Certificate may be redeemed by the Trust at a redemption price of \$0.001 per Right, subject to adjustment in certain events, under certain circumstances at its option.

No fractional Unit will be issued upon the exercise of any Rights evidenced hereby but in lieu thereof a cash payment may be made, as provided in the Rights Agreement.

No holder of this Rights Certificate, as such, shall be entitled to vote or receive distributions or be deemed for any purpose the holder of Units or of any other securities which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the Rights of a Unitholder of the Trust or any right to vote for the election of trustees or upon any matter submitted to Unitholders at any meeting thereof, or to give or withhold consent to any action, or to receive notice of meetings or other actions affecting Unitholders (except as provided in the Rights Agreement) or to receive dividends or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of two of the Trustees of the Trust.

Date: _____

**CANADIAN APARTMENT PROPERTIES
REAL ESTATE INVESTMENT TRUST**

By: _____
Trustee

By: _____
Trustee

Countersigned:

COMPUTERSHARE INVESTOR SERVICES INC.

By: _____
Authorized Signature

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Rights Certificates.)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

_____ (Please print name and address of transferee)

this Rights Certificate, together with all right, title and interest therein, and does hereby irrevocably constitutes and appoints _____ as attorney, to transfer the within Rights on the books of the within-named Trust, with full power of substitution.

Dated: _____

Signature Guaranteed:

Signature

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.)

Signature must be guaranteed by a major Canadian trust company, Canadian chartered bank, firm having membership in a recognized Canadian stock exchange or a member of the Securities Transfer Association Medallion Program (STAMP).

(To be completed if true)

The undersigned hereby represents, for the benefit of all holders of Rights and Units, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or by any Person acting jointly or in concert with- any of the foregoing (as defined in the Rights Agreement).

Dated: _____

Signature

[To be attached to each Rights Certificate]

FORM OF ELECTION TO EXERCISE

TO: CANADIAN APARTMENT PROPERTIES
REAL ESTATE INVESTMENT TRUST

The undersigned hereby irrevocably elects to exercise _____ whole Rights represented by the attached Rights Certificate to purchase the Units or other securities, if applicable, issuable upon the exercise of such Rights and requests that certificates for such securities be issued in the name of:

(Name)

(Address)

(Social Insurance, Social Security or Other Taxpayer Identification Number)

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights shall be registered in the name of and delivered to:

(Name)

(Address)

(Social Insurance, Social Security or Other Taxpayer Identification Number)

Dated: _____

Signature Guaranteed:

Signature

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.)

Signature must be guaranteed by a major Canadian trust company, Canadian chartered bank, firm having membership in a recognized Canadian stock exchange or a member of the Securities Transfer Association Medallion Program (STAMP).

(To be completed if true)

The undersigned hereby represents, for the benefit of all holders of Rights and Units, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or by any Person acting jointly or in concert with any of the foregoing (as defined in the Rights Agreement).

Dated: _____

Signature

NOTICE

In the event the certification set forth above in the Forms of Assignment and Election to Exercise is not completed, the Trust may deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof or a Person acting jointly or in concert with any of the foregoing (as defined in the Rights Agreement). No Rights Certificates shall be issued in exchange for a Rights Certificate owned or deemed to have been owned by an Acquiring Person or an Affiliate or Associate thereof.

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Input:	
Document 1 ID	PowerDocs://SETOR1/6544095/1
Description	SETOR1-#6544095-v1-CAPREIT_-_Amended_&_Restated_Shareholders_Rights_Plan
Document 2 ID	PowerDocs://SETOR1/6544095/5
Description	SETOR1-#6544095-v5-CAPREIT_-_Amended_&_Restated_Shareholders_Rights_Plan
Rendering set	Standard

Legend:	
Insertion	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
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Deletions	224
Moved from	6
Moved to	6
Style change	0
Format changed	0
Total changes	480