



CANADIAN APARTMENT PROPERTIES REAL ESTATE INVESTMENT TRUST

Unitholder Distribution Reinvestment Plan

INTRODUCTION

This unitholder distribution reinvestment plan (the “Reinvestment Plan”) is being offered to holders of units (the “Eligible Units”) of Canadian Apartment Properties Real Estate Investment Trust (the “Trust”). The Reinvestment Plan is administered by Computershare Investor Services Inc. (the “Agent”).

Purpose

The Reinvestment Plan enables holders of Eligible Units to invest any and all cash distributions on Eligible Units in additional units of the Trust (“Units”). All such additional Units are purchased directly from the Trust by the Agent, which acts as agent for Unitholders under the Reinvestment Plan.

Defined Terms

Where used herein, the following terms shall have the following meanings, respectively:

“**Average Market Price**” means the weighted average of the trading price for Units of the Trust on The Toronto Stock Exchange for the five trading days immediately preceding the relevant Distribution Date.

“**Authorization Form**” means the authorization form attached hereto.

“**Distribution Date**” means on or about the 15th day of each calendar month (other than January 15) and December 31 in each calendar year or such other dates as the Trustees may determine.

“**Distribution Record Date**” means, in relation to a Distribution Date, the date which is approximately ten business days prior to the Distribution Date.

“**Participant**” means a holder of Eligible Units who has elected to participate in the Reinvestment Plan and includes a Unitholder holding Eligible Units beneficially through an investment dealer who has elected to participate in the Reinvestment Plan.

“**Unitholder**” means a holder of a Unit of the Trust.

Advantages

Under the Reinvestment Plan, a Participant may purchase additional Units with the cash distributions paid on the Eligible Units which are registered in the name of the Participant or held in a Participant's account maintained pursuant to the Reinvestment Plan. Each participant will also receive a right to receive an additional amount equal to 5% of their monthly distributions reinvested pursuant to the Reinvestment Plan, which amount shall automatically be paid on each Distribution Date in the form of additional Units. The price at which Units will be purchased with cash distributions will be the Average Market Price. No commissions, service charges or brokerage fees are payable by Participants in connection with the Reinvestment Plan. Full investment of Participants' funds is possible under the Reinvestment Plan because the Reinvestment Plan permits fractions of Units as well as whole Units to be purchased and held for Participants. Distributions in respect of whole Units and fractions of Units acquired under the Reinvestment Plan will be held by the Agent for the Participants' account and automatically invested under the Reinvestment Plan in additional Units.

ADMINISTRATION

The Trust shall promptly pay over to the Agent, on behalf of Participants, all cash distributions paid on their Eligible Units. The Agent shall use such funds to purchase additional Units for the Participants directly from the Trust. Additional Units purchased under the Reinvestment Plan shall be registered in the name of the Agent, as agent for the Participants in the Reinvestment Plan.

Accounts under the Reinvestment Plan shall be maintained in the names in which Eligible Units were registered at the time the Participants entered the Reinvestment Plan.

PARTICIPATION

Participation in the Reinvestment Plan

Any Canadian resident holder of Eligible Units may enroll in the Reinvestment Plan at any time by completing an Authorization Form and returning it to the Agent. Beneficial holders of Eligible Units may enroll in the Reinvestment Plan at any time by completing an Authorization Form and returning it to their investment dealer. Once a Participant has enrolled in the Reinvestment Plan, participation shall continue automatically unless terminated in accordance with the terms of the Reinvestment Plan or unless participation becomes unlawful under the laws governing the Trust.

If any Units of the Trust are held by a non-resident of Canada, such Unitholder shall not be eligible to participate in the Reinvestment Plan. Upon ceasing to be a resident of Canada, a Participant shall forthwith notify the Agent or their investment dealer, as the case may be, and terminate their participation in the Reinvestment Plan.

An Authorization Form may be obtained at any time upon written request addressed to the Agent. The Authorization Form directs the Trust to forward to the Agent, and the Agent to invest in additional Units, all of the Participant's cash distributions on Eligible Units. The Agent will apply such funds received under the Reinvestment Plan to the purchase of additional Units. When enrolling in the Reinvestment Plan, if a completed Authorization Form is received by the Agent before a Distribution Record Date, the immediately following cash distribution will be invested under the Reinvestment Plan.

Distributions paid on Units held by the Agent for the account of a Participant under the Reinvestment Plan will be automatically reinvested in additional Units on each Distribution Date.

No interest will be paid to Participants on any funds held for investment under the Reinvestment Plan.

Transfer of Participation Rights

The right to participate in the Reinvestment Plan may not be transferred by a Participant (including by a beneficial Unitholder who is a Participant) without the approval of securities regulatory authorities.

Termination of Participation

Participation in the Reinvestment Plan may be terminated by a Participant at any time except during the time between a Distribution Record Date and the corresponding Distribution Date, inclusive, by giving written notice to the Agent. Beneficial holders shall give written notice of termination to their investment dealer who will then provide notice of termination to the Agent on their behalf. The Trust will send annually to all Participants a notice of their right to withdraw from the Reinvestment Plan.

The Trust reserves the right to terminate the right of a Participant to continue in the Reinvestment Plan where such Participant has failed to comply with the terms of the Reinvestment Plan or, in the reasonable opinion of the Trust, abused the Reinvestment Plan to the detriment of the Trust or its Unitholders.

When participation in the Reinvestment Plan is terminated, the Participant, or the Participant's investment dealer, as the case may be, will receive a certificate for the whole Units held for such Participant's account and a cash payment for any fractional Units. Any fractional Unit interest will be paid in cash calculated on the basis of the sale price of the last board lot of the Trust's Units traded on The Toronto Stock Exchange prior to the effective date of termination.

Upon termination, a Participant may request in writing that their investment dealer or, in the case of Participants who are registered Unitholders, the Agent, arrange for the sale on behalf of the Participant, of the Units held on their behalf under the Reinvestment Plan, provided that these constitute less than a board lot. The Units may be sold on a commingled basis with other Units of the Trust held by the Agent or a Participant's investment dealer, as the case may be, on behalf of other Participants. Upon receipt of such written request, the Agent or the investment dealer, as the case may be, will arrange for the sale of such odd-lot holdings. Net proceeds of such sale will be forwarded by the Agent or a Participant's investment dealer, as the case may be, by cheque to the Participant, or the Participant's investment dealer, as the case may be. Any brokerage fees or commissions payable on such sale will be pro-rated among all the selling Participants.

Participation in the Reinvestment Plan will be terminated automatically upon receipt by the Agent of a written notice of the death of a Participant. Thereafter, all distributions paid in respect of the deceased's Eligible Units will be paid in cash. In the case of termination of participation due to death, a certificate for whole Units and a cheque for payment in lieu of fractional Units, if any, will be issued by the Trust in the name of the deceased Participant, as appropriate, and the Trust will send such certificates and a cash payment for any fractional Unit to the representative of the deceased Participant.

Participation in the Reinvestment Plan will also terminate upon transfer or disposition of all of a Participant's Eligible Units.

Amendment, Suspension or Termination of the Reinvestment Plan

The Trust reserves the right to amend, suspend or terminate the Reinvestment Plan at any time, but such action shall have no retroactive effect that would prejudice the interest of the Participants. All Participants will be sent written notice of any such amendment, suspension or termination.

In the event of termination of the Reinvestment Plan by the Trust, certificates for whole Units held for Participants' accounts under the Reinvestment Plan and cash payments for any fractional Units will be remitted with due dispatch by the Trust to the Participants, or the Participants' respective investment dealers, as the case may be. In the event of suspension of the Reinvestment Plan by the Trust, no investment will be made by the Agent on the Distribution Date immediately following the effective date of such suspension. Any Unit distribution subject to the Reinvestment Plan and paid after the effective date of any such suspension will be remitted by the Trust to the Participants, or the Participants' respective investment dealers, as the case may be, in cash only.

Rules and Regulations

The Trust, in conjunction with the Agent, may from time to time adopt rules and regulations to facilitate the administration of the Reinvestment Plan. The Trust also reserves the right to regulate and interpret the Reinvestment Plan as it deems necessary or desirable to ensure the efficient and equitable operation of the Reinvestment Plan.

Rights Offering

In the event the Trust makes available to holders of Eligible Units rights to subscribe for additional Units or other securities, rights certificates will be issued by the Trust to each Participant in respect of the whole Units held for a Participant's account under the Reinvestment Plan on the record date for such rights issue. Rights based on fractional Units held for a Participant's account will be sold together with rights based on fractional Units held for other Participants on a commingled basis by the Agent and the proportionate net proceeds will be remitted to the Participant.

Unit Splits and Unit Distributions

If Units of the Trust are distributed pursuant to a Unit split or Unit distribution on Eligible Units, such Units received by the Agent or its nominee for Participants under the Reinvestment Plan will be retained by the Agent or its nominee and credited proportionately to the accounts of the Participants in the Reinvestment Plan.

Units

The holders of Units of the Trust are entitled to receive the annual, monthly and other distributions paid by the Trust. A holder of Units is entitled to one vote for each whole Unit at all meetings of Unitholders. In the event of liquidation, dissolution or winding-up of the Trust, after payment of all outstanding debts of the Trust, the remaining assets of the Trust will be distributed pro rata to the holders of the Units.

Unitholder Voting

Whole Units held for a Participant's account under the Reinvestment Plan on the record date for a vote of Unitholders will be voted in the same manner as such Participant's Eligible Units are voted.

PRICE OF UNITS AND COSTS

Price of Additional Units

On each Distribution Date the Agent will pay to the Trust all distribution funds held by it as of such date on behalf of Participants for investment in the Reinvestment Plan at the Average Market Price for the Units. The Trust will advise the Agent of the Average Market Price for such additional Units.

Each Participant's account will be credited with that number of Units purchased for the Participant (including fractions computed to three decimal places) which is equal to the amount to be invested for the Participant divided by the amount equal to the Average Market Price. Each participant will also be credited with that number of Units equal to 5% of the number of Units purchased with the cash distributions paid on the Eligible Units and invested in accordance with the Reinvestment Plan.

Costs

There are no commissions, service charges or brokerage fees payable in connection with the issuance of Units under the Reinvestment Plan. All administrative costs of the Reinvestment Plan are borne by the Trust.

RECORDING AND CERTIFICATES

Reports to Participants

An account will be maintained by the Agent or its nominee for each Participant in the Reinvestment Plan. A statement will be mailed by the Agent to each Participant who is a registered Unitholder. Participants holding Eligible Units beneficially through an investment dealer will receive statements from their investment dealer in accordance with such investment dealer's customary practice. Such statements will constitute the Participant's continuing record of purchases made and Units issued and should be retained for income tax purposes. In addition, each Participant, or each Participant's investment dealer, as the case may be, will be sent the appropriate information for tax reporting purposes.

Certificates for Units

Units purchased under the Reinvestment Plan will be held by the Agent or its nominee for Participants in the Reinvestment Plan. Certificates for such Units will not be issued to Participants unless specifically requested.

A Participant may, upon written request to the Agent, receive a Unit certificate issued in the Participant's name for any number of whole Units held for the Participant's account under the Reinvestment Plan even though the Participant is not terminating participation in the Reinvestment Plan. Normally, a certificate will be sent to a Participant within three weeks of receipt by the Agent of a Participant's request. Any remaining whole Units and fractional Units will continue to be held for the Participant's account under the Reinvestment Plan. No certificate requests will be processed between a

Distribution Record Date and the related Distribution Date. Any such requests will be processed immediately following the related Distribution Date.

Units held on behalf of a Participant pursuant to the Reinvestment Plan may not be pledged, sold or otherwise disposed of by the Participant while so held. A Participant who wishes to effect any such transaction must request that the certificates for such Units be issued in the Participant's name.

TAX MATTERS

Income Tax Considerations

The following is a general summary of the principal Canadian federal income tax considerations generally applicable to Participants in the Reinvestment Plan who are resident in Canada, deal at arm's length with the Trust and hold their Units as capital property. This summary is based on the current provisions of the *Income Tax Act* (Canada) (the "Act") and the current administrative practices of the Canada Customs and Revenue Agency. This summary is of a general nature only and is not intended to be, nor should it be construed to be, advice to any Participant. Participants are urged to consult their tax advisors as to their tax position.

Tax on Distributions

Participants will be allocated the same amount of income for income tax purposes on a per Unit basis as non-participants. Participants will receive, after the end of each taxation year, a Canada Customs and Revenue Agency prescribed form indicating the amount of income allocated to the Participant and, where relevant, its character for income tax purposes.

Adjusted Cost Base

The net effect of participating in the Reinvestment Plan will be to increase the Participant's total cost of all of the Participant's Units by the amount reinvested by the Participant pursuant to the Reinvestment Plan. Participants will be required to determine the adjusted cost base of individual Units on an averaged basis.

Disposition of Units

Cash received in lieu of a fractional Unit will be considered proceeds of disposition. Accordingly, the Participant will be required to recognize any resulting taxable gain or loss at the time such cash is received.

RESPONSIBILITIES OF THE TRUST AND THE AGENT

Neither the Trust nor the Agent shall be liable for any act or any omission to act in connection with the operation of the Reinvestment Plan including, without limitation, any claims for liability:

- a) arising out of failure to terminate a Participant's account upon such Participant's death prior to receipt of notice in writing of such death;
- b) the prices at which Units are purchased or sold for the Participant's account and the times such purchases or sales are made; and

- c) arising in connection with income taxes (together with any applicable interest and/or penalties) payable by Participants in connection with their participation in the Reinvestment Plan.

Participants should recognize that none of the Trust or the Agent can assure a profit or protection against a loss on the Units purchased or sold under the Reinvestment Plan.

PERSONAL LIABILITY

The obligations of the Trust hereunder are not personally binding upon any Trustee of the Trust, 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 herein 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 of the Trust in their capacity as trustees of the Trust.

NOTICES

All notices required to be given under the Reinvestment Plan shall be mailed to a Participant at the address shown on the records of the Reinvestment Plan, at a more recent address as furnished by the Participant or to a Participant's investment dealer, as the case may be.

Notices to the Trust shall be sent to:

Canadian Apartment Properties Real Estate Investment Trust
c/o Computershare Trust Company of Canada
100 University Avenue
11th Floor
Toronto, Ontario
M5J 2Y1

Telephone: (416) 981-9633
(or for callers outside of the 416 area code: 1-800-663-9097)
Telecopier: (416) 981-9507
Email: caregistryinfo@computershare.com

Effective Date of the Reinvestment Plan

The effective date of the Reinvestment Plan is May 21, 1997, as amended on April 24, 2000 and December 6, 2000.

AUTHORIZATION FORM

*To enroll in the Unitholder Distribution Reinvestment Plan please complete the following
(please tick the box)*

This is not a proxy. All distributions will be paid in cash and no additional units will be issued to you unless, and except to the extent that, you duly elect to participate in the Unitholder Distribution Reinvestment Plan, which you may do so at any time using this form. Do not return this form if and so long as you wish to continue to receive cash distributions on all units of the Trust registered in your name, or if you have already returned a form and do not wish to change your election-authorization.

Unitholder Distribution Reinvestment Plan

The Unitholder Distribution Reinvestment Plan gives each unitholder the right to direct Canadian Apartment Properties Real Estate Investment Trust (the “Trust”) to invest all of such Unitholder’s cash distributions on units of the Trust in additional units of the Trust in accordance with the Unitholder Distribution Reinvestment Plan. A unitholder wishing to exercise such rights to direct the Trust to invest its cash distributions in additional units of the Trust should complete the election provided in the form set forth below. A unitholder who fails to complete the election provided in the form set forth below will receive payment in cash of all distributions that may become payable on the units of the Trust owned by such unitholder.

- o I elect to enroll in the Unitholder Distribution Reinvestment Plan and hereby direct the Trust to forward to Computershare Investor Services Inc. (the “Agent”), and hereby direct the Agent to invest, all of the cash distributions payable on the units of the Trust now or subsequently registered in my name (or held on my behalf under the Plan) or of which I am the beneficial owner in the purchase of additional units of the Trust commencing with the next distribution paid by the Trust after this completed form has been received and recorded as provided under the Plan. My participation in the Plan is subject to the terms of the Plan, which I have received and read.

If you hold your units beneficially through an investment dealer, you may still elect to participate in the Unitholder Distribution Reinvestment Plan by completing this form and delivering it to your investment dealer with instructions to enroll under the Plan. Your investment dealer will then enroll in the Plan on your behalf and distributions will be reinvested in accordance with your instructions and the Plan.

Unitholder’s Name, Address and Postal Code *(please print)*

Telephone () _____

Number of Units Held

Signature

Date

If the units are jointly held, each unitholder must sign.

I understand that I may change this election-authorization at any time by completing a new Authorization Form and returning the same to the Agent, at the address shown below or to your investment dealer, as the case may be. I understand that I may revoke this election-authorization at any time by notifying the Agent in writing.

Any questions concerning the Plan should be directed to the Agent:

Canadian Apartment Properties Real Estate Investment Trust
c/o Computershare Trust Company of Canada
100 University Avenue
11th Floor
Toronto, Ontario M5J 2Y1

Telephone: (416) 981-9633
(or for callers outside of the 416 area code: 1-800-663-9097)
Telecopier: (416) 981-9507
Email: caregistryinfo@computershare.com