

## **INTERRENT REAL ESTATE INVESTMENT TRUST**

### **DISTRIBUTION REINVESTMENT AND UNIT PURCHASE PLAN**

#### **Purpose**

The InterRent Real Estate Investment Trust distribution reinvestment plan (the “**Plan**”) enables registered and beneficial holders (the “**Participants**”) of units (the “**Units**”) of InterRent Real Estate Investment Trust (the “**REIT**”) to invest cash distributions net of applicable withholding taxes, paid on Units in Units from treasury (the “**Plan Units**”). In addition, Participants may invest additional sums (“**optional cash payments**”) in Plan Units. Plan Units are purchased directly from the REIT by Equity Transfer & Trust Company (the “**Plan Agent**”) who acts on behalf of the Participants under the Plan.

#### **Advantages**

Distributions paid on Units will be reinvested and Plan Units will be purchased with such payments on a monthly basis as and when distributions on the Units are made. The price of Plan Units purchased with cash distributions will be 96% of the Average Market Price (as hereinafter defined).

A registered Participant is a Participant whose Units are registered in his, her or its own name. If a Participant holds Units through a dealer, bank, trust company or other intermediary (which is likely the case if the Participant receives an account statement which shows the number of Units held), that Participant is most likely a non-registered Participant and a beneficial owner. No commissions, service charges or brokerage fees are payable by registered Participants in connection with the Plan or Plan Units. However, non-registered Participants who enrol in the Plan through a dealer, bank, trust company or other intermediary may nevertheless be subject to the fees imposed under the terms governing their relationship with that dealer, bank, trust company or intermediary.

#### **Administration**

The Plan Agent acts as agent for the Participants under the Plan. The appointment of the Plan Agent may be terminated by the REIT or the Plan Agent at any time. The Plan Agent uses cash distributions paid on Units and all optional cash payments made by Participants to purchase Plan Units directly from the REIT. Plan Units will be registered in the name of each Participant as it appears on the register of Unitholders of the REIT.

#### **Participation**

All holders of Units (with exceptions applicable to United States residents and other foreign holders of Units) may enrol in the Plan at any time, subject to applicable laws. Beneficial owners of Units whose Units are not registered in their own names or are held in a specific segregated registered account such as a numbered account with a

bank, trust company or broker, may participate in the Plan after either having their Units transferred into their own names or directing the registered holder to enrol their account in the Plan. Without limiting the generality of the foregoing, Unitholders who are resident in the United States or who are United States persons (as defined in Regulation S under the *Securities Act of 1933* (United States)) must certify that they are accredited investors under applicable US legislation or otherwise provide evidence satisfactory to the REIT that they are relying on an available exemption from the registration requirements under US laws in order to be entitled to participate in the Plan.

All Holders of Units resident outside of Canada are eligible to participate in the Plan. However, funds (including funds received from US residents) to be reinvested by such holders will continue to be subject to withholding or applicable non-resident tax and the amount to be invested will be reduced by the amount of the tax withheld. In addition, holders of Units resident outside of Canada are not eligible to participate in the cash payment option.

The Plan Units to be issued to Participants are not, and will not be, registered under the *United States Securities Act of 1933*, as amended, of the United States of America or in any territories or possessions thereof.

Once a Participant has enrolled in the Plan, participation continues automatically unless terminated in accordance with the terms of the Plan. The REIT reserves the right to refuse participation to any person who, in the opinion of the REIT, is engaging in market activities or has been artificially accumulating securities of the REIT, for the purpose of taking undue advantage of the Plan to the detriment of the REIT.

The Authorization Forms attached hereto, as applicable, direct the REIT to forward to the Plan Agent all of the Participant's monthly cash distributions on Units and/or optional cash payments and directs the Plan Agent to invest such funds in Plan Units for the benefit of the Participant. The Plan Agent will apply such funds received under the Plan to the purchase of Plan Units. The applicable Authorization Form may be obtained any time upon written request addressed to the Plan Agent.

For registered holders of Units, when enrolling in the Plan, if a duly completed Authorization Form is received by the Plan Agent at least five (5) business days prior to a distribution record date, that cash distribution will be invested under the Plan immediately following the distribution payment date. If the Authorization Form is received four (4) or less than four (4) business days prior to the record date, the enrolment in the Plan will take effect the following investment date. Similarly, optional cash payments must be received by the Plan Agent at least five (5) business days prior to a distribution record date.

If a duly completed Authorization Form has been received by the Plan Agent at least five (5) business days prior to the distribution record date, all distributions will be invested in additional Plan Units.

In the case of beneficial holders of Units, beneficial Holders must advise their nominee of their intention to participate in the Plan no later than the five (5) business days prior to

distribution record date (or such other deadline as required by the nominee). The nominee must then provide an Authorization Form to CDS no later than 5:00 p.m. (Toronto time) on the business day immediately preceding a distribution record date in order for the cash distribution to which such record date relates to be reinvested under the Plan. CDS will, in turn, provide such notice to the Plan Agent no later than 12:00 p.m. (Toronto time) on the distribution record date. If an Authorization Form is not received by a Participant's nominee or CDS on or before such deadlines, the distribution to which such record date relates will not be reinvested under the Plan and the Participant's enrolment will only be effective for the purposes of subsequent distributions.

Distribution record dates for the Units are the last business days of each calendar month and distributions shall be paid on the 15<sup>th</sup> day of the month following the end of each distribution period other than for the month of December, which shall be paid on December 31.

Distributions paid on Plan Units will be automatically reinvested by the Plan Agent in additional Plan Units on each distribution payment date.

Distributions in respect of whole Plan Units and fractions of Plan Units purchased under the Plan will be held by the Plan Agent for the Participants' accounts and automatically invested under the Plan in additional Plan Units. A cash adjustment for any such fractional Units (calculated to three (3) decimal places) will be paid by the Plan Agent to a Participant upon termination by the Participant of his or her participation in the Plan or upon termination by the REIT, based on the Average Market Price (as hereinafter defined) for the ten (10) trading days immediately preceding the date of termination. No interest will be paid to Participants on any funds held for investment under the Plan.

### **Optional Cash Payments**

Optional cash payments may be made at any time and must be received by the Plan Agent at least five (5) business days prior to a distribution record date. If payment is made on enrolment in the Plan, Participants whose Units are registered in their own name must enclose a certified cheque, bank draft or money order in Canadian dollars made payable to the Plan Agent with the Authorization Form. Thereafter, optional cash payments may be made by using the Cash Payment Form which will be enclosed with each statement sent to Participants or made available from the Plan Agent.

The minimum amount that must be invested under the optional cash payment component of the Plan is \$250 per month, and the maximum amount that is permitted to be invested is the greater of the distribution received by a Participant or the minimum permitted amount of \$250 per month.

Beneficial owners of Units may participate in the optional cash payment component of the Plan by contacting the broker, investment dealer, financial institution or other nominee who holds the Units on behalf of the beneficial owner. A beneficial owner

should contact its nominee well in advance of the deadlines discussed in the previous section in order to give the nominee enough time to enrol the beneficial owner in time.

If a registered Participant wishes to make optional cash payments on behalf of a number of beneficial Participants, the registered Participant must first file a declaration regarding such beneficial Participant indicating that not more than the greater of the distribution received on behalf of a Participant or the minimum permitted amount of \$250 per month is being paid on behalf of any one beneficial Participant.

In addition, the REIT is subject to a limit that, in any financial year, it may not issue pursuant to optional cash payments in the aggregate more than the maximum number of Units permitted by applicable laws and regulatory policies (currently equal to 2% of the number of Units outstanding at the commencement of the financial year). If applications to purchase Plan Units with optional cash payments are received that would result in the REIT exceeding this limit, then purchases of Plan Units on the next distribution date would be pro rated to all Participants on the basis of the number of Plan Units sought to be purchased with optional cash payments. Thereafter, no further optional cash payments would be accepted until the end of the applicable financial year.

Notwithstanding anything contained herein, optional cash contributions may be subject to the Participant completing and executing the documentation provided by the Plan Agent and meeting the requirements set out in such documentation. Compliance by the Participant with such requirements is necessary for the Plan Agent to meet its obligations under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and the Regulations made thereunder.

### **Price of Plan Units**

On each distribution payment date, the Plan Agent will pay to the REIT all funds held by it as of such date on behalf of Participants for investment in the REIT at the subscription price for Plan Units. The REIT will advise the Plan Agent of the Average Market Price for such Plan Units.

The price at which Plan Units will be purchased with distributions paid on Units will be 96% of the Average Market Price. The price at which Plan Units will be purchased with optional cash payments will be the Average Market Price. "**Average Market Price**" is the weighted average trading price of the Units on the Toronto Stock Exchange, or such other exchange on which the Units of the REIT may be listed from time to time, for the ten (10) trading days immediately preceding a distribution payment date.

Each Participant's account will be credited with that number of whole plus fractional Plan Units purchased for the Participant which is equal to the amounts to be invested for each Participant divided by the applicable purchase price.

### **Reports to Participants**

As soon as possible following each distribution, a statement will be mailed by the Plan Agent to each registered Participant whose Plan Units are held in the name of the Plan Agent. Beneficial holders will be provided with such statements directly by their broker. These statements are a Participant's continuing record of purchases and should be retained for income tax purposes. In addition, each Participant will be sent annually the appropriate information for tax reporting purposes.

### **Certificates for Units**

Plan Units purchased and held under the Plan by the Plan Agent will be registered in the name of the Plan Agent, or its nominee, or accounts designated by it, for the account of the Participants. Certificates for such Units will only be issued to Participants (i) if requested by the Participant, (ii) if the Plan is terminated by the REIT, (iii) if participation in the Plan is terminated by a Participant or by the REIT, or (iv) if a Participant withdraws its Plan Units from its account. Certificates will only be issued in the name of the applicable Participant.

Plan Units held by the Plan Agent under the Plan for the account of a Participant may not be sold, pledged or otherwise disposed of by the Participant while so held. Participants who wish to sell, pledge or otherwise dispose of any Plan Units held by the Plan Agent under the Plan for their account will be required to request that a certificate representing such Plan Units be issued in their name.

### **Rules and Regulations**

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

### **Rights Offering**

In the event that the REIT makes available to its holders of Units rights to subscribe for additional Units, or other securities, rights certificates will be issued by the REIT to each Participant's account under the Plan on the record date for such rights issue.

### **Subdivisions and Distribution of Units**

If Units are distributed pursuant to a subdivision or distribution of Units, such Units received by the Plan Agent for Participants will be retained by the Plan Agent and credited by the Plan Agent proportionately to the accounts of the Participants.

### **Voting**

Plan Units held for a Participant's account under the Plan on the record date for a vote of holders of Units will be voted in accordance with the instructions of the Participant

given on a form to be furnished to the Participant. Units for which instructions are not received will not be voted. Fractional Plan Units may not be voted.

### **Responsibilities of the REIT and the Plan Agent**

Neither the REIT nor the Plan Agent shall be liable for any act or for any omission to act in connection with the operation of the 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) arising in connection with income taxes (together with any applicable interest and/or penalties) payable by Participants or Unitholders in connection with their participation in the Plan; and/or
- (c) with respect to the prices at which Plan Units are purchased for the Participant's account and the times such purchases or sales are made;

except to the extent that such liability arises from gross negligence or wilful misconduct on the part of the Plan Agent or the REIT, as the case may be.

**Participants should recognize that neither the REIT nor the Plan Agent can assure a profit or protect them against a loss on the Plan Units purchased under the Plan.**

### **Taxes**

**Participants are urged to consult their tax advisers as to their particular tax position.**

Distributions that are invested under the terms of the Plan do not relieve Participants of any liability for taxes that may be payable on such amounts. To the extent that a distribution from the REIT would be included in the income of holders of Units for the purposes of the *Income Tax Act* (Canada), such amount will be included in the income of Participants who elect to reinvest such amount. The amount reinvested by Participants (plus any cash consideration) will be added to the adjusted cost base of their Plan Units for the purpose of computing any subsequent gain or loss thereon.

### **Personal Liability**

Notwithstanding any other provision herein, it is hereby acknowledged and agreed that no obligations or liabilities, whether actual or contingent, of the REIT are personally binding upon, and neither resort nor recourse shall be had to, nor shall satisfaction be sought from, the private property of any kind whatsoever (including, without limitation, any private property consisting of or arising from a distribution by the REIT of any nature) of any of the trustees of the REIT, any registered or beneficial holder of

securities (including Units) of the REIT or any annuitant under a plan of which a holder of securities (including Units) of the REIT acts as trustee or carrier, or any officers, employees or agents of the REIT, and it is hereby further acknowledged and agreed that all obligations and liabilities of the REIT shall be satisfied only out of and recourse shall be limited exclusively to the property and assets of the REIT.

### **No Transfer of Participation Rights**

The right to participate in the Plan may not be transferred by a Participant (separate from a transfer of ownership of Units) without the approval of the REIT and applicable securities regulatory authorities.

### **Termination of the Plan by the Participant**

Participants may terminate their participation in the Plan at any time by providing written notice to the Plan Agent and the REIT at least five (5) business days before a distribution record date. If such notice is received, no later than five (5) business days prior to the applicable record date for the next distribution, it will be effective for such distribution. If the notice is received later than five (5) business days prior to the applicable record date, termination and settlement of the Participant's account will take place as soon as practicable after the applicable distribution date.

If the Participant holds the Units, including the Plan Units, through a participant in the depository system of CDS, upon termination the Participant should contact its securities broker, dealer, bank, trust company or other participant in the depository system of CDS through which the Participant holds Units.

If the Participant holds the Plan Units through a participant in the depository system of CDS, upon termination the Participant's account will be settled by (i) transferring such Participant's Plan Units to the Participant's account with the securities broker, dealer, bank, trust company, or other participant in the depository system of CDS through which the Participant holds the Units and (ii) by issuing a cheque representing a cash adjustment for any fractional Plan Units (calculated to three (3) decimal places).

If the Participant does not hold the Units through a participant in the depository system of CDS, then when participation is terminated, a certificate for whole Plan Units held for those Participants will be issued and a cash payment will be made for any uninvested distributions or optional cash payments received.

### **Amendment, Suspension or Termination of the Plan by the REIT**

The REIT reserves the right to amend, suspend or terminate the Plan at any time, but such action shall have no retroactive effect that would prejudice the interests of the Participants subject to the other provisions of the Plan as set forth herein and to any amendments required by securities regulatory authorities or necessary for compliance with applicable laws. All Participants will be sent written notice of any such amendment,

suspension or termination. All amendments to the Plan must be pre-cleared by the Toronto Stock Exchange.

In the event of termination of the Plan by the REIT, certificates for whole Plan Units held for Participants' accounts under the Plan and cash payments for any uninvested distributions or optional cash payments will be remitted with due dispatch by the Plan Agent to the Participants. Upon termination of the Plan, Participants whose Plan Units are held through a participant in the depository system of CDS will be settled by (i) transferring such Participant's Plan Units to the Participant's account (which must be specified in the notice) with the securities broker, dealer, bank, trust company or other participant in the depository system of CDS through which the Participant holds the Units and (ii) by issuing a cheque representing a cash adjustment for any fractional Plan Units (calculated to three (3) decimal places).

Upon termination and if the number of Plan Units held is less than a board lot (as defined by the Toronto Stock Exchange Company Manual), a Participant may request in writing that the REIT pay the value of the fractional Plan Units to the Participant. If at any time the Plan Agent is permitted to sell securities upon termination and if the number of Plan Units held is less than a board lot, a Participant may request in writing that the Plan Agent arrange for the sale of the Participant's Plan Units held by the Plan Agent by a registered stockbroker on behalf of the Participant. The Plan Units may be sold on a commingled basis with the other Plan Units of the REIT held by the Plan Agent on behalf of other Participants. Within 10 days of receipt of such written request, the Plan Agent will arrange for the sale of such holdings. Net proceeds of such sale will be forwarded by the Plan Agent by cheque to the Participant. Any brokerage fees or commissions payable on such sale will be pro-rated among all the selling Participants.

In the event of suspension of the Plan by the REIT, no investment will be made by the Plan Agent on the applicable distribution payment date immediately following the effective date of such suspension. Any distributions or optional cash payments which are not invested as of the effective date of such suspension and any Unit distributions subject to the Plan and paid after the effective date of such suspension will be remitted by the Plan Agent to the Participants.

## **Notices**

All notices required to be given under the Plan shall be mailed to Participants at the addresses shown on the records of the Plan or at a more recent address as furnished by the Participant.

Notices to the Plan Agent shall be sent to:

Equity Transfer & Trust Company  
200 University Avenue, Suite 400  
Toronto, Ontario  
M5H 4H1

Attention: Dividend Reinvestment Department  
Fax: (416) 361-0470

Notices to the REIT shall be sent to:

InterRent Real Estate Investment Trust  
207 - 485 Bank Street  
Ottawa, Ontario  
K2P 1Z2

Attention: Chief Executive Officer  
Fax: (613) 569-5698

### **Governing Law**

The Plan shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and the REIT, the Plan Agent and all Participants agree that they shall attorn to the non-exclusive jurisdiction of the Ontario Superior Court of Justice or any successors thereto with respect to any and all actions brought in relation hereto.

### **Effective Date of this Plan**

The effective date of this Plan is July 16, 2007.

**INTERRENT REAL ESTATE INVESTMENT TRUST**

**DISTRIBUTION REINVESTMENT PLAN  
AUTHORIZATION**

**For Use by Holders of Units that are Registered Directly with  
Equity Transfer & Trust Company (the "Plan Agent")**

I hereby agree to participate in the Distribution Reinvestment Plan (the "Plan") and authorize INTERRENT REAL ESTATE INVESTMENT TRUST (the "REIT") to forward to the Plan Agent, funds, as indicated below, to purchase new units (the "Plan Units") of the REIT in accordance with the terms and conditions set forth in the Plan. I understand that I may terminate my participation in the Plan at any time by notifying the Plan Agent and the REIT in writing.

**Please circle the appropriate number(s):**

1. Full distribution reinvestment – to have the cash distribution on all units registered in the name(s) of the undersigned reinvested.
2. Optional contributions – in addition to the reinvestment of distributions under 1 the undersigned wishes to participate in the Plan through the investment of optional cash payments and has enclosed a payment of \$ \_\_\_\_\_ (the maximum contribution per month is the greater of the distribution received on behalf of a Participant or the minimum permitted amount of \$250 per month) to be used towards the purchase of Plan Units.

NOTE: The total of box 2 must NOT exceed the maximum contribution per month.

Optional cash payments made by holders of Units will be invested in Plan Units on the first distribution payment date following receipt of payment if received not less than five (5) days preceding payment date. No interest will be paid on monies received as optional cash payments.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Signature of Registered Holder of Units

\_\_\_\_\_  
Address

\_\_\_\_\_  
Signature of Registered Holder of Units

\_\_\_\_\_  
Address

\_\_\_\_\_  
Name (Please print)

\_\_\_\_\_  
Telephone No.

\_\_\_\_\_  
Fax No

\_\_\_\_\_  
E-mail Address