



**AMENDED AND RESTATED DISTRIBUTION REINVESTMENT PLAN
OF
PARTNERS REAL ESTATE INVESTMENT TRUST**

JANUARY 1, 2008

as amended effective June 16, 2011

Introduction

This Unitholder distribution reinvestment and optional unit purchase plan (the “**Plan**”) is being offered to eligible holders of units of Partners Real Estate Investment Trust (the “**REIT**”). The Plan is administered by the Agent (as defined herein).

Purpose

The Plan has been established for the purposes of offering Eligible Holders (as defined herein) a convenient method to reinvest distributions on units of the REIT declared and payable to them, and make optional cash payments to be invested in additional Units, each as described below. All such additional Units are purchased directly from the REIT by the Agent, which acts as agent for the Eligible Holders under the Plan.

Defined Terms

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

“**Average Market Price**” means the volume-weighted average of the closing price for a board lot (100 Units) of Units of the REIT quoted in Canadian dollars on the exchange on which the Units trade for the 20 trading days immediately preceding the relevant Distribution Date.

“**Agent**” means Computershare Trust Company of Canada or such other agent as may be appointed by the Trustees from time to time.

“**Bonus Units**” has the meaning ascribed to such term under the heading “Features”.

“**Business Day**” means any day on which the Agent’s principal offices in Toronto, Ontario are generally open for the transaction of commercial business but does not, in any event, include a day on which the Toronto Stock Exchange is not open for trading, a Saturday, Sunday or any day that is a statutory or municipal holiday in Toronto, Ontario.

“**CDS**” means The Canadian Depository for Securities Limited.

“**Close of Business**” means 5:00 p.m. (Toronto time) on a Business Day.

“**Distribution Date**” means on or about the 15th day of each calendar month in each calendar year or such other dates as the Trustees may determine.

“**Distribution Record Date**” means the last business day of each month except for December which shall be December 31, or such other dates as the Trustees may determine.

“**Eligible Holders**” means Unitholders who are Canadian residents.

“**Eligible Units**” means Units held by Eligible Holders.

“**Optional Cash Payments**” has the meaning ascribed to such term under the heading “Optional Cash Payments”.

“**Participant**” means an Eligible Holder who has elected, in accordance with the terms hereof, to participate in the Plan.

“**Participant Declaration and Contribution Voucher**” means the declaration and contribution voucher form required to be submitted by a Participant to the Agent at the time of enrolment along with the initial Optional Cash Payment.

“**Plan Enrolment Form**” means the authorization form required to participate in this Plan to be made available to each Eligible Holder by the Agent.

“**Unit**” means a trust unit (other than a special voting unit) of the REIT.

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

“**Trustees**” means the trustees of the REIT.

Features

Under the 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 Plan and, pursuant to the Plan, will receive an additional amount equal in value to 5% of each cash distribution which will be reinvested in additional Units (the “**Bonus Units**”). The price at which Units (including Bonus Units) will be issued from treasury with cash distributions will be calculated by reference to the Average Market Price. No commissions, service charges or brokerage fees are payable by Participants in connection with the Plan.

Distributions in respect of whole and fractional Units (up to six decimal places) purchased under the Plan will be credited to a Participant’s account and will be automatically invested under the Plan in additional Units until such time as the Participant’s participation in the Plan is terminated.

The REIT may issue up to 2,000,000 Units under the Plan. The REIT may increase the number of Units available to be issued under the Plan at any time subject to the approval of the stock exchange upon which the Units trade.

PARTICIPATION

Participation and Enrolment in the Plan

In order to be eligible to participate in the Plan, a holder must be an Eligible Holder. An Eligible Holder who is a registered holder of Units of record may enrol in the Plan at any time by completing a Plan Enrolment Form and returning it to the Agent. Eligible Holders who are beneficial holders (those who hold their Units with a broker or other investment dealer recognized by CDS) may request enrolment in the Plan through such broker or investment dealer. Once a Participant has enrolled in the Plan, participation continues automatically unless terminated in accordance with the terms of the Plan.

A completed Plan Enrolment Form must be received by the Agent five Business Days prior to a Distribution Record Date, in order for that cash distribution to be invested under the Plan on the relevant Distribution Date.

Once a Participant is enrolled, the REIT will forward to the Agent all of the Participant's cash distributions on Units (less any applicable withholdings) and direct the Agent to invest such amounts in Units (including Bonus Units) for the benefit of the Participant. The Agent will apply such funds received under the Plan to the purchase of additional Units (including Bonus Units) under the Plan.

If any Units are held by a non-resident of Canada, such Unitholder is not eligible to participate in the Plan. Upon ceasing to be a resident of Canada, a Participant shall forthwith notify the Agent or his or her broker or other investment dealer recognized by CDS of same and shall automatically be deemed to cease to be a Participant as of the date the Participant ceased to be a resident of Canada.

A Plan Enrolment Form may be obtained from the Agent at any time upon written request addressed to the Agent or by calling the Agent's National Customer Contact Centre at 1-800-564-6253.

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

Transfer of Participation Rights

The right to participate in the Plan may not be transferred by a Participant.

Termination of Participation

Participation in the Plan may be terminated by a Participant at any time by duly completing the termination portion of the voucher located on the reverse of the Participant's statement of account and sending it to the Agent or notifying his or her broker or other investment dealer recognized by CDS. A certificate for the number of whole Units held by the Agent under the Plan for the account of such Participant will be issued to, and in the name of, such Participant, together with a cheque for the value of any remaining fraction of a Unit held for the account of such Participant (based on the last Average Market Price). Any fraction of a Unit held for the account of such Participant will be cancelled in exchange for such cash payment.

If the notice of termination is received by the Close of Business at least five Business Days prior to a Distribution Record Date, termination of the Participant's Participation in the Plan

will be effective in respect of that Distribution Record Date. Otherwise, the termination will be effective in respect of the next succeeding Distribution Record Date. For greater certainty, a termination by a Participant will not prevent such Unitholder from Participating in the Plan at a later date. No certificate requests will be processed immediately following the related Distribution Date. Normally, a certificate will be sent to a Participant within three weeks of receipt by the Agent of a Participant's termination request.

After termination of participation in the Plan, all subsequent distributions will be paid to the former Participant in cash in the usual manner.

Amendment, Suspension or Termination of the Plan

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 interest of the Participants. Participants will be sent written notice of any such amendment, suspension or termination.

In the event of suspension or termination of the Plan by the REIT, no investment will be made by the Agent on the Distribution Date immediately following the effective date of such suspension or termination. Any Unit distribution subject to the Plan and paid after the effective date of any such suspension or termination will be remitted by the REIT to the Participants in cash only, in the usual manner.

The REIT may remove the Agent at any time on not less than ninety days prior notice to the Agent, and appoint another person as the Agent.

Similarly, the Agent may resign at any time on not less than ninety days prior notice to the REIT and upon delivery to the REIT of all property and records held in connection with the Plan.

Rules and Regulations

The REIT, in conjunction with the 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.

OPTIONAL CASH PAYMENTS

To the extent permitted by applicable law and regulatory rulings, Participants may contribute additional funds in excess of reinvested distributions ("**Optional Cash Payments**") for the purpose of acquiring additional Units under the Plan on a Distribution Date, provided that Optional Cash Payments made by any Participant shall not be less than \$1,000 per Distribution Date and not more than \$12,000 per calendar year. To make Optional Cash Payments, a Participant must send a certified cheque for the aggregate Optional Cash Payments made payable to "Computershare Trust Company of Canada" together with the Participant Declaration and Contribution Voucher by 5:00 p.m. (Toronto time) on the day which is five Business Days prior to any Distribution Record Date in order to purchase additional Units in respect of such Distribution Date. Any Optional Cash Payments received following the time specified will be held by the Agent and be used to purchase additional Units in respect of the following Distribution Date.

Any Optional Cash Payments received by the Plan Agent will be irrevocable and no interest will be paid by the REIT or the Agent on any money received as Optional Cash Payments.

There shall not be any commissions, service charges or brokerage fees payable in connection with the issuance of Units granted pursuant to Optional Cash Payments under the Plan.

Federal anti-terrorism and anti-money laundering legislation requires that Participants wishing to make Optional Cash Payments provide certain personal information. As a result, the Agent requires that any Participant wishing to make an Optional Cash Payment complete and submit the Participant Declaration and Contribution Voucher. Such Participant Declaration and Contribution Voucher need only be completed once. Once the Participant is compliant, then an automated cash contribution voucher shall generated with the statement mailing. If the Participant is non-compliant, the Participant must resubmit a Participant Declaration and Contribution Voucher before making an additional Optional Cash Payment.

Applicable securities laws restrict the number of Units that may be issued by the REIT each calendar year pursuant to Optional Cash Payments to not more than 2% of the number of issued and outstanding Units at the commencement of such calendar year. Once that limit is reached, Optional Cash Payments received for the current Distribution Date will be invested pro rata and any excess funds will be returned to Participants.

PRICE OF UNITS AND COSTS

On each Distribution Date, the REIT shall promptly pay over to the Agent, on behalf of Participants, all cash distributions paid on their Units, which shall be applied to purchase additional Units from treasury at the then applicable Average Market Price (subject as hereinafter described) as determined by the REIT. The Agent shall remit such portion of the cash distributions to the REIT concurrently with the purchase of additional Units from treasury on behalf of Participants.

In addition, a Participant will receive, from treasury, Bonus Units equal in value to 5% of each distribution that was reinvested by the Unitholder. The REIT will advise the Agent of the Average Market Price for purposes of calculating the number of additional Bonus Units.

The purchase price of Units purchased with Optional Cash Payments (as defined below) will be the Average Market Price.

Costs

There shall not be any commissions, service charges or brokerage fees payable in connection with the issuance of Units under the Plan. All administrative costs of the Plan shall be borne by the REIT.

RECORDING AND CERTIFICATES

Reports to Participants

An account will be maintained by the Agent for each Participant with respect to purchases of Units under the Plan for the account of such Participant. An unaudited statement of account regarding purchases under the Plan will be mailed on a quarterly basis to each Participant who is a registered holder of Units. These statements of account are a Participant's continuing record of purchases of Units made on behalf of such Participant pursuant to the Plan and should be retained for income tax purposes. Shareholders are responsible for calculating and monitoring their own adjusted cost base in Units for income tax purposes, as certain averaging rules may apply and such calculations may depend on the cost of other Units held by a Shareholder. Beneficial owners of Units who are enrolled in the Plan through a nominee may or may not be provided with such reports or forms from their nominee.

Withdrawals

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

A Participant that is a registered holder of Units may request a certificate for any number of Units held for the Participant's account under the Plan even though the Participant is not terminating participation in the Plan by duly completing the withdrawal portion of the voucher located on the reverse of the Participant's statement of account and sending it to the Agent. Normally, a certificate will be sent to a Participant within three weeks of receipt by the Agent of a Participant's request. Any remaining Units will continue to be held for the Participant's account under the Plan.

Units held by the Agent for a Participant 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.

RESPONSIBILITIES OF THE REIT AND THE AGENT

The REIT and the Agent shall not be liable for any act, or any omission to act, in connection with the operation of the Plan including, without limitation, any claims for liability:

- (a) relating to the prices at which Units are purchased or sold for the Participant's account and the times such purchases are made; and
- (b) arising in connection with income taxes (together with any applicable interest and/or penalties) payable by Participants in connection with their participation in the Plan.

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

PERSONAL LIABILITY

The Trustees of the REIT are entering into this Plan solely in their capacity as Trustees of the REIT, and that the obligations or liabilities (including those arising hereunder or arising in

connection herewith or from the matters to which this Plan relates, if any, including without limitation, claims based on negligence or otherwise tortious behavior) of the Trustees, managers, officers, consultants, agents or employees of the REIT hereunder will not be binding upon, nor will resort be had to the property of, any of the Unitholders or any annuitant under a plan of which a Unitholder is a trustee or carrier (an “**annuitant**”). The obligations or liabilities, if any, of the Trustees, managers, officers or employees of the REIT hereunder shall be satisfied only out of the property of the Trust and no resort may be had to the property of any Trustee, manager, officer or employee of the REIT. The provisions of this paragraph shall enure to the benefit of the heirs, successors, assigns and personal representatives of the Trustees, managers, officers or employees of the REIT and of the Unitholders and annuitants and, to the extent necessary to provide effective enforcement of such provisions, the Trustees are hereby acknowledged to be acting, and shall be entitled to act as, trustees for the Unitholders and annuitants.

COMPLIANCE WITH LAWS

The operation and implementation of the Plan is subject to compliance with all applicable legal requirements, including obtaining all appropriate regulatory approvals and exemptions from registration and prospectus requirements, and the requirements of any stock exchange on which the Units are listed. The REIT may limit the Units issuable under the Plan in connection with discretionary exemptive relief relating to the Plan granted by any securities regulatory authority.

NOTICES

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

Notices to the Agent shall be sent to:

Computershare Trust Company of Canada
9th Floor, 100 University Avenue
Toronto, ON M5J 2Y1

Attention: Dividend Reinvestment Department

(or by calling the National Customer Contact Centre at 1-800-564-6253)

Notices to the REIT shall be sent to:

Partners Real Estate Investment Trust
710 Redbrick Street, Suite 200
Victoria, British Columbia V8T 5J3

Attention: Chief Financial Officer
Fax: 250-592-9393

Effective Date of the Plan

The effective date of the Plan is January 1, 2008 as amended effective June 16, 2011.