

# INOVALIS

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REAL ESTATE INVESTMENT TRUST

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## **INOVALIS REAL ESTATE INVESTMENT TRUST**

**Management Information Circular**

**And**

**Notice of Annual Meeting of Unitholders**

**To be held on  
May 7, 2014**

**At the  
Toronto Region Board of Trade  
First Canadian Place  
77 Adelaide Street West  
Toronto, Ontario, Canada**

**at 2:00 p.m. (Toronto time)**

# INOVALIS REAL ESTATE INVESTMENT TRUST

## NOTICE OF ANNUAL MEETING OF UNITHOLDERS

NOTICE IS HEREBY GIVEN that an annual meeting (the “**Meeting**”) of holders (the “**Unitholders**”) of units and special voting units (collectively, the “**Units**”) of Inovalis Real Estate Investment Trust (the “**REIT**”) will be held at the Toronto Region Board of Trade, First Canadian Place, 77 Adelaide Street West, Toronto, Ontario, Canada on Wednesday, May 7, 2014 at the hour of 2:00 p.m. (Toronto time) for the following purposes:

- (a) to receive the audited financial statements of the REIT for the financial year ended December 31, 2013, and the auditor’s report thereon;
- (b) to elect the trustees of the REIT;
- (c) to re-appoint Ernst & Young, Société Anonyme, Cabinet de révision agréé, as auditor of the REIT for the ensuing year and to authorize the trustees of the REIT to fix their remuneration; and
- (d) to transact such other business as may properly be brought before the Meeting or any postponement or adjournment thereof.

The REIT’s board of trustees has fixed April 4, 2014 as the record date for determination of Unitholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each registered Unitholder at the close of business on that date is entitled to such notice and to vote at the Meeting in the circumstances set out in the information circular dated April 2, 2014 prepared by management in connection with the Meeting (the “**Information Circular**”).

Accompanying this Notice of Meeting is a copy of the Information Circular and a form of proxy. A Unitholder wishing to be represented by proxy at the Meeting or any adjournment or postponement thereof must deposit his, her or its duly executed form of proxy in person, by mail or by facsimile with the REIT’s transfer agent and registrar, CST Trust Company, P.O. Box 721, Agincourt, ON M1S 0A1, Fax: (416) 368-2502 (Attn: Proxy Department) prior to 5:00 p.m. (Toronto time) on the second business day preceding the Meeting, being May 5, 2014, or any postponement or adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof prior to the time of voting.

Non-registered Unitholders who receive this notice and related materials through an intermediary should complete and return the materials in accordance with the instructions provided to them by their intermediary. Failure to do so may result in their Units not being eligible to be voted at the Meeting.

DATED at Toronto, Ontario, this 2<sup>nd</sup> day of April, 2014.

BY ORDER OF THE BOARD OF TRUSTEES

(signed) “*David Giraud*”  
David Giraud  
Chief Executive Officer

A handwritten signature in black ink, appearing to read "David Giraud", is written over a horizontal line. The signature is stylized and includes a large loop at the end.

**INOVALIS REAL ESTATE INVESTMENT TRUST**  
**MANAGEMENT INFORMATION CIRCULAR**

**Dated: April 2, 2014**

## GENERAL PROXY INFORMATION

### Solicitation of Proxies

**This management information circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of Inovalis Real Estate Investment Trust (the “REIT”) for use at the annual meeting (the “Meeting”) of holders (the “Unitholders”) of units (the “Units”) and special voting units (the “Special Voting Units”) of the REIT to be held at the time and place and for the purposes set forth in the Notice of Annual Meeting dated April 2, 2014 sent by the REIT to Unitholders (the “Notice”) or at any adjournment thereof.**

The solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone or electronic means by trustees, officers or regular employees of the REIT or of Inovalis S.A., the manager of the REIT (“**Inovalis**”). None of these individuals will receive extra compensation for such efforts. The cost of solicitation will be borne by the REIT. The REIT has distributed, or made available for distribution, copies of the Notice, Circular and form of proxy to clearing agencies, securities dealers, banks and trust companies or their nominees (“**Intermediaries**”) for distribution to holders of Units (“**Non-Registered Unitholders**”) whose units are held by or in custody of such Intermediaries. Such Intermediaries are required to forward such documents to Non-Registered Unitholders. The solicitation of proxies from Non-Registered Unitholders will be carried out by the Intermediaries or by the REIT if the names and addresses of the Non-Registered Unitholders are provided by the Intermediaries. The REIT will reimburse reasonable expenses incurred by the Intermediaries in connection with the distribution of these materials.

The information contained in this Circular is given as of April 2, 2014, except where otherwise indicated. No person is authorized to give any information or make any representation other than those contained in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the REIT. The delivery of this Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date of this Circular.

### IMPORTANT INFORMATION FOR NON-REGISTERED UNITHOLDERS

**Information in this section is very important to all Unitholders, as all Units are registered in the name of CDS & Co. (“CDS”) (as nominee of CDS Clearing and Depository Services Inc., which acts as a depository for many Canadian brokerage firms). Units registered in the name of CDS can only be voted at the Meeting upon the instructions of the beneficial holder (the “Beneficial Unitholder”) of those Units. Therefore, Beneficial Holders should ensure that instructions in respect of the voting of their Units are communicated to the appropriate party.**

Intermediaries are required to forward meeting materials to Beneficial Unitholders unless a Beneficial Unitholder has waived the right to receive them. Typically, Intermediaries will use service companies to forward the meeting materials to Beneficial Unitholders. Beneficial Unitholders who have not waived the right to receive meeting materials will either:

- (a) be given a voting instruction form which must be completed and signed by the Beneficial Unitholder in accordance with the directions on the voting instruction form, which may in some cases permit the completion of the voting instruction form by telephone or through the Internet. A Beneficial Unitholder who receives a voting instruction form cannot use that form to vote the Units directly at the Meeting; rather, the Beneficial Unitholder must complete the voting instruction form in accordance with the instructions contained therein well in advance of the Meeting; or
- (b) less frequently, be given a proxy which has already been signed by the intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Units beneficially owned by the Beneficial Unitholder but which is otherwise uncompleted. This form of proxy need not be signed by the Beneficial Unitholder. In this case, the Beneficial Unitholder who wishes to submit a proxy should otherwise properly complete the form of proxy received from the intermediary and deposit it with the REIT's transfer agent, as described below under "Appointment of Proxies".

The purpose of these procedures is to permit Beneficial Unitholders to direct voting of the Units they beneficially own. Should a Beneficial Unitholder who receives either a proxy or a voting instruction form wish to attend and vote at the Meeting in person, or have another person attend and vote on behalf of the Beneficial Unitholder, the Beneficial Unitholder should insert the Beneficial Unitholder's, or such other person's, name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. In either case, Beneficial Unitholders should carefully follow the instructions of their intermediaries and their service companies.

### **Appointment of Proxies**

A registered Unitholder wishing to be represented by proxy at the Meeting or any adjournment or postponement thereof must deposit his, her or its duly executed form of proxy in person, by mail or by facsimile with the REIT's transfer agent and registrar, CST Trust Company, P.O. Box 721, Agincourt, ON M1S 0A1, Fax: (416) 368-2502 (Attn: Proxy Department) prior to 5:00 p.m. (Toronto time) on the second business day preceding the Meeting, being May 5, 2014, or any postponement or adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof prior to the time of voting.

**The persons named in the enclosed form of proxy accompanying this Circular are officers and/or trustees (the "Trustees") of the REIT. A Unitholder has the right to appoint a person or company (who need not be a Unitholder) to attend and act on behalf of such Unitholder at the Meeting and at any postponement or adjournment thereof other than the persons designated in the enclosed form of proxy.** Such right may be exercised by striking out the names of the persons specified in the form of proxy and inserting in the blank space provided for that purpose the name of the desired person or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the REIT's transfer agent and registrar, CST in the manner specified above or to the Chairman of the Meeting on the day of the

Meeting or any adjournment or postponement thereof prior to the time of voting. A proxy must be executed by the registered Unitholder or his or her attorney duly authorized in writing or, if the Unitholder is a corporation, by an officer or attorney thereof duly authorized. It is important to ensure that any other person that is appointed is attending the Meeting and is aware that his or her appointment has been made to vote the Units of the Unitholder. Proxyholders should, at the Meeting, present themselves to a representative of CST.

### **Revocation of Proxies**

Proxies given by Unitholders for use at the Meeting may be revoked prior to their use:

- (a) by depositing an instrument in writing or transmitting an instrument by telephonic or electronic means executed (in writing or by electronic signature) by the Unitholder or by such Unitholder's attorney duly authorized in writing or, if the Unitholder is a corporation, under its corporate seal, by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing,
  - (i) to the REIT at 151 Yonge Street, 11<sup>th</sup> floor, Toronto, Ontario, M5C 2W7, Tel: 416-845-1483, Fax: 647-775-8301, at any time up to and including 4.00 p.m. on the last business day preceding the day of the Meeting, being May 6, 2014, or any postponement or adjournment thereof; or
  - (ii) with the Chairman of the Meeting on the day of the Meeting, prior to the time of voting, or any postponement or adjournment thereof; or
- (b) in any other manner permitted by law.

A Non-Registered Holder may revoke a voting instruction form given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a voting instruction form that is not received by the Intermediary sufficiently in advance of the Meeting so that an Intermediary may act on such revocation. A Non-Registered Holder should contact its Intermediary to discuss what procedure to follow and the deadlines by which it needs to provide its revocation so that the Intermediaries can act on such revocation.

### **Exercise of Discretion by Proxies**

All properly executed forms of proxy, not previously revoked, will be voted or withheld from voting on any poll taken at the Meeting in accordance with the instructions of the Unitholder contained therein. **A properly executed form of proxy containing no instructions regarding the matters to be acted upon will be voted in favour of such matters.** The form of proxy also confers discretionary authority in respect of amendments to, or variations in, all matters which may properly come before the Meeting or any postponement or adjournment thereof. At the time of the printing of this Circular, management of the REIT knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. However, if any such amendments, variations or other matters which are not now known to management, should properly come before the Meeting, the Units represented by the proxies hereby solicited will be voted thereon in such manner as such persons then consider proper.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The REIT has fixed the close of business on April 4, 2014 as the record date (the “**Record Date**”) for the purposes of determining Unitholders entitled to receive the Notice and vote at the Meeting.

The REIT is authorized to issue an unlimited number of Units and an unlimited number of special voting units (the “**Special Voting Units**”), of which 11,288,542 Units and 1,388,685 Special Voting Units were issued and outstanding as at the date of this Circular. Each Unit and Special Voting Unit entitles the holder thereof to one vote for each matter to be voted on at the Meeting.

The REIT or its transfer agent will prepare a list of the Unitholders on the Record Date. Each Unitholder named in the list will be entitled to vote the Units shown opposite his, her or its name on the list.

As of March 28, 2014, the Trustees and executive officers of the REIT, as a group, beneficially own, directly or indirectly, or exercise control or direction over, 272,490 Units, representing approximately 2.1% of the issued and outstanding Units. In addition, through his controlling equity interest in Inovalis SA, Mr. Stephane Amine indirectly exercises control or direction over the Units and Special Voting Units held by Inovalis, as described below.

To the knowledge of the Trustees and senior officers of the REIT, and based upon the REIT’s review of the records maintained by CST and insider reports filed with the System for Electronic Disclosure by Insiders, as at the Record Date, the only persons who beneficially own, directly or indirectly, or exercise control or direction over voting securities of the REIT carrying more than 10% of the voting rights of the total issued and outstanding Units and Special Voting Units are as follows:

Name	Number of Units Owned			
	Units	Percentage of Class	Special Voting Units	Percentage of Class
Inovalis SA	180,000	1.6%	1,388,685	100.0%

## REPORT ON EXECUTIVE COMPENSATION

The REIT’s senior management team currently consists of individuals employed or contracted by Inovalis. Inovalis provides strategic, advisory, asset management, project management, property management and administrative services to the REIT and its subsidiaries pursuant to a management agreement for which the relevant subsidiary of the REIT will pay certain fees. See “Management Agreement” below for further information regarding such management agreement and the services provided by Inovalis to the REIT thereunder.

The REIT does not have any employment agreements with members of senior management and the REIT does not pay any cash compensation to any individuals serving as officers of the REIT, directly or indirectly. Rather, those individuals are compensated by Inovalis. A portion of the compensation paid to certain employees of Inovalis is attributable to time spent on the REIT’s activities.

The REIT's officers named in the "Summary Compensation Table" below are employees of Inovalis. These officers are referred to herein as the "**Named Executive Officers**".

The board of directors of Inovalis will have sole responsibility for determining the compensation of the Named Executive Officers. As a private entity, Inovalis is not required to disclose the basis for determining the compensation of its employees.

### **Compensation Discussion and Analysis**

The REIT's senior management team is employed or contracted by Inovalis. Accordingly, any variability in cash compensation paid by Inovalis to the Named Executive Officers that are employees or contractors of Inovalis will not impact the REIT's financial obligations.

The compensation of Inovalis is calculated in accordance with the management agreement between the REIT and Inovalis, and is not subject to the general discretion of the board of trustees of the REIT (the "**Board of Trustees**"). Accordingly, compensation received from Inovalis by Inovalis' senior management and its employees and contractors is not within or subject to the discretion of the Board of Trustees.

### ***Principal Elements of Compensation***

The compensation of the Named Executive Officers includes two major elements: (a) base salary and (b) an annual cash bonus. As a private company, Inovalis' process for determining executive compensation is relatively straightforward, involving board discussion with input from senior management of the company. There is no specific formula for determining the amount of each element, nor is there a formal approach applied by Inovalis for determining how one element of compensation fits into the overall compensation objectives in respect of the REIT's activities. Objectives and performance measures may vary from year to year as determined to be appropriate by the board of directors of Inovalis.

The Named Executive Officers do benefit from medium term incentives or pension plan participation. Perquisites and personal benefits are not a significant element of compensation of the Named Executive Officers.

The two principal elements of compensation are described below:

*Base salaries.* Base salaries are intended to provide an appropriate level of fixed compensation that will assist in employee retention and recruitment. Base salaries will be determined on an individual basis, taking into consideration the past, current and potential contribution to the REIT's success, the position and responsibilities of the Named Executive Officers and competitive industry pay practices for other real estate investment trusts and corporations of comparable size. Inovalis does not engage compensation consultants for the purposes of performing benchmarking or apply specific criteria for the selection of comparable real estate businesses. Other comparable real estate businesses that may be considered for benchmarking purposes include Allied Properties REIT, Artis REIT, Cominar REIT, CREIT, Dundee International REIT, H&R REIT and Morguard Investments Limited. Increases in base salary are at the sole discretion of Inovalis.

*Annual cash bonuses.* Annual cash bonuses are discretionary and are not awarded pursuant to a formal incentive plan. Annual cash bonuses are awarded based on qualitative and quantitative performance standards, and reward the REIT's performance or the Named Executive Officer individually. The determination of the REIT's performance may vary

from year to year depending on economic conditions and conditions in the real estate industry, and may be based on measures such as unit price performance, the meeting of financial targets against budget, the meeting of acquisition objectives and balance sheet performance.

Individual performance factors vary, and may include completion of specific projects or transactions and the execution of day-to-day management responsibilities.

The REIT does not have any unit option plan, equity compensation plan or other incentive plan, or any pension plan that provides for payments of benefits at, following or in connection with retirement or provide for retirement or deferred compensation plans for the Named Executive Officers or Trustees. The REIT has no plan or arrangement whereby any Named Executive Officer or Trustee may be compensated in the event of that Named Executive Officer's or Trustee's resignation, retirement or other termination of employment, or in the event of a change of control of the REIT or a change in the Named Executive Officer's responsibilities following such a change of control.

### Summary Compensation Table

The following table sets out the compensation paid to each of the Named Executive Officers for the fiscal year of the REIT ended December 31, 2013. For greater certainty, the REIT does not have any employment agreements with members of senior management and the REIT does not pay cash compensation to any individuals serving as officers of the REIT, directly or indirectly.

Name and principal position	Salary <sup>(1)</sup> (\$)	Unit-based awards	Non-equity incentive plan compensation	All other compensation (\$)	Total compensation (\$)
<b>Stephane Amine</b> .....	260,000	—	—	—	260,000
Chairman					
<b>David Giraud</b> .....	200,000	—	—	—	200,000
Chief Executive Officer					
<b>Antoine Tronquoy</b> .....	140,000	—	—	—	140,000
Chief Financial Officer					
<b>Khalil Hankach</b> .....	140,000	—	—	—	140,000
Chief Investment Officer					

Notes

(1) Represents the portion of salary paid by Inovalis attributable to time spent on the REIT's activities.

## Trustees' Compensation

The Trustees' compensation program is designed to attract and retain qualified individuals to serve on the Board of Trustees. In consideration for serving on the Board of the Trustees, each Trustee that is not an employee of the REIT or Inovalis received the following compensation for the fiscal year of the REIT ended December 31, 2013:

Name of Trustee	Fee Earned <sup>(1)</sup> (\$)	Unit-based awards	Non-equity incentive plan compensation	All other compensation (\$)	Total compensation (\$)
Daniel Argiros	43,000	—	—	—	43,000
Jean-Daniel Cohen	31,000	—	—	—	31,000
Richard Dansereau	38,000	—	—	—	38,000
Marc Manasterski	32,000	—	—	—	32,000
Raymond Paré	43,000	—	—	—	43,000
Michael Zakuta]	38,000	—	—	—	38,000

The compensation of the Board of Trustees is reviewed on an annual basis by the Compensation and Governance Committee.

The Trustees are also entitled to be reimbursed for their out-of-pocket expenses incurred in acting as Trustees. In addition, Trustees are entitled to receive remuneration for services rendered to the REIT in any other capacity, except in respect of their service as directors of any of the REIT's subsidiaries. Trustees who are employees of and who receive salary from the REIT or Inovalis are not entitled to receive any remuneration for their services in acting as Trustees, but are entitled to reimbursement of their out-of-pocket expenses incurred in acting as Trustees.

## MANAGEMENT AGREEMENT

Pursuant to a management agreement entered into between the REIT, Inovalis and certain other entities on April 10, 2013 (the "**Management Agreement**"), Inovalis is the manager of the REIT and provides the strategic, advisory, asset management, project management, construction management, property management and administrative services necessary to manage the operations of the REIT. For purposes of the Management Agreement, a reference to the REIT includes its subsidiaries, as applicable. The address of Inovalis is 52 rue de Bassano, 75008 Paris, France..

In particular, in connection with the Management Agreement, Inovalis has agreed to: provide the services of a senior management team to the REIT; provide the services of administrative, management and executive personnel as is reasonably necessary; provide advisory, consultation and investment management services and monitor the financial performance of the REIT; advise the Trustees on strategic matters, including potential acquisitions, dispositions, financings, development and redevelopment; provide guidance to property managers on operating and capital expenditures; identify, evaluate, recommend, negotiate and assist in the structuring of acquisitions, dispositions and other transactions; advise and assist with borrowings, issuances of securities and other capital requirements, including assistance in dealings with banks and other

lenders, investment dealers, institutions and investors; make recommendations with respect to the payment of distributions; prepare business plans and annual budgets, implement such plans and budgets and report on the financial performance of the REIT; with cooperation from the REIT's Chief Financial Officer, establish and maintain disclosure controls and procedures and internal controls over financial reporting of the REIT; maintain the books and financial records of the REIT's properties and prepare reports, tax returns and other disclosure documents based on the maintenance of such books and records; assist the REIT with respect to investor relations strategies and activities, including compiling and preparing the materials required for those strategies and activities; advise the REIT with respect to regulatory compliance requirements, risk management policies and certain litigation matters; prepare all documents, reports, data and analysis required by the REIT for its filings and documents necessary for its continuous disclosure requirements pursuant to applicable stock exchange rules and securities laws; prepare all reports reasonably requested by the REIT, including operational reporting such as cash flow by property and by asset type, reports on development costs and executive summaries by asset type describing each of the REIT's properties; supervise and conduct all leasing services (including research to find potential tenants, contacting potential tenants, coordination of potential third-party brokers, negotiations with tenants and support in finalization of the leasing agreements); provide property management services (including through third parties); provide construction management services; supervise property expansions, capital projects and development and redevelopment projects for the REIT; and provide any additional services as may from time to time be agreed to in writing by the REIT and Inovalis for which Inovalis will be compensated on terms to be agreed upon between Inovalis and the REIT prior to the provision of such services. Notwithstanding the foregoing, it may at times be prudent for Inovalis to delegate certain of its responsibilities under the Management Agreement to a third party provider. As a result, Inovalis is entitled to subcontract certain of its obligations under the Management Agreement where it is appropriate to do so, provided that, unless otherwise provided, such subcontracting is done at the expense of Inovalis and will not relieve Inovalis of its obligations or liability under the Management Agreement.

Additional information regarding the Management Agreement can be found in the REIT's annual information form filed on SEDAR at [www.sedar.com](http://www.sedar.com). Unitholders may also request a copy of such document, free of charge, by contacting the REIT at the address set forth below under "Additional Information".

For its services under the Management Agreement during the fiscal year of the REIT ended December 31, 2013, Inovalis received an aggregate compensation of \$1,198,625 paid entirely in securities exchangeable into Units of the REIT with the issuance of 132,923 exchangeable securities of the REIT.

Each of the following persons may be considered "informed persons" of Inovalis for purposes of National Instrument 51-102 – *Continuous Disclosure Obligations*:

<b>Name</b>	<b>Province of Residence</b>
Stéphane Amine	Paris, France
David Giraud	Paris, France
Fadi Caledit	Le Vésinet, France

None of Inovalis or any of such informed persons has any indebtedness to the REIT or its subsidiaries, and there is no transaction or arrangement between such persons and the REIT or its subsidiaries since the start of the REIT's most recently completed financial year.

## REPORT ON CORPORATE GOVERNANCE

The Canadian Securities Administrators have adopted National Policy 58-201 – *Corporate Governance Guidelines* ("NP 58-201"), which provides guidance on corporate governance practices for issuers such as the REIT, and National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101"), which prescribes certain disclosure by the REIT of its corporate governance practices. This disclosure is presented below.

### Board of Trustees

The following table sets forth the name, municipality of residence and positions held with the REIT (or functions performed on behalf of the REIT) of each Trustee as of the date of this Circular:

<b>Name, Province or State and Country of Residence</b>	<b>Position/Title</b>	<b>Committees</b>	<b>Principal Occupation</b>
<b>Stéphane Amine</b> <i>Paris, France</i>	Chairman and Trustee	N/A	Chairman and Founder, Inovalis
<b>Daniel Argiros</b> <i>Ontario, Canada</i>	Independent and Lead Trustee	Audit Committee	Co-Founder, Conundrum Capital Corporation Chief Executive Officer, Potentia Solar Inc.
<b>Jean-Daniel Cohen</b> <i>Paris, France</i>	Independent Trustee	Audit Committee	Chairman, Hoche Partners Group of Companies Managing Director, Laforêt Real Estate
<b>Richard Dansereau</b> <i>Quebec, Canada</i>	Independent Trustee	Compensation and Governance Committee (Chairman) and Investment Committee	Managing Director at Stonehenge Partners
<b>Marc Manasterski</b> <i>Paris, France</i>	Independent Trustee	Investment Committee and Compensation and Governance Committee	Partner, Quilvest Real Estate
<b>Raymond Paré</b> <i>Quebec, Canada</i>	Independent Trustee	Audit Committee (Chairman)	Chief Financial Officer and Vice-President, Alimentation Couche-Tard Inc.
<b>Michael Zakuta</b> <i>Quebec, Canada</i>	Independent Trustee	Investment Committee (Chairman) and Compensation and Governance Committee	President & Chief Executive Officer, Plaza Retail REIT

To facilitate the Board of Trustees functioning independent of management, where appropriate, during regularly scheduled meetings, non-independent Trustees and members of management are excluded from certain discussions.

## **Other Directorships**

The following Trustees are also directors of other reporting issuers (or the equivalent) as set forth below:

<u>Trustee</u>	<u>Other Reporting Issuers</u>
Richard Dansereau	Agellan REIT
Michael Zakuta	Fronsac REIT

## **Compensation and Governance Committee**

The Compensation and Governance Committee consist of Mr. Dansereau, Mr. Manasterski and Mr. Zakuta, with Mr. Dansereau as Chairman.

The Compensation and Governance Committee is charged with reviewing, overseeing and evaluating the governance and nominating policies and the compensation policies of the REIT. In addition, the Compensation and Governance Committee is responsible for: (i) assessing the effectiveness of the Board of Trustees, each of its committees and individual Trustees; (ii) overseeing the recruitment and selection of candidates as Trustees of the REIT; (iii) organizing an orientation and education program for new Trustees and coordinating continuing Trustee development programs; (iv) considering and approving proposals by the Trustees to engage outside advisers on behalf of the Board of Trustees as a whole or on behalf of the independent Trustees; (v) reviewing and making recommendations to the Board of Trustees concerning any change in the number of Trustees composing the Board of Trustees; (vi) administering any Unit option or purchase plan of the REIT or any other compensation incentive programs; (vii) assessing the performance of the officers and other members of the executive management team of the REIT; (viii) reviewing and approving the compensation paid by the REIT, if any, to consultants of the REIT; and (ix) reviewing and making recommendations to the Board of Trustees concerning the level and nature of the compensation payable, if any, to the Trustees and officers of the REIT.

To ensure the Compensation and Governance Committee has the expertise to carry out its mandate, it is intended that its members will have, or acquire within a reasonable period of time after being appointed, an understanding of relevant issues relating to governance and compensation.

## **Orientation and Continuing Education**

The Compensation and Governance Committee has put in place an orientation program for new Trustees under which a new Trustee will meet with the Chairman and Lead Trustee of the Board of Trustees and members of the executive management team of the REIT. It is anticipated that a new Trustee will be provided with comprehensive orientation and education as to the nature and operation of the REIT, its business, the role of the Board of Trustees and its committees, and the contribution that an individual Trustee is expected to make.

## **Ethical Business Conduct**

The Board of Trustees has adopted a written code of conduct (the “**Code of Conduct**”) that applies to all of our Trustees, officers and employees. The objective of the Code of Conduct is to provide guidelines for maintaining our integrity, reputation, honesty, objectivity and impartiality. The Code of Conduct addresses conflicts of interest, protecting our assets, confidentiality, fair dealing with security holders, competitors and employees, insider trading, compliance with laws and reporting any illegal or unethical behaviour. As part of the Code of Conduct, any person subject to the Code of Conduct is required to avoid or fully disclose interests or relationships that are harmful or detrimental to the REIT’s best interests or that may give rise to real, potential or the appearance of conflicts of interest. The Board of Trustees expects to monitor compliance with the Code of Conduct by encouraging all Trustees, officers and employees to talk to supervisors, managers or other appropriate personnel about observed illegal behavior and when in doubt about the best course of action in a particular situation. The Board of Trustees has ultimate responsibility for the stewardship of the Code of Conduct. The Code of Conduct is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Nomination of Trustees**

The Compensation and Governance Committee co-ordinates and manages the process of recruiting, interviewing, and recommending candidates to the Board of Trustees. This committee has a formal written charter which outlines the committee’s responsibilities, requisite qualifications for new trustees, the appointment and removal of trustees and the reporting obligations to the Board of Trustees.

## **Assessments**

The Compensation and Governance Committee is responsible for assessing the effectiveness of the Board of Trustees, each of its committees and individual Trustees. Trustees are regularly surveyed to form the basis of such assessment and such assessment is reviewed by the Chairman of the Board of Trustees, with the exception of the assessment of the Chairman of the Board of Trustees, which is reviewed by the Lead Trustee.

## **AUDIT COMMITTEE**

Information regarding the Audit Committee of the REIT can be found in the REIT’s annual information form filed on SEDAR at [www.sedar.com](http://www.sedar.com), and is incorporated herein by reference. Unitholders may also request a copy of such document, free of charge, by contacting the REIT at the address set forth below under “Additional Information”.

## **INDEBTEDNESS OF TRUSTEES, EXECUTIVE OFFICERS AND SENIOR OFFICERS**

No Trustee, executive officer or senior officer of the REIT or proposed management nominee for election as a Trustee, nor each associate of any such Trustee, officer or proposed management nominee, is or has been indebted to the REIT at any time during the last completed financial year.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as set out herein, no informed person (as such term is defined in the *Securities Act* (Ontario)) or proposed nominee for election as a Trustee, nor any associate or affiliate of the foregoing, has any interest, direct or indirect, in any material transactions in which the REIT has participated since the formation of the REIT or in any proposed transaction which has materially affected or will materially affect the REIT.

## PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

### 1. Election of Trustees

The declaration of trust of the REIT (the “**Declaration of Trust**”) provides for a flexible number of Trustees, subject to a minimum of five and a maximum of twelve. The number of Trustees within such minimum and maximum numbers may be changed by the Unitholders or by the Trustees from time to time at their discretion. At this time, the number of Trustees is set at seven.

The Declaration of Trust also provides that, so long as the number of Trustees is set at nine, Inovalis shall have the exclusive right to nominate: (i) two Trustees so long as Inovalis (x) holds Units or securities exchangeable into Units representing 6% or more of the outstanding Units or (y) serves as the manager of the REIT, or (ii) one Trustee so long as Inovalis holds Units or securities exchangeable into Units representing 3% or more but less than 6% of the outstanding Units. Inovalis has specified to the Board of Trustees that its nominees for election at the Meeting are Stéphane Amine and Jean-Daniel Cohen. In addition, so long as a Trustee nominated by Inovalis is serving on the Board of Trustees, such Trustee will be the Chairman of the Board of Trustees.

It is proposed that each of the persons whose name appears below be elected as a Trustee of the REIT to serve until the close of the next annual meeting of unitholders or until his successor is elected or appointed. The following table sets forth the name and residence of each of the nominees, whether each nominee is an “independent” Trustee (as that term is defined in NI 52-110), their respective principal occupations and information as to voting securities of the REIT beneficially owned, or controlled or directed, directly or indirectly, by each of them.

In the event a nominee is unable or unwilling to serve, an event that management of the REIT has no reason to believe will occur, the persons named in the accompanying form of proxy reserve the right to vote for another person at their discretion, unless a Unitholder has specified in the form of proxy that the Units subject to such proxy are to be withheld from voting for the election of Trustees.

Voting will be for the election of each individual Trustee, and not on a slate basis. The Toronto Stock Exchange has recently adopted amendments to its Company Manual requiring listed entities to adopt a majority voting policy for uncontested director elections for securityholder meetings held on or after June 30, 2014. A majority voting policy generally provides that if the number of “withhold” votes exceeds the number of “for” votes cast for a particular director nominee, then that director would be required to tender his or her resignation. The REIT considers that the individuals nominated for election as Trustees are the appropriate set of individuals who will ensure a well-balanced and competent Board of Trustees. However, as part

of its ongoing commitment to corporate governance and compliance with stock exchange requirements, the Board of Trustees intends to adopt a majority voting policy to become effective at the annual meeting of Unitholders to be held in 2015.

To the knowledge of the REIT, no proposed Trustee:

(a) is, as at the date of this, or has been, within 10 years before the date of this Circular, a trustee, chief executive officer or chief financial officer of any company (including the REIT) that, (i) was subject to an order that was issued while the proposed Trustee was acting in the capacity as trustee, chief executive officer or chief financial officer; or (ii) was subject to an order that was issued after the proposed Trustee ceased to be a trustee, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as trustee, chief executive officer or chief financial officer;

(b) is, as at the date of this, or has been within 10 years before the date of this Circular, a trustee or executive officer of any company (including the REIT) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

(c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed Trustee;

(d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed Trustee.

The following table sets forth the name of each person to be nominated by management of the REIT for election as a Trustee, such person's principal occupation, including his or her present position with the REIT, the period or periods of his or her service as a Trustee, and the approximate number of Units beneficially owned, directly or indirectly, or subject to control or direction, by such person as at the date of this Circular:

<b>Name and Place of Residence</b>	<b>Principal Occupation</b>	<b>Trustee Since</b>	<b>Independent Trustee</b>	<b>Number of Units Beneficially Owned or Controlled<sup>1</sup></b>
<b>Stéphane Amine</b> <i>Paris, France</i>	Chairman and Founder, Inovalis SA, Trustee of the REIT	February 8, 2013	No	5,200
<b>Daniel Argiros</b> <i>Ontario, Canada</i>	Co-Founder, Conundrum Capital Corporation Chief Executive Officer, Potentia Solar Inc, Trustee of the REIT	February 8, 2013	Yes	25,000
<b>Jean-Daniel Cohen</b> <i>Paris, France</i>	Chairman, Hoche Partners Group of Companies Managing Director, Laforêt Real Estate, Trustee of the REIT	February 8, 2013	Yes	100,000
<b>Richard Dansereau</b> <i>Quebec, Canada</i>	Managing Director at Stonehenge Partners, Trustee of the REIT	February 8, 2013	Yes	5,000
<b>Marc Manasterski</b> <i>Paris, France</i>	Partner, Quilvest Real Estate, Trustee of the REIT	February 8, 2013	Yes	-
<b>Raymond Paré</b> <i>Quebec, Canada</i>	Chief Financial Officer and Vice- President, Alimentation Couche-Tard Inc., Trustee of the REIT	February 8, 2013	Yes	3,500
<b>Michael Zakuta</b> <i>Quebec, Canada</i>	President & Chief Executive Officer, Plaza Retail REIT, Trustee of the REIT	February 8, 2013	Yes	131,000

**Note:**

- (1) Individual Trustees have furnished information as to Units beneficially owned, controlled or directed, directly or indirectly, by such Trustee. The REIT has relied on this information for purposes of this disclosure.

***Biographical Information Regarding the Proposed Nominees***

**Stéphane Amine, Trustee.** Mr. Amine has over 20 years of management experience in the European real estate market and serves as the Chairman of the REIT. Since founding Inovalis SA in 1998, Mr. Amine has helped build Inovalis SA into one of Western Europe's leading privately owned real estate investment management companies. Under his stewardship, Inovalis SA has grown to manage commercial real estate properties in France and Germany, with assets under management exceeding \$5 billion as at December 31, 2013. Inovalis SA now has 232 employees, of which 170 in its affiliate Adyal, a third-party property and facility management with over 400 customers. Prior to founding Inovalis SA, Mr. Amine managed the multinational investors of Constructa S.A., a leading developer and property manager with offices, at the time, in the United Kingdom, Switzerland and the United States. Mr. Amine graduated with a Masters in Management from Reims Management School (RMS Grand Ecole / Sup de Co Reims)

**Daniel Argiros, *Independent Trustee.*** In 2000, Mr. Argiros co-founded Conundrum Capital, a real estate private equity fund manager serving major pension funds and institutional investors. In addition, Mr. Argiros is the founder and Chief Executive Officer of Potentia Solar Inc., an independent power producer focused on the development, ownership and operation of solar photovoltaic energy systems. As founder, President and Chief Executive Officer of Acanthus Real Estate Corporation, he grew the firm, between 1997 and 2000, to an asset value of over \$500-million on the Toronto Stock Exchange, selling it in September 2000 to Le Caisse de Depot et Placement du Quebec. Prior to forming Acanthus, Mr. Argiros led the investment management subsidiary of Corporate Planning Associates, from 1988 to 1997. Mr. Argiros began his career with the national accounting firm, Deloitte, Haskins & Sells in 1985, after completing his Bachelor of Commerce degree at the University of Toronto. He obtained his designation as a Chartered Accountant (C.A.) the following year. Mr. Argiros is a Director and Past President of ProAction, Cops and Kids. Mr. Argiros will serve as the Lead Trustee of the REIT.

**Jean-Daniel Cohen, *Independent Trustee.*** Since 2001 Mr. Cohen has served as the Chairman and CEO of Hoche Partners Group of Companies, an international investment bank focused on providing advisory, structured financing, private equity and real estate services to family offices and medium-sized businesses. He also serves as Managing Director of LAURAD, a real estate-focused private equity investment group, whose investments include Laforêt Real Estate, a leading France based retail real estate broker franchise. Mr. Cohen sits on the Board of Société Centrale des Bois et Scieries de la Manche (SCBSM), a real estate investment trust listed on NYSE Euronext Paris, as well as Crosswood, and Focière Volta, two French listed NYSE Euronext Paris investment companies. Prior to his current role, Mr. Cohen was the Managing Partner at Aurel-Leven, a leading independent French brokerage and investment bank, the Managing Partner at UFFI REAM, a real estate asset manager and CEO of Louis Dreyfus Finance (Banque), the banking arm of the Louis Dreyfus Group. Mr. Cohen graduated from Ecole Centrale de Paris.

**Richard Dansereau, *Independent Trustee.*** Mr. Dansereau brings over 30 years of real estate experience, during which time he has been involved in all aspects of real estate for a variety of different firms. Mr. Dansereau is currently a Managing Director at Stonehenge Partners, a New York-based real estate company, which owns and manages a portfolio of more than 3,000 luxury rental apartments in Manhattan. Prior to joining Stonehenge, Mr. Dansereau was President and Chief Operating Officer of Cadim, a real estate division of Caisse de depot et placement du Québec, from 2000 to 2009 and, prior to that, he was Vice-President of Acquisitions for Canadian Real Estate Investment Trust from 1997 to 2000. In addition, he has been employed at a number of notable real estate firms, including Brasos Advisors (now Lonestar), Colliers International and Marcil Trust, and has served on the boards of private and public companies, including MCAN Mortgage Corporation. Mr. Dansereau has a certificate in marketing from the Business School of the University of Montreal. Mr. Dansereau will serve as Chairman of the REIT's Compensation and Governance Committee.

**Marc Manasterski, *Independent Trustee.*** Mr. Manasterski is a partner and Head of Quilvest Real Estate, a division of Quilvest, a multi-family office with global reach. Before joining Quilvest in February 2008, Mr. Manasterski served as Chief Executive Officer of Alliance Hospitality Group, managing a large hotel portfolio in France, Belgium and Italy on behalf of Whitehall, Goldman Sachs' real estate opportunity fund. Prior to that, Mr. Manasterski enjoyed more than 20 years of direct experience in real estate development. As Chief Executive

Officer of several private investment funds owned by banks or/and high net worth individuals, he led concept development and construction of market multi-component resorts and smaller redevelopment projects. Mr. Manasterski holds an H.N.D. in Marketing from the College for the Distributive Trades (London) and a Masters in Business Administration from INSEAD, Fontainebleau.

**Raymond Paré, *Independent Trustee.*** Mr. Paré is the Chief Financial Officer and a Vice-President of Alimentation Couche-Tard Inc., the largest independent convenience-store operator in terms of company-owned stores in North America. Prior to assuming his current position, Mr. Paré held the position of Vice-President, Corporate Finance and Treasurer and previously, the position of Director, Finance within Alimentation Couche-Tard Inc. since 2003. In 1992, Mr. Paré began his professional career at Ernst & Young as a Chartered Accountant and, prior to joining Alimentation Couche-Tard Inc., held several senior positions in financial and operational management at JAC Canada / USA Inc. and Bombardier Inc. Mr. Paré graduated in 2008 with a Masters in Business Administration for management in Financing. In 1992 Mr. Paré obtained a Bachelor's Degree in Accounting from the Université du Québec in Montréal became a Chartered Accountant in 1994. Mr. Paré will serve as the Chairman of the REIT's Audit Committee.

**Michael Zakuta, *Independent Trustee.*** Mr. Zakuta has served as President, Chief Executive Officer and Director of Plaza Retail REIT (previously named Plazacorp Retail Properties Limited) since 2005. Plaza Retail REIT is one of Eastern Canada's leading retail property owners with interests in 332 properties comprising over 6.6 million square feet of retail space. Previously, Mr. Zakuta was Vice-President of Plazacorp Retail Properties Limited. He is a co-founder of Plaza Retail REIT and has served as a Director of the company since its inception in 1999. Mr. Zakuta is a Director of Fronsac REIT (TSX Venture) an owner of "management free", triple net retail assets in Quebec. He began his career in real estate after obtaining a law degree (L.L.B) from the University of Montreal and a business degree (B. Comm) from McGill University. Mr. Zakuta will serve as the Chairman of the REIT's Investment Committee.

**The persons named in the form of proxy which accompanies this Circular intend to vote FOR the election of the nominees listed above as Trustees unless the Unitholder has specified in the form of proxy that the Units represented by such form of proxy are to be withheld from voting in respect thereof.**

## **2. Appointment of Auditor**

Upon the recommendation of the Audit Committee, management proposes to nominate Ernst & Young, Société Anonyme, Cabinet de révision agréé, which firm has been auditor of the REIT since the REIT's formation, as auditor of the REIT to hold office until the next annual meeting of Unitholders and to authorize the Board of Trustees, upon recommendation of the Audit Committee, to fix their remuneration. An affirmative vote of a majority of the votes cast at the Meeting is sufficient for the appointment of auditor.

**The persons named in the form of proxy which accompanies this Circular intend to vote FOR the appointment of Ernst & Young, Société Anonyme, Cabinet de révision agréé, as the auditor of the REIT unless the Unitholder of the REIT has specified in the form of proxy that the Units represented by such form of proxy are to be withheld from voting in respect thereof.**

### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Except in so far as they may be Unitholders and unless otherwise disclosed in this Circular, no person who has been a Trustee or executive officer of the REIT at any time since the beginning of the REIT's last financial year, or proposed nominee for election as a Trustee, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting other than the election of Trustees.

### **GENERAL**

The consolidated financial statements of the REIT for the financial year ended December 31, 2013, together with the report of the auditors thereon, will be presented to Unitholders at the Meeting for their consideration.

### **ADDITIONAL INFORMATION**

Additional information relating to the REIT is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the REIT's financial statements and management's discussion and analysis for its most recently completed financial year. Unitholders may contact the REIT at 151 Yonge Street, 11<sup>th</sup> floor, Toronto, Ontario, M5C 2W7 to request copies of such documents, free of charge.

**APPROVAL OF BOARD OF TRUSTEES**

The contents of this Circular and the sending of it to each Trustee of the REIT, to the auditor of the REIT, to the Unitholders and to the applicable regulatory authorities, have been approved by the Trustees of the REIT.

DATED at Toronto, Ontario, this 2<sup>nd</sup> day of April, 2014.

(signed) "*David Giraud*"

David Giraud  
Chief Executive Officer

A handwritten signature in black ink, appearing to read 'D. Giraud', is written over a horizontal line. The signature is stylized and somewhat cursive.