

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws and, subject to certain exceptions, may not be offered or sold in the United States. See "Plan of Distribution". This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities in the United States.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of InnVest Real Estate Investment Trust at 7th Floor, 5090 Explorer Drive, Mississauga, Ontario, L4W 4T9, telephone (905) 206-7100, and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

October 2, 2009



INNVEST REAL ESTATE INVESTMENT TRUST

\$50,001,075

12,658,500 Units

This short form prospectus qualifies the distribution of 12,658,500 units (the "Units") of InnVest Real Estate Investment Trust (the "REIT") at a price of \$3.95 per Unit (the "Offering"). The Units are being offered pursuant to an underwriting agreement dated September 25, 2009 (the "Underwriting Agreement") between the REIT and RBC Dominion Securities Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., TD Securities Inc., Canaccord Capital Corporation and Blackmont Capital Inc. (collectively, the "Underwriters" and each an "Underwriter").

The outstanding Units of the REIT are listed on the Toronto Stock Exchange (the "TSX") under the symbol "INN.UN". On September 18, 2009, the last full trading day prior to the public announcement of the Offering, the closing price of the Units on the TSX was \$4.22. The TSX has conditionally approved the listing of the Units issuable pursuant to the Offering on the TSX. Such listing will be subject to the REIT fulfilling all of the listing requirements of the TSX on or prior to December 21, 2009.

An investment in the securities offered hereunder involves risk. The risk factors identified under the heading "Risk Factors" in this short form prospectus should be carefully reviewed and evaluated by prospective purchasers before purchasing the securities being offered hereunder.

Price: \$3.95 per Unit

	Price to the Public ⁽¹⁾	Underwriters' Fee	Net Proceeds to the REIT ⁽²⁾
Per Unit	\$3.95	\$0.158	\$3.792
Total ⁽³⁾	\$50,001,075	\$1,900,041	\$48,101,034

Notes:

- (1) The price for the Units offered under this short form prospectus was determined by negotiation between the REIT and the Underwriters.
- (2) Before deducting certain expenses of the Offering, estimated to be approximately \$500,000, which, together with the Underwriters' fee, will be paid from the general funds of the REIT. See "Plan of Distribution".
- (3) The price to the public and the net proceeds of the Offering include the proceeds from the sale of 632,925 Units to Maple Leaf Investment Holdings L.P. ("Maple Leaf"), an affiliate of the manager of the REIT's hotel portfolio. No Underwriters' fee will be payable by the REIT in respect of the distribution of such Units. The Units qualified by this short form prospectus include the Units to be purchased by Maple Leaf. See "Sale to Maple Leaf".

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The Underwriters, as principals, conditionally offer the Units, subject to prior sale, if, as and when issued by the REIT and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement and subject to the approval of certain legal matters on behalf of the REIT by Davies Ward Phillips & Vineberg LLP and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP. In connection with the Offering, the Underwriters may, subject to applicable laws, effect transactions intended to stabilize or maintain the market price for the Units at levels above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. The Underwriters propose to offer the Units initially at the offering price specified above. **After a reasonable effort has been made to sell all of the Units at the price specified, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Units remaining unsold. Any such reduction will not affect the proceeds received by the REIT. See “Plan of Distribution”.**

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The book-entry only certificate representing the Units in registered form held by CDS Clearing and Depository Services Inc. (“CDS”) or its nominee as registered global securities will be updated to reflect the issuance of the Units on the closing date, which is expected to occur on or about October 14, 2009, or such later date as the REIT and the Underwriters may agree, but in any event not later than October 30, 2009. Purchasers will not be entitled to receive physical certificates representing their ownership of Units. See “Description of Units — Book-Based System”.

An affiliate of RBC Dominion Securities Inc. is a lender to the REIT under the Bridge Loan (as defined herein) and the Credit Line (as defined herein). Certain affiliates of the Underwriters have provided and may provide in the future investment banking, commercial banking and other financial services to the REIT for which they have received or will receive compensation. The net proceeds from the Offering will be used for general trust purposes, which may include the repayment by the REIT of amounts outstanding under the Bridge Loan and/or the Credit Line. Accordingly, the REIT may be considered to be a “connected issuer” of each of the Underwriters within the meaning of applicable Canadian securities legislation. See “Relationship Between the REIT and Certain Underwriters”.

The REIT is an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario. **The REIT is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that Act or any other legislation.**

Although the REIT intends to make distributions of a portion of its available cash to holders of the Units (the “Unitholders”), these cash distributions are not assured. A return on an investment in Units of the REIT is not comparable to the return on an investment in a fixed-income security. The ability of the REIT to make cash distributions and the actual amount distributed will be dependent upon numerous factors, including the financial performance of the REIT, seasonal fluctuations in operating results, the REIT’s debt covenants and obligations, the REIT’s working capital requirements, the REIT’s future capital requirements and the redemption of Units, if any. The market value of the Units may deteriorate if the REIT is unable to maintain current levels of cash distributions in the future, and that deterioration may be material. An investment in the Units is subject to a number of risks and investment considerations that should be considered by a prospective purchaser. See “Risk Factors”.

The after-tax return for any Units acquired under the Offering is subject to Canadian income tax. The Canadian income tax consequences to Unitholders who are Canadian residents will depend, in part, on the composition for tax purposes of distributions paid by the REIT, portions of which may be fully or partially taxable or may constitute tax deferred distributions which are not subject to tax at the time of receipt but reduce a Unitholder’s adjusted cost base in the Units for Canadian income tax purposes. That composition may change over time, thus affecting a Unitholder’s after-tax return. Subject to the application of the SIFT Regime (as defined herein) discussed under the heading “Certain Canadian Federal Income Tax Considerations”, distributions of the net income of the REIT are generally taxed as ordinary income in the hands of a Unitholder while distributions in excess of the net income of the REIT are generally tax-deferred (and reduce the Unitholder’s cost base in the Unit for tax purposes). Distributions of income and returns of capital to a Unitholder that is not resident in Canada for purposes of the *Income Tax Act* (Canada), as amended (the “**Tax Act**”) or is a partnership that is not a “Canadian partnership” for purposes of the *Tax Act* may be subject to Canadian withholding tax. Prospective Unitholders should consult their own tax advisors with respect to the Canadian income tax considerations applicable in their circumstances.

The registered and head office of the REIT is located at 7th Floor, 5090 Explorer Drive, Mississauga, Ontario, L4W 4T9.

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ELIGIBILITY FOR INVESTMENT

In the opinion of Davies Ward Phillips & Vineberg LLP, counsel to the REIT, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, provided that the REIT qualifies as a “mutual fund trust” under the Tax Act at the date of closing, then on that date the Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, registered disability savings plans, deferred profit sharing plans, registered education savings plans and tax-free savings accounts, each as defined in the Tax Act (“**Exempt Plans**”). However, the holder of a tax-free savings account that governs a trust which holds Units will be subject to a penalty tax if the holder does not deal at arm’s length with the REIT for purposes of the Tax Act or if the holder has a significant interest (within the meaning of the Tax Act) in the REIT or in a corporation, partnership or trust with which the REIT does not deal at arm’s length for purposes of the Tax Act.

MEANING OF CERTAIN REFERENCES

In this short form prospectus, references to the “REIT” include its subsidiaries where the context requires. References to dollars or “\$” are to Canadian currency.

NON-GAAP FINANCIAL MEASURES

The REIT issues guidance on and reports on certain non-GAAP measures, including “hotel operating income”, “funds from operations” and “Distributable Income”, that it uses to evaluate its operating performance and measure its ability to earn and distribute cash returns to Unitholders. Because non-GAAP measures do not have a standardized meaning as prescribed by GAAP and may differ from those used by other issuers, securities regulations require that non-GAAP measures be clearly defined and qualified, reconciled with their nearest GAAP measure and given no more prominence than the closest GAAP measure. Such information is presented below and in the sections dealing with these financial measures in the documents incorporated by reference herein.

“Distributable Income” means net income of the REIT as set out in its consolidated financial statements determined in accordance with GAAP, subject to certain adjustments set out in the Declaration of Trust (as defined herein), including the adding back of depreciation and amortization, amortization of fair value debt adjustments and future income tax expenses, excluding any gains or losses on the disposition of real property, and future income tax benefits and deducting the amount calculated for the reserve for replacement of furniture, fixtures and equipment and capital improvements, the interest on convertible debentures that is not included in the computation of net income and any other adjustments determined by the trustees in their discretion.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This short form prospectus, including the documents incorporated by reference herein, contains forward-looking statements, including statements regarding the REIT's objectives, its strategies to achieve those objectives, as well as other statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances and performance or expectations that are not historical facts. Forward-looking statements are typically identified with words such as "outlook", "objective", "may", "continue", "anticipate", "believe", "expect", "estimate", "plan", "intend", "forecast", "project" or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management.

These forward-looking statements are not guarantees of future events or performance and, by their nature, are based on the REIT's estimates and assumptions, which are subject to risks and uncertainties, including those described under "Risk Factors" in this short form prospectus and in the documents incorporated by reference herein. Reference is also made to the disclosure concerning forward-looking statements in the documents incorporated by reference herein.

When relying on forward-looking statements to make decisions, the REIT cautions readers not to place undue reliance on these statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, which may cause the REIT's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. Factors that could cause actual results, performance, or achievements to differ materially from those expressed or implied by forward-looking statements include, among others: changes in business strategies; general global economic and business conditions; general global credit market conditions; the effects of competition and pricing pressures; industry overcapacity; shifts in market demands; changes in laws and regulations, including environmental and regulatory laws; potential increases in maintenance and operating costs; uncertainties of litigation; labour disputes; timing of completion of capital or maintenance projects; currency and interest rate fluctuations; various events which could disrupt operations; technological changes; and those factors discussed in the section entitled "Risk Factors" in this short form prospectus. The REIT does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the REIT, except as required by Canadian securities laws.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with the securities commissions or similar regulatory authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the REIT at 7th Floor, 5090 Explorer Drive, Mississauga, Ontario, L4W 4T9, telephone (905) 206-7100, and are also available electronically at www.sedar.com.

The following documents, filed with the securities commissions or similar regulatory authorities in Canada, are specifically incorporated by reference in, and form an integral part of, this short form prospectus:

- (i) the annual information form of the REIT dated March 4, 2009 for the year ended December 31, 2008 (the "**AIF**");
- (ii) the audited consolidated financial statements of the REIT for the years ended December 31, 2008 and 2007, together with the notes thereto and the auditors' report thereon (the "**Annual Financial Statements**");
- (iii) management's discussion and analysis of the consolidated financial condition and results of operations of the REIT for the year ended December 31, 2008 (the "**Annual MD&A**");
- (iv) the unaudited interim consolidated financial statements of the REIT for the three and six months ended June 30, 2009 and 2008, together with the notes thereto (the "**Second Quarter Financial Statements**");

- (v) management's discussion and analysis of the consolidated financial condition and results of operations of the REIT for the three and six months ended June 30, 2009 (the "**Second Quarter MD&A**");
- (vi) the management information circular of the REIT dated March 4, 2009 prepared in connection with the REIT's annual and special meeting of Unitholders held on April 14, 2009;
- (vii) the material change report of the REIT dated March 13, 2009 in respect of the unanimous adoption by the trustees of the REIT of an amended and restated rights plan (the "**Plan**") pending expiry of the initial rights plan dated October 8, 2008 and the approval of the TSX and a majority of the Independent Unitholders (as defined in the Plan); and
- (viii) the material change report of the REIT dated October 1, 2009 in respect of the Offering and the reduction of the REIT's monthly distribution.

Any documents of the type referred to above and any interim financial statements, management's discussions and analyses, business acquisition reports or material change reports (excluding confidential material change reports) filed by the REIT with the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada subsequent to the date of this short form prospectus and prior to the termination of this distribution shall be deemed to be incorporated by reference into this short form prospectus. Any statement in this short form prospectus contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document or statement that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

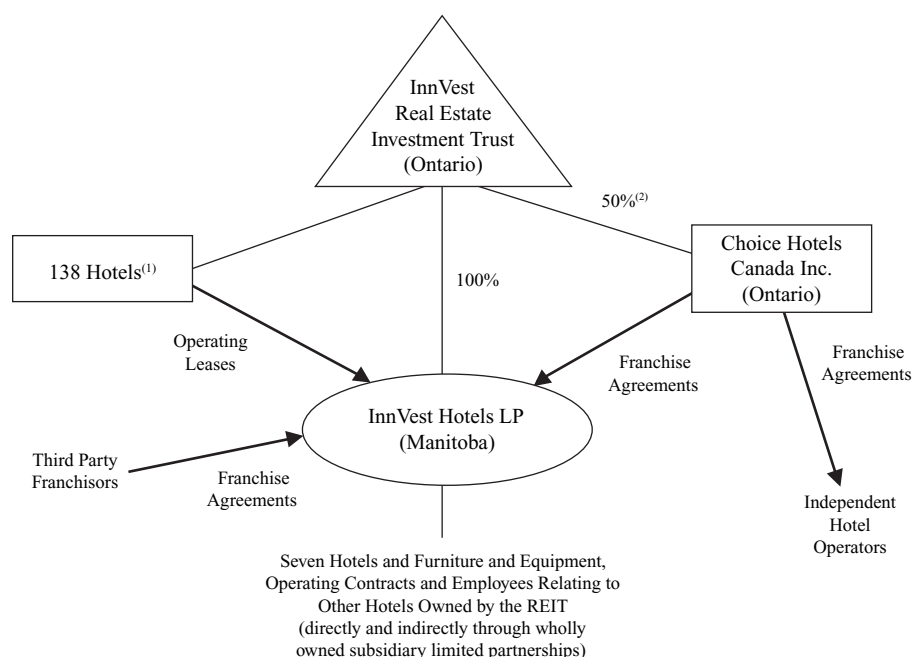
INNVEST REAL ESTATE INVESTMENT TRUST

The REIT is an unincorporated open-ended real estate investment trust governed by an amended and restated declaration of trust dated as of January 1, 2007 (the “**Declaration of Trust**”) and the laws of the Province of Ontario. The REIT is focused on the ownership and acquisition of hotel properties. The REIT also indirectly owns 50% of Choice Hotels Canada Inc., the largest franchisor of hotels in Canada as measured by hotels under franchise.

The head office and the registered office of the REIT are located at 7th Floor, 5090 Explorer Drive, Mississauga, Ontario, L4W 4T9. The REIT is a “mutual fund trust” as defined by the Tax Act, but it is not a “mutual fund” as defined by applicable securities legislation.

The REIT currently holds, directly and indirectly, 145 Canadian hotel properties, Canada’s largest hotel portfolio as measured both by number of hotels and by number of guest rooms. The REIT’s hotels are operated under international brands, including Comfort Inn®, Delta Hotels®, Holiday Inn® and Travelodge®, which make up approximately 75% of the hotel portfolio’s total guest rooms.

The following chart illustrates the primary structural and contractual relationships between the REIT and its principal subsidiary entities and certain third parties as of October 1, 2009:



(1) Eight hotels are owned by subsidiary corporations and one hotel is owned by a subsidiary trust. The balance of the hotels are owned directly by the REIT or indirectly through subsidiary limited partnerships.

(2) Held through a wholly-owned subsidiary of the REIT.

RECENT DEVELOPMENTS

Reduction of Distribution

On September 21, 2009, the REIT announced that it reduced its monthly distribution per Unit from \$0.0625 to \$0.0417, representing an annual distribution of \$0.50 per Unit. The trustees of the REIT unanimously approved the reduction of the REIT’s distribution after careful consideration of the ongoing economic downturn and its impact on operating performance, as well as the trustees’ desire to strengthen the REIT’s balance sheet and liquidity.

Mortgage Refinancing

On September 16, 2009, the REIT announced that it refinanced a \$177 million mortgage that was scheduled to mature in July 2010. The new mortgage has a three-year term, bears interest at an annual rate of 7.5% and is secured by 40 limited service hotels. Following the refinancing, the REIT's overall interest rate on its mortgage debt will be approximately 5.9%. The REIT anticipates that the refinancing will close by October 16, 2009.

CONSOLIDATED CAPITALIZATION

There have not been any material changes in the capitalization or indebtedness of the REIT since June 30, 2009, the date of the REIT's most recently filed financial statements. The following table sets forth the cash and cash equivalents and the consolidated capitalization of the REIT: (i) as at June 30, 2009, the date of the REIT's most recently filed financial statements; and (ii) as at June 30, 2009, after giving effect to the Offering, as though the Offering had been completed on June 30, 2009, and assuming a portion of the net proceeds from the Offering are used to repay all amounts outstanding under the Bridge Loan and the Credit Line. There can be no assurance that the REIT will use the net proceeds from the Offering to repay all or part of the amounts outstanding under the Bridge Loan or the Credit Line. The table should be read in conjunction with the REIT's consolidated financial statements and notes thereto, which are incorporated by reference in this short form prospectus.

	As at June 30, 2009	
	Actual	As Adjusted
	(in thousands of \$)	
Cash		
Cash and cash equivalents	\$ 10,511	\$ 29,812
Restricted cash	3,112	3,112
Total Cash	13,623	32,924
Indebtedness		
Bridge Loan	7,000	Nil
Credit Line	21,300	Nil
Mortgages ⁽¹⁾	943,306	943,306
Convertible debentures ⁽²⁾	181,677	181,677
Total Indebtedness⁽³⁾	1,153,283	1,124,983
Unitholders' equity	488,760	536,361
Total Capitalization	1,642,043	1,661,344

(1) Net of debt issuance costs of \$6,317.

(2) Net of allocation to equity of \$8,642, accretion of \$3,795 and issuance costs of \$4,220.

(3) The REIT is not permitted to exceed certain financial leverage amounts under the terms of the Declaration of Trust. The REIT is permitted to have indebtedness, excluding convertible debentures, up to a level of 50% of its gross asset value. Further, the REIT is permitted to have indebtedness and convertible debentures up to a level of 60% of its gross asset value. The REIT calculates indebtedness in accordance with GAAP, excluding non-interest bearing indebtedness, trade accounts payable, and any future income tax liability. The REIT calculates gross asset value at any time as the total book value of assets on the REIT's then most recent publicly-issued consolidated balance sheet, plus the accumulated depreciation and amortization thereon, less certain future tax liabilities. At June 30, 2009, the REIT's financial leverage excluding and including convertible debentures was 47.8% and 57.0%, respectively. The REIT's financial leverage excluding and including convertible debentures (assuming a portion of the net proceeds from the Offering are used to repay all amounts outstanding under the Bridge Loan and the Credit Line) will be approximately 46.0% and 55.2%, respectively.

USE OF PROCEEDS

The net proceeds to the REIT from the Offering, after deducting the Underwriters' fee and certain other expenses of the Offering, are estimated to be \$47,601,034. The Underwriters' fee and the other expenses of the Offering will be paid out of the general funds of the REIT.

The net proceeds from the Offering will be used by the REIT for general trust purposes, which may include the repayment by the REIT of amounts outstanding under the REIT's \$7 million bridge loan due February 2010 (the "**Bridge Loan**") and/or the REIT's \$40 million operating line of credit due August 2011 (the "**Credit Line**").

The Bridge Loan was funded on March 19, 2008. During the six months ended June 30, 2009, the Bridge Loan was extended to August 31, 2009, and, subsequent to June 30, 2009, the Bridge Loan was further extended to February 28, 2010. The Bridge Loan was used to finance part of the development of a 105-room Staybridge Suites hotel located in Oakville, Ontario. As at October 1, 2009, the principal amount outstanding under the Bridge Loan was \$7 million.

The REIT's borrowings under the Credit Line are used for working capital and general trust purposes. Given the seasonality of earnings through the year in contrast to its fixed costs, the REIT generally funds a portion of its distributions in its first and second financial quarters with funds borrowed under the Credit Line. As at October 1, 2009, the principal amount outstanding under the Credit Line was \$14.7 million. The REIT may draw down any amounts repaid under the Credit Line, if any, subject to compliance with the terms of the Credit Line. See "Relationship Between the REIT and Certain Underwriters".

PLAN OF DISTRIBUTION

Under the Underwriting Agreement, the REIT has agreed to sell and the Underwriters have agreed to purchase on or about October 14, 2009, or on such later date as the REIT and the Underwriters may agree, but in any event not later than October 30, 2009, 12,658,500 Units at a price of \$3.95 per Unit for total gross proceeds to the REIT of \$50,001,075. The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion upon the occurrence of certain stated events, including certain stated events materially adversely affecting the financial markets in Canada. The Underwriters are, however, obligated to take up and pay for all of the Units if any of the Units are purchased under the Underwriting Agreement. The obligations of the Underwriters to purchase the Units are several (and not joint and several). The terms of the Offering and the offering price of the Units have been determined by negotiation between the REIT and the Underwriters.

Under the Underwriting Agreement, the REIT has agreed to pay the Underwriters a fee of \$0.158 per Unit (other than the Units sold to Maple Leaf) for an aggregate fee payable by the REIT of \$1,900,041 in consideration for their services in connection with the Offering. The Underwriters' fee in respect of the Units is payable on closing of the Offering.

The Units qualified by this short form prospectus include 632,925 Units to be purchased by Maple Leaf.

Other than Units issued upon conversion of the REIT's outstanding convertible debentures, pursuant to the REIT's executive unit option plan or the REIT's existing distribution reinvestment plan or as consideration for certain arm's length property acquisitions, the REIT has agreed not to create, issue or sell (or enter into an agreement or announce any agreement to create, issue or sell) Units or any securities convertible or exchangeable for Units for a period of 90 days subsequent to the closing of the Offering without the consent of the Underwriters, which consent may not be unreasonably withheld or delayed.

The TSX has conditionally approved the listing of the Units issuable pursuant to the Offering on the TSX. Listing will be subject to the REIT fulfilling all listing requirements of the TSX on or prior to December 21, 2009.

The Underwriters propose to offer the Units to the public initially at the offering price specified on the cover page of this short form prospectus. After the Underwriters have made a reasonable effort to sell all of the Units at the offering price specified on the cover page, the offering price for the Units may be decreased and may be further changed from time to time to amounts not greater than those set forth on the cover page, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers of the Units is less than the amount paid by the Underwriters to the REIT.

Pursuant to the policy statement of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Units. The foregoing restriction is subject to certain exceptions, on the

condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of the Units. These exceptions include: (i) a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market making activities; and (ii) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution. Such transactions, if commenced, may be discontinued at any time.

The Units offered by this short form prospectus have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the “**1933 Act**”), or any U.S. state securities laws, and may not be offered or sold within the United States, except in accordance with Rule 144A under the 1933 Act to “Qualified Institutional Buyers” (as such term is defined under Rule 144A under the 1933 Act) in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws.

Under the Underwriting Agreement, the REIT has agreed to indemnify and hold harmless the Underwriters and their respective affiliates, directors, officers, employees, shareholders, partners and agents against certain liabilities.

RELATIONSHIP BETWEEN THE REIT AND CERTAIN UNDERWRITERS

An affiliate of RBC Dominion Securities Inc. is a lender to the REIT under the Bridge Loan and the Credit Line. Certain affiliates of the Underwriters have provided and may provide in the future investment banking, commercial banking and other financial services to the REIT for which they have received or will receive compensation. Accordingly, the REIT may be considered to be a “connected issuer” of each of the Underwriters within the meaning of applicable Canadian securities legislation.

The net proceeds from the Offering will be used for general trust purposes, which may include the repayment by the REIT of amounts outstanding under the Bridge Loan and/or the Credit Line. As at October 1, 2009, \$7 million and \$14.7 million was outstanding under the Bridge Loan and the Credit Line, respectively. As at that date, the REIT was in compliance in all material respects with the terms and conditions of each of the Bridge Loan and the Credit Line and no breach under either facility had been waived by the lender thereto. The Bridge Loan and the Credit Line are currently secured by one property and 14 properties, respectively. There has been no material change in the financial position of the REIT since the execution of the agreements governing the Bridge Loan and the Credit Line, except as described elsewhere in this short form prospectus and in the documents incorporated by reference herein. The decision to purchase Units by the Underwriters was made independently of the lender under the Bridge Loan and the Credit Line and any other affiliates of the Underwriters, and no such persons had any influence as to the determination of the terms of the distribution of the Units. The offering price of the Units and the other terms and conditions of the Offering were established through negotiations between the REIT and the Underwriters, without involvement of the lender under the Bridge Loan and the Credit Line. In addition, none of Scotia Capital Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., TD Securities Inc., Canaccord Capital Corporation and Blackmont Capital Inc. will receive any benefit from the Offering, other than the respective portion of the Underwriters’ fee payable by the REIT to such Underwriters.

SALE TO MAPLE LEAF

Pursuant to an agreement with Maple Leaf, the REIT has agreed to issue and sell an aggregate of 632,925 Units to Maple Leaf, and Maple Leaf has agreed to purchase from the REIT such Units, at the closing of the Offering at a price of \$3.95 per Unit for gross proceeds of \$2,500,054. Although qualified for distribution hereunder, the Units sold to Maple Leaf are not being underwritten by the Underwriters and no commission is payable by the REIT to the Underwriters with respect thereto. Maple Leaf and its affiliates will have no rights of action against the Underwriters in respect of the distribution of the Units sold to Maple Leaf. Upon completion of this sale, Maple Leaf and its affiliates will beneficially own 7.8% of the outstanding Units (6.8% after giving effect to the conversion of all securities convertible into Units and the vesting of all unvested Units).

DESCRIPTION OF UNITS

The following is a summary of the material attributes and characteristics of the Units. A more detailed summary of the attributes of the Units can be found under the heading “Description of Securities and Declaration of Trust” in the AIF.

General

The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of such Act or any other legislation. The Units are not shares in the REIT and Unitholders do not have statutory rights of shareholders of a corporation incorporated under either the *Business Corporations Act* (Ontario) or the *Canada Business Corporations Act*, including, for example, the right to bring “oppression” or “derivative” actions. Furthermore, the REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

An unlimited number of Units may be issued pursuant to the Declaration of Trust. Each Unit represents an equal undivided beneficial interest in any distributions from the REIT, whether of net income, net realized capital gains or other amounts, and in the net assets of the REIT in the event of the termination or winding-up of the REIT. All Units are of the same class with equal rights and privileges. Each Unit entitles the holder thereof to one vote for each whole Unit held at all meetings of Unitholders.

Issuance of Units

The Declaration of Trust provides that Units or rights to acquire Units may be issued at times, to the persons, for the consideration and on the terms and conditions that the trustees of the REIT determine. Unitholders do not have any pre-emptive rights whereby additional Units proposed to be issued are first offered to existing Unitholders. New Units may be issued for cash through public offerings, through rights offerings to existing Unitholders (i.e., in which Unitholders receive rights to subscribe for new Units in proportion to their existing holdings of Units, which rights may be exercised or sold to other investors), through private placements (i.e., offerings to specific investors which are not made generally available to the public or existing Unitholders), or through the REIT’s distribution reinvestment plan. In certain instances, the REIT may also issue new Units as consideration for the acquisition of new properties or assets. The price or the value of the consideration for which Units may be issued will be determined by the trustees of the REIT. Issued and outstanding Units may be subdivided or consolidated from time to time by the trustees of the REIT without Unitholder approval. No certificates for fractional Units will be issued and fractional Units will not entitle the holders thereof to vote.

Purchase of Units by the REIT

The REIT may from time to time purchase Units in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies. Any such purchases will constitute an “issuer bid” under Canadian securities legislation and must be conducted in accordance with the applicable requirements thereof. In November 2008, the REIT initiated a normal course issuer bid to repurchase up to 5,924,617 Units, representing approximately 10% of the REIT’s public float. As at October 1, 2009, the REIT has purchased 624,472 Units under its normal course issuer bid, of which 615,049 Units were cancelled upon purchase and the remaining 9,423 Units were transferred to the trustees of the REIT in satisfaction of a portion of their annual retainer fee.

Redemption Right

Units are redeemable at any time on demand by the holders thereof. A Unitholder not otherwise holding a fully registered Unit certificate who wishes to exercise the redemption right is required to obtain a redemption notice form from his or her investment dealer who will be required to deliver the completed redemption notice form to the REIT through CDS. Upon receipt of the redemption notice by the REIT, all rights to and under the Units tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive a price per Unit equal to the lesser of: (i) 90% of the “market price” (calculated in accordance with the provisions of the Declaration of Trust) of the Units on the principal market on which the Units are quoted for trading during

the 10 trading day period commencing immediately subsequent to the date upon which the Units were surrendered for redemption; and (ii) the “closing market price” (calculated in accordance with the provisions of the Declaration of Trust) on the principal market on which the Units are quoted for trading on the redemption date.

The aggregate redemption price payable by the REIT in respect of any Unit surrendered for redemption during any calendar month shall be satisfied by way of a cash payment on the last day of the month following the month in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that: (i) the total amount payable by the REIT in respect of such Units and all other Units tendered for redemption in the same calendar month shall not exceed \$50,000 (provided that such limitation may be waived at the discretion of the trustees of the REIT); (ii) at the time such Units are tendered for redemption, the outstanding Units are listed for trading on a stock exchange or traded or quoted on another market which the trustees of the REIT consider, in their sole discretion, provides representative fair market value prices for the Units; and (iii) the normal trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the redemption date or for more than five trading days during the 10 trading day period commencing immediately after the redemption date.

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the foregoing limitations, then each Unit tendered for redemption shall, subject to obtaining all applicable regulatory approvals, be redeemed by way of a distribution *in specie* of notes issued by InnVest Hotels L.P. (or another subsidiary of the REIT). The aggregate principal amounts of such notes would equal the redemption price payable by the REIT. The term of such notes would be 25 years, subject to earlier repayment at the option of the REIT, and the notes would bear interest equal to the then current prime lending rate, as quoted by the provider of the REIT’s operating loan facility, plus 1%.

It is anticipated that the redemption right described above will not be the primary mechanism for Unitholders to dispose of their Units.

Book-Based System

Except as otherwise provided below, the Units are represented in the form of one or more fully registered global unit certificates held by, or on behalf of, CDS, as depository of such global unit certificates for the participants of CDS, registered in the name of CDS or its nominee, and registration of ownership and transfers of the Units are effected only through the book-based system administered by CDS. On closing of the Offering, CDS will credit interests in the global unit certificates representing the Units to the accounts of its participants as directed by the Underwriters.

Except as described below, no purchaser of a Unit is entitled to a certificate or other instrument from the REIT evidencing that purchaser’s ownership thereof, and no holder of a beneficial interest in a Unit is shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of the beneficial owners. CDS is responsible for establishing and maintaining book-entry accounts for its participants having interests in the global unit certificates. Sales of interests in the global unit certificates can only be completed through participants in the depository services of CDS.

Units are issued in fully registered form to holders or their nominees, if any, who purchase the Units pursuant to the private placement of Units made in reliance upon Rule 144A adopted under the 1933 Act and to transferees thereof in the United States who purchase such Units in reliance upon Rule 144A. If any such privately placed Units represented by definitive certificates are subsequently traded into Canada, the registrar and transfer agent will deliver a certificate registered in the name of CDS or its nominee representing such Units and, thereafter, registration of ownership and transfers of such Units will be made through the book-based system administered by CDS.

Except in the case of U.S. purchasers purchasing the Units under Rule 144A, Units will be issued in fully registered form to holders or their nominees, other than CDS or its nominee, only if: (i) the REIT is required to do so by applicable law; (ii) the depository system of CDS ceases to exist; (iii) the REIT determines that CDS is no longer willing or able or qualified to discharge properly its responsibility as depository and the REIT is

unable to locate a qualified successor; or (iv) the REIT at its option elects to terminate the book-entry system in respect of the Units through CDS.

Transfer and Exchange of Units

Transfers of beneficial ownership of Units represented by global unit certificates are effected through records maintained by CDS or its nominees (with respect to interests of participants) and on the records of participants (with respect to interests of persons other than participants). Unless the REIT elects, in its sole discretion, to prepare and deliver definitive certificates representing the Units, beneficial owners who are not participants in the book-based system administered by CDS, but who desire to purchase, sell or otherwise transfer ownership of or other interest in global unit certificates, may do so only through participants in the book-based system administered by CDS.

The ability of a beneficial owner of an interest in a Unit represented by a global unit certificate to pledge the Unit or otherwise take action with respect to such owner's interest in the Unit represented by a global unit certificate (other than through a participant) may be limited due to the lack of a physical certificate.

Registered holders of definitive certificates representing Units may transfer such Units upon payment of taxes or other charges incidental thereto, if any, by executing and delivering a form of transfer together with the Unit certificates to the registrar for the Units at its principal office in the City of Toronto, Ontario or such other city or cities as may from time to time be designated by the REIT, whereupon new Unit certificates will be issued in authorized denominations in the same aggregate principal amount as the Unit certificates so transferred, registered in the name of the transferees. Any request to transfer or exchange Units may not be honoured by the REIT and the transfer agent for the Units if such transfer or exchange is in contravention of United States federal and state securities laws or would require the REIT to register as an investment company under the U.S. *Investment Company Act of 1940*.

Limitation on Non-Resident Ownership

At no time may more than 49% of the Units (on either a basic or fully-diluted basis) be held for the benefit of non-residents of Canada (within the meaning of the Tax Act). The trustees of the REIT may require declarations as to the jurisdictions in which beneficial owners of Units are resident or declarations from holders of Units as to whether such Units are held for the benefit of non-residents.

If the trustees of the REIT become aware that more than 49% of the Units (on either a basic or fully-diluted basis) then outstanding are held, or may be held, for the benefit of non-residents or that such a situation is imminent, the trustees of the REIT may make a public announcement thereof and shall not accept a subscription for Units from, or issue or register a transfer of Units to, a person unless the person provides a declaration that the person is not a non-resident. If, notwithstanding the foregoing, the trustees of the REIT determine that a majority of the Units are held for the benefit of non-residents, the trustees may send a notice to non-resident holders of Units, chosen in inverse order to the order of acquisition or registration or in such manner as the trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period or not more than 60 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the trustees with satisfactory evidence that they are not non-residents and do not hold their Units for the benefit of non-residents within such period, the trustees may sell such Units on behalf of such Unitholders and, in the interim, the voting and distribution rights attaching to such Units shall be suspended. Upon such sale, the affected holders shall cease to be holders of Units and their rights shall be limited to receiving the net proceeds of sale.

Amendments to Declaration of Trust

The Declaration of Trust may be amended or altered from time to time. Certain amendments require approval by at least two-thirds of the votes cast at a meeting of Unitholders called for such purpose. Other amendments to the Declaration of Trust require approval by a majority of the votes cast at a meeting of Unitholders called for such purpose.

The trustees of the REIT may, without the approval of the Unitholders, make certain amendments to the Declaration of Trust, including amendments:

- (i) for the purpose of ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over: (i) the trustees of the REIT; (ii) the status of the REIT as a “mutual fund trust” under the Tax Act; or (iii) the distribution of Units;
- (ii) which, in the opinion of the trustees of the REIT, provide additional protection for the Unitholders;
- (iii) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which are, in the opinion of the trustees of the REIT, necessary or desirable and not prejudicial to the Unitholders;
- (iv) which, in the opinion of the trustees of the REIT, are necessary or desirable as a result of changes in taxation or other laws; and
- (v) for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) which, in the opinion of the trustees of the REIT, is not prejudicial to Unitholders and is necessary or desirable.

Distributions

The REIT will distribute, to the extent possible, equal monthly cash distributions to Unitholders, on or about the 15th day of each month (with the January 15th distribution being payable as of the preceding December 31st), constituting not less than 80% of the REIT’s Distributable Income, based on the estimated Distributable Income for the calendar year.

Distributions to Unitholders are approved on a monthly basis by the trustees of the REIT. In exercising their discretion to approve the level of distributions, the trustees utilize internal forecasts prepared by management and other financial information to determine if sufficient cash flow will be available to fund distributions. Such financial information is subject to continual change due to the nature of the Canadian hotel industry, which is difficult to predict even in the short term.

Distributable Income is determined after deduction of a reserve for replacement of furniture, fixtures and equipment and capital improvements. The reserve on the REIT’s existing portfolio is approximately 4% of the REIT’s gross revenues. See “Non-GAAP Financial Measures”.

Distributions may be adjusted for amounts paid in prior periods if the actual Distributable Income for the prior periods is greater than or less than the trustees’ estimates for the prior periods. Unitholders will also be entitled to receive a cash distribution each year, paid on or about January 15th of the following year (being payable as of the preceding December 31st), of any excess of the REIT’s income (including taxable capital gains, if any) for the purposes of the Tax Act (plus the non-taxable portion of capital gains, if any) for the year over distributions otherwise made for that year. The distributions for any month will be payable to the Unitholders of record at the close of business on the last business day of the month. Distributions shall be made in cash and may be reinvested in Units through the REIT’s distribution reinvestment plan.

The REIT paid the following monthly distributions in cash and by Units issued under the REIT’s distribution reinvestment plan: \$0.09375 per Unit from September 2002 to November 2008 and \$0.0625 per Unit from December 2008 to September 2009. On September 21, 2009, the REIT announced that it reduced its monthly distribution to \$0.0417 per Unit, payable on October 15, 2009 to Unitholders of record as at the close of business on September 30, 2009.

Although the REIT intends to make distributions of available cash to its Unitholders, these cash distributions may be reduced or suspended. The actual amount distributed will depend on numerous factors, including the financial performance of the REIT, seasonal fluctuations in operating results, the REIT’s debt covenants and obligations, the REIT’s working capital requirements, the REIT’s future capital requirements, the redemption of Units, if any, and other factors which may be beyond the control of the REIT. In addition, the market value of the Units of the REIT may decline if the REIT is unable to meet its cash distribution targets in the future, and that decline may be significant. See “Risk Factors”.

The adjusted cost base of Units held by a Unitholder will generally be reduced by the non-taxable portion of distributions made to such Unitholder (other than the non-taxable portion of certain capital gains). A Unitholder will generally realize a capital gain to the extent that the adjusted cost base of the Unitholder's Units would otherwise be a negative amount. The non-taxable portion of distributions for any year may be adjusted following any reassessment by the Canada Revenue Agency ("CRA") for that year. In 2003, 2004, 2005, 2006, 2007 and 2008 the non-taxable portion of distributions made to Unitholders was 52.50%, 46.02%, 47.23%, 40.50%, 40.00% and 44.00%, respectively.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Davies Ward Phillips & Vineberg LLP, counsel to the REIT, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to the acquisition, holding and disposition of Units acquired pursuant to this short form prospectus. This summary is applicable to a holder who, for purposes of the Tax Act, is resident in Canada, deals at arm's length and is not affiliated with the REIT and holds the Units as capital property (a "**Holder**"). Generally, Units will be considered to be capital property to a Holder provided that the Holder does not hold the Units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain holders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have them, and any other "Canadian Securities" (as defined in the Tax Act) owned by such holders in the taxation year of the election and all subsequent taxation years, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such holders should consult their own tax advisors regarding their particular circumstances.

This summary is not applicable to a holder: (i) that is a "financial institution" for purposes of the mark-to-market rules; (ii) that is a "specified financial institution"; (iii) an interest in which is a "tax shelter investment"; or (iv) that has elected to determine its Canadian tax results in accordance with a "functional currency", as each of those terms is defined in the Tax Act. Such holders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Units acquired pursuant to this Offering. In addition, this summary does not address the deductibility of interest by an investor who has borrowed money to acquire Units under this Offering.

This summary is based upon the facts set out in this short form prospectus, in the AIF and in the Annual Financial Statements, information provided by the REIT's management ("**Management**"), the current provisions of the Tax Act and the regulations thereunder and counsel's understanding of the current published administrative policies and assessing practices of the CRA. This summary takes into account all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, and does not take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein. This summary assumes that the Tax Proposals will be enacted as proposed, but no assurances can be given that this will be the case. There can be no assurances that the CRA will not change its administrative policies and assessing practices. With respect to opinions and views based on representations and statements of Management as to matters of fact, counsel has assumed the accuracy of such representations and statements in giving such opinions and views.

This summary assumes that the REIT does and will continue to qualify as a "mutual fund trust" under the Tax Act while the Units remain outstanding. This assumption is based upon a certificate of the REIT as to certain factual matters. If the REIT does not qualify as a mutual fund trust, the income tax considerations described below would in some respects be materially different. See "— Status of the REIT".

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the Holder's particular circumstances. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser of Units. Consequently, a prospective Holder should consult the Holder's own tax advisor for advice with respect to the tax consequences of an investment in Units based on the prospective Holder's particular circumstances.

This summary does not address any Canadian federal income tax considerations applicable to non-residents of Canada, and non-residents should consult their own tax advisors regarding the tax consequences of acquiring, holding and disposing of Units. Distributions on Units or amounts paid in respect thereof, whether paid in cash or Units, will be paid net of any applicable withholding tax.

Taxation of Holders of Units

Trust Distributions

A Holder will generally be required to include in income for a particular taxation year of the Holder the portion of the net income of the REIT for the taxation year of the REIT ending in that particular taxation year of the Holder, including net realized taxable capital gains (determined for purposes of the Tax Act), that is paid or payable, or deemed to be paid or payable, to the Holder in such taxation year of the REIT, whether or not those amounts are reinvested in additional Units pursuant to the distribution reinvestment plan of the REIT.

The non-taxable portion of any net realized capital gains of the REIT paid or payable to a Holder in a taxation year will not be included in computing the Holder's income for the year.

The Declaration of Trust generally requires the REIT to claim the maximum amount of capital cost allowance available to it in computing its income for tax purposes. Based on the REIT's distribution policy, the amount distributed to Unitholders in a year may exceed the net income of the REIT for tax purposes for that year. Distributions in excess of the REIT's net income for tax purposes in a year, including amounts that may reasonably be considered to be distributions of any non-taxable dividends received by the REIT and designated by it in respect of the Holder ("non-taxable dividend distributions"), will not generally be included in the Holder's income for the year. However, a Holder is required to reduce the adjusted cost base of the Holder's Units by the portion of any amount paid or payable to the Holder by the REIT (other than the non-taxable portion of certain capital gains the taxable portion of which was designated by the REIT for the year as described in the paragraph immediately below and certain non-taxable dividend distributions) that was not included in the Holder's income, and the Holder will realize a capital gain in the year to the extent the adjusted cost base of the Units would otherwise be a negative amount.

The REIT will designate, to the extent permitted by the Tax Act, the portion of the taxable income distributed to Holders as may reasonably be considered to consist of net taxable capital gains of the REIT. Any such designated amount will be deemed for tax purposes to be received by Holders in the year as a taxable capital gain and will be subject to the general rules relating to the taxation of capital gains described below. The REIT will also designate, to the extent permitted by the Tax Act, the portion of taxable dividends received by the REIT from any taxable Canadian corporation owned by the REIT as may reasonably be considered to be an amount included in the income of Holders. Any such designated amount will be deemed, for purposes of the Tax Act, to be received by the Holders as a taxable dividend and will be subject to the general rules regarding the taxation of taxable dividends paid by taxable Canadian corporations. Thus, to the extent that amounts are designated as taxable dividends from any taxable Canadian corporation owned by the REIT, they will be subject, *inter alia*, to the gross-up and dividend tax credit provisions in respect of Holders who are individuals, to the refundable tax under Part IV of the Tax Act in respect of Holders that are private corporations and certain other corporations controlled directly or indirectly by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts), and to the deduction in computing taxable income in respect of Holders that are corporations. A Holder which is a Canadian-controlled private corporation (as defined in the Tax Act) may also be liable to pay an additional refundable tax on certain investment income, including taxable capital gains. Holders should consult their own tax advisors for advice with respect to the potential application of these provisions.

For the purposes of determining the adjusted cost base to a Holder, when a Unit is acquired, whether as a Unit acquired pursuant to the REIT's distribution reinvestment plan or otherwise, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Holder as capital property immediately before that time. The cost of Units acquired by reinvestment of distributions pursuant to the REIT's distribution reinvestment plan will be the amount of such reinvestment.

Certain taxable dividends received by individuals from a corporation resident in Canada will be eligible for an enhanced dividend tax credit to the extent certain conditions are met and designations are made, such as the

dividend being sourced out of income that is subject to tax at the general corporate income tax rate. This could apply to distributions made by the REIT that have as their sources eligible taxable dividends received from a corporation resident in Canada, to the extent the REIT makes the appropriate designation to have such eligible taxable dividend deemed received by the Holder and provided that the corporate dividend payer makes the required designation to treat such taxable dividend as an eligible dividend.

If the REIT should become subject to tax under the SIFT Regime (see “— Taxation of the REIT” below), the pro rata share of a Holder of amounts paid or payable by the REIT which it is not entitled to deduct in computing its income by virtue of the SIFT Regime will be deemed to be a taxable dividend and an eligible dividend received by the Holder.

Dispositions of Units

On the disposition or deemed disposition of a Unit, whether on redemption or otherwise, the Holder will realize a capital gain (or capital loss) equal to the amount by which the Holder’s proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Units and any reasonable costs of disposition. Proceeds of disposition will not include an amount that is otherwise required to be included in the Holder’s income. Where a Holder that is a corporation or a trust (other than a mutual fund trust) disposes of a Unit, any capital loss from the disposition will be reduced by amounts designated as taxable dividends distributed by the REIT to the Holder to the extent and under the circumstances prescribed in the Tax Act. Analogous rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units. Similar rules also may apply to reduce the amount of capital losses otherwise realized by most taxpayers (including corporations, individuals and most trusts but not mutual fund trusts) as a result of a disposition of Units by them or a partnership of which they are a member where the REIT has made non-taxable dividend distributions.

Where Units are redeemed by the transfer of Notes (of InnVest Hotels LP) to the Holder, the Holder will be considered to have disposed of the Units for proceeds of disposition to the Holder equal to the fair market value of the Notes so distributed less any income or capital gain realized by the REIT as a result of the redemption of those Units to the extent such income or capital gain is designated by the REIT as payable by the REIT to the redeeming Holder. Any such income and the taxable portion of any such capital gain that has been so designated will be required to be included in computing the Holder’s income. The cost of any Notes transferred by the REIT to a Holder upon a redemption of Units will be equal to the fair market value of the Notes at the time of disposition.

One-half of any capital gains realized by a Holder and the amount of any net taxable capital gains designated by the REIT in respect of a Holder will be included in the Holder’s income as a taxable capital gain. One-half of any capital loss realized by a Holder may generally be deducted only from taxable capital gains realized by the Holder in the year of disposition, in the three preceding taxation years or in any subsequent taxation year, to the extent and under the circumstances described in the Tax Act.

A Holder that is a “Canadian-controlled private corporation” as deemed in the Tax Act may be liable to pay an additional refundable tax on certain investment income for the year, including taxable capital gains.

In general terms, net income of the REIT paid or payable, or deemed to be paid or payable, to a Holder who is an individual or certain types of trusts, that is designated as taxable dividends or as net realized capital gains, and capital gains realized on the disposition of Units, may increase the Holder’s liability for alternative minimum tax.

Status of the REIT

Mutual Fund Trust

The REIT currently qualifies as a “unit trust” as defined in the Tax Act, and this summary assumes that the REIT will continue to so qualify at all times. This summary also assumes that the REIT does and will continue to qualify as a “mutual fund trust” under the provisions of the Tax Act while the Units remain outstanding.

As a “mutual fund trust”, the REIT must remain a “unit trust” and must, among other matters, restrict its undertaking to: (i) the investing of its funds in property (other than real property or an interest in real property);

and (ii) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) that is capital property of the REIT; or (iii) any combination of the activities described in (i) and (ii). The REIT must also meet certain prescribed conditions, which currently are that the REIT must have at least 150 Unitholders holding not less than one block of Units (100 Units, if the fair market value of a Unit is less than \$25) which are qualified for distribution to the public and each of such Unitholders must hold Units which have an aggregate fair market value of not less than \$500. In addition, the REIT cannot at any time reasonably be considered to be established or maintained primarily for the benefit of persons who are not resident in Canada.

If the REIT were not to qualify as a “mutual fund trust”, the income tax considerations as described herein would, in some respects, be materially and adversely different, including potentially material liabilities for tax under Part XII.2 of the Tax Act.

Qualified Investment

The Units will be qualified investments under the Tax Act for Exempt Plans. See “Eligibility for Investment”.

If the REIT ceases to qualify as a mutual fund trust and the Units are no longer listed on a designated stock exchange, the Units will cease to be qualified investments for Exempt Plans. Notes of InnVest Hotels LP received as a result of an *in specie* redemption of Units by the REIT would not be qualified investments for Exempt Plans, which could give rise to adverse consequences to the Exempt Plan or the annuitant or beneficiary thereunder. Accordingly, Exempt Plans that own Units should consult their own tax advisors before deciding to exercise the redemption rights attaching to the Units.

Taxation of the REIT

SIFT Regime

A special taxation regime applies to specified investment flow-through trusts or partnerships (“SIFTs”) and investors in SIFTs. If the REIT were to become subject to this regime (the “**SIFT Regime**”), it would no longer be able to deduct any part of the amounts payable to Unitholders in respect of its “non-portfolio earnings”, which include: (i) income from its “non-portfolio properties” (in excess of any losses for the taxation year from non-portfolio properties); and (ii) taxable capital gains from dispositions of non-portfolio properties (exceeding allowable capital losses from the disposition of such properties). For this purpose, “non-portfolio properties” include: (i) the Canadian real and immovable properties (or resource properties) of the REIT if their total fair market value is greater than 50% of the equity value of the REIT; (ii) a property that the REIT (or a person or partnership with which it does not deal at arm’s length) uses in the course of carrying on a business in Canada; and (iii) securities of a “subject entity” if the REIT holds securities of the subject entity that have a total fair market value that is greater than 10% of the subject entity’s equity value or if the REIT holds securities of the subject entity which, together with all securities held by it in entities affiliated with the subject entity, have a total fair market value that is greater than 50% of the REIT’s equity value. A “subject entity” includes corporations resident in Canada, trusts resident in Canada, and “Canadian resident partnerships”. “Securities” are broadly defined.

Most of the property of the REIT comprises Canadian hotels that it leases to subsidiary limited partnerships, and securities of subsidiary partnerships and corporations which carry on Canadian hotel or other business operations or hold Canadian hotels used in hotel operations carried on by them or non-arm’s length persons. Accordingly, most of the property of the REIT is non-portfolio property.

Income which the REIT is unable to deduct by virtue of the SIFT Regime would be taxed under the SIFT Regime at a combined federal/provincial tax rate similar to that of a corporation. The application of the SIFT Regime to the REIT would not change the treatment under the Tax Act of distributions in a year that are in excess of the REIT’s net income for the year.

Effective Dates for SIFT Regime

The SIFT Regime is contemplated to apply beginning with the 2007 taxation year of a trust unless the trust would have been a SIFT trust on October 31, 2006, if the definition “SIFT trust” had been in force on that date

and applied to the trust on that date (the “**Existing Trust Exception**”). For trusts that meet the Existing Trust Exception, the SIFT Regime will apply commencing with the 2011 taxation year. However, the SIFT Regime will apply immediately in any taxation year ending after 2006 if the SIFT does not comply with the “normal growth” guidelines issued by the Department of Finance on December 15, 2006, as amended effective December 4, 2008 and as may be amended further from time to time (the “**Growth Guidelines**”) unless the growth arises as a result of a prescribed transaction.

The Growth Guidelines provide that a SIFT will not be considered to have exceeded “normal growth” if its equity capital were to grow as a result of issuances of new equity, in any of the intervening periods described below, by an amount that does not exceed the greater of \$50 million (\$100 million for the period December 4, 2008 to the end of 2010) and an objective “safe harbour”. The Growth Guidelines indicate that the safe harbour amount is measured by reference to a SIFT’s market capitalization as at the end of trading on October 31, 2006 which, in turn, is measured in terms of a SIFT’s issued and outstanding publicly-traded units (the “**Market Capitalization**”). For the period from November 1, 2006 to the end of 2007 (the “**Initial Safe Harbour Period**”), a SIFT’s safe harbour is 40% of the Market Capitalization. A SIFT’s safe harbour for 2008 is 20% and for the period from December 4, 2008 to the end of 2010 is 40%. These safe harbour amounts are cumulative, whereas the \$50 million and \$100 million growth limits for each period are not cumulative. New equity for these purposes includes units and debt that is convertible into units but will generally not include new non-convertible debt or the replacement of debt outstanding on October 31, 2006 with equity. Management has advised that the REIT’s Market Capitalization was approximately \$714 million as at October 31, 2006.

Management has advised counsel that it has calculated that the issuance of Units, convertible debentures and subscription receipts for Units since October 31, 2006 has not caused the REIT, and the issuance of Units pursuant to this Offering will not cause the REIT, to exceed “normal growth” under the Growth Guidelines, and that Management does not currently anticipate that the REIT will (before 2011) exceed normal growth under the Growth Guidelines unless it first qualifies under the REIT Exception described immediately below. It is assumed for the purposes of this summary that the REIT will not currently be subject to the SIFT Regime. However, if the REIT issues additional Units or convertible debentures (or other equity substitutes) before 2011, the REIT may become subject to the SIFT Regime prior to its 2011 taxation year.

REIT Exception

The SIFT Regime is not applicable to real estate investment trusts (“**REITs**”) that meet certain specified criteria relating to the nature of their income and investments. In particular, to qualify for the exception under the SIFT Regime applicable to REITs (the “**REIT Exception**”) in a particular taxation year (i) the REIT must, at no time in the taxation year, hold “non-portfolio property” other than “qualified REIT properties”, (ii) not less than 95% of the REIT’s revenues for the taxation year must be derived from one or more of the following: “rent from real or immovable properties”; interest; capital gains from dispositions of “real or immovable properties”; dividends; and royalties; (iii) not less than 75% of the REIT’s revenues for the taxation year must be derived from one or more of the following: “rent from real or immovable properties”; interest from mortgages or hypothecs on “real or immovable properties”; and capital gains from dispositions of “real or immovable properties”; and (iv) at no time in the taxation year may the total fair market value of all properties held by the REIT, each of which is a “real or immovable property”, cash (including bank deposits, deposits with credit unions and bankers’ acceptances), or, generally, a debt obligation of a government in Canada or certain other public bodies, be less than 75% of the equity value of the REIT at that time. The definition of “qualified REIT property” includes property held by the REIT that is: “real or immovable property”; a security of a “subject entity” that is a nominee holder of legal title of real or immovable property; and property that is ancillary to the earning by the REIT of (A) rent from “real or immovable property” or (B) capital gains from the disposition of such properties. In addition, under a look-through rule, securities of a subsidiary limited partnership or corporation of the REIT could qualify as “qualified REIT property” if the subsidiary itself satisfies the four tests listed above for the REIT to qualify for the REIT Exception. For the foregoing purposes, “rent from real or immovable properties” excludes among other things rent based on profits and payments for the occupation or use of a hotel room.

Potential Impact of SIFT Regime on the REIT Commencing in 2011

Based on the information in the AIF and the Annual Financial Statements, most of the income of the REIT for that year would have been “non-portfolio earnings” if the SIFT Regime had applied to the REIT in that year. Accordingly, unless the REIT Exception is applicable to the REIT or there is a fundamental change in the operations of the REIT and its subsidiary partnerships and corporations, the SIFT Regime likely would, commencing in 2011 (or sooner if the REIT exceeds “normal growth” as described in the Growth Guidelines), adversely impact the level of cash distributions which would otherwise be made by the REIT.

The REIT does not currently qualify under the REIT Exception. In order for it to so qualify, it would be necessary for the REIT and various of its subsidiary limited partnerships and corporations to dispose of assets and operations that cause the REIT not to so qualify, and to thereafter restrict the nature of their assets and operations. Any such transactions may give rise to tax consequences under the Tax Act to the REIT, its subsidiaries and/or Holders. The precise nature of any such tax consequences cannot be described until the nature of the transactions that may be implemented by the REIT are known.

Non-SIFT Rules Applicable to Taxation of the REIT

The taxation year of the REIT is the calendar year. In each taxation year, the REIT is subject to tax under the Tax Act on its income for the year, including net realized taxable capital gains, computed in accordance with the detailed provisions of the Tax Act, less the portion thereof that it deducts in respect of the amounts paid or payable or deemed to be paid or payable in the year to Unitholders. (As noted above under “— SIFT Regime”, the REIT will not generally be entitled to deduct amounts that are paid or payable by it out of non-portfolio earnings if it should become subject to taxation under the SIFT Regime.) An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the REIT or if the Unitholder is entitled in that year to enforce payment of the amount. Counsel has been advised that the REIT intends to make distributions in each year that are not less than its income for purposes of the Tax Act, including net realized capital gains, so that the REIT will generally not be liable in such year for income tax under Part I of the Tax Act provided that it does not become subject to tax under the SIFT Regime. Counsel can provide no assurances in this regard. Losses incurred by the REIT cannot be allocated to Holders of Units, but may be deducted by the REIT in future years in accordance with the Tax Act.

The income for purposes of the Tax Act of the REIT may include income realized from the rental of its rental properties; taxable capital gains, recapture of capital cost allowance or other income allocated to it by partnerships of which it is a member; dividends received from corporations in which it holds shares; and any taxable capital gains or recapture of capital cost allowance arising from dispositions by it of properties.

In computing its income for purposes of the Tax Act, the REIT may deduct reasonable administrative costs, interest and other expenses incurred by it for the purpose of earning income. The REIT may also deduct from its income for the year a portion of any reasonable expenses incurred by the REIT to issue Units. The portion of such issue expenses deductible by the REIT in a taxation year is 20% of such issue expenses pro rated for a taxation year of the REIT that is less than 365 days.

In the event the REIT is otherwise liable for tax on its net realized taxable capital gains for a taxation year, it will be entitled for such taxation year to reduce (or receive a refund in respect of) its liability for such tax by an amount determined under the Tax Act based on the redemption of Units during the year (the “**Capital Gains Refund**”). In certain circumstances, the Capital Gains Refund in a particular taxation year may not completely offset the REIT’s tax liability for such taxation year arising as a result of the distribution of Notes in connection with the redemption of Units. Thus, the Declaration of Trust provides that any capital gains realized by the REIT as a result of such redemption may be allocated to the Holders of Units redeeming their Units. The taxable portion of such capital gains must be included in the income of the redeeming Holder of Units.

The Tax Act provides for a special tax, the Part XII.2 tax, on the designated income (including income from Canadian real property and taxable capital gains from dispositions of taxable Canadian property) of certain trusts which have designated beneficiaries (including non-resident persons and certain tax-exempt persons). This special tax does not apply to a trust for a taxation year if the trust is a mutual fund trust throughout such year. Accordingly, provided the REIT qualifies as a mutual trust fund throughout a taxation year, it will not be subject to the special tax for such taxation year.

PRIOR SALES

The following table summarizes the issuances by the REIT of Units and securities convertible into Units within the 12 months prior to the date of this short form prospectus:

<u>Date</u>	<u>Security</u>	<u>Price per Security</u>	<u>Number of Securities</u>
October 7, 2008	Units ⁽¹⁾	\$ 8.82	4,287
October 15, 2008	Units ⁽²⁾	\$ 6.32	157,203
November 17, 2008	Units ⁽²⁾	\$ 4.10	163,126
December 15, 2008	Units ⁽²⁾	\$ 2.83	116,962
January 9, 2009	Units ⁽¹⁾	\$ 3.42	11,060
January 15, 2009	Units ⁽²⁾	\$ 4.21	51,884
January 21, 2009	Units ⁽³⁾	\$ 2.99	19,052
February 16, 2009	Units ⁽²⁾	\$ 3.11	70,189
March 3, 2009	Units ⁽⁴⁾	\$14.90	1,342
March 13, 2009	Units ⁽²⁾	\$ 2.79	79,994
April 3, 2009	Units ⁽¹⁾	\$ 3.09	12,233
April 15, 2009	Units ⁽²⁾	\$ 3.25	70,800
May 15, 2009	Units ⁽²⁾	\$ 4.45	52,858
June 15, 2009	Units ⁽²⁾	\$ 4.28	52,275
July 15, 2009	Units ⁽²⁾	\$ 3.90	56,639
August 17, 2009	Units ⁽²⁾	\$ 3.68	70,871
September 15, 2009	Units ⁽²⁾	\$ 3.84	69,819

- (1) Issued to trustees of the REIT in satisfaction of a portion of their annual retainer fee.
- (2) Issued pursuant to the REIT's distribution reinvestment plan.
- (3) Issued pursuant to the REIT's executive incentive plan.
- (4) Issued upon conversion of convertible debentures.

TRADING PRICE AND VOLUME

The following tables set forth, for the periods indicated, the reported high and low daily trading prices and the aggregate volume of trading of the Units and the REIT's 6.25% Series A Convertible Debentures, 6.00% Series B Convertible Debentures and 5.85% Series C Convertible Debentures on the TSX.

	<u>Trading of Units</u>			<u>Trading of 6.25% Series A Convertible Debentures</u>		
	<u>High</u>	<u>Low</u>	<u>Volume</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
	(\$)	(\$)	(#)	(\$)	(\$)	(#)
2008						
October	8.99	4.61	9,566,914	99.00	75.00	2,400
November	5.71	2.43	4,896,960	80.00	45.00	2,500
December	3.98	2.55	4,179,281	65.00	50.00	11,240
2009						
January	5.03	2.91	3,209,006	85.00	63.02	6,450
February	3.36	2.75	2,052,211	68.00	60.05	3,350
March	3.29	2.40	2,290,930	66.00	58.01	4,040
April	3.80	3.06	2,078,451	79.25	61.05	2,900
May	4.79	3.65	2,481,133	89.00	80.01	9,150
June	4.65	3.65	3,005,169	95.00	88.75	3,820
July	4.19	3.60	3,280,321	94.50	89.00	4,690
August	3.90	3.46	5,427,090	96.00	93.00	6,840
September	4.75	3.70	19,747,124	97.50	93.01	7,190
October 1	4.51	4.36	193,084	N/A	N/A	Nil

	Trading of 6.00% Series B Convertible Debentures			Trading of 5.85% Series C Convertible Debentures		
	High (\$)	Low (\$)	Volume (#)	High (\$)	Low (\$)	Volume (#)
2008						
October	86.00	60.00	5,660	85.00	55.00	6,090
November	75.00	45.00	3,690	67.00	35.00	7,680
December	65.00	40.00	15,580	55.00	35.00	23,710
2009						
January	60.00	53.00	2,490	61.00	51.00	71,760
February	64.00	55.05	4,400	57.00	46.00	7,440
March	58.99	53.01	7,570	52.95	48.00	6,050
April	65.00	51.01	7,510	60.00	49.01	3,950
May	73.95	61.00	5,040	68.00	57.00	3,140
June	80.00	68.50	3,300	71.00	65.00	4,640
July	79.75	71.51	5,150	73.90	64.01	3,630
August	81.00	76.50	9,850	75.50	70.00	52,160
September	86.00	75.10	11,070	79.99	74.30	4,950
October 1	86.00	85.00	260	76.00	76.00	100

RISK FACTORS

An investment in the Units involves certain risks. A prospective purchaser of Units should carefully consider the risk factors described under: (i) the heading “Risks and Uncertainties” found on pages 22 to 24 of the Second Quarter MD&A and pages 37 to 39 of the Annual MD&A; (ii) the heading “Risk Factors” found on pages 44 to 57 of the AIF; and (iii) notes 7 and 18 of the Second Quarter Financial Statements and notes 9 and 16 of the Annual Financial Statements, each of which is incorporated by reference herein. In addition, a prospective purchaser of Units should carefully consider the risk factors described below and in the other information contained in this short form prospectus (including the documents incorporated by reference herein).

The Units are Subject to Market Price Volatility

The market price of the Units may be adversely affected by a variety of factors relating to the business of the REIT, including fluctuations in its operating and financial results, the results of any public announcements made by the REIT and its results of operations relative to analysts’ expectations. In addition, the market price and trading volume of equity securities have experienced substantial volatility in the past, sometimes based on factors unrelated to the financial performance or prospects of the companies involved. These factors include general fluctuations in the stock market, changes in global financial markets, general market conditions, macroeconomic developments in countries where such companies carry on business and globally, and market perceptions of the attractiveness of particular industries. The stock markets in general have recently experienced extreme volatility. This volatility may adversely affect the market price of the Units.

Potential Dilution

The Declaration of Trust allows the REIT to issue an unlimited number of Units for such consideration and on such terms and conditions as shall be established by the trustees of the REIT, in many cases, without the approval of Unitholders. Except as described under the heading “Plan of Distribution”, the REIT may issue additional Units in subsequent offerings (including through the sale of securities convertible into or exercisable or exchangeable for Units) and on the conversion, exercise or exchange of options or other securities convertible into Units. The REIT may also issue Units to finance future acquisitions and other projects. The size of future issuances of Units or the effect that future issuances and sales of Units will have on the market price of the Units cannot be predicted at this time. Issuances of a substantial number of additional Units, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Units. With any additional

issuance of Units, investors will suffer dilution to their voting power and the REIT may experience dilution in its earnings per Unit.

While the net proceeds from the Offering are expected to enhance the REIT's liquidity, to the extent that any of the net proceeds from the Offering remain uninvested or are used to repay indebtedness with a low interest rate, the Offering is expected to result in dilution, on a per Unit basis, to the REIT's net income and other measures used by the REIT to assess its financial performance.

Future Sales of Securities of the REIT

As at October 1, 2009, 74,694,784 Units were outstanding (88,240,104 Units after giving effect to the conversion of all securities convertible into Units and the vesting of all unvested Units). The REIT has a number of Unitholders that own significant numbers of Units, including Royal Host Real Estate Investment Trust and Westmont Hospitality Group, Inc. which, based on public filings, own 13.6% and 8.3% of the Units, respectively. All of the currently outstanding Units are eligible for sale in the public market, subject to any applicable restrictions under securities laws. Royal Host Real Estate Investment Trust and Westmont Hospitality Group, Inc. may at any time sell any or all of the securities of the REIT that they own. Sales of a substantial number of Units or other securities of the REIT in the public market could adversely affect the prevailing market price of the Units or other securities of the REIT and could impair the REIT's ability to raise additional capital.

Distributions

Cash distributions are not guaranteed and may fluctuate with the REIT's performance. The REIT depends on revenue generated from its portfolio of hotels to make such distributions. There can be no assurance regarding the amount of revenue generated by such portfolio. The amount of Distributable Income will depend upon numerous factors, including the financial performance of the REIT, seasonal fluctuations in operating results, the REIT's debt covenants and obligations, the REIT's working capital requirements, the REIT's future capital requirements, the redemption of Units, if any, and other factors which may be beyond the control of the REIT. If the trustees of the REIT determine that it would be in the best interests of the REIT, they may reduce for any period the percentage of Distributable Income to be distributed to the Unitholders. In November 2008 and September 2009, the REIT announced reductions in its monthly distribution. The reductions were implemented in light of the uncertain economic conditions which existed at the time, and the trustees' desire to strengthen the REIT's balance sheet and liquidity.

LEGAL MATTERS

Certain legal matters relating to the Offering will be passed upon by Davies Ward Phillips & Vineberg LLP, on behalf of the REIT, and by Osler, Hoskin & Harcourt LLP, on behalf of the Underwriters. As at the date hereof, the partners and associates of each of Davies Ward Phillips & Vineberg LLP and Osler, Hoskin & Harcourt LLP beneficially own, directly or indirectly, less than one percent of the securities of the REIT and its associates and affiliates.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the REIT are Deloitte & Touche LLP at their principal offices in Toronto, Ontario. Deloitte & Touche LLP has advised us that it is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

The transfer agent and registrar for the Units is Computershare Investor Services Inc. at its principal offices in Toronto, Ontario.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. The right may be exercised within two business days after receipt or deemed receipt of a short form prospectus and any amendment thereto. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the short form prospectus and any amendment thereto contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the short form prospectus (the “**Prospectus**”) of InnVest Real Estate Investment Trust (the “**REIT**”) dated October 2, 2009 qualifying the distribution of Units of the REIT. We have complied with Canadian generally accepted standards for an auditor’s involvement with offering documents.

We consent to the incorporation by reference in the Prospectus of our report to the unitholders of the REIT on the consolidated balance sheets of the REIT as at December 31, 2008 and December 31, 2007, and the consolidated statements of net (loss) income and comprehensive (loss) income, unitholders’ equity and cash flows for the years then ended. Our report is dated March 4, 2009.

Toronto, Ontario
October 2, 2009

(Signed) DELOITTE & TOUCHE LLP
Chartered Accountants
Licensed Public Accountants

CERTIFICATE OF THE REIT

Dated: October 2, 2009

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

(Signed) KENNETH GIBSON
Chief Executive Officer

(Signed) TAMARA LAWSON
Chief Financial Officer

On behalf of the Board of Trustees

(Signed) FRANK ANDERSON
Trustee

(Signed) MAJID MANGALJI
Trustee

CERTIFICATE OF THE UNDERWRITERS

Dated: October 2, 2009

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

RBC DOMINION SECURITIES INC.

SCOTIA CAPITAL INC.

By: (Signed) RICHARD N. MATHESON

By: (Signed) STEPHEN SENDER

BMO NESBITT BURNS INC.

CIBC WORLD MARKETS INC.

TD SECURITIES INC.

By: (Signed) DEREK DERMOTT

By: (Signed) ALLAN KIMBERLEY

By: (Signed) KURSAT KACIRA

CANACCORD CAPITAL CORPORATION

BLACKMONT CAPITAL INC.

By: (Signed) MARK EDWARDS

By: (Signed) JAMES E. LORIMER



InnVest

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